

SENATE—Thursday, July 22, 1971

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

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

O God and Father of all mankind, make us mindful of all the peoples of the world created to be free but now unfree, made for liberty but now oppressed, brought into being for self-fulfillment but now unfulfilled, made to govern themselves but now captive to alien powers. We pray that the captive may be set free from all bondage, and all Thy children unfettered to achieve their divine intended destiny under Thy sovereignty. May we offer not only our prayers but also our compassion and our love.

Give this Nation wisdom and strength, that the glory of these troubled times may be in overcoming tyranny, achieving justice for all, and in eliminating the evils which separate man from man. Endow us with courage to choose the hard right against the easy wrong. Help us to be faithful to every high trust, to honor our word, and to fear only failure to do Thy will.

Guide us, O Lord, by Thy higher wisdom and sustain us by Thy grace through the days that yet remain.

We pray in the name of Him who came to set men free. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, July 21, 1971, be dispensed with.

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

COMMITTEE MEETING 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 PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar, beginning with New Reports.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. The nominations on the executive calendar, beginning with New Reports, will be stated.

U.S. DISTRICT COURTS

The assistant legislative clerk proceeded to read sundry nominations in the U.S. district courts.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

DEPARTMENT OF JUSTICE

The assistant legislative clerk read the nomination of William S. Sessions, of Texas, to be U.S. attorney for the western district of Texas for the term of 4 years.

The PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

BOARD OF PAROLE

The assistant legislative clerk proceeded to read sundry nominations in the Board of Parole.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

AMBASSADOR

The assistant legislative clerk read the nomination of Fred L. Hadsel, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ghana.

The PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 266 and 272.

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

AMERICAN TRIAL LAWYERS WEEK

The joint resolution (H.J. Res. 714), designating the week of August 1, 1971, as "American Trial Lawyers Week," was

considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-272), explaining the purposes of the measure.

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

PURPOSE

The purpose of the joint resolution is to designate the week commencing August 1, 1971, as "American Trial Lawyers Week."

STATEMENT

The American Trial Lawyers Association, will celebrate its 25th anniversary the week of August 1-7 at Portland, Oreg.

The American Trial Lawyers Association was formed and has dedicated itself to improving the quality of the law and the administration of justice for the public good and has established a tradition of excellence in advancing the science of jurisprudence. This association has advanced the cause of the injured, the accused, and those whose rights are jeopardized by upholding and improving the adversary system for trial by jury.

The committee deems it appropriate that this resolution would pay tribute to the American Trial Lawyers Association and their 25th anniversary and renew the commitment of each American to support the efforts of all trial lawyers in enhancing the administration of justice.

Accordingly, the committee recommends favorable action of House Joint Resolution 714, without amendment.

COAST GUARD AUTHORIZATION, 1972

The Senate proceeded to consider the bill (H.R. 5208) to authorize appropriations for procurement of vessels and aircraft and construction of shore and offshore establishments for the Coast Guard, and to authorize the annual active duty personnel strength of the Coast Guard which had been reported from the Committee on Commerce with amendments, on page 2, line 25, after the word "aircraft", strike out "\$32,614,000" and insert "\$38,324,000"; on page 3, line 2, after "(1)", strike out "three" and insert "five"; after line 3, strike out:

(3) one administrative aircraft.

In line 18, strike out "\$51,690,000" and insert "\$62,190,000"; on page 6, line 2, after the word "by", strike out "law" and insert "law";

After line 2, insert:

(35) Various locations: develop and construct additional Harbor Advisory Radar and Marine Traffic Systems;

And, after line 5, insert:

(36) North Bend, Oregon: construct air station facilities.

The amendments were agreed to. The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I seek no time.

Mr. SCOTT. Mr. President, I yield back my time.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Connecticut (Mr. RIBICOFF) is now recognized for 15 minutes.

(The remarks of Mr. RIBICOFF when he submitted amendments to H.R. 1 are printed in the transaction of morning business section of the RECORD under the appropriate heading.)

PERIOD FOR THE TRANSACTION OF MORNING BUSINESS

The PRESIDENT pro tempore. Under the order previously entered, there will be a period for the transaction of routine morning business not to exceed 15 minutes, with a limitation therein of 3 minutes for each Senator.

Is there morning business?

QUORUM CALL

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

The PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

BOUNDS OF PROPRIETY EXCEEDED BY FORMER SECRETARY OF STATE

Mr. PELL. Mr. President, abuse or overstatement is expected from some, but comes with ill grace from men with the background and intelligence of Dean Acheson. When he characterized the Mansfield amendment that proposed cutting back our forces in Europe as "asinine," at least he was describing the idea of a man alive and able to look after himself.

But when he fires verbal shots at President Kennedy as being "not decisive" and "not really what I was looking for in the leadership of my country" or of Senator Robert Kennedy as analyzing a problem in a "silly way" and of both President Kennedy and Robert Kennedy as demonstrating "high school thought that was unworthy of people charged with the Government," both men now assassinated—perhaps because they possessed those very qualities which Mr. Acheson said they lacked—I do believe our former Secretary of State has gone beyond the bounds of propriety.

I realize Mr. Acheson has a flair for

publicity, but I would hope that he would secure it by ways other than of subjecting our assassinated national leaders to personal obliquity.

QUORUM CALL

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

The PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ORDER FOR SENATE TO CONVENE AT 10 A.M. ON MONDAY, JULY 26, 1971

Mr. MANSFIELD. Mr. President, without making any commitments as to whether or not the Senate will be in session this Saturday, and there is a strong possibility that it will be, but pending further developments, I ask unanimous consent that when the Senate convenes on Monday next it convene at 10 o'clock a.m.

The PRESIDENT pro tempore. Is there objection? The Chair hears no objection, and it is so ordered.

QUORUM CALL

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

The PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT BY THE NATIONAL BUREAU OF STANDARDS

A letter from the Secretary of Commerce transmitting, pursuant to law, a report from the U.S. metric study prepared by the National Bureau of Standards (with accompanying report); to the Committee on Commerce.

BOUNDARY CHANGES IN CERTAIN UNITS OF THE NATIONAL PARK SYSTEM

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT ENTITLED "FOCUS ON INNOVATION"

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant

to law, a report on the status and operation of ESEA title II, for the fiscal year 1969 (with an accompanying report); to the Committee on Labor and Public Welfare.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:
A joint resolution of the Legislature of the State of Wyoming; to the Committee on the Judiciary:

"JOINT RESOLUTION No. 1

"A joint resolution ratifying a proposed amendment to the Constitution of the United States of America granting the right to vote to citizens who are eighteen years of age or older

"Whereas, the Ninety-Second Congress of the United States of America at its First Session, in both Houses, by a Constitutional majority of two-thirds thereof, adopted the following proposal to amend the Constitution of the United States of America in the following words, to wit;

"JOINT RESOLUTION

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), that the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the Legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE

"SECTION 1. The right of citizens of the United States, who are eighteen years of age or older, to vote shall not be denied or abridged by the United States or by any State on account of age.

"Sec. 2. The Congress shall have the power to enforce this article by appropriate legislation."

"Now, therefore, be it resolved by the Legislature of the State of Wyoming, a majority of all members elected to the two Houses, voting separately, concurring therein.

"SECTION 1. That the said above proposed amendment to the Constitution of the United States of America be and the same is hereby ratified by the Legislature of the State of Wyoming.

"Sec. 2. That certified copies of this Resolution be forwarded by the Governor of this State to the Administrator of General Services, Washington, D.C., and the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States."

A resolution adopted by the American Federation of Musicians, Seattle, Wash., praying for the enactment of the national health security bill; to the Committee on Finance.

A resolution of the Communications Workers of America with reference to H.R. 1; to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HUGHES, from the Committee on Veterans' Affairs, without amendment:

H.R. 3344. An act to authorize the Administrator of Veterans' Affairs to sell at prices which he determines to be reasonable under prevailing mortgage market conditions direct loans made to veterans under chapter

37, title 38, United States Code (Rept. No. 92-284).

By Mr. JORDAN of North Carolina, from the Committee on Agriculture and Forestry, without amendment:

H.R. 6217. An act to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938 (Rept. No. 92-294).

By Mr. JORDAN of North Carolina, from the Committee on Agriculture and Forestry, with an amendment:

H.R. 4263. An act to add California-grown peaches as a commodity eligible for any form of promotion, including paid advertising, under a marketing order (Rept. No. 92-295).

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

H.R. 7271. A bill to authorize appropriations for the Commission on Civil Rights (Rept. No. 92-293).

By Mr. BYRD of West Virginia, from the Committee on the Judiciary, without amendment:

H.R. 1892. An act for the relief of Stephen C. Yednock (Rept. No. 92-285);

H.R. 1907. An act for the relief of Arnold D. Smith (Rept. No. 92-286);

H.R. 2110. An act for the relief of the estate of Julius L. Goepfinger (Rept. No. 92-287);

H.R. 2246. An act for the relief of Charles C. Smith (Rept. No. 92-288); and

H.R. 3753. An act for the relief of Sgt. Ernie D. Bethea, U.S. Marine Corps, retired (Rept. No. 92-289).

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

S. Res. 149. Resolution to print additional copies of Tributes to the late Senator Richard B. Russell of Georgia (Rept. No. 92-290); and

S. Res. 152. Resolution authorizing the printing for the use of the Committee on Government Operations of additional copies of part 1 of its hearings entitled "Organized Crime" (Rept. No. 92-291).

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, with additional amendments:

S. Res. 140. Resolution authorizing special supplementary expenditures by the Committee on Foreign Relations for an inquiry and investigation pertaining to the making of policy relating to U.S. involvement in Southeast Asia (Rept. No. 92-292).

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. RANDOLPH, from the Committee on Public Works:

Lynton Keith Caldwell, of Indiana; Jerome L. Klaff, of Maryland; J. Hugh Liedtke, of Texas; Lee W. Minton, of Pennsylvania; Rogers C. B. Morton, of Maryland; Frederick Seltz, of New York; and Maurice H. Stans, of New York; to be members of the National Commission on Materials Policy.

BILL PLACED ON CALENDAR

The bill (H.R. 9020) to amend the Egg Products Inspection Act to provide that certain plants which process egg products shall be exempt from such act for a certain period of time, was read twice by its title and ordered to be placed on the calendar.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. METCALF:

S. 2331. A bill to designate the Veterans' Administration hospital located at Miles City, Mont., as the "Mike Mansfield Veterans Hospital." Referred to the Committee on Veterans' Affairs.

By Mr. TOWER:

S. 2332. A bill to permit a member of the U.S. Armed Forces to send mail matter without payment of postage if the member is performing duties at an overseas isolated or hardship area. Referred to the Committee on Post Office and Civil Service.

By Mr. SPARKMAN:

S. 2333. A bill to provide Federal assistance to local governments in support of community development activities. Referred to the Committee on Banking, Housing, and Urban Affairs.

By Mr. PERCY:

S. 2334. A bill for the relief of the Thomas Hoist Co. Referred to the Committee on the Judiciary.

By Mr. COTTON:

S. 2335. A bill for the relief of Pin Woen Ng. Referred to the Committee on the Judiciary.

By Mr. SPARKMAN (for himself, Mr. BENNETT, and Mr. TOWER):

S.J. Res. 137. A joint resolution to defer until January 1, 1974, the effective date of an amendment to section 5219 of the Revised Statutes relating to the taxation of national banks by the States. Referred to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MILLER:

S.J. Res. 138. A joint resolution proposing an amendment to the Constitution of the United States relating to equal rights for women. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TOWER:

S. 2332. A bill to permit a member of the U.S. Armed Forces to send mail matter without payment of postage if the member is performing duties at an overseas isolated or hardship area. Referred to the Committee on Post Office and Civil Service.

FREE MILITARY MAIL

Mr. TOWER. Mr. President, I introduce today a bill which would permit a member of the U.S. Armed Forces, who is performing his duty in an area designated by the Department of Defense as an isolated or hardship overseas assignment, to send his mail without paying for postage. In essence, this bill extends a privilege which is presently being used by service men and women who are serving in designated combat areas.

The practice of free postage was originally established to facilitate the ability of military personnel to correspond with their loved ones while performing their duties in a combat zone. The daily operations of a postal system, which includes the selling of stamps, are often difficult to maintain in a hostile fire zone. Yet, one of the most effective ways to destroy the morale of our troops is to impede their communication with their families. For this reason, the Congress has provided for a practice which encourages the flow of correspondence in a combat zone.

Because of our international commitments, the United States now maintains many military installations located outside our continental limits. Any military personnel stationed at such installations

are performing "overseas duty." Although a serviceman's civilian dependents are permitted to accompany him to many of these assignments, there are also many installations where civilian dependents are not authorized.

The Department of Defense bases its decision on dependent accompaniment upon such considerations as the available standards of living and general desirability of the area; the political climate existing in the country concerned; the probability of its being attacked by a potential enemy; and the possible adverse effect that the presence of dependents might have on a unit's mission, operational readiness, or combat capability. The movement of dependents is not normally authorized to any area where one or more of the above factors is significantly unfavorable.

Although it is often necessary to separate a serviceman from his family for extended periods of time, we should do everything within our power to make this separation as bearable as possible. My bill would enable the Defense Department to expand the free postage privilege to servicemen who are separated from their dependents even though they may not be assigned to an actual hostile fire zone. I urge my fellow Senators to give this bill their careful consideration. I feel that this proposal would significantly contribute to maintaining a high level of morale and a positive attitude among the men and women who serve our country in the Armed Forces.

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

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

S. 2332

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3401(a)(1)(A) of title 39, United States Code, is amended—

(1) by inserting after "President," the following: "(i)"; and

(2) by inserting before the semicolon at the end thereof a comma and the following: "or (ii) which is an isolated or hardship area".

By Mr. SPARKMAN:

S. 2333. A bill to provide Federal assistance to local governments in support of community development activities. Referred to the Committee on Banking, Housing, and Urban Affairs.

Mr. SPARKMAN. Mr. President, I am introducing today a bill entitled "The Community Development Assistance Act of 1971."

This bill would establish a new Federal grant assistance program for community development to assist communities in eliminating and preventing slums and blight, and in improving the quality of the urban environment. The new program would be a decided improvement over the existing system by simplifying and consolidating five existing categorical programs and replacing them with a single, more comprehensive development assistance program. Significant improvement would also be accomplished by linking renewal and housing programs, and by providing increased Federal sup-

port and greater continuity of investment in community development.

This bill is an alternative proposal to the administration's bill, The Community Development Act of 1971 (S. 1618), which I introduced for myself and Senator Tower by request on April 22, 1971.

My purpose in introducing this bill is to give the Committee on Banking, Housing and Urban Affairs, to which these bills would be referred, the opportunity to consider alternative approaches to the development of a new Federal grant system for community development among our Nation's cities. I believe that the special revenue sharing feature of S. 1618 has certain shortcomings which will not be acceptable to the Congress, and it has become apparent to me that an alternative proposal is needed.

Both Community Development bills would consolidate existing Federal grant programs into a single program, giving to the local community the maximum latitude in developing and executing on a citywide basis activities which it believes will contribute to the eliminating of slums and blight and to the upgrading and improvement of the city.

However, I have serious reservations on the revenue-sharing proposal contained in the administration bill, S. 1618. I do not believe that the Congress or the American taxpayer would want a plan of Federal distribution of funds to local communities without knowing how the money is to be used. My bill differs from the administration bill in that it requires a prior declaration of the community's development goals; a specific accounting of how Federal funds are to be spent; and a yearly performance statement as prerequisites for the grant.

My bill aims, as does the administration's bill, to consolidate community development programs and to streamline application and approval procedures. My intent is to facilitate the delivery of Federal assistance to localities, and at the same time to retain adequate control of Federal funds to assure that they are spent in a manner consistent with national development objectives.

One of the most significant advantages of this bill is its provision for funding. This provision aims to assure continuity of Federal funds, so that each community can be assured of funds 1 year in advance of the current year, and also can be reasonably certain of funds for 2 years in advance of the current year.

The existing programs which will be incorporated in the new program are urban renewal, community facilities—including grants for water and sewer, neighborhood facilities and advances for land acquisition—public facility loans, public works planning advances, and open space land grants.

The rehabilitation grant program and the model cities program will continue as they are, but eventually will be wrapped into the new program.

Both social and physical improvement activities are eligible for assistance (except for basic public works) provided they contribute to the purposes of the act and the development plan of the community.

Contract authority will be requested

in the bill to enable the Secretary to make a firm contract with a community on a 2-year cycle. Three years authority is requested in the bill amounting to \$8.8 billion with limitations in spending of \$2.5 billion the first year, \$2.9 billion the second year and \$3.4 billion the third year. The second and third years assume that the community needs will be approximately 15 percent greater for each of the 2 years.

The allocation of funds will provide that 75 percent be distributed to localities which are currently carrying out at least two of the programs. The remaining funds would be allocated to other localities at the discretion of the Secretary.

A "basic grant entitlement" will be established for each community development agency by averaging the annual grant amount over the best 3 of the previous 5 years. Adjustments will be made for communities new to the programs.

A performance statement must be submitted 90 days before the year's end accompanied by an application for the ensuing 2 years. HUD action on the application will be required in 45 days, otherwise the application is automatically approved.

Applications must carry local governing body approval and must contain a statement regarding local capacity, adequacy of relocation housing and provision for public hearings on acquisition and disposition of private land.

The principal differences, in the two bills are the following:

First, the administration bill would eliminate Federal prior approval for assisted activities whereas my bill would require a prior statement acceptable to the Secretary on the following:

First, a summary of the community's goals and objectives for community development over a 3-year period

Second, a detailed program and budget for first year assisted activities

Third, a preliminary program and budget for second year assisted activities.

Second, the administration bill as revised would consolidate three programs: urban renewal, rehabilitation loans, and model cities. My bill would consolidate five programs: urban renewal, community facilities, open space land grants, public facility loans, and public works planning advances. The rehabilitation loan program would continue as a separate program as would the model city program until the 5-year demonstration period is completed for each city now receiving Federal assistance under it.

Third, the administration bill would distribute Federal funds to communities within metropolitan areas by a special revenue sharing formula and to other communities at the Secretary's discretion. My bill would establish a basic grant entitlement for each community already active in federally-assisted community development programs based on previous grant experience. A percentage increase over the basic entitlement for each of the next succeeding 3 years would be stated in the bill as a maximum grant for each such community. Other communities new to the program or having special problems would be allocated funds at the discretion of the Secretary. In each in-

stance the actual grant would, of course, be limited by the amount appropriated by Congress.

Fourth, a further difference between the bills is the degree of assurance that the communities would have in the receipt of Federal assistance for community development. The administration bill follows the revenue sharing concept for the large communities utilizing an arbitrary formula which each community would be subject to. My bill contains contract authority which permits the Secretary to make a firm contract for a 2-year period based on the community's basic entitlement and the acceptability of its statement on its first year's firm plans, its second year's preliminary plans and its summary of goals and objectives for a 3-year period. The actual grant would, of course, be subject to adequate performance and a satisfactory updating and detailing of second and subsequent year plans.

Fifth, the administration bill contains no specific dollar authorization, relying, I suppose, on the President's revenue-sharing statement that \$2.1 billion would be earmarked for the first year for urban community development. My bill would call for a 3-year contract authorization of \$8.8 billion but grants would be limited to \$2.5 billion for the first year. This may be compared with the authorization for urban development programs approved by the Senate under 1970 housing legislation for a total of \$2.3 billion for fiscal year 1971.

Sixth, the administration bill contains no requirement on local contribution. I assume, therefore, that the Federal assistance would, in fact, be a 100-percent grant. My bill would limit Federal assistance to 90 percent of the cost of the development activities.

Seventh, my bill contains certain specified prerequisites for Federal assistance on which the administration's bill is silent, such as a community program to meet the housing needs of low and moderate income families and to carry out systematic code enforcement.

Mr. President, I ask unanimous consent that a section-by-section summary of the bill be printed in the RECORD at this point in my remarks.

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

SECTION-BY-SECTION SUMMARY: COMMUNITY DEVELOPMENT ASSISTANCE ACT OF 1971

The first section of the bill would provide that upon enactment it may be cited as the Community Development Assistance Act of 1971.

SECTION 1. SHORT TITLE

This section would provide that this Act may be cited as the "Community Development Assistance Act of 1971."

SECTION 2. FINDINGS AND PURPOSES

This section would set forth the following Congressional findings:

(1) The Nation's cities, towns and smaller urban communities face critical social, economic and environmental problems arising from: (a) population growth and concentration of low income persons in center cities; and (b) inadequate public and private investment in housing and physical facilities and public services which have resulted in the growth and persistence of slums and blight.

(2) The future welfare of the nation de-

pend on the establishment and maintenance of viable urban communities as social, economic and political entities which require: (a) systematic and sustained action to eliminate blight, to conserve and renew older areas, and to develop new centers of population growth; (b) substantial expansion of the scope and level of federal assistance and increased continuity of such programs, and (c) continuing efforts to improve the program procedures at all levels of government.

This section would declare the purpose of the Act is to accomplish the above by improving the present system of federal assistance for community development by (a) replacing five existing categorical programs with a single, more comprehensive community development assistance program, and (b) authorizing a new financial assistance program intended to increase federal support and to assure greater continuity of public and private investment for community development. Such a program would support community development activities which would be directed toward:

- (1) conserving and expanding the Nation's housing stock;
- (2) eliminating slums and preventing deterioration of the physical stock of a community;
- (3) achieving better utilization and arrangement of land;
- (4) expanding and improving the quantity and quality of community services;
- (5) restoring and preserving properties of special historic or aesthetic value; and
- (6) eliminating conditions detrimental to health or safety through demolition, code enforcement, interim rehabilitation assistance or related activities.

SECTION 3. DEFINITIONS

This section would define certain items as follows:

- (1) "Secretary" would mean the Secretary of Housing and Urban Development
- (2) "Community Development Agency" would mean any State, county, municipality, local public agency, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake in whole or in part the community development activities for which assistance under this Act is made available; and
- (3) "State" would mean any State of the United States, the District of Columbia; the Commonwealth of Puerto Rico; the Trust Territory of the Pacific Islands; the territories and possessions of the United States; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States.

SECTION 4. COMMUNITY DEVELOPMENT ACTIVITIES ELIGIBLE FOR ASSISTANCE

This section would set forth the activities eligible for assistance and declare that they shall further the purposes of the Act as outlined in Section 2. Such eligible activities include:

- (1) Acquisition of real property (including interests therein) by purchase, lease, donation or otherwise, which is: (a) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed; (b) determined to be appropriate for rehabilitation or conservation activities; (c) necessary for historic preservation, urban beautification, conservation, recreation or the guidance of urban development; (d) to be used for public works or facilities; or (e) to be used for other public purposes including the conversion of land to other uses;
- (2) Disposition at fair value of any real property in whole or in part (through sale, lease, donation or otherwise) acquired pursuant to this Act, or its retention for public purposes;
- (3) Clearance, demolition and removal of buildings and improvements in whole or in part;

(4) Acquisition, construction, reconstruction or installation of community facilities and site improvements, including water and sewer facilities, neighborhood facilities, historic properties and beautification areas, streets, street lights, utilities, foundations and platforms for air rights sites, pedestrian malls and walkways, parks, playground, recreation areas.

(5) Relocation payments and assistance for those displaced by community development activities;

(6) Conservation and rehabilitation of existing properties through appropriate programs including code enforcement, interim assistance and demolition;

(7) Development or redevelopment of federal surplus real property acquired pursuant to existing federal law;

(8) Designing and providing interim financing for the construction of public facilities which are necessary to a community development program;

(9) Provision of technical or financial assistance to persons or organizations providing services, including advisory services, to the planning and execution of the community development program;

(10) Provision of financial assistance for the rehabilitation or conservation of existing properties;

(11) Provision of additional public services, financial or other assistance (a) to increase employment opportunities or improve the accessibility of health, education, recreational, or other services and facilities to persons in areas where community development activities are being performed, or (b) to coordinate public and private development programs;

(12) Payment of administrative costs related to the community development program;

(13) Payment of financial incentives to encourage the timely construction of federally-assisted community facilities, such as schools and libraries, required by the community development program, in an amount not to exceed 15 percent of the total Federal contribution; and

(14) The carrying out of local-option activities deemed to be in the public interest and necessary to the conduct of a community development program in an amount not to exceed 10 percent of the locality's total annual grant.

SECTION 5. AUTHORIZATION

This section would authorize the Secretary to incur obligations in grants for an amount not to exceed \$8.8 billion over a three year program. It further authorizes appropriations to liquidate obligations incurred under this section not to exceed \$2.5 billion prior to July 1, 1973, which amount may be increased not to exceed \$5.4 billion prior to July 1, 1974, and not to exceed an aggregate of \$8.8 billion prior to July 1, 1975.

SECTION 6. ALLOCATION OF FUNDS

Subsection (a) would authorize the Secretary to allocate 75 percent of the funds appropriated under Section 5 to community development agencies which, on the date of enactment, were carrying out two or more community development activities described in the Act.

It would also authorize the Secretary to allocate the balance of funds appropriated to

(A) Community development agencies other than described above

(B) Community development agencies whose basic grant entitlement is not sufficient to meet urgent development needs

(C) Community development agencies which are carrying out activities in localities which have sustained disasters.

Subsection (b). This subsection would authorize the Secretary to determine a basic grant entitlement for each locality applying for grant assistance under this Act. In making this determination the Secretary shall:

(1) Consider the development activities of each locality during the preceding five years.

(2) Classify each activity into one or more categories of development program.

(3) Determine the total amount of assistance granted to the locality under each program category.

(4) Ascertain the three years out of the last five years in which the total amount of such assistance for each category was greatest.

The basic grant entitlement for each applicant is an amount equal to the sum of the average annual amount of such assistance granted to the locality during the three years referred to in clause (4) above for each such category.

Subsection (3). This subsection would require the Secretary to make a report to Congress not later than February 1, 1974, setting forth recommendations for improving the determination of maximum grant entitlements and the distribution of funds under this Act.

SECTION 7. REQUIREMENTS FOR FINANCIAL ASSISTANCE

Subsection (a) would require that assistance be granted only upon the basis of an application approved by the Secretary. Applications would be acted on within 90 days after submission. Following approval, the Secretary is to insure through administrative action that subsidy and loan funds requested are available. The application shall include the following:

(1) A summary plan for community development outlining major goals and objectives for the succeeding three fiscal years, and including a detailed plan for

(a) meeting the housing needs in the community, particularly for low and moderate income families

(b) preventing and eliminating slums and blight, and upgrading neighborhoods.

(2) A statement setting forth a program and budget for community development activities to be carried out during the succeeding two year period.

The statement referred to in paragraph (1) above shall indicate relocation housing requirements, the number of low and moderate income housing units which will be provided with federal assistance, and the number of rehabilitation loan grants needed.

Subsection (b) would authorize the Secretary to waive the requirements in subsection (a) above if (1) the application is for a locality of less than 25,000 population outside an SMSA, (2) the assistance is for a single development activity, and (3) the Secretary determines that such a waiver is not inconsistent with the purposes of the Act.

Subsection (c) would require a community development agency to submit to the Secretary a performance statement at least 90 days prior to the end of each year together with revised application. The Secretary may condition further assistance upon compliance of the agency with terms of grants made under the Act.

Each application renewal shall be deemed approved by the Secretary within 45 days after submission unless he notifies the agency of his disapproval for reasons of performance or eligibility of activities.

Subsection (d) would require that no application be approved unless:

(1) the governing body of the locality has approved the application;

(2) the applicant has certified that it has provided for public hearings with respect to the acquisition and disposition of private land and has found such activities to be consistent with comprehensive development plans of the locality and the planning region;

(3) the application demonstrates there is a serious need to eliminate and prevent slum and blight, to revitalize neighborhoods

and to increase housing for low and moderate income families; and a feasible program.

(4) unless the Secretary finds that the applicant has carried out its prior contractual commitments.

SECTION 8. GRANTS

Subsection (a) would authorize the Secretary to make grants to community development agencies subject to the following terms—

(1) except as otherwise provided, the grant shall not exceed 90 percent of the total net program cost, except for rehabilitation grants and relocation payments which may equal 100% of cost.

(2) the aggregate of such grants shall not exceed—

(A) 115 percent of the basic grant entitlement in the first grant year.

(B) 130 percent of such entitlement, in the second grant year.

(C) 145 percent of such entitlement in the third grant year.

(3) community development agencies described under sections 6(a)(2)(B) and 6(a)(2)(C) may receive grants in excess of the basic entitlement.

SECTION 9. LOANS

Subsection (a) would authorize the Secretary to make loans to cover short term financing for planning and operations and interim financing for acquisition or construction of community facilities.

Such loans would bear interest at such rates not less than the going federal rate and would be secured and repaid as the Secretary prescribes.

The Secretary would be authorized to issue and have outstanding notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$1.5 billion.

Subsection (b) would amend Section 312 of the Housing Act of 1964 to authorize the Secretary to make rehabilitation loans on properties designated for rehabilitation in a community development program.

SECTION 10. LABOR STANDARDS

This section would require that all laborers and mechanics employed by contractors or subcontractors for construction work financed in whole or in part with funds provided under this Act be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. Such requirements, however, would apply to residential property only if such property is designed for eight or more families. The Secretary of Labor would have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 and other Federal laws.

SECTION 11. GENERAL PROVISIONS

This section would extend certain functions, powers and duties of the Secretary as defined in section 402 (except subsection (c)(2) and (f) of the Housing Act of 1950.

SECTION 12. UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970

This section would amend section 217 of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 to make those who are displaced as a result of any activity pursuant to the Act, displaced persons within the meaning of that Act.

SECTION 13. INTERSTATE AGREEMENTS

This section would give Congressional consent to compacts and agreements among any two or more States in support of community development activities assisted under this title.

SECTION 14. EFFECTIVE DATE TRANSITIONAL TERMINATION OF EXISTING PROGRAMS

Subsection (a) would provide that the Act shall become effective July 1, 1972.

Subsection (b) would provide that after June 30, 1973, no new grants or loans (except pursuant to commitments made on or before that date) could be made pursuant to: Title II of the Housing Amendments of 1955; Title VII of the Housing Act of 1961; and section 702 of the Housing Act of 1954.

Subsection (c) would provide that after June 30, 1974, no new grants or loans (except pursuant to commitments made on or before that date) could be made pursuant to Title VII of the Housing and Urban Development Act of 1965.

Subsection (d) would provide that after June 30, 1975, no new grants or loans could be made pursuant to Title I of the Housing Act of 1949, except pursuant to contracts (other than those contracts for advances authorized under section 102(d) of the Housing Act of 1949) made on or before that date.

SECTION 15. APPROPRIATIONS FOR LIQUIDATION OF URBAN RENEWAL CONTRACTS

This section would include payments required under urban renewal contracts with respect to projects or programs for which funds have been reserved and for which funds have not previously been appropriated among the purpose for which annual appropriations are authorized by section 3689 of the Revised Statutes, as amended (31 U.S.C. 711). In conjunction with the transition to the community development legislation, this authority would be used to liquidate over \$3 billion of urban renewal contracts, but only in such amounts as are necessary to meet annual cash disbursement requirements.

NOTICE OF HEARINGS

Mr. SPARKMAN, Mr. President, hearings will be held on this bill along with the administration's two bills, S. 1618 and S. 2049, and all other bills pending before the Subcommittee on Housing and Urban Affairs.

Secretary Romney has agreed to testify on these bills on August 2, 1971, at 10 a.m. in room 5302, New Senate Office Building.

Other witnesses have indicated the need for more time. The dates for subsequent hearings will be announced at a later time.

By Mr. PERCY:

S. 2334. A bill for the relief of the Thomas Hoist Co. Referred to the Committee on the Judiciary.

Mr. PERCY, Mr. President, I send to the desk a bill for the relief of the Thomas Hoist Co. A letter dated July 12, 1971, from the Assistant Secretary of the Department of Housing and Urban Development provides a full explanation of the urgent need for such relief, and I ask unanimous consent that the letter be printed in the RECORD.

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

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,

Washington, D.C., July 12, 1971.

HON. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: In accordance with your request this letter will serve to advise you of the result of an investigation undertaken by the Department of Housing and Urban Development relocation staff in the Chicago Regional Office and at the Central Office in Washington in connection with the claim of the Thomas Hoist Company of Chicago. The Thomas concern asserts its eligibility for a relocation payment in the amount of some \$58,645.43 additional moving expenses. We have established that the moving

process undertaken by the Thomas Hoist Company was not completed until after a time at which the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) became effective. It appears that the Thomas Hoist Company originally attempted to sell its building and move while most of its equipment was out on rental, thereby eliminating most of the moving expenses which would have been incurred by the company. The plans of the Chicago Department of Urban Renewal prevented the sale and move of Thomas Hoist at that time, necessitating the move's accomplishment in 1970-71 at a time when a substantial amount of equipment was contained on the property. Considerable loss thereby incurred and this extra expense forms the claim of an additional relocation payment.

A difficult question arises as to whether P.L. 91-646 can be applied to accomplish this end. As you know, before July 1, 1972 a State Agency assisted by this Department shall be considered to fall within the application of the new law only if and when it can legally comply with the provisions of the Uniform Relocation Act. The Chicago Department of Urban Renewal has not as yet filed such an assurance, and apparently has some question as to whether it must do so in this case, as it seems to consider the move as having been accomplished before the effective date of the new law.

Because of a court order providing forceable entry and eviction from their new premises by July 15, 1971, it is imperative that speedy relief be provided to prevent the loss of approximately \$200,000 worth of equipment by Thomas Hoist. It is our opinion that the situation of the Thomas Hoist Company is one which merits assistance as rapidly as possible, given the circumstances. It appears to us that private relief legislation would be the most desirable and efficacious manner of providing the quick relief which is needed by the company.

We hope that this letter will assist you in determining what assistance can be given the Thomas Hoist Company in disposing of a serious problem.

Sincerely,

SAMUEL C. JACKSON.

By Mr. MILLER:

S.J. Res. 138. A joint resolution proposing an amendment to the Constitution of the United States relating to equal rights for women. Referred to the Committee on the Judiciary.

Mr. MILLER, Mr. President, I introduce a joint resolution proposing a constitutional amendment relating to equal rights for women.

Mr. President, those of us who have championed the cause of equality for women were deeply disappointed last year when some of our colleagues closed their eyes to the sincere concerns and objections that arose over the House-passed House Joint Resolution 264. This joint resolution was termed "the equal rights amendment" and apparently represented an untouchable format which no amendment supposedly could improve upon. It simply provided that—

Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex.

This properly raised a great many questions over its scope and implications, cogently expressed by Prof. Paul Freund of the Harvard Law School in his testimony when he said that not every legal differentiation between boys and girls, men and women, husbands and wives, is

of an obnoxious character, and that "to compress all these relationships into one, tight little formula is to invite confusion, anomaly, and dismay."

To be fair about it, I should note that the proponents of House Joint Resolution 264 argued that flexibility of interpretation was intended and that the amendment would allow State action differentiating between the sexes in the cases of "overriding and compelling public interest." But the language of the resolution did not say so, and the refusal of some of the proponents to amend the resolution to say so laid a foundation for an understandable reaction that no one really knew how far the courts might stretch the meaning of the language in the absence of more precision in the legislative language.

The Senator from Indiana (Mr. BAYH) well stated the dilemma at the time he introduced a proposed substitute for "the equal rights amendment," which would have simply prohibited denial of equal protection of the laws on the basis of sex, when he said:

These, then, are the conflicting concerns that face us—insuring the equal protection of the laws to those who have been discriminated against on account of sex, while recognizing the need for a flexible standard in cases where different treatment under the law may be justified.

The proposal I have introduced represents a practicable and workable approach to reconciling these conflicting concerns.

The evidence presented to the Congress discloses that the major areas of discrimination against women are employment and education. "Equal pay for equal work" is a plea all of us have heard, but the fact of discrimination goes far beyond this and extends particularly to opportunity for work. Two-thirds of the States impose limitations on the number of hours worked by women, thereby precluding women from supervisory jobs requiring overtime.

We have received complaints that some laws excluding women from certain categories of "hazardous" or "unhealthful" employment have been administered if not actually enacted more to discriminate against women than to "protect" them. And the Women's Equity Action League has produced impressive statistics showing that in many colleges and universities an obvious bias exists against faculty positions and promotions for women. According to the Presidential task force report submitted on December 15, 1969, the median earnings of white men employed year-round full time were \$7,396; and of white women, \$4,279. For Negro men, it was \$4,777; and for Negro women, \$3,194. The unemployment rate is higher among women than men, and among girls than boys; still, in the JOBS program, only 24 percent of those hired were female; and of 33,000 enrollees in the Job Corps in June of 1968, on 29 percent were female.

Undoubtedly some of these statistics are related to differences in educational background. And the Presidential Commission found that discrimination in education is one of the most damaging

injustices women suffer. It noted that higher admission standards for women than for men are widespread in undergraduate schools and are even more discriminatory in graduate and professional schools. It would seem obvious that without an equal opportunity for education, women cannot expect to achieve equal employment opportunities.

Accordingly, my proposed constitutional amendment provides that equality of rights and responsibilities under the law with respect to opportunities and conditions of education and employment shall not be abridged on account of sex. This provision, alone, would lay a foundation for meeting not only the most crucial but, by far, the vast majority of problems over which women are concerned. However, there are additional problems of discrimination. There are instances of sex discrimination required or permitted by State laws in access to public accommodations, in the sale, rental, or financing of individual dwelling units, in age for entering into legal and binding contracts, and in alimony, child support and child custody. It is significant that, while many believe the guarantee of equal protection of the law under the 14th amendment to the Constitution extends to cases involving discrimination on account of sex, the Supreme Court has never so ruled. That is why my proposed amendment also provides that no State shall deny, on account of sex, the equal protection of its laws to any person within its jurisdiction.

This provision would make it clear that the Congress does not agree with the implication of the Supreme Court that the 14th amendment does not extend to discrimination on account of sex. It would require the courts and the State legislatures to review these areas of discrimination. And it would extend a vast body of judicial precedent on the subject of discrimination to cases involving discrimination by reason of sex, thus assuring the continuity and consistency needed for understanding and compliance with my amendment.

Finally, the function of women as mothers and homemakers is basic to our form of society. It is of "overriding and compelling public interest." As Prof. Leo Kanowitz of the University of New Mexico School of Law testified, under an equal rights amendment—

Sex classifications could continue if it can be demonstrated that though they are expressed in terms of sex, they are in reality based upon function.

There are laws which are concerned with the function of women as mothers and homemakers, and my amendment further provides that its other provisions shall not impair the validity of any law required to secure the rights and responsibilities embraced by this function. For example, the presidential commission found that women head 1,723,000 impoverished families; that one-quarter of all families headed by white women are in poverty, and more than half of all headed by Negro women are in poverty. It said:

Without any question the growing number of families on Aid to Families with De-

pendent Children is related to the increase in unemployed young women.

And it recommended a system of well-run child care centers available to all preschool children, with "priority given the needs of low-income working mothers." Such a recommendation obviously was not premised on sex, as such, but on the function performed by women as mothers and homemakers. My amendment would not be content with a law which might be "convenient" to this function. It would have to be "essential." To provide otherwise would lay a foundation for abuses which we are trying to eliminate.

The proposal I have made will not satisfy everyone. Some will say it goes too far. Others will say it doesn't go far enough. However, I believe a fair-minded appraisal will permit the conclusion that if it had been in our Federal Constitution a long time ago, most of the cases of discrimination against women by reason of sex would have been avoided, and we would be a better country.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1404

At the request of Mr. BYRD of West Virginia, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of S. 1404, relating to the importation into the United States of strategic and critical materials from any free world country.

S. 1846

At the request of Mr. BYRD of West Virginia, for Mr. JACKSON, the Senator from Ohio (Mr. TAFT), and the Senator from New Mexico (Mr. MONTOYA) were added as cosponsors of S. 1846, a bill to establish a Coal Gasification Development Corporation.

S. 1872

At the request of Mr. CASE, the Senator from Indiana (Mr. HARTKE) was added as a cosponsor of S. 1872, for the relief of Soviet Jews.

S. 2258

At the request of Mr. GRIFFIN, the Senator from Utah (Mr. BENNETT) was added as a cosponsor to S. 2258, the Motor Vehicle Air Pollution Control Acceleration Act.

SENATE JOINT RESOLUTION 116

At the request of Mr. JAVITS, the Senator from Rhode Island (Mr. PELL), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of Senate Joint Resolution 116, to authorize and request the President to proclaim the period September 12, 1971, through September 20, 1971, as "Myasthenia Gravis Week."

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 38

At the request of Mr. STEVENS, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of Senate Resolution 38, to give legislative authority to the Select Committee on Small Business.

EMERGENCY LOAN GUARANTEE ACT—AMENDMENT

AMENDMENT NO. 316

(Ordered to be printed and to lie on the table.)

Mr. PACKWOOD submitted an amendment, intended to be proposed by him, to the bill (S. 2308) to authorize emergency loan guarantees to major business enterprises.

AMENDMENT NO. 317

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON submitted an amendment, intended to be proposed by him, to Senate bill 2308, supra.

AMENDMENT NO. 320

(Ordered to be printed and to lie on the table.)

Mr. BYRD of Virginia submitted an amendment intended to be proposed by him to the bill (S. 2308), supra.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 238

At the request of Mr. PEARSON, the Senator from Utah (Mr. Moss) was added as a cosponsor of amendment No. 238 intended to be proposed to S. 382, a bill to establish a Federal Election Commission.

ANNOUNCEMENT OF A HEARING

Mr. JACKSON. Mr. President, I wish to announce for the information of the Members of the Senate and the public that the Committee on Interior and Insular Affairs will hold an open hearing on S. 1846, a bill to establish a Coal Gasification Development Corporation, on July 27 and 28. A press release was issued announcing this hearing on June 3.

The hearings will be held in room 3110, New Senate Office Building, beginning each day at 10 a.m.

The hearings will be directed to methods of setting up a coal gasification study rather than to the technicalities of coal gasification itself.

ADDITIONAL STATEMENTS

THE DOCTORED DOCUMENTARY

Mrs. SMITH. Mr. President, the publisher of the San Francisco, Calif., Examiner, Charles L. Gould, has written an excellent editorial on the controversy over the CBS "The Selling of the Pentagon." He goes right to the heart of the issue of the people's right to know, including the right to know on the film clips.

His observation that CBS and its defenders "can't have it both ways" reminds me of the criticism of the doctored, composite picture used against the late Senator Millard Tydings in the 1950 Maryland senatorial election campaign. I remember well the extremely effective CBS documentary by the late Edward R. Murrow against the principal architect of the composite picture.

Twenty years later in its "The Selling of the Pentagon," CBS was doing essentially the same kind of composite job in its doctored documentary that it had

condemned on the doctored picture 20 years before. As publisher Gould says, "They can't have it both ways."

I ask unanimous consent that publisher Gould's editorial be placed in the RECORD and I invite the attention of every Member of this body to it.

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

THE DOCTORED DOCUMENTARY

(By Charles L. Gould)

Journalists are being asked to close ranks and support CBS in refusing to allow a congressional committee to review raw film footage from the controversial documentary "The Selling of the Pentagon."

The rallying cry of those manning the ramparts is: "Freedom of the press is at stake." Nonsense.

The question here is not "freedom of the press." It is "responsibility of the press." Was the film doctored? Was the film rigged? Did the editors splice the film so that questions and answers of various respondents were out of sequence?

These questions are raised by critics of the film. They submit some evidence to support their charges.

However, only CBS knows for sure. Only a review of the raw film can reveal the truth. Isn't this what "freedom of the press" is all about? Is it not a search for truth?

If CBS did not doctor the film it should not hesitate a moment to show its unused film clips. This is not a case of a reporter protecting his sources. This is not a case of a journalist covering a breaking news story in competition with other reporters.

The CBS documentary was produced with the cooperation of dozens of individuals in and out of government. Some of these individuals claim the documentary was doctored to warp and twist their statements.

They, too, have rights.

Those who defend CBS should ask themselves if their positions would change if a film were doctored to put the Pentagon in a good light rather than a bad one.

Forty years ago, responsible journalists were indignant at the rigging of photographs by the editors of Bernarr McFadden's New York Graphic. The paper died.

Ten years ago many journalists denounced the controversial documentary "Operation Abolition" because two or three scenes were out of sequence.

The film which revealed Communist involvement in the city hall riots here in San Francisco, was withdrawn from circulation.

Many journalists—not including this one—defend the publication of vital government secrets on the argument of the "people's right to know."

Now they deny the people's right to know by defending CBS in classifying its film clips "Top Secret."

They can't have it both ways.

If we want to keep the free press free—and responsible—we can't use the First Amendment as an excuse for exposing the mistakes of others and also use it as an excuse for hiding our own.

CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

Mr. TALMADGE. Mr. President, we are living today in a complex and changing society. We are situated at a point in time when fundamental, widespread, and irreversible change in the American society is taking place every day.

The State of Georgia is no exception. None of us here today are immune from the social and economic revolution that has been underway in the Nation for the past several years.

I think it can safely be said that the segment of our society that is being the hardest hit is our cities. Urban areas have been plagued by a multitude of new problems, such as drugs and pollution. Old problems, such as traffic congestion, welfare, and crime, are getting bigger and bigger.

It is well established that government is related to people. Wherever a person goes, he carries his problems with him. If a person comes to town to live, he and his family must be housed, fed, clothed, and protected. If he chooses to live in the suburbs and commute, he still needs employment within the urban-oriented economy. He must move in and out of town, by car, bus, or train. This means more pressure upon the transportation system.

When people come to town to live, work, trade, and play, they create tremendous new demands for city water, sewerage, police and fire protection, and all the many other municipal services with which all of you are already so painfully aware. Again, as city officials know so well, all this costs money.

In addition, the city is in a continuing race with population to build more classrooms and schools, to hire more teachers, and to provide more hospitals, libraries, and centers for culture and athletics. This also means more money.

Thus, cities are confronted on the one hand with having too much of one thing and too little of another. The massive migration into urban centers—far too many people—have placed demands upon cities that cannot be met because there is not enough money available.

More than just the economic problem, many cities are becoming unlivable as well as ungovernable. In many cases, they are seething, unsafe hotbeds of strife and disorder.

I am reminded of the warning of the historian Arnold Toynbee when he wrote:

The imprisoned town dwellers of the past have been apt to develop an ugly temper. . . . An inescapable city cannot be a seedbed for vegetables or cereals, but it has often been a seedbed for riots and revolutions.

We have today what we call the urban crisis. It has already cost the cities, and American taxpayers all over the country, billions upon billions of dollars. In spite of all the money that has been poured into cities, we are losing, and not gaining.

Welfare costs multiply every year. Pollution becomes more acute. Traffic becomes more congested. The increasing crime rate makes it more and more unsafe to even walk the streets. Housing becomes a financial impossibility.

Thus, to return to the central issue I mentioned before, cities are fast losing their ability to function well or prosper. I was asked to discuss with you today the relationship between the social and economic problems of cities today and a matter in which I have been intimately involved for the past several months—that of rural decline. Or, to put it another way, I would like to discuss today how we can take some of the pressure off overgrown municipalities through rural development.

And by we, I mean urban and rural interests acting in unison—by city governments working just as hard as their

country counterparts. More and more we are coming to the realization that what benefits one benefits the other.

People have been bemoaning the rural-to-urban migration for years. Yet, we have stood by and watched people leave farms and smalltown communities without really doing anything to counteract this trend. Voluminous reports on rural decline have been made. Great studies on this most underdeveloped segment of America have been made.

People have talked and talked about how rural problems have been translated into urban problems. But the trend has been allowed to continue. However, now that the urban crisis has become so severe and virtually intolerable, we are getting more interest from local government, the Federal Government, from the news media, and from concerned taxpayers everywhere.

We have reached the point at long last where action is not only possible, but imminent. Although the hour is late and we are already about 25 years behind the problem, I think we can safely say now that rural development is an idea whose time has come. Not only has this become a prime issue for agricultural communities and rural areas, it is also being promoted by urban interests.

There is unprecedented congressional concern about rural development. We voted to get started on programs to bring about a better population and economic balance between rural and urban America. That amendment was adopted without dissent and, though it was primarily only a statement of purpose, it constituted an important beginning.

Early this year, I assumed the chairmanship of the Senate Committee on Agriculture and Forestry. One of my first acts was the creation of a new subcommittee, the Subcommittee on Rural Development. Senator HUBERT HUMPHREY, former Vice President and former mayor of Minneapolis, was elected chairman of the subcommittee.

Rural development is now a major thrust of the Agriculture Committee. We have bipartisan support. We have urban and rural support. The subcommittee is going to the grassroots to hold hearings, and to benefit from suggestions of local people and local governments. Only recently, we completed a tour and hearings in Alabama and in Alma and Tifton, Ga. We are working on legislative remedies to this problem that has vexed our society for so long.

Ours is the richest and the most resourceful Nation in the world, and it makes no sense to try to crowd 75 percent of the people on 2 percent of the land.

Migration of people who do nothing more than swap rural poverty for the urban ghetto is intolerable in our free and prosperous economy. At the same time, rural and small town communities have for too long suffered a brain drain. Just as rural areas have surrendered their worst unto cities, they have also had to give up their best.

We believe Federal, State, and local governments working together can put together programs to assure every person in the United States an opportunity for adequate food, shelter, medical care,

education, and gainful employment. In short, we believe every citizen should enjoy the right to live and work in comfort and security wherever he pleases.

We believe that any effort to solve the urban crisis—whether it be through massive direct aid or whatever—will fall without a corresponding effort on behalf of rural areas and small towns. Past history already has proven this to be a fact.

We do not have all the answers. We know what rural development means and what it is going to take, but we admittedly do not have within our grasp the means for securing these goals. But we know which way we must go. We must build more bridges between the Federal Government and State and local government in order to improve educational standards in rural areas. We must seek expanded water and sewer facilities. We must provide more and better health and hospital care. Most important, we must promote the ways and means for attracting more business and more industry to rural America. This means more jobs, more opportunities for employment in areas where none now exist or where they are declining.

It is difficult to say which comes first—whether people go where the jobs are, or whether industry always locates where the people are. But without a doubt, the two go together. It must be our goal to bring people and jobs together in areas where they are most needed and where they will be in the best interests of the Nation as a whole.

Industrial development and the availability of more jobs is probably the most important key in rural development. I know, and so do you, that every community which has experienced population growth and a stronger economic base has done so by putting together a combination of factors: The attraction and expansion of industry; by providing more education and technical training in order to equip more people for jobs.

This is more than just a responsibility of government. The most important agent in dealing with rural unemployment and lagging incomes must be private enterprise. But there can and must be more of a partnership between government and industry in order to create more jobs and to give people the skills required to fill these jobs.

On July 7, I introduced, along with several of my colleagues, the Consolidated Farm and Rural Development Act. It is a very important and complex piece of legislation. No doubt it will be modified and hopefully improved in several ways before it passes the Senate.

The bill aims for two goals. First of all, it is a deliberate effort to disperse new industrial development to towns and counties of under 35,000 population. If you disperse industry, you disperse jobs. And if you disperse jobs, you disperse people and attain a more balanced population.

The bill would strictly forbid the pirating of industries from one place to another. We know that business will grow as we add another 75 million people between now and the turn of the century. This growth, the creation of more jobs through industrial expansion, should take place somewhere other than in the large cities.

The second thing the bill would do is provide credit to small towns and counties for construction of community facilities. I know many of you have been waiting in line for years for the grant and loan process of the Federal Government for water and sewer construction to catch up to your town. Our legislation will do a better job of making that money available.

We have undertaken to provide a Rural Development Bank. It would be set up almost exactly like the present farm credit system. The Rural Development Bank, like the farm credit system, would require infusions of Federal capital for about 10 years. Gradually, however, it will be operated entirely with the capital of the people who are doing the borrowing and participating.

Farmers who participated in farm credit went to great lengths to repay the Federal money in that system so that management of the funds could be handled directly by themselves. I expect that our small towns and counties would react the same way, and that the Rural Development Bank would enjoy the same measure of success.

The rural development credit system would have 10 regional banks. They in turn would have 300 to 500 local lending agencies, which would be tied in as much as possible to the multicounty planning agencies which most States have already set up. It will also permit rural bankers to become participants in the system so that they could participate in loans for new industry with the rural development banks.

Smalltown bankers have an enormous stake in the future of their communities. I am especially proud of this section of the bill because it is in the best tradition of the free enterprise system. What we need in rural America is the capital muscle to permit our small towns to pull themselves up by their own bootstraps. This system will provide both hard and soft credit to do the job. Personally, I do not like the term soft credit. Farmers who have received these type loans have seldom reneged on their obligations. I am confident that smalltown America will also meet its obligations.

In addition to the loan program, there will be an agency to provide grants for partial payment of community facilities and provisions for offering financial incentives which industry says it must have to locate away from population centers. These industrial grants would not be subsidies to giants like United States Steel. But if a business is unable to pay the interest on its loan out of earnings, all but 1 percent of its interest could be augmented with a subsidy. Eligibility for these grants would require stringent guarantees from the industries receiving them. The money would not be provided for fly-by-night or doomed-to-fail operations.

The industries we want in rural America to supplement our agricultural economic base must be good citizens and good neighbors. We do not want anyone who would further exploit the underemployed people in rural communities. We are saying that we want future industrial growth to occur in rural America. If we are to make that happen, we must make it economically feasible for Amer-

ican business. Thus, financial incentives are a necessary part of the plan.

We do not propose artificially low interest rates or other methods to undermine the income tax. We are open about our direct grants because the States have proven, especially in the South, that incentives are needed to attract new industry—and they produce the desired results.

We have been talking about the need for a national growth policy and a social and economic balance between rural America and urban America. In this legislation, we propose to start moving in earnest in that direction.

It is not going to be easy. We are not going to attain our goals overnight. But we must keep moving.

SUPPORT FOR JUVENILE DELINQUENCY PREVENTION AND REHABILITATION ACT OF 1971

Mr. PEARSON. Mr. President, I speak today in support of the Juvenile Delinquency Prevention and Rehabilitation Act of 1971.

The percentage of juveniles in the American population is ever increasing. With this increase has come an alarming increase in juvenile delinquency—juvenile arrests for violent crime increased 148 percent in the last decade. This act, as an amendment to the Omnibus Crime Control Act of 1968, constitutes a more substantial effort to cope with the juvenile delinquency problem of our Nation. Let me emphasize the word "cope." We must realize that in seeking to reduce juvenile delinquency, we are not trying to establish an adversary relationship between society and criminal, but are reaching out to support a young man or woman who may be on a course of alienation toward acts of criminal behavior, as a result of the psychological pressures of our society on today's youth.

In combating crime, we must emphasize the importance of correctional and institutional programs to prevent recidivism. This emphasis pertains to all ages of criminals, but especially to juveniles. They are the ones whose criminal record bears the heaviest burden on themselves as individuals and on their families, and it bears the heaviest burden of cost and unfulfilled promise on the society.

The separate programs for juveniles called for by this legislation are needed to cope with the critical job of rehabilitating juvenile delinquents after their very first offense. As shown in the FBI's most recent report on the subject, statistics show that of those arrested under 20 years of age, 74 percent were arrested again. This was the highest percentage of all age groups. If we do not deal more effectively with juvenile delinquency, we will be running a never-ending race against its rising burden, cost, and debilitating effect on our society.

Mr. President, my support for this legislation is focused on its stated purpose to provide separate, or at least more adequate, correctional facilities for juvenile delinquents. Many of the present correctional methods even today make no adequate distinction between crimes committed by juveniles and those committed by adults. We have seen in the past gen-

eration a shift toward less formal courtroom procedures for juvenile defendants, and then a countershift to adversary proceedings and an emphasis on the right of these defendants to counsel and legal representation, and most recently a new turn back to the concept of informal juvenile courts. All this concern for juvenile offenders will not bear fruit unless it is carried over to the detention and correction process.

Over this Nation on this very day, juveniles are placed in the same institutions, even the same cell, as someone who may have robbed, murdered, or assaulted another person more than once. It is no longer enough to excuse this dead end correction policy, which serves primarily to produce hardened criminals at the expense of the State, by turning away from the need for separate and more adequate facilities for juvenile correction programs.

The act I am supporting would authorize a new title containing all enabling legislation and funds for the prevention of juvenile delinquency and the rehabilitation of juvenile delinquents under part E of the Law Enforcement Assistance Administration. It is important to note that this new title will not deprive any State of presently authorized block grant funds. Funds for the new title will be authorized as a separate line item, independent of the block grant moneys. Each State in order to qualify for assistance under the new title would within 2 years be required to provide a comprehensive plan including a juvenile justice component. In addition, a specific percentage of LEAA funds—and, in my judgment, this should be subject to discussion and hearings—will be earmarked for programs of juvenile justice. In setting up this requirement, funds would not be wrested away from other LEAA programs, but we would insure that significant portion of additional funds authorized by this bill would in fact be applied to the problem of juvenile delinquency.

This legislation also emphasizes the importance of coping with the problem of drug abuse as a new and very different source of delinquent misbehavior. Many of today's crimes are linked with efforts to obtain drugs, or they take place after someone has taken drugs and is under their influence. We must realize that these crimes are very similar to those crimes committed while a person is under the influence of alcohol and that, as in the case of alcohol, programs of prevention and education can be the most productive policy for government to pursue. Above all, we must approach the drug problem so as to encourage alternative means of dealing with juvenile behavior, and these means should not merely punish but work to strengthen the faith of young people in our society and dispel the belief that they can only express their emotions through delinquent behavior.

Although LEAA now allocates only 19 percent of its block grant funds to the area of juvenile justice, many of its discretionary grants have been directed toward juvenile problems. In my own State of Kansas, we recently received a grant of \$120,000 for the planning of regional juvenile detention centers with future plans for additional centers. This

form of Federal assistance was directly responsive to the widely recognized and long neglected need in the State of Kansas for facilities to serve as an alternative to existing overcrowded youth homes and reformatories. I want to compliment the Justice Department for its recognition of this need and make it quite clear that the continuing improvements now in progress with the assistance of LEAA funds should, in my judgment, be taken into account as the specific earmarkings are written into this legislation.

Mr. President, I urge the Senate to cope with the juvenile delinquency problem by supporting the Juvenile Delinquency Prevention and Rehabilitation Act of 1971.

POLITICAL CAMPAIGN IN SOUTH VIETNAM

Mr. HUGHES. Mr. President, the political campaign is heating up in South Vietnam. Charges are being hurled back and forth, leaving truth the major victim.

Our Government's declared policy is one of strict neutrality in these elections. I support that policy, although I am not convinced that elections can be truly free in an atmosphere of war and outside intervention.

Recently, Harold Willens, chairman of the Businessmen's Educational Fund, traveled to South Vietnam and talked to many people about the forthcoming elections. He found that most South Vietnamese with whom he talked believed that the American Embassy favors and supports the reelection of President Thieu, despite repeated assurances to the contrary. Mr. Willens also found that the South Vietnamese thought that their country was more likely to remain noncommunist if President Thieu were defeated and a new government installed.

In view of these facts, Mr. Willens tried repeatedly but unsuccessfully to communicate his findings to officials of our Government. Now he has sent a letter to Ambassador Bunker in Saigon suggesting ways to avoid American partiality in the elections. He urges a reassessment of basic assumptions about U.S. policy. In order to permit fresh thought and to eliminate any doubts about our neutrality, he also urges the resignation of Ambassador Bunker.

Whether or not one agrees with Mr. Willens' line of reasoning, it represents a useful contribution by an American businessman to the dialog about the political situation in South Vietnam and the forthcoming elections there. I therefore ask unanimous consent that Mr. Willens' letter be printed in the RECORD.

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

BUSINESSMEN'S EDUCATIONAL FUND,
Los Angeles, Calif., June 29, 1971.

HON. ELLSWORTH BUNKER,
American Ambassador,
Saigon, Vietnam

DEAR MR. AMBASSADOR: When we were in Saigon recently, you were graciously generous with your time and assistance. My deep gratitude makes it extraordinarily difficult to write this letter.

For as one American to another, I am

writing to plead with you to tender your resignation immediately as an act of personal sacrifice which would perform a high public service for the people of two countries. This urgent plea stems from two basic considerations:

1. Even if it is unjustified, it is undeniable that most South Vietnamese see you as favoring—and even acting to assure—the reelection of President Thieu October 3rd.

2. This widespread assumption makes an honest election impossible. Yet an honest election October 3rd presents an unparalleled opportunity to end the war quickly through *South Vietnamese self-determination* while providing *peace with honor for the United States*.

I invited Dick Thompson of your staff to join us during my discussion with General Minh. Dick heard the General say that the chief obstacle to a fair election "is that most Vietnamese people believe that Ambassador Bunker strongly supports Thieu. Everyone has this impression." The same conviction was independently communicated by scores of Vietnamese with whom I discussed the election: representatives of divergent opinions, interests and organizations.

Almost without exception, the people I met believe that Minh would defeat Thieu if their countrymen could vote without feeling that they might lose their jobs—or their lives—by voting "wrong." And in total contrast to the view from the Embassy, Mr. Ambassador, *all felt South Vietnam would be more likely to remain non-Communist if Thieu were defeated.*

If that strikes you as bizarre, please give thoughts to these chilling words of the Pentagon Study: "the explanation of how the U.S. mission became detached from the realities of the political situation in Saigon in August, 1963 is among the most ironic and tragic of our entire involvement in Vietnam."

I respectfully submit, Mr. Ambassador, that if your presence insures President Thieu's reelection, and if the people I met are right about their own country, this October 3rd could witness an even more "ironic and tragic" misjudgment than that of August, 1963. For even though the choice is limited to two generals, one does stand for peace and reconciliation, the other for war and repression. If the people freely chose the former, there would be Vietnamization not of the war but the peace. The people of South Vietnam would be taking back their country from us and assuming the responsibility for guiding its destiny.

Let me hasten to assure you that the thoughts expressed in this letter have nothing to do with "instant expertise." Rather, I am sharing impressions with you as one who is free from the inevitable inhibitions of a subordinate. I am reporting to you facts and opinions candidly revealed to me by Vietnamese people your staff would probably never even meet.

As an example: one of your assistants estimated "several hundred" political prisoners in all of South Vietnam. Two ARVN officers on active duty with whom I met secretly and separately *each estimated about 100,000!* Their figure was corroborated by others in a position to venture an intelligent guess. They included former political prisoners among whom were women who had been in various prisons including Con Son. There they had watched South Vietnamese guards (paid with American tax money) torture other women to death by forcing bottles and eels into their sex organs. Mentioning Con Son reminds me, incidentally, how it shocked me as a businessman to learn that an American construction firm had accepted a \$400,000 contract (again our tax money) to build additional "isolation wards" in that notorious prison.

The massive number and barbaric treatment of South Vietnamese political prisoners whose only crime is dissatisfaction with the Thieu regime caused General Minh to

say: "If I were a Communist, I would infiltrate and make propaganda about this." Like all Vietnamese I met, with the single exception of the Prime Minister, General Minh believes the Thieu regime is driving anti-Communists into the hands of the Communists; that in terms of keeping South Vietnam non-Communist, the Thieu policies are counterproductive; that without ongoing massive American support, the Thieu government will quickly collapse.

General Minh would probably agree with your recent statement that "with two billion dollars a year in American assistance, South Vietnam has a reasonable chance to avoid a Communist takeover after the U.S. pulls out." But, like all his countrymen with whom I spoke, he feels such assistance should be economic rather than military, and that our assistance cannot prevent a Communist takeover once the feared and hated Thieu government is forced to stand alone.

It is important to stress that your presence unfortunately vitiates the possibility of an honest election and that your resignation would simply indicate American neutrality. It is also important to emphasize, Mr. Ambassador, that I hold no particular brief for General Minh. But the inescapable fact is that there can be only one issue of any consequence for the desperately war-weary Vietnamese on October 3rd. That issue is peace versus war.

And where are the peace candidates? The 1968 presidential runner-up Truong Dinh Dzu is in Chi Hoa prison serving a five-year sentence. Other anti-Communist nationalists are also locked up or locked out by an incredibly restrictive election law which your own staff people told me would never be passed after the Senate rejected it.

So there remains only one hope for a people sick to their bones of a war they don't want and disgusted with a government forced upon them by American policy and power. That hope is General Minh, a man who would probably prefer to avoid the awesome responsibility of reconciling and repairing his broken land at a time like this: almost any sensible man not driven by overpowering ambition would prefer that.

But this particular man is obviously as inwardly torn as his land and his people are outwardly torn. He spoke repeatedly of October 3rd being "our last chance to keep my country out of the hands of the Communists and to save something of our Vietnamese traditions and culture." Better than I, you know that General Minh is a dedicated non-Communist. And you know that he is not a crafty political creature who lusts for power with its attendant burdens. Yet this self-effacing, almost diffident man has been cast by fate as the only "peace candidate." He feels he can end the war quickly and prevent a Communist takeover.

Isn't that what you want, Mr. Ambassador? If it is not, then my words will be meaningless. If it is what you want, however, perhaps these words will strike a responsive chord. And then perhaps you will save human lives—American and Vietnamese—by a sacrificial act which will win you the plaudits of history, the love of many persons around the world, and, above all, self-respect.

For you, too, are cast in a fateful role. You are one of the few people whose personal reassessment of basic assumptions might cause similar reappraisal by the Administration. It is possible, Mr. Ambassador, that the Vietnamese people may know more than Americans in Saigon and Washington about how to end their war and keep their country non-Communist. If your heart and mind could accept that possibility and cause you to act in accordance with it, your colleagues in Washington might do the same. That would be the first time in many years that a U.S. Administration did what businessmen must do constantly in order to survive: reassess basic assumptions.

Now comes the most difficult part of the

most difficult letter I have ever written: trying to explain why I must release a copy of this letter to the press, who may, of course, choose to ignore it completely.

When I returned from Vietnam, I tried for weeks to meet with Dr. Kissinger. I wanted no one to know of our meeting other than Mr. Richard Smyser who was trying to arrange it. I wanted only to serve as honest broker, conveying the thoughts expressed here in the hope they might prompt the Administration to announce a withdrawal date. That, of course, would be the best way of all to free the South Vietnamese presidential election of the hovering American presence which will otherwise dominate that election and guarantee its "dishonesty." By now, most Vietnamese simply do not believe the Americans will ever leave. They cannot vote "freely" when they take for granted that American power and money will be available for whatever punishment "our candidate" may want to mete out afterward.

All this I wanted to tell Dr. Kissinger. Mr. Smyser expressed understanding of my reasons for refusing to communicate through an intermediary. But he was unable to obtain an appointment for me. He was not alone in trying and failing.

From this, I conclude that should you agree that your resignation would achieve American neutrality in the election; should you be willing to make the personal sacrifice involved, others in the Administration would strive to dissuade you. Perhaps that will be more difficult for them to do if the question should become a public question.

It is my sincere hope, Mr. Ambassador, that you will read this letter in the spirit with which I write it. The ordeal of Vietnam has lasted long enough for all who are a part of it. October 3rd offers unparalleled opportunity to end it quickly and honorably. Your decision may largely determine whether or not that fateful opportunity eludes us.

Sincerely,

HAROLD WILLENS.

USE OF RECYCLED PRODUCTS BY DEPARTMENT OF THE NAVY

Mr. DOMINICK, Mr. President, as the Nation begins to place needed emphasis on maintaining the ecological balance and preserving our national resources, there is a movement toward use of recycled paper products, metals, and other solid waste materials.

After recent discussions with Secretary of the Navy, Mr. Chafee, it occurred to me that a large organization such as the Navy could make an enormous contribution to the goals of preservation of resources and ecological balance by use of such recycled products. I wrote to the Secretary to inquire about the Navy's plans in this area, and he advised me that he has established a program to use recycled paper at the Pentagon and throughout the Naval establishment.

I want to commend Secretary Chafee for his initiative and leadership in establishing a program which will help in curbing the Nation's solid waste problem and preserving natural resources. By his example in adopting recycled paper for use in his own office and fostering a vigorous campaign to encourage its use throughout the Navy, even among shoppers in exchanges and commissaries, the Secretary has made a significant contribution toward protecting our environment.

This is one more example of Secretary's Chafee's extraordinary ability to move the Navy into the mainstream of

American life while continuing to build its defense capability which is of such vast importance to every American.

I ask unanimous consent that my letter to Secretary Chafee and his response—printed on 100 percent recycled paper—be printed in the RECORD.

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

JUNE 30, 1971.

HON. JOHN H. CHAFEE,
Secretary of the Navy, The Pentagon, Washington, D.C.

DEAR JOHN: After our recent conversation concerning the enormous amount of paperwork essential to the efficient administration of an organization as large as the U.S. Navy, it occurred to me that you might have some plan to deal with the resulting quantity of waste paper.

With the increasing emphasis on protecting our environment and maintaining an ecological balance through preservation of our natural resources, I would be interested to learn of any plans the Navy may have or programs already in operation which contribute to this effort.

In addition, I would appreciate knowing whether commissary stores under Navy jurisdiction are stocking new, recycled paper products.

Best personal regards,
Sincerely,

PETER H. DOMINICK,
U.S. Senator.

DEPARTMENT OF THE NAVY,
Washington, D.C., July 21, 1971.

HON. PETER H. DOMINICK,
U.S. Senate,
Washington, D.C.

DEAR PETER: Thank you very much for your recent letter in which you indicated your interest in the Navy's use of recycled paper.

I am delighted to be able to report that we have initiated a concerted drive to increase the use of recycled paper throughout the Navy. We are determined to do everything we possibly can to reduce the Nation's solid waste disposal problems, and I am convinced that it is incumbent upon us to assume a position of leadership in moving toward more widespread use of recycled materials. We have undertaken a comprehensive study to determine what actions can be taken by the Navy, and I am happy to be able to outline the progress we have made to date.

I have written to Senator B. Everett Jordan, Chairman of the Congressional Joint Committee on Printing, which oversees the procurement of our letterhead stationery. I have asked for immediate approval of expanded use of recycled fiber paper for all official Navy Department stationery. As you can see from this sheet, which is made from 100 percent recycled waste, recycled paper can adequately serve our stationery needs.

I have also written the Administrator of the General Services Administration, Mr. Robert L. Kunzig, asking that he approve a plan to increase specified amounts of recycled fiber content products used by the Navy, both aboard ship and throughout our shore establishment. We hope that through GSA we will be able to procure products containing a greater amount of recycled material. This will include paper towels, toilet paper and writing pads. In the packaging areas, we propose to use more recycled materials in the fiberboard, folding cartons, set-up boxes, metal-edge boxes, and cushioned bags we procure.

We have also initiated a program for encouraging the use of recycled materials in our Navy commissaries and exchanges throughout the country. Using the slogan, "Solutions to Fight Pollution", we are urging all of our patrons to purchase recycled paper products such as towels, tissues and stationery. Through a vigorous in-store merchandising campaign we will inform our customers

of the amount of recycled fiber content of each paper product, and encourage them to use products containing reclaimed and recycled materials.

These steps represent just the beginning of the Navy's effort to use as much reclaimed and recycled fiber as we can to conserve our natural resources, and at the same time contribute to curbing the Nation's solid waste disposal problems.

Very best personal wishes.

Sincerely yours,

JOHN H. CHAFEE.

THE PEOPLES' RIGHT TO KNOW

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed in the RECORD a statement and some insertions in behalf of the Senator from Arkansas (Mr. FULBRIGHT).

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

STATEMENT BY SENATOR FULBRIGHT

Mr. President, a free press, as guaranteed in the First Amendment, remains vital in our society. In recent weeks the First Amendment has withstood serious challenges. The right of press freedom, the right of the American people to be informed about matters of public importance have been reaffirmed.

However, as Robert Roth of the Philadelphia Bulletin reminds us in an incisive and significant column, "Those who regard the First Amendment as a bulwark of the American way of life may be inclined to relax a little. They had better not."

Mr. Roth points out:

"There is in this country a considerable body of opinion which holds that there are things more essential than a free press, that the national security—as defined by those in power—should come first . . .

"There are those who believe that the business of government is best left to those who are paid to do the job, and that goes double when it comes to foreign affairs and quadruple when military policy is at issue. There are those who gladly concur when they are told they are not competent to question official judgments because they do not have "all the facts" and who never ask why they do not have them. There are those who believe that patriotism and curiosity are enemies."

I believe Mr. Roth is correct in his assessment. Too many Americans have fallen victim to the "myth of the expert"—the notion that most of us are not capable of understanding the complexities of foreign policy and that only a select few should even be informed. The results of this kind of logic are tragically obvious today.

Mr. Roth continues by noting:

In less civilized times it was customary to punish, sometimes to kill, the bearer of bad tidings. There is a survival of that custom in the attitude of those who reserve their anger not for the users of questionable policy but for the news media which question it.

Certainly there are those on the scene today who bring to mind Peter the Great, the Russian Czar who strangled the man who brought him the news of the defeat of the Russian troops at Narva by the Swedes under Charles XII.

As Congressman Ogden Reid of New York has written in another article which deserves serious attention and which was published in the New York Times, July 13:

Our democracy does not work well in secret. The Pentagon Papers illuminate the arrogance of those in high places and the serious erosion, if not breakdowns, of our constitutional system of checks and balances.

At least two Administrations, if not three, believed that they were not accountable to

the Congress and the American people for watershed decisions taken about Indochina.

The present Administration has gone even further and launched the most serious attack on the press in our history, subpoenaing reporters' notes, threatening reprisals against television and radio stations under the power to license, and, for the first time nationally, invoking prior restraint against the right to publish.

Mr. Reid offers some worthwhile suggestions about what can be done to insure that Congress and the public do have access to information necessary for enlightened views and decisions. Mr. Reid also cites the need to come to grips with executive privilege, a subject which will be dealt with next week in hearings by the Senate Judiciary Subcommittee on Separation of Powers. The hearings will concentrate on S. 1125, a bill I introduced which would restrict the use of executive privilege.

Mr. Reid further mentions the need for a national Newsmen's Privilege Act, under which newsmen would not have to disclose confidential information obtained in a journalistic capacity or reveal confidential sources except in cases which are libelous, or where such information is illegally obtained or a threat to human life or national security. I am pleased to be a co-sponsor of legislation (S. 1311) introduced by Senator Pearson for this purpose and I am hopeful that it will be acted upon by the Senate.

Mr. President, I believe that the articles by Mr. Roth and Congressman Reid are deserving of our attention and I ask unanimous consent that they be printed in the RECORD.

At the same time, Mr. President, I would like to place in the RECORD an example of the continued effort in certain quarters to undermine the press, particularly in relation to its coverage of the war in Indochina. I ask unanimous consent to have an article entitled "Agnew Implies U.S. Press Follows Red Line on War" from the Baltimore Sun of July 7 printed in the RECORD. Along with it I would like to place two items which I believe provide an interesting contrast: The transcript of a round-table discussion by ABC correspondents in Vietnam, as aired on April 1, and an article by Wes Gallager, General Manager of the Associated Press, printed in the Paragould Daily Press, April 13, 1971.

[From the Philadelphia Bulletin,
July 18, 1971]

ON EROSION OF THE AMERICAN SPIRIT: WHY
THE PEOPLE'S RIGHT TO KNOW IS STILL IN
DANGER

(By Robert Roth)

WASHINGTON.—Now that the Constitutional guarantee of a free press has been twice upheld—in the Supreme Court and in Congress—those who regard the First Amendment as a bulwark of the American way of life may be inclined to relax a little. They had better not.

The decision of the highest court in the "Pentagon Papers" case, denying the government the right to prevent publication of material it preferred to keep secret, was indeed a confirmation of the basic freedom. So, too, was the Congressional repudiation of an attempt to punish a television network for refusing to disclose material it had accumulated but did not broadcast in the preparation of a news commentary program, "The Selling of the Pentagon."

But such successes are by no means irreversible.

SUPPORT FOR REPRESSION

There is in this country a considerable body of opinion which holds that there are things more essential than a free press, that the national security—as it is defined by those in power—should come first, that it is more important for the press to be honest, fair and impartial than it is for it to be free, and that the news media, which are elected by no one,

should not be allowed to meddle in the affairs of a government run by elected officials.

Those who accept that view find strong leadership in the Nixon Administration and support—though as yet it falls short of being majority support—in Congress and the Supreme Court. The danger that such a view may one day prevail in the legislative and judicial branches of the government as well as in the executive is increased by the readiness with which many acquiesce in the doctrine that it is better to know too little than too much.

There are those who believe that the business of government is best left to those who are paid to do the job, and that goes double when it comes to foreign affairs and quadruple when military policy is at issue. There are those who gladly concur when they are told they are not competent to question official judgments because they do not have "all the facts" and who never ask why they do not have them. There are those who believe that patriotism and curiosity are enemies.

Those who fall into such categories gain one doubtful advantage: they cannot be held accountable for what they did not know about. Just as there were Germans who preferred not to know about Hitler's gas ovens and Russians who did not want to be informed of Stalin's wholesale butchery, there are Americans who have no desire to know, and do not want to be told, how many civilians have been slaughtered by American weaponry in Vietnam. The publication of the Pentagon Papers made many uncomfortable not only because it revealed much that was not generally known but also because it called attention to much that was known but had been willfully ignored.

In less civilized times it was customary to punish, sometimes to kill, the bearer of bad tidings. There is a survival of that custom in the attitude of those who reserve their anger not for the users of questionable policy but for the news media which question it.

REPULSIVE LAW

This is not a new attitude. It goes as far back in American history as the Alien and Sedition Acts, adopted in 1798, which made it a crime to publish anything which might bring the government into disrepute. That law was so repulsive to what was then the American spirit that within two years it was nullified, those who sponsored it were turned out of office and their party never again won an election.

There has been some erosion of the American spirit since then. If President Nixon is defeated next year, it will not be because his administration has waged guerrilla warfare against the news media. Vice President Agnew made himself a household word, and the most effective fund-raiser his party has, mainly by attacking newspapers and networks. No storm of popular indignation was aroused by the administrations' effort to block publication of the Pentagon history or by its decision to punish the publishers if it can. There is little evidence that the vast majority now values a free press as much as it did in Thomas Jefferson's day.

Whatever the cause, it is obvious that a free press will survive only if Americans believe, as Herbert Hoover did, that "absolute freedom of the press to discuss public questions is a foundation stone of American liberty."

[From the New York Times, July 13, 1971]

FREE PRESS, FREE PEOPLE

(By OGDEN R. REID)

Our democracy does not work well in secret. The Pentagon Papers illuminate the arrogance of those in high places and the serious erosion, if not breakdown, of our constitutional system of checks and balances.

At least two Administrations, if not three, believed that they were not accountable to the Congress and the American people for

watershed decisions taken about Indochina.

The present Administration has gone even further and launched the most serious attack on the press in our history: subpoenaing reporters' notes, threatening reprisals against television and radio stations under the power to license, and, for the first time nationally, invoking prior restraint against the right to publish.

This precensorship was claimed to be justified because of an "immediate grave threat to national security." Critical national security touching our very survival is not in fact at issue here—nor is cryptographic intelligence.

While the Kennedy and particularly the Johnson Administrations' failure to inform Congress is a shocking example of unilateral executive decision-making, the attempted effort by the Nixon Administration to prevent what is essentially past history reaching Congress or being published is hardly more reassuring.

After six days of hearings before the Government Information Subcommittee of the House of Representatives, certain remedies are clearly called for if the Congress is to reassert its constitutional role.

First, the Congress must enact a new statute governing classified documents. This law must sharply limit that which should be labeled secret and it must provide for automatic declassification and Congressional oversight. If a matter should remain secret after a stated period, there should be an affirmative, positive finding as to why continued secrecy is necessary.

The Congress should explicitly reserve the right to make public material improperly classified by the executive contrary to statute when its classification is not a matter of national security and is simply a device to avoid governmental embarrassment. Equally, no Executive order on classification should be issued that subverts the intent of the Congress. Above all, there must be a vast reduction in the corps of 8,000 Defense Department officers who now have authority to originate top secret and secret designations.

Second, the Freedom of Information Act should be tightened in two respects. The types of information now permitted to be withheld must be sharply limited, and time permitted for Government response to a court suit must be reduced from the present 60 days.

Third, the Congress must come to grips with executive privilege. Here we are dealing with a collision between the executive and the Congress that has been going on since George Washington assumed office. It should be subjected to accommodation, but that will never happen if the Congress does not assert the powers and responsibilities given to it by the Constitution.

Fourth, legislation may well be required to protect the Fourth Estate. The press often serves as a coordinate branch of our democracy, especially when a breakdown occurs between the other three. Specifically, we need a national Newsmen's Privilege Act—now law in six states—protecting the confidentiality of sources, absent a threat to human life, espionage, or foreign aggression. Legislation should be enacted to prohibit the issuance by the courts of injunctions against publication, thereby removing prior restraint from the reach of the executive.

Congressional legislation and assertion of appropriate initiatives can help redress the current situation. If need be, the power of the purse can be more resolutely used vis-à-vis an unresponsive executive. But more fundamentally, what we need is government with faith in the American people and in their right to participate in the great decisions. If we do not see this now, after the Bay of Pigs, the Dominican Republic intervention and the whole tragic history of Indochina, then as a nation we do not really understand democracy.

[From the Baltimore Sun, July 7, 1971]
AGNEW IMPLIES U.S. PRESS FOLLOWS RED LINE ON WAR

(By Peter J. Kumpa)

SINGAPORE, July 5.—Vice President Agnew swung out again here today at a favorite target, the U.S. news media, accusing them, in effect, of an unintentional pro-Communist bias in reporting on the Vietnam war.

Before playing golf this afternoon with Prime Minister Lee Kuan Yew and paying a ceremonial call on President Benjamin Sheares, the Vice President met with his traveling press corps and slid into attacks on the American press for its war coverage and its handling of secret security papers.

Mr. Agnew said that he thought the South Vietnamese government had "a very good prospect" of holding the line against the Communists, even with continuing American troop withdrawals. But he detected a soft spot in continued U.S. support far from the battlefield. He explained:

"We're in a very vulnerable situation with respect to American opinion because it's completely possible for the North Vietnamese, in a very high-risk high-casualty effort, to launch a pinpointed attack which will unquestionably—if it's successful, regardless of North Vietnamese casualties—be played heavily as a failure of the Vietnamization program in the United States."

ATTACK EXPECTED

The Vice President said that the U.S. military believe such an attack is likely and expected.

"Success," he went on, "in a military sense is a lot different from a public relations coup, which is easily achieved because so many of our people in the national media are too ready to assist the North Vietnamese by their over-emphasis on what's taking place."

"I don't think they mean to assist them," Mr. Agnew continued, "but we've gone through this terrible introspective, almost masochistic, twinge of conscience in our country regarding the Vietnam war where we look with favor on anything good that happens to the enemy."

CAMBODIA EXAMPLE

The Vice President said that he thought the South Vietnamese, eventually if not immediately, could defeat such a Communist attack.

"The point is," he emphasized, "will the attack be related to the American people in perspective or will it be distorted as a complete defeat for the Vietnamization program?"

Mr. Agnew said that the American press had reported the invasion of Cambodia miserably and inaccurately.

"It was treated as a total escalation of the war, as a defeat, and it turned out to be one of the smartest things we've ever done in Vietnam, without which we couldn't continue with our withdrawals," he said.

The Vice President drifted into American press policy on his own after he was asked about a major political crisis here arising out of the conflict between Prime Minister Lee and local newspapers. Two papers have been shut down, the editor and three other employees of another paper have been jailed.

Trying to avoid the specific Singapore issue, Mr. Agnew said that he "believes very firmly in free press," but then added, "but I also believe that it's impossible for a nation to conduct its business in the public press, and there must be some security."

The Vice President went on to criticize, though not by name, those newspapers that have published the secret Pentagon study on the origins of the Vietnam war.

"I don't think it's up to any newspaper principal or any private citizen who is really totally unbriefed in many of the matters under consideration to take it upon himself to decide that to publish that information

would not harm the national interests," he said.

COMMERCIAL FACTOR

"I don't see how he's in a position to make that judgment, and I think that he would be tempted to find in favor of publication because he is in fact involved in a commercial enterprise which would benefit from the publication of that information in a commercial sense."

Brought back to his opinion of the free press principle, Mr. Agnew endorsed it.

"I don't think there's anything other than a healthy result to be obtained from the criticism of the government," he said. That view here at this time could be interpreted as criticism of Prime Minister Lee's testy bouts with the press.

The Vice President called the meeting with newsmen just a day after aides had explained that his 10-nation, round-the-world trip was really "a goodwill mission" or a "showing of the flag" where much substantive diplomatic news was not to be expected.

Mr. Agnew has said about as much, explaining that he was returning calls made by heads of state or government of some of the countries now on his schedule.

But today, in a long opening monologue, he said that he was going to talk to leaders about the nuances of the Nixon Doctrine and "what the desires of American foreign policy are."

SAID NOTHING NEW

As he put it, the Vice President said nothing new, only emphasizing that the United States was pulling back from Vietnam but not from its commitments and not from a stance where it would continue to help nations, economically and materially, from a Communist threat. He also explained that the United States was seeking, in effect, a balanced status quo to keep the peace in areas like the Middle East.

Asked if he would call the rest of his trip "something more than a goodwill mission," Mr. Agnew replied:

"That's a hard question to answer. I guess you'd have to define 'goodwill.' It is a diplomatic mission without specified problem areas at its center. It is an overall diplomatic mission to make world leaders that I will visit more conversant with American attitudes with respect to American foreign policy—this administration's attitudes. So I guess in that extent you'd say it's more than simply to sit down and say 'Hello, how are you?'"

TREATY COMMITMENTS

A moment later, in talking about U.S. treaty commitments, the Vice President said he thought that some may have been entered into without "real in-depth examination" as to their length or obligation. Nevertheless he said all present ones had to be kept because a nation that does not cannot achieve "stature" in world affairs.

The Vice President had opened by describing the "national media" as a press that might make a foreigner think that isolationism was a prevalent mood in the United States. And he closed in talking about treaty obligations with another kick at the press. He said that it could have done "a much better job" in presenting President Nixon's State of the World message to make the public more aware of the nation's obligations.

ARE WE GETTING TRUTH FROM VIETNAM?

(By Wes Gallagher)

Are we getting the truth from Vietnam? Once again that question is being raised, as it has been so many times in the past eight years. Now it relates to the fighting in Laos.

Again the answer is yes—though we are getting the truth slowly, grudgingly, amid confusing rhetoric. As usual in Indochina the cost is high. Five newsmen were killed in the first two weeks of the Laos campaign. In all, 34 correspondents have been killed in South Asia since 1965, and 17 are missing.

In the early days of the Laos operation, the U.S. Command refused to let newsmen ride on American-piloted helicopters. The inexperience of the small group of South Vietnamese pilots led to the deaths of the first four correspondents killed in Laos.

PART OF THE PROBLEM

Protests by The Associated Press and others to Herb Klein, White House press adviser, resulted in the assignment of a U.S. helicopter to the press, with two gunships ordered to fly escort. While this met part of the problem, it was very different from past unrestrictedly with U.S. pilots throughout the South Vietnamese war zone and in Cambodia.

News coverage has been further restricted by prohibiting U.S. helicopter pilots who have been flying over Laos from talking to correspondents. In one instance, the pilots' area was fenced off with barbed wire and a gate guarded by a military policeman. But, like most such restrictions imposed by military commands, it didn't work. The pilots talked anyway, as did their crewmen.

There never has been formal censorship in Vietnam, though various efforts to restrict correspondents' access and movement have cropped up from time to time. Newsmen were banned at first from air bases while North Vietnam was being bombed. The idea of a single press helicopter surfaced on several occasions, presumably on the theory that it would limit and control the movements of correspondents.

INFORMATION OFFICER

Even that odd chestnut, an information officer accompanying correspondents in the field, has been repeatedly trotted out in Vietnam. The idea dates back to World War I, was tried and abandoned as unworkable in the early days of World War II, and was tried again in Korea and Vietnam.

In fact, none of the ploys by commanding generals to get the war reported as they want it reported has ever really worked. They may slow up reporting at times, may even succeed in misleading—but only temporarily.

These schemes fail because of one basic fact. Men who are fighting and dying in battle want to talk about what they have seen and done.

This human impulse to talk is not confined to the ordinary G.I. Commanding generals like to think that all officers share their views; this isn't true, either. Each officer is his own strategist—that's his life. He follows orders but when he finds a sympathetic ear he will pour out his views of the war, anonymously most times.

OBSCURITY HANDICAP

While there has never been censorship in Vietnam, there are other difficulties. Because battles are small by comparison with other wars, objectives frequently obscure, front lines nonexistent, and territorial seizure no index of success against guerrillas, the conflicts in reports have been sharper than in other wars.

The correspondents always had the job of sifting and weighing official briefing reports against those from the field—sometimes against optimistic official versions. Over the eight years of war in Vietnam, they have done their job well. The truth has gradually emerged from the confusion of each phase.

Correspondents have found again it is an axiom of war. When operations are going badly, restrictions imposed on the press are at their height. When operations go well, there's always helicopter space to get to places, view captured material, prisoners of war and so on.

Correspondents also have found that military objectives have a way of changing with the nature of enemy reaction. If the enemy stops a drive short of what seemed to be the objective, newsmen sometimes find briefing officers contending that the objective was

limited, was attained anyway, and that nothing more had been expected. This has been common in other wars as well.

NOT DEFINED

The Laos objective has never been really defined in specific terms. Possibly the most unusual explanation in several wars came from Lt. Gen. John W. Vogt, speaking at the Pentagon in connection with the slow-down in Laos:

"The decision to pause at this particular point was made because of a desire to assess the enemy action at this time, observe where he would intend to attack, and it was made conscientiously and orders were given accordingly."

The idea of bursting into enemy territory and then waiting to see where and how he'll clobber you might set generals like Patton, MacArthur, Forrest (get there "fustest with the mostest") spinning in their graves. But this is the rhetoric of war, which seldom makes sense.

It will be weeks probably before a clear picture of Laos emerges. But emerge it will. And in the final analysis the reader will have to weigh for himself the operation's success or failure. Soldiers fighting a war will always talk. And from the confusion of the war itself, from conflicting claims and counter-claims, from assessments and evaluations, the truth will emerge.

ABC ROUND TABLE ON LAOS

(Note.—On April 1, the "ABC Evening News with Howard K. Smith and Harry Reasoner" devoted a major part of its time to a round-table discussion by its correspondents in Vietnam. What follows here is a transcript of that exchange of views.)

JIM GIGGANS. Every day in Quang Tri, which was the press center for the Laotian operation, there would be briefings—one in the evening and one in the morning. In the morning we would be given mimeographed sheets, but in the evening there would be South Vietnamese briefers and American briefers. Usually, the Americans would cover only the American side of the operation; the South Vietnamese, the South Vietnamese side. When they were in conflict, there was no way to verify one bit of information with the other. The Americans would continually say, "Go to the South Vietnamese to find out." Or if it had anything to do with the American operation, the South Vietnamese would say, "Check with the Americans." However, when there was a difference, there was no way of finding out just what the truth was. No side was infringing—as they called it—upon the other.

HOWARD TUCKNER. Because we were lucky enough to have some South Vietnamese officer friends, we got some favored treatment. I was very close to the executive officer of one of the crack divisions involved in the Laos campaign. He told me about the faulty intelligence, faulty reconnaissance, that what they found in Laos was not at all what they were led to believe they would find. He said, "I wish I could tell you on camera what's really happening but I don't have that kind of courage."

He sent me into Laos to see Lieutenant Colonel Dung, the head of the armored task force, whose job it was to spearhead the drive to Tchepone. That was the original objective; his orders were to take it in three days. I spent two nights with this man. We talked privately for three hours the first night and he told me that he found that the entire route—Route 9—was mined. He said intelligence didn't indicate that. He told me that he was seriously outgunned in fire power. They found that the North Vietnamese had about sixty tank battalions in the Laos operation area. That's about 600 tanks. And since that time, military sources confirm that they had no idea that the North

Vietnamese had anywhere near that many tanks in Laos. The South Vietnamese also found that they were seriously outgunned. Their artillery pieces were 155s and 105 millimeter; the enemy had 152s and 130s, which shoot farther and hit harder.

I asked this man if he would go on camera with me and do this publicly. He said he'd like to think about it overnight. He did so, and then we had an interview. The reaction from Washington and Saigon was that he didn't have the big picture; that he was merely a local commander. He was a local commander—with the biggest responsibility of the first week of the drive to take Tchepone. He never got there because he found out he was seriously outgunned. He advised Lieut. Gen. Hoang Xuan Lam, the head of the operation, not to go ahead, to stop the tanks right where they are, to get out. . . . Of course, they couldn't do that because the operation was so well publicized in advance that it would look like a complete, ridiculous move if that happened. But it turned out that Lieutenant Colonel Dung was right. Because when his 220 armored units got ready to leave Laos and go back to Vietnam, they couldn't make it. Half of them were left in there; 50 per cent at least.

STEVE BELL. I think the most significant thing about coverage of the Laos operation was our inability to get to the story; the reason is that the military denied us the space available—privileges that have always been part of coverage here in Indochina. That means that any time a helicopter or a truck is going where the action is you can ride if they have room. The decision is yours, it's individual. In this case, first they denied us any access to Laos, with American helicopters or planes, invoking an old diplomatic rule against carrying people across borders in military flights—something that had been ignored in Cambodia. Then when they did have a chopper that was dedicated to taking newsmen across the border it was under the control of the South Vietnamese commander, who on most days said it was too dangerous to fly and the helicopter went nowhere. Or when he did allow it to go somewhere it went only to a fire base where nothing was happening and you couldn't get a picture of the war one way or the other.

DON FARMER. And that rule was changed only after four newsmen died flying in a Vietnamese helicopter. You know, I think a lot of truth in Vietnam comes from correspondents who have been here for a long time. And many of them have told me that this was easily the most frustrating operation they have ever covered in Vietnam.

STEVE BELL. One perfect example of the problem between what they report and what we know to be fact is in tank losses on both sides. The South Vietnamese each day, and the Americans, would have a very firm total on enemy tanks destroyed in Laos. And I don't doubt for a second that the enemy lost a great number of tanks—that was one of his worst areas of setbacks. At the same time, we never had a South Vietnamese tank or armored vehicle reported lost, yet we know that about 200 of them went in and I was on Highway 9 the day they fought their way back into South Vietnam and American armor supported them—we were ambushed three times—and less than 100 vehicles came out—tanks, APCs and trucks. But get back to the briefer and he would swear that South Vietnamese tank losses were very light, giving no figures. At the same time, we had it confirmed from a number of U.S. sources that American pilots had to fly special missions into Laos to destroy South Vietnamese tanks and APCs that had been left behind, abandoned by their crews.

DON FARMER. You know, in more general terms also, they talk about this operation being a success and the President was quoted as saying that, "We now know that the South Vietnamese can hack it." Well, in some ways, that's very true, but, you know

they could not have hacked it at all had it not been for United States air support.

STEVE BELL. This brings up a point that has really bothered me—the way that the American military and the government in Washington have tried to knock down our stories of Vietnamese reverses in Laos. Most of our information came from South Vietnamese troops that we personally talked to as they came out of Laos to Ham Nghi, many of them wounded, demoralized, near hysteria, or from the U.S. helicopter pilots who had pulled them out, and who told stories—the most vivid stories—of all those South Vietnamese grasping for the struts, and total disorganization and sometimes panic, at these evacuation points. When we filmed these reports, when we broadcast them, then we were told by the military and the U.S. Government that these were unreliable people. But they're the same young men that you're asking to fly your helicopters into Laos, to fight and die as the spearhead of the American support effort in Laos. Now, suddenly, they're unreliable. And they're afflicted by tunnel vision because they're telling us stories of . . . of a negative nature about South Vietnamese operations. I recall in Cambodia, in the months that we were over there covering, traveling with the South Vietnamese, that they never missed an opportunity to set up little displays, even at the most remote outpost, of captured weapons, captured documents. They'd take you out and show you enemy dead where they'd had a fire fight the night before. They made these tremendous victory claims in Laos and never once were they able to take newsmen to show them what they were talking about.

DON FARMER. One day they told us that they were going to take us into Laos to see one of the biggest arms caches of the operation that they had uncovered and captured and we were very happy about that, and so we went out to Ham Nghi again, and we got there and we were put off and put off, and finally the South Vietnamese commanders came out and said, "Gentlemen, we're very sorry, but our regiment commander who uncovered the cache has inadvertently destroyed it." Which means it didn't exist any more, if it in fact ever existed in the first place.

STEVE BELL. It seems to me that there are a number of examples where we are dealing with things that turned out to be something other than what we were told, and we had an opportunity to actually verify the fact that we were being misled. The most blatant example is the reporting of U.S. helicopter losses. The American helicopters were reported as lost *only* when they were destroyed and could not be retrieved from the battlefield.

This leaves out completely all the literally hundreds of helicopters that were unable to return from a mission because they were downed by enemy fire.

DON FARMER. You know I remember talking to a helicopter pilot about two weeks ago and I think that at that time the figure they were giving us in Saigon and here officially, American helicopters shot down and destroyed, was somewhere around fifty at that time. And this helicopter pilot told me that they had lost 119 in the first week of the operation, and we were then a good month into the operation. Another helicopter pilot told me the figure was actually more like 250, and they did not report those which were recovered; even if there were people killed and wounded, they didn't report them.

I think there is one other really significant fact in trying to report this operation, and that is as it came to a close—at least the Laotian part of Lam Son—we were told by the Americans and the Vietnamese—the South Vietnamese, of course—that this was a great success, a great victory. Well, in fact it may have been in some aspects; the ARVN proved themselves to be good fighting men. The Marines did very well for a time. The Rangers certainly took it on the chin, and their high losses are certainly not proof

of poor performance. But, when they say things like "We now have cut the Ho Chi Minh Trail," you and I know that that's absurd. And that's the kind of statement we're getting and they're so unbelievable that I think sometimes we're getting slightly paranoid—you know, we start looking for lies where maybe they don't exist.

And I think it's a natural human failing that, partly our fault, but there's a reason for it. We've been lied to so many times that you begin to suspect that no one ever tells you the truth.

THE CAPTIVE NATIONS

Mr. PERCY. Mr. President, in our country where we enjoy the daily benefits of freedom, we do not always appreciate our blessings. However, I have found that Americans of Eastern European origin and descent are more likely than the rest of us to value the meaning of freedom. They know what freedom means, because they know what the lack of freedom means.

On the occasion of the annual observance of Captive Nations Week, millions of Americans recommit themselves to the principle of freedom for all mankind, and in particular for the peoples of those nations of Eastern Europe who do not have the opportunity to pursue their national life, their religious life, or their daily life in full freedom. They must not be forgotten, and they will not be forgotten.

As Americans, we continue to support the legitimate aspirations of the peoples of Poland, Czechoslovakia, Hungary, East Germany, Bulgaria, Albania, Lithuania, Latvia, Estonia, Ukraine, Armenia, and Georgia. This week and every week, we should all remember the oppressed peoples of Eastern Europe in our prayers.

REFORM OF THE FEDERAL CRIMINAL LAWS AND THE AMERICAN BAR ASSOCIATION

Mr. McCLELLAN. Mr. President, in January of this year, the National Commission on Reform of the Federal Criminal Laws completed nearly 4 years of work by presenting to the President and to the Congress a draft of a proposed new Federal criminal code for the consideration of the Congress. It was my privilege and honor to serve on that Commission along with my distinguished colleagues, the Senators from Nebraska (Mr. HRUSKA), and North Carolina (Mr. ERVIN).

The Subcommittee on Criminal Laws and Procedures, which I am privileged to Chair, has embarked upon an extensive examination of the Commission's recommendations, and I am happy to note that the subcommittee can now expect to receive the support and able assistance of two learned sections of the American Bar Association.

Mr. President, I ask unanimous consent that the text of two resolutions of the American Bar Association's House of Delegates, adopted at its recent New York meeting, be printed in the RECORD.

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

RESOLUTION

Whereas, The National Commission on Reform of Federal Criminal Laws has submitted

to the President and Congress a proposed new Federal Criminal Code "as a work basis upon which the Congress may undertake the necessary reform of the substantive Federal criminal law"; and

Whereas, The Commission's report demonstrates the desirability of fundamental reform of the substantive Federal criminal laws and new approaches to: (1) the scope of Title 18 of the United States Code, including all Federal felonies and the codification of common defenses; (2) problems of Federal jurisdiction, including the relationship of what is criminal to the factors which bring criminal behavior within Federal jurisdiction; (3) grading of offenses, including legislative determinations as to what aggravating factors subject the offender to more severe penalties, and the appropriate penalizing of more serious criminal conduct committed in the course of committing lesser Federal offenses; and (4) the sentencing system, including limitation of the number of the classes of crime and the formulation of statutory guidelines for the exercise of discretion within the range of sentencing authority; and

Whereas, The specific issues involved in drafting a new Federal Criminal Code are too numerous and great to bring all of them in advance of legislative drafting before the House of Delegates for individual resolution of each specific proposal:

It is Hereby Resolved, That the American Bar Association approve the following specific actions:

1. To commend the National Commission on Reform of Federal Criminal Laws for its extensive work and constructive report;
2. To endorse the Commission's recommendation that the Congress undertake reform of the Federal Criminal Laws, using the Commission's report as a working basis therefor;
3. To endorse in principle the Commission's proposals regarding the restructuring of the Federal Criminal Laws and the scope of Title 18, United States Code; the treatment of Federal jurisdiction as a separate matter in defining elements of offenses; the grading of offenses; and the systematic treatment of sentencing;
4. To urge the United States Department of Justice and the Judiciary Committees of the Senate and the House of Representatives to give top priority to the Commission's report with a view to enactment of a new Federal Criminal Code in 1972; and
5. To authorize the Section of Criminal Law to offer the assistance of the Section and to work with the staffs of the United States Department of Justice and the Congress for the purpose of developing specific proposed legislation to implement reform of the Federal Criminal Laws; provided, however, that none of the views presented shall be contrary to action of the House of Delegates previously taken and that such views shall be consistent with the ABA Standards for Criminal Justice; and provided, further, that the Section shall at all times make it known to the staffs with which it confers that the Association's support of specific legislation resulting from such consultation will require further approval of such proposed specific legislation by the Board of Governors or the House of Delegates; and to authorize the Section of Criminal Law to encourage and coordinate the similar assistance of other interested Sections and Committees of the Association which may be hereafter authorized to participate in this work, subject to the same conditions.

RESOLUTION

Whereas, The National Commission on Reform of Federal Criminal Laws has issued its Final Report on a proposed new Federal Criminal Law has issued its Final Report on a proposed new Federal Criminal Code containing provisions relating to the conduct of organizations and persons acting in a repre-

sentative capacity which provisions substantially depart from existing law, and

Whereas, Senator McClellan, Chairman of the Subcommittee on Criminal Laws and Procedures of the Senate Committee on the Judiciary has invited the Section of Corporation, Banking and Business Law to submit its comment on the proposed Criminal Code and has extended an invitation for the Section to have its representative testify at public hearings.

Resolved, That the Section of Corporation, Banking and Business Law is authorized to appear before the appropriate committees and subcommittees of Congress to present its views with respect to Chapters 3 and 4, Sections 1006, 1551, 3007 and 3502 of the proposed Federal Criminal Code which relate specifically to the Section's activities, and to submit a written statement in support of such views, subject to the following terms and conditions:

1. The Section shall take no action in conflict with any position previously adopted by the Association;
2. At least fourteen (14) days prior to the submission of any written statement to any legislative committee a draft thereof shall be submitted to the President and Secretary of the Association, to the Chairman of the House of Delegates, to the chairman of each other section or committee of the Association as shall have requested to be kept informed, and to the Executive Director of the Association with a list of the other sections and committees to which such distribution is being made.
3. The Section will coordinate its statements, testimony and activities with such other sections and committees, and no statement as to which timely written objection is received from the chairman or other proper officer of any such other section or committee shall be filed unless approved by the Board of Governors in advance of filing.
4. The Board of Governors may require the Section to refrain from publication of its conclusions or from action publicly promoting, opposing, or endorsing or committing the Section to any proposal or course of action until the proposed action has been approved by the Board of Governors or by the House of Delegates.
5. Between meetings of the Board of Governors, the President of the Association or the Chairman of the House of Delegates may require the Section to withhold publication or action until the next meeting of the Board of Governors or the House of Delegates.
6. No statement shall be submitted to any legislative committee unless it has been approved in writing by the Chairman of the Section of Corporation, Banking and Business Law.
7. A copy of any statement filed pursuant to this resolution shall be submitted to the Board of Governors and House of Delegates no later than the next succeeding annual report of the Section of Corporation, Banking and Business Law.

CAPTIVE NATIONS

Mr. TAFT. Mr. President, from our beginnings as a nation, the American people have maintained a steadfast commitment to the principles of national independence and human liberty. In keeping with this tradition, it continues an essential purpose of the United States to encourage the constructive changes which lead to the growth of human freedom, both at home and abroad.

For this reason, Captive Nations Week has a special meaning for all Americans. We understand and sympathize with the efforts of oppressed people everywhere to attain the inalienable rights so hard won and so vigorously maintained by our own

citizens. Our sympathies and understandings are especially keen because of the strong ties of birth and blood linking many of our own people with those in other lands still struggling to be free.

It was especially fitting, therefore, that in 1959 the Congress authorized and requested President Eisenhower to issue a proclamation designating the third week in July as Captive Nations Week, to be observed by Americans with appropriate ceremonies and activities each year, until all captive nations shake off the yoke of tyranny and take their rightful place in the community of free nations.

The observance of Captive Nations Week this year comes just a few months after the bloody food riots in Poland. Last winter, as we know, workers in that country took to the streets to protest the oppressive economic policies of the Gollonka regime. The toll of these riots, according to the regime's own figures, was 45 dead and almost 1,200 wounded.

These tragic events were but the latest in a series of dramatic proofs of the complete inability of communism to satisfy the spiritual and material needs and demands of the people.

The list of nations which have fallen to Communist imperialism since the Russian revolution constitutes an awesome catalog of suppression. Communist regimes, backed by the brute force of a Soviet military occupation, have ruled over millions of people in East and Central Europe for more than two decades. The record of their tenure in power offers unquestionable grounds for an indictment of tyranny, callousness, and incompetence.

The meaning of this record of repression and resistance is clear. Captive people have opposed, do oppose, and will continue to oppose Communist tyranny. Their hopes and goals are those shared by freedom-loving people everywhere; attainment of sovereignty, self-determination, and liberty.

As we share common aspirations with captive peoples, so do we share a common destiny. As Lincoln reminded us, "a house divided against itself cannot stand." Neither can a world divided against itself hope to endure, half slave and half free. A world so divided remains a fertile breeding ground for continued divisive conflict.

I have long believed that lasting peace in Europe and elsewhere in the world can come about only after currently captive nations have regained their national independence. This fact is as simple as it is certain. Just as certain is the need for America to play a meaningful role in this struggle. Far less simple, however, is the definition of that role.

The period preceding World War II taught us the dangers of ignoring our international responsibilities, and defining our role in a way too narrow and too limited. The years since World War II, however, have taught us the perils of an overly ambitious definition of our role in the worldwide struggle for freedom. No country, including the United States, is capable of assuming the role of universal policeman, no matter how virtuous the cause.

This in no way suggests that we should abandon our commitment to freedom

and self-determination, only that we must formulate our policies in a reasonable way to insure that they may be effectively applied.

With this goal in mind, President Nixon has undertaken a fundamental review and redefinition of our foreign policy. As a part of this process the President himself will be going to China soon to seek the normalization of relations with the regime in Peking.

This dramatic action does in no way represent a lessening of our commitment to freedom. Relations with a government do not imply approval of its policies, only that we recognize the necessity of dealing with an important fact of life.

Through the dialogs that follow, attempts will be made, not to endorse the rigidity and repression of the status quo, but to set the stage for greater flexibility in foreign relations, and thereby better the chances for the spread of freedom in the captive nations. All Americans should support the President in this historic effort, for only a community of free nations can guarantee a just and lasting peace.

NLF PEACE INITIATIVE

Mr. MOSS. Mr. President, last week in a Senate statement, I informed my colleagues that my analysis of the recent National Liberation Front peace initiative led me to conclude that it represents a significant peace overture apparently made in good faith. Because the proposal offers some hope for a genuine breakthrough in the now stalled talks, I called upon the President to respond positively and creatively to the initiative and to ask for an immediate ceasefire while actively exploring the possibility of a settlement based upon this new concession.

For 3 weeks now, the administration has withheld reply to Hanoi's seven-point peace initiative, while pursuing talks with Communist China. In a well-reasoned editorial in this morning's New York Times, Nhan Dan, the official Hanoi newspaper, was quoted as asserting:

President Nixon has been running about wildly in search of a way out. But he has gone to the wrong place. The exit door has been opened, yet he has tumbled into an impasse.

The Times editorial suggests that Hanoi's seven-point initiative offers to the United States a way out of Vietnam that administration visits to Peking cannot provide.

I also am persuaded that there is no substitute for direct negotiations with Hanoi in Paris to be opened by a constructive response to the unanswered seven-point peace proposal. I recommend this penetrating editorial to my colleagues and ask unanimous consent that it be printed in the RECORD.

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

[From the New York Times, July 22, 1971]

PEKING'S ROLE IN VIETNAM PEACE

President Nixon is wise to discourage speculation about the effect of his new China policy on Vietnam. Euphoric hopes in this country, stirred in part by earlier White House comments, could boomerang badly if the war is not ended. But equally danger-

ous is the effect Mr. Nixon's own hopes for Chinese aid may have on his strategy for peace in Southeast Asia.

The crucial question is whether the key to peace lies in Peking—or in Hanoi. For three weeks, a reply to Hanoi's important new seven-point peace proposal, brought to Paris by Politburo member Le Duc Tho, has been withheld by Washington while pursuing talks with Communist China. Symbolic was Dr. Henry Kissinger's passage through Paris on his return from 20 hours of private talks with Premier Chou En-lai in Peking. His rejection of a private meeting with Mr. Tho, the first offered the United States in almost two years, suggested that Washington saw less value in talking with North Vietnam.

Hanoi now is seeking to disabuse Washington—and Peking, perhaps, as well—of any such illusion. An editorial in the official Hanoi newspaper Nhan Dan has warned against any "compromise between the big powers in an attempt to make smaller countries bow to their arrangements." It has emphasized North Vietnam's independence, sovereignty and "spirit of self-reliance," implying that the fight could go on even if there were a reduction in aid from Moscow or Peking.

President Nixon, Nhan Dan asserted "has been running about wildly in search of a way out. But he has gone to the wrong place. The exit door has been opened, yet he has tumbled into an impasse." The implication is that Hanoi's seven points offer the United States a way out of Vietnam that visits to Peking cannot provide.

This comment undoubtedly is being read by some in the Nixon Administration as evidence that Hanoi is worried about the improvement in Chinese-American relations. The hasty trip of North Vietnamese Foreign Minister Trinh to Peking after the Kissinger visit has led some analysts to speculate that Hanoi was not informed beforehand. Whatever the facts, it would not be surprising if Hanoi felt uneasy. No Peking briefing on the 20-hour Kissinger-Chou conversation is likely to convince North Vietnam that it has heard everything.

Nor would Washington be wrong to feel encouraged by the increasing indications over the past six months that Peking, heretofore a major barrier to a negotiated peace, now favored an Indochina settlement. Mr. Chou's recent hint of a new willingness to participate in a Geneva-type conference followed enthusiastic endorsement of Hanoi's seven-point proposal—that the first time Peking has shown enthusiasm for any peace proposal.

But it is one thing for Peking to get out of the way of a settlement and quite another to expect Communist China to force Hanoi to yield. Competition with Moscow for influence in the world Communist movement undoubtedly inhibits Peking. Moscow now has thrown cold water on the idea of a new Geneva conference just as Peking earlier discouraged any Soviet role in mediating the Vietnam conflict. Moreover, Mr. Chou's comments about a Geneva meeting may be interpreted as being favorable not to a substitute for the Paris talks but to an international sequel that would guarantee a settlement achieved directed between Washington and Hanoi in Paris.

It is vital to avoid mistaken notions based on what happened at the first Geneva conference in 1954. Many Americans have bought the belief, promoted by Hanoi itself, that the Vietnamese Communist were pressured by Peking and Moscow into accepting an unfavorable settlement in Geneva in 1954. The fact is that the Viet Minh Communists themselves advanced the partition solution that later was adopted. The reports of pressure on the Viet Minh by Moscow and Peking stem from the final transactions of the conference, needed to meet Premier Mendes-France's 30-day deadline and they applied to secondary matters.

All this suggests that a settlement in Indochina, if it is going to be negotiated now,

will have to be negotiated with Hanoi, not with Peking and Moscow. The two great Communist powers could help, if they would, by favoring compromise. The inability of Hanoi hawks to invoke external support for intransigence undoubtedly would strengthen the hand of Hanoi's doves.

But there is no substitute for a major new effort to negotiate directly with Hanoi in Paris, first of all by a constructive response to the unanswered seven-point proposal that now lies on the table there.

DEATH OF HARRY W. MORRISON

Mr. JORDAN of Idaho. Mr. President, all of Idaho was deeply saddened earlier this week to learn of the passing of Harry W. Morrison, cofounder of the construction and engineering firm of Morrison-Knudsen Co. Harry Morrison was a truly outstanding Idaho pioneer, a good friend dedicated to the betterment of his fellow man. His many contributions to the construction industry knew no boundaries, and the worldwide esteem that he enjoyed for the greatest share of this century was justifiably earned.

I ask unanimous consent to have printed in the RECORD a biographical sketch of Harry W. Morrison, released earlier this week by Morrison-Knudsen Co.

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

HARRY W. MORRISON

Harry W. Morrison, co-founder of the globe-girding construction and engineering firm of Morrison-Knudsen Company, Inc., died early Monday (July 19) at a Boise hospital. He was 86.

Death came to the noted construction executive—a man once described by a national news magazine as "having done more than anyone else in history to change the face of the earth"—after being taken ill at his summer home at Payette Lakes, Ida., north of Boise.

He had been in declining health in recent years, and, while holding the honorary title of founder-chairman of Morrison-Knudsen, he withdrew from active management of the company in 1960.

One of the largest construction firms in the world, "M-K" was established at Boise in March, 1912, as a partnership by Mr. Morrison and M. H. Knudsen, who died in 1943. Their total assets when they joined were \$600 and a few teams of horses.

With Morrison at the helm, M-K grew to become a worldwide organization that has built some of the great projects of all time in more than 50 countries. They include Hoover Dam and major portions of Grand Coulee Dam and the St. Lawrence Seaway, railroads up the Andes in Peru and through jungles of Brazil, Karadj Dam in Iran, canals and dams in Afghanistan, pipelines in Pakistan, and military bases throughout Alaska and the Pacific during World War II.

Widely known as the dean of U.S. contractors, Morrison was first and foremost a businessman with a keen ability for organization and finance as well as being an innovator of methods that helped spur progress of the construction industry.

He attributed success in any venture to "integrity and honesty."

Harry Winford Morrison was born February 23, 1885, near Kenney, Ill., at Tunbridge Township in DeWitt County. At the age of 14, he took a summer job as a waterboy with the Chicago construction firm of Bates & Rogers that was to set the course of his career.

In 1904, with the National Reclamation Act of 1902 ushering in a new era in the winning of the West, the 19-year-old Morrison went to work fulltime for the Chicago firm

as a timekeeper on the U.S. Reclamation Service's Minidoka Dam Project in Idaho.

When he failed to get a raise, he quit and joined the Reclamation Service in 1906. Two years later, he was serving as a supervisor on a diversion dam project near Boise. Here he met Knudsen, then 50, who was renting out horse teams for canal excavation.

Upon formation of the partnership, the first office consisted of one room in a downtown Boise building which doubled as sleeping quarters for Morrison. The first jobs were small and close to home—canals, logging roads and railroad work.

In 1914, the partners took on their first dam job—the Three Mile Falls Dam in Oregon that yielded a \$14,000 profit on a \$120,000 contract. It was then that Morrison determined to concentrate on dam-building which was to remain his first construction love.

During the early years of the company, Knudsen took himself off the payroll every winter and, during two tough years, drew no salary at all. Morrison lived on \$1000 monthly.

In 1925, now incorporated under Knudsen as president and Morrison as vice-president, M-K joined with Utah Construction Company in a combination that later built Guernsey Dam in Wyoming and Deadwood Dam in Idaho.

Deadwood Dam was an outstanding test of new equipment and faster methods for M-K's next decade of construction. There the company's builders used some of the first bulldozers ever manufactured and tested gasoline-powered revolving shovels and new diesel trucks.

Hoover Dam, begun in 1931 and one of the biggest construction achievements of all time, not only moved M-K into the ranks of the nation's top construction firms but also marked the dawn of a new era in heavy construction in the West and of a new so-called "joint venture" method of financing large-scale projects. Morrison was a prime mover in the march toward these milestones. So huge was the Bureau of Reclamation's undertaking on the Colorado River that no single company had the means or the inclination to tackle it alone. Morrison persuaded a group of leading builders to band together in a corporation known as Six Companies, Inc., which actually was composed of eight separate companies pooling their resources and talents.

After Hoover, the Six Companies' members split into two competitive teams bidding on a pair of contracts for the San Francisco-Oakland Bay Bridge. Morrison's group landed the contract to build the deep caisson piers for the San Francisco side of the 4,620-foot-long span, while the other team got the Oakland side.

In the following years, M-K shared in various combinations with members of the original Six Companies and others to build such western U.S. dams as Bonneville, Parker, O'Shaughnessy and the second phase of Grand Coulee, including the spillway dam, pumping plant foundations and left-bank powerhouse.

The company also was busy elsewhere during this period, which saw Knudsen, then 77 and already semi-retired, assume M-K's chairmanship in 1939 and Morrison become president and general manager. Working alone or in joint ventures, M-K constructed roads, railroads, and such dams as Imperial on the Colorado, Roy Inks in Texas and Kingsley in Nebraska.

World War II brought another giant stride in M-K's growth. Building for battle as a member of a joint venture known as Contractors, Pacific Naval Air Bases, it sponsored construction of the world's largest underground installation for Naval fuel storage at Red Hill, near Pearl Harbor, Hawaii. Westward across the Pacific, the company's men built bases on Midway and Wake Islands. More than 1,200 of them were taken prison-

er and 98 were killed when the Japanese seized Wake in December, 1941.

In Alaska, M-K performed more than half the total dollar volume of wartime work under a high-speed Civil Aeronautics Administration program that built 26 air fields and 42 range stations. The company spent \$400,000 of its own money to build and equip a field at Cold Bay, near Dutch Harbor in the Aleutians, before a contract was signed or money was appropriated by Congress.

The company's star salesman, as well as its chief inspector for many years, Morrison logged more than 100,000 miles annually for many years visiting clients, investors and projects around the world.

Though he never forgot he was a hard-headed American businessman working to make a profit, Morrison recognized another objective for his company's far-flung operations:

"We like to think we leave the impression around the world," he once said, "that all America is interested, earnestly and hopefully, in economic and social progress for all men."

"A man's worth," he once declared, "is counted in the things he creates for the betterment of his fellow men."

Honors by the score came to him unbidden. Though his formal education ended after two years of high school and a business-school-correspondence course, he was tapped for honorary degrees by the University of Idaho, the College of Idaho and the University of Portland. An award for "economic statesmanship" was granted him by Seattle University and he was picked as Idaho's "Businessman of the Year" by the Idaho State University chapter of a national business fraternity.

Other honors included a U.S. Navy Civilian Service Award in 1944; an award in 1947 for outstanding construction achievements by The Moles, a famed eastern construction society; honorary life membership in the Idaho Society of Engineers in 1950, a management award from The Beavers, another construction fraternity, in 1956; and election as honorary lifetime president of the Idaho Branch of The Associated General Contractors of America in 1957.

He served for many years as a director of The Idaho First National Bank and of Kaiser Cement & Gypsum Company from its organization until mid-1960, as well as serving as an officer or director of many M-K subsidiaries and affiliates.

From 1940-50, Morrison was president of the Southwestern Idaho Water Conservation Project that helped promote irrigation development. He was also a member of the Hoover Commission's prestigious Resources Study Group from 1953-55.

Time Magazine featured him as the subject of a cover story on the entire U.S. construction industry in its May 3, 1954, issue, and Fortune Magazine, calling him the "greatest heavy-construction stiff in history," carried a major story on the famed builder in its December, 1956, issue.

Unheralded for the most part by his own wish were his many philanthropies, among them his contributions and service to Boise College, to Boy Scouts of America, to hospitals, churches and numerous charitable organization.

Thousands of Boise residents today enjoy the recreation facilities offered by Ann Morrison Park, a 155-acre haven developed from former swampland at a cost in excess of \$1,200,000 by The Harry W. Morrison Family Foundation and donated to the City of Boise in memory of his first wife.

Morrison's marriage to his first wife, the former Ann Daly, took place in 1914, two years after M-K was founded. Until her death in 1957, she was his constant companion on trips in this country and in many foreign lands.

In 1959, Morrison married Mrs. Velma V. Shannon of Bakersfield, California. In recent

years, she and Mr. Morrison became known in horseracing circles as breeders and owners of racing stock, with their principal interest centered at their ranch, known as Gem State Stables, near Tipton, Calif. "Home" in Boise was a single-story, white frame house at 912 Harrison Boulevard.

Survivors, besides his wife, include a sister, Mrs. Edna Allen, Boise; four cousins, Frank Morrison, Raymond Morrison and Claude Waldron, all of Boise, and John Morrison, of Spokane, Wash.; and a step-daughter, Mrs. Judith Wilkerson, and a step-son, Ron Shannon, both of Boise.

THEY'RE POISONING YOUR WILDLIFE

Mr. METCALF. Mr. President, a great many of our wild animals are being needlessly poisoned. Poisons are used excessively in some of our Western States. In a recent article in Colorado magazine, this problem is thoroughly explored. A case in Wyoming illustrates the size of this problem.

This May, in Wyoming, 50 eagles were found dead. Many of them were bald eagles, our rapidly disappearing national bird. The cause of their death was found to be thallium sulfate, a very lethal poison. Thallium sulfate can kill plant life and all kinds of animals.

This deadly poison was supposed to be used by Government agencies only. In 1967, the Federal Government stopped using thallium. In Wyoming, the sale of thallium was suspended for 6 months. However, since 1968, 370 pounds of thallium were shipped by the American Smelting and Refining Co. to a Colorado warehouse. This May, antelope carcasses containing 15 times the recommended lethal dosage of thallium were found in Wyoming near the dead eagles.

The Interior Department's Division of Wildlife Services is one of the biggest poisoners. Last year, the Division earmarked 96 percent of its budget in Rocky Mountain States for killing wildlife. Among the poisons used are Compound 1080, a very toxic poison with no known antidote, strychnine, and cyanide. Some landowners use poisons also.

It is estimated that 1 pound of Compound 1080 is enough to kill 200,000 coyotes. One thousand one hundred and sixty tons of bait laced with this poison have been used by this one agency in the past 5 years. They have also used 3 million strychnine tablets in the past 5 years. This poison kills not only predators, but many innocent and harmless animals.

Mr. President, I need not emphasize the seriousness of this unwarranted killing. In order that my colleagues may be better informed on this problem, I ask unanimous consent that the article, entitled "They're Poisoning Your Wildlife," be printed in the RECORD. This article appeared in the July-August 1971 issue of Colorado magazine.

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

THEY'RE POISONING YOUR WILDLIFE

By western standards, Jackson's Canyon in central Wyoming is not an unusual place. From one end to the other, it measures less than three miles long by a quarter mile wide—and its ruddy sandstone walls rise no more than 300 feet from a rocky creek that runs dry most of the year.

Here and there, pines and spruce have taken root—growing tall and straight toward the narrow band of sunlight filtering down from above. And along the rugged walls, small caves and sharp stone outcrops give the place a typically rugged appearance. Like most western canyons, a small but stable community of wildlife makes its home here—mule deer, skunks, coyotes, bobcats, and many birds and ground animals.

Until May 1, 1971, hardly anyone paid much attention to Jackson's Canyon. Many other places are less remote and more spectacular—and hard work and gentle beauty are seldom in demand together. But on that day, Bruce Wampler and Gordon Krause—both 18-year-old residents of nearby Casper—decided to hike in and explore the little-known spot.

Driving 12 miles southwest from Casper, they reached the broken jumble of rock at the mouth of the canyon in early afternoon. Almost immediately, the two boys set off up the dry streambed—taking time to explore a cave, identify an early-blooming wildflower, or just sit and drink the warm air of the first spring-like day of the year.

Shortly after 2:00 PM, Wampler was scrambling up the middle of the canyon when he noticed an oddly shaped stump among the boulders. Looking more closely, he saw it was a large, dead bird wrapped around a pine branch. The eyes were rotted out, but the snowy white head and tall feathers identified it immediately.

"Hey!" his voice echoed along the canyon walls. "Here's an eagle—Bald Eagle. Must have been washed down during the rains."

The boys poked at it with a stick, lifting the great three-foot wings and looking for gunshot wounds. They found none, and in a few moments resumed their hike—assuming the bird had simply died of natural causes.

Twenty yards upstream, Krause found another dead eagle—also a bald washed down from above. Still they suspected nothing unusual; perhaps this bird was the mate of the first and they both had been struck by lightning.

But minutes later they found a third limp carcass, and suddenly they were worried. This was a Golden Eagle—a different species—and it was on dry ground. Then almost at once, they found two more. Now the pleasure hike was a thing of the past; quickly they made their way to the head of the canyon, before winding back out to their car. In all they found seven dead eagles—six bald and one golden.

In the days that followed, events sped quickly. On May 2 a larger group—most of them members of Casper's Audubon Society—came to the canyon. Immediately their trained eyes saw this was an ideal communal wintering site for the eagles. It was remote; the tall ponderosa pines were natural roosts, and the canyon's thermal wind currents enabled the majestic birds to soar aloft with little effort. So the searchers expected additional eagles and they found them—six more in all, and all dead.

A day later the US Bureau of Sports Fisheries and Wildlife—an agency of the Interior Department charged by federal law with protecting these rare birds—was on the scene. Enforcement Chief Charles Lawrence, Washington-based veteran of many similar cases, headed the ten-man investigating team—and immediately they joined the intensified search for more fallen birds.

Dead eagles continued to turn up almost daily in the little canyons cutting into the mountainous ridge east of Casper. The carcasses were flown to a Bureau of Sport Fisheries and Wildlife laboratory in Maryland for autopsies—and one by one various causes of death were ruled out. The eagles were not shot; they had not been killed by pesticides like DDT; mercury tests were negative. Only one thing was certain: the great birds had died suddenly and of unnatural causes.

Back in Wyoming, while Lawrence and his

men scoured the rangelands around Casper for still more eagles, charges and countercharges began to mount. Some blamed the deaths on sheepmen—pointing to the herder's long-standing feud with the big birds. Others suggested starvation, radiation poisoning and even Communists as the possible culprits. A CBS television crew swooped in to film a four-minute segment for Walter Cronkite. Wyoming Governor Stanley K. Hathaway touched off a brief jurisdictional feud over possession of the birds when he ordered his Game and Fish Department to seize some specimens for local autopsies. And in one of the affair's few humorous moments, State personnel closed in on Lawrence like Keystone Cops and literally snatched four carcasses away. But during this time little was proven save that the number of dead eagles spiraled steadily to over 50—and a lot of people were sick and angry.

Finally on May 19, the Bureau's laboratory in Maryland turned up something positive. Conclusive traces of lethal thallium sulfate—a tasteless, odorless heavy metallic compound with a long history of use as a predator and rodent poison—had been found in the tissue of the dead birds. The Government had stopped using the dangerous chemical in 1967, but it was still a staple on the public market.

Now suddenly there was a target, and the thrust of the investigation veered sharply. Instead of searching only for dead eagles, the federal field crews began also to hunt for thallium "bait station"—sheep carcasses or horse quarters laced with the poison to kill coyotes that might be preying on private livestock—especially sheep.

Governor Hathaway moved to counteract the use of thallium—urging a ban of over-the-counter sale of the chemical in his State. And in Washington, Interior Secretary Rogers C. B. Morton asserted that the best way to end the poisoning of eagles would be to "make a few arrests and get a few convictions."

On May 26, the American Smelting and Refining Company popped into the picture with the announcement that its Denver plant was the source of the deadly thallium. Sixty-five pounds of the poison had been shipped into Wyoming during 1970 and early 1971; in addition, a staggering 370 pounds had been delivered to the Wool Warehouse in Craig, Colorado since 1968. The total amount is enough poison to treat over 100 tons of bait—and kill a next to incalculable number of animals and birds.

The thallium, it turns out, is primarily a residue of lead manufacture—and printed regulations on the package labels state that it is "For use . . . by Government Agencies only." When questioned about its sale to private ranchers, a company spokesman blandly explained, "We get it as a byproduct, so we have to do something with it. We just can't let it go to waste." However, two days later the firm voluntarily removed its thallium from the pest control market and recalled as much as they could.

All the while, Lawrence's field investigation pressed toward an apparent conclusion. By May 29, some evidence started turning up: three dead antelope (all shot out of season) were found just 11 miles from Jackson's Canyon—each of them laced with approximately 15 times the recommended lethal dose of thallium. Evidence that eagles had been feeding there was also present. Next came a list of six Wyoming ranchers who had recently purchased and admitted using the chemical. And then Lawrence hesitantly announced he was "zeroing in" on a suspect.

Thus, after a full month's inquiry by both national and State officials, it appeared that the case might soon be closed.

But nothing was farther from the truth. "The Feds have done a slick job up here," drolled one experienced Casper observer, "and the public has been taken to the barber's.

"Everybody's all upset about the eagles, because they're our national bird. They're all shook up about thallium, because it's deadly and they've never heard of it. And they're all hot to hang some dumb sheepman because they think he's the only villain.

"Why hell, there's poison all over this state and there has been for years. That's why the Feds don't want these people to start gettin' nosy. They want this to be a tidy, isolated case—solved and then forgotten."

Suspicious like this are not hard to come by. For in the West, the business of predator control is an old and entrenched way of life. Individuals, ranchers, sheepmen's associations, counties, the states and even the Federal Government, are all plugged into the action. And poisons are a major part of this loosely knit "eradication program"—just as they have been since the late 1850's when strychnine was first used against wolves.

Ironically for the Wyoming eagle case, it turns out that even the erstwhile Bureau of Sport Fisheries and Wildlife has a large stake in predator control. Ever since 1915 a small but resilient department within the agency—it's now known as the Division of Wildlife Services—has been putting out poison, and in 1971 it has an \$8,000,000 budget to keep up the deadly work.

So it's small wonder that those who knew what had been going on were uneasy about Lawrence's own "official investigation." "It's like letting a suspected criminal take over the court and summarily clear himself," remarked one ardent conservationist.

And indeed, some dirt may have already been swept under the rug. For example, on May 10 Casper geologist and Audubon member Bart Rea located a sheep carcass bait station on the sage-covered plains a mere six miles from Jackson's Canyon: fresh Government warning signs were posted nearby. Three days later the carcass and posters had both vanished—with no explanation. About this poison station Bureau officials reported as follows: 1) they didn't know anything about it; 2) it was strychnine bait put out in November 1970 and all the poison had perished; 3) it wasn't a bait station at all, but merely a sheep that had been killed by dogs, and 4) all the highly toxic compound 1080 baits in the area had been "picked up several weeks ago." Not a word has been spoken since.

However, no doubt lingers on the State level in Wyoming. For here in the environmental backwoods of the Rockies, sheepmen rule the land—and protecting eagles is a mere afterthought in most people's minds. Only a year before Governor Hathaway was pressing former Interior Secretary Walter Hickey to declare an open season on the big birds so woolgrowers in his State could shoot eagles. Now in the wake of the current furor, he has changed his public tune—deploring the "tragic loss of these magnificent and rare eagles from Wyoming's skies." But in the same breath, the Governor quickly passed the buck on the matter of thallium to his Commissioner of Agriculture, Jack Hertzler—a farmer from the Governor's home town of Torrington and a 1967 Hathaway appointee.

Hertzler has never favored tight controls on either pesticides or poisons, and has effectively slowed public input that might threaten to curb the wide-open use of these chemicals throughout the State. So when Hathaway asked Hertzler's Board of Agriculture to pull thallium off the market, the Commissioner gave as little ground as possible without embarrassing his Governor. Though the Bureau of Sport Fisheries and Wildlife stopped using the lethal poison in 1967, and though the Environmental Protection Agency decided to indefinitely ban all interstate shipments, Wyoming merely suspended sale for a brief six months. More study was needed, said Hertzler's Board, "before permanently removing a product poten-

tially needed by the State's sheep and wool industry for predator control."

So the poisoning will go on. If it isn't eagles, it will be other animals: bears, mountain lions, martens, fishers, weasels, badgers, wolverines, foxes, coyotes, ferrets, bobcats, hawks, owls, jays and even chickadees—to say nothing of man and his pets. If the lethal substance isn't thallium sulfate, it will be some other poison; cyanide, strychnine, arsenic, compound "1080"—or perhaps a new, "miracle" prairie dog killer which its makers have cheerfully dubbed "Gophacide." And if it isn't Jackson's Canyon, it will be a thousand other spots in the wide open West.

A list of recent examples could be endless: three pet dogs killed by 1080 near El Rito, New Mexico in 1967; two Golden Eagles dead of strychnine near Jefferson, Colorado in 1970; all the foxes and badgers around Elmo, Utah killed by 1080 less than a year ago; two more Golden Eagles dead of strychnine near Craig, Colorado in early 1970; a six-year-old girl almost killed by cyanide near Fruita, Colorado in 1969, and a bear slowly dying of thallium near New Castle, Colorado in October 1970—completely hairless except for tufts between his ears and on his paws.

It all goes back to the early days of the American West and the impulses that gave it birth. With few exceptions, there was little generous in the settling of this land; much more, it was a matter of subdue and possess, take and use. These relentless drives stripped beavers from the streams, ripped gold from the mountains, strung fences across the plains and dammed up the rivers. Quite naturally, anyone—or thing—that interfered with this rush to tame the wilds was in trouble. Some, like the Indians, were finally confined. But others had to be eliminated.

The so-called predators fell into the second group. These were the animals that kill to live, and as the prairies and hills began to fill with cattle and sheep, a collision was imminent. The gray wolf was the first to lose out: guns, traps, trained government hunters, and a lot of strychnine finished that job by 1925. Other species, like the mountain lion and the bear, retreated into remote areas where they are slowly dwindling.

But the clever coyote has been able to hang on. Few native animals have been more successful in adopting to the changes that have swept this land. Where he once roamed only the Western plains, he has recently been spotted within the Los Angeles city limits all the way to the dense pine woods of Maine. And whereas he once fed primarily on mice, rabbits and prairie dogs—plus an occasional aging deer or antelope—he now will dine on anything from watermelons to rattlesnakes to shoe leather: dead or alive, rotten or fresh, raw or cooked. It is this dietary abandon that has made the coyote the most despised animal in the West.

"Them dang coyotes are killers," recently drawled a beer customer above the din of twanging guitars at the Galveston Cafe in Craig, Colorado. "Why, them useless varmints'll come right on your back porch and steal yer chickens. This one old boy out east o' town told me t'other day, bunch of 'em kilt seven of his sheep in a week. Another feller said he seen 'em sneakin' aroun' his cows one night, and the next mornin' he done lost a calf. Me—I'd as soon shoot 'em as look at 'em."

Bobcats, mountain lions, bears, foxes, raccoons, hawks, owls, and eagles—all these are equally unpopular, and all are fair game, any time and any place. Charges against them are similar. Other animals on this most-wanted list include the badger (for digging holes), the prairie dog and various ground squirrels (for eating forage that might be grazed by cattle and sheep), and the magpie (for being a general nuisance). War against this wildlife has been relentless.

Jack Berryman is a stocky, graying native of Utah with an M.A. in mammal ecology and

a long background in "wildlife control" for both State and Federal agencies. In 1964 he became chief of an inconspicuous branch of the Interior Department with the friendly-sounding name, "Division of Wildlife Services"—the DWS. However, though it spends a few words and little money on pesticide monitoring and other small projects, the primary service of Berryman's agency to the nation's wildlife has been to kill it off by the hundreds of thousands. Last year, for example, over 96% of the Division's \$2,000,000 budget for the Rockies was earmarked for slaughter of wild animals.

Central DWS offices oversee the duties of 30 to 40 hired professional wildlife killers in each state (their job title of "District Field Assistant" fails to describe their true work) who are stationed in outlying areas where they are close to their victims. Killing on both public and private land, this force is skilled in an array of deadly techniques—all honed by the long tradition of "varmint hating" in the West. In addition to poisoning, they know shooting (afoot, from vehicles and from helicopters and light planes), trapping, snaring and denning (the practice of digging the young—usually coyote pups—from their dens and clubbing them to death).

There is absolutely no way to tell how many animals this well-drilled operation has killed. DWS records are either guarded like the gold at Fort Knox (even though they are public information), loosely kept, not kept at all, or impossible to keep in the first place. But a tally of the lethal baits and devices set out does give some hint of the death that has been spread. During a recent five-year period in seven Western states, DWS staked out 1,160 tons of 1080-laced bait; scattered 3,000,000 strychnine tablets, and set almost 500,000 cyanide charges. During 1969 in New Mexico alone, the count was: 1,080 baits—1,073; strychnine balls—60,000; and cyanide charges—4,000.

But ironically, the tragedy of this deadly assault is not its staggering toll of coyotes. Instead it is the large numbers of innocent birds and animals that drop in on the baits for an easy meal and end up suddenly dead. Because of this lethal spin-off, at least three Western species are now plummeting down the road to extinction—the Bald Eagle, the Black-Footed Ferret and the Kit Fox. None are predators, but all make fatal mistakes: the eagle eats carrion, the ferret dines on prairie dogs and the tiny Kit Fox—full grown at six or seven pounds—is a camp follower of the coyote.

Knowledge of what all this overkill is doing to the environment is next to nil. DWS has a sophisticated laboratory in Denver—the Wildlife Research Center it is called—and like much else in this sordid racket, the name is a coverup. Work on the effects of its poison program begins and ends with a few slap-dash predator counts, while the bulk of the lab's expertise is consumed with the testing of new and more potent killers—known as "predicides."

Chief Berryman sees nothing particularly wrong with this emphasis. "There is not one ecosystem in the United States that is understood," he recently asserted. "If we waited until we understood an ecosystem, we would do nothing." Meanwhile, ignorance is bliss—especially since environmental yardsticks have precious little bearing on the practical worth of the DWS program anyway.

A brief glance at the state-by-state annual reports pinpoints the true character of DWS. In effect it is like a commercial exterminating firm largely dedicated to serving one special interest: the sheep industry. "And to heap insult on injury," adds noted southwest wildlife authority, Hal Perry, "this program is footed by the taxpayers' money to kill taxpayers' animals on taxpayers' land."

But ask a woolgrower if coyotes cut into his flocks and he'll say, "Hell yes; they're gonna put me out of business!" But ask the

same question of a cattle rancher or farmer next door and he'll say, "Well, you know these sheepmen have it hard in a lot of ways, so you got to expect they'll exaggerate a little."

Year in and year out, official reports of predator losses—compiled from questionnaires sent to sheepmen—consistently exceed any verified figures. And often these statistics make little sense to begin with. For example, reports in Wyoming have shown a substantial yearly increase in the killing of both lambs and sheep by eagles—while simultaneously the number of sheep in the State is decreasing, and the big birds themselves are rapidly disappearing.

Furthermore, while Wyoming woolgrowers claimed the loss of 8,400 lambs to eagles in 1970, wildlife authorities have concluded that, "the relation of the domestic sheep to the eagle is one of mutual indifference and there is no doubt that most of the lambs taken are already dead."

Often there is no way of telling how a sheep has died in the first place. "Them woolies just aren't very sound critturs," observes veteran Colorado trapper, Paul Maxwell. True enough. Sheep can die of fright, get stuck on their backs, walk over cliffs, eat noxious weeds and suffer death from a number of mysterious causes. Thereafter, if something feeds on the carcass, it becomes a "predator loss."

"The coyotes and others get blamed for a lot more damage than they actually do," says Ernie Wilkinson, a southern Colorado wildlife photographer who spent seven summers working hand-in-hand with the sheepherders for the Division of Wildlife Services.

"Old sheep never die; they just get eaten by coyotes," cracked a Colorado public official who is also aware that death from old age does not qualify a sheep for income tax deduction.

And yet there is no question that coyotes do kill some sheep, and that the industry itself is in serious trouble. From 56 million in the mid-1940's, the numbers have dwindled to a mere 20 million in 1970. Synthetic fibers, cheap imports, and a growing labor shortage—especially among herders—have all taken their toll.

"So we must poison predators to stay in business and the program must be intensified," recently pleaded Edwin Marsh, Executive Secretary of the Utah-based National Wool Growers Association. It's a cry repeated over and over—not only in Washington where Marsh lobbies tirelessly, but also across the vast Western range.

Of all his problems, the predator is the one which the sheepman can see, comprehend and do something about. So predators become the scapegoat for his many troubles, and he lashes out desperately against them. And if he exaggerates his eagle losses and his coyote losses, it's because he somehow believe he'll get some help—and maybe even save his neck. Certainly this accounts for one of the poison program's most appalling figures: a spiraling DWS budget during the same period that sheep numbers have dropped steadily—twice as much control to protect half as many sheep.

"We had the predators whipped 25 years ago," recounts jowly Joe Burke, a lifetime sheepman from Casper, Wyoming. "We had new poisons, and good herders were learning how to protect the sheep. But then people started feeling sorry for the coyote and bear and bobcat, and the attitude of the government changed. They stopped helping the sheepman. In fact, they put restrictions on him. So the predators jumped back."

Burke, a past president of the American Sheep Producers' Council, seems unmindful of the growing millions of dollars being sunk into "more control" by DWS. Instead, he recites statistics on the spiraling losses that predators allegedly inflict on his industry, and criticizes present control programs for not killing enough animals.

On the other side of the fence, arguments are equally strong. Jack Gorsuch, a retired miner who spent his life tramping the central Colorado woods, is appalled by the decline of wildlife in the mountains he knows like the back of his hand; he believes much of this loss is due to poisons.

"What has become of all our fur-bearing animals?" he asks. "And the birds that used to inhabit our forests and high country? Just where are our foxes, pine marten, bobcats, weasels, badgers, mountain lions, and other furred animals that had no quarrel with man? And what has happened to our eagles, hawks, owls and woodpeckers that picked up those strychnine balls or took a peck at the 1080 baits?"

"A dead forest," Gorsuch calls it—and there are many who share his view.

And yet there is no real end in sight. Sheepmen plead for more help from DWS. In turn, Wildlife Services personnel attend stockmen's meetings and lobby for more work. In Washington both do all they can to keep federal funds pouring into the extermination program, while at home they push ranch-dominated state legislatures for wide-open poison laws.

A recent Colorado episode dramatizes this vicious cycle. Late last fall, a group of woolgrowers discovered that some recently revised State game laws made it either bothersome or illegal for them to poison the public's wildlife on their own land. They wanted a carte-blanche instead, so they went to the Executive Secretary of Colorado Woolgrowers who wrote a suitable law and turned it over to Clarence Quinlan, a long-time member of the House of Representatives and, not surprisingly, a sheepman himself.

Before long, House Bill 1464 was well on its way to passage. Opposition was negligible, partly because few of the State's urban legislators knew what it was all about, and partly because Colorado statutes on the matter were already something of a muddle. The bill zipped through the House by a vote of 52 to 10, cleared a committee in spite of overwhelming citizen testimony against it—and then fell into the guiding hands of wily Fay DeBerard, a small-town rancher who also happened to be President pro tem of the Colorado State Senate.

It looked like the proposal would have little trouble in the Senate until a last minute rally from those whom DeBerard sneeringly calls "the ecology people" came up with some limiting amendments. Then the graying rancher swung into high gear. First, a clause which would have outlawed persistent poisons like thallium and 1080 was shorn from the amendment. Next came the section for a public hearing on poison use in the State, but DeBerard wanted no such thing. He feared conservationists would outnumber sheepmen in such a democratic gathering. To soothe the sudden anxieties that had started to swirl about the bill, he asked his colleagues, "Why be cluttered up with such a public hearing? Poison can be used without endangering anybody or anything."

So out went the public hearing and the watered-down version sailed through the Senate. In signing the bill, Colorado Governor John Love duly observed that it "does not solve the problem of predator poisoning," and announced plans to appoint a committee which will deal more fully with the issue. But even though the new law will have few effects on the actual use of poisons, it is still far ahead of anything else that exists in the Rockies—for it is the first statute to actually acknowledge that the lethal chemicals might not be the healthiest thing in the world. Elsewhere in the region, nothing on the law books places a single effective control on poison use since rural interests demand the killings.

Even the State Game Department—with their prime responsibility to manage the pub-

lic's wildlife—have scurried aboard the poison bandwagon. Their motive is unique: "Let's," say the managers, "protect our native game birds and animals from their natural predators—and save them instead for a two-legged predator with a gun." So every state in the Rockies, except New Mexico, kicks some of its funds into the DWS coffers—and yet another wave of killing spills across the land: bobcats are poisoned to protect turkeys, coyotes are poisoned to protect quail, raccoons are poisoned to protect ducks—and the list goes on.

It's no surprise that sheepmen support this activity—or that they are always ready with gruesome accounts of coyotes preying on deer. But in the West, they get results including a recent hike to \$45,000 as Colorado Game and Fish's annual donation to the DWS poisoning program. This arrangement becomes appalling when a State spokesman admits in effect, "Well, we don't exactly know what DWS does with our funds, or if we're really getting our money's worth."

But a day of reckoning is slowly coming for those who have warred so intensively and deviously against the wildlife of the West. People are beginning to ask questions that have obvious, if embarrassing, answers. Why poison the coyotes and get overrun with rabbits, mice and gophers which in turn must be checked with more poison? What are we doing trying to protect eagles with one hand while poisoning them with the other? Why are we killing thousands of innocent animals in order to get the few hundred that are preying on sheep?

And the same people who are asking these questions are beginning to take action. Only this spring, the Division of Wildlife Services began to feel the pinch when a pair of weighty lawsuits were dropped on its Washington doorstep.

Initiated by three major US conservation groups, these complaints allege an even dozen counts that fill 25 pages of legal stationery. Accusations include killing over 20 species of animals that harm neither crops nor livestock, failure to comply with the National Environmental Policy Act of 1969, and assorted instances of bureaucratic misconduct such as failure to post warning signs, illegal scattering of strychnine, spreading poisons on private lands without permission, and concealing financial records. Both lawsuits are still in their preliminary stages, and both will probably be long, drawn-out battles. When recently questioned about them, DWS official, Bruce Stollberg, would only growl a terse "We'll be ready."

Where these lawsuits will go is anyone's guess. But they collectively point to a broad awakening of Americans to a valuable resource they need to protect. What is it worth to hear the haunting howl of a coyote? To glimpse a bobcat bolting suddenly through the woods? Or to watch an eagle soaring effortlessly overhead? No one has ever translated these increasingly rare experiences into dollars and cents and it's doubtful if they ever could. But as millions of Americans spend increasing amounts of time in the great outdoors, one thing is sure: the value of these experiences—and the wildlife that provides them—will never decrease.

Early last month—in the wake of the Wyoming eagle kills—Wyoming Senator Gale W. McGee called a special two-day hearing in Washington. His purpose was not only to dig out the facts on thallium, but also to draw a bead on the whole predator control empire.

Sadly, the government testimony was largely unimpressive. Investigator Charles Lawrence disclosed that it was unlikely that he could get a conviction; laws protecting the eagle just weren't tight enough. William Ruckelshaus of the Environmental Protection Agency described many loopholes in existing poison control laws. And Russell Train, Chairman of the President's Council on En-

vironmental Quality, pointed toward vast areas of ignorance surrounding predator ecology and the poison business.

So there's still a long way to go, and not very much time to get there. Meanwhile, whole wildlife populations are being poisoned down a one-way road to oblivion.

"Can you imagine our last eagle?" recently queried one thoughtful Colorado observer. "It will probably be in the Washington Zoo, sitting alone on a big branch—looking off into space with its cold yellow eyes. Eagles live a long time, so this one will be around for a while—sort of like a national shrine with bronze plaques mounted on the cage and people coming from all over the nation to get one last look."

"Then one day that bird will give out an agonizing cry, shudder just once, fold up its wings and topple over dead. There'll be a big funeral, a lot of newspaper stories, some pretty books and the President will call a very sombre press conference. Then it will be over."

"Imagine it. They chose that bird for this country back in 1782 because it symbolized freedom. And now we've killed it off. Our national emblem is extinct. . . . I wonder just what that says about us. . . ."

THE POISONS

The following poisons and explosive devices are in common use today throughout the Rocky Mountain West—on public as well as private land. The stated purpose of these is to eradicate coyotes, bear, mountain lions, prairie dogs and other animals believed to be destroying sheep and cattle, or their graze.

Poisons are generally placed in remote areas away from camp and picnic grounds and other recreational sites. Posting of warning signs is usually required, but not always done. Older signs weather and are difficult to see.

Compound 1080 (sodium fluoroacetate). Developed as a rat poison during World War II, 1080 is a fluffy, flour-like white powder readily soluble in water. It is extremely toxic to humans and to all forms of wildlife—and especially canines. Government figures project that one pound of 1080 is enough to kill 200,000 coyotes. It may be absorbed through unbroken skin, and there is no known antidote.

For predator control, dissolved 1080 is injected into a dead animal with a long pickling syringe. The resulting bait is then placed on an exposed ridge or similar game crossing—usually in the winter—so that anything that comes along and takes a bite will die. 1080-soaked grain is also scattered around the burrows of prairie dogs and ground squirrels believed to be eating graze otherwise available to cattle and sheep.

Death takes from one to three hours. Coyotes and badgers become violently sick before passing into convulsions; bobcats sink into a depression. 1080 does not break down; anything feeding on the carcass of a poisoned animal—or on the bait it has vomited—is endangered. It is possible for a coyote to die from eating a poisoned prairie dog, and then for birds to die from eating the coyote.

Thallium Sulfate. A heavy, white metallic powder first used for rodent control, thallium is highly lethal to all forms of bird and animal life—and will also kill plants and sterilize soil. It may be absorbed through the skin and there is no known antidote.

For predator control, this powder is usually dusted into one-inch cuts in a freshly butchered carcass by means of a special container with spout, or with a spoon or spatula. Thereafter, it is massaged into the meat with a pointed stick. Baits are placed like those for 1080.

Thallium takes from 36 hours to six days to produce a long, slow death from respiratory failure. In sub-lethal doses, it will cause gradual loss of hair, toenails, teeth and eyesight as well as malfunctions of the

kidneys and nervous system; partial paralysis may also occur. An animal dead of thallium can cause secondary poisoning in anything that eats it.

Cyanide "Coyote Getters." The frame of these killing devices consists of a hollow five-inch steel stake. Mounted in the upper end of this stake is a firing unit for special .38 calibre cartridges which are loaded with gunpowder and a prescribed amount of cyanide. A soft wool or fur hood fits over the firing unit. The stake is driven into the ground, the firing unit readied and the hood is smeared with a fetid scent alluring to coyotes. When an animal pulls on the hood with its teeth, the charge is triggered—shooting a spray of cyanide into its mouth. Death from suffocation occurs in less than five minutes.

Coyote getters are curious looking objects; they often have been mistaken for survey markers or strange stakes.

Strychnine. The deadly fruit of an East Indian tree, strychnine has long been in use as a poison in the West. All forms of wildlife as susceptible—both mammals and birds.

Currently, almost all poisoning with this substance involves small, quarter-inch cubes which are rolled into the center of balls of fat or ground meat. These are then spread by hand in areas of supposed predator concentration—or around "attractor" bait carcasses. Paper bags of strychnine balls also are scattered over the countryside from airplanes. Violent spasms precede rapid death from respiratory failure.

OHIO THE FEATURED STATE IN SMITHSONIAN INSTITUTION'S FESTIVAL OF AMERICAN FOLK-LIFE

Mr. TAFT. Mr. President, since its beginning in 1967, the Festival of American Folklife, sponsored by the Smithsonian Institution, has brought a new and exciting dimension to life in Washington, D.C. Each year the festival has focused on the folklife of an individual State. I am happy to report that this year's fifth annual festival had Ohio, as its featured State, and a portion of the Mall was set aside for the people of Ohio to display and to demonstrate the folkways and crafts which give richness and diversity to Ohio life.

On July 1, I had the fortunate opportunity to visit the Ohio exhibit and to meet with the Ohio participants. It was impressive to see the variety of skills to be presented and to realize that the hundreds of thousands of visitors who come to the Festival of American Folklife would gain a better understanding of my native State of Ohio. At a time when we hear so much about our technological society, about the problems of the city and dangers of industrial pollution, it is heartening to know that old traditions, representing the best of American life and history, have continuing vitality. These crafts and traditions are not archaic folkways, to be preserved in books and museums, but living expressions of the many cultures that have built the United States. I think that the Smithsonian Institution, which this year celebrates its 125th anniversary, is to be commended for establishing the Festival of American Folklife as an annual event in the Nation's Capital. Under the leadership of Secretary S. Dillon Ripley, Jim Morris, Director of the Smithsonian's

Division of Performing Arts, and Ralph Rinzler, festival director, the festival has grown each year and has itself become a fine tradition of Washington's summer. The festival each year reminds of all that is best in American life, and I look forward to visiting it again in the years ahead.

Mr. President, in these brief remarks, it is impossible to describe in detail the many fine exhibits from the State of Ohio, but I ask unanimous consent that a listing of the Ohio participants be included in the RECORD at the conclusion of my remarks. My thanks to these fine people for coming to Washington and giving so generously of their time and talents to make the Ohio participation in the festival the great success it was.

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

OHIO PARTICIPANTS

CRAFTSMEN

Ralph Aling, weaver.
John Ascherl, stained glass cutter.
Michael Ascherl, stained glass cutter.
Anastasia Boletteny, pysanki maker.
Oneta Bradford, soul food cook.
Mara Bosilkoff, pysanki maker.
Mr. and Mrs. Milorad Butrich, Serbian cookery.
Manuel Dinarhos, Greek cookery.
Theoharis Dinarhos, Greek cookery.
Mr. and Mrs. Stojan Djokovich, Serbian cookery.
Sophia Galilei, Italian cookery.
Kostas Hapsis, Greek cookery.
Mr. and Mrs. Richard Helwig, apple butter makers.
Chet Hines, dulcimer maker.
Irene Hines, sourdough baker.
Dr. and Mrs. Hnatluk, pysanki makers.
Rev. Mel Klokow, Moravian congregation.
Manuel Kostandino, Greek cookery.
Tom Kouliofis, Greek pastries.
Irene Kowal, pysanki maker.
Grace Martina, Italian bread maker.
John Marx, bagel maker.
Alice McCaffrey, crocheted rugs.
Mrs. Roman Miller, Amish bread maker.
Virgil Miller, cider maker.
Otto Moore, basket maker.
Arthur Nicholas, dulcimer maker.
General Custer Nicholas, dulcimer maker.
Raymond Nicholas, dulcimer maker.
George Pappas, Greek pastries.
Roy Earl Penn, toy maker and whittler.
Lena Pollack, buckeye doll maker.
Henry W. Raber, Amish buggy maker.
Thomas Rauch, carnival lore.
Paul Richards, maple sugar candy maker.
Harry Rife, gunsmith.
John Rokas, Greek pastries.
Mrs. Mileva Samardzija, Serbian cookery.
Ernest Schmid, cheese maker.
Ernest Sickles, glass cutter.
Ernest Sickles, Jr., glass cutter.
Anna Smearsoll, rug weaver.
Paul Smearsoll, rug weaver.
Mike Tsambounieras, Greek cookery.
Minas Tsambounieras, Greek cookery.
Mrs. Sofie Tsambounieras, Greek cookery.
Ernest G. Urban, cobbler.
Joyce Walker, butter maker.
George Weber, wood carver.
The John Heckewelder, candle makers.
Memorial Church Congregation, love feast bun makers; Herrnhut Star Markers.

TOBACCO AND HEALTH

Mr. MOSS. Mr. President, frequently in our Senate deliberations on the effects of smoking on health, I find a few of my esteemed colleagues rising in defense of

tobacco and championing certain "eminent authorities" to the effect that smoking is not harmful to health. I have often pondered the credibility of this testimony.

In this morning's Washington Post, however, I read of an authority to the effect that smoking is actually beneficial to health. Sioux Indian Chief Red Fox credits his 101 years to "15 pushups and 18 cigars a day."

The chief reports tobacco has as many vitamins as such vegetables as cabbage and cauliflower, and women who smoke pipes and sniff snuff "would give birth to a baby today and be up washing diapers in the morning."

Now that is credibility.

PROGRAMS FOR SENIOR CITIZENS

Mr. CHURCH. Mr. President, earlier this month I had occasion, as chairman of the Special Committee on Aging, to submit testimony to the Labor-HEW Subcommittee of the Senate Appropriations Committee urging that funding levels for programs affecting senior citizens be significantly increased in the current fiscal year.

I submitted these requests for adequate funding in light of the administration's persistent refusal to seek, on its own, the necessary funds to adequately administer present programs.

I ask unanimous consent, Mr. President, that there be printed at this point in the RECORD two statements I submitted to the Senate Appropriations Committee. The first concerns the urgent need to adequately fund operation mainstream, which provides financing for the popular and successful green thumb and green light programs. The second statement concerns funding for other program affecting senior citizens.

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

TESTIMONY BEFORE THE LABOR-HEW SUBCOMMITTEE OF THE SENATE COMMITTEE ON APPROPRIATIONS, JULY 1971

Mr. CHURCH. Mr. Chairman, since January 1969 the unemployment rate has risen precipitously from 3.4 percent to 5.6 percent, adding nearly 2.8 million persons to the jobless rolls. Today there are more than 5 million unemployed individuals.

Practically all segments of our economy have felt the impact of this economic slowdown—whether in the form of mass layoffs, shorter work weeks, smaller paychecks, rising prices, or just slow business. And all age groups have been affected by the widespread unemployment which has affected every region in the Nation. But, older workers and their families have been especially hard hit.

Today there are nearly 500,000 individuals 55 and older who have lost their jobs. This represents an 84 percent increase for this age group since January 1969. Many of these persons have discovered that they have lost more than their jobs. Thousands have also lost their pension coverage—even though they may have worked most of their lives to provide a little "nest egg" for retirement.

Once unemployed, these older workers run a grave risk of being without work for a long period of time. Today there are 171,000 persons in the 55-plus age category who have been unemployed for 15 weeks or longer, or almost months. Compared with January 1969, this represents a startling 195 percent increase in their long-term joblessness.

For many of these individuals, Operation Mainstream has literally been a lifesaver. Thousands of disadvantaged older persons have been able to help themselves out of poverty by providing urgently needed public services in their communities.

An excellent example is the Green Thumb program, which is conducted by the National Farmers Union. Approximately 3,000 participants—ranging in age from 55 to 94—have helped to beautify our Nation's countryside in many ways. For example, they have planted over 4 million trees; built hundreds of roadside parks for recreational purposes; and restored numerous historical sites.

Outstanding pilot programs—such as Green Thumb, Green Light, Senior Aides, and the Senior Community Service projects—have provided ample evidence of the soundness of the concept of community service by older Americans. It is for these reasons that I appear here today to urge increased funding for these successful programs. Specifically, I propose that the Administration's budgetary request for Manpower Training Services be increased by \$2.2 million, from \$1,568,396,000 to \$1,568,596,000. The purpose of this proposed \$2.2 million increase is to raise the budget estimate for Mainstream from \$38.8 million to \$41 million.

The benefits of this undertaking, I strongly believe, are many. For example, this can provide new job opportunities for the hard-core unemployed. At the same time, it can also provide an effective means for delivering badly needed public services—services which many communities are now unable to provide for their citizens.

This \$2.2 million increase can also help to provide new Green Thumb programs in additional States.

Moreover, service programs can be tailored to the special needs of the elderly, especially for those who must work part-time to supplement inadequate retirement benefits. For many aged or aging Americans, serving in their communities can be a most rewarding experience. For others, it can mean a new career or an opportunity to engage in purposeful activity.

The enthusiastic acceptance of these existing demonstration programs strongly suggests that there are many low-income older persons in virtually every community who are ready, willing and able to perform services benefiting their localities. Greater utilization of their skills, experience and wisdom would not only assist the elderly job seeker, but the public as well.

Mr. Chairman I urge prompt and favorable action on my amendment to provide an additional \$2.2 million for Operation Mainstream.

TESTIMONY BY HONORABLE FRANK CHURCH, CHAIRMAN, SENATE SPECIAL COMMITTEE ON AGING, BEFORE THE LABOR-HEW SUBCOMMITTEE OF THE SENATE COMMITTEE ON APPROPRIATIONS, JULY 1971

Mr. Chairman, thank you for the opportunity to appear here this morning to testify on issues of vital concern for the Nation's elderly.

As Chairman of the Senate Committee on Aging, I also wish to compliment you and your Subcommittee for the genuine interest that you have always demonstrated for older Americans. This was certainly the case last year when you helped provide \$500,000 to fund the Retired Senior Volunteer Program for the first time. It was also demonstrated when you approved an additional \$500,000 for the Foster Grandparent program, which helps low-income elderly persons to help themselves by providing vital supportive services for young, disadvantaged children. And it was clearly apparent when \$650,000 in funding was provided to pay for the elderly's delegate expenses to the White House Conference on Aging.

These measures, I am pleased to say, had strong bipartisan support, as so often occurs on issues affecting the aged.

This was forcefully demonstrated earlier this year when the Administration submitted its budget. As you may recall, that budget called for a \$2.5 million cutback in funding for the Older Americans Act. It would have provided only 28 percent of the \$105 million authorized to be spent. And it would have cut many programs to the bone, despite an urgent need for stepped-up funding.

However, members from both sides of the aisle protested these shortsighted and ill-advised reductions. Joint hearings—evaluating the Administration on Aging and the progress of the White House Conference on Aging—were then held in March and April by the Committee on Aging and the Subcommittee on Aging of the Senate Labor and Public Welfare Committee. At our concluding hearing, the Administration not only rescinded its original budgetary request, but also proposed a \$7.85 million increase in funding for special programs for the aging and a \$2.15 million raise for aging research and training.

However, the revised budget requests only about 38 percent of the authorized funding under the Older Americans Act. For these and other reasons, I strongly believe that far-reaching action is still needed on several fronts to improve the budget.

SPECIAL PROGRAMS FOR THE AGING

Particularly important is the need for a \$10.5 million increase in funding for special programs for the aging—raising the Administration's request from \$33.7 million to \$44.2 million. Of this total, I propose that the community programs on aging (Title III) be increased from \$9 million to \$15 million, and the Foster Grandparent program from \$10.5 million to \$15 million.

Community Programs on Aging: Perhaps the lifeline of services for older Americans is the community programs on aging which help the elderly in a wide variety of ways, including transportation for the infirm and frail; home delivered meals; homemaker and home health services; telephone reassurance calls; and many others.

For many older Americans these services mean the difference between living independently and being institutionalized at a much higher public cost. And for some, these services have literally meant the difference between life and death.

However, the \$9 million budget estimate will fund approximately 700 community projects, the same number as during the past fiscal year. But, compared with fiscal year 1969, this represents a reduction of about 400 projects. Yet, nearly 6 years of successful operations have amply demonstrated the need to expand community programs on aging, instead of holding the line or retreating.

Under my proposal, an additional 460 community programs could be funded. And the number of elderly persons being served would be increased from 1 million to nearly 1.7 million. With these services, more older Americans would be able to live in dignity, instead of subsisting.

Foster Grandparent Program: Another area of special concern is the Foster Grandparent program. In a recent report from the Administration on Aging to the Senate Committee on Aging, we were informed that "hundreds of requests for Federal help to start new projects are turned away each year for lack of funds." Yet the budget for fiscal 1972 requests the same amount, \$10.5 million, as was appropriated last year. This will fund about 68 projects.

However, my proposed funding increase—from \$10.5 million to \$15 million—would add 30 new projects to the Foster Grandparent program. It would also provide new opportunities for satisfying part-time employment for 1,800 low-income persons 60 and older,

raising the present total from 4,200 to 6,000. An additional 3,600 neglected, retarded and otherwise disadvantaged children would receive important supportive services which are not now available.

These are compelling reasons. But there are others. In a recent report, entitled "Cost-Benefit Analysis of the Foster Grandparent Program," it was pointed out:

"The funding rate of the Foster Grandparent Program is thus a sound investment having a rate of return of at least 200% or 300% in terms of direct benefits and savings."

Yet, the market for their services has hardly been tapped. According to the latest data available, more than 8,000 eligible elderly poor are on the waiting list at the 68 projects. In addition, there are thousands—perhaps hundreds of thousands—of potential applicants who know nothing about the existence of this program.

RESEARCH AND TRAINING

One of the major problems in the field of aging is the low priority assigned to research and training. For example, of the \$69.15 million requested for research and training to be administered by the Social and Rehabilitation Service, only \$5.8 million is specifically earmarked for aging research and training.

Mr. Chairman, I urge that funding for SRS research and training be increased by \$3.7 million from \$69.15 million to \$72.85 million. Specifically, I propose that research for Social and Rehabilitation projects be raised from \$24.125 million to \$25.825 million. This would be designed to boost funding for aging research by \$1.7 million, from \$2.8 million to \$4.5 million. Additionally, I urge that appropriations for training in the field of aging be increased from \$3 million to \$5 million.

Research: This is a modest increase, considering the documented needs in both of these crucial areas. But this proposal can have important as well as far reaching benefits.

For example, this proposed increase could fund an additional 25 research and demonstration projects. With this money, new studies could be launched to consider alternative living arrangements for the elderly and other important issues affecting older Americans.

Important but still unanswered questions about the aging process present cogent arguments for expanding R & D efforts. Moreover, even though present research and demonstration has been limited, it has repeatedly proved to be a sound investment.

Training: A dearth of trained personnel continues to be one of the most pressing problems for upgrading or providing services for the elderly. According to one report—"The Demand for Personnel and Training in the Field of Aging"—it is estimated that more than 80 percent of all persons serving the elderly have never had formal preparation for their work.

But unless action is taken now to expand training opportunities, the elderly will continue to face a critical shortage of qualified personnel to provide the care and services which they need.

Adequate funding is, of course, a number one priority. Under the proposed budget, approximately 352 persons will participate in the long-term training program. However, my proposal for an additional \$2 million could make available new opportunities for 440 professionals to provide vital leadership during this decade. Or, it could train 20,000 persons to participate in the short-term courses. From an economic standpoint, additional funding for training would also seem to be a very prudent investment. It can, for example, help assure that more older Americans receive the services which they need for health and independent living. This can help to reduce the rising costs of institutionalized care.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

Major increases in funding are also urgently needed for research and training in the National Institute of Child Health and Human Development. Unlike research under the Older Americans Act, gerontological research under NICHD focuses on biomedical, sociological and psychological aspects of aging. In addition, the aging branch of NICHD trains professionals in biomedicine. On the other hand, training under the Older Americans Act is designed primarily for practitioners, such as managers of retirement homes.

Quite clearly, the NICHD budget for aging research and training is in full scale retreat, although there is a critical need for increased efforts. Compared with last year's appropriation, the Administration is proposing a 12 percent cutback—from \$8.762 million to \$7.180 million.

Mr. Chairman, I strongly support the Gerontological Society's recommendation that funding for NICHD be raised from \$103.232 million to \$108.052 million. This would have the effect of increasing the appropriations for aging research and training from \$7.180 million to \$12 million, for a \$4.820 million boost in funding.

With this money, further research can be initiated for treatment of chronic diseases which plague aged and aging Americans. In addition, social and psychological research can be conducted to make the later years more satisfying and rewarding. Moreover, additional personnel can be trained to serve older people in medicine.

Dr. Jerome Kaplan summed up the need for this approach when he testified before the Senate Committee on Aging in March:

"We must have knowledge about the aging process, disease, and their related behavioral components if we are to deal effectively with the needs of our people. Simultaneously, we must have the training and education programs that produce qualified professionals who provide services to our people."

"There is one axiom: research, training, professional education, and services go hand in hand. Each is necessary to the other but not sufficient in itself."

SENIOR OPPORTUNITIES AND SERVICES

Now, I would like to turn to funding for the Office of Economic Opportunity. The Administration's budget proposes that \$830.4 million be spent for community development programs. Of this total, \$388 million is recommended for community action operations, including \$8 million for the Senior Opportunities and Services program.

Mr. Chairman, I urge a \$2 million increase in funding for community development programs, from \$830.4 million to \$832.4 million. The purpose of this amendment is to increase appropriations for SOS by \$2 million, from \$8 million to \$10 million.

The reasons for taking this action, I believe, are many. SOS has been one of the most successful of all the poverty programs. Approximately 800,000 elderly persons are served in many ways, including training to prepare older persons for part-time or full-time jobs; screening applicants for subsidized housing units; consumer education programs to assist aged persons in buying food and budgeting their money; and employment opportunities in these programs. With my proposed \$2 million increase, an additional 200,000 older persons could be served.

A recent evaluation by Kirschner Associates found that SOS programs are an effective means for identifying and meeting the needs of the aged poor. Moreover, the report noted: SOS programs have a low unit cost per beneficiary.

The projects have produced significant improvements in the aged's sense of dignity as well as their physical and emotional well-being.

SOS programs have been enthusiastically accepted at the community level.

In fact, SOS projects have generated 40 cents in local resources for every Federal dollar spent, which is the largest nonfederal share of any OEO program.

CONCLUSION

Mr. Chairman, the net impact of my proposals would be to provide an appropriations increase of \$21.02 million for several programs serving the elderly. This is a very modest increase considering their urgent needs. But, I also believe it is realistic considering the budgetary situation and the many requests you receive to increase funding for other programs.

In terms of added costs, this will amount to about a dime per person in the United States. Surely we can afford this extra cost for 20 million older Americans, who have worked most of their lives for the progress we now enjoy.

THE ADMINISTRATION'S ACTION PROGRAM TO COMBAT THEFT OF INTERNATIONAL CARGO

Mr. BENNETT. Mr. President, today I wish to comment upon a significant problem which has been neglected far too long. It concerns the security and protection of international cargo from theft and pilferage at our ports of entry through the United States. The gravity of this problem is evident. In a recent report filed by the Select Committee on Small Business, it was estimated that the loss of cargo due to the absence of comprehensive security regulations may annually approach the \$1.5 billion mark. Aside from the huge dollar loss, which has obvious dysfunctional effects upon the economy, the problem of cargo theft often reaches proportions which seriously deter foreign trade with the United States. Other resulting detrimental effects include such things as the following: Manufacturing schedules may be delayed or not met, employees of manufacturers may be laid off because of lack of raw materials, seasonal markets may be lost, cargo insurance premiums skyrocket, stolen merchandise may be put into the stream of commerce by the underworld to compete with legitimate business in direct competition with the original importer, and duties often are not collected on merchandise which has been stolen.

The growth of this multi-million-dollar criminal activity in the transport of international cargo must be stemmed immediately. It is for this reason that I urge serious consideration of the administration's action program to combat theft of international cargo as outlined by the Honorable Eugene T. Rossides, Assistant Secretary of the Treasury, in a speech delivered June 17, at the Government-Industry Cargo Security Conference. This program is divided into three major areas of concern. The first two parts, which became effective April 1, 1971, deal with, first, cargo accountability, protection of imported cargo from time of unloading until delivery to the consignee or his agent, and second, improvement of physical and procedural security, the handling and storage phase in the processing of imported merchandise. The third part of this program is concerned with national standards, li-

censing, and personnel identification. I am particularly interested in this phase of the program because of the bill, S. 1654, dealing with this issue, which I introduced in the Senate in April. This legislation seeks to curb the problem of theft by prescribing national standards for the physical security of areas where cargo is handled and stored, by screening those persons who seek access to high-risk cargo areas in order to eliminate undesirable persons; and by restructuring the criminal penalties relating to unlawful removal of goods from these areas.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point the complete text of Mr. Rossides' speech as being of vital interest and concern to all and deserving of careful consideration.

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

THE ADMINISTRATION'S ACTION PROGRAM TO COMBAT THEFT OF INTERNATIONAL CARGO

Mr. Chairman and Distinguished Guests: I am pleased to be here today at this conference to discuss with you the Treasury Department's three-point action program to curtail the theft and pilferage of international cargo and to explain the nature of the proposed Administration legislation which Treasury has submitted to Congress to combat international cargo theft.

Early in this Administration, President Nixon directed a concerted attack on (1) organized crime and (2) drug smuggling. This concerted attack became Treasury's highest priority in the area of law enforcement.

The long neglected problem of theft of cargo fell into both of these priority areas. Therefore, early in 1969 Treasury initiated a study of the cargo theft problem and developed an action program based, first, on what we could accomplish under existing authority and, secondly, on that which required additional legislative authority. Throughout our work on this program, we maintained a close liaison with the Senate Select Committee headed by Senator Bible, whose hearings assisted greatly in focusing attention on the problem.

The gravity of the problem is well known to all of you. The actual dollar loss is huge. In addition to the dollar loss, however, the economy is affected in other ways by such cargo losses—manufacturing schedules may be delayed; employees of manufacturers may be laid off due to lack of raw materials; seasonal markets may be lost; insurance premiums are increased; stolen merchandise may be put into the stream of commerce by the underworld in competition with legitimate business, oftentimes in direct competition with the importers of the property which has been stolen; duty and internal revenue taxes are not collected on merchandise which is not received by the consignee; and lower income taxes are paid by importers who (1) fail to receive stolen merchandise which they would otherwise sell at a profit, and (2) claim a loss on their income tax returns for such theft or pilferage.

I would like to establish the perspective from which Treasury sees its involvement in the matter of security of cargo.

Cargo in international trade is exposed to theft and pilferage at many points from the time it leaves the foreign producer until it reaches the consumer in the United States. Some losses, of course, occur in transit in the foreign country and while awaiting loading either at docks or airports abroad prior to transoceanic shipment. The shipment arrives in the United States, is held by the carrier for a brief period until it has been cleared by Customs, and is then transported inland

either by freight forwarders or by the importers via their own transport.

From the time that the merchandise physically touches the territory of the United States, either being unladen from an airplane at an airport of entry or from a vessel onto a dock, it is under "customs custody" until released by Customs for entry into the commerce of the United States. After this release, delivery may be made by the carrier either directly to the importer or to a designated agent, such as a customhouse broker or freight forwarder.

It is this period of "customs custody," including the point of delivery by the carrier, with which Customs is and should be concerned. During this period, the carrier is responsible for insuring the physical security of the merchandise. Customs, however, does exercise control over movement of the cargo by the carrier until a suitable arrangement for payment of duty has been made and until Customs is satisfied that contraband, such as heroin and cocaine, is not being smuggled into the United States.

Clearly, any theft or pilferage of merchandise, once it had landed and until its release from customs custody, threatens the proper collection of duty and the prevention of smuggling, with which Customs is charged. Moreover, Customs already has personnel physically present at the airports and docks, at the terminals and warehouses.

It is on the basis of these interests and capabilities that I am able to report to you this morning on Treasury's three-part action program.

1. *Cargo Accountability.* The first part, a regulation which became effective April 1 of this year, establishes a closer accountability for imported cargo, from time of unloading until delivery to the consignee or his agent. This also produces statistics which will enable us to pin-point the specific piers, terminals or warehouses, and the types and values of merchandise which are most involved in cargo thefts.

2. *Improved Physical and Procedural Security.* The regulation, also effective April 1, establishes elementary standards for the handling and storage of international cargo, provides for better authentication of pick-up orders and verification of delivered quantities, and permits district directors of Customs to require bonded warehouse operators, customhouse brokers and carriers to submit lists of their employees. This regulation focuses particularly on secure storage and handling of cargo with a high value-to-weight ratio and cargo with broken packaging.

3. *National Standards, Licensing and Personnel Identification.* The third part of our program is a legislative proposal now before the current session of Congress—the Mills-Byrnes bill, H.R. 8476 and the Bennett bill, S. 1654. This legislation would give the Secretary of the Treasury authority to complete Customs' protection of international cargo by establishing nationwide standards for security, both physical and procedural, at seaports and airports of entry.

Its distinctive feature is that it permits high selectivity in applying more intensive security standards and greater control of personnel engaging in cargo handling in those areas in which the risk of theft is demonstrably greater. In these special "cargo security areas" the Secretary of the Treasury would, by regulation, be able to restrict access to those persons representing licensed firms and/or displaying identification badges approved by the local Customs official.

FIRST REGULATION

Under the first regulation, the efforts of Customs inspectors have been redirected. They are now identifying high-risk merchandise and shipments and, to the extent possible, personally supervising its discharge. This means that an appropriate percentage of the bills of lading are physically counted

either at time of discharge or shortly thereafter. At least 10 percent of the bills of lading are also verified upon delivery to the onward carrier or importer.

In the field, the Bureau of Customs has designated regional, district and port personnel as coordinators for the cargo accountability and anti-theft program within their respective areas.

Regional Commissioners of Customs and District Directors of Customs have been requested to contact port authorities, private port security agencies, insurance companies, marine surveyors, and others, and elicit from them information concerning theft and pilferage from piers and terminals in their areas. Their reports on this matter, together with statistics from the accountability reports, will be the basis for recommending assignment of additional inspector personnel to areas where substantial theft and pilferage occur.

At present, approximately 20 percent of a cargo inspector's time is devoted to reconciling the manifest with the entry documents. The Customs Service is testing the feasibility of adapting this function to the computer. On an interim basis, until it can be definitely established that the computer concept should be carried forward, we are experimenting with the use of clerical employees to perform the paperwork function and further redirecting the inspectors' activity to the actual cargo on the piers and terminals.

SECOND REGULATION

The second regulation, in the main, makes applicable nationwide the lessons learned from a test program initiated at New York, JFK Airport in May 1970. In the first six months of the test program, the number of reported instances of theft and pilferage declined by approximately 44 percent, compared to the similar period in 1969, and the dollar value by 67%. This reduction was accomplished with minimum expense and minimal effect on facilitation in the transportation industry and by employing basic common-sense principles of cargo and documentation security. Some of the procedures instituted were:

1. Spot-checks of cargo laden onto trucks and vans from aircraft.
2. The movement of both high-value and broken-package merchandise from aircraft to terminal in locked trucks.
3. Depositing high-value and broken-package cargo in a safe repository such as a vault, security crib, or U.S. Customs examination room.
4. Locked brokers' mail boxes to eliminate theft of documents.
5. Use of a new Cargo Release Form. This form provides for authentication by the broker of the person authorized to pick up the merchandise.
6. In cooperation with port authority and local law enforcement officials, spot checks and searches of trucks departing from the airport or terminal areas.

Treasury's second regulation enables Customs to move quickly to apply these simple, but effective, measures, whenever a high incidence of theft so warrants.

The problem on the waterfront is equally grave, although there appears to be a wide variance in the magnitude of losses of cargo. Along the 650-mile waterfront of New York harbor cargo theft is so serious that some shippers are directing business to other East Coast ports. Every type of merchandise among the \$20 billion in general cargo annually passing through the port is a candidate for theft, but the goods most frequently stolen include whiskey, cigarettes, radios, television receivers and TV tubes. These goods bring top prices from the fences who resell the stolen goods to legitimate dealers and to mob-infiltrated firms.

In connection with these two regulations I particularly want to thank, on behalf of the Secretary, industry elements represented here

today for their willing and imaginative cooperation with Customs, not only in the JFK pilot project but also in commenting on and implementing the two regulations.

ADMINISTRATION-PROPOSED LEGISLATION

To deal with this serious problem with full effectiveness, the Treasury Department, on behalf of the Administration, has proposed legislation, which has been introduced into both houses of this Congress, aimed at selectively identifying and remedying the loopholes still existing in Customs' control of the movement of international cargo.

The proposed bills direct the Secretary of the Treasury to establish by regulation national standards for cargo protection which would relate to such matters as adequate cargo storage space, special storage areas for high-value items, lighting, fencing, alarm systems, separate private vehicle parking areas, and guards, as well as to procedural matters.

The bill further provides for the creation of "Customs security areas" which would be established when the Secretary makes a finding that within a port or portion of a port there is an unusual risk of theft or pilferage to imported merchandise or merchandise for export. The establishment of a "Customs security area" will subject cargo facilities within that area to even tighter security measures than those prescribed under the national standards. Access to such areas would be restricted and under the control of Customs officers.

For access to a "Customs security area," the Secretary of the Treasury may require the display of identification cards or badges approved by the Customs officer in charge of a port. The bill also identifies violations for which the Customs officer in charge of a port may suspend or revoke an identification card and the procedures which he must follow when he takes such action. These procedures provide for a full hearing and review if requested by the aggrieved party.

The thrust of this legislation is to provide for equality throughout the country in meeting the minimal standards which prudent industry management would normally follow in its own interest. Only in specific areas of demonstrated high theft risk, where normal measures had proved ineffective or industry had failed in its basic responsibilities, would stringent measures and tight controls be imposed. Treasury would expect to define those areas as narrowly as statistical evidence would permit—not an entire port if we could pin-point a dock area, not a dock area if we could specify a particular pier, not an entire airport if the problem were concentrated at a specific carrier's terminal. And we would hope to work ourselves out of the Customs security area business as rapidly as possible.

In addition, the legislation tightens up the criminal penalty structure for cargo theft and facilitates the administration of justice in minor cases of pilferage.

While this entire program is addressed to security of international cargo, we would expect it to provide spin-off security for the large quantities of domestic cargo flowing through and temporarily stored at the same airport and seaport facilities.

As noted earlier, this action program ties in with two top priority concerns of President Nixon—the drive to stop smuggling of contraband narcotics and dangerous drugs into the United States and the campaign against organized crime. If the drug smuggler can steal the package containing narcotics before entry is made, he can avoid the risk of any scrutiny or examination by a Customs officer.

Organized crime is undoubtedly a significant factor in theft of cargo, during unloading and delivery to the terminal storage area, while it is in the terminal awaiting release, and especially during delivery to

the pick-up trucker when collusion can be arranged with corrupt cargo handlers in the terminal. All large-scale thefts have to involve fences controlled by organized crime. This is a development that must be recognized and dealt with effectively if any meaningful progress is to be achieved.

For organized crime, theft and pilferage has become, within the last decade, a big and extremely profitable business, especially at large deep-water ports and at major airports. No single effort and no single agency can solve this problem. We must respond with all the available resources of Federal, State and local Governments. We must have the full and dynamic support and cooperation of industry and labor. That is why this joint conference represents an important step forward in attacking the entire problem.

I close with a personal prediction—within one year of passage of the Administration's proposed legislation, we will have substantially reduced the theft of international cargo at all key airports and seaports.

FREEDOM FOR SLOVAKIA

Mr. PELL. Mr. President, the Slovak World Congress met on June 19-20, 1971, in Toronto, Ontario, to discuss and wrestle with the problems of their oppressed homeland of Slovakia. The junior Senator from Ohio (Mr. TAFT) and I had the good fortune to attend their final dinner meeting. This congress was attended by some 1,300 delegates from all over the world, all of the belief that Slovaks abroad should dedicate themselves to achieving the freedom of their compatriots in Slovakia. I am particularly saddened that a nation which has always valued and fought for freedom now finds itself shackled in a very harsh way.

As a man who had the honor, as a young American Foreign Service officer, of establishing the American Consulate General in Bratislava, as a man who has a great love for Slovakia, both because of the character of her people and the beauty of her land, and as a man who believes that Slovakia should be allowed to live its independent life, I ask unanimous consent that the stirring declaration adopted by the Slovak World Congress, the text of my address to the world congress, a welcome letter from Stephen B. Roman, president of the Slovak World Congress, a short history of the country of Slovakia, and the remarks made by an old friend and the ranking host official, the Honorable William Davis, the Prime Minister of Ontario, be printed in the RECORD at the conclusion of my remarks.

I also commend and congratulate Mr. Stephen Roman for all that he did as general chairman to make the congress the ringing success that it was.

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

REMARKS BY SENATOR CLAIBORNE PELL

Prime Minister Davis, an old friend, Mr. Roman, spiritual and temporal leaders of the Slovak people, yes, and lovers of Slovakia.

I am hugely honored to be your guest here. I say this because I believe I am the only member of the United States Senate who has lived in Slovakia. I have always admired your country and respected its people. I guess I am a Slovak Nationalist at heart.

I well remember when I first visited Slo-

vakia. It was in August 1939, just prior to World War II. I came across the Polish border north of Prešov, although I must say that I was a bit taken aback by the soldiers and guardists who were marching about at that time. I then drove around through that wonderful section of the country between Kosice and Michalovce, then under Magyar rule, and that was when I fell first in love with your beautiful area.

A couple of years went by and my father was appointed the last American Minister to Hungary prior to World War II. He, too, then had the opportunity to travel and enjoy Slovakia in the course of his tours of the then overly swollen Hungary. Then, right after World War II, I was really greatly honored to establish the American Consulate General at Bratislava. In fact, I enjoyed that year as a young Foreign Service Officer carrying out my mission there more than any other Foreign Service job I ever had. Actually, I had striven hard to get this assignment and found it fully up to expectations. I remember at the time writing a dispatch to my Government that it was obvious that since the Communists would fare badly in the coming election of 1948, I believed that the Communists would take extra legal steps such as organizing a putsch in order to retain the Czech and Slovak people in the Soviet orbit. Nobody believed me at that time. However, I am sad to say the events that followed bore out my views.

I remember formally opening our American Consulate General a couple days after the Communist putsch of 1948. Our building was a lovely four-story one on Hviezdoslavovo namesti. It was a great site. I took particular pride in flying our American flag there, particularly at the time of the massed so-called demonstrations that took place directly in front of our building.

During my year in Slovakia, I became increasingly in love with your lovely country. I remember so well shooting boar in the mountains of eastern Slovakia, climbing the high Tatra, walking in the woods above Plestany and along the Vah, and enjoying the lovely wines at Modra.

It was a wonderful year marred principally by the cruel practices of the communist police. Many of my friends were among those jailed and tortured.

One of those arrested was a young American of Slovak background who had come to work for us at the consulate in early 1948. I think many of you here know of him—his name is John Hvasta. He's sitting right there. Like the nation of Slovaks, John withstood the ordeal of his imprisonment and came out of it matured and tempered by his cruel experience, more vibrant and ever more dedicated to fighting for his beliefs and to the cause of freedom.

I guess, though, cruel political experiences are part of the heritage of Slovakia and of Central and Eastern Europe in general.

I remember one time going down to Karol Smidke, President of the Slovenská Národná Rada, and protesting the abuses suffered in jail by one of my employees. I am afraid that I got quite excited which resulted in his tearing open his shirt and showing me the scars he had suffered from the Hungarian political police. In any case, after many months of increasing friction with the local government authorities, I was transferred. I remember my sense of sadness when my wife and I crossed the Danube leaving Slovakia. Many of my friends had fled—in fact, I left wearing Fedor Hodza's winter overcoat, in order that I might afterwards return it to him in America—but many of my friends were also left behind.

However, since that year, I have had the opportunity to pay a few visits to Slovakia. In fact, just a couple of years ago, I went once again on that wonderful drive from Kosice to Michalovce and Sobrance, to Snina and Humenne, then to Persov and back to

Kosice. The beauty of that country, combined with the knowledge of its very early Christian origin have always had an immense effect on me. Without any exaggeration, I can honestly say that I consider that area the most beautiful in the world. I look forward to visiting it again someday when conditions and life there are better.

But, speaking of life there being better, on my last visit to Slovakia a little while ago, I went across the Soviet frontier to Uzhgorod and I can assure you that life there in Uzhgorod measured in the terms of food and smiles, goods and living quarters, vehicles and churches and human life in general, is far poorer than it is in Slovakia.

The other day, I participated in a discussion as to whether a nation possesses a sense of identity as does a person. We came to the conclusion that some nations do and some don't—just like people. But if ever a country possesses a sense of national identity, a sense of tradition and of history and pride, it is your own Slovakia.

There is another sense, another instinct, that Slovaks possess, and that is the instinct for freedom—freedom as individuals and freedom as a nation.

It is one of the great ironies and tragedies of history that a people who so cherish the concept of freedom should find their freedom so shackled.

But the yearning for freedom, once instilled in a people, is not easily extinguished. The love of freedom continues to express itself through all hardships; the yearning for freedom relentlessly seeks fulfillment.

I recall when I was last in Slovakia, shortly before the Spring of 1968. Mr. Dubcek was in office, and there were vibrant and healthy signs that both the Slovaks and the Czechs were moving vigorously toward a greater measure of social, economic and political freedom.

But these moves provided to be entirely too rapid to be countenanced by the Soviet Union. The Soviets saw the reforms of the Dubcek government as an example that might be so admired as to prove contagious to other peoples of Eastern Europe.

Just as twenty years earlier they had organized a Communist political putsch, so now they did the same. But, after twenty years of cruel Communist rule, this time it took a half million Russian soldiers.

So the light of freedom which glowed brighter for a few short months in your country was again dimmed—and in a way that sent even more waves of shock and protest throughout the Western world than had the original Communist putsch just twenty years earlier.

It is an episode that remains for all the World a reminder that the bonds that tie Eastern Europe to the Soviet Union are not bonds of friendship, but of fear.

Indeed, I think the summer of 1968 was in the minds of many in the United States Senate during the recent debate over reduction of United States forces in Western Europe.

True, the military presence of the United States in Western Europe did not prevent the Soviet Union from sending its troops into Czechoslovakia. But the NATO alliance, and, indeed, the political stability and economic strength of the Western European Community is a key part of the environment in which events in Eastern Europe are played out.

That is one reason why it is important for the United States to maintain the strength of the NATO alliance. While I do not believe the strength of that alliance requires so many United States soldiers, nor does it require the United States to carry such a large share of the economic burden of the alliance. But, a precipitate, reduction of United States forces might well raise such doubts, and it was for that reason that I, together with Senator Taft and a majority of the United States Senate, voted recently

against the proposal to cut our European troop strengths in half.

In the long run, we all know, troops and sheer military strength will not be the determining factor in the national life of Slovakia, or of any other people.

Military force, and the threat of it, cannot indefinitely prevail over the force of an idea. And, given time, the national identity of a people will assert itself over all obstacles.

I have no doubt that the Slovakian people, with their strong sense of national identity, their sense of tradition, and pride in their history, will assert themselves.

Yours is a great country, and a great people. I pray with you that the Slovaks will before too long live in freedom and enjoy personal independence. In this regard, I congratulate you, Mr. Roman, and the Slovak World Congress on your Declaration. I shall put it in the CONGRESSIONAL RECORD—and know Senator Taft will join me in doing so. Moreover, I look forward to doing what I can to see its objectives and achievements.

Good luck. Na Stastie, Representatives of Slovak organizations throughout the free world as well as individuals of Slovak origin in the United States of America, Canada, Australia, Switzerland, Italy, Austria, France, South Africa, Argentina, Germany and Spain assembled in Toronto in order to promote the creation of a world organization of Slovaks hereby declare that:

The struggle for freedom and self-fulfillment has been a continuing process throughout Slovak history. Attainment of this objective in the past has not been without obstacles, or dedicated work and sacrifices of many individuals and groups. Now, when the Slovak nation is unable to determine its own destiny, because it is under a foreign military domination, such efforts, dedication and sacrifices must be increased to help them achieve their freedom once again.

Those of Slovak origin now living throughout the free world, are urged to dedicate themselves to this task. Our obligation will be to present to the free world a true picture of the life under which our brethren are compelled to live, and to seek a change of their plight.

The concepts by which we will be guided in this work will be the traditional values promoted throughout Slovak history which have given vitality to the nation in its growth and acceptance among nations of the western world.

The Congress will continue to adhere to the democratic principles in civil and international relations and considers tolerance in ideological, political and religious matters an expression of maturity for democracy and strongly opposes any tyranny whether it comes from the left, or, from the right.

TORONTO, ONTARIO,
June 20, 1971.

It has been obvious during the past two decades that the Slovaks living in Slovakia have been unable to determine their own destiny. A number of recent facts attest to this unfortunate reality namely the following:

The basic freedoms of Slovaks, as well as of other Captive Nations under communism, are still quite limited—travel to Western countries, and press and assembly freedoms have recently been set back to almost the 1948 levels.

The federalization of Czechoslovakia into two equal sectors—the Czechs and the Slovak, introduced by the Constitutional Act of October 1948, has been severely circumscribed in recent past and is slowly being replaced by a new centralism;

Religious freedom continues to be restricted to Roman Catholics, Uniates, Lutherans, Jews and to other denominations; and

The present Czecho-Slovak Federal Government has taken no initiative nor has it responded to initiatives suggested by the

Holy See in the Vatican to establish a Catholic Province in Slovakia, even though such provinces exist in Bohemia (Czech) as well as in Moravia.

We contend that the issue of the continued existence and recognition of a Slovak nation be duly accepted by all nations, including the records of the United Nations.

The question of the suppressed freedoms of all nations now living under communism must soon be given full airing and remedies instituted. This has been and should not cease to be an issue of interest to all civilized nations. Slovaks call upon them to help in this cause.

We take a positive attitude towards the economic integration in Europe and urge that the Slovak nation be included in this and other unifying processes benefiting their degree of economic and other freedoms.

Viewing the future political situation in Eastern Europe with hope and cautious optimism, we look forward to the day when obstacles which presently prevent cultural and educational exchanges between Slovaks at home and abroad will be removed.

To support the objectives mentioned above, we have established a permanent organization under the name of: Slovak World Congress, which shall embody the spirit of brotherhood and mutual respect. Religious affiliations or political views, insofar as they are not contrary to the spirit of democracy and the objectives mentioned above, will not bar anyone from membership or active participation in our organization. We consider it essential that our goals and methods as well as our activities follow democratic principles.

We shall endeavour to have the Slovak World Congress represent its members at international scientific, cultural, religious or political forums in the interest of the Slovak nation as expressed in the Constitution and the by-laws of the organization.

We urge that the Slovak World Congress devote itself to promoting the spirit of unity among its members and to co-ordinate all its efforts through constant contact with member organizations maintained through central secretariats, regional secretariats, committees and information bureaus in various countries around the world.

We ask the blessing of Almighty God in this undertaking in the firm hope that with the help and co-operation of all those who wish well for the Slovaks we may successfully fulfill our role.

WELCOME

SLOVAK WORLD CONGRESS,

Toronto, Ontario, Canada, June 19, 1971.

On behalf of the Executive of the Slovak World Congress I am delighted to extend to each of our delegates, observers and guests a most cordial welcome and sincere thanks for their attendance at and contributions to this session of the Congress.

The Slovak World Congress, comprising representatives of Slovak organizations, cultural institutions, associations, newspapers and individuals of Slovak origin, was founded one year ago in New York City. There, representatives from 17 countries did much of the preliminary organizational work, but needed time to discuss and put forward concrete programmes for the Congress. For that reason the sessions were adjourned to be reconvened in Toronto.

The Toronto sessions are intended to establish a permanent co-ordinative body representing Slovaks abroad, to have one designated voice to speak out freely on behalf of the Slovak nation's aims, ideals and aspirations.

To this end, the initiators of the idea of a Slovak World Congress feel they have been successful. How successful they have been, however, will depend on each and every person of Slovak origin in the years to come.

May God guide the Congress in the years

to come in achieving its goals within an atmosphere of freedom—freedom to promote one's heritage, freedom to live proud of one's heritage.

STEPHEN B. ROMAN,
President.

HIGHLIGHTS OF HISTORY OF SLOVAKIA

Slovakia is situated in the heart of Europe from the slopes of the Carpathian Mountains, to the banks of the River Danube, having for neighbours Austria, Hungary, Poland, the Soviet Union (since 1945) and Moravia-Bohemia. The territory of today's Slovakia with its 20,000 square miles is only a remnant of the area inhabited by the ancestors of the present-day Slovak population. Ten centuries of struggle against German expansion and Asiatic invasion and, later, nationalism and assimilatory policies on the part of Slovakia's neighbours, reduced the Slovak territory to its present dimensions.

The history of Slovakia and the Slovaks goes as far back as the sixth century A.D. The ancestors of today's Slovaks crossed the Carpathians in the sixth century and established their permanent habitat on the banks of the Central Danube and its tributaries, but Slovakia was already inhabited in prehistoric times and the Romans waged wars therein against Germanic tribes.

Latin and early Slav chronicles recorded the names of several rulers and princes who reigned over the Slavic tribes which are considered ancestors of today's Slovaks. Princes Pribina, Mojmir and Ratislav laid the foundations of the first Slovak state and church organization which, under King Svatopluk (870-894) became an empire known to historians as Great Moravia. At the beginning of the tenth century A.D. (the year 907 is accepted by some historians) Great Moravia was defeated by the combined military force of Germans and Magyars (Hungarians) who invaded Europe from Asia, and Slovakia became, at the beginning of the eleventh century, a part of the Kingdom of Hungary.

Although Slovakia within St. Stephan's kingdom was a separate administrative unit (called Hungaria superior or Partes regni superiores), the Slovaks, with the exception of a short period in the 14th century when a Slovak nobleman Matus Cak ruled over a great part of Slovakia's territory as an independent ruler, were more a cultural than a political factor in Central European affairs. However, during the so-called "Spring of Nations" in 1848 the Slovaks made the first serious attempt at separation from Hungary, and expressed a wish to be a separate "crownland" under the Habsburgs. From 1861 they claimed territorial autonomy and equality of rights within Hungary, strongly supported in their national struggle especially by the Slovaks in the United States.

At the end of the First World War Slovaks and Czechs decided to separate from the Habsburg Monarch and created Czecho-Slovakia. Unfortunately, instead of organizing the new state on a federal basis, as had been agreed upon between Czechs and Slovaks, two agreements (Cleveland and Pittsburgh) and stipulated at the Peace Conference, the new Republic, to use the words of Milan Hodza "was to embark upon a tough centralism," trying to impose the Czech language and culture on the Slovaks.

As a result, the Slovaks were forced into a new struggle for their national rights and survival which took the form of a twenty year long fight for Slovakia's autonomy.

When the international events of the years 1938-39 forced upon the Slovaks the decision whether to be a part of the German Reich or an independent country, the Slovak Diet, on March 14, 1939, unanimously proclaimed Slovakia's independence and created the Slovak Republic.

In 1945, the Soviet Army occupied Slovakia and Czecho-Slovakia was restored as a Communist country, governed again from

Prague. Slovak resistance to this situation resulted in ruthless persecution. In 1968 under the leadership of a young Slovak, Alexander Dubcek, Slovaks and Czechs hoped to achieve "socialism with human face," but the liberalization was crushed by the Soviet invasion.

Cultural History.—Although Christianity penetrated into the territory of the Slovak tribes at an earlier date, it is the year 830 A.D. which is considered to be the starting point of the organized conversion of the Slovaks to Christianity and likewise the dawn of the Slovak political and cultural history. In Nitra, seat of the Slovak princes, history recorded a consecration of the first church on the territory of Western Slavs, and owing to the work of Sts. Cyril and Methodius Slovakia became in the second half of the ninth century, the mediator of the Christian faith and civilization even for the neighbouring countries to the east.

From the tenth century, Slovaks remained attached to Western culture and civilization as deeply and faithfully as were the Poles, Czechs, Slovenes or Croats. Byzantine Christianity and Eastern civilization remained in Slovakia and was renewed after the collapse of Great Moravia. The main characteristics of Slovak cultural and literary development were medieval universalism, a deep religious spirit and later a humanism and patriotism whose roots are to be found in Western European thought and philosophy. Humanism was spread on Slovak territory mainly by the University of Bratislava—Istropolitana—founded in 1465.

Slovakia kept growing culturally even during the religious disturbances of the Reformation and Counter-Reformation, as witnessed by the activities of the University of Trnava founded in 1635, and the numerous relics of Baroque art and culture.

According to some historians, Slovakia had already become, during the seventeenth century, the refuge of manifold cultural activities and produced intellectuals and professors for Slovak as well as European universities. Long before World War II Slovakia had reached if not passed the Central European civilization level.

REMARKS BY THE HONORABLE WILLIAM DAVIS

It is a privilege to address men and women who stand in the forefront of civilization's never-ending struggle for freedom.

For more than eleven centuries the Slovak people have been developing, extending and seeking to preserve a rich and fertile cultural heritage. More than that, you have sought endlessly to maintain that priceless ingredient of true spiritual fulfillment—the right of the individual citizen to be his own person, to think his own thoughts, to speak his own words, to contribute directly to the formation and performance of his own government and to worship as he chooses. In so doing you have contributed your full share, and perhaps more, to the development of the Slavic peoples as a whole and to the cultural family of peoples around the world.

Ontario and all of Canada has been enriched by the spirit and integrity of Slovaks, Ukrainians, Poles, Czechs, Serbs, Croats, Slovenes and all the others who claim the honor of membership in the world Slavic community which numbers more than 200 million persons.

To those of us whose family roots have grown in Canada the very concept of eleven centuries of growth and development is a difficult one to grasp. Just this week I attended a meeting of federal and provincial leaders representing all parts of Canada, who were assembled in Victoria, British Columbia, to discuss some of the problems of a federal state which has been in existence for just a couple of weeks less than one hundred and four years.

For Canada, those problems are serious. They were not all resolved. We will speak

about them again and again in the months and years to come. By the same token it is refreshing and educational for me to be among you tonight. It adds greatly to my sense of perspective to realize anew that a century is but a moment in the span of time. National states and boundaries are important, but they are subject to change. People are more important. And, in their most vital respects they are not subject to change.

It has been said many times that we in Canada are a fortunate people. We are prosperous, despite occasional economic shifts and changes. We have great potential for the future, despite moments of self-doubt that realistically are becoming less and less frequent. We have pride, despite nagging fears that some of our basic values may be weakened by the pressure of modern events in an age of massive power and nuclear weapons of a literally infinite destructive capacity.

But most of all, we are free. Yet even in this connection I must use the word "despite". As recently as a few months ago we have been troubled by violent dissension within our midst. We have had to resort to extreme measures, including the deployment of armed force, in order to safeguard the values held sacred by the overwhelming majority of our people.

For the most part, however, the internal history of Canada has been the history of peace. Unlike the peoples of Europe, we have in large measure been allowed by the forces of history to develop in our own way, at our own pace and according to the beliefs which were commonly shared among our people. There are few places in the world that can make such a claim. Yet I do not make the claim in a boastful spirit. We have been lucky. Fate has been on our side. On two major occasions, we have gone to war in protection of our values and to honor our alliances. The graves of Canadian soldiers are honored in many parts of the world. Our participation on the battlefield in the cause of freedom has formed one of the richest and most enduring parts of our heritage.

It detracts in no way from those splendid memories to express concern about the condition of freedom here in Canada or in other parts of the world that are commonly assumed to be free. On many occasions I wonder if we have not been a little too insulated from the harsh processes of the world at large which can crush the freedom of the individual or of a race of people almost as an afterthought, or can snuff out the lives of men, women and children without a moment's concern for the hideous violations of humanity involved. I know I need not speak to you of these things; it might be better if you in this audience spoke to us.

When I received the invitation to be here tonight from my good friend Stephen Roman, who exemplifies so well the contribution of the Slovaks to this developing nation, I was faced with certain decisions. Through the years there has developed in Canada something of a political tradition as to what one says if one is in public life to groups of people whose culture or national origin is other than Canada. It has become fashionable to lapse into a certain tone of message. One speaks first about the great contribution made by members of the group concerned to Canadian development. This is true. I said those very words of Stephen Roman a few moments ago and make no apology for having said them.

One then speaks of the great potential of Canada and invites his audience to participate in that great future. I have already done something like that tonight. The sentiment is genuine and the facts are sound. I make no apology. One speaks of the heritage of the group concerned and pays tribute to it. Again I plead guilty. Again I make no apology. Finally one speaks of contributions to freedom—and I have already done that tonight and only a part of my time is used up.

When words of that sort are used by a political leader in Canada, regardless of the particular party to which he belongs, the words are meant sincerely and I think are received in that spirit by the audience. To some extent there is happy marriage. The political leader is saying what he actually wants to say and the audience is hearing something that it actually wants to hear. It is only proper that the accomplishments and beliefs of people receive fair recognition and support from other people.

Yet, with the passage of the years, this process has begun to take on a hollow ring, and an air of ritual has begun to develop.

Tonight I do not think the ritual should be followed entirely. For one thing you come not just from Canada but from at least a dozen other countries. It would be unfair of me to subject you in total to our domestic political conventions. But there is another and more important reason.

To me, one of the most tiresome parts of the ritual, whatever its merits, is that it tends to leave the person doing the speaking in the position of saying—this is what we do in Canada and isn't that wonderful for you. Or, this is what you are doing, and isn't that wonderful for us?

Frankly, there is no room in Canada above all other countries in the world for a "we" or "they" approach. I stand before you tonight not as an English speaking Canadian but as a human being. I speak to you not as persons of the Slavic languages, but as human beings. Our differences in background and culture may be great, but they are tiny compared to the common humanity which binds us together. A central part of our purpose on this earth, whatever the geographic starting point one or more generations ago, is to help one another.

In Canada, the equation goes a large step forward. This country is the Slovaks. It is all the Slavic peoples. It is the Canadians of French origin. It is the English Canadians. It is the Germans, the Swedes, the Japanese, the Chinese and the multitude of others. There is no master race here. My rights and privileges are everyone's rights and privileges, just as my responsibilities are everyone's responsibilities.

The Slovakian Canadians here tonight are a part of me and we welcome our visitors not as two distinct peoples but as one. The Laurentian and the Rocky Mountains are in my blood as the Carpathians are in yours. So that means the Carpathians are in mine as well, just as the Rockies and Laurentians are in yours. There can be no other way for us here in Canada. No one seeks to absorb anyone else. We ask, all of us, only the right to do our own thing. This we are free to do so long as it does not infringe upon the basic rights of our fellows.

That is the extra dimension that Canadian freedom possesses. There is no melting pot here. Canada is the sum of its people. The people are not the sum of Canada. This is a unique ingredient. It is something that free men everywhere have a stake in preserving. We are not a belligerent world power. We are a peaceful country trying to develop a style of life and an atmosphere of development for our children which is second to nothing else on earth, because it is founded upon the freedom of diversity.

Therefore I would ask two things of you tonight.

First, help us to protect here the freedom that many people have lost in Central Europe.

Second, do not let us fall into the pitfalls of smugness and overconfidence. Remind us that freedom takes many years to grow and only a few years to die.

Make us aware that our experience in Canada, so fortunate an experience, is but the tip of humanity's iceberg and, sadly, is not representative of the actual condition

of the majority of the world's peoples who are denied real freedom either by the subjugation of political creed, of racism, or of economic deprivations.

Do that, and we will be as one.

OIL POLICY CHIEF ASSURES NEW ENGLAND OF AMPLE FUEL SUPPLY

Mr. HANSEN. Mr. President, there has been some controversy among members of this body over the oil import quota program from time to time.

The issue has generated debate among members from the eastern area of the United States, particularly in New England where little or no oil and gas is produced.

During the past several years, I have attempted to point out the dangers of over-dependence on oil imported from foreign sources, especially those in the Middle East.

Last week, Secretary of the Interior Rogers Morton, in a speech before the National Petroleum Council, reemphasized this gamble with U.S. national security. He said:

Our central problem is national security. If we could really depend upon unlimited foreign energy sources, we could forget all about . . .

Liquefying and gasifying coal;
Cleaning up stack gases;
Developing oil shale deposits;
The North Slope, and
Or the outer continental shelf.

We could simply buy our oil and gas abroad.

But all the experience of the past twenty years, plus what we can infer from the bargaining actions of the O.P.E.C. Nations during the past year and the actions of the Soviet Union in the Middle East and Mediterranean lead us to conclude that we had better not become overly dependent upon energy supplies from this part of the world. Any dependence upon foreign petroleum would also have negative effects on our balance of payments.

"We have the tremendous potential in undeveloped energy resources of the United States to make ourselves essentially independent of external sources for our future supply. We can certainly limit our dependence upon these sources to a degree commensurate with our national security. In the short term we cannot avoid increasing our dependence upon foreign energy supplies over the next few years because they now appear to be the only available source to fill the supply and demand gap. But we should recognize that we are acting contrary to our long-range national interest in doing so, and thus make specific provisions for reducing this dependence on foreign sources as rapidly as we can.

Another contention has been that oil prices in New England were exorbitant and that the oil import program should be abandoned entirely.

But as many of us have argued, oil and oil product prices have been remarkably stable during an inflationary period when practically all other costs of living were rising at higher rates than oil products.

Gas is another example. After years of unrealistic Federal producer price regulation, the Nation is confronted with a natural gas shortage because of diminishing returns to producers, as compared with the costs of exploring for and developing new supplies of gas.

Plans are now afoot to import liquefied natural gas to the east coast at about

double the cost of domestic gas delivered to the same point.

On the other hand, the price of residual oil, which has been exempt on the east coast for 6 years from any import quotas, has about doubled during the past year. The east coast is now dependent on foreign-produced residual for more than 90 percent of its requirements. But in spite of events of the past year, which proved the risks of dependence on a basic energy source, some New Englanders still insist on doing away entirely with the oil import quota program which, as far as that area is concerned, has about been done away with anyway.

Even the price differential between Canadian and United States crude oil is rapidly disappearing as the price of Venezuelan and other foreign crude continues to increase. Canada has been able to sell her own crude to U.S. refineries at lower prices because she was importing more than half of her needs at lower prices. But Canada also has a security problem and would need most of the oil she is now selling in the United States should her imports be cut off.

In his recent energy message to Congress, the President referred to the sharp increase in demand as a major cause of our recent energy problems. He also said that the fact that energy had been relatively inexpensive in this country had accelerated the growth in demand.

President Nixon said:

During the last decade, the prices of oil, coal, natural gas and electricity have increased at a much slower rate than consumer prices as a whole. Energy has been an attractive bargain in this country—and demand has responded accordingly.

This is the story that needs to be understood and one of the best explanations I have heard was given recently in Boston by the man who heads the President's Oil Policy Committee, Gen. George A. Lincoln, who is also Director of the Office of Emergency Preparedness.

General Lincoln pointed out in his speech that there were favorable geologic indications of oil deposits off the shores of New England, particularly Massachusetts. If close-to-home sources of oil and gas could be developed and more refining capacity could be built in the New England area, one of the major cost factors, transportation, could be reduced and certainly oil produced offshore the continental United States would be more secure than foreign oil.

And, as General Lincoln also pointed out, a tanker mishap such as one off the coast of Massachusetts just before the Santa Barbara blowout can cause an oil spill much greater than the entire amount involved at Santa Barbara.

There will, of course, have to be a tradeoff between environmental considerations before offshore oil production and new refineries could become realities in New England.

General Lincoln made his remarks at a meeting of the New England Fuel Institute. For the benefit of Senators from that area who may not have had the opportunity of hearing or reading General Lincoln's speech, I ask unanimous consent that it be printed in the RECORD.

I hope that they will find it informative and interesting.

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

REMARKS BY HON. G. A. LINCOLN

I felt privileged to receive your invitation to speak to you today. Needless to say, I had extensive correspondence with some of you here and with your customers. No one in my experience pursues our fuel problems with more tenacity in correspondence than some of you from New England—other than perhaps a few of our correspondents from Texas. Hence, I am glad for the opportunity to meet with some of my correspondents.

When I came to Washington over two years ago after a lifetime in the Army and as a teacher of subject matter which included public administration, no one told me that I would be devoting a substantial portion of my effort to fuel problems and oil import policy. In fact, the record indicates that no predecessor in my office was called upon to do so.

The change in the function of our agency came about as an immediate result of the report of the Cabinet Task Force on Oil Import Control which reported to the President in February of 1970. I served on the Task Force and participated actively in its studies and deliberations during the year it was in existence. I agreed with the principal findings of the task force at the time. I have learned more since and so, a little late, withdraw on some—but have instituted many others.

In accordance with the recommendations of the Task Force, the President directed that, as Director of the Office of Emergency Preparedness, I would provide "the policy direction, coordination and surveillance of the program, acting with the advice" of a permanent Oil Policy Committee, composed of the heads of the Department of State, Interior, Defense, Commerce, Treasury and Justice, as well as the Chairman of the Council of Economic Advisers. The President's action was not a startling innovation, as it might have appeared to some. The fact of the matter is that he put new life into President Eisenhower's proclamation of 1959 which contained a provision, largely disregarded in the past, which required a Director of the Office of Emergency Preparedness to maintain "constant surveillance" of the oil import program and to inform the President of any circumstances which might indicate the need for changes.

The role of the Office of Emergency Preparedness in relation to fuel and energy is not limited to oil imports, however. By virtue of various responsibilities under Acts of Congress, and executive orders we also are called upon to plan for and act in the event of emergencies. Hence for over a year my office has been making assessments of our national energy situation with the assistance of a Joint Board composed of all the governmental agencies with responsibilities in this field. The most recent such assessment was issued on May 17 for the current summer season.

The Joint Board has directed its attention to spot shortages, and New England has been a focal point for much of its activity. Last year residual fuel oil for New England, particularly Massachusetts, was a troublesome problem.

A series of foreign supply difficulties caused a shortage of tanker capacity and steep increases in tanker rates. As you all know, New England depends upon foreign sources for about 95% of its residual fuel oil and pays the world price for it since residual oil imports are not limited by the oil import program. For residual oil you are de facto free from control and de facto captive to foreign supply sources. In addition, last year, domestic demand for this oil was increasing much more rapidly than for other petroleum products. Last summer we began to get re-

ports of tight supplies to meet your winter requirements.

Because of the unsettled foreign supply situation and tanker uncertainties, it appeared that major distributors were reluctant to take on new contract customers for the winter season. The impact of these conditions fell particularly hard on school districts, municipal utilities and other public institutions which rely on public bidding or on spot market purchases for their supplies. Under ordinary circumstances these practices no doubt provide some economies to these buyers, but when market uncertainties exist, their business is not as attractive to sellers and they are not likely to receive priority treatment.

To help meet the situation we asked domestic refiners to add what they could to foreign supplies. We recognized that because of the low prices of other boiler fuels, the oil industry in the United States has designed and operated its refineries over the past 20 years to minimize residual fuel oil production. Nevertheless, we appreciated the response of several refiners who assured us they would make some additional residual oil in response to our request.

At the end of September the Chairman of the Council of Economic Advisers and I announced that a Field Board would be established in Boston to assist users in solving their supply problems. While chaired by our agency's Regional Director, representatives of the Interior and Commerce departments, and the Federal Power and Interstate Commerce Commissions all participated.

More than fifty special situations were called to our attention. The Field Board made on-the-ground visits with the help of staff from the government of the State of Massachusetts. Only in this way were we able to get an accurate appraisal of the problem. Field Board staff actively worked to bring sellers and users together. By mid-December we were getting reports that the supply channels were full and subsequent difficulties were at a minimum. Based on our experience in New England, similar Boards have been alerted in our other Regional Offices across the country to render similar assistance elsewhere as fuel and power emergencies are threatened.

In observing the specific fuel problems of the New England states, a few general observations would seem in order. New England is particularly dependent on oil for fuel. To me it seems that both the major and intermediate suppliers of these products in this region have an implicit responsibility to assure the consumer that supply will be available. I suggest that there is no proper place for "gamesmanship" in which the user is frightened year after year that there will not be enough fuel for his needs. In your cold climate your customers provide an assured market. As a matter of simple reciprocity, the oil industry should provide an assured supply.

We have had many indications that some of the oil consumers in New England do not have reasonable storage capacity for their needs. In view of the world-wide rising trend of fuel costs and prices, you as suppliers might well encourage your customers to install additional storage. It could well be that you could offer price incentives since fewer deliveries would be needed.

You are well aware of the fact that the demand for various types of fuels is changing rapidly as our people insist on a cleaner environment. It is in your interest, as I see it, to be sure your customers understand the meaning of these demand changes. Spot shortages will continue to occur unless fuel users plan for these changes well in advance.

The fuel industries and the American people have experienced great changes in the energy pattern over the life of our nation. It is difficult for us today to comprehend that wood was our major fuel until the 1880's. Then coal was dominant until the 1950's,

and at its zenith in 1910, coal supplied 72% of the market. Oil passed coal in 1950, and since 1960, oil and natural gas have consistently provided about 75% of the nation's energy needs.

Today we face similar changes, but the rate of change is accelerating rapidly. Federal and state regulations arising out of our need to control air and water pollution already are having dramatic impact on energy sources of all kinds.

The recent guidelines on sulfur emission issued by the Environmental Protection Agency, when fully implemented, would require a three-fold increase in natural gas consumption in critical regions such as the New York City area and a 200% increase in the Chicago region. From the environmental standpoint, natural gas is the most desirable fuel, but it is rapidly becoming the scarcest, as well. For several decades large quantities of natural gas have been sold for boiler fuel purposes at very low rates on an interruptible basis. In addition, it appears that federal regulation of interstate sales has not made proper allowance for exploration and development to assure adequate future supplies.

Although natural gas provided 44% of the energy from hydrocarbon wells in 1969, sales of natural gas at the well-head contributed only 25% of the revenue. This has had an adverse effect on exploration for both crude oil and natural gas. The Federal Power Commission is already proceeding, through public adjudications, to remedy this condition. However, even if the Commission's actions have the desired effect, lead times of several years will still be required before substantial improvements in our natural gas reserves can be expected.

Another troublesome factor you all face is the wide variety of standards and timing that are being incorporated in your state and local regulations. My staff has, I believe, counted at least 17 different fuel standards in 9 Eastern states. Refiners and distributors alike will have difficulty in supplying fuels meeting these varying requirements. To attempt to do so would require more storage, more transportation equipment and higher costs all around. Yet if this complexity is resolved by limiting distribution to those fuels meeting the strictest standards, the consumer in many areas will be offered only fuels which may be substantially more expensive than required by the local regulations affecting his locality.

Environmental considerations appear certain to have a growing impact on the No. 2 heating oil so widely used in New England. While the growth in demand for middle distillates was only 2.3% for the nation in the last heating season, we have seen estimates that it may well reach as much as 4.2% in the coming season.

As you know, we instituted an experimental program last year allocating 40,000 barrels per day of No. 2 fuel oil imports from Western Hemisphere sources to independent deep-water terminal operators. We had a two-fold purpose: to add competitive vigor to this market and to assure an increment of supply if the shortages predicted should become a reality. We are now reviewing that program to determine what our future course should be.

To date the distribution elements of the industry have been very cooperative in providing the data we need. We are also hopeful that the refiner-marketers will be equally responsive.

I have been reading the letters coming from these major suppliers in response to our inquiries about supply next winter. Here's two typical responses:

"Our projections indicate that demand can be supplied at an 84% utilization of distillate production capacity. . . ."

"As far as (our company) is concerned, our supplies of distillate fuel and our transportation capability will be adequate to meet

the requirements of our customers, even if the winter should prove to be colder than the past two heating seasons."

We seem already to be getting the industry committed in writing to insuring that New England will have the fuel available to be warm next winter.

The President, speaking in New Hampshire last October, promised that New England would be warm last winter. His Joint Board is going to see that you are warm this winter. That's one of the purposes of the planning and letter-writing we are doing now. But you here have to join in the planning if we are to be sure.

On June 4 President Nixon sent a message to the Congress on the nation's clean energy problems. He announced actions to accelerate development of the breeder reactor, gasification of coal, technological improvements in stack emission controls and the production of synthetic fuels from oil shale and tar sands. These are all essential steps if we are to have clean energy in the 1980's since each of these programs will require long lead times before commercial production can be expected. These are long run energy security measures.

The need for these actions is not due only to domestic phenomena. World-wide demand for petroleum—especially clean fuels—is growing at a rate nearly double our own. This demand situation had a direct bearing on the ability of the oil exporting nations to increase their take sharply in the past year. Since residual fuel oil imports into your area, as I mentioned before, are not limited by the oil import program, you are paying world prices for this product today. You have seen these prices go up steeply, and like you, we hope lower tanker rates will give you some price relief. However, our studies indicate that the low sulfur grades will remain in tight supply, and we intend to continue to monitor this situation closely.

The Mandatory Oil Import Program—continued by four presidents over a 12-year period—has always had its controversial elements. I previously mentioned the sizable volume of correspondence from New England.

A teacher among the ancients once said that nature gave us two ears and only one tongue in order that we may hear twice as much as we speak. This is most appropriate for us because we hear just as much from the oil-producing states as we do from New England. On balance, I can only say that we must be about on course since the dissatisfaction appears equal from both regions.

Some New Englanders may think the arguments are just between themselves as consumers and the oil industry as producers and sellers. I assure you this is not the case. The oil industry in the producing states, through severance taxes and royalty payments, is a principal contributor to the school systems and fiscal structures of those states. For example, in Wyoming the state's share of royalties from Federal lands is about half of the total revenue of the government in that sparsely populated state. Hence, there should be no surprise that public officials from those states recognize a parochial interest and are just as vocal as those from your states.

The overriding objective is energy security. I realize, however, there are wide differences of opinion on the measures most appropriate to protect our national security interest in energy supply.

I hope, nevertheless, that I have brought home to you here in Boston that the oil import program is under constant review. We do seek improvements, and my office and the Oil Policy Committee never fail to consider carefully the impact of changing conditions on the consumer and the producer alike. In April, for example, my office released the first formalized price investigation report in the history of the program—an investigation which satisfied no one completely. We are

constantly seeking suggestions for better ways to achieve energy security with all possible fairness to all. But energy security is, to my mind, an overriding consideration for those like myself, who have the formal responsibility that you not be cold and dark and powerless through energy shortage.

In his recent energy message the President announced that the Department of the Interior would establish a five-year advance schedule for off-shore oil and gas leasing. The Department of the Interior has advised that there are several likely prospects for natural gas and oil off the East Coast, including one off New England, if suitable environmental safeguards are provided. Here you might have an ultimate answer to a better fuel situation in New England.

As you balance the environmental implications with your fuel needs you should recognize that the alternative may be an ever-increasing flow of ship-borne oil. In 1969 there were approximately 525,000 tanker and tanker barge entries into seacoast ports of the United States, of which 1,244 were into the Portland Maine, harbor alone. Even the most conservative estimates indicate this volume of oil-bearing traffic may rise to over 750,000 entries by 1975.

Each of these vessels is a pollution hazard, and an accident to just one large tanker may cause an oil spill much greater than the entire amount involved in the blow-out off Santa Barbara. As a specific case in point, just two months before the damaging Santa Barbara occurrence, the tanker Keo broke up off Massachusetts because of hull failure and spilled 210,000 barrels of volatile #4 oil, far more oil than was lost in the California misfortune.

Our way of life wants more than adequate energy on a day-to-day basis. We want our energy to be consistent with the quality of life we seek to achieve. We want it secure from external disruptions over which our country has no control. We want it at a reasonable cost and without excessive concentration of private economic control.

We Americans do not have to choose between adequate energy and clean air and water. Both are necessary and will be attained; but we will have some troublesome years of transition in effecting these parallel objectives.

In energy as in every other field, problems come with progress. But progress has solved far more than it created. I have only to think back to the kerosene lamp, the woodburning stove and the horse-drawn plow to find reassurance. Today's energy problems are a great challenge. But we of our country have met and surmounted great challenges before, one of the first being the establishment of a sturdy society in New England. You have a great tradition. The first steps in surmounting a great challenge in our democratic system are to understand and to consult about the problems with which we must grapple. I hope these remarks have made a small contribution to that end.

UNIVERSAL VOTER REGISTRATION AMENDMENT TO FEDERAL ELECTION CAMPAIGN ACT

Mr. KENNEDY. Mr. President, next week, during the debate on S. 382, the Federal Election Campaign Act of 1971, I intend to introduce an amendment to establish a system of universal voter registration for the Nation.

In large measure, the dismal turnout of American voters on election day is the result of the fact that the path to the polls is too often an obstacle course for the voter, instead of the incentive to total participation it ought to be. Each year, tens of millions of citizens are disfran-

chised by archaic requirements of registration and residence that should long since have gone the way of the poll tax.

Statistics demonstrate the appalling record of voter participation that America has compiled in recent years. Only 61 percent of our eligible voters actually went to the polls in the 1968 presidential election. Forty-seven million people stayed home, at a time when the winner—President Nixon—was receiving only 31 million votes. Incredible as it may seem, half again as many people stayed away from the polls and voted for the man who is our President.

Indeed, it is fair to say that, of all the great democracies of the Western World, the voting record of America is probably the worst. In 1970 in Britain, 72 percent of the eligible voters went to the polls, and they called it one of the lowest turnouts in history, the lowest since 1935, the cause of the Labor Party defeat. In the most recent elections in other democratic nations, the turnout has been even higher—75 percent in Ireland, 76 percent in Canada, 80 percent in France, 87 percent in Germany, 89 percent in Sweden and Denmark.

At the same time, however, we know that Americans who are registered are Americans who vote. In the 1968 Presidential election, 89 percent of the voters who were registered actually went to the polls and cast their ballots. The heart of the problem, therefore, is the inadequate system of voter registration that now bars millions of our citizens from participation in the most basic right of all in our democratic society—the right to vote. Just as the enactment of the 18-year-old vote last year marked a significant milestone in broadening the base of the electorate, so I believe the next major milestone must be comprehensive reform in our voter registration procedures.

The system of universal voter registration I propose would be based on a simple post card method and computer technology. It would be administered by a new agency to be established in the Census Bureau. Any citizen could register to vote simply by filling in his name, address, and date of birth on a post card form and mailing it to the new agency. Merely by filling out his address on the form, the citizen would determine his voting residence. There would be no requirement of residence for a specific period of time. At a single stroke, therefore, the system would do away not only with burdensome registration requirements, but also with unfair residence requirements that operate to bar voters in almost every State.

With the assistance of computers, the information would be stored, divided according to election districts, and made available by the Census Agency to appropriate State and local election officials, as the official list of eligible voters.

Use of the new voter registration list would be mandatory in Federal elections, and optional for State and local elections. I believe, however, that the simplicity, efficiency, and cost savings of the system would lead to its rapid acceptance for State and local elections as well, so that within a brief period of time, the

Nation would have a truly universal voter registration system for all elections. Our system of democracy deserves no less.

A detailed description of the plan follows:

SUMMARY OF UNIVERSAL VOTER REGISTRATION AMENDMENT

1. A new agency—the Universal Voter Registration Administration (UVRA)—will be established in the Census Bureau. UVRA will be authorized to organize and administer a program of universal voter registration for all Federal elections, and to assist states in their registration for state and local elections.

2. A computer center at UVRA will be established to compile voter rolls on computer tapes. The information compiled will be the name, address, zip code, party designation, date of birth and local precinct of individuals registering to vote.

3. Individuals will register through post card voter registration forms, to be mailed to UVRA. Where appropriate, bilingual forms will be available. The cards will be postage free and will be of the type which allows visual scanning by computers to read the information. The post card form will contain a line for the signature of the individual wishing to register, and the penalty for fraud will be printed on the card. The post card forms will be widely available in all post offices and will also be available to private voter registration groups.

4. To avoid objections based on potential infringements of the right of privacy, UVRA information will not be available to any other Federal agency, and UVRA will not draw on information collected for other purposes by other Federal data centers such as the Internal Revenue Service or the Social Security Administration. The UVRA system will be used for voter registration and no other purpose. Individuals not wishing to register through UVRA will still be able to register through state and local election offices.

UVRA registration will close approximately 30 days before primary or general elections. At that time, the UVRA will compile lists of registered voters by local precincts, and forward the lists to the appropriate state or local election officials. Simply by having his name on the list, any person will thereby be authorized to vote in Federal elections. States will be able to supplement and update the lists in advance of the election.

6. UVRA will be authorized to publicize its lists at appropriate intervals, so that individuals may make changes and additions.

7. UVRA will be authorized to inform individuals of the location of their local polling places.

8. UVRA will be authorized to conduct a media campaign to inform voters of the new registration program, and to encourage voters to register early and spread the computer load evenly throughout the year.

9. Use of the UVRA list will be mandatory for all Federal elections and optional for State and local elections. If state and local officials decide to use the UVRA lists for state and local elections, they may not delete anyone from the list for failure to meet other qualifications.

10. The UVRA is authorized to request information from the states on persons 18 or older who have died in the state since the last report, as well as other appropriate information directly related to the purpose of voter registration.

RELATIONS BETWEEN THE UNITED STATES AND RED CHINA

Mr. TOWER. Mr. President, the subject of Red China and the proper relations between the United States and that power have been much in the news lately.

On Tuesday, July 20, the Senate Committee on Foreign Relations held hearings on this matter and the senior Senator from South Carolina (Mr. THURMOND) presented at that time some interesting testimony as well as some interesting documents on this problem. So that all of my colleagues might have a chance to examine this testimony and the accompanying documents, I ask unanimous consent that they appear at this point in the RECORD.

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

STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman: There is a category of persons who favor the recognition of Red China, and I do not fall in that group. There is another category of persons who favor the admission of Red China to the United Nations, and I do not fall in that group either. The Peking regime has demonstrated none of the settled characteristics of nationhood which would make it possible to have economic or cultural relations profitable to the West, a point which I will elaborate upon in a moment.

However, we must recognize that the President is engaged in a very complicated situation in Asia. Although President Nixon is winding down the war in Southeast Asia at a rapid rate, his proposed trip to Peking could hasten the end of the war, and, if so, the trip would be worthwhile. America's paramount interest in the Far East at the present time is to leave behind an international structure which will assure a lasting peace.

No peace will be possible as long as the Communists continue their aggressive aims against the peoples of the free world. The war in Vietnam has been sustained and prolonged primarily because of the aid and assistance given by the two major Communist powers, Moscow and Peking. The President's trip to Peking might possibly lead to an understanding between Mao's government and our government as regards the intentions of both.

On the other hand, the President is well aware that the chances of solid accomplishments from summit diplomacy are slim. Such summit conferences must be well prepared, and our goals sharply defined. Our allies in the Far East, such as Nationalist China, Korea, Japan, and others, should be assured that this visit will not affect our relations with them, and that no agreement will be made that will jeopardize them.

On the other hand, the Peking regime is a brutal dictatorship which imposes its will by force on its own people. Nor has the Peking regime altered its conditions for friendship. As recently as June 21, Premier Chou En-lai told a visiting American newspaper publisher, Mr. William Attwood, that normalization of relations depends upon our withdrawing military support from the Nationalist Government on Taiwan, and recognizing the sovereignty of Peking over Taiwan.

It is particularly significant, therefore, that at the same time that the President's Special Adviser on National Security was in Peking, the Secretary of Defense was in Japan. Secretary Laird told the Japanese that Japan must assume a broader responsibility not only for her own defense, but also for that of the Southeast Asia area. Japan's economic expansion in manufacturing and textiles has been made possible because the United States has carried the major portion of the costly burden of defense for that whole area. Japan is capable of carrying part of the burden.

The Laird recommendation is similar to a proposal I put forth in an address in Tokyo in the fall of 1970. At that time I urged

Japan, Nationalist China, Korea, the Philippines, Malaysia, and Vietnam to join together in a mutual defense pact, under our nuclear umbrella. Such a pact would not be viable, speaking geopolitically, if the island of Taiwan were in Communist hands, or even if declared an autonomous region of the mainland. Secretary Laird's mission to Japan, therefore, is evidence that the President's trip does not mean that normalization of relations with Peking will be automatic.

As for trade, there appears to be little possibility of stepped up commercial relations between mainland China and the United States, unless special concessions and subsidized rates of credit are offered. It has been well established, even by experts who support the idea of increased trade, that mainland China simply doesn't have the dollar exchange to trade with the United States. China's greatest needs are in food grains. Other goods imported in recent years were: fertilizer, rubber, cotton, iron and steel products, and machine tools, in that order. Even if Communist China wanted to buy from us, it would be difficult for us to meet Japanese and other low-wage Asian competition which is trading on the Chinese doorstep.

As for selling to the United States, the principal manufactured exports would doubtless be textiles and shoes. If there is anything that the United States does not need, it is more textiles and shoes from low wage, or in this case, virtual slave-labor countries. In my State of South Carolina, a key issue for our people is the survival of our textile industry, which is already threatened by the flood of imports of man-made textiles from the Far East. On top of this, exports from Communist China would be a significant threat. The Communist system is not bound by free market requirements, and could easily dump textiles into the U.S., if necessary to earn exchange.

Mr. Chairman, the South Carolina General Assembly unanimously adopted a Resolution memorializing the President and the Congress to exercise extreme caution in opening trade relations with Communist China, and I ask your consent that the text of this Resolution of the South Carolina General Assembly be made part of the hearing record of this Committee as Exhibit A.

As for the prospects of trade generally, one need only point to the study done by Robert F. Dernberger, printed in *China Trade Prospects and U.S. Policy*, a symposium edited by Alexander Eckstein and published by the National Committee on United States-China Relations (Praeger Publishers, 1971). Dernberger's best estimate is that by 1980 trade between U.S. and Mainland China could reach a total of \$1.27 billion. But even Dernberger says that trade could be as low as \$50 million both ways, with a more realistic estimate of \$400 million both ways. It is clear, therefore, that there is no trade bonanza in prospect for the next decade.

Those who look for trade as an inducement toward better relations, therefore, are most likely to be bitterly disappointed. The temptation will be to stimulate trade artificially through special inducements, all for the sake of political rather than commercial goals. Such inducements would naturally be paid for by the American workers and taxpayers, and I strongly oppose any such action.

Finally, I would like to point out some of the difficulties of dealing with a government which has no settled constitution, no organized system of law, and a history of dealing harshly with foreigners. While official visitors, such as the President, would naturally be singled out for special consideration, the ordinary visitor—the journalist, the businessman, the student, even the tourist—faces special hazards in traveling in such a country.

Scholars of Chinese law have noted that the 1954 Chinese Constitution is largely inoperative or ignored. The official Chairman of the People's Republic, Liu Shao-chi, was seized during the cultural revolution and is held in prison; no successor has been named, and Liu has never been removed from office. The National People's Congress is supposed to meet once a year for a term of four years, but its last meeting was December 21, 1964 to January 4, 1965. This means that the Chairman of the People's Republic is serving an extended term in violation of the Constitution, because he is supposed to be elected for a four year term by the National People's Congress.

Premier Chou En-lai, with whom the discussions were held in Peking, is also supposed to be elected by the National People's Congress, upon recommendation of the Chairman of the Republic. Chou En-lai was last appointed on January 3, 1965. It is reasonable to assume that his term has also expired.

The President of the Supreme People's Court also is elected by the National People's Congress. Yang Hsiu-feng, the man last elected to the Presidency of the Supreme People's Court, and thus the highest judicial official in China, was paraded through the streets during the cultural revolution, and reportedly committed suicide. No successor has been appointed.

The legal system of mainland China is likewise in a shambles. In fact, the Communist government has never promulgated a criminal code, a civil code, a code of criminal procedure, nor a code of civil procedure. I asked the Far Eastern Law Division of the Library of Congress to make a study for me of Chinese Communist Law. This study reports as follows:

"In the absence of basic codes and statutes, the courts and the procuracy have been guided by a vast body of unpublished rules, regulations, reports, judicial interpretations, syntheses of court decisions, and above all, Party directives and Party policy. Most of these materials are available only to those who administer the system."

In point of fact, the Chinese courts most often fall back upon the so-called "Regulations of the People's Republic of China for Punishment of Counter-Revolutionaries." These regulations are most sweeping, and any sort of "offense" could be charged against the accused. As a result, the Library of Congress study concludes:

"In view of the near legal vacuum existing in People's Republic of China, it would be impossible to predict the fate of an American citizen traveling in mainland China who was apprehended and charged with a crime. We cannot even be certain that his detention would be publicly admitted nor that the charges against him would be specified. He would not benefit from substantive or procedural guarantees. Travel to Communist China by American citizens thus at this point strikes us as being a risk-laden undertaking."

Mr. Chairman, I ask that this study by the Library of Congress "Some Points Concerning the Criminal Law of the People's Republic of China" be made part of the record of this hearing, along with the text of the Counter-revolutionary statute, as Exhibit B.

Another point of concern both for the journalist and for the businessman who is trying to get the basic information needed for his profession is the so-called "Provisional Regulations for the preservation of State Secrets." These regulations list 17 categories of information that constitute state secrets. These categories include many items that would be of legitimate interest, for example, to a businessman seeking trade—State economic plans; facts relating to railways, communications, postal service, telecommunications; State financial plans, budgets, and financial statements; customs plans, monetary trade, etc. The seventeenth category is "Other state affairs that are required to be kept

secret." Of course, in a Communist state, everything is a state affair. Thus an unwary American could quite conceivably get into trouble in the normal course of his affairs in China; the penalties for offenses against the state secrets regulations are drastic. Moreover, as I have already pointed out, there is little chance of obtaining justice at the hands of the Communist judicial system.

Mr. Chairman, the Far Eastern Law Division of the Library of Congress has also prepared a short study of the State Secrets regulations, including the applicable legal text, and I ask that this be made part of the record of this Committee as Exhibit C.

Mr. Chairman, I also have a longer study comparing the 1954 Constitution of the People's Republic of China with the Draft of the revised Constitution. This study was also prepared by the Far Eastern Law Division of the Library of Congress, and shows how the reins of power on the mainland are being drawn more tightly into the hands of the ruling elite. I believe it would also be useful to these proceedings if it were made part of the record of this Committee as Exhibit D, and I so request.

EXHIBIT A
RESOLUTION

A concurrent resolution memorializing the President and the Congress to exercise extreme caution in opening trade relations with Communist China and to immediately make provisions for establishing potent safeguards to prevent further erosion of domestic textile markets by still another low-wage nation

Whereas, the President of the United States has lifted restrictions on trade with Communist China in forty seven categories, including textile products and machinery; and

Whereas, it is believed that Communist China has a large textile industry, and the President's action simply opens another source of low-wage textile imports that further imperil the wages and jobs of thousands of Americans; and

Whereas, there seem to be no reliable indications at this time that substantial exports can be sent to Red China so far as textiles are concerned; and

Whereas, the importation of textiles and apparel from foreign nations has seriously undermined the entire economic structure of the State of South Carolina; and

Whereas, the revenues of the State Government, county governments and municipal governments of South Carolina are down by millions of dollars causing mandatory cutbacks in all agencies of State Government thereby affecting every citizen of this State; and

Whereas, thousands of South Carolinians have lost their jobs or are on short time that causes them to earn below average wages; and

Whereas, the foreign competitors who flood our market and force thousands of our citizens completely out of work or onto short-time, manufacture and market their textiles and apparel under conditions that are illegal in the State of South Carolina and in the United States; and

Whereas, the textile markets of the United States are virtually wide open to foreign imports while many of the major exporters to this country tightly protect their own markets against our textile exports; and

Whereas, the textile industry of South Carolina and the entire nation has invested billions of dollars in recent years in new plants and equipment making it the most efficient in the world; and

Whereas, the American textile industry pays its employees approximately two dollars an hour more than the industry of Japan, with the gap being even wider between this country and some other Asian Nations; and

Whereas, the Legislature and the people of

South Carolina are not willing to see these terribly unfair conditions continue to weaken their most important industry which together with its supply and related industries over the years have been good, responsible corporate citizens; and

Whereas, the opening of trade with Red China adds still another competitive burden on the American textile industry and its employees. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That the General Assembly of South Carolina respectfully memorializes the President of the United States and the Congress of the United States to immediately take steps necessary to safeguard the American textile industry against further serious inroads into its markets by placing appropriate restrictions on all such items that might be imported into this country.

Be it further resolved that copies of this Resolution be forwarded to the President of the United States, to each United States Senator and each member of the House of Representatives from South Carolina, the Clerk of the United States Senate, the Clerk of the House of Representatives of the United States, to the Secretary of Commerce and the Secretary of State of the United States.

EXHIBIT B

SOME POINTS CONCERNING THE CRIMINAL LAW OF THE PEOPLE'S REPUBLIC OF CHINA

In February 1949, eight months before the Chinese Communists instituted the People's Republic of China, the Party issued an important document stating that all former Nationalist government laws were abolished and that:

Before the people's new laws have been systematically promulgated, [people's judicial work] shall be based on the policy of the Communist Party and the various outlines, laws, regulations and resolutions of the People's Government and the People's Liberation Army.¹

The abrogation of Nationalist laws was broadened to include the entire Nationalist judicial system in Article 17 of the Common Program of the Chinese People's Political Consultative Conference, adopted on September 29, 1949, in Peking. Article 17 provided:

All laws, decrees and judicial systems of the Koumintang reactionary government which oppress the people shall be abolished. Laws and decrees protecting the people shall be enacted and the people's judicial system shall be established.²

In the twenty-two years which have passed since the Communists swept clean the legal slate in China, they have enacted a few basic statutes, such as the Marriage Law, the Trade Union Law, and the Counter-revolutionary Act; they have not, however, promulgated a criminal code, a civil code, a code of criminal procedure, nor a code of civil procedure, despite the fact that the People's Republic of China, like the Soviet Union, follows the continental system, which is characterized by codified law. There exist two major statutory collections containing only limited information useful in actual court cases. The last volume of these collections was issued in 1964. In the absence of basic codes and statutes, the courts and the procuracy have been guided by a vast body of unpublished rules, regulations, reports, judicial interpretations, syntheses of court decisions, and, above all, Party directives and Party policy. Most of these materials are available only to those who administer the system.

On February 27, 1957, at the Eleventh Enlarged Session of the Supreme State Conference in Peking, Mao Tse-tung delivered a historic address, "On the Correct Handling

Footnotes at end of article.

of Contradictions Among the People." In this address, Mao stated that "we are confronted with two types of social contradictions—contradictions between ourselves and the enemy and contradictions among the people. These two types of contradictions are totally different in nature."³ "The contradictions between ourselves and our enemies are antagonistic ones. Within the ranks of the people, contradictions among the working people are nonantagonistic. . . ."⁴ Mao contended not only that the two types of contradictions were different in nature, but also that different methods must be employed to resolve them. Mao says: "We have always maintained that, under the people's democratic dictatorship, two different methods—dictatorial and democratic—should be used to resolve the two different kinds of contradictions, those between ourselves and the enemy and those among the people."⁵ The democratic method of persuasion was to be used to solve contradictions with the enemy.

The theory of contradiction thus stated by Mao has become fundamental to judicial work in the People's Republic of China. In deciding any case, the judicial worker first must categorize it as displaying an antagonistic or non-antagonistic contradiction. Whether an accused is labeled a member of the people or an enemy is crucial to his fate, for the label influences the type of punishment he will face. Unfortunately, Mao provided only very vague criteria for distinguishing a member of the people from the enemy.

In the People's Republic of China, there appear to be no statutes governing common crimes, such as rape, theft, murder, and arson. The courts, in passing judgment on an individual accused of almost any crime, most often can fall back upon the Regulations of the People's Republic of China for Punishment of Counter-Revolutionaries,⁶ approved by the Government Council of the Central People's Government, February 20, 1951. Its Article 2 indicates:

Article 2. Persons committing crimes for the purpose of overthrowing the popular democratic regime and undermining the people's democracy shall be punished in accordance with the present Statute.

The penalties prescribed are quite harsh, death or life imprisonment being stipulated for most specified crimes. Further, its Article 16 provides for crime by analogy, stipulating as follows:

Article 16. Persons who have committed other crimes for counterrevolutionary purposes that are not specified in this Statute are subject to the punishment applicable to the crimes which most closely resemble those specified in this Statute.

By using Article 16, the judge in a Communist Chinese court can stretch the Counter-revolutionary Act so that it covers almost any crime imaginable.

Another statute commonly used to punish malcontents, malefactors, and undesirables in the People's Republic of China is the "Decision of the State Council on the Question of Education and Rehabilitation through Labor."⁷ This 1957 measure was directed against four categories of persons: 1) tramps, hoodlums, and persons who repeatedly commit theft or fraud in violation of the Regulations Governing Security Control; 2) counter-revolutionary and anti-socialist reactionary elements whose offenses are minor and who are expelled by state and Party agencies, social and mass organizations, and schools, and who cannot earn a living (these first two categories are limited to those whose offenses are not punishable under criminal law); 3) those able to work who refuse to do so over an extended period, or who breach discipline, disturb public order and are now jobless; and 4) those who refuse to accept specific job assignments, those who refuse to be transferred or re-located and those who repeatedly obstruct the performance of of-

ficial duties and engage in disorderly conduct. Persons in the above four categories may be sent to labour camps for indefinite periods and be put on probation after their release. The decision to commit a person under this measure may be made by different extra-judicial groups of persons, such as civil administrative organs, the police, the unit in which a person works or studies, or his parents or guardians, with the approval of the provincial people's governments. A May 1964 article in the Soviet government newspaper *Izvestia* said that this measure gave the administrative organs the power to put "practically any Chinese citizen" in special camps "without investigation or trial for unlimited periods."⁸

In view of the near legal vacuum existing in the People's Republic of China, it would be impossible to predict the fate of an American citizen traveling in mainland China who was apprehended and charged with a crime. We cannot even be certain that his detention would be publicly admitted nor that the charges against him would be specified. He would not benefit from substantive or procedural guarantees. Travel to Communist China by American citizens thus at this point strikes us as being a risk-laden undertaking.

It is interesting to note that Seymour Topping, assistant managing editor of the New York Times, reports from mainland China that he was "not permitted to visit a people's court to get firsthand impressions."⁹

FOOTNOTES

¹ Quoted in Cheng P'u, "Destroying Thoroughly the Old Legal System and Liquidating Bourgeois Legal Thinking—Re-reading of the Central Committee of the Chinese Communist Party's Directive Regarding the Abolition of the Koumintang's Complete Book of Six Codes and the Affirmation of Legal Principles in the Liberated Areas," *Cheng fa ven chiu* (Political-Legal Research), Peking, No. 2, May 1964.

² *The Common Program and Other Documents of the First Plenary Session of the Chinese People's Political Consultative Conference*, Peking: Foreign Languages Press, 1950, p. 8.

³ Mao Tse-tung, *On the Correct Handling of Contradictions Among the People*, Peking, 1957, p. 8.

⁴ *Ibid.*, p. 9.

⁵ *Ibid.*, p. 19.

⁶ Regulations of the People's Republic of China for Punishment of Counter-Revolutionaries, *Survey of China Mainland Press*, No. 72 (February 23-24, 1951), p. 1-4. New China News Agency, Peking, February 21, 1951. Also in Current Background, No. 101 (July 24, 1951), pp. 9-11; and in Blaustein (ed.), *Fundamental Legal Documents of Communist China*, South Hackensack, N.J.: Fred B. Rothman & Co., 1962, pp. 215-221.

⁷ Decision of the State Council on the Question of Education and Rehabilitation through Labor, *Chung-hua jen min kung ho kuo fa kuei hui pien* (Collection of Laws and Regulations of the People's Republic of China, Vol. 6, Peking: Jen min ch'u pan she, 1958, p. 243-244.

⁸ Summarized by Reuter, Moscow, May 16, 1964, and published in the *Washington Post*, May 17, 1964. The *Izvestia* editorial, translated into Chinese, was published in *People's Daily*, July 13, 1964.

⁹ Seymour Topping, "China: Mass Efforts Achieve Great Feats," *The New York Times*, June 26, 1971, p. 8.

STATUTE ON PUNISHMENT FOR COUNTER-
REVOLUTIONARY ACTIVITY

(Approved by the Government Council of the Central People's Government, February 20, 1951)

ARTICLE 1

This statute is based on Article 7 of the Common Program of the People's Political

Consultative Council of China for the purpose of punishing counterrevolutionary crimes, suppressing counterrevolutionary activity, and strengthening democratic dictatorship of the people.

ARTICLE 2

Persons committing crimes for the purpose of overthrowing the popular democratic regime and undermining the people's democracy shall be punished in accordance with this present Statute.

ARTICLE 3

Persons maintaining a link with the imperialists and betraying their motherland shall be punished by death or life imprisonment.

ARTICLE 4

Persons who through instigation or bribery incite government workers, soldiers of the armed forces or the militia to insurrection shall be punished by death or life imprisonment if they are the organizers or leaders of the insurrection.

Accomplices in the said crimes shall be punished by imprisonment for terms of up to 10 years, and proportionately larger under aggravating circumstances.

ARTICLE 5

Persons instigating the masses to armed insurrection, if they are the organizers or leaders of the insurrection or have committed other serious crimes shall be punished by death. Active accomplices in these crimes will be punished by prison terms of 5 years or more.

ARTICLE 6

Persons who have committed one of the espionage acts or acts aiding the enemy mentioned below are subject to the death penalty, life imprisonment, or, under extenuating circumstances, prison of 5 years or more:

- (1) Stealing or giving out government secrets or providing internal and external enemies with secret information;
- (2) Directing enemy airplanes and ships to bombardment targets;
- (3) Providing internal and external enemies with arms, supplies, or other war materials.

ARTICLE 7

Members of counterrevolutionary or espionage organizations committing one of the acts mentioned below are subject to the death penalty, life imprisonment, or, under extenuating circumstances, prison terms of 5 years or more:

- (1) Underground activity in behalf of internal and external enemies;
- (2) Organizing counterrevolutionary and espionage groups or participating in them after liberation of a given place;
- (3) Organizing or directing counterrevolutionary and espionage organizations and committing other malicious and serious crimes before the liberation of a given place, if after liberation they failed to atone for their guilt;
- (4) Participating before liberation of a given place in counterrevolutionary and espionage organizations, if they persist in counterrevolutionary activity after liberation;
- (5) Participating in counterrevolutionary activity after voluntary confession of guilt and registration with people's governments;
- (6) Continuing to maintain contact with counterrevolutionary and espionage organizations or participating in counterrevolutionary activity after the people's government attended to their education and gave them their freedom.

ARTICLE 8

Persons exploiting secret feudal organizations to carry out counterrevolutionary activity shall be punished by death, life imprisonment, or under extenuating circumstances, prison terms of 3 years or more.

ARTICLE 9

Persons who plot or commit one of the following crimes for counterrevolutionary objectives are subject to punishment by death, life imprisonment, or, under extenuating circumstances, prison terms of 5 years or more:

- (1) Destroying or plundering military installations, factories, mines, forests, farms, dams, jetties, communication lines, transport systems, banks, warehouses, safety devices, and other important state or private property;
- (2) Using poison, spreading bacteria or excitants of infectious diseases, or in other ways seriously harming people, livestock, and crops;
- (3) Impairing the market or monetary system at the order of internal or external enemies;
- (4) Attacking, killing, or wounding civil servants or individual citizens;
- (5) Counterfeiting official documents of military and government institutions, democratic parties, and people's organizations for counterrevolutionary activity.

ARTICLE 10

Persons who have committed for counterrevolutionary purposes one of the following crimes aimed at incitement and provoking discontent are subject to imprisonment for a term of 3 years or more and, under aggravating circumstances, to the death penalty or life imprisonments.

- (1) Instigating the masses to show resistance to government action in the purchase of foodstuffs and levying of taxes, to refuse to carry out conscription duties and perform military service, to sabotage, and to refuse to execute the orders of the people's government;
- (2) Sowing dissension and hostility among the nationalities, democratic classes, parties and people's organizations, or undermining the unity of the people and the government;
- (3) Engaging in counterrevolutionary agitation, fabricating and spreading false rumors.

ARTICLE 11

Persons who have secretly crossed the national borders for counterrevolutionary purposes shall be punished by a prison term of 5 years or more, life imprisonment, or death.

ARTICLE 12

Persons who organize mass liberation or mass flight of prisoners from jail shall be punished by death or life imprisonment. Active accomplices in these crimes shall be punished by imprisonment for a term of 3 years or more.

ARTICLE 13

Persons who give secret aid to counterrevolutionary criminals shall be punished by a prison term of up to 10 years and, under aggravating circumstances, a prison term of 10 years or more, life imprisonment, or death.

ARTICLE 14

Persons who have committed crimes specified in this Statute may be treated leniently, their punishment may be mitigated or may be completely exempted from punishment if one of the following circumstances obtains:

- (1) They voluntarily appear before the people's government; admit their guilt, and sincerely repent of their crimes;
- (2) Before the discovery or investigation of a crime or after it they frankly confess to what they have done and are sincerely repentant and by their selfless work atone for the crime;
- (3) They commit a crime not by their own desire, but as a result of intimidation or deception on the part of the counterrevolutionary elements;
- (4) Their counterrevolutionary crime, which was committed before liberation of the country, if not serious and if after liberation they completely repent and break off

relations with counterrevolutionary organizations.

ARTICLE 15

The prison terms of persons who have committed several crimes—none of which is punishable by the death penalty or life imprisonment—must in the aggregate be less than the total of all the penalties, but greater than that provided for the most serious of the crimes committed.

ARTICLE 16

Persons who have committed other crimes for counterrevolutionary purposes that are not specified in this Statute are subject to the punishment applicable to the crimes which most closely resemble those specified in this Statute.

ARTICLE 17

Persons who have committed crimes specified in this Statute will be deprived of political rights and their property, wholly or in part, confiscated.

ARTICLE 18

This Statute is also applicable to counterrevolutionary crimes committed before it came into effect.

ARTICLE 19

Anyone may expose a counterrevolutionary crime and secretly report on it to the people's government. However, false accusations and slander in this regard are not permitted.

ARTICLE 20

The affairs of persons who have committed crimes specified in this Statute while military administrative committees are functioning are subject to consideration by military tribunals set up by the headquarters of military districts, military administrative committees, or organizations combatting banditry.

ARTICLE 21

This Statute shall come into force on the day it is confirmed and published by the Central People's Government Council.

EXHIBIT C

THE PROVISIONAL REGULATIONS FOR THE PRESERVATION OF STATE SECRETS OF THE PEOPLE'S REPUBLIC OF CHINA

One of the arguments advanced in support of normalizing relations with the People's Republic of China is that such a step would facilitate travel to that country by American citizens and that personal presence on the mainland will enable the scholar, official, or businessman to gather much-needed information on the present state of affairs there. A survey of the little-known Provisional Regulation for the Preservation of State Secrets¹ (promulgated by the Government Administrative Council on June 8, 1951, by order of Premier Chou En-lai) weakens the force of this argument and, further, reveals the risk involved in attempting to gather information on mainland China.

Article 2 of this regulation lists 17 categories of information that constitute state secrets. The categories are extremely broad and vague, and the final category is the catch-all phrase "other state affairs that are required to be kept secret." Since, under a Communist system, the state permeates all phases of life, there is almost nothing in Communist China which cannot be considered to be a state secret. By the provisions of Article 5, personnel of all grades of people's governments, armed units, democratic parties, mass organizations, organs, schools, factories, enterprises, mines, and warehouses

¹ Provisional regulations governing the protection of state secrets, in *Chung yang jen min cheng fu fa ling hui pien* [Collection of Laws and Decrees of the Central People's Government], Vol. II, Peking: Jen min ch'u pan she, 1953, pp. 19-22.

are charged with the responsibility of strictly preserving state secrets. This list exhausts the categories of persons with whom an American would likely come in contact on the mainland. Any one of them could accuse him of attempting to discover or prompt another to disclose a state secret if he appears to be probing for information. Or, a Chinese who inadvertently disclosed to an American information considered to be a state secret could be charged under the provisions of this regulation. Article 13 of the regulation specifies that selling or deliberately revealing state secrets shall be considered a counterrevolutionary offense and shall be punished in accordance with the Regulations for the Punishment of Counterrevolutionaries, which calls for death or life imprisonment in most instances. Article 15 stipulates that "persons who disclose state secrets or lose state secrets through carelessness shall be punished according to the circumstances of the case."

Order of the Government Administrative Council (GAC) of the Central People's Government. These Provisional Regulations for the Preservation of State Secrets passed at the eighty-seventh meeting of this council have been ratified by the chairman and are hereby promulgated for enforcement. Signed Premier Chou En-lai dated June 8, 1951.

Provisional Regulation for the Preservation of State Secrets

Article I. These regulations are enacted for the purpose of strictly preserving state secrets of the People's Republic of China, of preventing spies, counter revolutionary elements in subversive elements inside and outside the country from prying into, stealing, and selling state secrets and of guarding against revelation and loss of state secrets by all personnel.

Article II. State secrets shall mean the following:

1. All national defense and military plans in military construction measures.
2. Secrets concerning the organization, unit identification, actual strength, equipment, garrison posts, transfer and deployment of all kinds of armed units as well as concerning rear service munitions work.
3. Foreign relations secrets.
4. Public security secrets.
5. State financial plans, state budgetary estimates, budgets and financial statements as well as financial secrets.
6. State monetary plans, customs plans, as well as secrets concerning monetary trade and customs affairs.
7. Secrets concerning railways, communications, postal service and telecommunications.
8. State economic construction plans and secrets concerning economic construction work.
9. Secrets concerning survey of resources, geological survey, materiological forecasts and geographical survey.
10. Secrets concerning scientific new inventions and discoveries, culture, education, hygiene and medicine.
11. Secrets concerning legislative, judicial, supervisory and control affairs.
12. Secrets concerning affairs of nationalities and overseas Chinese.
13. Secrets concerning internal organization and personal affairs.
14. Archives, secret codes, seals and all kinds of documents, telegrams, correspondence, reference materials, statistics, figures, charts, books, etc., relative to state secrets.
15. All organizations, warehouses and premises relative to state secrets.
16. All state affairs not yet decided upon or decided upon but not yet promulgated.
17. Other state affairs that are required to be kept secret.

Article III. Concrete items and general scope of state secrets shall be decided upon and promulgated by the state administra-

tive council of the Central People's Government in the case of those relative to administration and by the People's Revolutionary Military Council of the Central People's Government in the case of those relative to national defense and military affairs. In case local preservation of secrets is specifically called for supplementary provisions may be made by local governments and reported to superior organs for file.

Article IV. All grades of people's governments and armed units are required to set up security organizations to take charge of security work under organizational rules to be separately provided.

All democratic parties and groups, peoples, bodies, organs, schools, factories, enterprises, mines and warehouses may according to their respective needs establish a state secret preservation system and security organization.

Article V. Personnel of all grades of people government, armed units, democratic parties and groups, peoples, bodies, organs, schools, factories, enterprises, mines and warehouses must strictly preserve state secrets. In accordance with specific conditions, all organizational units should from time to time conduct necessary propaganda and education among the masses concerning the preservation of state secrets. In regard to places where great secrecy should be maintained, the people may be organized by local governments to take security measures and security compacts may be signed and carried out through mutual supervision.

Article VI. Working personnel in charge of and undertaking the preservation of state secrets must be really reliable ones fully and strictly examined and selected by the personnel departments.

Article VII. A close control and check system must be established and necessary material equipment supplied in connection with the copying, correlating, printing, sealing, mailing, delivery, reading custody, destruction and filing of telegrams, documents, reference materials, statistics relative to state secrets.

Article VIII. In the case of important conferences, the attending personnel should be determined according to work needs and should be subject to screening and approval by a definite organ. Strict check and security education must be conducted in regard to personnel assisting in the work of the conference. Guards must be closely posted around conference halls. Documents of the conference must be examined and approved by persons in charge before printing and distribution and should be recalled after the conference unless permission has been granted and may not be copied without permission. Even documents which need not be handed back must be clearly recorded. No individual person may take minutes without permission. It is not permitted to disclose to outside persons proceedings of the conference. When the proceedings of the conference require to be circulated then it is necessary to appoint special persons to take charge of circulating the documents and also necessary to determine the contents of the documents to be circulated and the person who will receive the document.

Article IX. Secret codes used by all grades of People's Government shall be compiled under a unified plan and approved for use by the GAC of the Central People's Government and the security departments of the Administrative Regions People's Government (MAC). The secret code used by all grades of armed units shall be compiled under a unified plan and approved for use by the People's Revolutionary Council of the Central People's Government and the security departments of first grade military district commands and field army headquarters.

Article X. In case of various grades of People's Governments and armed units find it necessary to set up radio stations, the gov-

ernment must report the matter grade by grade to the GAC of the Central People's Government or the Administrative Regions People's Government (MAC) for approval. The military must report the matter grade by grade to the central staff of the People's Revolutionary Military Council of the Central People's Government or the first NSIEN military-district command or field army headquarters for approval.

Article XI. In regard to publications and reporting of news, articles and reference materials relative to state secrets, measures for publication shall be worked out under a uniform plan by the GAC of the Central People's Government in the case of those falling within the scope of administration and by the People's Revolutionary Military Council of the Central People's Government in the case of those falling within the scope of military affairs.

All news articles and reference materials published in newspapers and magazines and broadcast by radio stations shall not divulge state secrets. All news agencies, newspapers, broadcasting stations and publishing agencies should formulate security and examination measures in connection with publications of news articles and reference materials.

Article XII. All publications put out by the organizational units in the administrative system are subject to approval respectively of the GAC of the Central People's Government and the Administrative Regions People's Government. All publications put out by the organizational units in the military system are subject to approval respectively of the general staff and the general political department for the People's Revolutionary Military Council as well as of the first grade military district commands or headquarters and political department of field army. The above publications may not publish state confidential documents or disclose state secrets and should be subject to security examination by the competent authorities before printing.

Article XIII. Any of the following acts shall be condemned as counter revolutionary and shall be punished in accordance with the regulations for the punishment of counter-revolutionaries.

1. Selling state secrets to enemies inside and outside the country.
2. Deliberately revealing the state secrets to enemies inside and outside the country.
3. Selling state secrets to unscrupulous merchants inside and outside the country.

Article XIV. Persons who utilize state secrets for speculation in profit making purposes shall be delivered to judicial organs or military tribunal.

Article XV. Persons who disclose state secrets or lose state secrets through carelessness shall be punished according to circumstances of the case.

Article XVI. Any of the following merits shall be commended or rewarded.

1. Preserving state secrets heroically and unyieldingly before the enemy.
2. Preserving state secrets under critical circumstances and in defiance of difficulties and dangers.
3. Timely denunciation of elements who make illegal use, sell and steal state secrets and breaking such cases.
4. Timely taking remedial measures on discovery of loss and revelation of secrets.
5. Consistently carrying out the security system and persuading others to preserve state secrets with marked success.

Article XVII. The supervisory organs of all grades of People's Governments should take supervision over preservation of state secrets as one of their regular tasks.

Article XVIII. Various organizational units may formulate concrete measures for enforcement on the basis of these regulations.

Article XIX. These regulations shall be passed by the GAC of the Central People's

Government and promulgated for enforcement after approval by a chairman of the Central People's Government.

Article XX. The right of interpretation and right of revision of the regulations shall belong to the GAC of the Central People's Government.

EXHIBIT D

A COMPARISON OF CERTAIN ASPECTS OF THE 1954 CONSTITUTION OF THE PEOPLE'S REPUBLIC OF CHINA AND THE DRAFT OF THE REVISED CONSTITUTION OF THE PEOPLE'S REPUBLIC OF CHINA

In the latter months of 1970, intelligence sources of the Republic of China clandestinely obtained from mainland China a copy of the "Draft of the Revised Constitution of the People's Republic of China,"¹ which purportedly was a product of the Second Plenary Session of the Ninth Central Committee of the Chinese Communist Party held from August 23, to September 6, 1970. Although no mainland source has made mention of the existence of such a draft constitution, the copy made public by the Republic of China is widely believed to be authentic. Some months after the publication of the draft constitution, intelligence sources in Taipei obtained a copy of the preamble,² to the draft constitution, the existence of which had not at first been certain.

It is immediately apparent that the draft constitution is less a revision of the 1954 Constitution,³ which officially is still in force, than it is a re-writing, for the length of the two documents varies greatly. The 1954 Constitution contains 106 articles in four chapters plus a preamble; the draft contains only 30 articles in four chapters plus a preamble. Many features of the draft reflect and formalize changes effected during the Cultural Revolution. Other features merely make explicit conditions whose reality had been masked by the paper provisions of the 1954 Constitution.

The major theme of the draft constitution is aggrandizement of the power of Mao Tse-tung, the Chinese Communist Party, and the People's Liberation Army at the expense of the power of the state structure (the State Council, and the National People's Congress and its Standing Committee).

The draft constitution and its preamble bluntly place Mao Tse-tung in a commanding position in the People's Republic of China without benefit of electoral process. His name is mentioned seven times in the preamble, and Article 2 proclaims:

"Chairman Mao Tse-tung is the great leader of the people of all nationalities in the entire country, the Chief of State of the proletarian dictatorship of our country, and the supreme commander of the whole nation and the whole Army. Vice Chairman Lin Piao is Chairman Mao's close comrade-in-arms and successor, and the deputy supreme commander of the whole nation and the whole Army. Mao Tse-tung's thought is the guiding direction of all the work of the people of the whole nation."

Although the draft leaves it unclear as to whether these titles designate formal offices, Mao in the above article is given three titles: "great leader of the people of all nationalities in the entire country, the Chief of State of the proletarian dictatorship of our country, and the supreme commander of the whole nation and the whole Army." The powers of these positions are left unstated, but it is to be assumed that the scope of Mao's power, especially since he is also the Chairman of the Chinese Communist Party, is virtually unlimited. It is significant that Lin Piao is named as Mao's deputy and successor, for it was the power of the People's Liberation Army which Lin headed that gave weight to Mao's bid for supremacy during the struggles

Footnotes at end of article.

of the Cultural Revolution. The draft constitution thus represents Mao's attempt to insure that the People's Republic of China will continue in the path which he has mapped out. Instability is built into the document, however, for it would have to be revised or re-written after the deaths of Mao and Lin or should Lin's death precede that of Mao.

The Chinese Communist Party (CCP) is mentioned only twice in the 1954 document, both times in the preamble, where the CCP is referred to as having led the Chinese people in their struggle against imperialism, feudalism and bureaucratic-capitalism, and as being the leader of the people's democratic united front. In the draft constitution and its preamble, however, the CCP is mentioned no less than nine times, and these references to the CCP occur at strategic points, giving it great explicit power over the state structure and the army. References to the CCP in the body of the Constitution read as follows:

"Article 1. The People's Republic of China is a socialist state of proletarian dictatorship led by the working class (through the Chinese Communist Party) and based on the alliance of workers and peasants.

"Article 15. The People's Liberation Army and the militia of China are the children of workers and peasants under the leadership of the Communist Party of China. . . .

"Article 16. The National People's Congress is the highest organ of state power under the leadership of the Communist Party of China. . . .

"Article 17. The functions and powers of the National People's Congress are: to amend the Constitution, to make laws, to appoint and remove the premier of the State Council upon recommendation by the Central Committee of the Communist Party of China. . . .

"Article 26. The most fundamental rights and duties of citizens are: to support Chairman Mao Tse-tung and his close comrade-in-arms, Vice Chairman Lin Piao, to support the leadership of the Communist Party of China. . . ."

In contrast to and as a result of the aggrandizement of the explicit powers of the CCP, the specified powers of the National People's Congress are reduced in the draft constitution. In its Article 27, the 1954 document enumerates 14 functions and powers belonging to the National People's Congress, including such crucial powers as supervising the enforcement of the Constitution, electing the Chairman and Vice-Chairman of the People's Republic of China, deciding on the choice of the Premier of the State Council upon the recommendation of the Chairman of the Republic, and electing the President of the Supreme People's Court and the Chief Procurator of the Supreme People's Procuratorate. Article 28 added to these the power to remove from office such officials as the Chairman and Vice-Chairman of the Republic, the Premier and Vice-Premiers of the State Council, and the Vice-Chairman and other members of the Council of National Defense. In Article 17 of the draft constitution, the powers of the National People's Congress are reduced to five: "to amend the Constitution, to make laws, to appoint and remove the premier of the State Council upon recommendation by the Central Committee of the Communist Party of China, to examine and approve the state budget and the final state accounts, and to exercise such other functions and powers as the National People's Congress considers it should exercise." The sweeping grant of power at the end of the preceding list of powers should not be construed as empowering the National People's Congress to take upon itself broad powers.

The draft constitution likewise reduces the enumerated powers of the Standing Committee of the National People's Congress from the 19 listed in the 1954 document to five,

taking away from the Standing Committee such crucial powers as those of revising or annulling inappropriate decisions issued by the government authorities at various levels, deciding on general or partial mobilization, and deciding on the enforcement of martial law throughout the country or in certain areas.

The State Council too suffered a loss of power in the 1970 document, its enumerated powers being reduced from the 17 listed in the 1954 Constitution to only five.

While the 1954 Constitution is rather specific in its allotment of power over the military to various state organs, the draft constitution seemingly vests all power over the military in Mao Tse-tung and the Communist Party.

Under Article 42 of the 1954 Constitution, the Chairman of the Republic was placed in command of the armed forces of the county and named as Chairman of the Council of National Defense, a body with unspecified powers and composition. He shared his power over the military, however, with other state organs. Item 13 of Article 27 vested in the National People's Congress the power to decide on questions of war and peace. Item 16 of Article 31 gave to the Standing Committee of the National People's Congress the power "to decide, when the National People's Congress is not in session, on the proclamation of a state of war in the event of armed attack on the country or in fulfillment of international treaty obligations concerning common defense against aggression." The State Council was empowered by Item 14 of Article 49 "to guide the building up of the defense forces."

The draft constitution makes no mention of which bodies or which official has the right to decide on questions of war and peace, to mobilize the troops, etc. The implication is that, by omission, these powers vest in Mao Tse-tung, "the supreme commander of the whole nation and the whole Army," and the Communist Party, which in Article 15 is stated to have leadership over the People's Liberation Army and the militia.

One of the most interesting features of the draft constitution is the manner in which it enhances the power of the People's Liberation Army over the state structure, even while unprecedentedly placing the People's Liberation Army under the explicit control of the Chinese Communist Party.

Article 20 of the 1954 Constitution dealt with the armed forces as follows:

"Article 20. The armed forces of the People's Republic of China belong to the people; their duty is to safeguard the gains of the people's revolution and the achievements of national construction, and to defend the sovereignty, territorial integrity and security of the country."

Article 15 of the draft constitution amplifies the above article in the following manner:

"Article 15. The People's Liberation Army and the militia of China are the children of workers and peasants under the leadership of the Communist Party of China, the armed forces of the whole nation. The People's Liberation Army of China is forever a combat column and, at the same time, a work column and a production column. The duty of the armed forces of the People's Republic of China is to safeguard the socialist revolution and the achievements of socialist construction, to defend the sovereignty, territorial integrity and security of the State, and to guard against subversion and aggression by imperialism, social-imperialism and their lackeys."

Chang Chen-pang, Research Fellow of the Institute of International Relations in the Republic of China, has written an enlightening commentary upon the significance of Article 15. Chang points out that

"... the second sentence of this article ('The People's Liberation Army is for-

ever...') was uttered by Mao Tse-tung many years ago; today it is laid down in the constitution. This has a special significance. Being a work team, the armed forces may have their functions interpreted in a very broad and vague sense. As we all know, during the Cultural Revolution period Mao Tse-tung entrusted the armed forces with five kinds of tasks, namely 'support the left, support the workers, support the peasants, military control, and military training.'... The soldiers assumed these missions in their capacity as work teams. In these terms the new draft constitution gives the armed forces unlimited power to interfere in politics. One may perhaps not realize this merely from a casual reading of the text. But if we do a little study of Mao's sayings we would find that to use armed force to safeguard the socialist revolution and to strengthen proletarian dictatorship is Mao Tse-tung's basic thought."⁴

Enhancement of the power of the armed forces is evident also in two other articles of the draft constitution. Article 3 stipulates:

"Article 3. All power in the People's Republic of China belongs to the people. The organs through which the people exercise power are the people's congresses at all levels, which are predominantly composed of deputies of workers, peasants, and soldiers."

Article 11 provides that "all state organs must practice the principle of simplified administration; their leadership organs must practice the revolutionary three-in-one combination of army personnel, cadres and masses, and of the old, the middle-aged and the young."

Chang Chen-pang again provides illuminating commentary:

"In Article 3, soldiers are listed together with workers and peasants and thus are given the same status. The point is that the soldiers are organized and therefore are far more powerful than the farmers and the workers. Article 11 stabilizes the predominance of military men in the leadership in all the governmental departments and all levels of the revolutionary committees, which they gained in the Cultural Revolution. Being stabilized, this predominance of military men will become a system, and the power of the troops will prevail all over the mainland."⁵

Chang continues his analysis by contending that in the People's Republic of China the armed forces will gain control of the party. Chang writes:

"In the Ninth Central Committee of the Chinese Communist Party, for instance, military cadres occupy 74 of the total of 170 seats and thus constitute approximately 43 percent of the Committee. Of the alternate members of the Central Committee, military cadres take 49 of the total of 109 seats, constituting approximately 45 percent. In the new Political Bureau elected by the Ninth Central Committee, among the 20 members exclusive of Mao Tse-tung, military cadres occupy ten seats, or 50 percent. The actual influence of these military cadres in the Central Committee and in the Politburo is far greater than their percentages would indicate. At present the Communist party and the armed forces have almost merged; this also shows that Mao Tse-tung's dictatorial leadership is substantially a military dictatorship."⁶

Chang believes that Mao himself is not controlled by the armed forces. He senses however, that "once Lin Piao really succeeds Mao as leader, a situation of 'the gun commands the party' will hardly be avoidable."⁷

The 1954 Constitution contains 12 articles relative to the Supreme People's Court and the Supreme People's Procuratorate. The draft constitution has only one article dealing with these two bodies, and, somewhat mysteriously, the Supreme People's Proc-

uratorate is not mentioned, although there is a reference to "procuratorial and trial authority." In both constitutions the Supreme People's Court is made accountable to the National People's Congress; however, a controversial provision of the 1954 document setting forth the independence of the people's courts in administering justice is deleted in the 1970 draft. Article 78 of the 1954 Constitution provides:

"Article 78. In administering justice the people's courts are independent, subject only to the law."

From approximately May 1956 to June 1957, the so-called Hundred Flowers period of relative liberality on the mainland, Article 78 was the object of great controversy among jurists and party officials. During this period, a group of jurists launched an attack against the Communist Party for interfering with the administration of justice in violation of the provision of this article. The most prominent figure among the jurists was Chia Ch'ien, a chief judge of the criminal division in the Supreme People's Court, a Communist Party member, and a veteran judicial worker.⁸ It was reported that Chia considered it illegal for the Communist Party committee members to interfere with judicial work—a practice which, obviously, has been prevalent in the People's Republic of China. Chia was reported to have contended that the law is the expression of the will of the people and that since the people, and through them the party, enact the law, judges accept party leadership by obeying the law and hence need no further direction from the party.⁹ During the anti-rightist movement which followed the Hundred Flowers period, Chia was branded by the Party as a rightist and his views were vigorously refuted at length in law journals, newspapers, and text books. In these sources it was argued that the court must be at the command of the Communist Party and that judges must pass only those judgments acceptable to the party.¹⁰

In refuting those who contend that to subordinate the judiciary to the party is incompatible with the constitutional provision that "in administering justice the people's courts are independent, subject only to the law," Communist legal writers often quote Article 17 of the 1954 Constitution, which provides that "all organs of the state must rely on the masses of the people, constantly maintain close contact with them, heed their opinions, and accept their supervision." Obviously in this connection the Communist writers equate the people with the party—and it has often been declared that it is illegal for any court to claim independence from the people.

Since the end of the Hundred Flowers period, judges in the People's Republic thus have, as far as is known, maintained a record of unbroken subservience to the dictates of the Communist Party. Article 25 of the draft constitution formalizes this state of affairs by deleting the controversial provision concerning the independence of the court and by providing that "the exercise of procuratorial and trial authority shall follow the mass line." The "mass line" is, of course, the theme, campaign, or goal currently espoused by the Party.

Chapter III of both the 1954 Constitution and the 1970 draft constitution is entitled "Fundamental Rights and Duties of Citizens." This chapter in the 1954 document contains 19 articles, while in the 1970 draft it contains only four articles. In addition to being shortened, the content of Chapter III in the 1970 draft varies significantly from that of Chapter III in the 1954 Constitution.

One of the most significant changes in this chapter appears in its first article, Article 26. There it is decreed that "the most fundamental rights and duties of citizens are: To support Chairman Mao Tse-tung and his close comrade-in-arms, Vice Chairman Lin

Footnotes at end of article.

Piao, to support the proletarian dictatorship, to support the socialist system, and to abide by the Constitution and laws of the People's Republic of China." If the 1970 draft is officially promulgated, the citizen of the People's Republic of China thus will owe first allegiance not to the government, but to Mao Tse-tung, Lin Piao, and the leadership of the Communist Party of China.

The requirement of loyalty on the part of every citizen to the leadership of the Communist Party would signal the death of the so-called democratic parties, whose existence is sanctioned under the 1954 Constitution. The 1954 document describes the People's Republic of China as a "people's democratic state," and its preamble proclaims that the people's democratic united front forged during the struggle for liberation "will continue to play its part in mobilizing and rallying the whole people. . . ." The "democratic parties" retain token representation in governmental bodies. If the 1970 draft becomes the law of the land, there evidently will be no further attempt to maintain the fiction of a multi-party state.

Article 89 of the 1954 Constitution provides:

"Article 89. Freedom of the person of citizens of the People's Republic of China is inviolable. No citizen may be arrested except by decision of a people's court or with the sanction of a people's procuratorate."

Although this provision has been abused, it did provide some check against the formidable power of the public security organs. This check has been removed in the 1970 draft constitution, Article 28 of which contains the statement that "no citizen may be arrested except by decision of a people's court or with the sanction of public security organs."

Chapter III of the 1970 draft significantly deletes the provisions of Article 97 of the 1954 Constitution, which guaranteed to the citizen of the People's Republic of China "the right to bring complaints against any person working in organs of state for transgression of law or neglect of duty."

Article 88 of the 1954 document speciously provided that "citizens of the People's Republic of China enjoy freedom of religious belief." Although freedom of religious belief is again guaranteed in the 1970 draft, to it is added "the freedom of iconoclasm and of propagating atheism."

Article 95 of the 1954 Constitution states: "Article 95. The People's Republic of China safeguards the freedom of citizens to engage in scientific research, literary and artistic creation and other cultural pursuits. The state encourages and assists creative work in science, education, literature, art and other cultural pursuits."

This article portends continued forced feeding of the omnipresent thought of Mao Tse-tung to the populace of the People's Republic, for Mao's thought is identified with the thought of the proletariat. The final phrase of the article also contains a hint that intellectuals can expect perpetuation of the policy of their being sent to the fields and factories to engage in manual labor. It perhaps also has as an overtone the threat that recalcitrant intellectuals will be arrested and subjected to the notorious "reform through labor."

FOOTNOTES

¹ Draft of the Revised Constitution of the People's Republic of China, *Background on China*, B. 70-81, November 4, 1970. The Chinese text of the draft constitution appears in *Chung yang jih pao* [Central Daily News], November 5, 1970.

² Preamble to the Draft of the Revised Constitution of the People's Republic of China, *Background on China*, B. 71-23, April 26, 1971.

³ *Constitution of the People's Republic of China*, Peking: Foreign Languages Press, 1954.

⁴ Chang Chen-pang, "An Analysis of the

Revised Draft 'Constitution' of the Peiping Regime," *Issues & Studies*, Vol. VII, No. 4 (January 1971), p. 58.

⁵ *Ibid.*, p. 59.

⁶ *Ibid.*

⁷ *Ibid.*

⁸ "Anti-Rightist Struggle in the Supreme People's Court," New China News Agency press release, December 11, 1957.

⁹ Feng Jo-ch'ian, "Refuting Chia Ch'ien's Absurd Anti-Party Contention of Trial Independence," *Cheng fa yen chiu* [Political-Legal Research], No. 1, 1958, p. 20.

¹⁰ See Chung-kuo jen min ta hsieh, fa lu hsi, kuo chia yu fa ch'ian li lun chia yen shih [Office of Teaching and Research of State and Law, Department of Law, Chinese People's University], *Lun jen min chu chuan cheng ho jen min chu fa chih* [On the People's Democratic Dictatorship and People's Democratic Legal System], Peking, 1958.

CONSTITUTION OF THE PEOPLE'S REPUBLIC OF CHINA

(Adopted on September 20, 1954 by the First National People's Congress of the People's Republic of China, at its first session)

PREAMBLE

In the year 1949, after more than a century of heroic struggle, the Chinese people, led by the Communist Party of China, finally achieved their great victory in the people's revolution against imperialism, feudalism and bureaucrat-capitalism; and so brought to an end a long history of oppression and enslavement and founded the People's Republic of China, a people's democratic dictatorship. The system of people's democracy—new democracy—of the People's Republic of China guarantees that China can in a peaceful way banish exploitation and poverty and build a prosperous and happy socialist society.

From the founding of the People's Republic of China to the attainment of a socialist society is a period of transition. During the transition the fundamental task of the state is, step by step, to bring about the socialist industrialization of the country and, step by step, to accomplish the socialist transformation of agriculture, handicrafts and capitalist industry and commerce. In the last few years our people have successfully carried out a series of large-scale struggles: the reform of the agrarian system, resistance to American aggression and aid to Korea, the suppression of counter-revolutionaries and the rehabilitation of the national economy. As a result, the necessary conditions have been created for planned economic construction and gradual transition to socialism.

The First National People's Congress of the People's Republic of China, at its first session held in Peking, the capital, solemnly adopted the Constitution of the People's Republic of China on September 20, 1954. This Constitution is based on the Common Programme of the Chinese People's Political Consultative Conference of 1949, and is an advance on it. It consolidates the gains of the Chinese people's revolution and the political and economic victories won since the founding of the People's Republic of China; and, moreover, it reflects the basic needs of the state in the period of transition, as well as the general desire of the people as a whole to build a socialist society.

In the course of the great struggle to establish the People's Republic of China, the people of our country forged a broad people's democratic united front, composed of all democratic classes, democratic parties and groups, and popular organizations, and led by the Communist Party of China. This people's democratic united front will continue to play its part in mobilizing and rallying the whole people in common struggle to fulfill the fundamental task of the state during the transition and to oppose enemies within and without.

All nationalities of our country are united in one great family of free and equal nations. This unity of China's nationalities will continue to gain in strength, founded as it is on ever-growing friendship and mutual aid among themselves, and on the struggle against imperialism, against public enemies of the people within the nationalities, and against both dominant-nation chauvinism and local nationalism. In the course of economic and cultural development, the state will concern itself with the needs of the different nationalities, and, in the matter of socialist transformation, pay full attention to the special characteristics in the development of each.

China has already built an indestructible friendship with the great Union of Soviet Socialist Republics and the People's Democracies; and the friendship between our people and peace-loving people in all other countries is growing day by day. Such friendship will be constantly strengthened and broadened. China's policy of establishing and extending diplomatic relations with all countries on the principle of equality, mutual benefit and mutual respect for each other's sovereignty and territorial integrity, which has already yielded success, will continue to be carried out. In international affairs our firm and consistent policy is to strive for the noble cause of world peace and the progress of humanity.

CHAPTER I.—GENERAL PRINCIPLES

Article 1

The People's Republic of China is a people's democratic state led by the working class and based on the alliance of workers and peasants.

Article 2

All power in the People's Republic of China belongs to the people. The organs through which the people exercise power are the National People's Congress and the local people's congresses.

The National People's Congress, the local people's congresses and other organs of state practise democratic centralism.

Article 3

The People's Republic of China is a single multinational state.

All the nationalities are equal. Discrimination against, or oppression of, any nationality, and acts which undermine the unity of the nationalities are prohibited.

All the nationalities have freedom to use and foster the growth of their spoken and written languages, and to preserve or reform their own customs or ways.

Regional autonomy applies in areas where people of national minorities live in compact communities. National autonomous areas are inalienable parts of the People's Republic of China.

Article 4

The People's Republic of China, by relying on the organs of state and the social forces, and by means of socialist industrialization and socialist transformation, ensures the gradual abolition of systems of exploitation and the building of a socialist society.

Article 5

At present, the following basic forms of ownership of means of production exist in the People's Republic of China: state ownership, that is, ownership by the whole people; co-operative ownership, that is, collective ownership by the working masses; ownership by individual working people; and capitalist ownership.

Article 6

The state sector of the economy is a social sector, owned by the whole people. It is the leading force in the national economy and the material basis on which the state carries out socialist transformation. The state ensures priority for the development of the state sector of the economy.

All mineral resources and waters, as well as forests, undeveloped land and other resources which the state owns by law, are the property of the whole people.

Article 7

The co-operative sector of the economy is either socialist, when collectively owned by the working masses, or semi-socialist, when in part collectively owned by the working masses. Partial collective ownership by the working masses is a transitional form by means of which individual peasants, individual handicraftsmen and other individual working people organize themselves in their advance towards collective ownership by the working masses.

The state protects the property of the co-operatives, encourages, guides and helps the development of the co-operative sector of the economy. It regards the promotion of producers' co-operatives as the chief means for the transformation of individual farming and individual handicrafts.

Article 8

The state protects the right of peasants to own land and other means of production according to law.

The state guides and helps individual peasants to increase production and encourages them to organize producers', supply and marketing, and credit co-operatives voluntarily.

The policy of the state towards rich-peasant economy is to restrict and gradually eliminate it.

Article 9

The state protects the right of handicraftsmen and other non-agricultural individual working people to own means of production according to law.

The state guides and helps individual handicraftsmen and other non-agricultural individual working people to improve their enterprise and encourages them to organize producers', and supply and marketing co-operatives voluntarily.

Article 10

The state protects the right of capitalists to own means of production and other capital according to law.

The policy of the state towards capitalist industry and commerce is to use, restrict and transform them. The state makes use of the positive sides of capitalist industry and commerce which are beneficial to national welfare and the people's livelihood, restricts their negative sides which are not beneficial to national welfare and the people's livelihood, encourages and guides their transformation into various forms of state-capitalist economy, gradually replacing capitalist ownership with ownership by the whole people; and this it does by means of control exercised by administrative organs of state, the leadership given by the state sector of the economy, and supervision by the workers.

The state forbids capitalists to engage in unlawful activities which injure the public interest, disrupt the social-economic order, or undermine the economic plan of the state.

Article 11

The state protects the right of citizens to own lawfully-earned incomes, savings, houses and other means of life.

Article 12

The state protects the right of citizens to inherit private property according to law.

Article 13

The state may, in the public interest, buy, requisition or nationalize land and other means of production both in cities and countryside according to provisions of law.

Article 14

The state forbids any person to use his private property to the detriment of the public interest.

Article 15

By economic planning, the state directs the growth and transformation of the national economy to bring about the constant increase of productive forces, in this way enriching the material and cultural life of the people and consolidating the independence and security of the country.

Article 16

Work is a matter of honour for every citizen of the People's Republic of China who is able to work. The state encourages citizens to take an active and creative part in their work.

Article 17

All organs of state must rely on the masses of the people, constantly maintain close contact with them, heed their opinions and accept their supervision.

Article 18

All servants of the state must be loyal to the people's democratic system, observe the Constitution and the law and strive to serve the people.

Article 19

The People's Republic of China safeguards the people's democratic system, suppresses all treasonable and counter-revolutionary activities and punishes all traitors and counter-revolutionaries.

The state deprives feudal landlords and bureaucrat-capitalists of political rights for a specific period of time according to law; at the same time it provides them with a way to earn a living, in order to enable them to reform through work and become citizens who earn their livelihood by their own labour.

Article 20

The armed forces of the People's Republic of China belong to the people; their duty is to safeguard the gains of the people's revolution and the achievements of national construction, and to defend the sovereignty, territorial integrity, and security of the country.

CHAPTER TWO: THE STATE STRUCTURE SECTION I. THE NATIONAL PEOPLE'S CONGRESS

Article 21

The National People's Congress is the highest organ of state authority in the People's Republic of China.

Article 22

The National People's Congress is the only legislative authority in the country.

Article 23

The National People's Congress is composed of deputies elected by provinces, autonomous regions, municipalities directly under the central authority, the armed forces and Chinese resident abroad.

The number of deputies to the National People's Congress, including those representing national minorities, and the manner of their election, are prescribed by electoral law.

Article 24

The National People's Congress is elected for a term of four years.

Two months before the term of office of the National People's Congress expires, its Standing Committee must complete the election of deputies to the succeeding National People's Congress. Should exceptional circumstances arise preventing such an election, the term of office of the sitting National People's Congress may be prolonged until the first session of the succeeding National People's Congress.

Article 25

The National People's Congress meets once a year, convened by its Standing Committee. It may also be convened whenever its Standing Committee deems this necessary or one-fifth of the deputies so propose.

Article 26

When the National People's Congress meets, it elects a presidium to conduct its sittings.

Article 27

The National People's Congress exercises the following functions and powers:

- (1) to amend the Constitution;
- (2) to enact laws;
- (3) to supervise the enforcement of the Constitution;
- (4) to elect the Chairman and the Vice-Chairman of the People's Republic of China;
- (5) to decide on the choice of the Premier of the State Council upon recommendation by the Chairman of the People's Republic of China, and of the component members of the State Council upon recommendation by the Premier;
- (6) to decide on the choice of the Vice-Chairmen and other members of the Council of National Defence upon recommendation by the Chairman of the People's Republic of China;
- (7) to elect the President of the Supreme People's Court;
- (8) to elect the Chief Procurator of the Supreme People's Procuratorate;
- (9) to decide on the national economic plans;
- (10) to examine and approve the state budget and the financial report;
- (11) to ratify the status and boundaries of provinces, autonomous regions, and municipalities directly under the central authority;
- (12) to decide on general amnesties;
- (13) to decide on questions of war and peace; and
- (14) to exercise such other functions and powers as the National People's Congress considers necessary.

Article 28

The National People's Congress has power to remove from office:

- (1) the Chairman and the Vice-Chairman of the People's Republic of China;
- (2) the Premier and Vice-Premiers, Ministers, Heads of Commissions and the Secretary-General of the State Council;
- (3) the Vice-Chairman and other members of the Council of National Defence;
- (4) the President of the Supreme People's Court; and
- (5) the Chief Procurator of the Supreme People's Procuratorate.

Article 29

Amendments to the Constitution require a two-thirds majority vote of all the deputies to the National People's Congress.

Laws and other bills require a simple majority vote of all the deputies to the National People's Congress.

Article 30

The Standing Committee of the National People's Congress is a permanently acting body of the National People's Congress.

The Standing Committee is composed of the following members, elected by the National People's Congress: the Chairman; the Vice-Chairmen; the Secretary-General; and other members.

Article 31

The Standing Committee of the National People's Congress exercises the following functions and powers:

- (1) to conduct the election of deputies to the National People's Congress;
- (2) to convene the National People's Congress;
- (3) to interpret the laws;
- (4) to adopt decrees;
- (5) to supervise the work of the State Council, the Supreme People's Court and the Supreme People's Procuratorate;
- (6) to annul decisions and orders of the

State Council which contravene the Constitution, laws or decrees;

(7) to revise or annul inappropriate decisions issued by the government authorities of provinces, autonomous regions, and municipalities directly under the central authority;

(8) to decide on the appointment or removal of any Vice-Premier, Minister, Head of Commission or the Secretary-General of the State Council when the National People's Congress is not in session;

(9) to appoint or remove the Vice-Presidents, judges, and other members of the Judicial Committee of the Supreme People's Court;

(10) to appoint or remove the Deputy Chief Procurators, procurators, and other members of the Procuratorial Committee of the Supreme People's Procuratorate;

(11) to decide on the appointment or recall of plenipotentiary representatives to foreign states;

(12) to decide on the ratification or abrogation of treaties concluded with foreign states;

(13) to institute military, diplomatic and other special titles and ranks;

(14) to institute and decide on the award of state orders, medals and titles of honour;

(15) to decide on the granting of pardons;

(16) to decide, when the National People's Congress is not in session, on the proclamation of a state of war in the event of armed attack on the country or in fulfilment of international treaty obligations concerning common defence against aggression;

(17) to decide on general or partial mobilization;

(18) to decide on the enforcement of martial law throughout the country or in certain areas; and

(19) to exercise such other functions and powers as are vested in it by the National People's Congress.

Article 22

The Standing Committee of the National People's Congress exercises its functions and powers until a new Standing Committee is elected by the succeeding National People's Congress.

Article 23

The Standing Committee of the National People's Congress is responsible for the National People's Congress and reports to it.

The National People's Congress has power to recall members of its Standing Committee.

Article 24

The National People's Congress establishes a Nationalities Committee, a Bills Committee, a Budget Committee, a Credentials Committee and other necessary committees.

The Nationalities Committee and the Bills Committee are under the direction of the Standing Committee of the National People's Congress when the National People's Congress is not in session.

Article 25

The National People's Congress, or its Standing Committee if the National People's Congress is not in session, may, if necessary, appoint commissions of inquiry for the investigation of specific questions.

All organs of state, people's organizations and citizens concerned are obliged to supply necessary information to these commissions when they conduct investigations.

Article 26

Deputies to the National People's Congress have the right to address questions to the State Council, or to the Ministries and Commissions of the State Council, which are under obligation to answer.

Article 27

No deputy to the National People's Congress may be arrested or placed on trial without the consent of the National People's Congress or, when the National People's Congress is not in session, of its Standing Committee.

Article 38

Deputies to the National People's Congress are subject to the supervision of the units which elect them. These electoral units have power to replace at any time the deputies they elect, according to the procedure prescribed by law.

SECTION II. THE CHAIRMAN OF THE PEOPLE'S REPUBLIC OF CHINA

Article 39

The Chairman of the People's Republic of China is elected by the National People's Congress. Any citizen of the People's Republic of China who has the right to vote and stand for election and has reached the age of thirty-five is eligible for election as Chairman of the People's Republic of China.

The term of office of the Chairman of the People's Republic of China is four years.

Article 40

The Chairman of the People's Republic of China, in pursuance of decisions of the National People's Congress or the Standing Committee of the National People's Congress, promulgates laws and decrees; appoints or removes the Premier, Vice-Premiers, Ministers, Heads of Commissions and the Secretary-General of the State Council; appoints or removes the Vice-Chairmen and other members of the Council of National Defense; confers state orders, medals and titles of honour; proclaims general amnesties and grants pardons; proclaims martial law; proclaims a state of war; and orders mobilization.

Article 41

The Chairman of the People's Republic of China represents the People's Republic of China in its relations with foreign states, receives foreign diplomatic representatives and, in pursuance of decisions of the Standing Committee of the National People's Congress, appoints or recalls plenipotentiary representatives to foreign states and ratifies treaties concluded with foreign states.

Article 42

The Chairman of the People's Republic of China commands the armed forces of the country, and is Chairman of the Council of National Defense.

Article 43

The Chairman of the People's Republic of China, whenever necessary, convenes a Supreme State Conference and acts as its chairman.

The Vice-Chairman of the People's Republic of China, the Chairman of the Standing Committee of the National People's Congress, the Premier of the State Council and other persons concerned take part in the Supreme State Conference.

The Chairman of the People's Republic of China submits the views of the Supreme State Conference on important affairs of state to the National People's Congress, its Standing Committee, the State Council, or other bodies concerned for their consideration and decision.

Article 44

The Vice-Chairman of the People's Republic of China assists the Chairman in his work. The Vice-Chairman may exercise such part of the functions and powers of the Chairman as the Chairman may entrust to him.

The provisions of Article 39 of the Constitution governing the election and term of office of the Chairman of the People's Republic of China apply also to the election and term of office of the Vice-Chairman of the People's Republic of China.

Article 45

The Chairman and the Vice-Chairman of the People's Republic of China exercise their functions and powers until the new Chairman and Vice-Chairman elected by the succeeding National People's Congress take office.

Article 46

Should the Chairman of the People's Republic of China be incapacitated for a prolonged period by reason of health, the functions of Chairman shall be exercised by the Vice-Chairman.

Should the office of Chairman of the People's Republic of China fall vacant, the Vice-Chairman succeeds to the office of Chairman.

SECTION III. THE STATE COUNCIL

Article 47

The State Council of the People's Republic of China, that is, the Central People's Government, is the executive organ of the highest state authority; it is the highest administration organ of state.

Article 48

The State Council is composed of the following members: the Premier; the Vice-Premiers; the Ministers; the Heads of Commissions; and the Secretary-General.

The organization of the State Council is determined by law.

Article 49

The State Council exercises the following functions and powers:

(1) to formulate administrative measures, issue decisions and orders and verify their execution, in accordance with the Constitution, laws and decrees;

(2) to submit bills to the National People's Congress or its Standing Committee;

(3) to co-ordinate and lead the work of Ministries and Commissions;

(4) to co-ordinate and lead the work of local administrative organs of state throughout the country;

(5) to revise or annul inappropriate orders and directives issued by Ministers or by Heads of Commissions;

(6) to revise or annul inappropriate decisions and orders issued by local administrative organs of state;

(7) to put into effect the national economic plans and provisions of the state budget;

(8) to control foreign and domestic trade;

(9) to direct cultural, educational and public health work;

(10) to administer affairs concerning the nationalities;

(11) to administer affairs concerning Chinese resident abroad;

(12) to protect the interests of the state, to maintain public order and to safeguard the rights of citizens;

(13) to direct the conduct of external affairs;

(14) to guide the building up of the defense forces;

(15) to ratify the status and boundaries of autonomous *chou*, counties, autonomous counties, and municipalities;

(16) to appoint or remove administrative personnel according to provisions of law; and

(17) to exercise such other functions and powers as are vested in it by the National People's Congress or its Standing Committee.

Article 50

The Premier directs the work of the State Council and presides over its meetings.

The Vice Premiers assist the Premier in his work.

Article 51

The Ministers and Heads of Commissions direct the work of their respective departments. They may issue orders and directives within the jurisdiction of their respective departments and in accordance with laws and decrees, and decisions and orders of the State Council.

Article 52

The State Council is responsible to the National People's Congress and reports to it, or, when the National People's Congress is not in session, to its Standing Committee.

SECTION IV. THE LOCAL PEOPLE'S CONGRESSES
AND LOCAL PEOPLE'S COUNCILS

Article 53

The administrative division of the People's Republic of China is as follows:

(1) The country is divided into provinces, autonomous regions, and municipalities directly under the central authority;

(2) Provinces and autonomous regions are divided into autonomous *chou*, counties, autonomous counties, and municipalities; and

(3) Counties and autonomous counties are divided into *hsiang*, nationality *hsiang*, and towns.

Municipalities directly under the central authority and other large municipalities are divided into districts. Autonomous *chou* are divided into counties, autonomous counties, and municipalities.

Autonomous regions, autonomous *chou* and autonomous counties are all national autonomous areas.

Article 54

People's congresses and people's councils are established in provinces, municipalities directly under the central authority, counties, municipalities, municipal districts, *hsiang*, nationality *hsiang*, and towns.

Organs of self-government are established in autonomous regions, autonomous *chou* and autonomous counties. The organization and work of organs of self-government are specified in Section V of Chapter Two of the Constitution.

Article 55

Local people's congresses at all levels are the organs of government authority in their respective localities.

Article 56

Deputies to the people's congresses of provinces, municipalities directly under the central authority, counties, and municipalities divided into districts are elected by the people's congresses of the next lower level; deputies to the people's congresses of municipalities not divided into districts, municipal districts, *hsiang*, nationality *hsiang* and towns are directly elected by the voters.

The number of deputies to local people's congresses and the manner of their election are prescribed by electoral law.

Article 57

The term of office of the provincial people's congresses is four years. The term of office of the people's congresses of municipalities directly under the central authority, counties, municipalities, municipal districts, *hsiang*, nationality *hsiang*, and towns is two years.

Article 58

The local people's congresses at every level ensure the observance and execution of laws and decrees in their respective administrative areas; draw up plans for local economic and cultural development and for public works; examine and approve local budgets and financial reports; protect public property; maintain public order; safeguard the rights of citizens and the equal rights of national minorities.

Article 59

The local people's congresses elect, and have power to recall, members of the people's councils at corresponding levels.

The people's congresses at county level and above elect, and have power to recall, the presidents of people's courts at corresponding levels.

Article 60

The local people's congresses adopt and issue decisions within the limits of the authority prescribed by law.

The people's congresses of nationality *hsiang* may, within the limits of the authority prescribed by law, take specific measures appropriate to the characteristics of the nationalities concerned.

The local people's congresses have power to revise or annual inappropriate decisions and

orders issued by people's councils at corresponding levels.

The people's congresses at county level and above have power to revise or annual inappropriate decisions issued by people's congresses at the next lower level as well as inappropriate decisions and orders issued by people's councils at the next lower level.

Article 61

Deputies to the people's congresses of provinces, municipalities directly under the central authority, counties, and municipalities divided into districts are subject to supervision by the units which elect them; deputies to the people's congresses of municipalities not divided into districts, municipal districts, *hsiang*, nationality *hsiang* and towns are subject to supervision by their electorates. The electoral units and electorates which elect the deputies to the local people's congresses have power at any time to recall their deputies according to the procedure prescribed by law.

Article 62

Local people's councils, that is, local people's governments, are the executive organs of local people's congresses at corresponding levels, and are the administrative organs of state in their respective localities.

Article 63

A local people's council is composed, according to its level, of the provincial governor and deputy provincial governors; or the mayor and deputy mayors; or the county head and deputy county heads; or the district head and deputy district heads; or the *hsiang* head and the deputy *hsiang* heads; or the town head and deputy town heads, as the case may be; together with council members.

The term of office of a local people's council is the same as that of the people's congress at corresponding level.

The organization of local people's councils is determined by law.

Article 64

The local people's councils administer their respective areas within the limits of the authority prescribed by law.

The local people's councils carry out the decisions issued by people's congresses at corresponding levels and decisions and orders issued by administrative organs of state at higher levels.

The local people's councils issue decisions and orders within the limits of the authority prescribed by law.

Article 65

The people's councils at county level and above direct the work of all their subordinate departments and of people's councils at lower levels, as well as appoint or remove personnel of organs of state according to provisions of law.

The people's councils at county level and above have power to suspend the carrying out of inappropriate decisions by people's congresses at the next lower level and to revise or annul inappropriate orders and directives issued by their subordinate departments, and inappropriate decisions and orders issued by people's councils at lower levels.

Article 66

The local people's councils are responsible to the people's congresses at corresponding levels and to the administrative organs of state at the next higher level, and report to them.

The local people's councils throughout the country are administrative organs of state, and are subordinate to and under the coordinating direction of the State Council.

SECTION V. THE ORGANS OF SELF-GOVERNMENT OF
NATIONAL AUTONOMOUS AREAS

Article 67

The organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties are formed in accordance

with the basic principles governing the organization of local organs of state as specified in Section IV of Chapter Two of the Constitution. The form of each organ of self-government may be determined in accordance with the wishes of the majority of the people of the nationality or nationalities enjoying regional autonomy in a given area.

Article 68

In all autonomous regions, autonomous *chou* and autonomous counties where a number of nationalities live together, each nationality is entitled to appropriate representation on the organs of self-government.

Article 69

The organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties exercise the functions and powers of local organs of state as specified in Section IV of Chapter Two of the Constitution.

Article 70

The organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties exercise autonomy in the limits of the authority prescribed by the Constitution and the law.

The organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties administer their own local finances within the limits of the authority prescribed by law.

The organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties organize their local public security forces in accordance with the military system of the state.

The organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties may draw up statutes governing the exercise of autonomy or separate regulations suited to the political, economic and cultural characteristics of the nationality or nationalities in a given area, which statutes and regulations are subject to endorsement by the Standing Committee of the National People's Congress.

Article 71

In performing their duties, organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties employ the spoken and written language or languages commonly used in the locality.

Article 72

The higher organs of state should fully safeguard the right of organs of self-government of all autonomous regions, autonomous *chou* and autonomous counties to exercise autonomy, and should assist the various national minorities in their political, economic and cultural development.

SECTION VI. THE PEOPLE'S COURTS AND THE
PEOPLE'S PROCURATORATE

Article 73

In the People's Republic of China judicial authority is exercised by the Supreme People's Court, local people's courts and special people's courts.

Article 74

The term of office of the President of the Supreme People's Court and presidents of local people's courts is four years.

The organization of people's courts is determined by law.

Article 75

The system of people's assessors applies, in accordance with law, to judicial proceedings in the people's courts.

Article 76

Cases in the people's courts are heard in public unless otherwise provided for by law. The accused has the right to defence.

Article 77

Citizens of all nationalities have the right to use their own spoken and written languages in court proceedings. The people's courts are to provide interpretation for any

party unacquainted with the spoken or written language commonly used in the locality.

In an area where people of national minorities live in compact communities or where a number of nationalities live together, hearings in people's courts are conducted in the language commonly used in the locality, and judgments, notices and all other documents of the people's courts are made public in such language.

Article 78

In administering justice the people's courts are independent, subject only to the law.

Article 79

The Supreme People's Court is the highest judicial organ.

The Supreme People's Court supervises the judicial work of local people's courts and special people's courts; people's courts at higher levels supervise the judicial work of people's courts at lower levels.

Article 80

The Supreme People's Court is responsible to the National People's Congress and reports to it; or, when the National People's Congress is not in session, to its Standing Committee. Local people's courts are responsible to the local people's congresses at corresponding levels and report to them.

Article 81

The Supreme People's Procuratorate of the People's Republic of China exercises procuratorial authority over all departments of the State Council, all local organs of state, persons working in organs of state, and citizens, to ensure observance of the law. Local organs of the people's procuratorate and special people's procuratorates exercise procuratorial authority within the limits prescribed by law.

Local organs of the people's procuratorate and the special people's procuratorates work under the leadership of the people's procuratorates at higher levels, and all work under the co-ordinating direction of the Supreme People's Procuratorate.

Article 82

The term of office of the Chief Procurator of the Supreme People's Procuratorate is four years.

The organization of people's procuratorates is determined by law.

Article 83

In the exercise of their authority local organs of the people's procuratorate are independent and are not subject to interference by local organs of state.

Article 84

The Supreme People's Procuratorate is responsible to the National People's Congress and reports to it; or, when the National People's Congress is not in session, to its Standing Committee.

CHAPTER THREE: FUNDAMENTAL RIGHTS AND DUTIES OF CITIZENS

Article 85

Citizens of the People's Republic of China are equal before the law.

Article 86

Citizens of the People's Republic of China who have reached the age of eighteen have the right to vote and stand for election whatever their nationality, race, sex, occupation, social origin, religious belief, education, property status, or length of residence, except insane persons and persons deprived by law of the right to vote and stand for election.

Women have equal rights with men to vote and stand for election.

Article 87

Citizens of the People's Republic of China enjoy freedom of speech, freedom of the press, freedom of assembly, freedom of association, freedom of procession and freedom

of demonstration. The state guarantees to citizens enjoyment of these freedoms by providing the necessary material facilities.

Article 88

Citizens of the People's Republic of China enjoy freedom of religious belief.

Article 89

Freedom of the person of citizens of the People's Republic of China is inviolable. No citizen may be arrested except by decision of a people's court or with the sanction of a people's procuratorate.

Article 90

The homes of citizens of the People's Republic of China are inviolable, and privacy of correspondence is protected by law.

Citizens of the People's Republic of China enjoy freedom of residence and freedom to change their residence.

Article 91

Citizens of the People's Republic of China have the right to work. To guarantee enjoyment of this right, the state, by planned development of the national economy, gradually creates more employment, and better working conditions and wages.

Article 92

Working people in the People's Republic of China have the right to rest and leisure. To guarantee enjoyment of this right, the state prescribes working hours and holidays for workers and office employees; at the same time it gradually expands material facilities to enable working people to rest and build up their health.

Article 93

Working people in the People's Republic of China have the right to material assistance in old age, and in case of illness or disability. To guarantee enjoyment of this right, the state provides social insurance, social assistance and public health services and gradually expands these facilities.

Article 94

Citizens of the People's Republic of China have the right to education. To guarantee enjoyment of this right, the state establishes and gradually extends the various types of schools and other cultural and educational institutions.

The state pays special attention to the physical and mental development of young people.

Article 95

The People's Republic of China safeguards the freedom of citizens to engage in scientific research, literary and artistic creation and other cultural pursuits. The state encourages and assists creative work in science, education, literature, art and other cultural pursuits.

Article 96

Women in the People's Republic of China enjoy equal rights with men in all spheres of political, economic, cultural, social and domestic life.

The state protects marriage, the family, and the mother and child.

Article 97

Citizens of the People's Republic of China have the right to bring complaints against any person working in organs of state for transgression of law or neglect of duty by making a written or verbal statement to any organ of state at any level. People suffering loss by reason of infringement by persons working in organs of state of their rights as citizens have the right to compensation.

Article 98

The People's Republic of China protects the proper rights and interests of Chinese resident abroad.

Article 99

The People's Republic of China grants the right of asylum to any foreign national per-

secuted for supporting a just cause, for taking part in the peace movement or for engaging in scientific activity.

Article 100

Citizens of the People's Republic of China must abide by the Constitution and the law, uphold discipline at work, keep public order and respect social ethics.

Article 101

The public property of the People's Republic of China is sacred and inviolable. It is the duty of every citizen to respect and protect public property.

Article 102

It is the duty of citizens of the People's Republic of China to pay taxes according to law.

Article 103

It is the sacred duty of every citizen of the People's Republic of China to defend the homeland.

It is an honourable duty of citizens of the People's Republic of China to perform military service according to law.

CHAPTER FOUR: NATIONAL FLAG, NATIONAL EMBLEM, CAPITAL

Article 104

The national flag of the People's Republic of China is a red flag with five stars.

Article 105

The national emblem of the People's Republic of China is: in the centre, Tien An Men under the light of five stars, framed with ears of grain, and with a cogwheel at the base.

Article 106

The capital of the People's Republic of China is Peking.

LETTER FROM AMERICAN MEDICAL ASSOCIATION TO DEMOCRATIC SENATORIAL CAMPAIGN COMMITTEE

Mr. KENNEDY, Mr. President, I am inserting in the RECORD a copy of a letter from Mr. Harry Hinton, director of the Washington Office of the American Medical Association, to the Director of the Democratic Senatorial Campaign Committee, of which I am a member.

Mr. Hinton's letter relates to a statement I made last week upon opening a hearing of the Senate Subcommittee on Administrative Practice and Procedure, which has been conducting a study of the implementation of the recommendations of Presidential and national commissions. Our hearing last week covered the long series of commissions and other blue-ribbon advisory groups in the field of health care.

Pointing to the repeated and strong recommendations for innovation and reform offered by these groups over a period of nearly 60 years and to the long history of AMA opposition to these recommendations, I said:

In short, for generations, government health programs have been allowed to accomplish only what organized medicine would tolerate. Thus the record of Federal health commissions is essentially an unbroken series of enlightened recommendations hamstrung by the AMA. The absence of follow-through has not been by accident, but by design. Always the AMA approach has been the same—reports and recommendations are welcome, so long as nothing is done to implement them, so long as they do not alter the status quo.

Among other evidence, I cited Franklin Delano Roosevelt's identification of

the AMA as the force behind the defeat of his program for national health care reform.

I said that—

The checkbooks of the organization, and of AMPAC, its political arm, have always been open to back its views and to support friendly or potentially friendly candidates for public office. No one doubts the insidious effect of the millions of campaign dollars that have poured out of the AMA over the years—\$700,000 in the off-year 1970 elections alone, with virtually no reporting or disclosure of the recipients.

Anyone interested in more detailed facts on AMPAC, the American Medical Political Action Committee, should consult the *National Journal*, volume 2, No. 31, August 1, 1970, pages 1659–1665.

I indicated that the AMA "has a virtual stranglehold on the health programs of the present administration," that the AMA and the administration are "Tweedledum and Tweedledee," that "they have formed a marriage of convenience against the public interest made possible by the self-interest of an organization that puts the wealth of doctors ahead of the health of the people, and by the apathy of an administration that lacks the will to implement the principles it piously proclaims."

I concluded:

Instead of the scientific and public service professional organization it was founded as the AMA has turned into a propaganda organ for purveying "medical politics" for deceiving the Congress, the people, and the doctors of America themselves. The American Medical Association puts the lives and well-being of American citizens below its own special interests in ordering its priorities. It deserves to be ignored, rejected, and forgotten, and the many distinguished reports it has undermined and buried deserve to be unearthed, re-read, and remembered.

The AMA's response is intriguing, to say the least. They have not sent me or my subcommittee, or any newspaper that I know of, any substantive reply to my statement. Instead, their chief Washington lobbyist has sent what can only be described as a blackmail message to the director of the Democratic Senatorial Campaign Committee. In substance it suggests that because some portion of the political funds supplied to AMPAC by AMA members has been contributed by AMPAC to the campaign committee; the campaign committee ought to be able both to silence my attacks on the AMA and suppress my efforts to obtain for this Nation—in spite of AMA opposition—comprehensive reform of its health care delivery and financing system, including national health insurance. The letter threatens, not very subtly, that if I persist, the AMA will manage to get "every physician in the country to leave the Democratic Party."

This is one of the most straightforward and candid documents I have seen during my time in Washington. It speaks clearly for itself, and it fully confirms the validity of my own remarks last week. I will comment only on the implication that the AMA speaks for every physician in the country. The AMA will not reveal its current level of membership, but indications are that for the first time in this century it can count fewer than half of the profession even technically on its

rolls. Moreover, it is well known that a substantial proportion of the members of the AMA—many of whom are members only because local rules require them to be—do not share its Neanderthal views on health care.

Certainly few doctors I know, no matter what their views on the underlying issues, would subscribe to political threats as a means of persuading others to adopt those views, and I hope that every doctor who dissents from this approach will let the AMA and his Senators know of his disagreement.

To give the AMA full opportunity to rebut any of the statements I made last week and to elaborate on its letter to the campaign committee, I am offering Mr. Hinton the opportunity to appear before the Subcommittee on Administrative Practice and Procedure during its scheduled hearings on Tuesday or Thursday of next week, whichever is more convenient for him.

Mr. President, I hope that in our ordering of priorities, we never get to the point where we place the political contributions of two "medical" organizations above the lives and health of 200 million American citizens. If we have to sacrifice contributions to protect lives and health, that is a small price to pay. The fact that one party may have chosen the opposite order of priorities and the opposite conclusion only strengthens the necessity for those of us in the other party to do what the people's interest demands and what conscience requires.

The full text of my statement last week appears at page 26384 of the *RECORD* for July 21, 1971.

I ask that the text of Mr. Hinton's letter, with its letterhead, be printed in the *RECORD* at this point.

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

AMERICAN MEDICAL ASSOCIATION,
Washington, D.C., July 19, 1971.

MR. FRANK N. HOFFMAN,
Executive Director, Democratic Senatorial Campaign Committee, Old Senate Office Building, Washington, D.C.

DEAR NORBY: I think you will grant that AMPAC has made every effort possible over the years to cooperate with the Democratic Senatorial Campaign Committee, and that our relationships have been cordial.

I think you also know that I have personally done everything within my power to help the Democratic Party win its fair share of physician support.

So it is intensely discouraging to see these efforts damaged severely by one man's irresponsible action. Yet I can categorize in no other fashion the statement delivered last week by Senator Kennedy before the Subcommittee on Administrative Practice and Procedure, a copy of which is enclosed.

The Senator's attack is compounded of half-truths and untruths. It is based upon his own version of ancient history, beginning in 1913, and its tone is completely intemperate.

As a lifelong Democrat I cannot accept that Senator Kennedy speaks for my Party and its thinking on so serious a matter as the nation's health care.

Meanwhile, if Senator Kennedy wants every physician in the country to leave the Democratic Party, he is going about it in the right way.

Best personal wishes.

Sincerely,

HARRY R. HINTON.

THE HIGHWAY TRUST FUND— TIME FOR CITIES

Mr. HUMPHREY. Mr. President, in the July 1971, edition of *Nation's Cities*, Patrick Healy, the executive director of the National League of Cities, makes a cogent case for an expanded and more efficient use of the Highway Trust Fund. Healy correctly points out that though a great deal of money for the funds is generated in the cities, "only a small amount of it trickles back to deal with the cities' transportation problems." When that fact is coupled with the contribution that cities must make from general revenues in order to maintain their roads, the magnitude of the transportation crisis begins to become apparent.

Mr. President, various financing methods have been offered to help solve this transportation crisis. Some have urged the creation of an Urban Mass Transportation Trust Fund. Others have advocated full funding of the urban system designated in the 1970 Highway Act. Still others have urged that the secondary road system program, topics, be coordinated and combined with the urban system into one comprehensive transportation package.

Whatever the method, I believe that we must give serious and thoughtful consideration to opening up the highway trust fund for operating and maintenance costs. There is over \$5 billion surplus in this fund—\$5 billion that could be used to improve the highways and streets of our cities.

Patrick Healy's article echoes a position that I have held and spoke to at the recent Conference of Mayors meeting in Philadelphia. Healy suggests that, first, new highway user tax allocation formulas must be implemented that assure urban areas a substantially larger portion of money; second, a ceiling on money for the Interstate system in order to provide larger user tax revenues for urban areas; third, returning user taxes to cities according to a formula that assures a predictable level of assistance for developing transportation budgets; fourth, using transportation trust fund revenues for improvement of transportation services; and fifth, fostering of comprehensive urban transportation planning.

Mr. President, I ask unanimous consent that Mr. Healy's article be printed in the *RECORD*.

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

THE HIGHWAY TRUST FUND: WHAT'S IN IT FOR CITIES?

In the next decade, massive assistance will be needed to improve the traffic systems of America's cities. Beyond filling the potholes, an urgent enough priority in many cities, more money is required to make street systems more efficient through engineering improvements ranging from changes in street signs to multimillion-dollar computerized traffic signal systems. In addition, it is estimated that mass transit systems will require between \$25 billion and \$35 billion for capital improvements and several billions more for operating subsidies.

Improvements on this multi-billion-dollar scale are the only way to keep people and goods moving. A prime reason for decay of

some central cities—a decay which will spread slowly outward unless the trend is reversed—is the lowering of convenience and safety of mobility in cities. There can be no higher priority in the transportation field than improvement of traffic circulation in our cities. The economy of the cities and the health of the nation require it.

Federal and state highway trust funds currently provide vast sums of money for improvement of transportation systems. But, though a great percentage of this money is generated in the cities, only a small amount of it trickles back to deal with the cities' transportation problems. Thus, it is time for city officials to take a new look at federal and state programs aiding improvement of highways.

It is estimated that in 1971 more than \$16 billion in highway user taxes will be collected by all levels of government. Over half these sums will be generated in urban areas since over half of all vehicle miles are traveled on urban street and highway systems. However, federal and state programs allocating highway user revenues generally favor non-urban areas in allocation formulas. At the federal level, there exists a better than two-to-one differential favoring non-urban areas in allocating highway assistance for routes off the Interstate Highway System. And there is little to indicate that significant changes in this imbalance can be expected soon. In 1970, despite the urgent pleas of cities for a fairer share of assistance, Congress refused to change the level of assistance authorized for urban areas while raising significantly assistance for non-urban areas as indicated in Table I.

TABLE I.—AUTHORIZATIONS FROM HIGHWAY TRUST FUND FOR PROGRAMS OTHER THAN THE INTERSTATE SYSTEM; FISCAL YEARS 1970-73, 1968 HIGHWAY ACT FOR FISCAL YEAR 1970 AND FISCAL YEAR 1971; 1970 HIGHWAY ACT FOR FISCAL YEAR 1972 AND FISCAL YEAR 1973

	[Millions of dollars]			
	Total	Urban	Nonurban	Unspecified
1970.....	\$1,425	\$475	\$950	X
1971.....	1,425	475	950	X
1972.....	1,767	475	1,069	1 223
1973.....	1,814	475	1,069	1 270

¹ The unspecified funds are for highway safety and bridge improvement programs. Allocation of these funds is under State control. State control of fund allocations often results in discrimination against cities.

In addition to, and in part because of, discrimination against cities in allocation of highway user tax revenues, cities are required to pay ever larger sums from their scarce general tax revenues to subsidize highways and other transportation programs. Since 1965 cities' contributions from general tax revenues to support highways have grown 62 per cent. Currently, cities pay more for highways from general tax revenues than any other level of government (Table II), and despite the urgent financial crisis of the cities, the relative share of city highway costs paid from general tax revenues has increased in the past few years (Table III). Clearly highway users do not bear the full cost of city highways.

TABLE II.—1971 PROJECTED GENERAL TAX EXPENDITURES FOR HIGHWAYS: BY LEVEL OF GOVERNMENT

Cities.....	\$1,735,000,000
Counties.....	1,141,000,000
States.....	321,000,000
Federal Government.....	704,000,000
Total.....	3,901,000,000

TABLE III.—CITY HIGHWAY EXPENDITURES

[Dollar amounts in millions]

	Year							Percent Increase 1965-1971
	1965	1966	1967	1968	1969	1970	1971 ¹	
Total highway expenditures.....	\$2,186	\$2,266	\$2,645	\$2,843	\$2,947	\$3,052	\$3,161	45
General tax receipts appropriated for highways.....	1,069	1,080	1,287	1,462	1,487	1,685	1,735	62
General tax receipts for highways as percent of highway expenditures.....	49	48	49	51	50	55	55

¹ Estimated.

Unlike cities, states allocate very few of their general tax dollars to highways. The Federal Highway Administration estimates that in 1971 states will spend a total of \$15.2 billion on highways but that only \$321 million—approximately 2 per cent—will come from general revenues.

Beyond direct costs for highway programs, cities, because they are so heavily dependent on the property tax, bear significant indirect costs in losses of taxable land to highways. Between October 1968 and December 1970, federal highway programs in urban areas provided relocation assistance to persons displaced from 37,131 dwelling units and 5,733 businesses. But no aid came to cities which lost the taxes from these properties. Some will argue that new highway rights-of-way raise the value of adjacent property to compensate for losses in the right-of-way. But often adjacent property values decline significantly between the time a right-of-way is selected and completion of construction—a period which can last many years. In addition, there are those who dispute the argument that new roads upgrade adjacent property values, at least as that argument is applied to heavily developed urban areas.

Such highway assistance that is provided to urban areas often does little to upgrade the system for traffic circulation within the urban area—that system so vitally necessary to maintain the economic base of the city. Rather, federal and state assistance programs concentrate on route systems to maintain inter-city highways which move traffic through and around the cities; and federal and state officials exercise greater control over route selection and project priority setting than do the local officials.

In addition to development of projects which may not be tailored to local needs and priorities, tight federal and state control over urban highway assistance results in severe delays in getting assistance to urban areas, particularly when the federal and state agencies' priority interests are elsewhere. In 1968, Congress authorized \$400 million for fiscal years 1970 and 1971 to improve traffic operations in urban areas through the TOPICS program. By the end of fiscal year 1970 only \$1 million of these funds had been obligated for improvements to local traffic systems, and the DOT budget indicates that a total of only \$97 million of these funds will be obligated by the end of fiscal year 1971.

At the federal level, five separate assistance programs affect urban areas. These support, separately, construction of the Interstate System, urban extensions of the Primary System, urban extensions of the Secondary System, traffic operation and engineering improvements on federal aid routes (TOPICS), and improvements for other designated arterial highways (the Urban System, authorized in the 1970 Highway Act and which went into effect the first of this month). Local officials do not exercise a

dominant role in any of these programs, though in the Urban System state and local officials are to make decisions "in cooperation with each other," subject, of course, to federal approval. With each system the relative powers of federal, state, and local officials are different, the funding is different, and federal and state regulations are different. This creates considerable confusion and makes it almost impossible to develop a coordinated program for improvement of local highway systems relying on federal assistance.

The National League of Cities has urged (as a step to improve the capacity of local officials to coordinate these programs) that the urban extensions of the Secondary System, the TOPICS program, and the Urban System be combined into one system with local officials playing a dominant role in selecting routes and setting priorities for financing. However, Congress in the 1970 Highway Act, with the strong backing of the Administration, chose to preserve the fragmented structure for financing and programming urban routes.

Such a clearly inadequate financing structure for urban highways cannot continue. Local officials were among the first and the strongest supporters of programs to dedicate highway user taxes to trust funds reserved for highway purposes at both the federal and state levels. But considering the limited returns in comparison to contributions cities have made and the great needs for assistance in upgrading local transportation systems, it is time for city officials to rethink their position on this issue.

Since the 1968 Congress of Cities, NLC's *National Municipal Policy* has warned that local officials will not continue support for the highway trust fund unless much more adequate financing is provided for Urban Systems. Today, in addition to financing problems, several other factors are gaining increasing importance which demand a review of position.

These new factors will require not only that a great deal more state and federal money be spent on improving urban transportation systems but also that local officials be given much greater control and discretion in developing the mixes of transportation systems most appropriate to serve their city. Unless state and federal highway trust funds can be regeared to support more costly and more flexible transportation improvement programs in cities, city officials should not be counted on to support further extension of trust fund programs.

Briefly listed, the important factors in this consideration are:

The severe and growing financial crisis of the cities which makes it very difficult for cities to maintain existing contributions from their general revenues to highways while both state and federal governments often report surpluses in highway user tax receipts. Currently, the accumulated surplus

in the Federal Highway Trust Fund is over \$5 billion.

A growing belief among city officials that dedicating ever increasing amounts of urban land to highways severely curtails local planning options and may make an economic and social regeneration of central city areas impossible; first, because of an inability to combine sufficient amounts of non-highway dedicated land to try new experiments in housing, commercial ventures, or industrial expansion which could lure back large numbers of people who are now abandoning cities; second, because the property tax base could be so eroded that needed funds for new programs would be absolutely unavailable and loans would be impossible to obtain.

The year 1972 will see the originally scheduled date for completion of the Interstate Highway System come and go with the actual completion date still well in the future. Vitaly needed improvements to urban traffic systems were originally deferred awaiting completion of the Interstate System. Now these major improvements in urban areas can be delayed no longer. In many cases urban traffic conditions have been aggravated by improvements on the Interstate System which have funneled large volumes of traffic onto urban street systems unprepared to move this traffic efficiently. Further, the Interstate System is not fulfilling its assigned function in many urban areas because it carries a heavy volume of local traffic forced onto the freeway because of the inadequacy of the local street system.

Increasing agreement that inexpensive and convenient transportation alternatives must be provided for those millions of Americans who do not have use of an automobile in our system which in some areas places almost exclusive reliance on highways and the automobile for mobility. Included in this group are the approximately 65 million Americans under 16 years of age plus many older persons and poor people who are barred from the road because of infirmity or poverty. The poor, the old, and the young are also those who most often need the better access to urban opportunities that good transportation can provide, but there is little prospect of private automobiles improving those prospects in the near future. Stricter licensing and motor vehicle inspection requirements and unavailability or high cost of auto insurance are making it increasingly difficult and costly for the disadvantaged to own cars, which, when they are purchased often only perpetuate the circle of poverty.

Greater national concern about the relationship of motor vehicle traffic to air pollution which is creating pressure at many points to curtail motor vehicle traffic while at the same time preserving an efficient high capacity system for moving people and goods so vitally necessary for urban survival. Motor vehicles account for more than 80 per cent of all air pollution in Atlanta and Washington, D.C. Levels are nearly that high in many other major cities. Recent studies have shown startling increases in lead levels in the air of several major cities during the past several years raising the potential of a critical health hazard. In issuing recent guidelines for achievement of air quality standards demanded by law, William D. Ruckelshaus, administrator of the Environmental Protection Agency stated, "If we are to meet the legal deadline for carbon monoxide, then, some cities may have to require drastic changes in their commuting habits."

Thus, merely improving the efficiency of highways to bring in more cars may become a legally prohibited transportation alternative for some cities. Other solutions must be available. Each affected city will have to develop a system for moving people and goods which complies with these regulations while preserving the vitality of the central city. Certainly, the locality must exercise control over use of resources to solve this problem. In

addition, it is arguable that since motor vehicles have contributed to the problems requiring the realignment of traffic patterns, motor vehicle user taxes should help pay for the solutions, even if the solutions are not highway related.

The answer to these problems, however, is not to cut off the highway trust fund and start tearing up the highways as some would suggest. Rather, the goal of city officials must be to redirect the vast resources of federal and state highway trust funds toward meeting today's urban transportation problems. Accordingly, I would suggest the following program, which, if adopted, will provide the basic reforms necessary to aid the cities. Without such reforms, city support for highway trust funds, already weakening, will continue to erode.

First, new highway user tax allocation formulas must be implemented which assure that urban areas will receive back a substantially larger portion, more nearly approaching the user tax revenue they generate and assuring that a more equitable share of urban transportation costs is financed by highway users. No longer is it valid to suggest that because of the poverty and economic difficulties of rural areas, cities should provide a major subsidy for rural highways. Today's greatest poverty crisis and today's greatest economic crisis is in the cities. Cities must receive a much greater share of user tax revenues to meet their transportation needs and preserve themselves as economic entities.

Second, this substantially larger portion of user tax revenues for urban areas could be realized in part by fixing a ceiling on funds allocated to the Interstate System and providing that future increments in the Highway Trust Fund be dedicated to improvement of urban systems. Such an approach is proposed in the *National Municipal Policy* and recently received support of state highway officials on the Joint NLC-American Association of State Highway Officials' Committee on Urban Highways.

Third, the great bulk of user tax revenues returned to cities should be allocated among cities according to a mandatory formula assuring a *predictable* level of assistance which local officials can plan for in developing their transportation budgets. Such formulas will avoid the long delay incident to federal and state decisionmaking in allocating funds. A small portion might be reserved for allocation on a needs basis to localities with urgently needed transportation programs which could not be financed from the formula allocation. However, other programs such as the Urban Mass Transportation Act should be looked to by individual localities requiring high levels of assistance for improvement of transportation systems.

Fourth, local officials should be allowed to use trust fund revenues for improvement of a broad range of transportation services. In most cases, these funds would be used to improve highway systems but with greater coordination than permitted by today's fragmented aid system. In some instances these funds would be used to support improvement of public transportation, particularly improvements required for those people or areas of the city which cannot be adequately served by private auto. This greater flexibility in use of funds will allow each urban area to tailor its own solutions to transportation problems without being prejudiced by availability of funds.

Fifth, the comprehensive urban transportation planning processes should be upgraded so that they can adequately develop comprehensive transportation programs for urban areas with the new flexibility of funding they will have. As part of this upgrading, incentives must be provided for communities to pool funds they receive under the formulas in order to both plan and implement the total urban transportation system. Additionally, federal support for transporta-

tion planning which is currently provided as part of grant-in-aid programs relating to each transportation mode must be pooled and allocated to support local planning efforts by an agency without a bias toward any particular mode in solution of transportation problems.

SENATOR HUMPHREY'S ADDRESS TO THE ANNUAL CONFERENCE OF THE NATIONAL ASSOCIATION OF COUNTY OFFICIALS

Mr. TUNNEY, Mr. President, the Senator from Minnesota (Mr. HUMPHREY) addressed the annual conference of the National Association of County Officials yesterday in Milwaukee, Wis. In that speech he urged this country to dedicate itself to the development of a more balanced national growth policy. He stressed the importance of such a policy in providing the people of this country with a true freedom of residence, a freedom of choice as to where they work and live.

I commend the entire speech to the Senate and ask unanimous consent that it be printed in the RECORD.

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

REMARKS BY SENATOR HUBERT H. HUMPHREY

Two weeks ago, the Senate Subcommittee on Rural Development of which I am privileged to be the Chairman, held field hearings in the South. We went to Georgia and Alabama to examine firsthand what local people were doing to solve their problems.

And, we found out.
We saw progressive and exciting child development centers, bold and beautiful recreational areas, business and industry reviving. We were told about jobs, about opportunities, and about good wages.

And, when we asked how these things have come about, invariably the answer was *People, Resources, and driving, committed Leadership.*

The two areas we visited—Alma-Bacon, Georgia, and Decatur, Alabama are success stories of rural renewal.

We need similar success stories in other parts of our Nation, because we are faced with an overpowering sense of urgency that envelops our cities and counties and frustrates our way of living.

We know the problems. Urbanologists can recite a litany of urban ills.

They see smog, and they say it is bad.
And, it is.

They see slum housing, and they say it is bad.

And, it is.

They see congestion; they see poor schools; and they say these are bad.

And, they are.

But beneath all of these is one inescapable fact: We have not yet learned that as a nation we must begin to plan and to understand our own growth.

Two hundred years ago, this country dedicated itself to national independence.

Now, two hundred years later, this country must dedicate itself to balanced national growth.

To live as a free people with free political institutions requires *freedom of residence*—to be able to choose where we want to live.

That freedom is being denied today—by technology, by confused national policies that have permitted our rural areas to deteriorate and our cities to decay, but most importantly by the lack of a *National Growth Policy*.

Does it make sense for the outmigration from rural areas to continue at the rate of 600,000 a year?

Is it right that more than one-half of all

the counties in the United States lost population last year?

Does it make sense for 73 percent of the people to live on 2 percent of the land?

Is it sound national policy for a nation of our size, our wealth, and our potential to be without a transportation policy, an understandable energy policy or a program for long-term financing of public facilities?

I say it is not sound national policy; it makes no sense.

And, it is time to come face to face with reality: We have been asking the wrong questions and seeking the wrong answers.

We should ask not *are* we going to grow, but, "*How* are we going to grow?" "*Where* are we going to grow?" and "*What kind* of life will we have?"

We could continue on the same course, with the continuing migration to the cities. But it is breaking the backs of the taxpayers and still the cities cannot provide adequate services.

We can continue to have a total national welfare burden of some \$20.9 billion dollars. We can continue to see welfare costs increase—as they have in Los Angeles, for example, rising in just two years from \$700 million to \$1.3 billion.

We can continue to spend huge amounts for basic services—services that seldom get better but always get worse.

We can continue as before—or we can define and follow a balanced national growth policy.

We can decide what we must do in transportation, in housing, in education, in land use, in health and welfare, and in population distribution.

And we can begin immediately to implement balanced national growth programs.

But, any programs we propose and any changes we make will fail unless we have a healthy, booming economy.

This nation's economy is floundering badly and all of us know it.

Inflation has boosted food prices, housing costs, clothing costs and medical expenses.

The consumer price index has increased at an annual rate of about 6 percent.

Unemployment totals over 5.5 million workers—and the so-called "hidden unemployment"—people so discouraged because they can't find a job that they have dropped out of the labor force altogether—may make the total as high as 7 million.

And, by the end of this year the recession will have cost State and local governments \$6 billion in lost revenues. It will cost the Federal Government over \$30 billion. And, it will cost the economy over \$150 billion.

We simply cannot continue with a high rate of unemployment with high interest rates, with climbing inflation, and a sluggish economic growth.

I have called for an effective national incomes policy to curb inflation, to build confidence in the dollar and to stimulate the economy.

I repeat that call today. I invite you to join with me.

I believe that the 1970's should be the decade of domestic development.

In the 1950's, we ignored problems.

In the 1960's, we defined problems and began to solve them.

In the 1970's, we must make the breakthroughs that lead to real solutions.

This is a decade in which we must correct the imbalance that has made our Nation privately wealthy but publicly poor.

And we can begin by implementing a national growth policy.

When I spoke to your Legislative Conference in April, I endorsed the idea of general revenue sharing.

I want to reiterate my support. And I urge both the Congress and the Administra-

tion to put aside partisanship and individual pride of authorship to pass an acceptable revenue sharing bill *this session*.

But I want a revenue sharing bill not just for the big cities but for all units of government. I cannot support a revenue sharing plan that omits states and cuts off counties under 50,000 population.

To do so would be to make over 40 percent of our people second-class fiscal citizens.

And, I will not be a part of it.

We must also federalize the entire cost of welfare. And, we can make a beginning this year.

Welfare is a national problem. It demands national answers and national financing.

A third program that I believe is essential is the National Domestic Development Bank—legislation I recently introduced to help cities, states, and towns finance vitally needed public projects.

My legislation is based on accepted principles of international finance. I propose that we now apply them at home by providing long-term loans at low interest rates and couple the financial help with technical assistance.

This plan will allow cities, counties, towns, school districts and other government jurisdictions to move ahead on a wide range of urgently needed public construction.

It will provide an alternative source of funds for new schools, for medical and hospital centers, for day care centers, parks, waste disposal plants, playgrounds, mass transit systems, and much more.

It can provide jobs and stimulate the economy.

It can remove the reliance of local governments on the ever-increasing property tax.

And, it can help promote better balanced urban-rural growth.

We have used this approach successfully overseas. I say if we can help build a better Rio de Janeiro, then we can build a better Milwaukee or Detroit, or McKean or Erie County.

Next, we can and must enact the Consolidated Farm and Rural Development Act of 1971.

This legislation can help stem the tide of outmigration before it becomes a flood.

It recognizes that much of the urban crisis is due to the deterioration of rural America.

This proposal is fundamental to a National Growth Policy.

The legislation is designed explicitly for communities under 35,000 population. It creates a Federal Rural Development Credit Agency to be an expeditor of community programs.

This is a bill to help small communities and rural counties to conserve their most basic resource—people—people who can build and revitalize their communities.

But development and financial proposals are only part of achieving a viable balanced national growth.

If we are really serious about understanding national growth . . . if we really want to help the cities . . . if we really want to renew rural America and make a better life for all of our citizens . . . then we must take a hard look at the structure of government at all levels. For all levels of government must play a role, working together, putting aside narrow self-interest and jurisdictional jealousies to promote a better life for people—because that is what government is all about.

County government is coming into its own. There has been a lot of talk about the place and about the future of county government.

I say it has a place and an important future.

But I also believe it can do better than it has been doing.

And reorganization can help make county government more effective. It can make it

more understandable, more sympathetic and more responsive.

Let me give you my views:

First, counties must have the option of home rule. They must have the power to restructure the way they deliver services. They must have the flexibility to change their methods.

Second, we must reduce the proliferation of autonomous and overlapping jurisdictions.

In Los Angeles County, for example, there are over 3000 separate units of government. In Watts alone, there are over 80 different jurisdictions.

Counties should have control over this infrastructure—the special districts of an area. Counties should be able to supervise the activities of these districts and make certain that one district does not work against the interest of the others.

Third, counties need the authority to transfer and consolidate functions between the municipalities and county governments. There can be a "two level" approach to serving people, if the authority to rationalize functions is provided.

Fourth, counties should have adequate taxing power.

Fifth, counties need the authority to coordinate and evaluate municipal zoning priorities in order to use available land wisely for planned, balanced growth.

Sixth, county governments must become more professional. They should utilize advanced technology and management experts. I believe they should hire out-of-work aerospace engineers, research associates and other trained personnel.

But at the same time, political responsibility should be centralized in the hands of an elected official and his council.

Experts should be kept on *tap*—not on *top*. County reorganization is only one aspect, though, of effectively implementing a national growth policy.

What is also needed is the transformation of single purpose planning commissions into comprehensive planning and development agencies on a multi-county basis.

Multi-county units can deal more effectively and more efficiently with the economy, migration, poverty, underemployment, governmental cooperation, citizen participation and balanced growth.

These organizations are a natural link between the counties, the states and Federal agencies. They can provide the administrative and communication channels between the various governmental levels.

They can be mechanisms for policy determination on a regional scale.

But if they are to be effective, they must be granted area-wide responsibilities.

Multi-county bodies should not be isolated—they should be duplicated over the entire states.

They must have professional staff.

County membership must be mandatory.

And these agencies must be adequately funded.

Development Banks, credit services, governmental reform, and comprehensive planning can take us a long way toward balanced national growth.

The urban and rural crises are real and urgent and challenging.

If we are going to do anything about how we live, and where we are going to live—if we are going to have true freedom of residence, then we must act now.

Tomorrow is too late.

Today is the first day of the rest of our life.

RURAL HEALTH CARE

Mr. HUMPHREY. Mr. President, there are many things about the quality of life in rural community America which need significant improvement, but per-

haps one of the greatest needs is in the area of rural health care.

Many rural counties have no doctor at all. Hundreds of others have no medical specialists, nor adequate backup health personnel.

I am pleased to see that the Samaritan Health Service in Phoenix, Ariz., is making an enormous contribution toward bringing adequate health care to the countryside.

Mr. President, I ask unanimous consent that a Washington Post article on the Good Samaritan Health Service be printed in the RECORD.

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

CITY-COMMUNITY HOSPITAL CONFEDERATION
AIDS RURAL CARE

(By Stuart Auerbach)

PHOENIX, ARIZ.—On a Thursday morning this spring, Mrs. Alvin Reidhead gave birth to premature triplets in the small hospital at Holbrook, 200 miles from here.

As births of premature triplets go, the delivery was routine. But the infants were all high-risk babies—weighing less than the 5½ pounds the doctors feel is necessary for survival.

All three Reidhead triplets—Vikki, Nikki, and Ricki—survived, thanks to a unique hospital network that provided them with the newest, most sophisticated care available anywhere.

They were born in the 25-bed Holbrook Hospital under the care of Dr. Robert Joseph Haley Jr., an oldtime general practitioner who has helped deliver three sets of triplets in his lifetime.

But he had a backup in this case that went far beyond what is available to most GPs practicing in remote, small-town hospitals.

For Holbrook Hospital is part of Samaritan Health Service, a confederation of nine Arizona hospitals stretching from the booming suburbs of Phoenix to the rim of the Grand Canyon, 250 miles from here.

Good Samaritan Hospital in downtown Phoenix, a leading medical center, is the focus of this two-year-old experiment to find new ways of providing medical care to both rural and urban residents of one of the nation's fastest-growing states.

The experiment is being watched with growing interest by hospital officials and health planners across the country who see it as a way to insure that the hospital remains the center of health care delivery.

It is the prototype of Ameriplan, the American Hospital Association's program to reform health care in the country.

Under Ameriplan, hospitals would change from institutions that only care for people who arrive at their doors to ones that reach out into the community to find the sick and that run programs of preventive medicine.

They would emphasize out-patient care as well as in-hospital treatment. And they could be easily converted to the prepaid group practice-health maintenance organization concept that is so popular with health reformers.

"It's a direction in which the voluntary hospital and private medical systems can go to save themselves," says Stephen M. Morris, president of Samaritan Health Service. He is also president-elect of the AHA and an architect of Ameriplan.

"I think if we continue to go the way we are now," he adds, "we're going to lose the whole ballgame. The public is simply not satisfied with either our financing mechanism or our delivery mechanism."

Ameriplan would establish a national network of hospital-based corporations that would provide medical care to all residents of a given area in much the same way that Samaritan Health Service helps hospitals in outlying communities such as Holbrook.

For example, when the Reidhead triplets were born, Samaritan Health Service mobilized its full facilities to keep them alive.

Mary Flemons, the head nurse at Holbrook Hospital, had just returned from a refresher course at Good Samaritan and was up to date on the care of high-risk newborn.

To bolster her, Joanne Junasz, a pediatric nurse at Good Samaritan, drove to Holbrook with extra supplies. And the health corporation rushed three Isolettes—baby-sized incubators—from Phoenix to Holbrook.

Meanwhile, Dr. Haley at Holbrook conferred twice daily by phone with experts in the care of the newborn at Good Samaritan.

The triplets thrived on the round-the-clock care they received at Holbrook. But the hospital's small staff was physically overtaxed; doctors and nurses there couldn't maintain the care the infants needed and still treat their other patients.

So the Reidhead triplets were flown to Good Samaritan in the health system's ambulance plane. They stayed there until they gained enough weight and strength to go home.

Samaritan Health Service has done more than just take care of cases too complicated for the smaller hospitals. Indeed, a good part of consortium's job has been keeping these hospitals supplied with doctors and nurses.

One man, David W. Graef, spends much of his time recruiting doctors for the outlying hospitals.

"Some Friday nights when there are no doctors I get one by Saturday. I call everybody I know who has the weekend off," says Graef.

The big problem is the isolation of the small towns. And when the doctors like it, the wives usually don't.

"I'm convinced if they'd stay there a while, they'd love it," says Graef, who has even tried advertising for doctors in conservation magazines.

The problem of finding doctors to locate in small towns is a national one, with vast stretches of rural America without medical help. In many towns, the only physician is elderly and unable to find a replacement so he can retire.

Morris thinks a hospital-based network, such as Samaritan Health Service, could help solve the problem of getting more doctors for rural America.

"I kept two hospitals open in northern Arizona by being able to move doctors there and relieve them when needed," he says.

Samaritan Health Service also improves the ability of the small hospitals to practice sophisticated, quality medicine.

Now they can offer medical tests that are impossible to perform in a small hospital laboratory. A car now makes a circuit of each hospital daily and picks up samples to be tested in the Good Samaritan laboratory. The results are telephoned back to the individual hospitals.

Dieticians from the health service's headquarters here travel to the smaller hospitals and help them plan their meals. Other experts help set up better billing systems and community relations campaigns—services that the small hospitals couldn't afford on their own.

And all the doctors and nurses at the outlying hospitals can take refresher courses at Good Samaritan, in much the same way that Mrs. Flemons from Holbrook had done before the birth of the Reidhead triplets.

Bringing sophisticated medical care to the vast, sparsely populated regions of Arizona

is only one part of Samaritan Health Service's activities.

The consortium also has taken three hospitals in the suburbs of Phoenix, one of the fastest growing areas of the nation, under its wing.

Doctors at these small suburban hospitals also have the benefit of backup from the specialists at Good Samaritan. For example, they can get the complicated analysis of blood gas levels done in minutes through Good Samaritan's laboratories, and experts at Good Samaritan can diagnose from electrocardiographs transmitted from one hospital to the other over telephone lines.

"It's helped upgrade the quality of medical care—at least in my hospital," says Raymond L. Tate, administrator of the 62-bed Northwest Hospital in nearby Glendale.

"Major benefits have ensued to the small hospitals. The strengths of Good Samaritan have been made available to us."

Meanwhile the corporation is saving money by centralizing training, purchasing, insurance coverage and administrative functions.

Morris says that the 1970 budget for all the hospitals together was \$40 million. If the nine hospitals had been operating separately, he says, their total budgets would have been \$44 million—10 per cent higher.

Furthermore, he says, costs at his hospitals are rising slower than the national average. In 1969, the first year of the health service's operation, its bills increased 8 per cent compared to the national average of 12 per cent. In 1970, the Samaritan Health Service increase was 9 per cent the national average for hospitals, 15 per cent.

Although the idea of a coordinated network of hospitals had been in Morris' mind for years, Samaritan Health Services got its start in the spring of 1968 when Southside Hospital, in a nearby suburb, was in such dire financial shape that Good Samaritan bought it at a bankruptcy sale.

Northwest Hospital, also in financial trouble, asked to join the system next.

Other hospitals asked to join in Samaritan Health Service officials say they have not solicited other hospitals to join.

While health experts from all over the country come here to study Samaritan Health Service, local doctors and hospital officials have greeted the experiment with some reserve.

At local hospital administrator meeting says Tate, "I don't get a lot of praise or support. They just say, 'Don't rock the boat. Don't rock the boat.'"

Morris has alienated many Arizona doctors, who are especially conservative, by saying publicly that Samaritan Health Service's concept will end the traditional fee-for-service practice of medicine for a single doctor.

The system also lost some medical allies who feared that too many of the strengths of Good Samaritan were being drained to help the smaller hospitals. "This hurt," says Nelson.

While Samaritan Health Service continues to gain strength here, other hospitals around the country are trying their own versions of the idea.

George Washington University Medical Center in Washington, for example, has taken a section of the city and promised to provide full medical care for anyone who lives there.

And in Chicago, Rush-Presbyterian-St. Lukes Medical Center announced last month that it is forming a unified health care system that will tie 20 community hospitals to it.

The plan includes the reactivation of Rush Medical College and the use of Presbyterian Hospital as the backup facility for the community hospitals. The network will cover 1 million to 1½ million residents of Chicago.

Morris says these experiments are important.

"If we can demonstrate to Congress that the private sector can deliver health care, the public will accept," he says, "I think that Congress will give us a chance."

S. 2219: VA HEALTH MANPOWER TRAINING ACT

Mr. CRANSTON. Mr. President, on June 30, 1971, I introduced S. 2219, the proposed Veterans' Administration Health Manpower Training Act of 1971, a bill to amend title 38 of the United States Code to authorize the Administrator of Veterans' Affairs to provide certain assistance in the establishment of new public nonprofit medical, health professions, and allied health schools and the expansion and improvement of health manpower training programs in Veterans' Administration facilities and in existing educational institutions affiliated with the Veterans' Administration.

At that time, I was unable to make a full statement explaining the bill or present a section-by-section analysis of the bill. I would like to do so at this time.

THE NEED

The Nation's critical shortage of all types of health professionals and all types of allied health professionals is an accepted fact. This shortage is further aggravated by the enormous increase in the use of health care services which can be attributed to our expanding population, increasing numbers of older people and children, better education with a consequent growing awareness of the availability of health care services, and the improved ability of people to pay for health services, especially through the mechanisms of insurance and prepayment.

Among our social goals, few have higher priority than the improvement of public health. I am committed to the proposition that preventive, curative and rehabilitative medical care should be within the reach of all persons in America, regardless of race, geographic location or economic status.

Along with a growing demand for health care services and our efforts to meet this demand, we have experienced an ever increasing sophistication of methods and a relative shortage of skilled manpower in the field. As a consequence, the cost of medical care has risen to a point where it threatens to frustrate our social goals and to price itself beyond the reach of both public and private resources.

THE STATE AND NATURE OF HEALTH MANPOWER EDUCATION AND TRAINING

We have a great deal of knowledge and experience in the field of health manpower development. Indeed, the current health manpower shortage is a reflection of success as well as one of failure. The methods of modern medicine have prevented or cured many of the most devastating of diseases; they have prolonged life, reduced disability and relieved much human suffering. These achievements, along with the inability or unwillingness of health care to providers to alter the traditional methods of pro-

viding services, have contributed significantly to a demand that now outstrips our ability to render the services needed.

Our need for health manpower goes beyond a mere increase in the numbers of workers. More highly trained personnel must be produced to handle the complex technologies of modern medicine. New categories of workers are needed to extend the functions of existing skills and to achieve the necessary volume of services. Health facilities, human skills, and financing mechanisms must be re-examined and reorganized into new and better methods for the provision of health care. Moreover, in order to retain and update the knowledge and skills of health manpower, we must produce an extensive system of continuing education together with an adequate system for periodic evaluation of both quality and productivity.

I plan to introduce legislation in the near future which will be directly applicable to these latter needs, particularly in the context of Veterans' Administration facilities and health manpower.

ALTERNATIVES TO MEET THE NEED IMPROVEMENT AND EXPANSION OF MEDICAL SCHOOLS

Many new approaches which I believe show great promise were included in the October 1970 report of the Carnegie Commission on Higher Education. Many of the Commission's recommendations having direct application to expansion and improvement of medical schools have been adopted by the Senate in S. 934, the Health Professions Educational Assistance Amendments of 1971. This bill, which I cosponsored and to which I successfully offered significant amendments, was passed unanimously by the Senate on July 14. My amendments included the provisions for the acceleration of medical and dental education, for increases in the size of health professions entering classes and for the shortening and reform of required medical school curriculums, as well as incentives to encourage the admission of socioeconomically disadvantaged persons and minority group members to training in medicine and dentistry and the other health professions. I might add, the Senate has also just passed unanimously S. 1747, the Nurse Training Amendments of 1971, which provides these same improvements and advances in the nursing professions. S. 934 also specifically provides for the development of new medical schools.

ESTABLISHMENT OF UNIVERSITY HEALTH SCIENCE CENTERS

The Carnegie Commission also recommended the establishment of additional university health science centers. These centers' responsibilities would include the coordination of the education of health care personnel and cooperation with other community agencies in improving the organization of the provision of health care.

The commission recommended that VA hospitals at Fresno, Calif., Hampton, Va., and at Reno, Nev., be utilized in the es-

tablishment of new university health science centers.

ESTABLISHMENT OF AREA HEALTH EDUCATION CENTERS

An additional recommendation of the Carnegie Commission was the establishment of area health education centers. This recommendation was based on the premise that many parts of the country do not provide ready access to the medical centers associated with medical and dentistry schools for treatment or for training of health manpower. In some cases, this is true in an urban area where the demand for facilities is so great that existing centers are inadequate to the need. But, mostly, it is true in rural areas where distances alone preclude easy access.

To remedy this defect in the health system, the Carnegie report suggested the establishment of area health education centers, facilities which would be extensions of major medical centers, would have a constant interchange of faculty and students with the affiliated health professions school, and would, in turn, provide needed counseling and training to the surrounding community.

The report suggested, as potential candidates for establishment as area health education centers, community hospitals, specifically calling attention to the possibility of utilizing Veterans' Administration hospitals for these purposes. In fact, the Commission suggested some 17 VA hospitals as good nuclei for these area health education centers. These VA hospitals are at: Montgomery, Ala.; Los Angeles, Calif.; Boise, Idaho; Fort Wayne, Ind.; Topeka, Kans.; Saginaw, Mich.; Biloxi, Miss.; Miles City, Mont.; Grand Island and Lincoln, Nebr.; Fargo, N. Dak.; Altoona and Erie, Pa.; Columbia, S.C.; Amarillo, Tex.; Spokane, Wash.; and Cheyenne, Wyo.

I think it is obvious that the solution of the Nation's health manpower problem will require the combined talents and energies of the private sector and public agencies. It will demand the mobilization of institutions and human resources in widely scattered areas throughout the country.

I agree with the commission that a greater role can be played by the VA hospital system in the overall national health system. The VA system already has achieved recognition as an important contributor to the Nation's health resources.

The Carnegie Commission did express some reservations about the effect on education programs of current Veterans' Administration policies limiting the provision of total health care only to veterans for a service-connected disability or for any disability if they were discharged or released from military service for a disability incurred or aggravated while in military service; and generally limiting care for a non-service-connected disability to those services necessary in preparation for a scheduled hospital admission, or followup care for such an admission, or to a veteran who has a

permanent total disability from a service-connected disability.

I also agree with the commission that a greater role should be played by the Veterans' Administration hospital system in meeting the medical needs of veterans, and, indeed, the chairman of the House Committee on Veterans Affairs (Mr. TEAGUE) and the administration have each authored legislation—H.R. 37 and S. 1924—which will broaden the scope of health care which may be provided veterans. I was delighted to join in introducing (by request) the administration bill—S. 1924—which would permit the provision of medical services for a non-service-connected disability where such care will obviate the need for hospital admission.

I proposed just this concept in my March 4, 1970, speech before the American Legion National Legislative and Rehabilitation Commissions as follows:

Expanding pre-hospital outpatient care for non-service-connected conditions to include reasonably necessary care to prevent hospitalization, as well as to prepare for it.

Next week I intend to introduce legislation which would authorize the provision of outpatient care for a non-service-connected disability when such ambulatory care is the most appropriate method of treating that disability. Additionally, I will recommend providing hospital and outpatient care to the wife or children of a veteran having a total and permanent disability which is service-connected and, where such care will not interfere with furnishing services to veterans, providing hospital and outpatient services to widows or children entitled to death compensation or dependency and indemnity compensation under title 38. This same bill will authorize the VA to treat a veteran's family where that is necessary for the veteran's total care and rehabilitation. For example, many psychiatric disabilities can only properly be treated through a family relationship.

With the broadened patient care that will be provided by this proposed legislation, Veterans' Administration facilities will not only provide better care to eligible veterans—that is by treating "the whole patient" and by treating him as part of a family unit—but education and training programs will provide greater diversity in clinical training and a broader medical experience for the student.

RULE OF THE VA DEPARTMENT OF MEDICINE AND SURGERY IN TRAINING HEALTH MANPOWER

In the discharge of its major mission, the care and treatment of veteran beneficiaries, the Veterans' Administration produces an important byproduct in trained health manpower. In its huge system of hospitals, clinics, and extended care facilities—by far the largest such system in our Nation under a unified management—the VA has developed programs to assist in the education and training of physicians, dentists, nurses, and more than 60 other categories of health care and administrative support personnel.

Both the quantity and the high quality of these training programs are made

possible by cooperation with medical schools, colleges, and universities throughout the country. At the present time, 82 medical schools maintain affiliations with 96 VA hospitals. In addition, the VA is affiliated with 52 dental schools, 287 nursing schools, 75 schools of social work, and 93 graduate departments of psychology. Students are also accepted from schools of physical therapy, occupational therapy, and from universities, colleges, and junior colleges.

Approximately one-half of all physicians entering practice each year receive some of their training in a VA hospital, and large proportions of other health personnel are a product of this system. A total of about 53,000 trainees will be handled through the VA and its affiliates during the current year—fiscal year 1972.

The VA investment in training programs has been highly justified in terms of the consequent improvement in the quality of patient care for the disabled veterans in its facilities. Many VA trainees are thereafter recruited for employment in the agency; and the instructional personnel are among the best in their fields. The existence of educational programs and of university affiliations has proved to be extremely valuable and is today virtually indispensable for the recruitment and retention of full-time health staff in VA hospitals.

CURRENT LIMITATIONS ON VA ROLE

However, despite this substantial contribution and enormous potential, the VA health and hospital system is not now being fully utilized as a resource for the Nation's manpower pool. Nor has its full potential ever been seriously approached.

Undergraduate medical training, including clerkships, and internship, and residency training programs in the VA could readily be expanded to accommodate about 10 percent more—well over 2,000—students in existing facilities. A principal inhibition has been the philosophy—embodied in present section 4101 (b)—that VA training funds should be limited to support of the VA mission. In point of fact, it would be extremely difficult to conduct modern health manpower training within the confines of a single type of health facility.

Full use of the VA system as a health manpower training resource for the Nation is not entirely a matter of direct funding. A major inhibition to full utilization is the lack of a clear legal structure for the present VA operation in the manpower field and the lack of public recognition of this important role. The VA must generally defend its training budgets in reference to agency manpower needs alone or in terms of services actually delivered by students.

A specific commitment to the mission of health manpower development would greatly improve the VA position in reference to affiliations, especially with community colleges and non-Federal hospitals, and would permit expansion even within current levels of spending.

In addition, further expansion of VA

medical manpower training programs is inhibited by the limitations of available hospital space and staff time available for teaching.

An untapped potential exists in those hospitals which are not now affiliated with medical schools. These hospitals may be such distances from medical schools that affiliation is prohibited by that factor; or they may be underutilized for teaching by medical schools, because the schools have other adequate clinical facilities available to them.

All but two of the VA hospitals recommended for utilization in area health education centers or university health science centers are hospitals which currently are not now affiliated with medical schools.

To help meet the national health manpower shortage crisis, and to improve the VA system of care for its prime beneficiary, the veteran, I have introduced S. 2219, the proposed Veterans Administration Health Manpower Training Act of 1971. I have been joined in sponsorship of S. 2219 by a most distinguished group of eight other Senators: Mr. BENTSEN, Mr. EAGLETON, Mr. HUGHES, Mr. MANSFIELD, Mr. MONDALE, Mr. NELSON, Mr. RANDOLPH, and Mr. WILLIAMS. I wish to note the generosity of both Senators BENTSEN and MANSFIELD who had introduced an earlier measure—Senate Joint Resolution 76—identical to the more limited House version, House Joint Resolution 464, for joining in the more expansive S. 2219.

I would also like to congratulate my friend and colleague, Congressman OLIN E. TEAGUE, chairman of the Committee on Veterans' Affairs in the House of Representatives, for his success in securing House passage on July 19 of House Joint Resolution 748, which addresses this same problem. I am indebted to Chairman TEAGUE for his leadership in this area and the contribution made by his resolution and its predecessor, House Joint Resolution 464. While our bills differ in several instances, they share a common philosophy and intent. I am confident that this Congress will enact a bill which will enable the Veterans' Administration Department of Medicine and Surgery to expand its role and take on additional responsibilities in furtherance of the Nation's health goals, and at the same time improve the level of quality of care it provides to its prime beneficiary, the veteran.

GENERAL PROVISIONS OF S. 2219

S. 2219 would encourage the greater participation of the VA hospital and medical system in the training of additional health manpower through three major authorities:

First. Provision for expansion of existing Veterans' Administration hospital education and training capacity.

Second. Authority for the implementation of a pilot program to aid in establishing 10 new public nonprofit institutions, which may be medical, health professions or allied health schools, or area health education centers operated in conjunction with Veterans' Administration medical facilities.

Third. Authority to award grants to medical, health profession, and allied health schools which are affiliated with VA medical facilities for programs to expand and increase their capacity to train health manpower.

AN EXPANDED MISSION FOR THE VA DEPARTMENT OF MEDICINE AND SURGERY

Mr. President, these new authorities, amending title 38 of the United States Code, are based on a proposed major new expansion of the mission of the VA Department of Medicine and Surgery—D.M. & S.—included in the bill. This expanded mission—to assist in providing an adequate supply of health manpower to the entire Nation as long as that function does not interfere with the Veterans' Administration's primary mission of providing medical care and treatment to veterans—would be added to section 4101(b), in addition to the basic Veterans' Administration Department of Medicine and Surgery mission of caring for sick veterans.

At present, the basic D.M. & S. mission includes training and education of health manpower, but only to the extent that such training would help fulfill the VA major function of providing medical treatment and care to veterans. This inhibits training programs from expanding to their fullest capacity since, in general, further expansion of health manpower training could have been achieved without decreasing the quality or amount of care provided veterans. In fact, it is a well-accepted proposition that where active medical education programs exist, the quality of patient care improves.

LINE BUDGET ITEM FOR HEALTH MANPOWER TRAINING

The bill further encourages the expansion of the VA role in the Nation's health manpower system by requiring a line item appropriation in the VA budget for the education and training of health manpower. This provision should mitigate the difficulties the Department of Medicine and Surgery has faced in the past in having to justify its budget for training in terms of services provided to its hospital patients.

PROXIMITY OF VA HOSPITALS AND MEDICAL SCHOOLS

To foster more affiliations between Veterans' Administration facilities and health education institutions, the bill also includes an amendment to section 5001(c) of title 38, requiring that any new Veterans' Administration hospital may be constructed only if located near an accredited school of medicine or osteopathy which has agreed to affiliate with the new facility.

Similarly, in the new chapter 82, section 5065, which section 5(a) of the bill would add, relating to pilot programs to assist in the establishment of new medical, health professions, and allied health schools and area health education centers, such new institutions can be established only if they are located in proximity to and operated in conjunction with Veterans' Administration facilities. This requirement for affiliation is repeated in

section 5071 of the new chapter 82 with respect to Veterans' Administration grant assistance to schools of the health professions, and allied health, and area health education centers in that grants may be awarded only to those institutions which are affiliated with a Veterans' Administration medical facility.

SUBCHAPTER I: EXPANSION OF VETERANS ADMINISTRATION HOSPITAL EDUCATION AND TRAINING CAPACITY

The first major authority granted to the VA in the new chapter 82 which S. 2219 would add—that of expanding existing Veterans' Administration health manpower education and training—would provide that up to 30 percent of the amount appropriated for health manpower and training under the new chapter could be utilized for the extension, improvement, remodeling, or repair of Veterans' Administration buildings to make them suitable for manpower education and training programs. This would apply to the provision of equipment, classrooms, lecture facilities, laboratories, and other teaching space as well.

In addition, VA training programs would be supported in the development of improved methods of education and training, including programs to reduce the period of required education and training for health personnel.

This provision is comparable to section 773(e) of the Public Health Service Act, governing the determination of priorities for applications for project grants by health professions schools, which specifies that special consideration should be given to "the extent to which the project may result in curriculum improvement or improved methods of training or will help to reduce the period of required training without adversely affecting the quality thereof.", in addition to considerations of the effect of the proposed project on increased enrollment, and the maintaining of accreditation standing. The new VA provision the bill proposes is similar in philosophy to my amendments, described earlier, to S. 934 and S. 1747 for health professions and nursing education and also to the requirement of innovative reforms required in proposed section 5067(b)(1) in subchapter III and proposed section 5073(b)(5) for subchapter IV programs.

VA TRAINING OF NEW TYPES OF HEALTH MANPOWER

The VA is in a particularly opportune position to develop new methods of training and to experiment with educational requirements. It is a nationwide system, consisting of 165 hospitals—with three more to be activated during fiscal year 1972—in every region of the United States, with an outstanding reputation for training, due to its many contributions to the health manpower field. In addition, it has the unique ability to utilize health personnel without regard to the restrictions of State licensing or certification requirements. The Veterans' Administration hospital system is thus in a position to produce new levels and types of personnel; to expand the roles and responsibilities of existing types of

personnel; and to put the innovations to a practical test in a clinical setting under the quality supervision of VA and medical school staff. Hopefully, after success is achieved in the VA, the results of these innovations can be provided to the general medical community and can be incorporated into general usage.

For example, the VA provides an almost ideal training ground for the development of new categories of personnel calculated to extend the effectiveness of skilled professionals. It is estimated that existing facilities and VA affiliates could increase their annual production of physicians' assistants by no less than 200 or 300 if additional training funds were made available for this purpose.

Among the most qualified individuals who can benefit from these programs to train new types of health personnel are the returning trained health support personnel of the armed services, such as the Army medic and the Navy corpsman. However, careers in the health fields are by no means limited to those with previous health training. Because of my deep interest in providing career opportunities to veterans and particularly to disabled veterans and veterans of the current conflict in Vietnam, section 5063(c) of the new chapter 82, directs the Administrator to give the highest priority for admission to training programs to qualified individuals who are veterans of the Vietnam era and those who are disabled and that he give priority to qualified veterans in all other cases.

PILOT PROGRAMS FOR THE ESTABLISHMENT OF NEW SCHOOLS OR AREA HEALTH EDUCATION CENTERS

The second new authority included in S. 2219 is subchapter III in the proposed chapter 82: implementing pilot programs for the establishment of new medical, health professions, allied health, or area health education centers operated in conjunction with existing VA medical facilities. This new subchapter offers a dramatic new means of substantially contributing to the Nation's health manpower needs.

Under this authority, the VA could enter into an agreement with a college or university to establish a medical, other health professions, or allied health professions school or an area health education center, whereby the VA could lease to the college or university land or buildings for a nominal consideration; and make improvements necessary to make them suitable for use in training and education programs. The VA medical facility would provide the clinical setting essential to the training and education of students. In addition, grants could be awarded to these institutions to support the cost of faculty salaries for the first 6 years, with a gradually decreasing level of support, starting at 90 percent and decreasing down to 50 percent. To be eligible for such support, the school would have to show its ability to meet accreditation standards within a reasonable time, and to be able to provide full salary support after the initial 6 years. In addition, such a new school would have

to include in its plan such innovations as programs for cooperative interdisciplinary training, emphasizing the team approach in providing health services; and the training for new types of health manpower, such as physicians' or dentists' assistants—assuring the fullest opportunities for career advancement—and programs for recruiting and retaining financially or educationally disadvantaged individuals having potential for training in the health field. These provisions closely resemble the capitation conditions I added to S. 934 and S. 1747.

As I mentioned earlier, there are a number of Veterans' Administration hospitals, presently not affiliated with medical schools, situated in moderate-sized communities some distance from a university medical center, in areas being considered for the establishment of medical schools. Many of these hospitals have sufficient land and buildings to enable them to lease this property to a projected new medical or health professions school. In these locations, the Veterans' Administration hospital could easily provide the primary clinical teaching resources to a school, when supplemented by other local hospital resources in women's and children's diseases. The potential exists in many cases for utilization of the VA hospital in a health professions school, nursing school, allied health school, or an area health education center.

Projections based on the establishment of three medical schools, and one dental school would produce 100 additional graduates by the end of academic year 1976, and each year thereafter—75 physicians and 25 dentists—one projected nursing school would provide 100 new graduates each year after 1977, and some 5,000 individuals would receive training in allied health schools or area health education training centers each year.

SUPPORT OF AFFILIATED HEALTH PROFESSION, ALLIED HEALTH SCHOOL AND AREA HEALTH EDUCATION CENTERS

The third authority included in S. 2219 is contained in subchapter IV in the new chapter 82: direct financial support to schools affiliated with VA facilities to provide encouragement to such schools to expand and improve their capacities to train health manpower. The support would be provided only if it would result in a substantial increase in the number of students trained at the school—if such an expansion would not endanger its accreditation standing—or compromise the quality of education, and the school plans to include significant programs for the training of new types of health personnel, including physicians', dentists', and other health profession's assistants, and nurse practitioners.

One of the major benefits of this provision will be its impact on emerging medical schools and other health professions schools affiliated with VA facilities. Through grant support and the benefit of VA clinical settings they should produce significantly more and new types of graduates at a faster pace.

APPROPRIATIONS AUTHORIZATION

To carry out the purposes of the new chapter 82 to be added by S. 2219, an ap-

propriation of \$125 million for each of fiscal years 1972 through 1977, is authorized. The allocation of the amount appropriated among the three programs of the new chapter 82 of part VI of title 38, U.S. Code, is left to the discretion of the Administrator of Veterans Affairs, with the exception that no more than 30 percent may be utilized for programs under the new subchapter II—Expansion of Veterans' Administration Hospital Education and Training Capacity.

EMPHASIS ON CURRICULUM IMPROVEMENT AND ENROLLMENT EXPANSION

I would like to call attention to the major emphasis placed in S. 2219 on programs which attack the critical health manpower shortage and at the same time provide incentives for improvement and innovation in curricula.

In each of the three major subchapters of subchapter 82, assistance is conditioned on the inclusion in a training program—whether it be in a Veterans' Administration hospital, in a pilot program institution, or in an affiliated health education school or area health education center—of certain objectives. These objectives reflect the capitation condition programs I amended into S. 934 and S. 1747. They are to:

Reduce the period of required education and training for health personnel without adversely affecting the quality of such education or training;

Develop or initiate improved methods of education and training;

Attract qualified veterans to the health professions and para-professions;

Develop cooperative interdisciplinary training among health professions and allied health schools with emphasis on the use of the team approach in providing health services;

Expand and improve education and training opportunities for allied health and other health personnel;

Develop institutions that can become viable and self-supporting;

Train for new rolls, types, or levels of health manpower, including physicians' assistants, dentists' assistants, nurse practitioners, providing the fullest opportunities for career advancement and mobility;

Recruit, enroll and retain qualified individuals, who, due to socio-economic factors, are financially or educationally disadvantaged;

Maintain accreditation standards;

Increase numbers of students trained.

POTENTIAL APPLICATION OF PROVISIONS

The initial reaction from the medical community to provisions included in S. 2219 has been enthusiastic. The potential applications of its provisions are numerous.

Of the 114 schools currently listed by the AMA as approved or in development, only 24 are not now or currently planning to be affiliated with the VA. At the same time, the Veterans' Administration has made it a policy that no future VA health facilities will be established except in locales adjacent to health professions education institutions.

In my own State of California alone, the Loma Linda University School of Medicine has requested that a Veterans'

Administration hospital be constructed near it; schools already affiliated with VA hospitals have sought further relationships—the University of Southern California, Stanford University School of Medicine; and the University of California Medical Schools at Davis, Los Angeles, and San Francisco. Several have indicated a willingness to consider providing land for the construction of a new Veterans' hospital near the medical school. Also, the Veterans' Administration Hospital in San Diego, Calif., now under construction, is being built on land donated by the University of California at San Diego School of Medicine.

As I mentioned earlier, the Carnegie Commission has suggested 20 likely VA hospitals which could be associated with university health science centers or serve as the nuclei for area health education centers. In California, these include the VA facilities in Fresno and in Los Angeles.

In addition, I have received letters from leaders in the health education field in California suggesting affiliations between the VA hospital in San Francisco—Fort Miley—and the City College of San Francisco nursing school; the VA facility in San Diego and allied health professions training programs; and the University of California at Los Angeles School of Nursing and the Brentwood Veterans' Administration Hospital, in the training of the Geriatric Nurse Practitioner.

Mr. President, I request unanimous consent that there be set forth at this point in the RECORD statements I have received from Dr. Rhea de Tornay, dean, UCLA School of Nursing, and a letter from Dr. Clifford Grobstein, vice chancellor for Health Sciences and dean of the School of Medicine at the University of California, San Diego, regarding the applicability of S. 2219 to potential programs at those schools.

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

REACTION TO THE "VETERAN'S ADMINISTRATION HEALTH MANPOWER TRAINING ACT"

(Prepared by Rhea de Tornay, R.N., Ed. D. Dean designate, UCLA School of Nursing)

The "Veterans Administration Health Manpower Training Act of 1971" will provide much needed assistance to schools of nursing both to increase enrollment in existing training programs and to provide additional facilities for preparing nurses for increasing responsibilities in the care of people.

The need for increasing the supply of nurses has been well documented. Community college nursing programs throughout California are providing first level registered nurses economically in terms of time and tax-based support. These nurses, prepared in a two year program, have demonstrated their ability to perform skillfully standardized nursing measures as well as provide the environment and interaction necessary to promote the health objective of the patient. The community need for these nurses, and the applicants for enrollment to the community college nursing program, continues to be greater than the schools can accommodate with current budget and facilities. An example can be cited from City College of San Francisco. The chairman of the nursing program, Miss Ganelle Griffin, indicates that this program should double its enrollment from the current 100 students to 200 stu-

dents based on community demand. Chief deterrents to such an expansion are budgeted nursing faculty positions, and lack of adequate clinical facilities in the San Francisco Bay Area. A Veterans Hospital is located in San Francisco with patients having health problems requiring traditional nursing care. This school could be assisted to increase its enrollment if additional nursing faculty and classroom space as well as clinical resources were available. The proposed "Veterans Administration Health Manpower Training Act of 1971" would provide necessary assistance to this particular school of nursing to increase its enrollment appreciably. This school of nursing is particularly sensitive to the needs for upward mobility for vocational nurses seeking education to qualify to become registered nurses. A large number of these vocational nurses are members of minority ethnic groups, and according to the chairman of the nursing program the three major deterrents in accepting many more qualified members of the nursing team are budgeted faculty positions, clinical facilities, and classroom space. This proposed legislation would provide relief in all three areas.

Baccalaureate nursing education is currently being revised to include the skills of diagnostic health screening, and the management of specified health problems. Through collaborative efforts between medicine and nursing, nurses with baccalaureate and higher degree will be assuming responsibilities that have traditionally been the responsibility of the physician. Nursing is uniquely suited to provide assistance to patient in the psycho-social realm of human needs, such as counseling and teaching. There is considerable discussion at the present time about the nurse's role as a "primary care agent" for patients whose major problems are ones of adjustment to illness and infirmity, as well as assistance in coping with their disabilities. The management of stabilized chronic long-term illness will undoubtedly become a nursing responsibility in the future.

The objective of helping each person to live his life in comfort and dignity is a central nursing goal. All older Americans, and most certainly a citizen who has served his country in its time of need, deserves personalized and humane care. An area of health care as yet undeveloped is the Geriatric Nurse Practitioner. These nurses would be prepared through carefully supervised clinical experiences with concurrent theoretical courses to work independently with older patients presenting chronic physical and emotional problems. This preparation would most likely occur in the senior year of the baccalaureate nursing program to provide a broad-base background in the pathophysiological processes as well as the psychosocial needs of patients. The nurse would assume responsibility for patient health screening, counseling, teaching, and continuous evaluation and health management. Through team efforts, the nurse would refer those patient problems that are primarily medical in nature to the physician, and those social problems that require complex assistance to the social worker. Other members of the health team would assist depending on the patient's needs, but the nurse would assume responsibility for referral and coordination of patient activities. To date, such a program has not been developed as an integral part of a baccalaureate nursing program.

The University of California, Los Angeles, School of Nursing is well able to assume responsibility for the development of a geriatric nurse practitioner program. Located in a Center for the Health Sciences with a Medical School, this Center is in close proximity to the Brentwood Veterans Hospital complex. The School of Nursing does utilize

the facilities of the Wadsworth and Brentwood hospitals for clinical nursing experiences, but to date has not included the extended care facilities of the Veteran's Hospital. If additional faculty could be added to the school of nursing faculty, a project for preparing Geriatric Nurse Practitioners could be undertaken to produce nurses prepared for primary roles in caring for patients with chronic problems in conjunction with the Veteran's Hospital. Research is badly needed in long term illness, for example, on the effects of such interventions as stimulation and irritation to prevent sensory deprivation and its effect on the central nervous system. The utilization of the extended care facility of this Veteran's Hospital would provide much needed research facilities for the graduate program in nursing at UCLA. The funds provided by this proposed legislation could assist in providing both classroom space and laboratory space for such research efforts.

The partnership of a school of nursing financed through local taxes, such as a community college, or through State support as the University of California and the Federal Government through the use of Veteran's Hospitals will benefit all—patients, students, and the communities involved.

UNIVERSITY OF CALIFORNIA, SAN DIEGO,
La Jolla, Calif., June 7, 1971.

HON. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: I understand that you have under consideration legislation to promote health professional educational efforts by the VA. I believe that such legislation, appropriately drafted, would make a substantial contribution to the mission of the VA as well as to health manpower needs. I would emphasize that to accomplish this new legislation must expand and strengthen existing VA medical school relationships and recognize that the academic rather than the hospital side of the relationship should have the initiative in educational matters.

Here at San Diego, we have a developing School of Medicine alongside of a shortly-to-be-opened VA Hospital. Additional resources supplied either to the School or the Hospital

will substantially accelerate our program for health manpower production. For example, we will take our fourth class of approximately 50 entering M.D.-students this coming fall. Whether we can enroll our projected full class of 96 students in the fall of 1972 depends on additional resources for faculty and patient care. Funding of our Clinical Science Building, as you know, has been delayed and we will not have an on-campus hospital of our own for at least five years. Additional research and teaching space in the VA Hospital, plus broadened utilization of patient care facilities there, would essentially guarantee our efforts to achieve our initial objective despite other delays. Moreover, it would enable us to begin to consider moving beyond the original program when earlier projected facilities become available.

We have considerable interest, also, in promoting allied health professional training at the VA. Along with other institutions in the area, we have established a Coordinating Council for Education in Health Sciences in San Diego and Imperial Counties. Suitably augmented, the new VA Hospital can play an important role in establishing a Health Education Center for the region.

Accordingly, I endorse your efforts to secure new enabling legislation. I hope that the provisions will encourage flow of support to both the Medical School and the VA Hospital so that each will be motivated toward a mutual approach, rather than an arrangement dominated by either party.

With many thanks for your continued interest in this vital area.

Sincerely yours,
CLIFFORD GROBSTEIN,
Vice Chancellor for Health Sciences and
Dean of the School of Medicine.

Mr. CRANSTON, Mr. President, I also request unanimous consent to set forth next in the RECORD a series of tables indicating projections for the training and education of individuals and for the establishment of medical, dental, and nursing schools and area health education centers under the provisions of S. 2219.

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

POSSIBLE USE OF \$125,000,000 UNDER NEW CH. 82 IN S. 2219 PER YEAR OVER 6 YEARS FOR VARIOUS PURPOSES RELATED TO ACTIONS BY VA TO EXPAND THE NATION'S HEALTH MANPOWER POOL

[In thousands of dollars]

Year	Sec. 5061		Total	Sec. 5067—New schools			Sec. 5073—expand present affiliated schools	Administration	Total by year
	Alter VA facilities	Special Allocation to VAH		Construction	Salaries	Total			
1.....	15	22.5	37.5	20	3.2	23.2	61.8	2.5	125
2.....	23	14.5	37.5	20	12.3	32.3	52.7	2.5	125
3.....	23	14.5	37.5	20	21.8	41.8	43.2	2.5	125
4.....	23	14.5	37.5	20	20.0	40.0	45.0	2.5	125
5.....	23	14.5	37.5	10	24.8	34.8	50.2	2.5	125
6.....	23	14.5	37.5	10	29.9	39.9	45.1	2.5	125
Total.....	130	95.0	225.0	100	112.0	212.0	298.0	15.0	750

ALLOCATION OF CONSTRUCTION COSTS FOR NEW SCHOOLS UNDER SUBCHAPTER III OF CHAPTER 82

[In millions of dollars]

	1 school		Total
4 Medical and 1 dental school.....	15.38	76.90	76.90
1 Nursing school.....	7.69	7.69	7.69
4 Others.....	3.84	15.41	15.41
Total.....			100.0

SCHEDULE FOR OPENING OF NEW SCHOOLS UNDER SUBCHAPTER III OF CHAPTER 82

Program year	Number of schools starting ¹				
	Medical	Dental	Nursing	Other	Total
1.....	3	1	1	2	7
2.....	1			2	3
Total.....	4	1	1	4	10

¹ Students would be first accepted in the year after start.

A. EACH MEDICAL SCHOOL, AND THE DENTAL SCHOOL, WILL HAVE 50-STUDENT CLASSES—EXCEPT FOR THE FIRST ENTERING CLASS WHICH WILL BE 25

Program year	Enrollment			Graduates by end of indicated year
	3 medical schools and 1 dental school accepting students in program year 2		1 medical school accepting students in program year 3	
	1 school	4 schools	Total	
1973--	25	100	100	100
1974--	75	300	25	325
1975--	125	500	75	575
1976--	175	700	125	825
1977--	200	800	175	975

PROJECTED ENROLLMENT FOR NEW SCHOOLS UNDER SUBCHAPTER III OF CH. 82

B. THE NURSING SCHOOL (4 YEAR) WOULD ACCEPT AN INITIAL ENTERING CLASS OF 50 STUDENTS IN THE SECOND PROGRAM YEAR, AND 100 EACH YEAR THEREAFTER. CONSEQUENTLY ITS ENROLLMENT AND GRADUATES WOULD BE

Program year	Enrollment	Graduates
1973--	50	50
1974--	150	100
1975--	250	150
1976--	350	200
1977--	400	250

Note: C. The "other" schools are expected to have an enrollment of 5,000 different students, in classes of variable length during the 6th program year.

USE OF FUNDS FOR SUBCHAPTER IV OF CHAPTER 82

Given the circumstances of the economy and the manpower market in 1971, it is not possible to address the nation's health manpower needs in terms of numbers in specific fields or professional disciplines. Jobs in the allied health fields, particularly at the technical level do not warrant the expense, to the employee or the employer, of relocation. Therefore, priorities must be based on the needs for health services as they are faced by individual communities or health service areas, concentrating attention not only on basic training but on distribution, utilization and retention of personnel.

Priorities for allocation of funds administered under Subchapter III will be based on the relevance of the proposed programs to the demonstrated needs of the community served by the applicant, i.e., training programs which will produce manpower, with the appropriate capabilities and skills and in reasonable numbers, to provide the kinds of services most seriously needed by the community (including the VA system in that community).

1. Physician
2. Nurse
3. Dentist
4. Laboratory Service personnel
5. Radiology Service personnel
6. Dental Auxiliary personnel
7. Physicians' Assistants
8. PM&R Therapy personnel (Physical Medicine and Rehabilitation)
9. Clinical Psychologist
10. Social Worker
11. Speech Pathologist and Audiologist
12. Inhalation Therapist
13. Nurse Anesthetist
14. Medical Record Library personnel
15. Dietetics personnel

Mr. CRANSTON. Finally, Mr. President, I ask unanimous consent that there be printed last in the RECORD a section-by-section analysis of S. 2219, followed by the full text of the bill with typographical errors corrected.

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

SECTION-BY-SECTION ANALYSIS OF S. 2219, PROPOSED VA HEALTH MANPOWER TRAINING ACT OF 1971

Section 1. Establishes the title of the proposed Act as the "Veterans Administration Health Manpower Training Act of 1971".

Section 2. Sets forth eight findings and declarations by the Congress with respect to the nation's shortage of qualified health manpower; the great needs for expansion of training and education of health manpower; the unique and substantial untapped capacity of the Veterans' Administration (with its existing affiliations with 81 (this number has increased to 82 since introduction of S. 2219) medical schools, 287 nursing schools and 400 institutions of higher learning which educate and train health manpower) to assist in the expansion and improvement of existing and the establishment of new affiliated medical, other health professions and allied health schools and area health education centers as well as generally to assist in the expansion and improvement of education and training opportunities for all health personnel; and the essentiality of increased training of health manpower if the nation is to provide the best possible medical care for its veterans. The specific clauses in the section are self-explanatory.

Section 3. Revises subsection (b) of section 4101 of title 38, regarding functions of the VA's Department of Medicine and Surgery (DM&S), by adding to the basic VA mission (providing complete medical and hospital services for veterans) the function of assisting in providing an adequate supply of health manpower to the entire Nation as long as that function does not interfere with the primary mission. Subsection (b) presently limits education and training activities to those "in order to more effectively carry out" the basic DM&S mission. Under the revised subsection, the Administrator, in order to assist the Nation to meet its needs for more health manpower, is directed to carry out this program of education and training of health manpower in cooperation with health professions and allied health schools, other institutions of higher learning, academic health centers, and area health education centers.

The revised subsection also would add a new second sentence requiring that the President's annual budget request contain a separate line item for health manpower education and training.

The new subsection (b) resembles the VA-proposed revision (included in section 201 of the administration bill—S. 1924) and establishes the basic framework for the chapter 82 to be added to part VI of title 38 by section 5 of the bill (S. 2219).

Section 4. Adds at the end of subsection 5001 (c) of title 38, regarding the location of VA hospital and domiciliary facilities, a requirement—reflecting present VA policy—that a new VA hospital shall be constructed only in close proximity to an accredited medical or osteopathic school which is affiliated or has agreed to affiliate with the VA hospital in question and that such construction shall include such classrooms, lecture facilities, laboratories, and other teaching space, facilities, aids and beds necessary to carry out health manpower training in accordance with the purpose of the new chapter 82 to be added by section 5 of the bill. Similar language is included in the proposed subchapter II (section 5064) of the new chapter, regarding improvements to existing VA health facilities, for the same health manpower education and purpose, as in this amendment to section 5001 (c) in section 4 of the bill.

Section 5. Subsection (a). Adds to Part VI of title 38, regarding acquisition and disposition of VA hospital and domiciliary property, a new chapter 82, entitled "Utilization of Veterans' Administration Hospitals to Improve and Expand Education and Training of Health Manpower".

Subchapter I of the new chapter 82. Sets forth basic requirements for coordination with other Federal programs and promulgation of regulations, authorizes appropriations to carry out the new chapter, and establishes certain limitations on expenditure of funds.

New Section 5061 adds the requirement that the Administrator and the Secretary of Health, Education, and Welfare shall, to the maximum extent practicable, coordinate programs carried out under the new chapter 82, of title 38, and programs carried out under Public Health Service Act section 309 (Project Grants for Graduate Training in Public Health), title VII (Health Research and Teaching Facilities and Training of Professional Health Personnel, including Training in the Allied Health Professions), title VIII (Nurse Training) and title IX (Education, Research, Training, and Demonstrations in the Fields of Heart Disease, Cancer, Stroke, Kidney Disease, and Other Related Diseases).

New Section 5062 authorizes appropriations of \$125,000,000 each for fiscal years 1972 through 1977, and stipulates that any funds appropriated pursuant to this section shall remain available until expended. This section further stipulates that no more than two percent of the funds appropriated pursuant to section 5062 for any fiscal year may be used for administrative expenses in carrying out the provisions of the new chapter 82.

New Section 5063. Subsection (a) prohibits the Administrator from entering into agreements under provisions of the new chapter 82 with respect to Subchapter III pilot programs (for assistance in the establishment of new, public nonprofit medical, health professions, and allied health schools and area health education centers) after the close of the sixth calendar year after the calendar year in which chapter 82 would take effect, and sets the same prohibition with respect to Subchapter IV grants (for assistance to affiliated medical, health professions, and allied health schools, other health manpower training institutions, and area health education centers).

Subsection (b) authorizes the Administrator to establish the Advisory Subcommittee on Programs for Assistance for Health Manpower Education and Training of the Special Medical Advisory Group established pursuant to section 4112 of Title 38, and further prohibits the Administrator from entering into any agreements or making any grants under these same programs without prior consultation with such Advisory Subcommittee. This subsection further provides that the Assistant Chief Medical Director for Research and Education in Medicine shall be an ex officio member of the new Subcommittee.

Subsection (c) directs the Administrator to ensure that qualified persons who are veterans shall be given priority for admission to health manpower education and training programs assisted under the new chapter 82 or any provision of title 38, and that among these qualified veterans, highest priority be given to those who served during the Vietnam era and those who are entitled to Veterans' Administration disability compensation, or whose discharge or release was due to a disability incurred or aggravated in line of duty.

Subsection (d) directs the Administrator, after consultation with the Advisory Subcommittee established pursuant to new section 5063(b), to prescribe regulations covering terms and conditions for entering into agreements under subchapter III and making grants under subchapter IV of the new chapter 82.

Subchapter II of the new chapter 82 of the new chapter. Sets forth new ways for the Administrator to expand the Veterans' Administration Hospital in-house education and training health manpower capacity.

New Section 5064 provides that up to 30 percent of the sums appropriated pursuant to the authorization in the new section 5062

may be spent to extend, expand, alter, improve, remodel or repair VA buildings and structures (including equipment and, where necessary, the addition of teaching space, aids, and beds) to the extent necessary to make them suitable for use for health manpower education and training to carry out the expanded mission of the Department of Medicine and Surgery as it would be newly defined in the amended section 4101(b) of title 38 (to assist in providing an adequate supply of health manpower to the Nation, as long as that does not interfere with the primary V.A. mission of providing complete medical and hospital services for veterans) and that these funds may also be spent for the development of improved methods of education and training which may reduce the period of required education and training for health personnel without adversely affecting the quality of such education or training.

Subchapter III of the new chapter 82. Authorizes the implementation of a pilot program for assistance in the establishment of new public nonprofit medical, health professions, and allied health schools and area health education centers, if located in proximity to and operated in conjunction with VA medical facilities.

New Section 5065 sets forth the purpose of the subchapter.

New Section 5066 defines the term "area health education center," "health professions school" and "state."

Subsection (a) describes the assistance which may be provided to eligible institutions as follows:

(1) Leasing to the college or university of land, buildings and other structures (including equipment therein) under the control of the Veterans' Administration, as may be necessary for the establishment and operation of a school or center as defined in new section 5066. Adopting the general provisions proposed in section 301 of the administration sponsored bill, S. 1924, any lease made pursuant to subchapter II of new chapter 82 would be authorized to be made without regard to the provisions of section 5 of title 41, United States Code, which requires advertising where the lease exceeds \$500. Since any lease under this section would not be for commercial purposes, but only for health, or educational purposes, advertising in these cases serves no useful purpose but does involve time and expense that is considered unnecessary.

In addition, any lease under this subchapter would be exempt from the provisions of section 303b of title 40, which bars lease provisions calling for alteration, repair, or improvement of such leased property as part of the consideration for the rental to be paid.

Under the proposed change, the lessee would be permitted to maintain, protect, or restore property where such property is leased to public or nonprofit organizations. In negotiating the rental value, practice is to set a rate that will serve to recapture the value of all services provided by the Government. In some instances if the lessee were required to provide for maintenance and protection of the property leased, the Veterans' Administration could be relieved of certain expenses for materials and personnel.

(2) Extension, remodeling or repair of building and structures (including the provision of initial equipment, or the replacement of obsolete or worn out equipment) and, where necessary, the addition of hospital teaching beds, to the extent necessary to make the VA hospital in question suitable for use as health professions schools or area health education center facilities.

(3) Payment of grants to support the costs of faculty salaries during the first six years of the school or center's operation, such support to represent not more than 90 per-

cent of the cost of faculty salaries during the first three years of operation and no more than 50 percent during the second three years of operation.

Subsection (b). Paragraph (1) sets forth requirements that must be met prior to the Administrator entering into agreements pursuant to new section 5067(a) as follows:

A. The college or university must submit a plan whereby it agrees to provide during the term of the agreement its share of the financial support for the proposed school or center, including full financial support for all programs essential to assure that the school will meet the accreditation standards of appropriate accreditation bodies approved for such purpose by the Commissioner of Education of the Department of Health, Education, and Welfare.

B. The overall plans for the school or center must meet such professional and other standards as the Administrator deems appropriate, in consultation with the Secretary of Health, Education and Welfare; and must include significant programs for cooperative interdisciplinary training among health professions and allied health schools with emphasis on the use of the team approach in providing health services, training for new roles, types or levels of health manpower, including training of physicians, dentists' or other health professions' assistants and/or nurse practitioners, providing for career mobility, or programs for recruiting, enrolling, and retaining qualified individuals who due to socioeconomic factors are financially or educationally disadvantaged.

C. The school must maintain mutually beneficial arrangements with the Veterans' Administration medical facility with which it is associated.

D. The school must show that there is reasonable assurance that with the aid of an agreement under new section 5067(a) it would meet the accreditation standards of appropriate bodies.

Subsection (b). Paragraph (2) directs that any agreement entered into pursuant to subchapter III shall contain such terms and conditions as the Administrator deems necessary and appropriate to protect the interest of the United States.

Subsection (c) limits the Administrator to providing assistance in the establishment of a total number of no more than ten new health institutions, which may be public nonprofit health professions and allied health schools or area health education centers, and directs that schools and centers established with assistance under subchapter III shall be geographically dispersed throughout the United States.

Subchapter IV of the new chapter 82. Provides for assistance to affiliated medical, health professions, and allied health schools and other health manpower training institutions, and area health education centers.

New section 5071 declares the purpose of Subchapter IV to make grants to health manpower training institutions affiliated with the V.A. in order to assist such institutions to expand and improve their capacities to train health manpower.

New section 5074 defines the term "eligible institution" as being a nonprofit public or private health professions school of the type defined in section 5066, area health education center of the type defined in section 5066, or institution for the training or education of allied health or other health personnel, which maintains an affiliation with the Veterans' Administration. Unlike Subchapter III, assistance under Subchapter IV is available for nonprofit private institutions, whereas Subchapter III includes only public institutions.

New Section 5073. Subsection (a) sets forth the purposes for which grants to eligible institutions may be awarded. These purposes are to carry out projects and programs for the expansion and improvement

of the institution's capacity to train health manpower. Grants which provide for the construction of facilities may include only the extension, expansion, alteration, improvement, remodeling or repair of existing structures (including provision of initial equipment and replacement of obsolete or worn-out equipment).

New Section 5073. Subsection (b) authorizes approval of applications for a grant under section 5073 only if:

(1) the grant will be for a project or program which will make a significant contribution to improving the education (including continuing education) or training program of the eligible institution and will also result in a substantial increase in the number of students trained at the institution;

(2) there is assurance that the increase in the number of students will not threaten any existing accreditation or compromise the quality of training at the institution;

(3) the application provides for proper fiscal control and accounting procedures;

(4) the application provides for making appropriate reports and keeping such records as the Administrator may require; and

(5) the application sets forth significant programs for the education and training of physicians, dentists, or other health professions assistants, or nurse practitioners, or other new types of health personnel, providing the fullest opportunities for career advancement and mobility.

New Section 5074 provides for the manner in which payment may be made pursuant to grants under subchapter IV.

Section 5. Subsection (b) of S. 2219. Makes conforming changes in the table of parts and chapters at the beginning of title 38 and the table of chapters at the beginning of part VI of title 38.

Section 6. Provides that during the two years immediately following enactment of this Act, no part of any real property under the jurisdiction of the Administrator of Veterans' Affairs on the date of enactment of this Act shall be determined to be excess to the needs of the Veterans' Administration or transferred or otherwise disposed of.

S. 2219

A bill to amend title 38 of the United States Code to authorize the Administrator of Veterans' Affairs to provide certain assistance in the establishment of new public nonprofit medical, health professions, and allied health schools and the expansion and improvement of health manpower training programs in Veterans' Administration facilities and in existing educational institutions affiliated with the Veterans' Administration

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Administration Health Manpower Training Act of 1971".

Sec. 2. The Congress hereby finds and declares—

(1) that there is a great shortage of physicians, other health professionals, allied health personnel, and other health manpower in the United States;

(2) that it is estimated that there is a shortage in the United States now of at least forty-eight thousand physicians, seventeen thousand eight hundred dentists, one hundred fifty thousand nurses, eight thousand seven hundred optometrists, twelve thousand nine hundred podiatrists, and two hundred sixty-six thousand allied health and other health personnel;

(3) that the Veterans' Administration operates the largest medical care system in the United States with over a quarter century of experience in the education and training of health manpower;

(4) that the Department of Medicine and Surgery of the Veterans' Administration maintains an active and close affiliation with eighty-one medical schools, fifty-one dental schools, two hundred and eighty-seven schools of nursing and approximately four hundred universities, colleges, and junior colleges which educate and train health manpower;

(5) that it is essential that the health manpower pool of the Nation be expanded;

(6) that if the training of sufficient numbers of physicians, other health professionals, allied health personnel, and other health personnel is to be accomplished, it is essential that the educational capacities of medical and health professions schools affiliated with the Veterans' Administration be expanded, that new medical and health professions schools affiliated with Veterans' Administration hospitals be established, and that education and training opportunities for the training of existing and future allied health and other health personnel be expanded and improved;

(7) that because of the size, diversity, and quality of its medical program, the Veterans' Administration's Department of Medicine and Surgery is uniquely qualified to assist in the expansion and improvement of existing affiliated medical, other health professions and allied health schools and area health education centers, in the establishment of new public nonprofit medical, health professions and allied health schools and area health education centers, and in the expansion and improvement of education and training opportunities for allied health and other health personnel; and

(8) that it is essential that an adequate number of physicians, health professionals, allied health personnel, and other health personnel be trained if the Congress is to discharge its responsibility to provide the best possible medical care for the Nation's veterans.

Sec. 3. Section 4101 of title 38, United States Code, is amended by deleting subsection (b) and inserting in lieu thereof the following:

"(b) In order to carry out more effectively the primary function of the Department of Medicine and Surgery to provide a complete medical and hospital service for the medical care and treatment of veterans and to assist in providing an adequate supply of health manpower to the Nation, the Administrator shall, to the extent feasible without interfering with the medical care and treatment of veterans, develop and carry out a program of education and training of such health manpower, acting in cooperation with such schools of medicine, osteopathy, dentistry, nursing, pharmacy, optometry, podiatry, public health or allied health professions; other institutions of higher learning; medical centers; academic health centers and area health education centers; hospitals; and such other public or nonprofit agencies, institutions, or organizations as the Administrator deems appropriate. For the fiscal year ending June 30, 1972, and for each fiscal year thereafter, there shall be included in the budget required to be submitted to Congress by section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11) a separate line item showing the estimated expenditures by the Veterans' Administration during such fiscal year for the education and training of health manpower."

Sec. 4. Section 5001(c) of title 38, United States Code, is amended by striking out the period at the end of such section and inserting in lieu thereof a comma and the following: "except that any new hospital shall be constructed in close proximity to a school of medicine or osteopathy which is accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education of the Department of Health, Education, and Welfare and which has agreed to affiliate with the Veterans' Administration through such

hospital and shall include such classrooms, lecture facilities, laboratories, and other teaching space, facilities, aids, and beds as are necessary to make the hospital suitable for health manpower education and training in accordance with the purposes of chapter 82 of this title".

Sec. 5. (a) Part VI of title 38, United States Code, is amended by inserting immediately after chapter 81 the following new chapter:

"Chapter 82—UTILIZATION OF VETERANS' ADMINISTRATION HOSPITALS TO IMPROVE AND EXPAND EDUCATION AND TRAINING OF HEALTH MANPOWER

"SUBCHAPTER I—COORDINATION WITH OTHER PROGRAMS; AUTHORIZATIONS FOR APPROPRIATIONS; GENERAL PROVISIONS

"Sec.

"5061. Coordination with other programs.

"5062. Authorization for appropriations.

"5063. Limitation on agreements; regulations.

"SUBCHAPTER II—EXPANSION OF VETERANS' ADMINISTRATION HOSPITAL EDUCATION AND TRAINING CAPACITY

"5064. Expenditures to remodel and make special allocations to Veterans' Administration hospitals for health, manpower education, and training.

"SUBCHAPTER III—PILOT PROGRAM FOR ASSISTANCE IN THE ESTABLISHMENT OF NEW PUBLIC NONPROFIT MEDICAL, HEALTH PROFESSIONS, AND ALLIED HEALTH SCHOOLS AND AREA HEALTH EDUCATION CENTERS

"5065. Declaration of purpose.

"5066. Definitions.

"5067. Pilot program assistance.

"SUBCHAPTER IV—ASSISTANCE TO AFFILIATED MEDICAL, HEALTH PROFESSIONS, AND ALLIED HEALTH SCHOOLS AND OTHER HEALTH MANPOWER TRAINING INSTITUTIONS, AND AREA HEALTH EDUCATION CENTERS

"5071. Declaration of purpose.

"5072. Definitions.

"5073. Grants.

"5074. Payments.

"SUBCHAPTER I—COORDINATION WITH OTHER PROGRAMS; AUTHORIZATIONS FOR APPROPRIATIONS; GENERAL PROVISIONS

"§ 5061. Coordination with other programs
"The Administrator and the Secretary of Health, Education, and Welfare shall, to the maximum extent practicable, coordinate programs carried out under this chapter and programs carried out under section 309 and titles VII, VIII, and IX of the Public Health Service Act.

"§ 5062. Authorization for appropriations

"There is hereby authorized to be appropriated \$125,000,000 for the fiscal year ending June 30, 1972, and a like sum for each of the five succeeding fiscal years. Funds appropriated pursuant to this section shall be used for entering into agreements and making grants pursuant to this chapter. Funds appropriated pursuant to this section shall remain available until expended. Not more than 2 per centum of the funds appropriated pursuant to this section for any fiscal year may be used for administrative expenses in carrying out this chapter in such fiscal year.

"§ 5063. Limitations on agreements; regulations

"(a) The Administrator may not enter into any agreement under subchapter III of this chapter or make any grant under subchapter IV of this chapter after the close of the sixth calendar year after the calendar year in which this chapter takes effect.

"(b) The Administrator may not enter into any agreement under subchapter III of this chapter or make any grant under subchapter IV of this chapter without prior consultation with an Advisory Subcommittee on Programs for Assistance for Health Man-

power Education and Training, which the Administrator is hereby authorized to establish, of the Special Medical Advisory Group established under section 4112 of this title. The Assistant Chief Medical Director for Research and Education in Medicine shall be an ex officio member of such subcommittee.

"(c) The Administrator shall ensure that qualified persons who have been separated or discharged from the active military, naval or air service shall be given priority for admission to health manpower education and training programs assisted under this chapter or any other provision of this title and that among such qualified persons those who served during the Vietnam era and those who are entitled to disability compensation under laws administered by the Veterans' Administration or whose discharge or release was for a disability incurred or aggravated in line of duty shall be given the highest priority.

"(d) The Administrator, after consultation with the advisory subcommittee referred to in subsection (b) of this section, shall prescribe regulations covering the terms and conditions for entering into agreements under subchapter III and making grants under subchapter IV of this chapter.

"SUBCHAPTER II—EXPANSION OF VETERANS' ADMINISTRATION HOSPITAL EDUCATION AND TRAINING CAPACITY

"§ 5064. Expenditures to remodel and make special allocations to Veterans' Administration hospitals for health manpower education and training

"Out of funds appropriated to the Veterans' Administration pursuant to the authorization in section 5062 of this title, the Administrator may expend such sums as he deems necessary, not to exceed 30 per centum thereof, for (A) the necessary extension, expansion, alteration, improvement, remodeling, or repair of Veterans' Administration buildings and structures (including provision of initial equipment, replacement of obsolete or worn-out equipment, and, where necessary, addition of classrooms, lecture facilities, laboratories, and other teaching space, facilities, aids, and beds) to the extent necessary to make them suitable for use for health manpower education and training in order to carry out the purpose set forth in section 4101(b), and (B) special allocations (including trainee stipends and instruction salaries) to Veterans' Administration hospitals for the development or initiation of improved methods of education and training which may include the development or initiation of plans which reduce the period of required education and training for health personnel but which do not adversely affect the quality of such education or training.

"SUBCHAPTER III—PILOT PROGRAM FOR ASSISTANCE IN THE ESTABLISHMENT OF NEW PUBLIC NONPROFIT MEDICAL HEALTH PROFESSIONS, AND ALLIED HEALTH SCHOOLS AND AREA HEALTH EDUCATION CENTERS

"§ 5065. Declaration of purpose

"The purpose of this subchapter is to authorize the Administrator, in consultation with the Secretary of Health, Education, and Welfare, to implement a pilot program under which he may provide assistance in the establishment of new public nonprofit health professions and allied health schools, and area health education centers if such schools and centers are located in proximity to, and operated in conjunction with, Veterans' Administration medical facilities.

"§ 5066. Definitions

"For the purpose of this subchapter—

"(1) The term 'area health education center' means a public nonprofit educational facility or other public nonprofit institution affiliated with a Veterans' Administration hospital for the conduct of or the providing of guidance for education and training pro-

grams for health manpower in association with State, community, or other nonprofit colleges or universities, other hospitals and health facilities, or professional health or medical organizations in a particular geographical area to serve as an instrument of cooperation between the medical school and its education, research, and health service programs and the framework of health facilities and organizations and activities for the betterment of health in a given area.

"(2) The term 'health professions school' includes any public nonprofit school of medicine, osteopathy, dentistry, nursing, pharmacy, optometry, podiatry or public health which is, or there is reasonable assurance will be, accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education of the Department of Health, Education, and Welfare.

"(3) The term 'State' means the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

"§ 5067. Pilot program assistance

"(a) Subject to subsection (b) of this section, the Administrator, in consultation with the Secretary of Health, Education, and Welfare, may enter into an agreement to provide to any public nonprofit college or university the following assistance to enable such college or university to establish a new health professions or allied health school or an area health education center:

"(1) The leasing to the college or university for nominal or no consideration, under such terms and conditions as the Administrator deems appropriate, of such land, and such buildings and other structures (including equipment therein) under the control and jurisdiction of the Veterans' Administration as may be necessary for the establishment and operation of such school or center. Any lease made pursuant to this subchapter to any public or nonprofit organization may be made without regard to the provisions of section 3709 of the Revised Statutes (41 U.S.C. 5). Notwithstanding section 321 of the Act entitled "An Act making appropriations for the Legislative Branch of the Government for the fiscal year ending June 30, 1933, and for other purposes", approved June 30, 1932 (40 U.S.C. 303b), or any other provision of law, a lease made pursuant to this subchapter to any public nonprofit organization may provide for the maintenance, protection, or restoration, by the lessee, of the property leased, as a part or all of the consideration for the lease.

"(2) The extension, alteration, improvement, remodeling, or repair of buildings and structures (including the provision of initial equipment, and replacement of obsolete or worn-out equipment) and, where necessary, the addition of hospital teaching beds provided under paragraph (1) to the extent necessary to make them suitable for use as health professions schools or area health education center facilities.

"(3) The payment of grants to reimburse the college or university in part for the cost of the salaries of the faculty of such school or center during the initial twelve-month period of operation of the school or center and the next five such twelve-month periods, but payment under this paragraph in the case of any college or university shall not exceed an amount equal to—

"(A) 90 per centum of the cost of faculty salaries during the first three twelve-month periods of operation, and

"(B) 50 per centum of such cost during the second such three twelve-month periods.

"(b) (1) The Administrator may not enter into any agreement under subsection (a) of this section unless he finds that—

"(A) the college or university has declared its clear intention, and submitted to the Administrator a plan under which it agrees, to provide during the term of the agreement its share of the financial support for the proposed school or center, including full fi-

ancial support for all other educational programs and facilities necessary to assure compliance with the provisions of clause (D) of this paragraph and to provide full salary support for the proposed school or center thereafter;

"(B) the overall plans for the school or center meet such professional and other standards as the Administrator deems appropriate in consultation with the Secretary of Health, Education, and Welfare as to the education and training programs and include significant programs for (i) cooperative interdisciplinary training among health professions and allied health schools with emphasis on the use of the team approach in providing health services, (ii) training for new roles, types, or levels of health manpower, including training of physicians', dentists', or other health professions' assistants and of nurse practitioners, providing the fullest opportunities for career advancement and mobility, or (iii) recruiting, enrolling, and retaining qualified individuals who due to socioeconomic factors are financially or educationally disadvantaged;

"(C) the school or center will maintain such arrangements with the Veterans' Administration medical facility with which it is associated (including but not limited to such arrangements as may be made under subchapter IV of chapter 81 of this title) as will be mutually beneficial in the carrying out of the mission of the medical facility and the school or center; and

"(D) with regard to health professions and allied health schools, after consultation with the appropriate accrediting body or bodies approved for such purpose by the Commissioner of Education of the Department of Health, Education, and Welfare, there is reasonable assurance that, with the aid of an agreement under subsection (a) of this section, such school will meet the accreditation standards of such body or bodies within a reasonable time.

"(2) Any agreement entered into by the Administrator under this subchapter shall contain such terms and conditions (in addition to those imposed pursuant to subsections (a) (1) and (b) (1) of this section) as he deems necessary and appropriate to protect the interest of the United States.

"(c) The Administrator shall not use the authority under this subchapter to assist in the establishment of more than ten new public nonprofit health professions and allied health schools and area health education centers. Schools and centers established with assistance under this subchapter shall be located in geographically dispersed areas of the United States.

"SUBCHAPTER IV—ASSISTANCE TO AFFILIATED MEDICAL, HEALTH PROFESSIONS, AND ALLIED HEALTH SCHOOLS AND OTHER HEALTH MANPOWER TRAINING INSTITUTIONS, AND AREA HEALTH EDUCATION CENTERS

"§ 5071. Declaration of purpose

"The purpose of this subchapter is to authorize the Administrator in consultation with the Secretary of Health, Education, and Welfare, to carry out a program of grants for eligible health manpower training institutions and area health education centers which maintain affiliations with the Veterans' Administration in order to assist such institutions or centers to expand and improve their capacities to train health manpower.

"§ 5072. Definitions

"For the purpose of this subchapter, the term 'eligible institution' means any public or private nonprofit—

"(1) health professions school of the type defined in section 5066 of this title,

"(2) area health education center of the type defined in section 5066 of this title, or

"(3) institution for the training or education of allied health or other health personnel,

which maintains an affiliation with the Veterans' Administration.

"§ 5073. Grants

"(a) Any eligible institution may apply to the Administrator for a grant under this subchapter to assist such institution to carry out, through the Veterans' Administration hospital with which it is affiliated, projects and programs for the expansion and improvement of such institution's capacity to train health manpower. Any such application shall contain a plan to carry out such projects and programs and such other information in such detail as the Administrator deems necessary and appropriate. Grants under this subchapter which provide for the construction of facilities may include only the extension, expansion, alteration, improvement, remodeling or repair of existing structures (including provision of initial equipment and replacement of obsolete or worn-out equipment).

"(b) An application for a grant under this section may be approved by the Administrator, in consultation with the Secretary of Health, Education, and Welfare, only upon the Administrator's finding that—

"(1) the proposed projects and programs for which the grant will be made will make a significant contribution to improving the education (including continuing education) or training program of the eligible institution and will result in a substantial increase in the number of students trained at such institution;

"(2) there is reasonable assurance from a recognized accrediting body or bodies approved for such purposes by the Commissioner of Education of the Department of Health, Education, and Welfare that the increase in the number of students will not threaten any existing accreditation or otherwise compromise the quality of the training at that institution;

"(3) the application sets forth such fiscal control and accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid under this subchapter;

"(4) the application provides for making such reports, in such form and containing such information, as the Administrator may require to carry out his functions under this subchapter, and for keeping such records and for affording such access thereto as the Administrator may find necessary to assure the correctness and verification of such reports; and

"(5) the application sets forth significant programs for the education and training of physicians', dentists', and other health professions' assistants, nurse practitioners, and other new types of health personnel, providing the fullest opportunities for career advancement and mobility.

"§ 5074. Payments

"Payments made pursuant to grants under this subchapter may be made in installments, and in advance or by way of reimbursement in installments, and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments, as the Administrator may determine."

(b) The table of parts and chapters at the beginning of title 38, United States Code, and the table of chapters at the beginning of part VI of such title are each amended by adding

"82. Utilization of Veterans' Administration Hospitals to Improve and Expand Education and Training of Health Manpower... 5060"

immediately below

"81. Acquisition and Operation of Hospital and Domiciliary Facilities; Procurement and Supply 5001".

SEC. 6. During the two-year period immediately following the date of the enactment

of this Act, no part of any real property which is under the jurisdiction of the Administrator of Veterans' Affairs on the date of enactment of this Act shall be determined to be excess to the needs of the Veterans' Administration or transferred or otherwise disposed of pursuant to any provision of the Federal Property and Administrative Services Act of 1949.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Berry, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 699) to require a radiotelephone on certain vessels while navigating upon specified waters of the United States.

The message also announced that the House had passed a bill (H.R. 4354) to amend section 127 of title 23 of the United States Code relating to vehicle width limitations on the Interstate System, in order to increase such limitations for motorbuses, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 4354) to amend section 127 of title 23 of the United States Code relating to vehicle width limitations on the Interstate System, in order to increase such limitations for motorbuses, was read twice by its title and referred to the Committee on Public Works.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1972

The PRESIDENT pro tempore. Under the previous order the Chair lays before the Senate H.R. 9667, the Department of Transportation appropriation bill for 1972, which the clerk will state by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 9667) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1972, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. BYRD of West Virginia. Mr. President, I yield myself such time as I may require.

The PRESIDENT pro tempore. The Senator from West Virginia is recognized.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall be considered to have been waived by reason of agreement to this order.

The PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, line 9, strike out "21,342,000" and insert "\$22,342,000".

On page 2, line 15, after the word "expended", strike out "\$24,000,000" and insert "\$31,100,000".

On page 3, line 7, after "(49 U.S.C. 1674)", strike out "\$500,000" and insert "\$1,000,000".

On page 3, line 12, after the word "Columbia", strike out "\$1,500,000" and insert "\$1,760,000".

On page 3, after line 12, insert:
"CIVIL SUPERSONIC AIRCRAFT DEVELOPMENT TERMINATION

"For expenses necessary for the termination of the civil supersonic aircraft development program, \$58,500,000."

On page 5, line 17, after "5 U.S.C. 3109", strike out "\$96,682,000" and insert "\$101,682,000".

On page 5, at the beginning of line 22, strike out "\$7,150,000" and insert "\$9,750,000".

On page 6, line 24, after the word "law", strike out "\$14,000,000" and insert "\$15,500,000".

On page 7, line 24 after the word "grant", insert "engineering and service testing including construction of test facilities and acquisition of necessary sites by lease or grant"; and, on page 8, line 6, after the word "Alaska", strike out "\$252,009,300" and insert "\$301,809,300".

On page 8, at the beginning of line 23, strike out "research, development, and service testing" and insert "research and development"; on page 9, line 1, after the word "grant", strike out "\$63,360,700" and insert "\$73,360,700"; and, in line 6, after the word "for", where it appears the second time, strike out "research, development, and service testing" and insert "research and development".

On page 9, after line 20, strike out:
"FEDERAL PAYMENT TO THE AIRPORTS AND AIRWAY TRUST FUND

"For payment to the Airport and Airway Trust Fund as provided by section 208(d) of Public Law 91-258, \$530,944,000; however, the unappropriated balance in the Trust Fund as of July 1, 1972, shall be available solely to liquidate obligations incurred subsequent to June 30, 1972, under sections 14(a)(1) and 14(a)(2) of Public Law 94-258."

And, in lieu thereof, insert:
"FEDERAL PAYMENT TO THE AIRPORT AND AIRWAY TRUST FUND

"For payment to their Airport and Airway Trust Fund as provided by section 208(d) of Public Law 91-258, \$750,744,000; *Provided*, That of the anticipated unappropriated balance in the Trust Fund as of July 1, 1972, not to exceed \$408,000,000 shall be available to liquidate obligations incurred under sections 14(a)(1) and 14(a)(2) of Public Law 91-258."

On page 12, at the beginning of line 10, strike out "\$7,110,000" and insert "\$7,159,000"; in line 12, after the word "exceed", strike out "\$92,337,000" and insert "\$93,326,000"; and, in line 14, after the word "exceed", strike out "\$14,855,000" and insert "\$15,320,000".

On page 13, line 14, after the word "expanded", strike out "\$4,000,000" and insert "\$10,000,000"; and, in line 15, after the word "which", strike out "\$1,000,000" and insert "\$3,000,000".

On page 14, line 1, after the word "Code", strike out "\$15,000,000" and insert "\$20,000,000".

On page 14, line 11, after "(78 Stat. 505)", strike out "\$4,661,393,000" and insert "\$4,662,382,000".

On page 15, line 8, after the word "fund", insert a colon and "*Provided*, That appropriations from the Highway Trust Fund are authorized for liquidation of obligations

incurred against balances of the sums authorized for prior fiscal years and remaining unobligated at July 1, 1971."

On page 15, line 20, after the word "Fund", insert a colon and "*Provided*, That appropriations from the Highway Trust Fund are authorized for liquidation of obligations incurred against balances of the sums authorized for prior fiscal years and remaining unobligated at July 1, 1971."

At the top of page 16, insert:
"BALTIMORE-WASHINGTON PARKWAY TRUST FUND

"For necessary expenses, not otherwise provided, to carry out the provisions of the Federal-Aid Highway Act of 1970, for the Baltimore-Washington Parkway, to remain available until expended, \$2,500,000, to be derived from the 'Highway trust fund' and to be withdrawn therefrom at such times and in such amounts as may be necessary."

On page 16, line 13, after "5 U.S.C. 3109", strike out "\$62,837,000" and insert "\$75,837,000"; and, in line 14, after the word "which", strike out "\$22,000,000" and insert "\$29,500,000".

On page 17, line 6, strike out "\$1,943,000" and insert "\$2,468,000".

On page 17, line 9, after the word "activities", strike out "\$7,000,000" and insert "\$13,700,000".

On page 17, line 13, after "5 U.S.C. 3109", strike out "\$5,481,000", and insert "\$5,781,000".

On page 17, after line 13, insert:
HIGH-SPEED GROUND TRANSPORTATION RESEARCH AND DEVELOPMENT

"For necessary expenses for research, development, and demonstrations in high-speed ground transportation, \$29,077,000, to remain available until expended: *Provided*, That this appropriation shall be available only upon enactment into law of S. 979 or H.R. 8107 and H.R. 8302, 92d Congress."

On page 18, at the beginning of line 26, strike out "\$6,300,000" and insert "\$7,149,000".

On page 19, line 6, after the word "expended", strike out "\$52,000,000" and insert "\$78,000,000"; in line 7, after the word "That", strike out "\$49,000,000" and insert "\$75,000,000"; and, in line 8, after the word "demonstrations", strike out "of which not less than \$3,000,000 shall be available for research, development, and demonstrations related to subway safety" and insert "of which \$40,000,000 shall be utilized for research and demonstrations on bus, commuter rail, rail rapid transit and light rail research".

On page 21, at the beginning of line 21, strike out "\$30,640,000" and insert "\$28,940,000".

On page 25, after line 7, strike out:
"Sec. 303. None of the funds provided in this Act shall be available for administrative expenses in connection with commitments for grants in aid for airport development aggregating more than \$280,000,000 in fiscal year 1972."

On page 25, at the beginning of line 12, change the section number from "304" to "303"; and, in line 14, after the word "of", strike out "\$30,000,000" and insert "\$50,000,000".

On page 25, after line 15, strike out:
"Sec. 305. None of the funds provided under this Act shall be available for the planning or execution of programs the obligations for which are in excess of \$75,000,000 in fiscal year 1972 for 'State and Community Highway Safety and Highway Related Safety Grants'."

On page 25, after line 20, strike out:
"Sec. 306. None of the funds provided under this Act shall be available for the planning or execution of programs the obligation for which are in excess of \$20,000,000, exclusive of the reimbursable program, in fiscal year 1972 for 'Forest Highways'."

At the top of page 26, strike out: "Sec. 307. None of the funds provided under this Act shall be available for the planning or execution of programs the obligations for which are in excess of \$10,000,000 in fiscal year 1972 for 'Public Lands Highways'."

On page 26, at the beginning of line 5, change the section number from "308" to "304"; and, in line 8, after the word "than", strike out "\$800,000,000" and insert "\$1,000,000,000".

On page 26, at the beginning of line 10, change the section number from "309" to "305".

On page 26, at the beginning of line 13, change the section number from "310" to "306".

On page 27, at the beginning of line 1, change the section number from "311" to "307".

On page 27, at the beginning of line 4, change the section number from "312" to "308".

On page 27, after line 12, insert a new section, as follows:

"Sec. 309. Appropriations under this Act for the Federal Aviation Administration may be expended for necessary expenses to establish, conduct, and carry out the International Aeronautical Exposition in an amount not to exceed \$3,780,000: *Provided*, That funds so expended shall be reimbursed to the appropriation from which expended out of revenues credited to the appropriation 'Federal Aviation Administration/United States International Aeronautical Exposition,' in Chapter XI of Public Law 92-18."

Mr. BYRD of West Virginia. Mr. President, the pending business before the Senate is the Department of Transportation and related agencies appropriation bill for fiscal year 1972, H.R. 9667, which passed the House of Representatives on July 14. This bill makes appropriations for the Department of Transportation, which is one of the newer departments of the Federal Government, and resulted from a consolidation of the Coast Guard, Federal Aviation Administration, and activities of the Federal Highway Administration, Federal Railroad Administration, Urban Mass Transportation Administration, and the St. Lawrence Seaway Development Corporation.

In addition, the bill contains appropriations for certain independent agencies whose activities and programs are related to transportation, such as the National Transportation Safety Board, the Civil Aeronautics Board, Interstate Commerce Commission, the Panama Canal, the Washington Metropolitan Area Transit Authority, Aviation Advisory Commission, and the Commission on Highway Beautification.

The budget estimates of new budget authority submitted by the President in connection with this entire bill totaled \$2,860,127,997. The bill as it passed the House of Representatives totaled \$2,733,369,997. The bill which the Committee on Appropriations of the Senate has reported, and which is now before the Senate, makes recommendations in the amount of \$2,957,929,997. This is an increase of \$224,560,000 over the House bill.

In addition to new budget authority which is contained in this bill, the bill contains in excess of \$5 billion in appropriations to liquidate contract authorizations, the bulk of which is under the Federal Highway Administration. The grand total in the bill of new budget authority,

reappropriations, appropriations to liquidate contract authorizations, appropriations for debt reduction, and rescission of unobligated balances is \$8,209,013,000. There is a table on page 40 of the report which gives a detailed recapitulation of these figures.

I will enumerate the major changes which have been made in the bill by the committee. The report is before each member and it explains in detail all of the changes effected by the committee. I will be glad to answer any questions at any time with respect to this bill.

The first appropriation contained in the bill is for the Office of the Secretary. The budget estimate is in the amount of \$22,342,000 and 908 positions. The House of Representatives recommended \$21,342,000 and 854 positions. The Secretary of the Department requested the Senate committee to restore the \$1 million reduction and the 54 positions. In addition, the Secretary requested an additional 14 positions over and above the 1972 budget estimate, which would be financed within the funds provided in the budget estimate. The committee was advised that the Department plans to staff each of the 10 regional offices with three employees, and the House had allowed only two employees for each of the regional offices. The request contained funds for 44 positions which the Secretary stated were urgently required to give his office the management muscle needed to achieve broad transportation goals and policies for the country. The additional 14 positions were requested for cargo security and elimination of theft at transportation terminals. It was the view of the committee that the Secretary presented a very good case and the committee complied with his request, thus recommending the additional \$1 million for the Office of the Secretary.

For transportation planning, research, and development, which is also under the Office of the Secretary, the budget estimate is in the amount of \$24,600,000 and 90 positions. The House of Representatives allowed the 90 positions with an appropriation of \$17,500,000. The committee was requested to restore the \$7,100,000 House reduction. The justification to the committee detailed the plans for research and demonstration projects under 19 different work categories. The committee was advised that under the House allowance the completion of many urgently required studies would be seriously jeopardized and some of them would have to be deferred entirely. The House reduction represents a 28-percent reduction, and some studies on transportation noise and pollution problems; the Department's climatic impact research program, which has international implications in view of the rapidly approaching dates on which the Concorde and the TU-144 are expected to enter commercial SST service; the analysis of census data, which is needed for policy formulation by the Department; and other projects of benefit to the transportation industry would have to be deferred. For these reasons, the committee recommends an appropriation of \$24,600,000, an increase of \$7,100,000, for the full amount of the budget estimate.

The committee concurs with the House and its recommending \$500,000 for the special foreign currency program for transportation research activities overseas. These funds are used to establish cooperative research programs with Poland and Yugoslavia through the utilization of excess foreign currencies, and the projects relate to the international standardization of transportation procedures.

For grants-in-aid for natural gas pipeline safety, the committee recommends that the House allowance of \$500,000 be increased to the full amount of the budget estimate, \$1 million. These funds are used for grants to States on a matching basis to enforce safety standards in connection with interstate gas pipelines. The Senate has not passed the act extending the authorizing legislation of 1968, but the measure has passed the House of Representatives. The Department contemplates providing one full-time employee on a shared basis with each of the States, and the remaining funds will go to the individual States on the basis of a formula to help finance emergency State projects.

For consolidation of departmental headquarters, the budget estimate is in the amount of \$2 million, and the House has recommended an appropriation of \$1,500,000. The committee recommends an appropriation of \$1,760,000, an increase of \$260,000 for the consolidation of departmental headquarters into the Nassif Building. The House bill contains \$600,000 for the leasing of parking space and \$900,000 for moving the departmental printing plant. In addition to those items, the committee has approved \$170,000 to install a sprinkler system in the library and \$90,000 for the construction of a driveway entrance. The housing of a library in a public building of this nature without an adequate sprinkler system constitutes a safety hazard, and the driveway entrance money would relieve the growing congestion which has developed with the loading and unloading of vehicles.

The committee recommends an appropriation of \$58,500,000 for civil supersonic aircraft development termination. The President in Senate Document No. 92-30, which was transmitted to the Senate after the bill had been reported in the House of Representatives, recommend this appropriation. In 1967, the Department of Transportation requested airlines holding SST delivery position reservations to contribute funds toward program costs. The Department indicated that if significant airline contributions were not received, the SST program would probably not go forward. The airlines contributed \$58,500,000 to the project. This amount was used by Boeing Aircraft Corp. as a portion of the Government's share of the contract costs. Since the SST project has been abandoned by the Congress, this appropriation would provide funds to repay the carriers for their investment in the program.

Mr. President, we now come to the Coast Guard, and for operating expenses, the committee recommends an appropriation of \$475 million, the same as the

House allowance. The amount in the bill is \$29 million over the appropriations for 1971, and this increase includes funds to initiate operations of newly acquired or improved facilities constructed from prior appropriations; increased activity to meet responsibilities in maritime environmental protection, principally in the oil spill pollution area; maintenance of physical plant; and general cost escalations affecting all items. The committee has directed in its report that none of the reduction under the estimate be applied to the plans for carrying out aerial surveillance related to oil pollution.

For acquisition, construction, and improvements in the Coast Guard, the committee recommends an appropriation of \$101,682,000. This is \$5 million over the amount contained in the House bill and a like sum in excess of the budget estimates. The additional \$5 million is for the initial stages of development and deployment of an integrated marine traffic control system. The amount for this purpose was based upon a study of an integrated marine traffic control system for the Puget Sound area. This appropriation item provides funding for vessel improvements; acquisition of nine replacement aircraft; and the reactivation of six aircraft for pollution surveillance. It includes funds for replacement and improvements of shore stations and navigation aids, repair and supply facilities, and training and recruiting facilities.

For alteration of bridges, the committee recommends an appropriation of \$9,750,000. The House bill contains \$7,150,000. The budget estimate was \$3 million, for continued funding for alteration of obstructive bridges located near Chicago, Ill., and Wilmington, N.C. The House recommendation provided an additional amount of \$4,150,000 for 6 additional bridges—one at Chicago, Ill.; one at Gulf Beach, Fla.; one at Norfolk, Va.; and three in Alabama. The committee has added \$200,000 to the \$1,200,000 earmarked in the House report for bridge construction at Calumet River, Chicago, Ill., and \$2,400,000 for modification of the Burlington Northern, Inc. railroad bridge over the Illinois River at Beardstown, Ill.

For retired pay of the Coast Guard, the committee concurs with the House action and the budget estimate, and recommends an appropriation of \$71,371,000. This appropriation provides for retired pay of military personnel of the Coast Guard and Coast Guard Reserve, members of the former Lighthouse and Lifesaving Services, and for annuities payable to beneficiaries of retired military personnel. The actual number on the rolls at the end of 1970 was 13,936, and the number is estimated to rise to a figure of 14,529 at the end of 1971 and 15,180 at the end of 1972.

The committee recommends an appropriation of \$25,900,000 for reserve training, the amount of the House allowance and an increase of \$15,356,000 over the budget estimate. The President's budget proposed phasing out the Selected Reserve by June 30, 1972. After that date, support needed to meet any requirements would be funded as an element of Navy

Reserve appropriations. The committee concurs with the House in recommending the continuation of the Selected Reserve under Coast Guard appropriations. The committee believes that little, if any, actual savings would result from the Department's proposal to transfer Selected Reserve functions to the Navy Reserve and feels that a peacetime mission can be found for the Coast Guard Reserve.

The committee recommends an appropriation of \$15,500,000 for research, development, test, and evaluation for the Coast Guard. The House reduced the appropriation request for research under this head by \$3.6 million. The House action contemplated a \$2.5 million carryover in 1971 funds, whereas the Department has now advised the Senate committee that the actual carryover is only in the amount of \$1 million. The Department has appealed the \$1.5 million, and the committee recommends that the Senate restore this amount. The committee was advised that failure to restore this amount would result in an adverse impact on ongoing projects, such as the maritime pollution control project, and projects dealing with mechanical spill cleanup procedures, and would also adversely affect projects which deal with the safety of commercial vessels.

For operations of the Federal Aviation Administration, the committee recommends an appropriation of \$989,074,000, an increase of \$93,684,000 over fiscal year 1971 and the same as the House bill. The full 49,322 positions approved in the House bill and recommended by the Senate committee include the 927 new positions related largely to the maintenance of air traffic control and air navigation equipment. Some controversy has developed over the utilization of moneys that have accumulated in the trust fund, it being charged that moneys have been used for operational expenses which, under the law, were anticipated to be of the lowest priority. It is contemplated in this year's budget that the actual requirement of \$250 million for airport facilities and the requirement of \$280 million for airport grants will be fulfilled. There is new legislation which will more specifically spell out the priorities and which will emphasize, presumably, that operational expenses will be of very low priority in their call upon the trust fund.

The committee recommends \$301,809,000 for facilities and equipment, which is \$49,800,000 over the budget estimate and the House allowance. In the House report, reference is made to increasing the number of control towers from four in the budget estimate to six, and also to increasing the number of airport surveillance radars at eight locations, in the budget estimate, to a total of 24 locations. The House made these additions; however, it did not include any funds in the bill for these additional facilities. The committee has included \$35.8 million in the bill for additions made by the House and also has included \$14 million for airport surveillance radars at Casper, Wyo.; Gulfport, Miss.; Huntington, W. Va.; Longview, Tex.; Muskegon, Mich.; Pueblo, Colo.; and Waterloo, Iowa. The committee was advised by

the Department that the failure to provide funding for the additional items included by the House would create a severe imbalance in the priorities of their program. The committee recommends sufficient funds of 1,946 positions, which is the number included in the budget estimate.

For research and development, the committee recommends an appropriation of \$73,360,700. This is \$10 million in excess of the amount approved by the House of Representatives. The committee was advised that the reduction effected by the House will result in further delays in the efforts on both the upgraded third and fourth generation air traffic control systems at a time when every effort is being made to find means of accelerating the schedule, and that this monetary reduction by the House introduces a further delay to a very tight schedule. The committee's action restores the House reduction and approves the full budget estimate. These funds will finance research in air traffic control, including systems modernization and increased airport/airway system capacity; navigation; aviation weather devices and techniques; and aeromedical research—and will provide the full number of budgeted positions of 490.

For grants-in-aid for airports, the committee recommends \$15 million for planning grants and \$92 million for liquidation of contract authorizations. These sums are identical with the budget estimates and the House allowances. The committee was informed that the 1972 program level for the airport development program will be \$280 million, the annual level authorized in the authorization act. A general provision included in the bill by the House, section 303, establishes a limitation of \$280 million for grants-in-aid for airport development for 1972. The annual level authorized for this program is \$280 million and the administration's program is at that same level, so the committee saw no reason to continue a general provision setting a ceiling of \$280 million. Accordingly, the committee recommends that section 303 of the House bill be deleted.

For Federal payment to the airport and airway trust fund, the committee recommends an appropriation of \$750,744,000. This is an increase of \$219,800,000 over the House bill. This increase consists of the \$35,800,000 which was included under facilities and equipment to finance the additional facilities mentioned in the House report for which funds were not included in the bill; \$14 million for the airport surveillance radars included in the bill by the committee; \$10 million additional included in the bill by the committee for research and development; and \$160 million additional included in the bill for liquidation of contract authority in the grants-in-aid program. Title II of the Airport and Airway Revenue Act of 1970 authorizes additional appropriations from general Treasury funds to supplement user tax revenues as required to make expenditures for certain activities of the Federal Aviation Administration. As proposed in the budget estimates, the trust fund at the end of this fiscal year would not have

any balance. No money would remain in the fund to liquidate obligations binding on the Government pursuant to grant agreements entered into with public airport sponsors. The bill as it passed the House included \$248 million to remain in the trust fund after June 30, 1972, to liquidate these authorized obligations to communities when their airport development projects are completed. The committee recommends that the House allowance for this purpose be increased to \$408 million—an increase of \$160 million to provide funds for the total authorized airport program obligations for the two fiscal years for which liquidating cash appropriations have not yet been requested. Language has been included in the bill by the committee increasing the sum and providing that \$408 million shall be reserved for the liquidation of these obligations.

Under the heading, safety regulation, the committee concurs with the House of Representatives and recommends an appropriation of \$160 million. This appropriation finances all of the safety regulation activities of the Federal Aviation Administration, including regulatory activities, medical research relating to Federal air regulations, and the security guard program.

For operation and maintenance of the Washington National and Dulles International Airports, the committee recommends an appropriation of \$11,467,000. This amount is the same as the House allowance and the budget estimate.

For construction at the two airports, the committee recommends an appropriation of \$4,930,000. This sum includes \$2,065,000 for runway rebuilding and terminal improvements and holding aprons at Washington National Airport, \$2,835,000 to expand the Dulles mobile lounge fleet, and \$30,000 for increased pay costs. The request for \$14,700,000 for expansion of the Dulles terminal has been temporarily deferred by the House and the committee concurs in this action. Subsequent to the passage of the bill by the House deferring this expansion, no appeal was made to the Senate committee to restore the sum.

In connection with the U.S. International Aeronautical Exposition to be held at Dulles May 27–June 4, 1972, language has been included in the general provisions to allow the Department borrowing authority to obligate funds prior to the accumulation thereof of revenue receipts, in an amount not to exceed \$3,780,000.

Mr. President, we now turn to the Federal Highway Administration. The first appropriation item under this head is for salaries and expenses, and the committee recommends \$7,159,000 in appropriations, together with a transfer of \$93,326,000 from the Federal-aid highways appropriation. The increase of \$1,038,000 over the House bill will provide an additional 18 positions. The 18 positions restored constitute the minimum number necessary for staff resources required for effective and responsible execution of new programs authorized in the 1970 Highway Act. The funding restoration is also required to meet uncontrolled price increases in personnel, plan-

ning studies, and programs authorized by the House. The committee is of the view that certain functional areas must be strengthened, particularly legal services, field engineering operations, administration, and motor carrier safety if the agency is to provide continuing responsiveness to growing program demands and complexity. The funds provided the Federal Highway Administration with this appropriation will finance a total of 4,102 positions.

The bill contains \$1,100,000 for administrative expenses for highway beautification. This is the same amount as the House bill. Also in the House bill, provision was made for an appropriation of \$10 million to liquidate contract authority and the committee concurs with this recommendation. A general provision included in the bill by the House limited obligations for the highway beautification program for fiscal year 1972 to \$30 million. In an appeal for an obligational level of \$50 million, the Department of Transportation stated that the program has been realigned to emphasize the control and removal of unsightly billboards, with a goal of complete removal of these billboards within 5 years. At the rate permitted under the House limitation, the period required would be extended to almost 10 years, thus increasing the overall cost to about \$300 million. The committee has increased the obligational level for this program to \$5 million, and the funds allowed under this head will finance 10 new positions.

For highway related safety grants, the committee recommends an appropriation of \$5 million to liquidate contract authorizations. This is the amount of the House bill, and although it is \$1 million less than the budget estimate, there was no appeal to the Senate after the House made this reduction. These funds are used to pay State claims for obligations incurred in implementing the highway safety standards administered by the Federal Highway Administration. These standards relate to traffic control devices, highway construction and maintenance, accident location surveillance, and highway-related pedestrian safety. Under section 305 in the general provisions, the House included a ceiling of \$75 million on this program and the State and community highway safety program. The Department advised the committee that the initiation of new projects could be severely limited under the House restriction and the orderly planning and buildup of ongoing projects hampered. The committee has, therefore, deleted the House provision. The Federal-Aid Highway Act authorized contract authority for highway-related safety grants in the amount of \$30 million for fiscal year 1972 and \$100 million for fiscal year 1972 for State and community highway safety.

The committee recommends an appropriation of \$10 million for rail crossings—demonstration projects, an increase of \$6 million over the House bill. The committee was advised that the reduction effected by the House would create a delay in the elimination or upgrading of hazardous rail-highway crossings for many of these projects until fiscal year

1973 and later years. The States have been very responsive and cooperative in developing a course of action, and it was the view of the committee that restoration of the full amount should be made in the light of the potential savings of life and the elimination of highway-rail hazards.

For territorial highways, the committee recommends an appropriation of \$1 million to liquidate contract authorizations. This is the same amount as provided by the House. These grants are made to assist the Territorial Governments of the Virgin Islands, Guam, and American Samoa in the improvement of their highways.

For the Darien Gap Highway, the committee recommends the sum of \$20 million, an increase of \$5 million over the House allowance, and the full amount of the budget estimate. The administration has been working with the Government of Panama and Colombia and has just established a policy of program acceleration for completion in 5 years for installation of an all-weather road surface open to traffic, with final completion in 7 years, rather than the 10 years originally estimated. This schedule cannot be met without the full appropriation of \$20 million in fiscal year 1972. This highway will connect the Inter-American Highway of Central America with the Pan-American highway system of South America, creating a single, cohesive network stretching from Alaska to every South American country. The 250 miles of highway in the Darien area of Panama and Colombia is estimated to require \$50 million, of which the United States' share and Colombia is estimated to require \$150 million is being supplied by Colombia and Panama.

For liquidation of contract authorization for Federal-aid highways, the committee recommends the sum of \$4,662,382,000, to be derived from the highway trust fund. The increase of \$989,000 over the House allowance provides for the financing of additional amounts in the salaries and expenses item, which I described earlier and which will contribute to the financing of 18 additional positions to strengthen the legal services, field engineering, and motor carrier safety activities. These funds are required for payment to the States for work performed under grants for Federal-aid highway programs. These programs include the Interstate Highway System; Federal-aid primary, secondary, and urban programs; new grant programs for special bridge replacement; economic growth center development highways; and highway-related safety grants.

For the right-of-way revolving fund, the committee recommends an appropriation of \$25 million, the amount of the House allowance. A total of \$300 million has been authorized to establish a right-of-way revolving fund for the advance acquisitions of rights-of-way by the States and for payment of relocation expenses. This appropriation makes no addition to the overall highway costs. It merely advances in time an expenditure which must eventually be made and, in fact, produces savings by avoiding future inflation of property values. Of even greater importance, it provides

substantial assistance to those persons and businesses displaced by highway construction by allowing them a longer period of time to accomplish relocation. The revolving fund is utilized to provide interest-free loans for the advance acquisition of rights-of-way by the States and payment of relocation expenses, including the State share of the cost, and to permit more adequate comprehensive highway planning.

For forest highways, the committee recommends an appropriation of \$25 million for liquidation of contract authorizations. This is the amount of the budget estimate and the amount included in the House bill. Main highways within or adjacent to national forests are constructed and improved with these funds. Projects are jointly selected by the States, the Forest Service, and the Federal Highway Administration on the basis of their contribution to meeting the traffic requirements within the national forests. Authorities are apportioned by States on the basis of a formula which uses as factors the national forest area and value in each State. The authorization act authorizes a program of \$33 million in fiscal year 1972. The House included a general provision in the bill limiting this sum to \$20 million for fiscal year 1972. The committee has deleted the House provision in order to allow the forest highways program to advance at the rate envisioned in the authorization act. The administration proposed in the budget that the unobligated balances for fiscal year 1971 and prior year authorizations be rescinded. The House did not act upon this recommendation. Subsequently, the Department requested the committee to include language in the bill which would authorize these balances to be financed from the highway trust fund. The committee has concurred in this alternative recommendation. Consequently, all unobligated balances in the forest highways program as of June 30, 1971, aggregating approximately \$38 million, will be available to be financed from the highway trust fund.

For public lands highways, the committee recommends \$5 million in liquidation appropriations, the same as the budget estimate and the House amount. These funds are used to assist the States with large areas of public lands in the improvement of sections of main roads which the States find difficult to finance otherwise. Contract authority was made available by the Federal-Aid Highway Act of 1970 for 1972 and 1973 in the amount of \$16 million for each year to be financed from the highway trust fund. The House has included in the general provisions language which places a ceiling limitation of \$10 million on this program. The committee has deleted the House language in order to allow the administration to proceed with the public lands highway program as contemplated in the authorizing legislation. As in the case of forest highways, the budget submitted proposed language to rescind unobligated balances of 1971 and prior year authorizations. The language was not approved by the House and alternative language to permit trust fund financing of these balances was subsequently sub-

mitted. The committee recommends this language which will carry over \$26,637,000 to be financed from the trust fund.

For the Baltimore-Washington Parkway, the committee recommends an appropriation of \$2,500,000 to commence preliminary engineering work on resurfacing and expanding the parkway as authorized by the Federal-Aid Highway Act of 1970. This is an increase of \$2.5 million over the House bill. In eliminating this item, the House felt that the project agreement among the Secretaries of Transportation and Interior and the State of Maryland would not be executed in the near future. The authorizing legislation prohibits expenditure of funds until such an agreement is concluded. The Department has advised the committee that it fully expects to reach an agreement in fiscal year 1972 with the Secretary of the Interior and the State of Maryland. These funds will permit the Federal Highway Administration to commence preliminary engineering work as soon as the agreement is reached so that later delays in construction can be avoided. This parkway was initially constructed as a scenic drive, safe only at speeds up to 50 miles per hour. It has since become a utility highway, used principally by commuters and tourists as a high-speed travel-way. Evidence of the safety deficiencies of this Parkway is found in the fact that there was a total of 10 fatalities last year. In recommending the appropriation, the committee feels that lack of funds should not be a bar to moving ahead with this project as rapidly as possible in view of its potential for greatly increasing highway travel safety.

For traffic and highway safety under the National Highway Traffic Safety Administration, the committee recommends an appropriation of \$75,837,000, an increase of \$13 million over the House bill and \$1 million under the amount requested by the administration. The sum recommended by the committee is \$32,902,000 over the appropriations for fiscal year 1971. The major portion of the total increase of \$32,902,000 over the appropriation for last year—or the sum of \$25,500,000—is provided for expansion in the administration's alcohol safety action projects—ASAPS—which are designed to reduce alcohol-related annual highway deaths by identifying and controlling the problem drinker. Alcohol is involved in one-half of annual highway fatalities, of which two-thirds are caused by problem drinkers. Funding has been provided to conduct 40 ASAPS as compared to 29 approved by the House. The committee directs that the program not be limited in scope but that projects be implemented in all States as soon as possible. The remainder of the increase will allow funding for 817 positions and expansion of \$4,320,000 in other areas of the National Highway Traffic Safety Administration contract program.

For compliance test facilities, the committee recommends an appropriation of \$9,600,000, the amount of the budget estimate and the House allowance. The funds recommended under this head are for the construction and equipping of a compliance test facility, to be located

at East Liberty, Ohio, for testing manufacturers' observance of existing standards on motor vehicles, tires, and other equipment; to investigate consumer reports of safety defects; and to evaluate test procedures for proposed standards.

For State and community highway safety, the committee recommends an appropriation of \$47 million to liquidate contract authorizations. This appropriation is to pay obligations incurred in the administration of a highway safety grant program initially authorized under the Highway Safety Act of 1966. Federal grants are provided to assist the States and their political subdivisions in the establishment of highway safety programs based on comprehensive statewide plans in accordance with uniform standards. The States are required to match the Federal grants. The 1972 appropriation provides financing for the administration of 12½ of the 16 safety standards currently in effect. The remaining three and one-half standards are administered by the Federal Highway Administration for which separate funding is provided in the Federal Highway Administration budget. This division of responsibility is prescribed in the Highway Safety Act of 1970. Prior to 1972, funding for all standards was included in the National Highway Traffic Safety Administration.

As I described a few moments ago, the House included in the bill section 305, which limits obligations for State and community highway safety and highway-related safety grants to \$75 million. As in the other case, the committee has deleted the House provision since the committee was advised that new and ongoing projects would be severely limited or hampered under the House language. As stated before, the Federal-Aid Highway Act authorized contract authority for State and community highway safety in the amount of \$100 million for fiscal year 1972.

The next main item is the Federal Railroad Administration. For the Office of the Administrator, the committee recommends an appropriation of \$2,468,000. This amount is \$525,000 over the House allowance and will fund 35 additional positions sought and needed to carry out programs recently authorized by Congress, such as the Federal Railroad Safety Act, the Passenger Services Act, the Emergency Rail Services Act, and the expansion of the high-speed ground transportation program. Total positions funded under this appropriation are 124. The promulgation of initial railroad safety standards is the highest priority for this organization.

For railroad research, the committee recommends an appropriation of \$13,700,000, which is an increase of \$6,700,000 over the House allowance. The committee was advised that the reduction effected by the House would delay the development of safety standards which will retard the rail safety program. With the additional funds recommended by the committee, it is expected that the Federal Railroad Administration will be able to delineate specific tangible accomplishments resulting from research programs dealing with safety and studies of train

derailments, collisions and vehicle-train collisions. This appropriation provides for railroad research which is directed at solving critical safety problems, enhancing the environment, and promoting transportation efficiency. During 1972, major emphasis will be placed on conducting research related to train accidents caused by defective tracks and roadbeds, equipment systems, and human error.

For the Bureau of Railroad Safety, the committee recommends an appropriation of \$5,781,000, which is \$300,000 over the House bill. The additional amount provided by the committee will restore 19 positions deleted by the House. These positions will be filled by experienced civil engineers and will help in accident investigative work. They will spot check the carriers' own inspection practices and will cope with a backlog of requests for investigations and inspections of possible track problems. At the present time, only two qualified employees are on the rolls to perform these duties. A total of 281 positions is financed from this appropriation.

For high-speed ground transportation, the committee recommends an appropriation of \$29,077,000. This item was omitted from the House bill since the extension of the authorization act had not been enacted, although bills are pending in the two Houses. The committee recommends the full amount of the budget estimate contingent upon passage of the authorizing legislation. The funds recommended consist of new budget authority of \$17.3 million for research and development, largely at the high-speed ground test center; \$10 million for demonstrations, largely for improvements in the Metroliner and TurboTrain demonstrations; and the remainder is for administration.

For administrative expenses of the Urban Mass Transportation Administration, the committee recommends an appropriation of \$7,149,000, an increase of \$849,000 over the House bill. These additional funds will finance the employment of 75 additional employees over the House bill, and the committee has directed that none of these employees be assigned to field stations outside of UMTA headquarters except those employees considered essential for supervision and implementation of ongoing programs.

The next item is research development, and demonstrations and university research and training. The committee recommends an appropriation of \$78 million, the amount of the budget request and \$26 million over the House bill. This budget is the first to emphasize research demonstrations and this accounts largely for the increase of \$52 million over the program for the prior fiscal year. The committee recommends full restoration because long leadtime is inherent in these programs and projects. In addition, the projects undertaken in the research, development, and demonstration activities are designed to improve and explore innovations in facilities, equipment, methods and techniques. Some of the efforts currently underway will

reach critical decision points in 1972, as to options of continuing, discontinuing, or modifying the projects. The committee is pleased with the progress being made at the Pueblo test track and also to learn of the plans to test light rail and "people mover" projects at Pueblo and Morgantown, W. Va. In its report, the committee has directed that \$15,000 of the funds allowed be promptly applied to costs of development of surveys leading to specific recommendations from UMTA, to be submitted as soon as possible, as to how best to preserve railroad rights-of-way into central city areas for future transportation use. In addition, the committee has deleted from the bill \$3 million which was earmarked on the House floor for subway research in view of the fact that it was a last-minute action on the floor of the House and had had no committee hearings in either body.

For liquidation of contract authorizations under the Urban Mass Transportation Administration, the committee recommends the full amount of the budget estimate and the House allowance, \$150 million. The Urban Mass Transportation Act authorized \$3.1 billion in contract authority. Section 308 of the general provisions, inserted in the bill by the House, has the effect of limiting this program to \$800 million in fiscal year 1972. The Secretary of the Department of Transportation requested that the provision inserted by the House be deleted on the grounds that it is unnecessarily constraining on the potential program and could impede progress toward the solution of urban transportation problems. The committee recommends that the limitation be increased to \$1 billion, to encourage acceleration of the program.

For the St. Lawrence Seaway Development Corporation, the committee concurs with the House in recommending a limitation of \$749,000 on administrative expenses, an increase of \$20,000 over the 1971 limitation. The corporation's total revenue for 1972 is estimated at \$7.1 million, of which \$3.4 million will be applied to retirement of U.S. Treasury bonds; \$3.3 million for operating expenses—including the administrative expenses under limitation; and capital outlays of \$0.4 million—including \$0.1 million for lock rehabilitation expense. The St. Lawrence Seaway Development Corporation, a wholly Government-owned enterprise, is responsible for the development, operation, and maintenance of the St. Lawrence Seaway system in the United States. The corporation is one of the operating administrations within the Department of Transportation and has offices both in the Department and in Massena, N.Y. The corporation has joint responsibility with the St. Lawrence Seaway Authority of Canada for the 114-mile reach of the international section of the St. Lawrence River between Lake Ontario and St. Regis, N.Y. Principal facilities of the U.S. corporation—the Eisenhower and Snell locks, the Wiley-Dondero Canal, the corporation's offices, and operational and maintenance facilities—are located in Massena, N.Y., and vicinity.

For salaries and expenses of the National Transportation Safety Board, the

committee recommends an appropriation of \$7,150,000, the same as the House allowance. The Safety Board investigates, determines the probable cause, and issues reports on all civil aviation accidents; makes final cause determination and reports the facts and circumstances of major surface transportation accidents, relying on the administrations within the Department of Transportation to investigate such surface transportation accidents; conducts special transportation safety studies; makes recommendations for the purpose of preventing accidents and promoting safety in transportation; examines the adequacy of transportation safety standards and determines compliance with these standards; and reviews on appeal actions against any certificate or license issued by the Secretary or an Administrator of the Department of Transportation.

The committee recommends an appropriation of \$13,445,000, the full budget request and House allowance, for salaries and expenses, Civil Aeronautics Board. The funding recommended would provide 16 new positions for regulatory functions. Ten relate to increased workload in rates and fares, including the air freight investigation; the remaining six are for increased workload in the consumer affairs and enforcement areas. The Board regulates the economic aspects of air carrier operations, both domestic and international, and participates in the development of international air transportation.

The committee recommends an appropriation of \$53,600,000 for payments to air carriers, the same amount as the House allowance. Evidence indicated that this was the minimum amount that would be necessary to fulfill this obligation. The Civil Aeronautics Board, in repeated appearances before this committee, has stated that it has a contract liability for such subsidy payments to the certificated air carriers. Because estimates of the level of subsidy needed were as high as \$82 million, and because this group of air carriers has sustained net losses on these routes for 3 consecutive years, the committee directs the Board, as soon as it is feasible, to re-evaluate the level of payments required for this fiscal year. The committee will be receptive to any supplemental request based thereon, in order to assure that large segments of the American public will continue to receive at least minimum air service.

The next item is Interstate Commerce Commission, salaries and expenses. The committee recommends an appropriation of \$28,940,000, the same as the budget estimate but \$1,700,000 under the House allowance. It was the view of the full committee that an appropriation in excess of the budget estimate for the Interstate Commerce Commission should not be recommended at this time.

For the Panama Canal, operating expenses, the committee recommends an appropriation of \$50,800,000 for fiscal year 1972. The net change from 1971 results principally from cost escalations of wages, supplies and materials, and service price increases. There are program improvements, principally in hos-

pitals and schools. This appropriation provides for those functions in the Canal Zone which, in the United States, would be performed by State and local governments and civilian departments of the Federal Government, and for the operation of hospitals and clinics. All operating expenses, including depreciation and other nonfund expense, are recovered and paid into the Treasury as miscellaneous receipts. Such recoveries are derived from individuals and agencies served and from the Panama Canal Co.

The committee recommends an appropriation of \$3,700,000 to finance necessary improvements and replacements to educational facilities, hospitals and clinics, and municipal facilities in the Canal Zone Government area. Like the House, the recommendation excludes \$600,000 for the Rainbow City school complex improvements and \$443,000 on the basis of carryover balances from 1971 and expected slippage in construction activities. Appropriations to the Canal Zone Government are repaid to the U.S. Treasury over the useful life of the capital assets acquired.

The committee recommends a limitation of \$19,283,000 on general and administrative expenses of the Panama Canal Company. The increase of \$2,035,000 over 1971 consists of wage increases and cost escalations—\$1,441,000—additional workload—\$326,000—program improvements—\$141,000—and miscellaneous items—\$127,000. The amounts involved are derived from Panama Canal Company resources.

The next item is the Washington Metropolitan Area Transit Authority. The committee recommends the full advance appropriation of \$174,321,000 requested for fiscal year 1973 for the Federal share of the rapid rail transit system to serve the National Capital area. The funds recommended will enable the Authority to continue the orderly planning of the third year of construction activity. The advance funding of the Federal contribution is needed for the continuing participation of the Maryland, Virginia, and District of Columbia interstate compact members.

The last item, Mr. President, is the Highway Beautification Commission, and the committee recommends an appropriation of \$200,000. This will provide professional staff and services for the Commission on Highway Beautification established by the Federal-aid Highway Act of 1970. Both Houses of Congress have already named their members.

Mr. President, I wish to express appreciation to our very diligent and capable staff, and particularly to Mr. Thomas Scott, Mr. John Witeck, and Mr. Joe E. Gonzales, for their assistance to me and to the other members of the committee in our conduct of the hearings, in our markup of the bill, both in subcommittee and in full committee, and in our preparation for the floor debate.

I also wish to take this opportunity to express my deep gratitude to the ranking minority member of the subcommittee, the Senator from New Jersey (Mr. CASE), for his cooperation, his understanding and courtesy at all times.

I also wish to express thanks to the distinguished Senator from Colorado (Mr. ALLOTT), who has been on the committee for many years, who has great knowledge of the subject matter of this bill, and who at all times has rendered such very capable help and advice to me and cooperation.

May I say that it has been a genuine pleasure to work with these two Senators on the minority side of the committee.

Mr. CASE. Mr. President, it has been a pleasant experience to work on this bill. The leadership of the chairman of our subcommittee has been up to its regular, usual, and expected high standard of diligence, competence, courtesy, and thoughtfulness.

The Senator from Colorado (Mr. ALLOTT), on whom I have relied so heavily because of his long experience as well as his native talents, and I have had a happy relationship, not only with each other but with our chairman.

Beyond that, I want only to say that, in addition to the staff support which we have received, and good staff support, from the director of the staff and from Mr. Witeck, we have also been greatly helped by Mr. Clark, minority member of the subcommittee staff.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. BYRD of West Virginia. I thank the Senator for noting this inadvertence on my part. I, too, wish to express gratitude to Mr. Clark for his efficiency, for his diligence, for his constant courtesy and cooperation, and for the fine work that he has done. He has been of great assistance to me also in my first year of handling this difficult appropriation bill.

Mr. CASE. I know that Mr. Clark thanks the Senator. We all thank him. As a matter of fact, it did not occur to me, and I do not think it would have to Mr. Clark, that this was an inadvertent omission. I thought the Senator was just leaving something for me to say, and something I was very happy to say.

As to the substance of the bill, the chairman has outlined the high points of it in a comprehensive way, and I think our report, plus what he has said, adequately deals with it.

There is just one matter that I might mention, since it has recently been called to our attention. There is some apprehension downtown at the Department of Transportation about the matter of the Federal payment to the Airport and Airway Trust Fund. I do not know that anyone is completely satisfied about what we have done about that, but what I wish to emphasize—and I think the chairman and the Senator from Colorado will bear me out in this—is that what we have done is to throw the whole matter into conference, where, if there are any bugs involved in the action by either body, they can be straightened out. I think that is where we had best leave it, so that the best and most satisfactory result can be accomplished.

Beyond that, I only wish to express my appreciation again to the chairman and the staff of the committee, and to my colleague the Senator from Colorado.

The PRESIDING OFFICER. Who yields time?

Mr. ALLOTT. Mr. President, will the Senator yield me 2 or 3 minutes?

Mr. BYRD of West Virginia. Yes.

Mr. ALLOTT. I wish to express my appreciation to the distinguished Senator from West Virginia and my colleague the Senator from New Jersey for their cooperation and help in this bill.

Many of the items in the bill were in the old Independent Offices Appropriation, and for many years I sat on that subcommittee, and in recent years I have been on this Subcommittee on Appropriations for the Department of Transportation.

However, there are one or two matters, I wish to discuss. I do agree with my friend that the best thing we can do with the Airport and Airway Trust Fund is to leave it as we have done, and place the whole thing in conference. I would not be happy with the effects of what was done if it were left as at present, I will say that frankly; but since the authorizing legislation is somewhat vague, and it is not specifically spelled out who is responsible for the expenditures of what sums out of which of the four categories that are enumerated under section 14 of the present law, I think this is the best way we can do it.

Mr. President, I would also like to mention the matter of subsidies for the local service air carriers. We have increased this item considerably. Despite the fact that this particular bill is \$26,690,608 under the appropriation for last year, it has had to absorb several items such as the appropriations to take care of the subsidies to local feeder airlines.

I simply wish to say this about that question: We have had a situation in this country where the actions of the Government have, in effect, taken off all of the passenger trains in this country except Amtrak. We have left thousands of smaller communities in this country without any real transportation; they have occasional buses, and that is about all.

So, since this was done by action of the Government, I feel that we have a deep obligation, as indeed the CAB feels to keep the local service carriers going, and keep them going on an efficient basis.

Other than that, and to thank my colleagues and also the staff on both sides, I have one special word of appreciation, particularly for his assistance to me on the ground transportation aspect of the measure, to my own staff member, Paul Weyrich, who has indeed been of great help, and I think probably is more informed on the matter than any other one person I know of on Capitol Hill.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield the distinguished Senator from California whatever time he requires.

Mr. CRANSTON. I call the attention of the Senator from West Virginia to one matter that I have discussed with him several times, which relates to \$2.5 million for Coast Guard barracks, mess hall, and classrooms, which we had hoped

might be built in Petaluma, Calif., rather than at another location. I hope that the Senator is able to report that that was accomplished in the committee.

Mr. BYRD of West Virginia. Mr. President, I am able to so report. The distinguished Senator and I have discussed this matter at some length previously.

The request was for a reprogramming of funds which were available for the construction of a barracks at Yorktown, Va., to the Petaluma site.

Both of these locations, as I understand the testimony—and I am sure the Senator from New Jersey will substantiate my understanding—are desirable; but, as I understand it, there is a substantial problem, as the Senator from California has pointed out to me on several occasions, in connection with the training of petty officers, and this site at Petaluma is intended to help overcome that problem.

It is my understanding that at the Petaluma site there are Army barracks no longer needed by the Army, and that this amount of money, \$2.5 million, would result in a saving of several million dollars, because it would cost \$10 to \$12 million if equal capability were to be provided elsewhere.

This does not mean that the Yorktown facility will not be built. It will be built. But this action of reprogramming will save money in the amount of several million dollars, at the same time it will provide excellent facilities for training purposes, and it will not eliminate or delay the need for the facility at Yorktown, Va.

I thank the Senator for calling this matter to my attention during the subcommittee hearings. I thank him for his assistance in the surveillance of the item, and for his great interest in the committee's work and his support and understanding in all matters. I congratulate him on his efforts in this particular instance.

Mr. CRANSTON. Mr. President, I thank and congratulate the distinguished chairman for his excellent work. It is quite unusual when you can get \$2.5 million spent in your own State and thereby save the Nation \$10 million. I hope we will have more opportunities to do the same thing in the future, and I shall do whatever I can to assist in such efforts.

Mr. BYRD of West Virginia. The Senator from West Virginia knows that the Senator from California will do just that, and I hope that the Senator from California will be able to achieve many repeat performances as far as saving the money of the Nation is concerned.

Mr. CRANSTON. I am sure it would require the help of the Senator from West Virginia. With his help, we can do it again. I hope. I thank the Senator very much.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BYRD of West Virginia. Mr. President, I know that the Senator from Alaska (Mr. STEVENS), wishes to propose an amendment. I would suggest that the cloakroom alert him to the fact that the bill is now open to further amendment. I do not wish to consume time by putting

in a quorum call at this point, if the Chair will indulge me just briefly.

Mr. STEVENS. Mr. President, will the manager of the bill yield me 5 minutes in order to make some inquiries concerning the bill, before I offer these amendments?

Mr. BYRD of West Virginia. I am glad to yield 5 minutes to the Senator.

Mr. STEVENS. It is my understanding that the authorization bill, H.R. 5208, with respect to the Coast Guard, which was passed this morning, authorizes the acquisition of five long-range search aircraft, which are the HC-130 long-range patrol aircraft for the Coast Guard. It is also my understanding that the bill before the Senate funds only three of these long-range search aircraft. Is my understanding correct?

Mr. BYRD of West Virginia. The bill does contain funds for three of such aircraft.

Mr. STEVENS. It is further my understanding that the bill that was passed this morning authorizes the \$1.5 million for the acquisition of the so-called air deliverable antipollution transfer system and that no money is available in this bill for that. Is my understanding correct?

Mr. BYRD of West Virginia. It is my understanding that there was no debate on the authorization bill that came out of the Commerce Committee and passed the Senate this morning. I am not sure as to the particulars.

Mr. STEVENS. May I inquire whether my information is correct that there is no money in the bill now before the Senate for the so-called ADAPTS system dealing with the antipollution transfer concept?

Mr. BYRD of West Virginia. The Senator is correct.

Mr. STEVENS. I am also interested in one other area, and that is the question of the acquisition of the three high-endurance cutters which were authorized by both the House bill and the Senate-passed bill, in the amount of \$57 million. It is my understanding that none of these is funded by this bill. Is that correct?

Mr. BYRD of West Virginia. What is the question?

Mr. STEVENS. It is my understanding that none of the three new high-endurance cutters would be funded by this appropriation bill.

Mr. BYRD of West Virginia. The Senator is correct, because the authorization bill, I believe, just passed the Senate this morning.

Mr. STEVENS. It is also my understanding that a portion of the increase that was authorized by the bill that was just passed is, in fact, included in the bill.

Mr. BYRD of West Virginia. Five million dollars for a marine traffic control system is contained in the bill by virtue of the fact that the Senator from Washington (Mr. MAGNUSON) brought it to the attention of the committee during the markup, and the committee accepted the amendment.

Mr. STEVENS. The difficulty is that we were informed that the entire bill had been delivered to the committee. I think

that the great problem is the timing on the acquisition of some of this new equipment. Our committee just finished the authorization bill on Monday, and it is my understanding that the Senator's bill just came out of the committee, also. There has been a very difficult timing problem.

We are very serious about the necessity of this. I know that we will have supplemental hearings later, and I assume that some of these matters will come up then. I should like, if possible, to make a record as to the necessity.

For example, our committee found that the Coast Guard is unable to discharge its responsibilities for the protection of our offshore fishing fleets, and this is related directly to the HC-130 aircraft, which are not in the bill.

I would be pleased to discuss this matter a little further with the manager of the bill, and perhaps I should offer amendments so that we might discuss it a little more fully.

I have some statistics to show this. Operating off the coast of Alaska in any month are from 500 to 1,200 to 2,000 foreign fishing vessels. The United States at this time utilizes only 10 percent of the fisheries resource of the Continental Shelf off my State. These foreign vessels are increasingly violating not only good conservation practices but also the very agreements we have entered into with these foreign nations to protect our salmon fleet, to protect our halibut stock and to protect our king crab, which are becoming an increasingly important food source for this country.

One of the difficult problems is that the Coast Guard has gone through a period of transition. We are no longer operating the flying boats, and I have the statistics to show how many of these aircraft we have there now. One piece of equipment that has proved invaluable is the new HC-130 long-range patrol aircraft.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. STEVENS. Let me offer my amendment.

Mr. BYRD of West Virginia. How much additional time does the Senator want?

Mr. STEVENS. I do not like to take up the Senator's time on the bill.

Mr. BYRD of West Virginia. The Senator need not be hesitant.

Mr. STEVENS. Five minutes would be fine.

Mr. BYRD of West Virginia. I am glad to yield 5 minutes to the able Senator.

Mr. STEVENS. We have been placed in an unfortunate position, because of the deactivation of the flying boats. The increased fishing fleets, the increased need for surveillance in terms of pollution require new equipment.

It was my great hope that at least these two HC-130 long-range patrol boats would be authorized by this bill, taking into account the consideration of the delay in time.

I am also advised—if I might mention this merely as an aside—that we are talking about the acquisition of two aircraft from a company for whom we are about ready to guarantee a loan for \$250

million; but we delete the \$8.5 million that would have been a bona fide purchase of equipment which both the House and the Senate have unanimously agreed to—there was no objection to the bill as it went through—are needed. Apparently, we are putting our priorities in the wrong schedule.

The really great problem with this bill, so far as I am concerned, is that it does not adequately reflect the concern that the legislative committees have. I would point out, for example, the bill that was introduced by my good friend, the Senator from South Carolina (Mr. HOLLINGS), who is the chairman of the Subcommittee on Oceans and Atmosphere of the Commerce Committee—I serve on that subcommittee, also, and cosponsored the bill with him—would call for an expenditure of \$4.7 billion for the modernization of the Coast Guard.

At the very time we are going around the country holding hearings concerning the increase and modernization of the Coast Guard, we find that we are not funding the equipment that is considered to be absolutely necessary by the authorizing committee.

I must say that I understand the delay, and I apologize to the manager of the bill for not coming to the committee to deal with the things we had authorized. We authorized them on Monday. The bill did not pass until this morning. Yet, the House bill authorized all the items I have discussed here, and so did the Senate bill.

I would urge the manager of the bill to consider placing in the bill at least these two HC-130 long-range patrol aircraft. I have the amendment prepared which would deal with all of them, but I am a realistic person, also. I understand that we are not going to write into this bill at this time an increase of \$127 million before the subcommittee has the time to review the justification of the Coast Guard on these items. But the two long-range 130 patrol aircraft are absolutely needed. Let me point out to the chairman one thing: 5 years ago we had civilian aircraft that were flying the Alaskan waters which were amphibious. Today they are flying jets. There is no surveillance capability in the civilian fleet today. Five years ago, there were PBY's and Grumman Gooses, and other amphibious aircraft which the Coast Guard has now retired. They are a lifeline for the American fishing fleet. They help not only Alaska, but the entire Northwest—Oregon and Washington.

The C-130 long-range aircraft are the only thing we have to protect our shores from pollution, the only thing we have to protect our fishing fleets from intrusion in the areas where foreign fishing fleets have agreed not to fish—but they are fishing there, as last year there were several such intrusions, discovered by the efforts of aircraft like this.

The delay time in getting patrol aircraft authorized, constructed, and delivered, means that if it is not in this bill, we must wait until the supplemental, next year, so that we will be a year behind in delay in getting patrol aircraft.

One thing I would urge most strenuously on the two Members who have the

responsibility for this bill is that these two aircraft, but for the timing, I am sure they would have included in the bill.

The PRESIDING OFFICER (Mr. GAMBRELL). The additional 5 minutes of the Senator from Alaska have expired.

Mr. ALLOTT. How much time does the Senator from Alaska need?

Mr. STEVENS. May I suggest the absence of a quorum for just a moment—

Mr. ALLOTT. Mr. President, I ask unanimous consent for a call of the quorum with the time to be charged against the time on the bill—on my time.

The PRESIDING OFFICER. Without objection, it is so ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALLOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Who yields time?

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment as follows:

On page 18, line 7, after the colon insert the following new sentence: "\$1,000,000 shall be appropriated to the Alaska Railroad Revolving Fund for use in construction and engineering work on an extension of the Alaska Railroad from Fairbanks, Alaska, to the International Airport located near that city."

Mr. STEVENS. Mr. President, today I am introducing an amendment to the Department of Transportation and related agencies appropriation bill for fiscal year 1972 which would appropriate \$1 million to the Alaska Railroad Revolving Fund for use in construction and engineering work on an extension of the railroad from Fairbanks, Alaska, to the International Airport located near that city.

This project has already been authorized by Congress. Expenditures for authorized projects of this type are derived from funds available in the Alaska Railroad Revolving Fund. Because of the present depressed economic situation in my State, the railroad's cash flow has been greatly reduced and is presently in a negative position.

The construction of the rail spur, which my amendment would make possible, would facilitate the transportation of goods to the airport. This would enable Fairbanks to play its rightful role as the main supply center for goods and materiel shipped to the North Slope of Alaska for use in building the trans-Alaska pipeline. Moreover, the price of fuel used by aircraft flying in and out of Fairbanks would be greatly reduced.

Thus, the construction of the spur would significantly accelerate the economic and social progress of Fairbanks by providing a much-needed, relatively inexpensive transportation link. Recognizing this fact, officials of the Fairbanks borough, State, and Federal Governments have been working together in a

joint examination of the various possible routes between Fairbanks and the airport. I understand that the Federal share of \$1 million, which represents 60 percent of the estimated construction costs, would be matched by a 40-percent contribution of property, money, and other resources by the borough and the State of Alaska.

Mr. President, for the reasons that I have just outlined, I urge favorable consideration of the amendment which I have just introduced. I ask unanimous consent that certain letters and other material in support of the proposed extension be printed at this point in the RECORD.

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

FAIRBANKS NORTH STAR BOROUGH,
Fairbanks, Alaska, March 12, 1970.
Hon. THEODORE F. STEVENS,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR STEVENS: During the past five months, officials of the Fairbanks North Star Borough and members of the Fairbanks Metropolitan Airport Advisory Commission have been working diligently for an extension of The Alaska Railroad to Fairbanks International Airport. Such an extension is needed to provide competitive through-rate for wet and dry cargo to the North Slope. It is our firm belief that an early construction of a railroad spur extension to the airport is of the greatest importance—not only to Fairbanks—but to the entire State of Alaska.

This rail spur will be an extension of the existing railroad, branching out at a point near Mile 2 Richardson Highway, proceeding south in a line parallel to Van Horn Road to a point on the southern boundary line of the airport reserve property, and continuing across the airport reserve property to the west side of the airport.

At present, we find ourselves in this position. The Alaska Railroad has indicated that it has funds and material available to lay the tracks but not the funds to lay the base. Private property owners are providing the right-of-way and the embankment for the spur to the southern boundary line of the airport reserve property. It is, however, vitally important that this spur continue across the airport reserve property to the west side of the airport to serve existing and prospective operators located there.

It is believed that sufficient gravel could be made available from State borrow sources to construct the embankment for that part of the railroad spur located on State-owned airport property. In his letter dated March 9, 1970 (please see copy attached), Mr. Harry A. Wakefield, Director of the Division of Aviation, roughly estimates this gravel quantity requirement at 175,000 cubic yards. The Corps of Engineers has approved the removal of material from the established borrow source adjacent to Morgan Island. This area is under the management of the Division of Lands and, subject to their extension of the Division of Aviation borrow permit, the material could be made available for the railroad spur embankment. Mr. Wakefield further estimates the cost of the material in place in the embankment at \$1.50 to \$2.00 per cubic yard. Based on the dollar amounts as projected by Mr. Wakefield, the total cost of material in place in the embankment for that part of the railroad spur located on State-owned property will be approximately \$350,000.

Any assistance you may be able to give us in this matter will be much appreciated. I look forward to hearing from you.

Very truly yours,

JOHN A. CARLSON,
Chairman.

DEPARTMENT OF PUBLIC WORKS,
Anchorage, Alaska, March 9, 1970.

Re: Fairbanks International Airport Railroad Spur.

Mr. JOHN CARLSON,
Chairman, North Star Borough,
Fairbanks, Alaska.

DEAR MR. CARLSON: This will serve to confirm our conversation which took place recently in Commissioner Strandberg's office with the delegation from Fairbanks, including yourself.

As indicated at that time, we believe that sufficient gravel could be made available from State borrow sources to construct the embankment for that part of the railroad spur located on airport property.

This quantity requirement has been estimated roughly at 175,000 cubic yards. The Corps of Engineers has approved the removal of material from the established borrow source adjacent to Morgan Island. This area is under management of the State Division of Lands and, subject to their extension of our borrow permit, the material would be made available for the railroad spur embankment. We estimate cost of the material in place in the embankment at \$1.50 to \$2.00 per cubic yard.

Sincerely,

HARRY A. WAKEFIELD, Jr.,
Director, Division of Aviation.

FAIRBANKS NORTH STAR BOROUGH,
Fairbanks, Alaska, February 12, 1971.

HON. THEODORE F. STEVENS,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR TED: As you may know, for the past two years the Fairbanks North Star Borough and numerous interested citizens have been working diligently for an extension of The Alaska Railroad to the Fairbanks International Airport. In order for us to play our rightful role as a supply center to the North Slope, as well as providing for lower operating costs—through reduced fuel cost—or aircraft in and out of Fairbanks, it is imperative that the ralls spur be built without further delay. In fact, it is critical that the spur be completed this summer.

I am enclosing our latest correspondence from Mr. John E. Manley, General Manager of The Alaska Railroad, which indicated that the Fairbanks North Star Borough has recommended a route for the railroad spur that is not to his liking. He also indicates that the route proposed by the Borough would incur additional costs and would require the abandonment of some new road bed.

Enclosed is a map showing the route proposed by The Alaska Railroad, as well as the route recommended by the Borough. As you will note, the route proposed by the Borough may well be shorter than the one chosen by The Alaska Railroad and, consequently, may be constructed at a lesser cost. The abandonment of approximately one and one-half miles of grade already built would not result in a loss to citizens who has also agreed to place the grade for the route recommended by the Borough, at no cost to the Railroad.

Mr. Manley now indicates that there is doubt in his mind that he can afford to build this spur to the Airport in any alignment because of the financial picture of the Railroad. During a meeting in January, he stated to us that the Railroad was about one million dollars in the red. We recognize the fact that business is down throughout the State of Alaska, as well as in the lower 48. However, back in 1969 when this project was initially begun, Mr. Manley indicated that a certain amount of dollars was available for the construction of the ralls spur. Inasmuch as the amount was insufficient to cover the cost of the entire ralls spur construction, we realized that the successful completion of the project would to a large extent depend on input from our private citizens. Many ob-

stacles had to be overcome but—Fairbanks North Star Borough and its citizens want and need this ralls spur extension to the International Airport and were willing to undertake the job and provide the labor and materials for the ralls spur grade at no cost to The Alaska Railroad in order to accomplish the project.

We are now at a point where I feel a meeting should be set up in Washington, D.C. with whomever makes the decisions on the expenditures of the Department of Transportation. This would enable us to present our case and obtain the additional funds needed for the construction of the ralls spur. Would you please advise me of any additional information you might need in this particular case and when we could, in fact, plan to come to Washington, D.C. in order to get this job accomplished once and for all.

Your cooperation and assistance will be appreciated.

Very truly yours,

JOHN A. CARLSON,
Chairman.

APRIL 13, 1971.

Mr. JOHN E. MANLEY,
General Manager, The Alaska Railroad,
Anchorage, Alaska.

DEAR MR. MANLEY: This will acknowledge receipt of your letter dated March 24, 1971, relating to the proposed extension of The Alaska Railroad to Fairbanks International Airport.

The route of the proposed ralls spur has again been discussed by the Fairbanks North Star Borough Assembly. As a result of this discussion, Resolution No. 71-10 was drafted and approved by the Assembly at its regular meeting of April 8 (please see attached copy). In essence, this resolution supports the route as determined by The Alaska Railroad's engineering section and supersedes the Assembly's previous motion that the spur should follow a more southerly route. I believe this resolution should clarify any question that you might have had concerning the Assembly's support of the proposed extension and its route.

We are, of course, most eager to see this project progress as rapidly as possible. The U.S. Army Engineering Construction Battalion at Fort Wainwright is ready to construct the roadbed for the ralls spur on the military reservation and is awaiting confirmation of the alignment from your office.

As indicated in my previous correspondence, should the financing of the proposed extension prove to be a problem, we will be happy to assist in any way possible. Our Congressman will be in Fairbanks this week, at which time we will be discussing the matter with him as well as the possibility of obtaining additional funds should it become necessary.

I look forward to hearing from you concerning progress being made on the proposed ralls spur.

Very truly yours,

JOHN A. CARLSON,
Chairman.

A RESOLUTION SUPPORTING THE CONSTRUCTION OF THE RAIL SPUR TO THE FAIRBANKS INTERNATIONAL AIRPORT BY THE ROUTE PROJECTED BY THE ALASKA RAILROAD

Whereas, Fairbanks International Airport in the Fairbanks North Star Borough is uniquely situated to serve the transportation needs of the Interior and Arctic Slope of Alaska; and

Whereas, the track of The Alaska Railroad does not presently extend to the Fairbanks International Airport; and

Whereas, a rail spur to Fairbanks International Airport is necessary to meet civilian and military needs and to provide wet and dry cargo capabilities to the operators; and

Whereas, private citizens have provided right-of-way and base for such a spur at no cost to The Alaska Railroad; and

Whereas, the State of Alaska has provided right-of-way and base for such a spur on airport property at no cost to The Alaska Railroad; and

Whereas, The Alaska Railroad has indicated its willingness to build the spur by a route determined by its engineering section; and

Whereas, the Assembly of the Fairbanks North Star Borough wishes to cooperate with The Alaska Railroad so that the construction of the spur may be completed in the summer of 1971:

Now, therefore, be it resolved by the Assembly of the Fairbanks North Star Borough that the Assembly supports the construction of the rail spur to the Fairbanks International Airport by the route projected by The Alaska Railroad.

Mr. STEVENS. Mr. President, this has already been authorized by Congress, with funding from funds available to the Alaskan Railroad through the revolving fund. It is a project that is a railroad spur, to facilitate the transportation of goods which come up by rail barge to the Alaskan Railroad, which is a Government-owned facility, but when it gets to Fairbanks, there is no spur to the airport.

We are talking about jet fuel for planes on their way to Tokyo, and we are talking about interstate jets that come into the airport, but what is more important is the transshipment of rail freight that comes in from what we call the "South 48," all the way up the coastline until it gets to Fairbanks, and then it is taken off the railroad, because of the lack of this spur.

This is a project which has the support of the whole Alaskan delegation, I am certain. We have all written to the Department of Transportation concerning it because, again, it is a matter which is wholly local. The funds, incidentally, come from the revolving fund and not from the general fund.

I would urge that the manager of the bill consider this amendment as being worthwhile in order to facilitate activity and also to take cognizance of the depressed economic situation in the Fairbanks area at this time.

Mr. BYRD of West Virginia. The distinguished Senator from Alaska (Mr. STEVENS) has discussed this matter at some length with the distinguished Senator from Colorado (Mr. ALLOTT), and with me, and we think he has made a good case. The Senator from Colorado and I have decided to accept the amendment and take it to conference. We hope that the Senate will adopt the amendment.

Mr. STEVENS. Mr. President, I move adoption of the amendment and yield back my time.

Mr. BYRD of West Virginia. I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Alaska (Mr. STEVENS).

The amendment was agreed to.

Mr. STEVENS. Mr. President, I want to take just a couple of minutes for a brief colloquy about the other matter.

We have discussed the problem that has occurred because of the delay and lack of a real fitting together of the authorization bill that both the House and Senate Commerce Committees adopted. I would ask my friend if, on the first supplemental that will be brought up sometime during this session, we can marshal our testimony and present not only some Members of this body who are interested in these items, but also the Coast Guard, to consider the great necessity for the long-range patrol aircraft and the endurance cutters, and other matters that could be considered at that time under the first supplemental.

Mr. BYRD of West Virginia. Mr. President, I can give the distinguished Senator my assurance—and again this is a matter that the Senator from Colorado (Mr. ALLOTT) and I have been discussing with the able Senator from Alaska—that the Coast Guard will be invited to testify. A good record will be made. I am sure that the Senator from Alaska will want to appear before the committee and he will make an excellent case.

The matter has been authorized, as I understand it, by legislation in both the House and Senate; but it has not yet been enacted into law. It does not yet carry the President's signature. There is nothing in the hearings on the subject.

I can assure the Senator that the committee will be receptive to any budget estimate and to any testimony that can be later submitted to the committee on behalf of this item. A supplemental appropriations bill will be coming along after the August recess. I am glad to give my assurance to the Senator from Alaska, and my support, insofar as I can see the matter now.

I trust that the Senator will accept this as a good promise which, I think, will bear fruit if the RECORD can be made clear with respect to the substantiation of the need for this money.

Mr. STEVENS. I thank the Senator.

Mr. ALLOTT. Mr. President, I yield myself such time as I may use.

I just want to congratulate the distinguished Senator from Alaska. He has always been extremely diligent in looking after the interests of his State. I also want to tell him that we thought when we heard this matter and when we provided for the acquisition of nine replacement aircraft and the reactivation of six aircraft for pollution surveillance that we had done all that the Coast Guard has requested.

We are in this peculiar situation which the Senator has pointed out, and that is that the Senate has just acted upon the authorization bill this morning.

There is another situation about this kind of a fix, however, and that is that it does place the manager of the bill in a very peculiar position with his colleagues, not only upon the subcommittee but also upon the full committee, having accepted something about which we really have no testimony at all.

I want to give the Senator my personal assurance—and I think I can do this also on behalf of the ranking minority member of the committee, the able Senator from New Jersey (Mr. CASE)—that when this matter comes up we hope that we

will be able to get the budget estimates on this and that the committee on the supplemental will be able to give this matter serious and deep consideration.

Mr. STEVENS. Mr. President, I am indebted to both the Senator from West Virginia and the Senator from Colorado. I realize the timing problem involved. I feel it is unfortunate that we did not have an opportunity to go through this testimony before the committee.

I thank the Senators for their courtesy and kindness on behalf of the State of Alaska.

Mr. BYRD of West Virginia. Mr. President, the Senator from West Virginia indeed thanks the Senator from Alaska for his understanding.

Mr. PERCY. Mr. President, if I could address a comment to the acting majority leader, I would be derelict if I did not express deep appreciation to the subcommittee, and particularly to its chairman, the distinguished Senator from West Virginia (Mr. BYRD), for increasing the amount for the alteration of bridges to take care of two very, very critical situations in Illinois that would have adversely affected overseas as well as domestic commerce in the Midwest if corrections ordered by the Federal Government could not have been made.

The House added \$4 million-plus. The Senate added approximately \$2.5 million. I think these are sound investments for the future, and I am deeply appreciative to my colleague for his recognition of the problem we faced.

Mr. BYRD of West Virginia. I thank the Senator. I also thank him for his good work in the committee. He was very alert to the two situations in his State, and, of course, the results show that he was very persuasive.

Mr. HATFIELD. Mr. President, in my home State, as elsewhere around our great country, the U.S. Coast Guard plays a vital role, providing a tremendous service to all who live, work, or play by or on the sea. Often unsung, certainly without fanfare, the men of this valiant service go quietly about their business of saving lives and property, protecting our environment from the ravages of pollution, enforcing our laws and treaties, making our ports and waters and the craft that ply them safe for recreation and commerce alike, and protecting our precious natural resources—the fisheries—from those whose practices would deprive our fishermen of their livelihood and us of the assurance of a continued source of food and revenue.

In the Oregon-Washington area alone the Coast Guard saves about 400 lives annually. In terms of property, I estimate that the Coast Guard saves about \$177 million each year—in just the Northwest.

But the ability of the Coast Guard to continue to perform with the professional expertise of which we are all so proud is threatened by two very serious factors. I refer to a very low retention rate for their people and an increasing state of age and deterioration of their physical plant.

The bill before us today represents a highly people-oriented budget aimed at enhancing the living and working conditions of Coast Guardsmen and their

families, at permitting maximum use of the experience available, and at offsetting lost experience with more training.

Also given high priority in the budget for the Coast Guard this year are projects to improve the physical plant and others to enhance Coast Guard capability for marine environmental protection.

Mr. President, I commend the Coast Guard to you today as a distinguished, selfless, dedicated service, which is a source of great pride for all of us—and of great comfort for all whose business or recreation takes them to the seas and waters of the United States. I am proud of the service given by the Coast Guard to my hometown of Newport, Oreg.

The Coast Guard has embarked on a well-conceived and realistic program to assure its capability of continued high performance. I urge the wholehearted support of the Senate in providing the resources necessary for the Coast Guard to continue to grow in its long tradition of distinguished service to humanity.

As a member of the Committee on Commerce, I am well acquainted with all the Coast Guard programs through hearings on proposed legislation and through personal contact, both here and Oregon. While the appropriations bill for Coast Guard capital improvements falls short of what is needed, I commend the gentlemen of the Appropriations Committee for exceeding the Coast Guard request in this vital area.

At a time when Coast Guard personnel are increasing their efforts in pollution control and offshore fisheries patrols, we in the Congress are in the final stages of enacting legislation to add still more duties affecting ports and waterways and boating safety. We would be ill advised in this context to also enact appropriations levels which may well cost the Coast Guard ships, manned stations and personnel vitally needed to continue the protection now provided to our coastal areas.

Mr. President, I am fortunate to serve on the Merchant Marine Subcommittee of the Commerce Committee. As my colleagues are aware, this is a new committee assignment for me this Congress, and I am enjoying it.

When the committee considered H.R. 5208, the Coast Guard authorization bill, I offered a statement favoring increased support for Coast Guard operations. I feel strongly, as my statement indicates, that the Congress owes the Coast Guard greater support and a greater financial commitment to allow them to operate at a level I believe the country expects.

I ask unanimous consent that my statement at the Coast Guard hearing appear at this point in the RECORD.

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

TESTIMONY OF SENATOR MARK O. HATFIELD

Mr. Chairman, I appreciate the opportunity to address a few comments to S. 1223, a bill to authorize appropriations for Coast Guard activities. My remarks are in support of the Coast Guard in their many-faceted activities of a "people-oriented" nature.

In my opinion, the Coast Guard does a remarkable job, in view of the severe budgetary restraints under which it operates. I

can appreciate the frustration that must be felt when Coast Guard officials see the mammoth appropriations directed to Department of Defense activities, some for projects of dubious merit, while the Coast Guard suffers from underfunding in so many areas.

As some of my colleagues are aware, about a year ago, my family and I moved from Salem, the State capital, to Newport, on the Oregon Coast. While I have tried to keep abreast of Coast Guard activities throughout my years in public service, since moving to Newport, I have been able to see first-hand the high return the public receives for each tax dollar we appropriate for Coast Guard activities. It has convinced me that we need to increase the appropriations for Coast Guard activities in a number of areas.

While I have noticed it a number of times, the search and rescue operations of the Coast Guard were dramatically illustrated this past Christmas, when I was in Newport for several days. A fishing vessel had broken up along the coast near Newport, and the SAR planes flew many patrols right in front of our house. Nearly every time I have been in Newport, I have heard, or have read in our local paper, about the fine work done by the SAR operation at Newport.

In November 1970, I had the pleasure of speaking at the dedication of a Coast Guard monument at Newport. In the preparation of my remarks for that occasion, I looked into the scope of the Coast Guard activities in SAR. In the Oregon-Washington area, it is estimated the Coast Guard SAR operations save 400 lives annually, while assisting 11,000 people. The value of property assisted is \$177 million. These impressive statistics, I am sure, could be echoed by my colleagues on this Subcommittee regarding their respective States.

During the past three years there has been a great increase in the number of SAR operations conducted along the Pacific Coast, and off the Northwest States in particular.

In the 13th Coast Guard District, for Oregon and Washington, search and rescue operations in 1968 totalled 3,940. In 1969, the total increased by 13% to 4,464. In 1970, there was an estimated 16% increase to 5,200.

At the Yaquina Station, operating from Newport, SAR operations climbed from 230 in fiscal 1968 to 305 in fiscal 1970—a 33% increase. At Astoria, they grew from 152 in fiscal 1968 to 235 in fiscal 1970, a 54% increase.

In view of the rising number of SAR missions conducted in Oregon, I am disturbed that there is no reference to increases in the number of aircraft stationed in Oregon and I call attention to the need for additional helicopters to assist in SAR. In 1970, the Coast Guard had over 100, but more are needed. I believe the number of helicopters available for SAR in Oregon and other places of demonstrated need should be increased.

I do not need to repeat to the representatives of the Coast Guard the intense feelings along the Oregon Coast generated by incursions of foreign fishing fleets. The distinguished Committee Chairman, Mr. Magnuson and my colleague from Alaska, Mr. Stevens, I know would share my sentiments.

I do appreciate the cooperation by the Coast Guard in attempting to solve this many-faceted problem. I know Senator Packwood and Oregon's two Congressmen from the Coast, Mr. Wyatt and Mr. Dellenback, share my strong feelings that increased Coast Guard activity in this area is needed.

If the Coast Guard could provide a station at North Bend, I think an increase in both surveillance of foreign fishing vessels and SAR could be accomplished. The use of helicopters would provide needed versatility. In my opinion, the coastal citizens of Oregon

would like their tax dollars spent in this area.

I also have spoken in Oregon on the need for more funding for buoy tenders. In late 1970, the Coast Guard is operating 38 seagoing buoy tenders and 12 coastal buoy tenders that are over 26 years old.

The third area of Coast Guard activity I have stressed in Oregon speeches is the oil pollution protection operations. It was coincidental that one speech I gave came only a few days after the San Francisco oil collision. The fact that one ship was the "Oregon Standard" caused the incident to generate added interest in Oregon.

At this time, I was told that original Coast Guard plans were for two oil pollution containment systems—one for the East Coast and one for the West Coast. I understand that budget restraints caused only one of these to be operational—on the East Coast. I know of Coast Guard plans to expand this facet of their operations, and I welcome it.

When I have spoken on this subject in Oregon, I have itemized the Coast Guard budget and the costs for expansion of these programs. I then have compared this with the cost of the Vietnam War. I will not repeat these today, but will only point out that these "people oriented" programs of the Coast Guard must not be reduced by pressures of Department of Defense demands for Vietnam spending.

In conclusion, I applaud the activities of the Coast Guard in these areas, as well as others. Their programs deserve increased appropriations. The fine record of the Coast Guard, in the face of inadequate appropriations reflects credit on the entire Coast Guard, from the Commandant to the Coast Guardsman in Newport, Oregon.

One reason I sought membership on this Committee was so I could have a voice in determining the programs of the Coast Guard. I look forward to working with Coast Guard officials in any way I can to see that these programs receive the funding they deserve.

Mr. HATFIELD. Mr. President, I also would note that we must insure an adequate funding level for the pay of men in the Coast Guard, for I am aware, through my long involvement trying to increase all military pay scales, that the retention rate for personnel is hampered by inadequate pay scales.

During the Coast Guard authorization hearing, I had a brief colloquy with Adm. Chester Bender, the Coast Guard Commandant, about this problem.

I ask unanimous consent that this portion of the transcript appear at this point in the RECORD.

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

TRANSCRIPT

Senator HATFIELD. Thank you very much, Admiral Bender.

In your complete statement, not the summary, you alluded to the problem that you have in personnel retention. Will you elaborate a little bit on this for the record, please?

Admiral BENDER. Yes, sir. In the last year or so, our retention at the end of the first enlistment has been running only about 8 percent. In later enlistments, in succeeding enlistments, our retention goes up much higher—to about 85 percent. But this very poor retention rate at the end of the first enlistment causes many problems.

It requires a great deal more recruiting, obviously, because the people turn over more rapidly and also because of this rapid turnover, it requires more training in order to accommodate the needs of the service through the creation of the petty officer

capabilities and so the needs of additional accommodations for people are greater, particularly in the training areas. And our capability to perform our duties is lessened by this rapid turnover.

Senator HATFIELD. What besides facilities? Would you comment upon pay scales and their relationship to this problem?

Admiral BENDER. Well, we do feel, Mr. Chairman, that pay scales are a very essential element in the determination as to whether or not a young man elects to remain in the service. We must acknowledge that many of the people that we get in the Coast Guard in this first enlistment do not ever intend to make the service a career and are, in fact, entering the services in lieu of one of the other services to fulfill a military obligation. Nevertheless, we feel an increase in pay scales would be a very important factor in the better retention the improved retention, of our people.

Senator HATFIELD. Have you done any studies as to demonstrate the non-comparability of the Coast Guard pay scales to that of civilian pursuits in similar jobs?

Admiral BENDER. No, sir. The Coast Guard has not directly conducted any such studies.

Senator HATFIELD. Are you aware of how many Coast Guard members are receiving welfare checks in addition to the Coast Guard pay? As you perhaps know, we have about 50,000 in the military service today who are on welfare because they qualify under the poverty definition and because we in the Congress have failed to develop a comparable pay program.

I was just curious to know if you have any surveys as to your own Coast Guard as to how many of your men are in this poverty class.

Admiral BENDER. We do not have such figures, Mr. Chairman, but I am well aware that some of our younger people are in fact in a poverty category.

Senator HATFIELD. What about numbers of personnel? As I indicated earlier, the requirements, the very heavy burden upon so many of these in the search and rescue area activity, particularly on over-time and the hours per week that they are required to serve, is this a problem that relates to retention?

Admiral BENDER. It is a very great problem. We are working our personnel currently at many of our stations over 100 hours a week. And we would like to make a substantial reduction in those areas in order to again make the service more attractive to those people and thereby retain them.

Senator HATFIELD. In your budget or any other report, do you indicate the number of increased personnel to be necessary to reduce this situation from 100-hour work week to a reasonable work week?

Admiral BENDER. Yes, we do, Mr. Chairman. That would occur in our operations expense, our OE budget, which, of course, does not come before this Committee at that time.

Senator HATFIELD. No, but in that budget request and supported by the Department of Transportation, do you provide for these additional personnel to relieve that situation?

Admiral BENDER. In our 1972 budget, we will ask for 108 additional positions—that is, new positions in this field or manning the Coast Guard Stations in order to make this a partial correction, at least.

Senator HATFIELD. So between the improved facilities which would relate to the working conditions, the better hours, a more comparable pay scale, you feel that these are at least three of the factors that would help this retention problem that you have brought to our attention?

Admiral BENDER. Yes, sir; I do. And another one, of course, is the facilities themselves, the housing facilities and the barracks, these things.

Senator HATFIELD. You were talking—and again referring back to your original testimony, not the summary—about modernizing some of the vessels that I believe were 35 years old. What do you project as far as the life of such a vessel—both a modernization program and not a modernization program as opposed to, say, new construction?

Admiral BENDER. Yes, sir. We would hope to gain another 8 or 10 years out of these vessels, Mr. Chairman.

Senator HATFIELD. And you feel that is the best economics to modernize vessels 35 years of age rather than replacement?

Admiral BENDER. I do, Mr. Chairman, in terms of particularly the buoy tenders that are built very sturdy in the first place and have capability of continued operation with these improvements in habitation.

Senator HATFIELD. Does the Navy operate vessels this age?

Admiral BENDER. No, sir. I believe the average age of a Naval vessel would terminate at about 25 years.

Senator HATFIELD. Do you think there is a relationship, too, between the problem of retention rate and the age of your vessels that you are assigning these men to?

Admiral BENDER. Not directly in terms of age, Mr. Chairman. But rather in terms of the fact when these vessels were built back in the '30s, we simply did not give as much consideration to habitability as we do today. And our men today are not satisfied with the conditions that we provided at that time.

Mr. BOGGS. Mr. President, first I would like to congratulate the chairman and other distinguished members of the subcommittee for their fine work on this bill. They did an excellent job in their hearings and have brought before the Senate a bill which, I believe, will meet the needs of the agencies covered without adding undue stress to our fiscal situation.

There are two items in this bill which, though possibly minor in the greater context, are most important in the field of safety.

This bill contains a total of \$31 million to fund the alcohol safety action program through the various States. That figure can be broken down to show that \$21 million will fund ongoing programs in 29 States and \$10 million will be used to fund 11 new programs.

It is my belief that this program is vitally important if we are to cut down on the tragic losses suffered on this country's highways. It has been estimated that the effects of alcohol accounted for more than 50 percent of the 47,500 fatal accidents and a \$6 billion economic loss in this country during 1970.

The Congress, in the Highway Safety Act of 1966, required the States to adopt comprehensive traffic safety programs. It was mandated that top priority be given to development of safety standards in relation to alcohol.

The subcommittee's action on this bill goes far toward fulfilling that commitment we made 5 years ago. I would hope that in the very near future every State in the Nation will have a similar program.

The subcommittee also saw fit to restore to the \$10 million level the appropriations for demonstration projects to eliminate or improve ground-level rail-highway crossings. This project is most important to those States which form the corridor for the new high-speed rail-

road system being developed between Boston and Washington.

Mr. McGEE. Mr. President, the bill before us, as amended, contains what I believe to be a very important and significant addition, for which I want to express my thanks and the thanks of the people of Wyoming to the Senator from West Virginia (Mr. BYRD). He was most cooperative in helping me to pursue the addition of an Airport Surveillance Radar system for the Casper Air Terminal. The Senator, of course, has some recent experience with aviation accidents in mountainous areas, and so he understood our problem in Wyoming.

The Casper Air Terminal was, perhaps, a marginal case. With respect to its total number of itinerant airborne operations, that is. With respect to air carrier operations, it was more than 1,000 per year above the minimum criteria for installation of an ASR system. But the fact is inescapable that the Casper Air Terminal is, for its size, a busy airport. It is situated at relatively high elevation, with mountains nearby, and clearly the dictates of air safety would favor the installation of airport surveillance radar. I have no doubt, Mr. President, that if this \$2 million item prevails through the remaining lawmaking process, that lives ultimately will have been saved.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 9667) was read the third time.

Mr. BYRD of West Virginia. Mr. President, I yield back the remainder of my time.

Mr. ALLOTT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from New Jersey (Mr. WILLIAMS), the Senator from Indiana (Mr. BAYH), and the Senator from Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER) and the Senator from Kansas (Mr. DOLE) are necessarily absent.

The Senator from South Carolina (Mr. THURMOND) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Tennessee (Mr. BROCK) and the Senator from Arizona

(Mr. GOLDWATER) are detained on official business.

If present and voting, the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER) and the Senator from South Carolina (Mr. THURMOND) would each vote "yea."

The result was announced—yeas 90, nays 0, as follows:

[No. 161 Leg.]

YEAS—90

Alken	Fong	Montoya
Allen	Fulbright	Moss
Allott	Gambrell	Muskie
Anderson	Gravel	Nelson
Beall	Griffin	Packwood
Bellmon	Gurney	Pastore
Bennett	Hansen	Pearson
Bentsen	Hart	Pell
Bible	Hartke	Percy
Boggs	Hatfield	Prouty
Brooke	Hollings	Proxmire
Buckley	Hruska	Randolph
Burdick	Hughes	Ribicoff
Byrd, Va.	Inouye	Roth
Byrd, W. Va.	Jackson	Saxbe
Cannon	Javits	Schwicker
Case	Jordan, N.C.	Scott
Chiles	Jordan, Idaho	Smith
Church	Kennedy	Sparkman
Cook	Long	Spongman
Cooper	Magnuson	Stennis
Cotton	Mansfield	Stevens
Cranston	Mathias	Stevenson
Curtis	McClellan	Symington
Dominick	McGee	Taft
Eagleton	McGovern	Talmadge
Eastland	McIntyre	Tower
Ellender	Metcaif	Tunney
Ervin	Miller	Weicker
Fannin	Mondale	Young

NAYS—0

NOT VOTING—10

Baker	Goldwater	Thurmond
Bayh	Harris	Williams
Brock	Humphrey	
Dole	Mundt	

So the bill (H.R. 9667) was passed.

Mr. BYRD of West Virginia. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of West Virginia, Mr. STENNIS, Mr. MAGNUSON, Mr. PASTORE, Mr. BIBLE, Mr. ELLENDER, Mr. CASE, Mrs. SMITH, Mr. ALLOTT, and Mr. YOUNG conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, it is with great pride and deep appreciation that I rise this afternoon to thank the able and distinguished majority whip for his management of the Department of Transportation appropriations bill. As I am sure many of my colleagues have witnessed, the Senator from West Virginia (Mr. BYRD) has an instantaneous recall on matters he has studied. Both in his tasks as majority whip and as manager of various important legislation his help is most appreciated.

In committee the able assistance of the Senator from New Jersey (Mr. CASE) was most helpful in expediting this legislation. The followthrough on the floor with the Senator from Colorado (Mr. ALLOTT) providing his discerning comments and observations certainly helped form the consensus we have witnessed today.

The participation in the floor discussion by the helpful Senator from Alaska

(Mr. STEVENS) helped explain not only his amendment but also led to a better understanding of the pending appropriations bill. I wish to thank the Senator from Alaska.

The thoughtful participation by the Senators mentioned certainly contributed to this being a constructive legislative day.

DOT FAILS TO SUBMIT NATIONAL TRANSPORTATION POLICY STATEMENT

Mr. HUMPHREY. Mr. President, on May 21, 1970, the President signed into law the Airport and Airway Development Act of 1970. Section 3 of title I of that act requires the Secretary of Transportation to formulate and recommend to the Congress for approval a national transportation policy. It further requires that the Secretary submit his recommendations in this regard to Congress by May 21 of this year.

Mr. President, it is my understanding that the Secretary of Transportation has not as yet done this despite the fact that 2 months have passed since that deadline.

Today, Congress has been asked to appropriate almost \$8 billion to this Department for various national transportation programs. Yet we still find ourselves without any meaningful national policy or objectives defining how these various programs relate to each other as well as to national growth objectives.

Yesterday, I addressed the National Association of Counties in Milwaukee, Wis., at which time I urged that this country submit itself to a more balanced national growth pattern. An essential element in achieving that goal is a definition of our national transportation policy. The location and availability of highways, airports, and other modes of transportation and the facilities to support them are key determinants in establishing a pattern of growth in this country.

Therefore, Mr. President, I would like to take this occasion to admonish the Secretary of Transportation and the administration to provide the Congress with this important policy statement as soon as possible. As a reminder to both the Secretary of Transportation and to the Congress as to what was enacted last year in this regard, I would like unanimous consent to include in this point in the RECORD, section 3 of title I of the Airport and Airway Development Act of 1970.

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

TITLE I—AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970

SEC. 3. NATIONAL TRANSPORTATION POLICY.

(a) FORMULATION OF POLICY.—Within one year after the date of enactment of this title, the Secretary of Transportation shall formulate and recommend to the Congress for approval a national transportation policy. In the formulation of such policy, the Secretary shall take into consideration, among other things—

(1) the coordinated development and improvement of all modes of transportation, together with the priority which shall be assigned to the development and improvement of each mode of transportation; and

(2) the coordination of recommendations made under this title relating to airport and airway development with all other recommendations to the Congress for the development and improvement of our national transportation system.

REPORT TO CONGRESS

(b) ANNUAL REPORT.—The Secretary shall submit an annual report to the Congress on the implementation of the national transportation policy formulated under subsection (a) of this section. Such report shall include the specific actions taken by the Secretary with respect to (1) the coordination of the development and improvement of all modes of transportation, (2) the establishment of priorities with respect to the development and improvement of each mode of transportation, and (3) the coordination of recommendations under this title relating to airport and airway development with all other recommendations to the Congress for the development and improvement of our national transportation system.

EMERGENCY LOAN GUARANTEE ACT

The PRESIDING OFFICER (Mr. BENTSEN). Under the previous order, the Chair lays before the Senate S. 2308, a bill to authorize emergency loan guarantees to major business enterprises.

The legislative clerk read the bill by title, as follows:

A bill (S. 2308) to authorize emergency loan guarantees to major business enterprises.

The Senate proceeded to consider the bill.

Mr. BENNETT. Mr. President, yesterday the Senate made it quite clear that, if it can actually get to a vote on the pending business, the emergency loan guarantee legislation, it will vote to approve that legislation.

It is to be expected perhaps, that those who oppose the legislation, realize that if they can prevent us from voting before the August recess they will have killed the Lockheed Co. by neglect.

Therefore, I hope Senators, particularly those who voted yesterday to refuse to recommit the bill to the committee, will realize the importance of this problem and that if and when a cloture motion or cloture motions are offered, will do what they can to persuade some of the Senators who voted against the committee's position yesterday, and voted to refer the measure back to committee, to support the committee and support the majority of the Senate.

I think we should be entitled to a vote on this very important bill. Every once in a while we find ourselves involved in a crisis, and this is one of those times. It is crisis for one corporation. By adopting the proposal, the committee hopes we may avert future crises of a similar type for other corporations.

This is not the only time that the Senate has acted to avoid a crippling crisis for private corporations. As a member of the Finance Committee, I can remember when, a few years ago, at the request of the Senator from Wisconsin (Mr. PROXMIRE), the committee altered its bill to provide a \$20 million tax relief for an important constituent in his State.

We were happy to provide it. The relief provided undoubtedly made it possible for that constituent to continue in business. It is in business and it is healthier today than it was when it needed the crisis help.

I hope that the Senator from Wisconsin, remembering that, and realizing how effective that kind of assistance was, will be willing to give this present corporation a chance to survive this present crisis, and not go on the theory that it all depends upon whose ox is gored.

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

Mr. BENNETT. I am happy to yield.

Mr. PROXMIRE. The Senator from Utah, as did the Senator from Texas yesterday, has referred to the American Motors case, which is entirely different. There is no analogy whatsoever; it is a completely different kind of situation. I have a substantial speech explaining that, which I shall deliver later on in the debate.

But the simple fact was that at that time American Motors was allowed to carry back its loss against taxes for 1 additional year, and a bill was passed putting all other corporations into the same category. Why does that mean that automatically, now, a loan guarantee to the Lockheed Corp. is desirable and in the public interest? It is quite a different situation, which I shall be happy to explain later on.

Mr. BENNETT. The Senator from Utah will agree that no two crises are the same. What I am interested in is the fact that the power of the Government was used to meet that crisis with the particular type of help that was necessary then. This is a different type of help, but the crisis is no less real. In fact, it may be much more serious.

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

Mr. BENNETT. I am happy to yield.

Mr. SPARKMAN. There are some similarities and some differences between the instance to which the Senator refers and the present instance. That cost the Government \$20 million in cash, did it not?

Mr. BENNETT. It did.

Mr. SPARKMAN. Does the Senator believe that this one will cost the Government any \$20 million?

Mr. BENNETT. I do not believe this one will cost the Government one red cent.

Mr. SPARKMAN. I join with the Senator in that expression of confidence.

I am not critical of the Senator for looking after this matter. It was an economic situation. But maybe the Senator remembers that in the committee this question was brought up, and if I recall correctly, the explanation of the Senator from Wisconsin was that this was an economic crisis that meant a great deal to his area.

Mr. BENNETT. That is right. I am sure it was.

Mr. SPARKMAN. This crisis means a great deal to many areas in the United States, does it not?

Mr. BENNETT. This crisis affects so many installations in various parts of the

United States that I think there are probably very few States that are not affected, directly or indirectly, by the situation.

Mr. SPARKMAN. And it includes, I believe, as many as 3,500 suppliers and subcontractors, most of whom are relatively small businesses, and will mean a great deal in the communities in which they exist?

Mr. BENNETT. Many of these small businesses are almost more important in their own communities than Lockheed may be in the Los Angeles area.

Mr. SPARKMAN. Does the Senator remember the testimony of the businessman, the head of AVCO, which has the operation in Nashville, Tenn.?

Mr. BENNETT. Apparently I was not present that day, but I am sure the Senate will be interested in the Senator's memory of it.

Mr. SPARKMAN. That is a fairly sizable business. I do not know how many employees he had; I am not sure. Perhaps the Senator from Texas recalls the number he had.

Mr. TOWER. There would be 7,000, I believe, affected in the Nashville plant.

Mr. SPARKMAN. In the Nashville plant?

Mr. TOWER. Yes.

Mr. SPARKMAN. And did he not testify before us that his company would be ruined?

Mr. TOWER. That is my recollection.

Mr. SPARKMAN. And there were other companies whose representatives testified to the same effect; not small businesses, but relatively so.

Mr. TOWER. Mr. President, if the Senator will yield to me, I might add a footnote to that.

Mr. BENNETT. I am happy to yield.

Mr. TOWER. The President of Menasco, Mr. Lynch, also testified that his company makes the landing gear for both the DC-10 and the L-1011, and he testified that he would have to close down one of his plants, employing 500 to 600 people, if the L-1011 went down the drain.

Mr. BENNETT. Mr. President, I urge the Senate to approve the emergency loan guarantee legislation because I believe it to be in the national interest. To be sure, there are legitimate arguments both for and against the measure, but on balance, the committee has approved a proposal which could save thousands of jobs, could provide hundreds of millions of dollars in taxes to the U.S. Treasury, which would make it possible to assist any major businesses faced with an emergency financial credit crisis, and which would make it possible to save billions of dollars in assets that otherwise might be useful only for scrap.

I am aware of the arguments that have been made in opposition to the measure. One cannot honestly say that they are all wrong. When this proposal was first suggested, my own reaction was to oppose it. I can now say, however, that after considering all of the arguments, it would be in the national interest to approve this bill. We have been very careful in the committee to recommend a bill which has ample protection against weakening the discipline of the free market, and have given the unusual protection of a

veto by either House of Congress on the decisions of the Emergency Loan Guarantee Board for which the bill provides. In addition to that protection, the requirements that must be met in order for a loan guarantee to be granted have been so tightly drawn that only in instances where the alternative could have a major and adverse effect on the economy of this Nation or a region of the Nation could the Board even consider granting a Government guarantee. I do not intend to take the time of this body explaining the bill. That has been masterfully done by the chairman of our committee, the Senator from Alabama. I do, however, feel impelled to comment on some of the arguments against approval of this measure which have been propounded by the chief opponent, the senior Senator from Wisconsin.

Mr. President, even a surface consideration of the views of the Senator from Wisconsin indicate to me that he is grasping for straws. After doing his best to defeat the emergency loan guarantee legislation before us in the committee, and then having it approved by a vote of two to one, one can understand his feeling of frustration. That frustration has shown through in his statement to the Senate in such words and phrases as "cloak their dubious purposes," "odious," "bailout," "clever packaging," "case has no merit," "high pressure politics," "threats," and "blackmail" to mention a few of the phrases used by the Senator.

Because many Members of the Senate have not had an opportunity to be as close to the problems contained in the consideration of this emergency loan guarantee legislation as those of us who are on the committee, I believe that it is necessary to discuss some of the statements made by the Senator so that all Members can be in a position to decide on the merits of the case. Let me say, first of all, that the establishment of an emergency loan guarantee program is like most issues which we must consider.

There are some advantages and some disadvantages, some pluses and some minuses, and it is our responsibility to weigh these and make an intelligent decision. Nobody will ever be satisfied that we have the right answer to everything. The important thing is that, on balance, we have the best answer with which to meet the problem.

The Senator from Wisconsin states that the Lockheed case has "no merit." That is an obvious misstatement, in my opinion. Every case has some merits, and this proposal, if adopted, could result in creating or saving thousands of jobs and the savings of hundreds of millions of dollars to U.S. taxpayers. To me, that cannot be described as "no merit." Whatever one may think of the basic idea of guarantee legislation, it provides a mechanism through which these meritorious ends can be achieved, with almost no chance that any cash outlay will be required. The merits of the Lockheed case will be decided by a board of whose members the Senator from Wisconsin apparently approves, since he voted for them in the committee.

The Senator accuses proponents of this legislation of trying to disguise a Lockheed guarantee proposal behind the fa-

cade of general legislation. Nothing could be further from fact. The Senator, himself, acknowledged this when he quotes the spokesman for the administration, Under Secretary Charls Walker, as saying the administration would support a general emergency loan guarantee bill provided it was made clear that, in so doing, Congress was approving a \$250 million loan guarantee for Lockheed. Indeed, Under Secretary Walker made it completely clear to the committee that there was no intent to mask anything in approving the general bill by adding that he wanted to make it clear that "there will be a recommendation to the board by the chairman of the board that that loan be made forthwith. I just don't want any question about it." He added, "We are not trying to hide anything. We are interested right now, immediately, in the Lockheed Aircraft Corp., and I have got to make that clear." So the thought that this bill has been changed in order to hide the Lockheed guarantee just does not stand up. When this point was made clear, the Senator from Wisconsin changed his tactic and suggested that the administration was trying to bypass the board which, according to the bill, must decide on all applications. Secretary Walker dispelled that suggestion, also. The fact is that the bill sets up criteria, and the board must make the decisions. There is no way under the bill to get around the board, nor has there been any attempt to do so by any committee member or the administration.

The Senator from Wisconsin suggests that the administration found its original Lockheed bill in deep trouble and abruptly changed its position to support a general bill. The fact is that during the hearings, there were witnesses who believed a general bill would be better, including the Chairman of the Federal Reserve Board. The major critic of the single shot bill was the Senator from Wisconsin, himself. Whenever the present Federal guarantee programs, totaling over \$137 billion, such as housing loan guarantees, small business loan guarantees, "V" loan guarantees, or Export-Import Bank loan guarantees, were cited as a precedent, the Wisconsin Senator would say:

You say we have done it before, but we have also done it under guidelines that were available to all comers who could qualify, not for one firm.

The Senator was persuasive, and the Chairman and ranking minority member as well as other committee members decided to recommend a procedure patterned after a Federal Reserve Board recommendation so that all comers who could qualify under certain very strict guidelines would at least have access to the mechanism. Frankly, the administration had to be sold on this approach. The administration thought that it might take additional time, and time is precious. Indeed, it did take additional time.

The final position on the issue by the administration was voiced by Under Secretary Walker when he said in answer to a question from the Wisconsin Senator asking if it would not be more direct and simple to proceed on the Lockheed guarantee:

If that is what the Committee wants to do, I thought the Chairman said you wanted to go "generic." But if you want to go Lockheed alone, we are with you.

How the administration position could be any more clear, I do not know. And let me add, I do not believe it is necessary to raise such strawmen in our consideration of this serious matter.

The Senator from Wisconsin suggests that we did not have enough testimony on which to act, and there was a great deal of byplay yesterday because the testimony, though printed, had not been bound. This issue was brought up before any of us expected it. The two volumes of testimony have now been bound and are available for all to read.

We had more than 3 weeks of hearings and over 1,200 pages of testimony in addition to hundreds of pages that properly were not made public because the information was proprietary. The Senate properly withheld that from the public because it could have affected the competitive relationship of many companies. While there is little doubt that the Senator from Wisconsin would have liked to continue hearings until Lockheed went bankrupt—and this was his purpose yesterday in attempting to refer the bill back to the committee—the Senate, in its wisdom, rejected that idea.

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

Mr. BENNETT. I yield.

Mr. BROCK. The Senator from Utah mentioned the Senator from Wisconsin's criticism of our hearings and of our witnesses. Yesterday, the Senator from Wisconsin was particularly critical of the committee in this regard. I should like to make a point with respect to the witnesses.

We had 36 witnesses testify before our committee in 3 weeks. According to my count, 17 of those who testified were requested by the Senator from Wisconsin. A breakdown of the 36 witnesses is as follows: Eleven were either Senators or witnesses representing various agencies related to this problem or the administration. Ten had an interest in the matter and, according to the Senator from Wisconsin, their comments cannot be trusted. These represent labor leaders, businessmen, and professional people. Of the remaining 15, the Senator from Wisconsin invited all but four. Those four were Chairman Burns of the Federal Reserve Board, former Chairman of the Federal Reserve Board William McChesney Martin, a representative from Arthur Young accounting firm requested by Senator STEVENSON, and the president of the Union Fork & Hoe Co., requested by Senator TAFT. The Senator from Wisconsin states there was no disinterested support. The 11 disinterested witnesses who he invited were invited on the basis of prior knowledge that they would testify against the bill. The Arthur Young accounting firm did not testify on the bill but only on technical matters. The president of Union Fork & Hoe was invited knowing that he would testify against the bill, leaving only two witnesses who were requested to testify without assuring that they would be against the bill. These two were Chair-

man of the Federal Reserve Board Arthur Burns and former Chairman William McChesney Martin, both of whom support the proposed legislation.

Let me add one point. We were faced with the same problem in the committee as we are faced with here on the floor. The Senator from Wisconsin has not tried to mask his intention to filibuster this matter until the Lockheed Aircraft Corp. is forced into bankruptcy. Proponents of the legislation did not desire to have unnecessarily lengthy hearings. At the same time, we did not want in any way to keep those whom the Senator from Wisconsin desired from testifying. The result is that a great number of witnesses who testified were against the bill.

Had we desired to assist the Senator from Wisconsin in his filibuster in the committee, we could have invited endless witnesses favoring the proposal. We did not think that was necessary since we would be defeating our own ends, because time is the essence of this proposal. If there is going to be any opportunity for the Lockheed Aircraft Corp. to comply under this act and for 30,000 to 60,000 jobs to be saved—

Mr. PROXMIRE. Mr. President, will the Senator from Tennessee yield?

Mr. BROCK. The legislation needs to be enacted before our August recess. To have extended our hearings for another week or two would have assured that the proposal would not have had a chance to clear the Senate in time to be of any value to the only company of which we are aware which will ask to be considered by the Emergency Loan Guarantee Board.

I yield.

Mr. PROXMIRE. Did I understand the Senator to say that I was filibustering the bill?

Mr. BROCK. That is the effect of the action.

Mr. PROXMIRE. Well, Mr. President—

Mr. BENNETT. Mr. President—Mr. President, I must intervene here in order to protect my right to the floor. I would be happy to yield to the Senator from Wisconsin so that he may question the Senator from Tennessee (Mr. Brock).

Mr. PROXMIRE. If the Senator says that we are filibustering the bill, the fact is we have only been on it less than a day. We have not had a chance to make even opening statements. There are several Senators waiting to speak who have not had a chance to speak. We do feel, and I feel, that in view of the strenuous efforts of the Lockheed lobby, we have a right to do our best to try to arouse general opinion around the country, and that may take some time. That does not mean that we will talk the bill to death or delay it indefinitely. It does not mean that we are filibustering. What we want to do is have a chance to express our opinions. To accuse us of filibustering, after less than 1 day of discussion, when a number of Senators have not spoken at all, seems to be a little premature.

Mr. BROCK. The Senator has had more than adequate opportunity to express his repugnance to the bill. He has stated it time and time again, ad in-

finum. There is no question that the committee has bent over backward to give the Senator adequate time to present witnesses to give their testimony against the bill. We did not intend or try in any way to impede his desire to delay the proceedings, a desire that was not masked. It was clearly stated by the Senator himself that he had no intention of expediting the proceedings.

Mr. PROXMIRE. Does the Senator really charge that I tried to delay the bill in any way in committee at all? I did not extend the committee discussion. When we had the markup session, we did that in a day or a day and a half, as I remember. I had a number of amendments that I could have offered to delay the bill, I did not. I felt I could not get them adopted, so I did not offer them. If I had intended to delay the committee and filibuster in committee, it would have been easy to extend it for another couple of days. I made no effort to do that.

Mr. BROCK. It was the Senator himself who was objecting to the witnesses before the committee—not this Senator but the Senator from Wisconsin. He is the one that raised the issue yesterday. The committee bent over backward—

Mr. BENNETT. Mr. President, this is an interesting colloquy, but I wonder whether I might get back to my statement—

The PRESIDING OFFICER (Mr. CHILES). Does the Senator refuse to yield further?

Mr. BENNETT. I apologize to my friend from Tennessee.

Mr. President, on the question of whether the Senator from Wisconsin has delayed the bill, I remember that after we had the hearings he asked for another set of hearings and the committee granted it. His motion yesterday would have delayed action on the bill for another week. A week between now and the 6th of August, when the Senate recesses, is a very substantial part of that time.

I should like to ask the Senator from Wisconsin a question: Will he assure the Senator from Utah that there will be ample time to vote on this bill and go to conference and bring the conference report back for action before the 6th of August?

Mr. PROXMIRE. Of course, this Senator cannot speak for any other Senator. I do not know what other Senators will do. All I know is that so far as I am concerned, I expect to express myself strongly on a number of issues with regard to the bill.

I have some amendments which deserve considerable discussion. I do not know what other Senators intend to do. But I would expect that this would take a substantial amount of time. We took 7 weeks to discuss Cambodia. We have spent a great deal of time on other issues that came before the Senate in the past which were historic issues, as this one is.

This deserves at least 4 or 5 weeks of discussion, perhaps much more. I do not know whether we will have that kind of discussion, but it would not surprise me. I do not think that would be a filibuster. It would be the kind of educational discussion we need.

Mr. BENNETT. I have listened to the euphemism "educational discussion." If I were to do that, it would be a filibuster, but when he does it, it is always an educational discussion.

We have not got 4 or 5 weeks before Lockheed will be up against its fatal decision. So far as I am concerned, I will permit the Senate to vote. The Senator said that we need weeks and weeks of discussion, so I assume that he is saying to me he has no intention of permitting the Senate to vote on this bill before the 6th of August.

Mr. PROXMIRE. Let me correct the Senator on that as to precisely what I said, which was that each Senator must speak for himself. I intend to speak on some of the issues which I have not yet brought up at all. I intend to bring up amendments and speak on them. I do not know how long that will take, but I have talked to other Senators who expect to talk at length, too. It may go for a considerable time; and if it does, that would not necessarily mean it was an effort to talk the bill to death.

Mr. BENNETT. It would not necessarily mean that, but it would necessarily mean the end of Lockheed. The Senator had 28 amendments in committee which he did not offer, so that the Senator from Utah assumes, in order to keep this debate rolling, that the Senator from Wisconsin is prepared to offer those 28 amendments on the floor.

Mr. PROXMIRE. Look what has been done in order to pave the way, to grease the skids for Lockheed. We take it up before we have any hearings, No. 1; and, No. 2, everything else is moved aside. There were other bills on the calendar before this one, but they were moved out of the way and they will not be taken up until later. The election reform bill is a conspicuous example.

We know this has no direct connection to Lockheed, but even the time for a rollcall vote has been shortened. Instead of the 20-minute rollcall, we now have a 15-minute rollcall, in order to save time. That is mighty good for this one corporation. I hesitate to think that any simple constituent or a small company would get that kind of consideration out of the U.S. Senate.

Now we are told by the Senator from Utah that there is a deadline on the bill. Why? Not for the generality of firms but for one firm, one and only one. It is Lockheed that is the issue here.

Mr. BENNETT. The Senator from Wisconsin knows that as well as I do.

Mr. BROCK. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. BROCK. I am sure that the Senator from Wisconsin did not mean to imply that the rules of the Senate were changed to a 15-minute rollcall just to implement this bill. The Senator knows better than that.

Mr. PROXMIRE. No, indeed. I have discussed this with the leadership and I am convinced that they were completely sincere—that that was not the reason for it. All I say is, this is another change that happens to make it easier for Lockheed.

Mr. BENNETT. Mr. President, this colloquy has convinced me all the more that we are facing a filibuster.

What is it that one of Shakespeare's characters said?

The lady doth protest too much, methinks.

Now, Mr. President, I go back to my statement.

Mr. President, the committee agreed that the hearings were sufficient and, incidentally, most of the witnesses, 11 out of 15 as the Senator from Tennessee has so clearly pointed out, other than administration representatives and principals that would be involved in the loan guarantee, were brought in at the request of the Senator from Wisconsin. If they were not broadly representative as the Senator claims, he has no one to blame but himself. As a matter of fact, they were broadly representative and included administration witnesses from the Treasury Department, the Defense Department, the Federal Aviation Administration, the Civil Aeronautics Board, the Securities and Exchange Commission, the Small Business Administration, both the former and present Chairman of the Federal Reserve Board, chairman of the board and other management representatives of Lockheed Aircraft Corp., major bankers and banking associations, several nationally known economists, experts in bankruptcy, several labor leaders, airline presidents, major business representatives, small business representatives, representatives from a major national accounting firm, law school deans and professors, Senators, a disaffected former Defense Department employee, and a well-known consumer advocate.

I do not remember a hearing we have had in which a broader representation was achieved.

The Senator from Wisconsin suggests that—

The bill reported by the Committee delegates \$2 billion in guarantee authority to an Emergency Loan Guarantee Board with virtually no Congressional guidance or documented record of Congressional intent.

The committee bill is very clear. We specify exactly what requirements must be met before the Board may provide a guarantee. We limited the life of the guarantee authority to 2½ years, and in addition, we retain authority for either House of the Congress to veto the action of the Emergency Board on any of its loan guarantee recommendations. How the Congress could be any more specific is difficult for me to imagine. Further, it is difficult for me to understand why the Senator from Wisconsin suggests that we are surrendering power when, in fact, we have delegated the administrative functions but have retained authority for either House of Congress to override the Board—thus retaining for ourselves the final veto—and have included procedures intended to make such a resolution not subject to filibuster tactics. The fact is, the committee wanted a tight mechanism and it reported an extremely tight bill.

The Senator suggests that the Federal Reserve System has control over the Emergency Guarantee Board in the committee bill. This is a twist on words. The

fact is that two individuals, one, the Chairman of the Federal Reserve Board, here in Washington, appointed by the President with Senate consent, and the other, the President of the District Federal Reserve Bank, elected by the bankers in the Federal Reserve district in which an applicant firm is located, could represent a majority of the three-man Board, the third man being the Secretary of the Treasury. The discussion in the committee centered around the fact that the president of the Federal Reserve district would be independent of both the administration and the Federal Reserve Board Chairman. There was no intent by the committee that the Federal Reserve be given control over the Loan Guarantee Board. In fact, the committee rejected a proposal by the Senator from Wisconsin which would have put control in the Federal Reserve. In addition, it rejected a proposal that would have required unanimous vote of the three members which would have given the Federal Reserve Board Chairman a veto over the actions of the other members of the Board. In fact, it would have given any one of the three such a veto.

The Senator from Wisconsin goes through a torturous discussion which he claims could be interpreted as showing that a majority of the committee was against the Lockheed loan guarantee. In my view, he is absolutely wrong in making such an interpretation. The fact is that everyone in the committee knew that Lockheed would be the first loan guarantee to be considered if we set up an Emergency Loan Guarantee Board.

It should be made clear, however, that while the committee specifically approved legislation under which it believes Lockheed Aircraft Corp. could receive—and probably will receive—a loan guarantee if the bill is passed, the decision, in fact, is up to the Board, and the Board must be sure that the guarantee would comply with the strict provisions of the bill. That is the way we intended it.

The Senator from Wisconsin suggests that the bankers may have access to adverse information that has not been provided to the Congress or the administration. Let me just say that, in my opinion, the bankers who testified before our committee did not try to hide anything. They were forthright and so far as I could tell, completely honest. I have dealt with these men before and have no reason to doubt their honesty. It is no secret, however, that the Senator from Wisconsin did doubt their testimony and at one point said:

Gentlemen, I don't like to say this, and I say this recognizing that you are men of honesty and have a fine record in business, but I just cannot believe you when you say that you would categorically turn down this loan if the Government doesn't provide the guarantee.

I feel sure this was an attempt to force them to soften their statement but they did not. The witnesses were taken aback by a Senator saying what he did, but they answered:

Well, sir, the answer is we won't go any further.

They added that there was no need to

continue the discussion if their statements were not to be taken at face value. All of the arguments used here today by the Senator were used in the hearings, and the bankers said that their decision was not a quick one, but one that had taken months and months of study and discussion. I am sure that Senators will agree with me when they realize that the bankers already had \$400 million worth of the depositors' money in the Lockheed Corp., that it can be readily understood why they would be reluctant to go further without some form of guarantee. To suggest now that the banks will make the loan without the Government guarantee is simply an unjustified argument that no guarantee is necessary.

The Senator from Wisconsin continues with his fear that someone is trying to put something over on the Government by saying:

The President of Lockheed may have inadvertently let the cat out of the bag when he was questioned by reporters at the Paris Air Show last June.

The president of Lockheed said that if the Congress turned down the loan guarantee, the company would still try to obtain financing. First, this was discussed in our hearings and it was explained that the president was obviously talking for public consumption at an airshow where the reporters had just flown in the L-1011, which this guarantee hopes to save. What was he supposed to say? "Gentleman, this is a great aircraft, but if the Government doesn't provide a guarantee so that we can get financing, it will never be available to the airlines of the world"? Of course not. No man worth his salt would give up at that point. He had to express optimism and the possibility that the company could obtain help from somewhere if the guarantee were not granted. I am sure he did not know any source of such financing. The hard reality is that there is no cat to be let out of the bag inadvertently. This doubt that seems to be nagging in the mind of the Wisconsin Senator is also unjustified in my opinion.

Even more unjustified is the suggestion that the Lockheed bankers are attempting to blackmail the Congress into approving a guarantee for Lockheed. Webster's International Dictionary defines blackmail as:

To extort money from by intimidation, especially by threats of exposure to public accusation, censure, or disgrace.

Certainly, the Senator does not think that the banks are going to try to extort money from the U.S. Congress. No money from the Government need be involved in this legislation. Certainly he does not think that the banks are threatening to divulge information to the public that would expose the Government to public accusation, censure, or disgrace. The banks have testified to our committee as we requested. They did not suggest anything that could by the widest stretch of imagination be allied to blackmail. Furthermore, all of the information that could be detrimental to the Government is public. It is difficult to blackmail with information that is already well known by the public. Again, the Senator brings up an ugly emotion-packed term

which, in my opinion, is not appropriate and which has no bearing on our proper consideration of this loan guarantee legislation.

The Senator says that the employment figures used by the administration and Lockheed during the hearings were inflated and suggests that instead of 60,000 jobs being saved, there would be only somewhere in the neighborhood of 11,000. In my opinion, he is absolutely wrong on this count. The simplistic mathematics he used to get to this conclusion left out some of the major items. First of all, he divided the 262,301 direct labor hours charged against the L-1011 by 40 hours and decided that this was appropriate for the number of employees. Let me say that I have done some research into this matter and find that employees do not spend 40 hours a week on direct labor, even though they may be paid for a 40-hour week. Roughly, 4½ hours a week are taken up by vacation, coffee breaks, going to the blood bank, and other items that are not actual work on the vehicle. This means that the hours should have been divided by 35½ instead of 40 in order to obtain direct labor on the vehicle. Now, in addition we all know that there is indirect labor in such things as engineering, production management, material control and management, and other indirect labor which in this specific case adds 32 percent to the direct labor hours. When these actual factors are taken into consideration, the total for the week in May used by the Senator from Wisconsin comes to 10,000, just as was reported in the hearings and not the much lower figures used by the Senator from Wisconsin. In considering these complex issues, we must be careful to compute our figures accurately or, of course, we can find all sorts of problems which do not really exist.

Let me say that there is no reason to exclude all of the secondary jobs as the Senator has also done. The material for that estimate was taken from an econometric model at the University of California and is considered to be completely justified. The actual jobs we are talking about could be considerably more than the 60,000 used by the administration. That figure was intended to present the facts conservatively.

Interestingly, most of the other arguments by the Senator from Wisconsin are arguments against a loan guarantee for Lockheed. I hope that it is clear to the Members of this body that every decision on guarantees is to be made by an independent board. We are not, in approving the bill which we are now considering, approving a loan guarantee for Lockheed. We are approving a mechanism through which major adverse impacts on the national economy can be offset through the availability of a Government guarantee of a private loan. When, in fact, these adverse effects may be primarily the result of Government action, I do not see how anyone can say that the Government does not have a responsibility to provide such emergency assistance.

The Government has already set up a wide variety of such mechanisms and has outstanding now \$137 billion of guarantees.

With this background, I do not believe it is necessary to refute every argument which the Senator raises against a guarantee for Lockheed. Indeed, I am sure that the board set up in the bill will consider every argument against such a guarantee which is raised by the Senator and probably delve into the matter much deeper than he or any of the rest of us have done. They will be the "loan officers" in a manner of speaking. Our responsibility is to act as a board of directors and set the policy guidelines by which they will act and also to provide them with the authority under which they can act.

I am, however, interested in some of the arguments used by the Senator. For example, he suggests that the administration is merely using rhetoric about saving jobs while its real aim is saving Lockheed's creditors or its stockholders. This is an interesting comment from the Senator, particularly in light of the fact that Mr. Meany, the president of the American Federation of Labor and Congress of Industrial Organizations, vigorously supports the Lockheed guarantee. Does the Senator believe that Mr. Meany is not interested in saving jobs? Does he believe that Mr. Meany is interested only in saving creditors and stockholders? Does he believe that he is using labor-saving rhetoric as a front for some other devious purpose? We also had the president of the International Association of Machinists & Aerospace Workers before our committee. He, too, supported the guarantee for Lockheed. What does the Senator give as his motivation? I am of the opinion that these labor leaders are interested in jobs, and I do not think it is our place to question their motivation or their integrity in so testifying.

Mr. President, yesterday in the Washington Star this union took a full page ad to explain its feeling of great need for the passage of this legislation. I ask unanimous consent that the text of the ad may be printed in the RECORD at this point.

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

[From the Washington Evening Star,
July 21, 1971]

SOME STRAIGHT TALK ABOUT LOCKHEED AND
60,000 JOBS

The debate over whether Congress will guarantee a \$250 million bank loan to save Lockheed's L-1011 Tri Star Airliner Program—and thus save Lockheed itself from bankruptcy—has become a public issue. There is nothing wrong with that. But we who are directly and indirectly involved with the program are disturbed by some of the rather strange things being said by its opponents. We find equally disturbing some of the things that are not being said.

Obviously we have a deep personal interest in this. Our jobs and the well-being of our families are at stake. Still we don't feel any need to distort or mislead. We've bought this space simply to point out a few things.

A GUARANTEE, NOT A LOAN

First, the issue is not a Government loan. It's a loan guarantee. The \$250 million would be loaned by commercial banks and repaid by Lockheed—much the same as VA-guaranteed loans are made every day to veterans buying homes. If Lockheed is allowed to stay in business and repay the loan, *Not One Cent Of Taxpayer Money Need Ever Be Touched.*

But if the loan guarantee is withheld and Tristar program ends and Lockheed is thrown into bankruptcy, the U.S. Government will lose more than \$500 million in tax revenues.

60,000 AMERICAN FAMILIES

The Tri Star program has been directly responsible for the incomes of 34,000 families in 35 states—and for the incomes of more than 60,000 totally. These families are spending money on goods and services and they are paying taxes. They are not on the welfare rolls yet.

Some opponents of the guarantee claim that all the Lockheed people could go to work for McDonnell Douglas. But the slowdown on the Tri Star program has already caused 9,000 Lockheed employees to be laid off. Plus thousands more employees of Lockheed suppliers. Since February only one worker in ten has been able to find another job. The rest are collecting unemployment and using up life savings. Some of these families have already been forced onto welfare.

PRECEDENTS APLENTY

Others claim there is no precedent for the loan guarantee. Yet in 1967 the Government guaranteed loan authority for \$75 million to what is now McDonnell Douglas when that company faced financing problems resulting from the DC-8 and DC-9 Airliner programs. In fact, it is estimated that the Government has now guaranteed a total of \$137 billion in loans of one kind or another.

Also in 1967 Senator Proxmire himself sponsored special tax legislation for the direct support of American Motors Corporation—one company in a competitive market exactly as Lockheed is.

The small business administration has been helping small businesses survive since 1953. It currently has \$2.5 billion outstanding in loans and guarantees to 126,000 small firms. Nearly 1,000 of the Tri Star's suppliers fall into the small business category.

The U.S. export-import bank frequently guarantees loans to foreign companies so they can buy American products. It has recently guaranteed or made credits available for nearly \$600 million to finance Boeing 747 purchases and \$190 million for McDonnell Douglas DC-10S. So why not a loan guarantee to an American Company?

This AD sponsored and paid for by members of the International Association of Machinists and Aerospace Workers, members of the Engineers and Scientists Guild, and thousands of other Lockheed employees.

Mr. BENNETT. Mr. President, the Senator questions the projections for the market for wide-bodied airbuses and uses a figure of only 400 to 500 instead of the figure used by the Civil Aeronautics Board, the Federal Aviation Administration, Lockheed, and McDonnell-Douglas of 775 planes through 1980. These figures were part of the testimony given in our hearings. The fact is that the lower figures used by the Senator are representative for only the United States market and the higher figures represent worldwide demand. It ignores the market for these airbuses abroad. At this point it might be interesting to make the comment that when we consider our balance-of-payments problem, the largest type exports on which we depend, the exports that bring in credits for us on our balance of payments, are aircraft and aircraft parts. If this bus, the L-1011, is killed, obviously we are going to lose some of that foreign market. This is another ripple in the whirlpool that defeat of this bill might create.

The Senator suggests that there was no disinterested support for the Lockheed loan guarantee in the hearings. He

should remember that he and other opponents were instrumental in calling virtually all of the witnesses other than those brought in by the administration.

The Senator from Tennessee has made that perfectly clear. It also should be added that as the result of letters the Senator from Wisconsin sent out, he knew exactly how the witnesses would testify and in fact made sure that he called none who might show any interest in the loan guarantee. Let me add at this point, the letters that were received from economists which the Senator has used so often as in opposition to the Lockheed guarantee invariably had a disclaimer that the respondent was not able to comment on the specific situation but then some of them went on to say that they were against the general principle of bailing out failing business firms. So am I. So is almost everyone I have talked to.

One can be against the general principle and realize there are times when solutions must be found outside of those principles for crises.

At the same time, many of those who have taken time to consider the facts of the situation have shown favor for the loan guarantee. Let me quote from a letter from an economist to the Senator, which he has not mentioned.

I fully agree with what I think is your own position that, on principle, the Government should stay out of such commercial projects and let the chips fall where they may. This is, after all, how our free enterprise system works which has served and still serves the country so well.

But I also believe that there must occasionally be exceptions to the rule to prevent in-estimated damage. . . .

I therefore hope that the Senate will vote for the bill. . . .

Another reply stated:

The answers to these questions are clouded but I have reluctantly concluded that on balance, the national interest would be better served at this time by approving some form of loan guarantee.

This answer was from one who said that he had done some reading and checking.

Still another reply, and this is the last one to which I will refer, stated:

The case for approving a loan guaranty seems very clear to me: by so doing, we avoid potentially large losses in employment, output and exports, which society would suffer as a result of Lockheed's going into bankruptcy.

The two counter arguments against the loan guaranty which your letter cites, appear to me to be a little mischievous.

Indeed, in my opinion, many of the arguments used by the Senator portray half facts or a misinterpretation of information which I believe to be a little mischievous.

The Senator suggests that this bill makes it so that big firms cannot fail, but small ones can. The Senator knows that very few firms of any size will be able to comply with the restrictions we have put in this bill. He also knows that far more money is presently being used by the Small Business Administration to assist small businesses, not only with direct loans but with loan guarantees. The claim that "what is really proposed is socialism for big business and free enterprise for small business" is hardly warranted.

He suggests that McDonnell-Douglas and Boeing will find themselves competing not only with Lockheed, but with the Federal Government as well. This concept was thoroughly discredited in our hearings. Both McDonnell-Douglas and Boeing are big enough to take care of their own interests, and McDonnell-Douglas already had the benefit, a few years back, of a very substantial \$75-million Federal loan.

Both McDonnell-Douglas and Boeing were invited to testify on this bill and to present any case they wanted to present, but did not choose to do so, therefore they did not raise the question that the Senator raises, and I do not think it should be raised in their name.

The Senator suggests that all of the agencies of the Federal Government will cater to Lockheed if a loan guarantee is granted. He has far less confidence in the honesty and integrity of our public servants than I do. Furthermore, these agencies will be operating in a fishbowl atmosphere where every act will be scrutinized. If anything, they will go out of their way to assure that no special favors are granted to any firm who may obtain a guarantee under this legislation.

Our report requires that all major transactions of any agency with such a firm be reported to our committee.

In conclusion, I find the Senator from Wisconsin in disagreement with virtually all of those individuals and agencies and organizations which have taken time to really study the guarantee loan program. He disagrees with the administration, he disagrees with the Civil Aeronautics Board, he disagrees with the Securities and Exchange Commission, he disagrees with the labor organizations, he disagrees with Lockheed management, he disagrees with the airlines, he disagrees with Lockheed competitors, he disagrees with the Department of Defense, and he disagrees with the bankers. It is my recommendation that the Senate disagree with the Senator from Wisconsin and agree with all of these experts and with many economists who have studied this proposition and have decided that it is in the national interest to establish a mechanism whereby major adverse economic effects which may be brought about by the lack of working capital through conditions not under the control of the management of major firms could be averted through the use of Government guarantees of private loans to companies which meet all of the very strict requirements which we have set up in this legislation.

Mr. President, I hope that the Senate will have an opportunity to vote on this measure in ample time to carry through the other steps of the legislative process. If the Senate chooses to vote it down, that is its business, but I do not think we want on our conscience the fact that we allowed this crisis to become fatal while we sat on our hands.

Mr. MANSFIELD. Mr. President, I want to express the hope, too, that the Senate will face up to its responsibility on the pending legislation and that it will be possible to come to a final vote within a reasonable length of time. The decision can be up or down, but a decision is called for, because a bill has been

reported out of the committee and is now the pending business.

ORDER FOR ADJOURNMENT FROM FRIDAY TO 11 A.M. SATURDAY, JULY 24

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday, it stand in adjournment until 11 o'clock Saturday morning.

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

ORDER FOR ADJOURNMENT FROM SATURDAY TO 10 A.M. MONDAY, JULY 26

Mr. MANSFIELD. And that when it completes its business on Saturday, it stand in adjournment until 10 o'clock Monday morning.

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

TIME AND WARNING BELL FOR YEA-AND-NAY VOTES

Mr. MANSFIELD. Mr. President, for the information of the Senate, I also wish to state that, after giving the matter due thought and consideration, the joint leadership has decided in the matter of time allowed for a vote, which at the present time is 20 minutes, that instead of changing it to 15 minutes, with the bells to ring half-way in between, we will continue with the 20-minute limitation, as is, until the pending business is disposed of or until the Senate returns from its recess on September 8.

Mr. BYRD of West Virginia. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. I am delighted to yield.

Mr. BYRD of West Virginia. Mr. President, I am glad that the distinguished majority leader has decided to postpone the operation of the new suggestion that there be 15 minutes on a vote, with a midway ringing of the warning bell, until the disposition of the pending measure. I would hope that no inferences whatsoever could have been drawn with respect to this measure and the application of this rule to it.

I think it is wise that there be a postponement with respect to a new practice relating to time on rollcalls. I would suggest, even when such is done, that it be on an experimental basis until experience determines just how well it works.

May I just take an additional moment to state for the record that the suggestion that there be 15 minutes on a rollcall vote, with a midway warning bell—rather than the 5-minute warning bell, as is the case at present—came from several Senators who had missed votes because of what they deemed to be not enough time between the warning bell and the announcement of the vote by the Chair.

Other Senators had complained that the time consumed on rollcalls was too much. For example, on Monday of this week there were seven 20-minute rollcalls.

So it may well be that the 15-minute

proposal, once it is put into effect, will be the one which most Senators will want, or it may be to the contrary; but, in any event, it can be done on an experimental basis and we can see what is best for the Senate.

I thank the distinguished Senator for yielding.

Mr. MANSFIELD. Mr. President, I agree with the remarks made by the distinguished deputy minority leader.

When the 15-minute rule goes into effect, it will go into effect on an experimental basis. If it works well, I am sure the Senate will approve it. If it does not, we will go back to the 20-minute allowance. But the reason why the joint leadership suggested the change to 15 minutes was that a number of Senators had raised the question with the leadership, and we thought we were complying with the will of the Senate.

However, several Senators on this side of the aisle—none interested in the pending business—have been to see me and have raised some questions about the feasibility of a 15-minute time limitation.

On the basis of their feelings on this matter—and we want every Senator's feelings to be considered—I want to repeat again that the 20-minute rollcall rule will stay in effect, as is, until the pending business is completed; and that will mean that with a few days left, if the action on the bill is not completed before the Senate goes into recess, there will be no change; but if it is completed, there will be a change on an experimental 15-minute basis when the Senate comes back into session on September 8.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9382) entitled "An act making appropriations for the Department of Housing and Urban Development; for space, science, veterans, and certain other independent executive agencies, boards, commissions, corporations, and offices for the fiscal year ending June 30, 1972, and for other purposes"; that the House had agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. BOLAND, Mr. EVINS of Tennessee, Mr. SHIPLEY, Mr. GAIAMO, Mr. PRYOR of Arkansas, Mr. ROUSH, Mr. MAHON, Mr. JONAS, Mr. TALCOTT, Mr. MCDADE, Mr. DEL CLAWSON, and Mr. BOW were appointed managers of the conference on the part of the House.

ARMED ROBBERY IN THE SENATE OFFICE BUILDING

Mr. McCLELLAN. Mr. President, as chairman of the Subcommittee on Criminal Law and Procedures and the Permanent Subcommittee on Investigations, I have long been concerned with the mounting menace of crime in the United States. Indeed, in the minds of many, the threat of crime, the fear of crime, and the incidence of crime is one of our most pressing domestic problems. I share that assessment and their deep concern.

During the past several years the Con-

gress has recognized the gravity of the problem and has enacted a series of bills designed to combat this peril. A number of these measures I introduced and others I cosponsored. We are making some progress. But the forces of crime are relentless and fortified, and they are entrenched. If we ever hope to stem the tide we must be equally adamant in our resolution, determination, and efforts to combat this internal danger to our safety and security.

In working on this problem, through investigations, and through legislative action I have come to know of the violence of crime, the terror it holds, the fear it strikes, and the cost it extracts from our society and our people in human suffering and financial loss. I have compiled, analyzed, and agonized over the sordid statistics of crime. I had not thought, however, that one of my own staff would likely become one of those cold statistics.

But just this week, my personal secretary, Mrs. Jeannine Ragland, was the victim of armed robbery at 5:30 in the afternoon last Tuesday while working at her desk in the Senate Office Building. Working alone in a room just several feet down the hall from my office—and incidentally, this room is in a space occupied by the Government Operations Committee—Mrs. Ragland was accosted by two gun-carrying Negro males about 19 or 20 years old who promptly and coolly bound and gagged her, then robbed her of the contents of her purse. A gun was trained on her throughout the robbery with the constant threat that if she screamed that would bring death.

Fortunately she was plucky enough to control her emotions and remained calm during those terror-filled moments. She suffered no physical harm and I hope she will suffer no lasting emotional shock or mental scars from the incident.

But just think of it, Mr. President—a daylight robbery in the Senate Office Building. It makes us wonder if there is no safe refuge, no sanctuary from the armed hoodlums who roam our streets and invade our homes, our offices, and places of business. Have we allowed permissiveness to so invade and permeate our society that young gun-toting punks feel free to walk the Halls of Congress and stalk our staffs? Where will it all end?

And if Mrs. Ragland's ordeal itself is not bad enough to contemplate, the consequences, if they run true to form, and if this crime practice continues, are certainly equally appalling. First is the difficult problem of apprehending the criminals. Then comes the more difficult—and too frequently the impossible—task of trying to convict them and make it stick. Our system of justice is in trouble. The safety of our society is becoming imperiled, Mr. President, for as the Attorney General of the United States recently stated before the American Bar Association in London, England:

We face in the United States a situation where the discovery of guilt or innocence as a function of the courts is in danger of drowning in a sea of legalisms.

Mr. Chief Justice Warren Burger in dissenting on a reversal of a conviction in a case, while still a member of an appellate court, described the timeless,

never-ending processing of judicial review in the following language:

I suggest that the kind of nit-picking appellate review exhibited by reversal of this conviction may help explain why the public is losing confidence in the administration of justice. I suggest also that if we continue on this course we may well come to be known as a society incapable of defending itself—the impotent society.

Mr. President, law enforcement is a hard task. And the prevention of crime, as indicated in the case of my secretary, is sometimes impossible. But we can and should bring some semblance of sanity to our system of justice once a criminal is apprehended, and we should expedite the disposition of these cases.

I sincerely trust that, in the instant case, the armed robbers who perpetrated this brazen attack on Mrs. Ragland will be apprehended, duly convicted, and appropriately punished.

Mr. President, the Washington Daily News has been running a series of articles and columns on crime in the last several days, and I ask unanimous consent to have them printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. McCLELLAN. Mr. President, the first of these, dated July 12, contains two articles; one is headlined "Justice Won't Bring Diane Back" and relates the rape and strangulation of a young woman as she left a Washington restaurant with her husband. Commenting on the tragedy her husband said:

I'd like to see justice prevail. But when you see what justice has done in recent years, I don't think it will prevail. Things are too permissive to stop all this crime. It will get worse. We've got a Supreme Court that lets criminals go, gives them loopholes. But even if justice did prevail, it wouldn't bring Diane back. It will happen to someone else.

What a sad commentary on our present state of "justice," in America, Mr. President.

In the same edition is another article entitled, "Stealing Is Becoming as American as Apple Pie." The article goes on to state that stealing is becoming so flagrant that some authorities estimate that between 10 and 15 percent of the price Americans pay for goods and services goes to cover the costs of thievery.

In the edition of July 13 is another article on shoplifting which indicates that form of thievery has been increasing at the rate of 20 percent a year, at an estimated cost of \$3.5 billion a year.

Mr. President, I talked to a merchant the other day who told me that merchants have to add 2 percent to the cost of their goods to cover thievery and shoplifting. This man operates a chain of stores in a small town. He said that it was necessary to add 2 percent to the cost of the goods to cover the losses occasioned by shoplifting.

In the same edition is an editorial on this column which notes that if crime continues to flourish in the United States the Communists will not have to bury America, our thieves will do it for us.

The July 14 edition of the Washington Daily News chronicles the mush-

rooming theft of freight cargoes in the United States which is estimated to cost the American people more than \$1.5 billion annually.

Finally, Mr. President, is an article appearing in the July 15 edition headlined, "Confessions of a Wall-Street Thief"; which describes the growing theft of securities by organized crime which, according to testimony before the Permanent Subcommittee on Investigations by Attorney General Mitchell, ran between \$400 and \$500 million in 1969 and 1970 alone.

Mr. President, on my way to the Chamber just a few minutes ago I was stopped by a young man who said to me, "I am the young man from Senator EASTLAND's office who was robbed last night." I had gotten that information and I made a notation of it here to include in my remarks.

I understand that a member of Senator JAMES O. EASTLAND's staff was a victim of an armed robbery just last evening behind the Supreme Court Building. The victim, Mr. Mark Hazzard, was walking back toward the Senate Office Building after having dinner on Pennsylvania Avenue. He was grabbed around the neck by one of the two Negroes while the other held a gun on him and demanded his money. They took his money and ran.

I asked him about the description of these men and he told me they were 19 or 20 years old, Negro males. The same description would fit the description of the two persons who brazenly walked into the Senate Office Building and robbed the secretary at gunpoint.

I am reluctant to make hasty decisions and suggestions, but I do suggest to my colleagues that we give some consideration to strengthening police protection here in the Capitol, the Senate Office Buildings, and in the area of the Capitol. This is the second person from my staff who has been robbed. Last year or the year before I had a young man working on the staff of the Committee on Government Operations. He had been there for a number of years. He was robbed just outside the office building in the area of the old Carroll Arms Hotel. He and a friend of his were robbed at gunpoint.

Mr. President, this is not an isolated incident I am talking about. Some of these things are not even reported, but these things are occurring all over town and I do think we are entitled to have better protection. I am not criticizing anyone. I am saying it is something that addresses itself to all Members of Congress because we have our people here from our States working for us. Not only that, but visitors and tourists come to the Nation's Capital and they are entitled to better protection than we are providing today.

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

Mr. McCLELLAN. I yield.

Mr. YOUNG. I would like to add that two girls from my staff were robbed about a block and a half from the Supreme Court building just a few months ago.

Mr. McCLELLAN. It is not unusual. Members of the press called me and

asked if I was shocked about what happened. I could not say I was shocked because we had every warning that these things are going on. Of course, it was unexpected that it would happen to a member of my staff, but to say that one is shocked that someone would walk into the Senate Office Building, take out a gun, and rob someone—it has been so prevalent—I could not say I was shocked. Naturally, we are distressed that it happened, but to say that we were shocked in the sense we could never conceive of such a thing happening would be straining at the point because so much of it is happening around that we might expect it would happen that as this occurred.

I thank the Senator for yielding to me. I have to go to the committee now. I am in the process of holding hearings.

EXHIBIT 1

[From the Washington Daily News, July 12, 1971]

JUSTICE WOULD NOT BRING DIANE BACK

(By Jerry Oppenheimer)

Joseph Johnston had just flown back from Racine, Wis., where his wife of 23 months, Diane, was buried in her family's plot at Westlawn Cemetery.

Diane, 27, a sparkling, vivacious young woman who came to Washington from Racine six years ago to find a career and eventually to marry Joe, was raped and strangled by two armed men two weeks ago after she and her husband were abducted as they left an evening's outing at Hogate's Sea Food Restaurant.

Joe Johnston, 27, was sitting in the living room of his second floor apartment in an integrated garden complex in Hillside, nervously sipping milk to ease his aching gut, chain-smoking to relieve the pent-up tension.

"I'd like to see justice prevail," said Joe Johnston, a route salesman for a District linen supply house. "But when you see what justice has done in recent years, I don't think it will prevail. Things are too permissive to stop all this crime. It will get worse. We've got a Supreme Court that lets criminals go, gives them loopholes. But even if justice did prevail, it wouldn't bring Diane back. It will happen to someone else."

Lt. Joseph M. O'Brian, of the District police homicide squad, has assigned six detectives full time in efforts to solve the murder of Diane Johnston.

"We've interviewed a couple of hundred people who were in the area of the restaurant and near the Washington Star building where her body was found. We're doing lots of talking, backtracking the Johnstons' steps, trying to locate witnesses. All I can say is that we're hopeful."

Six suspects have been brought in for questioning thus far. Lt. O'Brian said, but all of them were released. Based on meager descriptions of the killers from Mr. Johnston and other sources, police attempted to make a composite drawing. "But we just don't have enough information," Lt. O'Brian said. One man, according to Mr. Johnston, was in his early 20s with a thin build, the other in his early to mid-20s, 6-foot-1, with a heavy build, shaven head and wrinkles in the back of his muscular neck. Both were black.

Lt. O'Brian said his detectives are seeking as witnesses a family with children who were seen by Mr. Johnston getting into their car at the time the couple was abducted while they walked toward their 1967 Ford Cortina sedan on the Hogate's parking lot at about 10 p.m.

Were the men who bound Diane Johnston with a rope and sexually assaulted her as her husband was held at gunpoint just common muggers, dope addicts? "We can't speculate," said Lt. O'Brian. "This was a bizarre

crime. We have to keep an open mind on this thing. Right now we're interested in talking to anyone who might have been on Hogate's lot at 10 p.m. on Saturday June 26."

Diane Sorenson Johnston decided at age 21 to leave Racine, her parents, two brothers and two sisters. With several friends already settled in Washington, Diane bought a plane ticket and headed east.

"Certainly I had a mother's qualms," said Mrs. Margaret Sorenson, Diane's mother. "I was afraid of something like this happening to her, that she might get hurt in some way. Racine is a small town and I was afraid she wasn't ready for the big city. I thought it was a different type of life there."

But it wasn't. Diane settled with three other roommates in a dormitory-type apartment in Oxon Hill. The girls went everywhere together, used a buddy system for safety, even when they went to the basement laundromat, and usually rode home with each other from work. Diane from her secretarial job at National Geographic, her best friend from a clerk job at the FBI.

"My daughter was not afraid," said Mr. Sorenson. "We were afraid for her. Now we have a numbness that this is the type of world we're living in, that this can happen. I just want the men who did this brought to justice—I don't want revenge."

ROLLER SKATING

On a warm evening in June, 1966, Diane Sorenson went roller skating at a rink in Alexandria. So did Joe Johnston. "We liked each other immediately," said Joe, gazing at the picture of his wife on the small piano in the living room of his apartment, the drapes pulled closed at midday.

"During that summer we dated constantly. It was a general boy-girl relationship. Diane was working at an insurance agency in Georgetown at the time and we'd go out at night and on the weekends. We had our fights. We postponed getting married once but we were never separated for more than a week."

Eight months before they were married, the couple was touched by their first experience with crime. Shortly before Christmas, 1968, an armed black man jumped aboard Joe Johnston's laundry truck while he was making his daily deliveries and pick-up. "He threatened to kill me if I didn't turn over the money. I gave him \$170 and he took off. Diane was pretty terrified when this happened. She wanted me to get out of the business."

On Aug. 23, 1969, Diane Sorenson became Diane Johnston at a simple ceremony attended by just a few friends in the Upper Marlboro Court House.

"Neither one of us cared for a big nerve-racking wedding. There were only six couples there and later we had a small reception and dinner and we took a long weekend from our jobs and went to Williamsburg, Va., for a honeymoon. We always wanted to see it."

Shortly after they were married, Diane took another secretarial job and in the months that followed, her husband said, "We just worked at our jobs. We enjoyed going to plays, listening to music, camping. We played cards with our friends and we enjoyed eating fine food. We tried to eat in every good restaurant in Washington. I guess you could say we were weekend trippers."

"Of course we eventually planned to have children and buy a house. But we were trying to save money and at the same time enjoy our early years together. We didn't want to be like other couples who had children too early and not enough money to live. I was the practical one and Diane was the brilliant one."

MOVED FROM THE CITY

Joe Johnston is a native Washingtonian, but when the Hayes-st ne., neighborhood in which his family lived started changing

racially, when crime started to increase, the Johnstons moved to Takoma Park. Joe graduated from Bladensburg High School in 1962.

Saturday, June 26, was, as Joe Johnston put it, "a normal weekend day for us."

"We awoke late in the morning and decided to have breakfast out. When we got back home Diane and I watched a John Wayne movie on TV and discussed what we should do for the rest of the weekend. We had been thinking about going up to Loft Mountain near Skyline Drive to camp overnight but decided to put it off until the July 4th weekend.

"Late in the afternoon Diane said, 'Let's go out for dinner. I'll take you.' We had three favorite restaurants in the city but we didn't want to spend too much money and weren't in the mood to get all dressed up. One of our favorites was Hogate's."

At 7:30 p.m., Joe and Diane Johnston switched off the lights in their one-bedroom apartment, turned off the console color television, made sure the stereo dust cover was on and locked the front door. They walked across the grassy strip in front of their building, got into their car and joined the suburban flow of traffic on Pennsylvania-av into the city.

"We had seafood and wine and then planned to go to a little club called The Place Where Louie Dwells," recalled Mr. Johnston.

But less than 45 minutes after they paid their check at Hogate's, Diane Johnston was murdered.

The murder of his wife, says Mr. Johnston, "has strengthened my bigotry. Individual Negroes are okay but as a race I'm against them even more now. I read the papers, I see what the race has done in the last 10 years, all the crime is coming out of the ghetto. But Diane was open minded on race, she would look at both sides. She would argue with me about my feelings. It was wonderful balance. I think she was the only girl I ever could have married, I guess because she could stand me."

Looking back over the recent tragic events, Joe Johnston said, "I have no advice for the public about what to do in this crime age. It doesn't happen to everyone, just a select few. You can't say 'I won't go into the city because I'm going to get mugged.'"

"Diane and I had this overlapping fear of crime that everyone has. But we felt free and we weren't going to let it affect our lives. We were worried about the flow of crime into the suburbs. The only thing we really did do was to keep the door locked at night.

"A few years ago I bought a gun to keep around the house for protection. I tried to get a license but I was told it was against the law.

"I guess it's against the law unless you are a criminal."

[From the Washington Daily News, July 12, 1971]

THEFTS UP PRICES 10 TO 15 PERCENT

(By Robert Dietsch)

Stealing apparently is becoming as American as apple pie.

And a nationwide boom in thefts is costing American consumers dearly. Some authorities estimate that between 10 and 15 per cent of the price Americans pay for goods and services goes to cover the costs of thievery.

The FBI defines stealing, or theft, as "the unlawful taking or stealing of property or articles of value without the use of violence or force or fraud."

It encompasses everything from stealing a pencil from the office or a wrench from the factory to pocket picking, purse snatching, auto stealing, shoplifting, truck-cargo theft and heisting stock certificates from brokerage houses.

The FBI keeps statistics on stealing, and so to some degree do department stores, private security organizations, trade associations and police departments.

EXTENT UNKNOWN

But a Scripps-Howard Newspapers survey of government, congressional, police and FBI officials shows no one really knows the real extent of stealing in this country. Most of them do agree, however, that it is getting steadily worse. The FBI estimates stealing has doubled in the last decade.

They also agree that employees as well as outsiders are responsible and that organized crime is involved.

And the sad fact is that stealing is a well-paid, low-risk, tax-free business. Of those who steal, comparatively few get caught. Police and security men, overburdened and understaffed, tend to use their limited resources to fight and solve crimes against the person. One result is that crimes against property—stealing—are assigned a relatively low priority.

EMPLOYEES STEAL \$10 MILLION

Consider these statistics:

Employees steal about \$10 million a day from their companies. That's more than \$3 billion a year. In 1970, bank robbers got \$8 million; but bank employees stole \$16 million in cash from their employers. If stolen securities are included, the "in house" theft totals \$33 million.

Chances are that more than one million autos will be stolen this year. Last year, the figure was \$15,500, valued at more than \$250 million—a theft rate 5 per cent higher than 1969.

One of every 10 persons who walks into a retail store—department, supermarket, discount, even a "mom and pop" grocery—is a shoplifter. Shoplifters steal \$8 million worth of items each day.

In 1970, the Penn Central Railroad, now bankrupt, reported 5,809 cases of theft or pilferage. (To "pilfer" is to steal by taking a little at a time.) In the first four months of 1971, Penn Central reported a 39 per cent increase in thefts.

Cargo thefts from trucks, airline and ship terminals, post offices and railroads come to almost \$1.5 billion a year. Sen. Alan Bible, D-Nev., chairman of the Senate Small Business Committee, breaks down the total: \$900 million stolen from trucks, \$110 million from airlines, \$250 million from railroads, \$210 million from ship terminals.

George Ross, the U.S. Postal Service's director of personnel and security investigation, says: "We find ourselves under attack by a new generation of thieves and criminals who threaten the integrity of the U.S. mail. An every increasing volume of mail containing literally billions of dollars in currency, jewelry, securities, credit cards, travelers checks and other valuable items, has taxed our security resources and disclosed areas of weaknesses in our traditional methods of protecting the mail." Recently, a convicted "master thief" told a Senate committee how he and his confederates stole 100 million in valuables from the post office and the airlines.

Theft also flourishes on Wall Street. Atty. Gen. John Mitchell told a Senate committee that in 1969 and 1970 about \$500 million in stocks and bonds were stolen by thieves connected with organized crime syndicates. Stock market officials think the total was lower. But they concede theft is a problem.

Even cattle rustling, a kind of stealing associated with the opening of the wild west, is on the increase—up between 15 per cent and 25 per cent during the last two years in places like Iowa and Missouri.

ANYTHING GOES

Almost anything seems to lure today's thieves:

Hotpants are a hot item for today's depart-

ment store shoplifters. Typewriters, adding machines, electric clocks and Xerox copiers—anything that isn't securely nailed down—are disappearing from offices and warehouses.

One witness told the Senate Small Business Committee of "a tremendous market for stolen female wigs." Another reported that a salami importer consistently lost 10 per cent of his packages on the New York docks.

In New York City, 318 trucks—carrying everything from clothing, whisky and drugs to shoes for only the right foot and surgical brassieres—were hijacked last year.

CRISIS POINT

Sen. Bible says his report "makes it plain that thievery and vandalism have reached such proportions that survival of small businessmen in high-crime areas has reached the crisis point . . . it shows graphically the deep impact crime is having on the small businessman, whose losses are proportionately 35 times greater than those sustained by big business."

Says Transportation Secretary John Volpe: "Crime in transportation ranges from stealing blank tickets in crowded airline terminals to the theft of giant cargo containers from busy wharves and piers. The audacity of transportation criminals is unlimited."

Who steals?

Those who carry off little items from the office or factory are ordinary people who consider themselves honest, law abiding, clean-living.

Most shoplifters are young amateurs. So are most auto thieves.

Pilfering from trucks, docks, piers, even the mails is done largely by amateurs. Their motives vary. Some want to "get back" at the boss; some want to help their budgets; some want to impress their families or neighbors with items they can't ordinarily afford.

ORGANIZED CRIME

But large-scale stealing of trucks, stock certificates or autos has to be run on an organized basis that provides for getting stolen merchandise back into the commercial stream. Thus law officials are convinced that organized crime is behind much of the large scale stealing in the United States. And a growing number of security men think so-called legitimate businessmen are willing to buy stolen goods from shady middlemen.

William Barry, a former FBI agent who now heads Smith & Wesson Security Services in New York, says:

"There are two general categories of criminals:

"The unorganized, divided between the amateur and the professional acting alone but linked and selling to the second group, organized crime.

"In the unorganized section, the professional thief engages in a wide variety of property offenses. And he spends his full time and full energy on crime. Often he may be hired to do special jobs by the established figures in the world of organized crime. But he is not regarded as permanently a part of that world.

"The amateur is generally described as a white-collar offender or one who has no past criminal record. These people perpetrate crime of opportunity."

[From the Washington Daily News,
July 13, 1971]

SHOPLIFTERS ARE OF ALL AGES, TYPES

(By Robert Dietsch)

NEW YORK.—At a mid-Manhattan department store a security officer noticed a teenage girl seemed to be much plumper than when he saw her enter the store. It turned out she was wearing 12 bikini bathing suits under her street clothes. She told the store detective: "I liked them all, so I took them."

In a Chicago suburb, a 20-year-old woman was arrested for trying to shoplift a girdle. Store detectives reported: "She was wearing

a maxicoat and not a stitch underneath. She was going to steal a whole new wardrobe from the skin out."

In Manhattan a well dressed, middle-aged man was nabbed for shoplifting a \$7 pair of gloves. He had \$600 in his wallet.

These incidents illustrate the endemic proportions of shoplifting in the United States:

Each day, retail stores in the United States lose more than \$8 million either to shoplifters, who account for 90 per cent of the losses, or to employees who steal from their bosses. These combined losses—called "shrinkage" in the trade—total \$3.5 billion a year. Shoplifting has been increasing at the rate of 20 per cent a year.

Shoplifts may total more than 200,000 a week, or about 10.5 million a year. Few shoplifters or employe thieves are caught—perhaps 200,000 a year, or about one in every 50. But stores are increasing their security precautions and staffs. And they are getting tougher on picking up shoplifters and taking them to court.

ONE IN TEN

Some surveys indicate one in every 10 persons who walks into a store these days is a shoplifter.

Department stores aren't the only victims. Grocery supermarkets are being hit harder than ever. Shoplifters are taking meat, cigarettes, health-care items, panty hose. Some thieves consume food on the premises as well as hiding items in bags and their clothing. Safeway Stores reports shoplifting up 20 per cent last year in six western states.

Pittsburgh police say supermarket customers stuff toothpaste inside paper towel rolls, put butter into lard or margarine packages (thus paying the lower price at the checkout counter) and when buying styrofoam ice chests stuff them with goods before reaching the checkout line.

FBI statistics show shoplifting is more common in the suburbs than in big cities. In cities with populations over 250,000, shoplifting accounts for 7.5 per cent of larcenies committed. In the suburbs, the comparable figure is 9.6 per cent. FBI Director J. Edgar Hoover calls shoplifting "the fastest-growing larceny violation in the country."

Shoplifting averages 2.7 per cent of store sales, and up to 8 per cent in some cases. Because retailer profits average 2.5 per cent of sales, it's obvious that costs of shoplifting are "built into" retail prices.

All kinds of people shoplift. Security men agree that most shoplifters are teen-agers, that women outnumber men 20 to 1 and that most shoplifters are amateurs. But it's also agreed that professional shoplifting is increasing, that the professionals "lift" more expensive items (the average shoplift involves merchandise costing \$28) and that professionals are loosely linked to organized crime.

ALL TYPES OF PEOPLE

Howard Haimowitz, Operations Services manager for the National Retail Merchants Association, says:

"When I was a security officer for a New York department store I caught the richest and the poorest, the young and the old, the amateur and the pro. One day I nabbed the chief executive officer of a giant industrial corporation; he tried to lift a 95-cent dirty book."

Memphis police nabbed one shoplifter stuffing a hair dryer into her girdle.

Lt. Frank Corrigan, head of the Cleveland police fraud unit, says:

"A lot of the poor shoplift because they're poor and can't afford to buy much. But just as many affluent or middle-class people shoplift." This is supported by suburban arrests.

VARIETY OF REASONS

Policemen, security men, psychiatrists and store executives offer a variety of reasons for shoplifting. They give today's "poor moral climate," "permissiveness," greed, a search for

"kicks," youthful rebellion, the need to obtain money for drugs, inflation and the high cost of living, the tempting open displays in modern department stores, the impersonal nature of today's stores.

"Shoplifting? I think everybody has tried it," says one saleswoman in Bonwit Teller's store on New York's Fifth Avenue. In fiscal 1970, Bonwit Teller lost \$3.2 million to thieves. This was more than company profits.

One psychiatrist associated with a department store chain suggests that "with so many people shoplifting the crime has actually gained a certain twist of legitimacy." Says Mr. Haimowitz: "One major problem is that shoplifting is not a dirty word today. Youngsters see shoplifting as sort of a game. If we really begin to use the word with its proper meaning, we might get somewhere. Let's tell it like it is . . . shoplifting is stealing."

Thus the National Retail Merchants Association, in cooperation with its members and the press, is planning a nationwide educational campaign to tell the public, especially the young, about the dangers of shoplifting and its cost to society. The campaign will stress that penalties for shoplifting are being stiffened and that a police record of a shoplifting conviction can seriously affect a person's school and employment record.

There apparently are as many ways of stealing an item from a store as there are items to steal. The maxicoat was a blessing to professional shoplifters; the length of the coat hides goods stuck between the legs or attached to garter belts.

Stolen items are dropped into umbrellas or hidden in baby carriages. Some women shoplifters carry big purses with false bottoms. Only 1 per cent of shoplifters are classified as kleptomaniacs, persons with a pathological impulse to steal. Police in Parma, Ohio, a Cleveland suburb, arrested a single woman for stealing baby clothes. Investigators found her home stuffed with stolen goods; psychiatrists ruled her a kleptomaniac.

Department stores, waging war on shoplifters, have augmented their security forces. (Store detectives are now called "loss-prevention specialists.") They have installed wideview mirrors and closed-circuit television to keep an eye on most counters and sales racks.

Here in New York, for example, Macy's has 48 cameras peering about. They're monitored from an elaborate communications center which resembles a military command post.

In Memphis, police have undertaken a campaign to educate sales clerks on shoplifting techniques. In Denver, May-D & F stores employ 26 security officers who use two-way radios, sonic detection devices and internal alarm systems.

BUGGED CLOTHES

A few stores, including Halle's in Cleveland, are using a "sensormatic system" in which sensitized tags are attached to garments. The tags are removed when the garment is sold. Anyone trying to walk out of the store or even out of a special section of the store with the tag attached to a garment sets off an alarm bell.

Stores today are more inclined to prosecute shoplifters. But they still are wary of false-arrest suits. In general, a clerk or security man has to see an item being stolen before a store will prosecute.

"We do not touch a person unless we're absolutely sure he has the stuff hidden," says Del Bianco, who is a member of a 20-person security staff of a Pittsburgh department chain.

Richard Lusk, director of the Denver Retail Merchants Association, says 90 per cent of the Denver courts treat shoplifting "as a nuisance and not a costly crime and slap defendants on the wrist with minimum fines instead of jail terms."

PROSECUTE ALL

Patrick Ray, security chief for Goldsmith's Department Store in Memphis, headed a spe-

cial employe training program which he links to a decrease in shoplifting. Mr. Ray also says his policy is to prosecute all shoplifting suspects: "If we don't prosecute, we just encourage the person to try again."

Last March, Mrs. Louis Stokes, wife of the Democratic congressman from Cleveland filed a \$250,000 false-arrest suit against a suburban shopping center and a woman's clothing store in the center, charging them with "falsely and maliciously" accusing her of shoplifting. The store never pressed formal charges, and Mrs. Stokes' case is pending Guyahoga County Common Pleas Court. Mrs. Stokes is the sister-in-law of Cleveland Mayor Carl Stokes.

Retailers and security men concede that no store prosecutes every person it catches. Generally teen-age culprits are taken into the store's security offices to embarrass them, if nothing else. Usually they are released only after their parents are called in. Cleveland's Lt. Corrigan thinks "50 per cent of the first offenders learn their lesson the first time they're caught."

DRUG ADDICTS

It's also agreed that more and more drug addicts are turning to shoplifting. To support a \$100-a-day habit, an addict must lift between \$800 and \$1,000 worth of merchandise, because his return on "hot goods" peddled to a fence is between 10 per cent and 15 per cent.

In the District, the Woodward & Lothrop store caught a thief who had been an addict for 12 years and had been shoplifting for six. The addict visited the store five or six times a day, walking out with between \$100 and \$150 worth of merchandise each time.

Retailers see some cheer in greater security precautions. But they concede they haven't found the full answer to shoplifting. Some store executives see the problem getting worse, not better. Sighs one:

"We're never going to eliminate shoplifting any more than we can eliminate gambling or prostitution."

[From the Washington Daily News, July 13, 1971]

NATION OF THIEVES?

Consider only a few of the startling facts being set out in the series of articles, "Theft: The Hidden Tax," by Robert Dietsch, now running in *The Washington Daily News*.

Employees snitch goods from their bosses to the tune of \$3 billion a year. An estimated 10 to 15 per cent of the price of most things we buy goes to make up for theft losses. Auto thefts last year ran to nearly \$1 million. Shoplifters take \$8 million in merchandise every day.

Thieving is everywhere—in stores, banks, on the streets, from homes, from freight depots, from airlines and railroads and trucks, and even—on a big scale—from the U.S. mall.

Have we become a nation of thieves? Is everybody stealing?

Not quite, of course. But the increase in crimes of all types, and stealing in particular, is not merely alarming; it is appalling.

It is so general all of our beefed-up law enforcement agencies can't cope with it. Relatively few thieves are caught. Thieves pay no taxes on their loot.

The public loses all around. It loses directly to the thieves who swipe its property. It loses in paying higher prices to cover losses from goods taken from stores and warehouses. It pays more taxes to make up for tax deductions due to stolen goods. It pays an ever-increasing bill for police in a semi-vain effort to stop all this.

In addition to the dollar losses, there is an even bigger loss. An enormous percentage of all this crime is committed by kids. Auto thefts, street holdups and shoplifting especially are the work of "young amateurs," as Mr. Dietsch described them. But they are

amateurs fast becoming professionals. They get away with a small theft and they try again, something bigger. If they escape arrest, they will wind up in sophisticated and professional gangs.

Unless this wave of thievery among the young is checked, we could turn into a society little better than a mob.

"We will bury you," said Khrushchev.

But, if crime continues to flourish, the Communists needn't bother. Our thieves will do it for us.

The most visible answer is to pour more millions into ever-bigger and better-trained police and detective forces. But, more than that, something has to be done about the fabric of the society—parents, schools, churches, civic and business groups in a massive campaign to direct the theft-minded young into more useful lives, a corollary to the campaign now mounting to get the kids off pot and drugs. The Dietsch series dramatically points up the crucial nature of this problem.

[From the Washington Daily News, July 14, 1971]

MUSHROOMING RACKET COST OVER \$1.5 BILLION YEARLY—FREIGHT HEISTS LINKED TO ORGANIZED CRIME

(By Robert Dietsch)

NEW YORK.—A truck carrying 880 cases of liquor, worth more than \$60,000, rolls out of the Lincoln Tunnel toward New York City's warehouse district. Suddenly the truck is forced to the curb by an auto. Two men hop onto the truck's runningboard, tell the driver to get out. A third hijacker slides behind the wheel and drives the truck away.

Ten such incidents occur in New York alone each week. Some estimates say \$900 million worth of goods are stolen from trucks each year.

An airliner lands at John F. Kennedy Airport. Its cargo includes a small package containing \$320,000 worth of diamonds. When a jeweler's representative comes to pick up the package, it can't be found.

BIG AIRPORT BUSINESS

Around the nation's big airports, the second biggest business—next to carrying people and cargo—is theft. Perhaps \$110 million a year.

At a giant Hudson River pier, a dispatcher tells three longshoremen to load two giant containers of electric typewriters onto a waiting truck. The truck driver signs the papers handed him by the dispatcher, and drives away. It turns out to be another heist. The dispatcher and the truck driver, a later investigation shows, are part of an organized band of thieves.

Thefts from ship terminals, docks and piers probably top \$200 million a year.

RAIL CARS LOOTED

A Penn Central Railroad freight train stands in a freight yard on New York's East Side. Suddenly, a crowd of 100 persons, mostly young, appears, opens the freight cars, loots their contents. One car is filled with reclaimed clothing to be sent to Europe. In minutes, the car is half empty.

It's estimated that \$250 million worth of goods are stolen each year from railroad freight cars. One in every 10 autos shipped by rail either is stolen or arrives at a wholesale point damaged or stripped.

Stealing of all kinds is the fastest growing crime in the United States. But theft of freight cargoes is mushrooming into a racket that costs Americans more than \$1.5 billion a year.

FEW ARE CAUGHT

Relatively few of the thieves are caught. Only about 5 per cent of the stolen goods are recovered.

Like other types of stealing, some cargo thefts can be linked to individuals. They pilfer from broken containers and packages;

they steal one liquor bottle from a broken case, one typewriter from a broken carton, a pair of pants from an unlocked truck.

But police officials and the FBI say most cargo stealing is master-minded by crime cartels and syndicates. Sometimes they work entirely thru their own organization, sometimes with the help of individuals loosely tied to the organization.

Consider truck theft.

"Look," says Sgt. Tom Connolly of New York's police loft, safe and truck squad, "one guy can consume a couple bottles of scotch he lifts from a truck. But 880 cases in that hijacked truck coming in from Jersey? That's an organized job."

"Either the driver was in on the job or a dispatcher tipped somebody else on when and where the truck would be coming into the city. Most truck hijackings—and we had 318 in the city last year and 106 so far this year—involved a dishonest driver or dishonest dispatcher."

"Stealing a truckload of goods is no good unless you can peddle it, get it back into legitimate channels. That's where the organization comes in. They know how to get rid of the stuff, what so-called legitimate businessman will buy it."

"GIVEAWAY" DRIVERS

When the truck driver himself is part of the crime ring, he leaves his truck parked at a prearranged spot, walks away and finds his truck "stolen" when he returns. Police call such hijacks "giveaways."

Sgt. Connolly and other security men are convinced crime syndicates usually steal a truck "on order," after prearranging to deliver certain stolen goods to a fence or dishonest retailer. One of the unexplained mysteries of cargo stealing is the "distribution system" involved.

New York police think much stolen merchandise turns up in small retail outlets which have continuous "discount" or "fire" sales. But there's a growing feeling that even established businessmen, faced with rising costs and taxes, sometime buy stolen merchandise.

MANY MIDDLE MEN

In Washington, the Senate Commerce Committee is launching an investigation into the magnitude and inner workings of cargo thefts. Don Gray, a committee investigator, says:

"Small thieves don't have the resources to get stolen cargo into the merchandising system. There may be several brokers between the theft and the eventual retail sale. We just don't know."

Sgt. Connolly says most furs are stolen in August and September, just before the major selling season. "These thieves are smart and well organized," he says. "They hoist appliances just before Mother's Day, gift-wrapped liquor just before Christmas."

"One major shoe importer not long ago tried to thwart hijackers by bringing in only left shoes on one trailer, right shoes on another. 'Hijackers picked up the truck with the left shoes. But they came right back a couple of weeks later and hoisted the right shoes, too.'"

SURGICAL BRASSIERES FENCED

"But sometimes they goof. A truck with 'drugs' was hijacked. The crooks found out the stuff was for animals, not humans. That truck was found abandoned with cargo intact. Another time a truck with surgical brassieres was hijacked; we found that truck with only half its cargo. Darned if the hijackers didn't find a buyer even for that."

Waterfront theft long has been a problem. But here again it's agreed that organized crime is increasingly responsible. The theft of giant containers, usually marked only by code, requires the collusion of an insider who knows the contents of the container and its scheduled delivery timetable.

Containers used on the ships and docks usually hold between \$50,000 and \$200,000 worth of cargo. More than 65 were stolen from New York City docks alone last year.

The Waterfront Commission of New York Harbor (which covers 650 miles of developed frontage) says:

"Container thefts would not be possible without planning and criminal cooperation among a variety of larcenous individuals, for such thefts require the aid of persons who can identify the contents of the container and its location, require persons who have storage facilities to hide the huge amounts of cargo and also require a tractor and trailer to move the stolen container. Organized crime has the ability and the organization—and has used these qualities—to secure such information and the contacts to distribute and 'fence' in large volume."

SECURITY LAX

Security on the docks has been lax, authorities agree. The waterfront commission says "not only do some port watchmen (average age: 51) steal for themselves, they also act in collusion with truck drivers, checkers and lift drivers to strip the piers. In one case, a port watchman was so deeply in debt to loan sharks he was forced to act as an accomplice to a pier theft."

The 1,000 private watchmen employed on the New York piers caught only 24 thieves in four years. In the same period, fewer than 50 waterfront commission agents caught 809 pier workers stealing.

Sen. Alan Bible, D-Nev., says "the country's transport industry has become the favorite target of organized and unorganized crime because the pickings are rich and easy." He wants Congress to create a presidential commission on the security and safety of cargo.

Tighter security, in the form of personnel investigation and identification tags, cameras, fences, better lighting and restricted entrances and exits, has been instituted at major airports. The result, according to some security men, is a reduction of thefts.

At John F. Kennedy Airport here, cargo thefts rose from \$42,000 in 1962 to more than \$4.5 million in 1969. Today, according to some figures, the total is down to about \$1.5 million on an annual basis. Other sources insist the improvement has not been that dramatic and a serious theft problem remains.

[From the Washington Daily News,
July 15, 1971]

CONFESSIONS OF A WALL STREET THIEF (By Robert Dietsch)

NEW YORK.—This is a 19-year-old brokerage clerk and part-time musician confessing to a private investigator how he turned Wall Street thief:

"I had just returned from my honeymoon when I got a call to come to a restaurant about a band engagement. There I met a male, white, Italian about 48-50, black thinning hair, well dressed. He asked whether I would work for him and I said how, and he said by stealing stock from my firm. The man said he had contacts and said he would pay me \$25,000 for every \$1 million worth of stock I stole.

"Then he said, 'Blackie (another man I previously had met in the restaurant) would not like if he learned you wouldn't cooperate and might harm your pretty new wife' . . .

"I didn't steal anything the first week. But then the man and Blackie picked me up and warned me again about my wife. They told me to start stealing Treasury bonds. But I said I didn't have access to any bonds. So they told me to start stealing stocks; they wanted me to get \$5 million worth.

"So on Tuesday I began stealing stocks. I just picked up loose certificates and stuck them in an attache case. I met my contacts in a phone booth and gave them the attache

case. They said I would get my money after the stocks were sold. I also was told to keep on stealing stocks and take them to a 39th-st address. There I met another contact, male, white, Italian, 30-35 years, 6 foot 2, always white socks.

"A couple of weeks later I told the man my company had hired guards and I couldn't steal any more. Already, a friend of mine had been caught stealing. Blackie said I had better keep on stealing and to remember I was working for them for life."

About that time, the clerk was caught and began talking. He never collected any money for the thefts.

This isn't an isolated incident. Theft is flourishing on Wall-st as never before. Most experts say the stealing of stocks, bonds and government securities is being masterminded by organized criminals, aided by a ragtag army of clerks trying to earn a fast buck or recruited by gangsters.

Security men, the Justice Department, brokers and the stock exchanges agree Wall-st theft is serious and may still be growing. But nobody really knows the extent of the losses.

Atty. Gen. John Mitchell, who told the Senate Investigations sub-committee that between \$400 million and \$500 million worth of securities was stolen by organized crime during 1969 and 1970, says many thefts on Wall-st go unreported or even unnoticed.

"Financial institutions sometimes prefer to absorb the losses resulting from thefts rather than injure their public images or be confronted with the prospect of paying higher insurance premiums," he said.

FREE FOR ALL

The New York Stock Exchange thinks Mr. Mitchell's loss estimate is exaggerated. But Murray Gross, an assistant New York state district attorney, says "It's a free-for-all on Wall-st."

Mr. Mitchell also has said \$40 million of stolen stocks and \$25 million of stolen or lost government bonds are in circulation. W. Henry Dupont, head of a computer company, says unsuspecting brokerage firms have \$1 billion in stolen securities tucked away in their vaults.

The theft of security certificates is so widespread that Wall-st is considering elimination of them in favor of keeping stock and bond records in computers. The trouble is, some security men think the next new major form of stealing will come in the form of a "computer thief"—an expert who knows how to put false information into a computer to get the computer to issue him payment.

"I am absolutely convinced ways will be found to steal by computer," John Beardsley of the Hartford insurance group told the Senate sub-committee. "I can foresee a new era of computerized crime."

COMPUTERIZED CRIME FEARED

Mr. Beardsley also said escalation of thievery on Wall-st during the 1960s cost insurance companies almost \$144 million in claims payments and caused many insurance firms to curtail or refuse coverage for banks and brokerage houses. Some bank and brokerage theft insurance policies now contain a \$1 million deductible clause—meaning the policyholder must pay the first \$1 million of any loss by theft.

Organized stock and bond stealing began in a big way during Wall-st's paperwork blizzard of 1968 and 1969. Because trading volume was so great, many firms just dumped stock certificates on back-room tables, readily available to clerks and other persons recruited by organized criminals.

Says Mr. Gross: "The leaders of organized crime came to Wall-st with their same bag of tricks. And they found they could use the traditional techniques that are so successful in other areas of crime—extortion, robbery, intimidation, counterfeiting, em-

bezzlement and simple theft. They were more than able to breach the flimsy fortress of Wall-st security."

EASILY NEGOTIABLE

Many stocks and bonds are easily negotiable. Treasury securities are "bearer" securities and thus the easiest of all to sell on the criminal market.

Stolen securities are often peddled for a fraction of their worth. One thief stole \$2.2 million worth of stock certificates and sold them for \$3,000 because he wanted only money to buy a new Mustang.

In a rising number of cases, stolen stock is pledged as collateral for bank loans. If the bank accepts the stock, the borrower takes his loan money, disappears and leaves the bank holding the bag.

SWITCHING TECHNIQUE

Lately, according to police, Wall-st thieves have become even more sophisticated. One new gimmick is called "switching":

A thief at firm A steals 10,000 shares of General Motors stock and gives them to an accomplice at firm B. The accomplice at firm B steals 10,000 GM shares from his firm, fences them and replaces them with the shares stolen from firm A.

When firm A discovers its loss, it reports certificate numbers for shares that are tucked away in firm B's vault. Meanwhile, firm B, since it has the number of shares it is supposed to, has no reason to suspect a thief and therefore doesn't bother to check the certificate numbers.

LEARNS TOO LATE

When the heat dies down, the GM shares in firm B's vault are removed and fenced at a discount. Firm B reports by then its loss. But the certificates it thought were just stolen were fenced a long time previously.

In a case still under investigation, two New Yorkers have been charged with using a forged letter and a Swiss bank account in an attempt to swindle \$740,000 from the Shearson, Hammill & Co. stock market firm.

William Barry, president of Smith & Wesson Security Services who was retained by Shearson, Hammill in that case, says:

"Wall-st thieves are getting craftier. False entry into bookkeeping machines, fraudulent accounts and bogus letters are becoming more commonplace."

Until recently, Wall-st firms were lax on security. But with thefts and insurance rates rising, most firms are cracking down, insisting on investigations of employees and better handling of stock certificates.

EMERGENCY LOAN GUARANTEE ACT

The Senate continued with the consideration of the bill (S. 2308) to authorize emergency loan guarantees to major business enterprises.

Mr. TAFT. Mr. President, S. 2308 would set up a Government-guaranteed kitty of \$2 billion to bail out large corporations which have become victims of either mismanagement or economic reverses, or both.

There are two ways of looking at this piece of legislation, and two ways of looking at the problem. The committee, on which I serve, looked at both views, and in the bill that has come to the Senate floor, took the so-called generic approach.

The principal justification, however, made at the committee hearings, if indeed one was made, slanted in the direction of a specific approach to make possible a guarantee of an additional \$250 million bank loan to the Lockheed Corp.

With regard to this matter, I would first like to disclaim, on my part—and I

believe on the part of many of those in this body who disagree with the proposed legislation—any intent to prevent the Senate from acting upon it in due and proper time so that the so-called deadline of August 6 which the British Government has imposed cannot be met.

However, I think there are many items that ought to be considered, and considered fully, not only by this body but by the public. I want to state my agreement with the Senator from Wisconsin, who indicated just a few minutes ago on this floor that he intends to see that the public does have a full opportunity to consider this problem and to bring its reaction to it to the attention of the Members of this body and the Members of the House of Representatives before they vote on the measure.

Mr. President, yesterday in a colloquy with the Senator from Texas we talked about one particular aspect of this problem that I feel certainly ought to be paramount. There are many considerations: The overall effect on our economy, the balance of trade impact, and many other impacts.

But none of these considerations, Mr. President, in my opinion, are as important as the question of jobs. I think all of us in this country, with approximately 5 million unemployed, must, should be, and are concerned with the problem of providing adequate employment opportunities for American citizens. I think we are deeply concerned by the unfavorable direction that we see in international trade. We have had in recent months an unfavorable trade balance for the first time in many years. I think we are very unhappy with the continual outflow of jobs out of this country. There are many things that I think we could do to correct it.

Certainly this question of jobs is something that has been bandied about a good deal. The impression is attempted to be given that unless this legislation is passed, there will be some dire effect upon jobs in this country. As I pointed out yesterday in the colloquy with the Senator from Texas, first of all, it is impossible to know until you have a trustee and a chapter 10 reorganization, if this company should fail and go into bankruptcy, whether the trustee would make the decision to go ahead with the production of the aircraft, the L-1011, using the Rolls-Royce engines, or not. It is quite possible, I think, that the trustee might decide that was the best thing to do in the interest of all the creditors and considering all of the factors that will have to be weighed in connection with his duties as trustee in bankruptcy. We just do not know, even in connection with the L-1011 project, to say nothing of the other activities of the Lockheed Corp., whether or not there would be any jobs cut off.

I pointed out yesterday that if the project should be discontinued, however, we would have another job effect in the aerospace industry resulting from the additional orders that might be placed for the DC-10 aircraft, or, indeed, even also for the so-called European airbus, because the European airbus uses a Gen-

eral Electric propulsion system made in this country.

Since the colloquy yesterday, the New York Times has reported on the event that I mentioned on the Senate floor yesterday, the layoff yesterday of some 7,000 workers by the General Electric Co., quite a number of those workers being in the aircraft engines area.

For one thing, of course, the termination of the SST is in part responsible for this, but also just the slowness of the whole business of selling aircraft has had its impact, as well as, of course, the demobilization and the cutback in some of the military business which the General Electric Co. had been doing in the field.

This article in the New York Times this morning, written by Gene Smith, reads as follows:

The General Electric Company said yesterday that its aircraft engine group expects to lay off more than 7,000 employees this year. It blamed the combination of "a decline in the United States supersonic transport program."

The result will be a 26 per cent cutback in employment, with the total work force dropping from 27,242 at the beginning of this year to approximately 20,000 by early 1972. The company explained that the adverse developments in air travel and the demise of the supersonic program had affected its "emerging commercial business that the company had planned to offset the steadily declining United States defense expenditures."

G.E. declined in yesterday's trading on the New York Stock Exchange. It closed at 56 3/4, off 3/4. Its volume of 109,900 shares made it the fourth most active issue of the day. Its 1971 range has been from a low of 55 1/2 to a high of 62 1/2.

The company indicated that most of the 7,000 employees to be laid off would be production workers but added that there would also be "significant reductions" in engineering, financial, marketing and clerical personnel as well as members of the group's management team.

The company's aircraft engine group has its headquarters at Lynn, Mass., where it employs 5,500, plus an additional 1,350 at Everett, Mass. It employs 13,500 at its development and production facilities in Evendale, Ohio, outside Cincinnati. Other facilities and their employment totals include: Albuquerque, N.M., 1,150; Kansas, 750; California, 650; Vermont, 1,100; New Hampshire, 350; Seattle, 100; and Arizona, 50. Also there are some 250 technical representatives scattered around the world.

G.E. said all locations would be affected by the employment cutbacks.

The company produces the CF6 turbofan engine for the new McDonnell Douglas DC-10 trijet and was prime contractor for the engines for the supersonic transport. Recently several airlines have dropped options or stretched out their orders for the DC-10.

Others have delayed decisions on the giant planes pending improvement in airline operations. For example, only last week American Airlines advised its 35,000 employees that another work-force reduction "has begun." George A. Spater, president, advised employees that American's cuts "continue to be the least severe of the three transcontinental carriers."

American has cut its payroll by 2,000 since last November. United Air Lines, which recalled 335 employees last month, has reduced its total employment from 52,000 at the end of 1970 to about 47,800 now. Trans World Airlines' payroll is down to 38,850 from 37,762 at year-end.

Fred J. Borch, chairman and chief executive officer, and other top G.E. executives have strongly opposed the proposed \$250-million Congressional loan guarantee for the Lockheed Aircraft Corporation's Tristar airbus program unless the aircraft maker is required to substitute American-built engines for the British Rolls-Royce engines on grounds that the domestic jet engine business is in a period of declining orders.

The bankruptcy of Rolls-Royce precipitated the Lockheed crisis.

These are actual jobs, jobs in being in this country. I want to point this out because I think the suggestion that there possibly will be some job losses unless we pass this measure, to me, amounts to mere speculation. We see here, as a result of the placing of this engine order out of this country originally, the number of jobs that are being affected. We see a cutback in the overall use and need for new aircraft, which I think is bound to raise certain questions as to whether or not the target objectives of the plane's sales to the breakeven point for Lockheed can or ever really will be met.

I think we may be involved in a vain effort here, in any case. If it turns out to be vain, those jobs will have to shift, of course, from Lockheed over into other industries and possibly to other producers of aircraft in this country, and the DC-10 aircraft is being produced largely in this country.

Certainly, I am aware, as has been pointed out, that certain parts may be coming from Canada. But, by and large, the aircraft is an American aircraft.

I want to go back into some ancient history, because I think it is really pretty pertinent to the problems we have before us today.

Because I represented the First District of Ohio, in which the Evendale General Electric plant was located with a large number of employees—13,000 and some at the present time as was indicated in the article I have just read—I became very deeply concerned when, in early 1968, there were rumors that the DC-10 aircraft and the European airbus might both be distended to use engines produced outside of this country, in Great Britain, by Rolls-Royce. At that time, in the CONGRESSIONAL RECORD, volume 114, part 4, page 4727, I said:

Mr. TAFT. Mr. Speaker, information coming to light about the jet engines for the planned DC-10 airliner, raises some vital questions about Government policies on our unfavorable balance of payments now and in the future. Aviation Week and Space Technology has just revealed the likelihood of official U.S. sanction of engine purchases abroad that could have an adverse payments effect of about \$7 billion and cost the Nation 18,000 jobs principally in Cincinnati, Albuquerque and Lynn, Mass.

In its February 26 issue, the magazine states:

"Official Washington sources say the Johnson administration will sanction U.S. purchases of Rolls Royce engines, despite this country's balance-of-payments problem, to smooth entry of U.S. airbus builders into the European market."

However, such smoothing has not been necessary to sell superior U.S. airplanes abroad in the past as is evidenced by our penetration of almost 90 percent of the world jet transport market.

In the case in question, the estimated price of engines, service, and spare parts is approximately \$7 million per plane. The estimated worldwide market is 1,000 aircraft, half of which would be for domestic use.

While the transaction is essentially a private one not subject to law or regulation, Government agreement on the payments question has been sought, and according to the article, will be given.

How does all this happen? Is it designed as an unofficial foreign aid program to Great Britain?

Engines of like or superior quality can be purchased at competitive prices in the United States despite our higher labor rates. To divert such an order abroad, even by informal approvals, seems certain to hurt job opportunities. It would seem that any sanction of the Government should take this into account too.

If we are to embark upon a system to sanctions of this sort, especially if a decision with an enormous adverse effect on the balance of payments is involved, the Congress should know and approve of it. Any such system should operate in the clear light of day!

The Secretary of the Treasury and any other administration officials who may have been involved, owe the Congress and the people an explanation as to what has occurred, with a detailing of what activities are carried on at the Treasury, the White House, and other departments of Governments in this case and similar cases. What is going on and what will the effect be?

Mr. President, I followed up on the colloquy at that time on the floor of the House, on March 5, 1968, saying that I had raised the question before, citing an article published in the Metal Working News, again raising the same rumor, that there was some official sponsoring of placing the engine order for the DC-10 in Great Britain with Rolls-Royce.

I followed this with an open order in which we went to the floor, with many other Members, and raised serious questions about what had occurred. In that open order, I recounted as follows as to what the facts were at that time. I read in the CONGRESSIONAL RECORD, volume 114, part 5, pages 5437-5440. The facts I quoted are as follows:

First. Two American airplane manufacturers, McDonnell-Douglas and Lockheed are interested in the production of a new jet airliner of the "Airbus" variety, carrying approximately 250 passengers and with a three-jet-engine powerplant. The airplane is designed for use on long-range flights but they will also be used on smaller fields such as Washington National and LaGuardia. The bidders on the engine involved are the General Electric Co., which would manufacture the engines in this country, and Rolls Royce, which would manufacture them in Great Britain. It is probable that the manufacturers of the airplane will make the choice of engines based upon the decisions of the respective airline customers.

Second. The estimated market for the airliner in question is 1,000 aircraft, approximately half of which would be for the U.S. market and half for the foreign market.

Third. On December 19, American Airlines placed orders with McDonnell-Douglas for 25 of the DC-10 aircraft, with an option to purchase 25 more. The approximate price per aircraft was \$16 million, making the initial order one for approximately \$400 million. As far as is known, at the time of placing this order, American Airlines reserved the decision on the General Electric or Rolls Royce jet engines and this is still being negotiated.

Fourth. Prices of the jet engines in ques-

tion have been quoted by the New York Times today for the engine itself at \$620,000 for the General Electric engine and \$525,000 to \$540,000 for the Rolls-Royce engine. However, with reversers, engine cowlings, spare parts, the total price for engines from each manufacturer is estimated to be in the neighborhood of \$1 million per engine. The prices overall of the two manufacturers over the life of the engines are said to be entirely competitive.

I might say that the cost of that Rolls-Royce engine, according to the testimony we have had, has gone up by more than \$200,000 per engine in the meantime because of problems that were raised with regard to the plans for the engine.

While the aircraft uses only three engines, it is probable that an additional engine and parts will be bought for each airplane, so that the likely price for the engine and all connected items for each aircraft at the outset will be \$3,600,000. In addition, experience in the past on jet engines indicates that the value of sales of spares and additional parts and service per engine over the life of the engine will at least equal the original cost of the engine and all connected items. Thus the likely total expenditures for engines for each aircraft over its life is approximately \$7.2 million, making the total likely expenditures for such equipment for 1,000 aircraft in the neighborhood of \$7 billion.

I continue to point out that apparently there was a memorandum within the Department of Transportation by a subordinate official indicating that the U.S. Government would look with favor upon the placing of the aircraft engine order for the DC-10 aircraft with Rolls-Royce, and for production in Great Britain.

Mr. President, because this was brought to the light of day, I finally succeeded in receiving at that time from the Department of Transportation an assurance that this was not the case.

I read from the CONGRESSIONAL RECORD, volume 114, part 6, page 7077, where I stated on the House floor:

I am delighted that I have now received from the Secretary of Transportation, a communication indicating that in dealing with the Airbus matter, it is the official view that it would be inappropriate for the administration "to sanction or disapprove a decision by a U.S. manufacturer to purchase foreign-built engines." While it apparently is true that some earlier departmental communication responded to a manufacturer's inquiry with an indication that the Government would "look with some favor" on a cooperative program with British industry, I now have the positive written assurance of the Secretary of Transportation of complete official neutrality as to the placing of orders by American airplane manufacturers for jet engines.

I continued:

Presumably, a decision will be made by competitive bidding. American engine makers will still have to overcome large-scale subsidies anticipated from the British Government to the British engine manufacturers. It is also true, of course, that labor rates in Great Britain are considerably lower than labor rates in this country.

But, it is my hope, that the technical skills, know-how, and efficiency of American industry will prevail in a free, competitive market. This is all that American labor and manufacturers ask.

Mr. President, I ask unanimous consent that the portions of the RECORD

from which I have quoted be printed in the RECORD.

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

[From the CONGRESSIONAL RECORD, Mar. 5, 1968]

STILL NO ANSWERS ON ENGINE PURCHASE: INTEREST GROWS IN CONGRESS

Mr. TAFT. Mr. Speaker, last week I raised a number of questions regarding the possibility of the proposed DC-10 "air bus" using Rolls-Royce engines. At that time I pointed out that the contract represents a \$7-billion expenditure and some 18,000 jobs, and asked the administration to comment on a report that they had sanctioned purchase of the foreign engines. I have, as yet, received no reply.

Tomorrow, a number of my colleagues will join me in participating in a 1-hour discussion of the facts as they exist today.

For the information of my colleagues, I include the following article from the Metalworking News of March 4, 1968.

FOREIGN ENGINE DC-10 COULD STIR IRE IN THE UNITED STATES

WASHINGTON.—Representative Taft (R. O.) has demanded a Johnson administration explanation of an unconfirmed report that the proposed DC-10 airliner is to use foreign engines.

Mr. Taft told colleagues Thursday that if this airplane uses Rolls Royce engines, as has been reported, it could mean a \$7 billion adverse impact on the balance of payments plus a loss of about 18,000 American jobs in Cincinnati, Albuquerque, N.M., and Lynn, Mass.

Conceivably this matter may arise Tuesday at a Senate Finance Committee public hearing on a House-passed excise tax extension bill Treasury Secretary Henry Fowler will be the witness and any committee member could bring the matter up.

Mr. Taft in his House floor speech made clear he wants some explanation of the report from Mr. Fowler.

The DC-10 airliner is a private venture of McDonnell Douglas Corp. but, Mr. Taft noted the Government reportedly has been approached for its opinion on the Rolls Royce engine procurement matter, since this would affect the American balance of payments positions.

[From the CONGRESSIONAL RECORD, Mar. 6, 1968]

BALANCE OF PAYMENTS—PURCHASE OF FOREIGN ENGINES (ROLLS-ROYCE) COMPARED WITH PURCHASE OF U.S. (G.E.) ENGINES

Mr. TAFT. Mr. Speaker, on Thursday, February 29, 1968, I reserved for today 1 hour to discuss and investigate the information coming to light about jet engines for the planned DC-10 airliner and Government policies relating thereto. Since that time very little additional information has come to light. As I indicated then, the source of my original concern related to an article in Aviation Week and Space Technology of February 26, 1968, indicating that the Johnson administration "will sanction U.S. purchases of Rolls-Royce engines." Unfortunately, I can report to the House that I know very little more about any such sanctions at this time and no statement of affirmation or denial of the article has been made either by the White House or the Departments of the Treasury or Transportation. Informal inquiries to the White House have resulted in a denial of knowledge there of any such sanctions.

My purpose today, therefore, will be to outline for the House and for the public the facts, law, and likely effects on the balance of payments and otherwise of the purchase abroad of the engines in question. Before do-

ing so, I should make it clear that my purpose is to bring to light what is known about the transaction and to ask again for a disclosure of any formal or informal governmental activity which may have taken place in the past, is going on at the present or is planned in the future which could have an effect upon the decision on engines.

FACTS

First. Two American airplane manufacturers, McDonnell-Douglas and Lockheed are interested in the production of a new jet airliner of the "Airbus" variety, carrying approximately 250 passengers and with a three-jet-engine powerplant. The airplane is designed for use on long-range flights but they will also be used on smaller fields such as Washington National and La Guardia. The bidders on the engine involved are the General Electric Co., which would manufacture the engines in this country and Rolls-Royce, which would manufacture them in Great Britain. It is probable that the manufacturers of the airplane will make the choice of engines based upon the decisions of the respective airline customers.

Second. The estimated market for the airliner in question is 1,000 aircraft, approximately half of which would be for the U.S. market and half for the foreign market.

Third. On December 19, American Airlines placed orders with McDonnell-Douglas for 25 of the DC-10 aircraft, with an option to purchase 25 more. The approximate price per aircraft was \$16 million, making the initial order one for approximately \$400 million. As far as is known, at the time of placing this order, American Airlines reserved the decision on the General Electric or Rolls Royce jet engines and this is still being negotiated.

Fourth. Prices of the jet engines in question have been quoted by the New York Times today for the engine itself at \$620,000 for the General Electric engine and \$525,000 to \$540,000 for the Rolls Royce engine. However, with reversers, engine cowlings, spare parts, the total price for engines from each manufacturer is estimated to be in the neighborhood of \$1 million per engine. The prices overall of the two manufacturers over the life of the engines are said to be entirely competitive.

Fifth. While the aircraft uses only three engines, it is probable that an additional engine and parts will be bought for each airplane, so that the likely price for the engine and all connected items for each aircraft at the outset will be \$3,600,000. In addition, experience in the past on jet engines indicates that the value of sales of spares and additional parts and service per engine over the life of the engine will at least equal the original cost of the engine and all connected items. Thus the likely total expenditures for engines for each aircraft over its life is approximately \$7.2 million, making the total likely expenditures for such equipment for 1,000 aircraft in the neighborhood of \$7 billion.

Sixth. The U.S. market penetration on sales of jet aircraft in the past has been at a 90-percent figure based on dollar volume, as will be set out in exhibit A attached.

Seventh. The General Electric engine, designated C-6, will include some of the engineering and research done in connection with the C-5 General Electric engine, designed and engineered under Government contract, and significant royalties would be paid to the U.S. Government on the sale of C-6 engines by General Electric. Although no facts seem to be available on the subject, substantial underwriting of engineering and preparation costs on the Rolls Royce engine are expected to be backed by the British Government.

Eighth. While there has been an informal indication that the White House has taken no position in the matter and apparently no defense purchases are currently planned, inquiries by American airlines to the Treasury Department early last fall and early this year

brought a reaction of no objection from the balance-of-payments point of view on the part of the Treasury. However, as yet, there has been no official denial of any kind by the administration or any department of the Federal Government of the statement made in Aviation Week relating to the sanction of the purchase of Rolls Royce engines.

Ninth. There has been a high-level Federal interdepartmental meeting on the subject of the Airbus engine, but the results have not been made public.

LEGAL BACKGROUND

Insofar as I have been able to determine, there is no legal basis upon which a sanction of the Federal Government might be requested or granted for the purchase of Rolls-Royce engines or, for that matter, for the purchase of engines manufactured in the United States. The transaction involved appears to be a private transaction beyond any such regulation and any Government sanction would be extra legal.

Insofar as shipments overseas are concerned, that portion of the aircraft manufactured solely in this country, might be considered for Export-Import Bank financing, but the portion manufactured abroad such as foreign engines would not be eligible, although they might be eligible for similar programs from other nations and Great Britain has such a program.

U.S. airlines are, of course, regulated by the Federal Government under the Department of Transportation and otherwise as to routes and schedules, as well as equipment.

U.S. manufacturers of air frames, and other parts of the aircraft may or may not have Government contracts on other aircraft or equipment, but most probably have such contracts.

Should the U.S. Government decide to buy DC-10's for defense or other purposes, the Buy American Act—41 USCA 10a—would apply and Rolls-Royce engines would be prohibited without a finding of national interest by the head of the department involved.

THE BALANCE-OF-PAYMENTS EFFECT

The balance-of-payments effect of the purchase abroad of all of the engines for the 1,000 aircraft estimated, would be an adverse balance in the area of \$7 billion over the entire period of production.

If, as mentioned in the Aviation Week article, the use of U.S. engines had an adverse effect on overseas sales and perhaps cut those sales in half, the net effect of the balance-of-payments difference between the use of U.S. and foreign engines, would still be favorable to the use of the U.S. engines, but the difference would be cut down to \$2.15 billion over the period of production. Exhibit B, which I am setting out and including in the RECORD, shows in detail the statistics from which this conclusion is drawn. However, as shown in exhibit A, U.S. jet market penetration has been at 90 percent in the past.

Moreover, the U.S. manufacturer seeking the engine contract, estimates that the total employment involved is 18,000 to 20,000 jobs per year in the Cincinnati, Ohio, Lynn, Mass., Albuquerque, N. Mex., areas, as well as certain other areas in California and elsewhere for subcontractors.

The total number of jobs alone estimated for the Cincinnati area is some 5,000 jobs per year, with an annual payroll estimate of \$37.5 million in the Cincinnati area. Using usual economic activity indicators, this would mean a net effect on the Cincinnati area economy of \$62,500,000 annually.

Mr. Speaker, considering the impact of the decision on the vital areas of employment, business, and more immediately and urgently, the balance of payments, there should be an official statement by the President or the Secretary of the Treasury denying the claim of official sanction for the use of Rolls-Royce engines.

The exhibits referred to follow:

EXHIBIT A.—FREE WORLD AIRLINE JET TRANSPORT MARKET
(Turbojet and turbofan powered subsonic aircraft delivered or on order)

	Airline purchases		
	Domes- tic	Over- seas	Total
Boeing 707, 720.....	580	204	784
Boeing 727.....	578	112	690
Boeing 737.....	129	61	190
Boeing 747.....	105	54	159
Douglas DC-8.....	268	190	458
Douglas DC-9.....	286	177	463
Douglas DC-10.....	25		25
Total.....	1,971	798	2,769
British and European production:			
British Aircraft BAC-111.....	62	74	136
Hawker Siddeley HS-121.....		54	54
British Aircraft VC-10.....		52	52
Sud-Aviation Caravelle.....	20	227	247
Fokker F-28.....	3	6	9
Total.....	85	413	498
Grand total.....	2,056	1,211	3,267

U.S. JET AIRPLANE MARKET PENETRATION (PERCENT)

Aircraft quantity.....	85
Aircraft price (dollar volume).....	90

EXHIBIT B.—BALANCE OF PAYMENTS—EFFECT OF PURCHASE OF FOREIGN ENGINES COMPARED WITH PURCHASE OF U.S. ENGINES

[Assume worldwide market for 1,000 airbuses. Estimated total price of \$1,000,000 for engine with reverser, cowling, and spares]

U.S. market:	
500 aircraft.	
\$6.5 billion for aircraft.	
\$3.6 billion for engines, services, and spares (based on 3,000 engines installed plus 20 percent spares).	
Foreign market:	
500 aircraft.	
\$6.5 billion for aircraft.	
\$3.6 billion for engines, services, and spares (based on 3,000 engines installed plus 20 percent spares).	

ALTERNATIVE NO. 1—USE ROLLS-ROYCE ENGINES

Payments flow:	
—\$3.6 billion for engines purchased from Rolls-Royce.	
+ \$6.5 billion for sale of U.S. aircraft.	
Payments flow.....	Billions +\$6.5
Do.....	−3.6
Total payments flow.....	+2.9

ALTERNATIVE NO. 2—USE U.S. ENGINES

U.S. market:	
No payments flow impact.	
Foreign market:	
Payments flow:	
+ \$6.5 billion for sale of aircraft.	
+ \$3.6 billion for sale of engines.	
Payments flow.....	Billions +\$6.5
Do.....	+3.6
Total payments flow.....	+10.1

Conclusion: If Airbus uses Rolls-Royce engines, net payments flow disadvantage to United States is the difference between \$10.1 billion and \$2.9 billion, or \$7.2 billion.

VARIATION ON ALTERNATIVES.—USE U.S. ENGINES BUT SELL 500 TO U.S. MARKET ONLY AND 250 TO FOREIGN MARKET (WITH EUROPEAN AIRBUS TAKING 250)

U.S. market:	
No payments flow impact.	
Foreign market:	
Payments flow:	
+ \$3.25 billion for sale of aircraft.	
+ \$1.80 billion for sale of engines.	
Payment flow.....	Billions +\$3.25
Do.....	+1.80
Total payments flow.....	+5.05

Conclusion: Even if foreign market is cut in half by a European Airbus, payments flow advantage to United States of using U.S. engines is the difference between \$5.05 billion and \$2.9 billion, or \$2.15 billion.

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

Mr. TAFT. I am glad to yield to the gentleman from New York.

Mr. WOLFF. I wonder if the gentleman could tell us the total cost of the aircraft itself?

Mr. TAFT. The total cost of the aircraft itself is estimated in the neighborhood of \$16 million. This is based on the announced price of the 25 aircraft ordered by American Airlines at a total price of \$400 million.

Mr. WOLFF. I thank the gentleman.

Mr. BOLAND. Will the gentleman yield?

Mr. TAFT. I am delighted to yield to the gentleman from Massachusetts.

Mr. BOLAND. I, too, want to express my deep concern about reports that the McDonnell-Douglas Corp. may buy foreign-made engines for the giant DC-10 passenger planes it will build.

I am confident that American manufacturers, despite higher labor costs, could turn out DC-10 engines that would prove just as economical in the long run as any foreign-made engines. I hope U.S. companies will be given an opportunity to bid competitively for the DC-10 engine contract.

The purchase of these engines abroad would drain away from the U.S. economy \$7 billion and 18,000 jobs over the next 15 years. It would, moreover, create a new deficit in this country's balance of payments.

I join my colleagues in urging McDonnell-Douglas Corp. to give American manufacturers a chance to compete for the DC-10 engine contract.

GENERAL LEAVE TO EXTEND

Mr. TAFT. Mr. Speaker, I ask unanimous consent that all Members may have 5 days within which to extend their remarks and include extraneous matter on the subject on which I have spoken.

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

There was no objection.

Mr. BATES. Mr. Speaker, I wish to join in emphasizing that the U.S. Government should not in any way approve or sanction the purchasing of American-built DC-10 Air Bus engines from a foreign manufacturer.

At a time when our balance-of-payments situation is so critical that the President is seeking restraints on Americans traveling abroad, it is inconceivable that anyone in the administration would so much as consider such a thing as encouraging an American industry to shop abroad for over \$7 billion worth of aircraft engines. Reports that such might be the case, therefore, demand our attention. Not only would a foreign purchase of this kind greatly aggravate the balance-of-payments problem, but it would deny thousands of Americans employment which the same purchase from an American jet engine manufacturer would provide.

One of the principal U.S. bidders for this engine contract is the General Electric Co., whose factories in Massachusetts, Ohio, and New Mexico would produce the Air Bus engines. In Massachusetts alone, and largely in GE's Lynn plants, it is estimated that this would involve the expenditure of over \$35 million annually over a 15-year period. It would affect 18,000 to 20,000 jobs per year in that same period throughout the United States.

So it is easy to see how important it is for this private enterprise matter to be worked out without Government interference of the type reported whereby a foreign engine manufacturer would benefit to the detriment of domestic jobs and welfare—on the remote possibility that this would help get us into the European market.

[From the CONGRESSIONAL RECORD,
Mar. 6, 1968]

ADMINISTRATION SHOULD ANSWER "AIRBUS" RUMORS

Mr. BROWN of Ohio. Mr. Speaker, I should like to join my able colleague from Ohio, Representative ROBERT TAFT, in questioning the rumored involvement by the administration in the letting of a contract for the engines for the DC-10 airliner known as the "airbus."

General Electric, with plants in Ohio and around the country, is competing with the Rolls-Royce Co., of Britain, to supply the engines for this jet. Industry sources calculate that over a period of years, the contract is worth over \$7 billion, including original cost, spare parts, servicing, and so forth.

According to an article in Aviation Week & Space Technology magazine of February 26, 1968, the administration has sanctioned this large purchase abroad. On March 4, 1968, the Washington Daily News carried a headline that the "White House Favors Rolls-Royce for U.S. Airbus."

With undenied rumors such as these circulating, it makes little difference what the administration did or did not do. If the airlines, who are to purchase this aircraft and will have the right to name the supplier of the engine, believe that the White House wants the engine order to go to England, that order probably will be placed there, regardless of the airline industry's feelings. An industry whose every action is subject to Federal regulation is not in the position to buck the White House. It is for this reason that I feel we must have an explanation from the administration of these rumors.

I would hope that American industry can win this contract by competitive, free market, bidding. Not only am I concerned about the 18,000 to 20,000 jobs this contract is estimated to mean, but it will have an undeniable effect on our crucial balance-of-payments difficulties. However, at the present time, the issue is whether the administration is involved as an advocate. Perhaps the headlines and rumors are errors or misunderstandings. But too much is involved, not only in the sense of our critical balance-of-payments situation, but also in the freedom of American industry, to compete fairly for business and to award contracts on the basis of that competition. The Congress, the airlines, the engine industry, and the U.S. taxpayers, are justified in demanding an immediate explanation of the rumors by the administration.

[From the CONGRESSIONAL RECORD, Mar. 12,
1968]

PURCHASE OF FOREIGN ENGINES FOR THE DC-10 AIRBUS

Mr. TAFT. Mr. Speaker, despite a number of protestations of high Government officials to the contrary, there still has been no official denial by the Johnson administration of its sanction for the purchase of foreign engines for the DC-10 Airbus. In the absence of such a denial, the conclusion of many must be that, "Where there is smoke there is fire." The latest such indication comes from overseas in an article from the London Times. It points up again the need for official clarification of the U.S. position by the President or the Secretary of the Treasury.

Mr. Speaker, I include in the RECORD the following article from the March 1, 1968, edition of the London Times:

ROLLS-ROYCE ON BRINK OF WINNING MASSIVE U.S. ENGINE ORDER

(By Arthur Reed)

Rolls-Royce last night appeared to be close to winning a multi-million pound contract to provide jet engines for an American airliner. Sir Denning Pearson, the company's chief executive and deputy chairman has left for the United States to join the team striving to settle the deal.

If Rolls-Royce obtains the order, to engine the projected Douglas DC-10 Airbus, it will be one of the biggest coups in the history of British exporting. Each DC-10 will have three engines, and the makers have put the worldwide market for this type of aircraft at approaching 1,000 over a decade or more.

The company has evidently almost succeeded in beating stiff opposition from Gen-

eral Electric. Rolls-Royce's engine, the RB-211, has been judged cheaper to buy and to operate than its American competitor.

President Johnson is now reported to have given the purchase of British engines his blessing, despite his country's difficult balance of payments situation—so removing one of the final barriers standing between Rolls-Royce and the contract.

Another contract for which Rolls-Royce are negotiating in the United States is that to provide the engines for the Lockheed L-1011 Airbus. Douglas has already received orders from American Airlines for 25 of its DC-10s, with options on a further 25. But so far there are no orders for the Lockheed project, and no firm decision has been made to go ahead with it.

[From the CONGRESSIONAL RECORD,
Mar. 13, 1968]

UNANSWERED QUESTIONS CONCERNING AIRBUS

Mr. TAFT. Mr. Speaker, the unanswered questions about the administration's actions on jet engines for the "airbus" continue to pile up. The latest information I have received seems to indicate once more that a position has been taken despite repeated denials.

Accordingly, I have today written to the Secretary of Transportation on the matter and, for the information of the Congress, I include a copy of my letter in the RECORD at this point:

MARCH 13, 1968.

Subject: Government action regarding the Airbus engines.

HON. ALAN S. BOYD,
Secretary, Department of Transportation,
Washington, D.C.

DEAR MR. SECRETARY: As you will recall, on Friday, March 8, I telephoned you about recent reports of government action to affect orders for jet engines for the "airbus" aircraft. You advised me that a meeting had recently taken place on the subject at which you had been present, as well as representatives of Defense, Treasury and, I believe, other departments of government. My understanding of your statement was that the meeting had resulted in a decision that the Federal Government has no authority to try to influence private concerns in placing orders for jet engines with either U.S. or foreign manufacturers. I further understood from you that no further steps had been taken or were being taken in regard to inquiries about government attitudes made in this connection.

As you know, under date of March 6, as a joint signer with a number of United States Senators and other Members of the House of Representatives, I wrote to the President, to the Secretary of the Treasury and to you, requesting that a statement be made by the Government on its official position on the matter. As yet no action that I know of has been taken on this letter.

It has now come to my attention that, as a result of the meeting on February 6, which I presume to be the meeting that you described to me, contact was made by your Department with a representative of an air frame producer stating that "the U.S. does look with some favor on the subject of the proposed cooperative program."

It would seem logical to think that the proposed "cooperative program" referred to was an engine order by the air frame manufacturer with Rolls Royce, a foreign manufacturer of jet engines.

In view of this information, I would appreciate a report confirming or denying that your Department took such action and describing the decisions of the interdepartmental meeting in question. It would also seem appropriate to renew the request in the letter of March 6, that the Government's position be stated. If there is an official or unofficial position, I believe the Congress and the public should be aware of it.

Because of the very serious balance of payments implications of the entire matter, I am sending a copy of this letter to the Honorable Wilbur Mills and the Honorable John Byrnes of the House Ways and Means Committee, as well as to the President and the Secretary of the Treasury.

Sincerely,

ROBERT TAFT, JR.

[From the CONGRESSIONAL RECORD, MAR. 20, 1968]

PLACING OF ENGINE ORDERS BY U.S. AIRFRAME MANUFACTURERS WITH ROLLS ROYCE CO., IN GREAT BRITAIN

Mr. TAFT. Mr. Speaker, on March 6, along with my colleague, Don Clancy, and a number of Senators and other Congressmen concerned, I wrote to the President, the Secretary of the Treasury, and the Transportation Secretary, asking for confirmation or denial of published reports that the Government had encouraged placing of \$7 billion and 20,000 jobs for engine orders by U.S. airframe manufacturers with the Rolls Royce Co. in Great Britain. On March 13, not having had a reply to the first letter, and having received additional information that an American airplane manufacturer had been advised by a representative of the Government, that the Government would "look with some favor" on a program with the British engine manufacturer, I repeated my demand for a statement of position by the Federal Government on the matter.

I am delighted that I have now received from the Secretary of Transportation, a communication indicating that in dealing with the airbus matter, it is the official view that it would be inappropriate for the administration "to sanction or disapprove a decision by a U.S. manufacturer to purchase foreign-built engines." While it apparently is true that some earlier departmental communication responded to a manufacturer's inquiry with an indication that the Government would "look with some favor" on a cooperative program with British industry, I now have the positive written assurance of the Secretary of Transportation of complete official neutrality as to the placing of orders by American airplane manufacturers for jet engines.

While this is reassuring, it does not, of course, in any way make certain that the orders placed by American airplane manufacturers would actually be placed with American engine manufacturers.

Presumably, a decision will be made by competitive bidding. American engine makers will still have to overcome large-scale subsidies anticipated from the British Government to the British engine manufacturers. It is also true, of course, that labor rates in Great Britain are considerably lower than labor rates in this country.

Mr. TAFT. Mr. President, I am happy that we now have before us the transcript of the record of the hearings of the Committee on Banking and Currency on this matter. Also I think the delay in receiving the transcript in itself justifies taking quite a few more days on this particular piece of proposed legislation, because much of the material in it was not presented at the time of the hearing, and some of it has only recently been submitted to the committee. Even members of the committee have not had a chance to examine the material that has been placed in the hearing transcript.

Particularly, I should like to invite the attention of the Senate to a letter addressed to the President of the United States by Mr. Fred Borch, president of General Electric Co., who in that letter recites, in part, some of the things I have

already reviewed with regard to the placement of the original contracts in 1968. In part, Mr. Borch's letter, which appears on page 113 of the hearings, states as follows:

Let me recite the events that have created the problem:

1. In the head-to-head competition of 1967-68 between Rolls Royce and United States engine manufacturers, Rolls Royce, lacking any experience in making the large engines incorporating the most advanced technology, convinced Lockheed and the airlines to resolve their doubts about Rolls Royce's promises with respect to their "paper engine" by accepting very rigid commitments with respect to engine performance specifications and delivery dates. As it turned out, the firm engine prices to which Rolls Royce committed itself were completely unrealistic. In this intense-competition, General Electric was forced to meet all these commitments and agreed to the same penalty provisions for failure to meet these commitments that Rolls Royce agreed to.

2. In competing for the engine business, the British Government backed Rolls Royce by providing subsidies in the form of long-term credit for U.S. airlines that, to say the least, established new dimensions in international competition and against which no U.S. manufacturer could compete. The airlines ordering the 1011 airbus were given 10 year loans for 90% of the total engine cost, at 6 1/4% at a time when prime rates in the U.S. were at least two points higher. This unfair subsidization was done despite understandings between the U.S. and Great Britain not to use their finances to support exports into the other's country.

3. If General Electric had won the competition and totally failed to meet its performance, delivery, and other commitments, as Rolls Royce had done, General Electric stockholders would have had to Lockheed several hundred millions of dollars in penalties, making it unnecessary for Lockheed to require U.S. Government assistance.

This is the very point with regard to this type of legislation. If General Electric had got into this situation today, had obtained the contract, Lockheed would not be here seeking to be bailed out.

Mr. Borch continued:

4. If the British Government had honored the original Rolls Royce contracts with Lockheed, Lockheed today would not have this serious financial problem. However, Rolls Royce and the British Government, on the contrary, effectively washed out these contractual commitments to Lockheed and the affected domestic United States airlines through the device of bankruptcy proceedings. The British Government from the very beginning has adamantly taken the position that it will not honor the original Rolls Royce contract and furthermore insists on the renegotiation with Lockheed of all the terms of the original contract involving an increase in the price of the engines, a delay in the delivery schedule, and substantially lower performance specifications.

5. In view of the above, it now seems to us incredible that the British also insist that after the contract is renegotiated, the United States Government must guarantee Lockheed's ability to pay a higher price for engines which do not meet the original specifications.

That, I submit, is exactly what the British Government is doing. I continue to read:

The British Government position nets down to the fact that it will not stand behind its own British company, but it insists that the U.S. Government stand behind the U.S.

company. This position is all the more difficult to accept when one recognizes that it was the poor performance of the British company that put the U.S. company (Lockheed) in trouble on the airbus.

Continuing with regard to the matter of Rolls Royce employment, Mr. Borch's letter states as follows:

We believe there is an approach which avoids these difficulties—namely, that U.S. Government financial assistance to Lockheed should be conditioned upon U.S. engines to power the airbus. The airlines can then decide in open competitions as to which U.S. engine will be used. In order to replace the line of credit extended by the British Government to the airlines, the U.S. Government should also extend equivalent assistance to the affected airlines.

This approach would then have the following advantages:

1. An additional 30,000 to 40,000 jobs in the hard-hit aerospace industry would be provided for U.S. engine production, easing the acute unemployment in this vital industry.

They are the jobs we are talking about, if we are talking about job possibilities and job losses in the United States. That is what should have been done, and should have been done at that time.

The letter from Mr. Borch, which I have been reading and explaining to the Senate, is dated May 3, 1971. Unfortunately, no decision was made at that time as to what would be done. The decision was simply delayed, because they proceeded to manufacture the airframes, with Rolls Royce manufacturing the engines in Great Britain, financed by the British Government, in one case, and by Lockheed, in the other. The situation has now reached the point, apparently, where the option of converting to U.S. engines is no longer available. This is because of the additional cost in the restructuring of the L-1011 to accommodate American engines, and restructuring the engines.

However, I think that if at that time, in lieu of the additional subsidies the British Government put into the production of the engine, the cost had been picked up in the redesigning and rebuilding of the American engine, it could have been done at that time, but it was not. This is the matter I referred to, of continually building up an inventory. I said it was extremely likely that a trustee in bankruptcy, if there were a bankruptcy, would have resulted in the continuation of production with the present Rolls Royce engines.

The material from Mr. Borch, presented to the committee, was, as I say, novel to some of us, because it had not been printed in the record previously. Mr. Borch continued:

2. There will be less technical risk for both Lockheed and the airlines in the airbus program. Certificated U.S.-manufactured engines are available today that can be adapted without technical risk, to give aircraft performance that is more competitive with other wide-bodied transports.

I say that this is no longer true, because the cost of the airbus should be about the same with U.S. engines, considering the new, higher price of Rolls Royce engines against the cost of U.S. engines, which makes the cost of U.S. engines virtually a standoff.

Mr. President, the reason I have read the material I have, and I have a com-

plete history of this particular project, is that I feel the Senate should know of the decisions made in this case and we should point out and consider, when we are talking about providing Federal Government guarantees of loans to bail out corporations of situations such as the one Lockheed is in, the decisions that were made. I do not see how the U.S. Government can or should undertake to assure management decisions that turned out to be incorrect and I am afraid if we do we inevitably insert the Government itself as a factor in determining the well-being of one company as compared with other companies in a highly competitive area.

Some of the additional material that was submitted by Mr. Borch is included in the transcript of the committee hearings at pages 117, 118, and 119. That material is worth noting.

First, I would like to note that apparently even from the outset there was much question about a market existing for the L-1011.

It was desired and apparently felt necessary in starting this project off to have 110 orders for the aircraft. These were secured only by utilizing so-called Air Holdings, Ltd., not an operating airline itself, but a holding company in Great Britain.

Mr. President, I would like to read certain material from the RECORD which appeared on pages 117 and 118 of the committee hearings. The transcript of Minister of Aviation Supply Frederick Corfield, House of Commons, February 8, 1971, is as follows:

At the outset, let us have right on the record the actual number of orders for the aircraft. At the latest count, there are 110 firm orders, with a further 68 which are not firm, including the whole of the 50 Air Holdings order, which is little more than a book-keeping transaction, and a somewhat bogus one at that.

That was Mr. Corfield, Minister of Aviation Supply, House of Commons.

On page 118 there is then reference to an article from Aviation Week & Space Technology of February 15, 1971, which states:

LONDON.—Complex financial package set up by Air Holdings, Ltd., with Lockheed Aircraft Corp. to sell 50 L-1011 TriStars outside the United States was under review last week by the Rolls-Royce receiver since it now appears that Air Holdings finance was provided by the engine manufacturer.

When the deal was signed in 1968, Air Holdings' potential liability to Lockheed was \$36 million if none of the 50 was sold. Rolls-Royce then indemnified Air Holdings against this loss.

Further examination with regard to the soundness or lack of soundness of judgment of the Lockheed Corp. management on this question I think deserves examination. As I read Mr. Borch's letter sometime earlier, the whole question of the engine and its engineering capabilities were not worked out in advance of the commitment to Rolls-Royce.

It was, as Mr. Borch characterized it, a paper engine. Material submitted and which is in the transcript at page 119 with regard to the engine is as follows:

Rolls-Royce heavily overcommitted itself—technically, financially (both development cost and engine price) and timing.

RB211 performance does not meet original thrust, fuel consumption and weight specs.

Hyfil fan blades "advanced technology" on which RB211 was sold to airlines, now abandoned.

This is really the whole nub of the matter. The reason Rolls-Royce failed and the reason the Rolls-Royce engine had to be redesigned at tremendous cost was because they took a bet on an unproven type material to be used in the turbine and they found their fan blades would not work.

Continuing with the material from the transcript of hearings:

Original RB211 development costs estimated \$156 million; now estimated as high as \$408 million.

Original enterprise believed to be \$844,000; Lockheed reportedly now asking airline customers to pay additional \$200,000 per engine (not believed to cover total "costs" of RB211—estimated to be \$244,000 more than contract price).

In other words, the whole history of this project is fraught with errors of judgment on the part of the management of Lockheed that got the company into the circumstances in which it now finds itself, and because the company is in shaky financial condition, we are asked to rescue it from the undue circumstances in which it finds itself, when Pratt & Whitney, and General Electric, would be held hard to the contract, without aid from the Federal Government.

It is said that the U.S. Government could not possibly lose anything by this transaction. I do not buy that at face value. I believe firmly there is a great risk involved, because if the airlines would guarantee it, certainly the banks would go ahead and make loans without the need for this guarantee by the Federal Government.

The breadth, magnitude, and lack of enforceable controls in this measure are something which we ought to examine. In the amendment before the committee and in the minority views I have labeled it a financial Tonkin Gulf resolution.

This opens the public treasury wide open for almost any kind of guarantee or backing that the Federal Government decides to give to private enterprise of one kind or another, with little control by the Congress.

It is true that we have a provision in the bill, which I hope will be strengthened by amendment if the bill is to be passed, saying that after October—and why October I cannot see—any loan that is proposed to be guaranteed by the Federal Government will have to come to the Congress for notification and approval purposes. But I cannot see why loans to Lockheed and others made before October should not be subject to equal review by the Congress. I would point out that, unfortunately, Congress is not well qualified to make the kind of financial judgments that should be made in these kinds of transactions.

Opening the public treasury to bail out inefficient corporate enterprises poses

serious consequences for our free enterprise system.

I oppose this measure for a number of very fundamental reasons.

First, business failures and bankruptcy, like the profit potential, are necessary to weed out or reorganize our inefficient businesses. Productivity of American industry will suffer if inefficient companies and management are bailed out by the taxpayers.

Overall employment would not suffer through a reorganization under the Bankruptcy Act, as I have pointed out a number of times. Loan guarantees would not save the jobs of employees working on projects which are not economically viable. We are not talking just about immediate jobs today, but, rather, the long-term job prospects in the entire industry.

As I have indicated, cancellation of the L-1011 might well result in more employment rather than less, because if there is a real market for this aircraft in the United States and throughout the world, the aircraft will be built. The aircraft will be built by American manufacturers, and I think will be built with American engines.

Another point I would like to make is that such guarantees would subsidize one company at the possible expense of competitors. Other companies make tax contributions, and they are going to contribute to these other companies something of value, something that they and we all own in the form of taxes.

Lastly, it would replace the financial marketplace with political decision-making and imprecise standards.

The extensive hearings held by our committee in my judgment did not make a sufficient case for either the rescue of Lockheed or the generic approach now proposed before the Senate.

With respect to the Lockheed guarantee loan, I would like to review just a few points.

First, concern has been expressed for the employees of Lockheed. Certainly I share that concern. But the reorganization of Lockheed under chapter 10 of the Bankruptcy Act would not necessarily mean wholesale unemployment. If the Tri-Star project is economically viable, those jobs would not be lost. Other divisions of Lockheed certainly might well continue with profitable production.

Mr. PROXMIRE. Mr. President, will the Senator yield at that point?

Mr. TAFT. I yield.

Mr. PROXMIRE. I know there have been a number of Lockheed employees who have expressed concern. I have talked to several today, myself. They are, as the Senator has said, concerned about their jobs. The people I have talked to work for a Lockheed missile plant.

On the basis of the hearings we had, and on the basis of the representations we have had from people in the administration and others, we were told that those people working for Lockheed in defense would not lose their jobs; that any possible job loss would be confined to those who were working on the L-1011. Even in that case the trustee would have the right, if he decided to so so, to proceed to permit the L-1011 plant to con-

tinue. Of course, the trustee would be in a strong position to get additional funds, because he could issue certificates which would have a prior claim. So it could continue if it were a profitable operation.

So many people are deceived about this matter. As a matter of fact, I think I have received more correspondence from people in Georgia complaining about my proposal, saying that they are going to lose their jobs, than from any other part of the country. It is my understanding that in Georgia the work is primarily of a defense nature, and very few—only a handful of those jobs would be lost regardless of what action we take on the guarantee.

Mr. TOWER. Mr. President, will the Senator yield on that point?

Mr. PROXMIRE. I yield.

Mr. TOWER. The L-1011 is produced in Georgia.

Mr. PROXMIRE. I said the overwhelming amount of employment in Georgia would be continued, and I think undoubtedly the Senator from Texas is correct, that there are some jobs connected with the L-1011 in Georgia, but they would represent a tiny fraction of the total jobs that Lockheed has and that would continue.

As a matter of fact, the people who saw me this morning were fine people, courteous and intelligent, but they admitted that their jobs, as I have said—which were in California in this instance—were jobs that would continue regardless of what action we take on this measure.

Mr. TAFT. I thank the Senator from Wisconsin for his contribution.

As I have said, the reorganization of Lockheed under chapter X of the Bankruptcy Act would not mean massive unemployment. If the TriStar project is economically viable, those would not be lost. If that project is not viable, a loan guarantee would not save the jobs.

Ultimately only market demand will determine whether these men and women will be gainfully employed in this project or by subcontractors or competitors.

I would like to interject at that point by referring to the Penn Central situation. I feel that if the U.S. Government is to get into a guarantee for private corporations or private activities or business activities of one kind or another in order to save jobs—and I think there may in some instances be a justification for doing so—this should be done, I believe, only after a company has gone into chapter X reorganization under the Bankruptcy Act. This could have been done in this instance.

I have pending a bill, and I offered an amendment in the committee, which was turned down by the committee, which would have had that effect.

I think chapter X reorganization would probably result in improving performance, for instance, under the missile and other defense contracts, where we have seen questions raised, particularly with regard to the C-5A.

Later in this discussion I expect to introduce into the RECORD some material showing many of the inside problems reported by someone who has been in the

Lockheed management. Those difficulties seem to be at least in part responsible for the trouble it now faces.

A court-appointed trustee could avoid money-losing contracts and keep operating those portions of the company's business which are economically viable.

It has been said, too, with regard to a chapter X reorganization, that somehow it would result in a cancellation of orders by the airlines.

The airlines have no right to make a cancellation simply because a company goes into a chapter X reorganization. If they have firm contracts before the company goes into reorganization, they have them after the company goes into reorganization. Representations to the contrary made to the committee could be misleading, and I think should be explained.

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

Mr. TAFT. I yield.

Mr. PROXMIRE. As to the point which the Senator has just made about chapter X reorganization, I think there is great confusion. I think many Senators including some members of the committee, have understood that once Lockheed goes into bankruptcy, the L-1011 automatically is out, because the airlines would cancel their orders.

As the Senator from Ohio has pointed out, they have no right to cancel. The L-1011 production could be carried on just as well under a chapter X bankruptcy reorganization, and that is the precise, explicit purpose of having chapter X, so that firms can be continued without losing jobs, without losing the product they provide, and at the same time, of course, have the management changed and pay the price stockholders have to pay in our free enterprise system.

Mr. TAFT. I thank the Senator. In that regard, let me say that the committee had some very interesting testimony from William McChesney Martin, former Chairman of the Federal Reserve Board and former chairman of the New York Stock Exchange. I asked him, if he were on this particular Board set up to make guarantees of loans, if he had before him the Penn Central situation, whether or not he would have made a loan before the company went into bankruptcy, or only after the company had gone into bankruptcy.

His testimony was that he thought he probably would have let that company go into bankruptcy, because there were evident problems of management that needed to be straightened out and a need for the therapeutic effect of having the court, under a reorganization proceeding, come into the situation.

To resort to Federal loan guarantees without requiring chapter X reorganization as a condition precedent, would not save jobs. It would simply bail out stockholders and management.

I do not believe that it should be the function of the Federal Government to insulate the creditors and stockholders of Lockheed from the risks which they assumed in order to make a profit.

How can we justify to the small taxpayers and the medium size business

owners that their tax dollars are being used to bail out rich corporations, when no such remedy is available to them?

There should be no misapprehension that this measure is required for our national defense. Secretary Packard testified that, "continuation of existing programs probably could be worked out satisfactorily with a bankruptcy receiver, or a trustee in reorganization." A reorganized company might be a more effective defense contractor.

It seems unlikely that the \$250 million loan can do the job its supporters claim it can. There will remain substantial risk of default. According to Secretary Connally the guaranteed loan will provide only a \$100 million margin over Lockheed's peak cash requirement. And for a company operating at the volume of the Lockheed Corp., it certainly would not take much to push it over that brink, and presumably, then, to see it come back to this emergency board to get some more of that \$2 billion.

We had some testimony that this was an unusual situation, that the \$2 billion, even if authorized for guarantee purposes, would not be used. I think that is about as likely as saying that a lollipop would not be used at a kids' picnic. I will predict that if we go ahead with this legislation, and a \$250 million guarantee is made to Lockheed Corp., they will be back before this Board asking for further loan guarantees in the future, if they do not give up this project entirely.

The \$100 million margin is equal to only about 2 weeks' expenditures by this troubled corporation. Having \$250 million at risk, who would say that the Government will not then have heavy pressure for additional guarantees or advances? My bet is that the company will be back for more.

Projected sales figures for the L-1011 are uncertain. Rising costs continue to be a problem in all Lockheed divisions. Its union agreements come up for renegotiation this month. A wage increase settlement of only 5 percent, far below the level of recent settlements in other industries, would wipe out the entire \$100 million margin.

Lockheed's predicted defense revenues include an estimated \$1.5 billion in completely new defense business. Some observers believe these estimates may be high by as much as 30 percent.

In recent years Lockheed has repeatedly fallen far short of projected performance levels. Such a record casts grave doubt over the wisdom of the suggested loan.

Even if a \$250 million loan guarantee would prove sufficient to rescue Lockheed, it hardly follows that the American taxpayer should be the one to guarantee such a loan.

Twenty-four banks have loaned Lockheed a total of \$400 million to build the L-1011 Tri-Star airbus. They now say they can lend no more without a Government guarantee. Prof. Vern Countryman of Harvard Law School pointed out in his testimony before the committee, that the Government would have priority as to all assets upon default. Thus, the proposed legislation would "protect the banks only

to the extent of the sufficiency of the unencumbered assets, which is precisely the same protection they would get if they loaned an additional \$250 million on the security of the unencumbered assets, without a Government guarantee."

Why then do the banks wish to involve the Federal Government in the Lockheed loan plan? An examination of the record is not reassuring. The \$400 million already advanced to Lockheed is only the tip of the aerospace iceberg. Most of the major banks in question are also involved in lines of credit to Lockheed's principal subcontractors on the L-1011 Tri-Star, the C-5A cargo plane, and the S-3A anti-submarine plane. The banks have also made large loans to the airlines that have ordered the Tri-Star.

In all, the banking system has advanced more than \$8 billion to the aerospace and airline industries. In this context the banks have reason to try to generate greater governmental involvement in the whole aerospace industry. But that does not prove it is sound policy.

If Lockheed and the banks feel they must find a guarantor for their loan they should look to the British rather than the American Government. Three events, all originating in England, were the cause of the issue that faces Congress today.

First, there was the massive British Government support, including long-term financing to the airlines, that got the Lockheed-Rolls-Royce project off the ground. Without such support, it is doubtful that Rolls would have been selected by Lockheed to supply the engines for the L-1011.

Second, there was the failure of Rolls-Royce to perform its contract. The Lockheed engine order was for an unproven "paper" engine based on cost savings from new type turbine blades that failed in tests. The increased cost sank the company.

Finally, there was the British Government's decision to enter the engine business by accepting the strengths and capabilities of Rolls while disavowing its liabilities to its customer. After refusing to forward the late delivery payments specified in the original contract with Lockheed, the British now ask that the U.S. Government support Lockheed so as to minimize the risks involved.

If the British Government would honor the original Rolls contract with Lockheed, there would be no need to consider an additional \$250 million loan. Should the U.S. Government now guarantee such a loan it would encourage the trend of foreign governments in promoting competition with U.S. manufacturers.

Our aircraft industry is basically sound and very competitive. We have dominated foreign markets for the past quarter century. At the present time 11 foreign airlines have placed orders for the competitor of the L-1011, the DC-10, which is powered by the American-made General Electric CF-6 engine. Even the European producers of the A300-B airbus, have elected to use the same General Electric propulsion system. I believe it would be extremely unwise to reward the poor performance of Lockheed with a Government-guaranteed

loan and thereby artificially sustain it as a competitor in the aerospace industry.

As the General Electric Co. witnesses pointed out, "any form of subsidization of Lockheed would necessarily bring additional pressures on the viability of the two dominant domestic suppliers of commercial aircraft, Boeing and McDonnell-Douglas."

There is serious question as to the commercial success of the Tri-Star project, upon which these guarantees have been premised. There has been a great deal of dispute over just how many of the L-1011's Lockheed would have to sell to cover its costs. Widely variant break-even figures have been quoted. The company publicly estimates that it needs to sell between 195 and 205 of its Tri-Star jets to recover its initial investment plus production costs.

That figure is substantially above the total of present firm orders and options, which number together 178. Even more disturbing is an independent study made in May 1970 by the Office of Systems Analysis in the Office of the Secretary of Defense which concludes that Lockheed has to sell at least 390 L-1011's before they can break even on the program. This is twice the Lockheed estimate. Also, the DOD study predicts that if Lockheed sells as many as 252 planes they would lose \$535 million, over twice the net worth of the corporation.

In a recent letter of transmittal, Undersecretary of Defense David Packard warned that the data it contained was a year old, and that its conclusions were only "an approximation." The passage of time, however, cannot be used as an excuse to discount the importance of this study. If anything, the general situation has worsened since 1970. Considering the poor position of the airlines, the delay in production of the L-1011, and the added costs of the Rolls Royce affair, the prospects of selling 400 of these airplanes seem slim, to say the least.

The estimate of Lockheed and its supporters for the airbus market over the next decade is 60 percent greater than that of the Civil Aeronautics Board or that of a joint Department of Transportation-Federal Aviation Administration report. A discrepancy of 500 wide-bodied aircraft indicates a revenue discrepancy of over \$10 billion for the industry, a figure to give pause to those who would stake the public's money on this venture.

The earnings projections of the airlines are dismal. The Air Transport Association of America, projects a pre-tax loss for the 12 major airlines in 1972 of \$279 million. This will not make it easier for these airlines to finance the acquisition of all the L-1011 orders necessary to keep Lockheed afloat.

As a result of overoptimistic traffic projections a few years ago, airlines are now bearing the burden of extensive over-capacity. Last winter the Boeing 747's were making transcontinental flights with as few as a dozen passengers on board.

The Civil Aeronautics Board has reported that major domestic airlines consequently are cutting back their orders of new aircraft. At the present time 12

of 34 firm purchase orders for all classes of widebodied jets have been cancelled, while 31 options have been allowed to expire.

Such figures do not bode well for the viability of the Tri-Star project even if the \$250 million guarantee were given under the proposed legislation.

Mr. President, a few moments ago I stated that I would like to put into the RECORD some of the information regarding the vast Lockheed waste charged by a former manager of that corporation. It was published in the Washington Post of July 18, 1971. A portion of the article reads as follows:

A former Lockheed Aircraft Corp. assistant division manager has given The Washington Post voluminous documentary evidence which, he charges, reveals "disastrously rotten management" that wasted "untold millions of dollars."

Mismanagement was Lockheed's "real problem," accounting for much of the estimated \$2 billion or more in cost overruns on the giant C-5A transport plane, Henry M. Durham said in an interview.

A survey of five C-5As showed that from 65 to 87 per cent of the parts issued, and presumably installed before final assembly, in the month ending April 6, 1970, were reported missing.

The specific figures were listed in the article, in a memorandum to Durham from a subordinate.

I continue reading:

Quality-control and production personnel, in reports supposedly reflecting the true condition of Ship 0023, said that 30 parts were missing from the wing of this C-5A when it moved to final assembly on March 11, 1970. But five days later, in a memo to a superior, Durham said that an audit showed the number of parts not actually installed, or not recorded by managers as having been installed, to be 1,084, or 36 times as many as those claimed.

He continues with various other criticisms of the company. For example:

At Lockheed's Chattanooga plant, Durham said, he found expensive tools and equipment "rusting away in the back yard." These items included drills, carbide cutters, and 18 castings that were "concealed under scrap metal and other junk." He said Lockheed has paid a total of \$10,488.45 for 13 of the castings.

"Management people walked through this jungle every day but took no action to correct it," Durham said in the interview.

Also at Chattanooga, Durham said, he found that the stockrooms carried 4,894 categories of miscellaneous small parts (MSPs), but that only 813 actually were necessary. Yet, Durham said, "many of the unneeded parts at Chattanooga were critically needed in Marietta . . ."

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

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

VAST LOCKHEED WASTE CHARGED BY FORMER MANAGER
(By Morton Mintz)

MARIETTA, GA., July 17.—A former Lockheed Aircraft Corp. assistant division manager has given The Washington Post voluminous documentary evidence which, he charges, reveals "disastrously rotten management" that wasted "untold millions of dollars."

Mismanagement was Lockheed's "real problem," accounting for much of the estimated \$2 billion or more in cost overruns on the giant C-5A transport plane, Henry M. Durham said in an interview.

He ridiculed a key argument made on Capitol Hill by Lockheed chairman Daniel J. Haughton in behalf of the pending bill to save the company from bankruptcy with a government guarantee for a loan of up to \$250 million.

"The problem was not so much our ability to manage, but the type of contracts under which we had to operate—contracts that now have been found unworkable and are no longer used on new programs," Haughton told the House Banking and Currency Committee Tuesday.

In contrast, Durham cites examples of inefficient, wasteful and even, he contends, improper practices. His records show that the examples were among those he had provided Lockheed in pressing for reforms.

Durham says he was in charge of major production-control activities for the C-5A program, running "a control and supply organization" that procured, stocked, issued and delivered parts at the Lockheed-Georgia division.

A company spokesman, however, minimized his importance by referring to him as "a supply man" and not an executive.

Initially, in responding to a reporter's inquiry, W. P. Frech, director of manufacturing at Lockheed-Georgia, spoke of Durham as "a good employee who worked hard."

Later in the conversation, however, Frech characterized Durham as "a disgruntled employee" who lacked "justification for his actions" and was "not in a position to know" whereof he spoke.

Durham's charges are "false—all of them, practically," Frech said. "We have minute, functional systems to prove that all systems are 'go.'"

The controversy may be clarified on Capitol Hill, where Sen. William Proxmire (D-Wis.), a leading opponent of the loan bill, has asked Durham to testify before the Senate Subcommittee on Economy in Government. No date has been set.

In alleging mismanagement of the C-5A program, Durham cites these examples:

1. A survey of five C-5As showed that from 65 to 87 per cent of the parts issued, and presumably installed before final assembly, in the month ending April 6, 1970, were reported missing. The specific figures, as listed in a memo to Durham from a subordinate, W. T. Garrison:

Ship 0020 (the company's designation for the 20th C-5A), 1,356 parts issued, 893 missing; Ship 0021, 1,533 issued, 1,038 missing; Ship 0022, 1,492 issued, 1,120 missing; Ship 0023, 1,039 issued, 912 missing; Ship 0024, 364 issued, 305 missing.

2. Trying to find out what lay at the bottom of such problems, Durham, who was with Lockheed for 19 years, and Ron Newberry, of the C-5 Production Task Force, investigated a random sampling of 160 parts listed as "missing" from Ships 0009 and 0010.

Their main finding, made in a report of Oct. 13, 1969, was that 67.5 per cent of the parts claimed to be missing actually were—but that Lockheed nonetheless had certified the affected sections of the aircraft to be complete, Durham said.

RECEIVED PAYMENT

By so certifying, Durham contends, the company was able to obtain Air Force payment for work that had yet to be accomplished, and, at the same time, to be credited for an "on schedule" performance.

An additional 16.3 per cent of the parts claimed to be missing actually were not, the report said.

The investigation report also revealed that 8.2 per cent of the parts listed as missing

had been installed, but for no recorded reasons and in violation of company rules.

An additional 5.5 per cent of the parts were where they were supposed to be, the report said.

Finally, 2.5 per cent of the parts reported missing should not have been replaced because they were specified by engineering requirements, the report said.

Durham did not so much as hint that a single C-5A was delivered to the Air Force in unsafe condition. His concern, instead, was overwhelmingly with management efficiency in the control of aircraft parts.

3. Quality-control and production personnel, in reports supposedly reflecting the true condition of Ship 0023, said that 30 parts were missing from the wing of this C-5A when it moved to final assembly on March 11, 1970. But five days later, in a memo to a superior, Durham said that an audit showed the number of parts not actually installed, or not recorded by managers as having been installed, to be 1,084, or 36 times as many as those claimed.

4. Durham said that Lockheed reordered very small parts (VSPs), costing from 16 cents to \$37.50 each, on the basis of supplies in stores or warehouses rather than on the basis of what he calls "an adequate inventory accountability system." One result, he said, was that VSPs were "scattered on floors, tables, in boxes, heaps—all over the place. They were being swept up and dumped. Finally, somebody caught on . . ."

But as of May 1, 1970, according to a memo he wrote on that date, VSPs that "should cost around \$560,000 per aircraft" are "currently exceeding over \$1,000,000 per ship." On this basis, he calculated, the overrun merely on VSPs for the C-5A program could come to \$30 million.

(The 1965 contract estimate of the price for each C-5A was \$20 million; 115 were to be built. Since then, the price has approximately tripled, and 81 are to be built.)

5. After Ship 0008 made its first flight, about 2,000 parts previously procured on the basis of being needed were returned to stock as not needed. Durham told V. H. Brady, his immediate superior, in a memo on Nov. 24, 1969. This wasted "thousands of dollars," he told a reporter. "It happened on all ships, constantly."

When a ship arrives at the flight line, Durham said, it is theoretically in such an advanced state of completion that, apart from engineering changes, only components such as radar gear and flight equipment need be added.

But after Ships 0009 through 0014 arrived at the flight line, calls went out for replacements of 15,291 "missing" parts and 5,294 defective, or "butchered," parts, according to internal reports, Durham said.

6. When a C-5A moved to flight-test status it was, again, in theory, almost ready to be flown, Durham explained. But on the basis of the number of calls made for parts for the first eight C-5As to reach flight test, he calculated that 79,600 items had to be delivered, mostly to replace missing parts.

After Ship 0020 reached final assembly, calls went out on a single day, April 8, 1970, for replacements for 48 parts that previously had been delivered and signed for, Durham's aide, Garrison, told him in a memo. On the same day, 42 similar duplicate part requests were made for Ship 0021, and 27 for Ship 0022, the memo noted.

Once delivered as a result of such duplicate requests, large numbers of parts could not be installed. Durham said in the interview. The reason, he said, was that the components to which they were to be attached were strewn around—"on the floor, on tables, in people's pockets, under tables . . ."

Redundant ordering, he said, frequently occurred because production personnel, impatient with a procedure requiring them to

certify, and quality-control specialists to verify, that a part was defective, would additionally invoke a speedier procedure intended exclusively for missing parts. In this way, "thousands of parts were being double-ordered and double procured."

7. After a wing cracked on a rounded C-5A undergoing simulated flight conditions on July 13, 1969, Lockheed set up a wing-modification program in Palmdale, Calif. Durham said that the Marietta plant then got a "panic" order for kits of two or more parts each. "Thousands of parts" had to be rounded up, packaged and shipped—Air Express—to Palmdale, he said.

In a memo on April 28, 1970, E. V. Shaddix, manager of the modification program, told Durham the kits were not needed and "are being returned to you for re-stocking . . ."

8. In a memo of Nov. 3, 1969, to Brady, his boss, Durham told of the shipment of numerous parts kits to Eglin Air Force Base, Fla., following a careful inspection to assure that each listed part actually was present. On Oct. 30, 1969, Shaddix phoned from Eglin to tell Durham that several needed parts were missing, the memo related. J. L. Ferrell, manager of the company's flight-test control department, then went to Florida to investigate.

Ferrell found that a root problem was the failure of planning personnel to order all the necessary parts to start with, the memo said. That aside, Ferrell discovered the parts situation to be "out of control." The memo continued:

"For example, some . . . kits were piled under a coat rack . . . All of these kits were partially opened. Blueprints and parts were strewn on the floor, laying on cabinets, . . . stacked up in hallways and on top of desks . . ."

A Lockheed logistics supervisor said that a company flight-test crew, on arriving at Eglin, "demanded all of the kits, removed them from whatever control they were under, broke them open, and started to work," the memo reported.

"He further indicated that since that time he has had no control of the situation at all," the Durham memo continued. "In fact, he said he has accumulated and stored several parts in his hotel room."

9. At a Lockheed parts plant in Chattanooga, Durham charged, procurement personnel commonly bought items at "premium prices" from outside suppliers, even though the same items were stocked in the company's own "stores" in Marietta, as could be readily determined by "pressing a button" for a computer printout.

An April 2 purchase order shows that, for example, Lockheed ordered a small amount of sheet steel from a frequently patronized supplier, the J. M. Tull Metals Co. at Atlanta. Durham obtained a print-out showing that Lockheed already had similar sheet steel on hand in Marietta, he said. On a square-foot basis, Durham said, Tull Metals' price was \$3.15; Lockheed's was 67 cents, about one-fifth as much.

10. Numerous aircraft parts must be built to extremely close tolerances or must meet other "exotic" requirements, according to Durham. But Lockheed, at exorbitant cost, sometimes set such requirements needlessly, for noncritical equipment such as a missile dolly used only on the ground, he said.

Durham illustrated his point with a purchase order, dated last Feb. 15, for some rod ends from Southwest Products Co. of Monrovia, Calif. The price was \$437.30 each. Rod ends meeting cruder specifications, but perfectly adequate, would cost only a few dollars each, he said.

Another purchase order shows that a year earlier, Lockheed bought identical rod ends from the same company—but at a unit price of \$336.30, or \$101 less.

11. At Lockheed's Chattanooga plant, Durham said, he found expensive tools and equipment "rusting away in the back yard." These items included drills, carbide cutters, and 18 castings that were "concealed under scrap metal and other junk." He said Lockheed had paid a total of \$10,488.45 for 13 of the castings.

"Management people walked through this jungle every day but took no direct action to correct it," Durham said in the interview.

12. Also at Chattanooga, Durham said, he found that the stockrooms carried 4,894 categories of miscellaneous small parts (MSPs), but that only 813 actually were necessary. Yet, Durham said, "many of the unneeded parts at Chattanooga were critically needed in Marietta . . ."

In a May 8, memo, copies of which he sent to Lockheed chairman Daniel Haughton and to R. H. Fuhrman, president of Lockheed-Georgia, Durham said that "Ship 0002 was a shell when it was originally delivered to flight test even though it was reported to be in good shape . . ."

"On Ship 0008, . . . over 10,000 parts were delivered and over 4,000 finally returned to normal stock because they were not required to get the ship in a flying condition." (After Ship 0008 became airborne, Durham reported that 2,000 more parts were returned as unneeded, as previously noted).

President Lyndon B. Johnson flew down here on March 2, 1968, for the "roll-out" ceremony for the first C5A, Ship 0001. But major portions of that aircraft, including the nose-cap, claimed by the company to be complete, were "window-dressing"—"dubbed" or "faked" units hastily contrived to look impressive but, Durham charged, nowhere near functional.

Ordinarily, engineering changes in the C-5As required parts removal and replacement. Often, this could be accomplished with reworking, or modification, of the originals.

But, Durham said, "millions of dollars worth of purchased parts were erroneously scrapped" and substitutes purchased usually because the Planning Division had called for scrapping rather than reworking. The division was "under great pressure to reduce the number of behind-schedule engineering jobs," Durham said.

Durham complained about this to Lockheed-Georgia president Fuhrman. Abuses such as this occur "with the full knowledge of many members of management up and down the ranks," Durham said in a memo dated April 17, 1970.

"I have been very disappointed with my superiors for lacking the fortitude and courage to go to the top if necessary to get serious problems corrected," he told Fuhrman.

"I was specifically instructed to direct all reports and comments directly to Mr. Brady (Durham's immediate superior) but could not get him to do anything concrete," the letter said.

"I realize now that it is because certain members of management feel they must conform and not rock the nice, tight little boat they have constructed.

"I believe one cannot afford to jeopardize the company by conforming to such standards. One must operate with directness and integrity in the best interests of the company, not the individual."

UNLIKELY CANDIDATE

Henry Durham's 19 years with Lockheed might well have marked him as an unlikely candidate to become a whistle-blower.

Born 44 years ago in Bradenton, Fla., he attended Georgia State and the University of Georgia for 3½ years, served 3½ years in the Marine Corps and then joined Lockheed as a dispatcher. Moving up through the ranks, he was named an assistant division manager, responsible for all production-control for C-5As moving to flight-line and flight-test status, in October, 1968.

Most of the time at Lockheed, he said, he

worked 11-hour days and 7-day weeks, usually without claiming overtime.

His wife, Nan, recalled how it became routine long ago for her to prepare two suppers each day, an early one for their two children and herself and a late one for her husband.

A CORPORATION MAN

Durham, not without a touch of bitterness, says he had been a corporation man through and through. "If Lockheed wanted it, I assumed it was good," he said.

He was a hawk on the Vietnam war but now has "sort of moderated my views." Decals of the American Flag and the National Rifle Association adorn the rear window of his jeep-type vehicle.

At Lockheed, where he had as many as 300 employees under him, Durham won lavish praise.

"Among his many qualifications are unquestioned loyalty, energy, initiative, product and corporate knowledge, ambition, and an insistence on a job well done—first of all by himself, and secondly by all reporting to him," R. C. Goddard, who succeeded V. H. Brady as Durham's immediate superior, said in a letter of Feb. 24, 1970.

"It is our unqualified opinion that Mr. Durham would represent a real asset to any organization to which he might be assigned," Goddard added.

Later, in a formal commendation, Goddard said, "For a job well done under adverse conditions, this company expresses its sincere appreciation."

But a few days after signing the commendation, Goddard and Brady told Durham that he must accept either a demotion—to manage the C-5H refurbishment program, with a pay cut of \$20-week—or a layoff.

Durham said the explanation he was given was that only he was qualified to manage the program. He didn't believe it. The real explanation, he insists, had to be his relentless fight against inefficiency and waste.

In the spring of 1970, he carried his case to Lockheed-Georgia president Fuhrman. "He listened, mostly," Durham said of the 1½ hour interview.

APRIL LETTER

Following up, he told Fuhrman in the April 12, 1970, memo how he had been disillusioned:

"I expected all concerned to come to the rescue, but, instead, received a very adverse reaction which continues.

"I discussed the problem with my immediate superiors, imploring them to take it up the line, to no avail . . ."

"I was specifically instructed to direct all reports and comments directly to Mr. Brady, but could not get him to do anything concrete."

Durham opted for the layoff. "I was going to be my own man," he said in the interview. "You can become a pawn—bent, twisted."

Telling Goddard of his decision, Durham said in a letter, "I do not have the audacity to say I am always right. However, I do plan to always act in accordance with my honest opinions, principles and convictions, regardless of the consequences."

Durham had asked for two weeks to train a successor. But the day after he sent the letter, Goddard startled him by telling him to leave that very afternoon and refusing to explain why.

Durham recalled the episode a week later in a letter to Fuhrman. After "19 years of dedicated service," Durham told him, he was "rushed out" of the plant, with an initial refusal even to let him gather up his personal belongings.

Such treatment usually was reserved for a person who has been fired, the letter said, and it was "monstrous."

A week later, on May 25, Durham chronicled his story to Lockheed chairman Daniel Haughton.

In a 3-page, single-spaced letter supported by copies of documents such as those given to The Post, Durham told of a call from V. H. Brady directing him "to keep quiet and hide" a specific missing-parts report; of a dawning "horrible realization" that data were being withheld from corporate management (including Haughton), and of "charts produced to illustrate how beautiful everything was rather than the true facts."

"PROTECTIVE SOCIETY"

Durham also told Haughton of "what I choose to call the Lockheed-Georgia Management Protective Society" . . . To be a member, one must worry more about protecting his hide and the hides of his superiors than working in the best interests of the company and the country."

After he met with Fuhrman, Durham told Haughton, "I was ostracized, criticized, pushed into a corner and eventually downgraded."

Yet, he told the board chairman, he was "not seeking revenge"; neither was he asking for reinstatement or a new job. Rather than work with the people he had been with at Lockheed, Durham said, he would go elsewhere and "dig another foxhole."

Despite all of this, Durham still had faith in the company. "Lockheed management as a whole throughout the corporation is beyond reproach," he told Haughton. "I know the Lockheed Corporation had to be built on integrity to be as large as it is . . ."

Haughton, replying almost at once, said he had read the letter, "perused" the documentation, and planned to talk with Fuhrman and request an investigation.

Once the investigation is complete, Haughton, Fuhrman or the investigator would contact Durham, the board chairman said. (No one ever contacted him, Durham says).

"I hope you find a job that you will be happy with," Haughton's letter concluded.

After leaving Lockheed, Durham looked for a job, painted his house and spent more time with his family than he had for many years.

ASKED TO COME BACK

Then Frech, the director of manufacturing at Lockheed-Georgia, asked him to come back. "Not with those people," Durham remembers replying.

A couple of weeks later, Frech phoned again to renew the invitation. This time, Durham accepted—even though it meant a cut of more than \$80 a week below his previous salary, and working 100 miles away in Chattanooga where, at still more cost, he would have to rent an apartment for use during the workweek.

Durham says he took the offer, last August because he asked for, and got, assurance from Frech that the "mess" at Lockheed would be straightened out, because he still was confident that the investigation Haughton promised would be made, and because he was sure the investigation would vindicate him.

Once in Chattanooga, however, Durham said he found things continuing much as before. Also as before, he protested, again to no avail.

Thus, on Aug. 24, in a detailed memo to C. L. Starnes, manager of the Chattanooga facility, Durham said, "The stock situation is, at the best, intolerable. Parts are crowded, piled and jammed into bins . . . Housekeeping is non-existent."

Last May, Durham, saying he decided "I couldn't stand it any more," asked again to be laid off. Frech recalled it differently, saying Durham left after being told that, with employment shrinking, he'd have to "take a little bit of a downgrade."

Before leaving, Durham hand-wrote a 23-page letter to Starnes, including instructions for his successor and "observations and constructive criticism."

The letter includes detailed analyses of the familiar problems, reports on such reforms as

Durham had been able to achieve, a plea for a crackdown on "shabby performance" and a closing wish for "good luck."

For two months now, Durham has been trying to start a business selling aerosol products to retail accounts in the Atlanta area. His wife has become the breadwinner, working as a caseworker for the Cobb County Family and Children Services.

(At this point Mr. WEICKER took the chair as Presiding Officer.)

Mr. TAFT. Mr. President, having covered the specific arguments that I feel militate against the desirability of a loan to the Lockheed Corp. whether or not this general legislation is passed, I should like to discuss the implications of the general legislation itself, without specific reference to Lockheed.

Turning to the generic approach, I find even more serious deficiencies.

First, This loan guarantee legislation would tend to shore up unsound firms and encourage shaky companies to scurry to the Government for salvation.

Last year, 11,000 firms in this country failed with a loss of \$1.9 billion. How many of these are we going to bail out? Two? Ten? Or perhaps all 11,000?

Mr. President, I have made a study of the matter of business failures in connection with this so that the Senate could have some reference point from which to move, and I find the following:

I find business failures statistics for States of Senators who voted for the Lockheed bill in committee to have been as follows:

In Alabama, in 1970, 71 failures, a total of \$6,480,000 in losses; in Texas, 585 failures in 1970, \$126,409,000 in losses; in Utah, 28 failures, \$1,410,000 in losses; in California, 2,706 failures, with more than \$300 million in losses; in New Jersey, 447 failures, \$142 million in losses; in New Hampshire, 32 failures, \$3,340,000 in losses; in Tennessee, 170 failures, more than \$48 million in losses; in Illinois, 441 failures, \$75 million in losses; in Georgia, 180 failures, more than \$26 million in losses; in Delaware, six failures, more than \$15 million in losses. In Ohio, my own State, I find that there were 849 business failures, with \$51,646,000 in losses, in 1970.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table setting out these figures and the figures for 1969.

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

BUSINESS FAILURE STATISTICS FOR STATES OF SENATORS VOTING FOR LOCKHEED BILL

State	1970		1969	
	Number of failures	Total liability of failed companies (thousands)	Number of failures	Total liability of failed companies (thousands)
1. Alabama.....	71	\$6,480	85	\$8,448
2. Texas.....	585	126,409	402	88,398
3. Utah.....	28	1,410	18	1,712
4. California.....	2,706	300,547	2,394	214,618
5. New Jersey.....	447	142,196	377	53,141
6. New Hampshire.....	32	3,340	50	4,220
7. Tennessee.....	170	48,090	123	23,024
8. Illinois.....	441	75,357	360	64,691
9. Georgia.....	180	26,106	208	13,770
10. Delaware.....	6	15,313	5	4,176

Source: Mr. Bridge, Business Outlook Division, Department of Commerce.

Mr. TAFT. Mr. President, there seems little economic sense in aiding the least productive enterprises. Such an effort would neither increase industrial efficiency nor maintain our competitive posture on the world market.

In short, this generic legislation makes no sense on any of these counts. It undercuts the threat of failure which is an essential spur to efficiency.

The businessmen of America understand this danger. As reported in the Wall Street Journal on May 10, 1971, the members of the Business Council, meeting at Hot Springs, Va., earlier this year expressed their overwhelming opposition to proposals of this nature.

When firms all across the country are making Herculean efforts to ride out the recent economic dislocations associated with the demobilization from the Vietnam war, it seems imprudent to divert credit to Lockheed, whose managerial competence has been questioned by businessmen, Government officials, and now even by members of its own executive team.

If no guarantee were granted, and the L-1011 program were terminated, as Lockheed says it would be, the resulting shift to the DC-10 with American built engines would generate several hundred man-years of additional employment in the United States. Many economists have testified that if Lockheed received special protection from Congress, other companies would soon line up looking for relief and the free enterprise system would lose some of its ability to weed out poor managers and inefficient firms and reward efficient and resourceful ones.

Economist Alan Greenspan told the Banking Committee:

It is the very threat of bankruptcy which often jolts firms, large and small, from inefficient practices in their utilization of labor and capital and in their methods of financing and marketing. To have the possibility of falling back on a guarantor of last resort (the government) must inevitably remove this very valuable prod to efficiency and productivity.

At this point I should like to insert into the RECORD the testimony of Prof. Vern Countryman, which is most instructive on the question of bankruptcy and other matters.

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

STATEMENT OF PROF. VERN COUNTRYMAN ON S. 1891

My name is Vern Countryman. I am a Professor of Law at Harvard Law School, where I teach courses on commercial law, secured credit and bankruptcy. In view of my interest and experience in these areas, I am troubled about four aspects of S. 1891, which would authorize the Secretary of the Treasury to guarantee up to \$250 million in loans "to major business enterprises in order to provide emergency credit." The Secretary has said that "substantially all of the guarantee authority would be used to insure the granting of emergency credit to the Lockheed Corporation." The aspects of the bill that trouble me are the following:

I. Why a government guarantee?

Assuming for the purposes of this question that the government guarantee should be authorized if it would assist Lockheed in its present emergency, I have serious doubts that it would do so.

Previous testimony and submissions to the committee indicate that a consortium of 24 banks has already extended some \$400 million in credit to Lockheed on the security of certain assets, and that Lockheed has unencumbered assets to which it assigns a book value of some \$160,000,000 and a "current" or "insurable" value of some \$400,000.

These same 24 banks are to be the source of the additional \$250 million loan which the government is to guarantee. That guarantee would prove of value to the banks, of course, only if Lockheed defaults on the loans, in which event the government would pay off the loans and be subrogated to the banks' claims against Lockheed. Presumably the banks are not persuaded by Lockheed's \$400 million valuation of its unencumbered assets or they would not be insisting on the government guarantee as Secretary Connally says they are.

But § 6 of the bill provides that the guaranteed claim shall be secured by a "first and prior lien on the property of the enterprise." Hence, if the government has to make good on its guaranty of the new \$250 million loan it will have first recourse against all assets of Lockheed, including those which secure the existing bank loans of \$400 million, to reimburse itself. While the equitable doctrine of marshalling of assets would doubtless require the government to resort first to the unencumbered assets, it would have a first claim to the banks' collateral to the extent that the unencumbered assets were insufficient.

The government guaranty seems, therefore, to protect the banks only to the extent of the sufficiency of the unencumbered assets, which is precisely the same protection they would get if they loaned an additional \$250 million on the security of the unencumbered assets without a government guaranty.

When Senators Proxmire and Taft questioned Secretary Connally about this matter early in his testimony, they received no satisfactory answer. Later he offered two explanations, neither of which seem to me entirely satisfactory:

(a) Some of the banks involved, he explained, had reached their legal loan limits, which could only be exceeded if further lending were guaranteed by the government. Presumably the reference is to 12 U.S.C. § 84, which places limits on the amount a national bank can loan to any one person but in paragraph (10) makes an exception for additional lending covered by an "unconditional" government guarantee. That statute also authorizes the Comptroller of the Currency to define the term "unconditional" and he has done so in a regulation (12 C.F.R. § 3.1) which states that the requirement that the guaranty be "unconditional" means "that the protection afforded to the bank thereby against loss resulting from factors beyond its control must not be substantially diminished or impaired" and that a guaranty is not unconditional if "subject to defeasance by a contingency or a condition subsequent not within the control of the bank." It seems to me that the effect of the priority given the government by § 6 of the bill is to render the guaranty conditional within the meaning of the statute and the regulation.

(b) The Secretary also told the Committee that the contract between Lockheed and Rolls Royce governing production by Rolls of the engine to be used by Lockheed in the L-1011 air bus contains a provision "that the contract becomes null and void if the guarantees are not obtained by August 8." He also agreed to provide the Committee with a copy of this contract but I understand that he is now declining to do so. In view of his unwillingness to produce the contract, of his prior assurances that the British were not concerned with the fact of the government guaranty as long as the funds were forthcoming, and of his complete failure to demonstrate how the guaranty would facilitate the additional lending, I do

not see how the Committee can give credibility to this belated and unsupported justification for the guaranty. In any event I would suggest that the Committee consider (1) whether Rolls Royce is in any position to insist upon such a contractual condition and (2) whether any other company in financial difficulty and seeking to follow Lockheed's example could not easily obtain a similar contract from a major supplier.

II. The absence of controls in the bill.

The bill itself gives the Secretary no specific controls over the manufacturing operations of the company and empowers him to guarantee the \$250 million in loans on terms which will give him no controls over the company's financial operations either:

(a) Section 5 of the bill authorizes him to inspect the company's records. This may enable him to determine in advance that a default is imminent, but empowers him to do nothing to avoid it.

(b) Section 3(e) provides that the guaranty agreement shall forbid declaration of dividends while any part of the guaranteed loans remains unpaid—but even this modest limitation may be waived by the Secretary.

(c) Section 3(f) provides that the guaranty agreement shall forbid payment of any other indebtedness to a lender whose loan has been guaranteed so long as any part of the guaranteed loans remain unpaid—but again the Secretary is authorized to waive the limitation.

(d) The only real control imposed by the bill is the authority given the Secretary by § 5 to disapprove any disposition of the company's assets "which may affect the repayment of a loan that has been guaranteed"—and here again the Secretary is not required, but only authorized, to act.

I believe it fair to say that no private financing agency would guarantee Lockheed's debts in an amount much smaller than \$250 million with so little control over its future procurement, borrowing and spending policies—including the disbursement of the very loans being guaranteed. Indeed, Lockheed's own submissions to this Committee indicate that its current agreements with the banks impose conditions as to maintaining minimum current net assets and net worth and limitations on future borrowings, future encumbrances of assets, future leasing of equipment and future redemption of outstanding debentures. The absence of controls is the more shocking in view of the Secretary's testimony that he has not attempted, and apparently does not intend to attempt, to inform himself as to the competence of Lockheed's present management or to insist upon any change in that management.

True, § 3(a) of the bill does provide that the Secretary may make the guaranty "on such terms and conditions as he may determine" but unless some standards are contained in the bill the Congress will have given the Secretary a blank check.

By contrast, the Emergency Rail Services Act of 1970 (84 Stat. 1975), under which the Secretary of Transportation was authorized to guarantee up to \$125 million in trustee's certificates for the Penn Central Railroad, does impose standards even though the Penn Central is now being operated by trustees appointed under § 77 of the Bankruptcy Act who are officers of the federal bankruptcy court. Before the Secretary can make guarantees under that Act he must make written findings:

(1) That cessation of essential transportation services which would endanger the public welfare is imminent;

(2) That there is no other practicable means of obtaining funds;

(3) That the certificates cannot be sold without a guarantee;

(4) That the railroad can reasonably be expected to become self-sustaining; and

(5) That the value of the assets of the railroad in the event of liquidation provide reasonable protection to the United States.

Except in extraordinary circumstances the Secretary is to make such findings only after published notice and an opportunity to interested persons to submit data and argument.

Moreover, the guarantee is to be made on condition that:

(1) The proceeds of the sale of the guaranteed certificates will be used to meet expenses essential to continued provision of essential transportation services.

(2) Other revenues of the railroad will be used, to the fullest extent possible, for such expenses.

(3) Proceeds from any sale of assets will be devoted, to the fullest extent possible, to the provision of essential transportation services.

The Secretary under that Act is also directed to determine the interest rate for the guaranteed loan and the Act itself fixes a maximum maturity date of 15 years. And the expenditure of the funds obtained from the guaranteed certificates is subject to supervision by the bankruptcy court to insure that they are used only for the purposes prescribed.

Even under the Rail Passenger Service Act of 1970 (84 Stat. 1327), establishing AMTRAK and authorizing interim emergency government loans and guarantees of \$200 million to assist railroads in joining the operations of the National Railroad Passenger Corporation, the Secretary of Transportation is required, before making a loan or guarantee, to make written findings that:

(1) The loan or guarantee is necessary to carry out the provisions of the Act.

(2) The proceeds of the loan or guaranty will be used solely to carry out contracts entered into with the Corporation;

(3) The loan or guarantee is not otherwise available on reasonable terms and conditions; and

(4) There is reasonable assurance that the business affairs of the railroad will be conducted in a prudent manner.

Under that Act, also, the Secretary is directed to fix the interest rate and maturity dates are fixed at not to exceed five years.

In view of these recent precedents in comparable situations involving government guarantees, I find it amazing that the bill now before you is so devoid of limitations and controls.

III. The consequences of bankruptcy.

The Secretary has assured the Committee that the only alternative to a government guaranty is bankruptcy for Lockheed, with consequent disastrous consequences for national defense and the economy. The predicted consequences for the defense program have been pretty well discredited by the subsequent testimony of Deputy Defense Secretary Packard. The consequences for the economy are highly speculative and involve predictions and judgments in areas where I have no expertise, although (with defense considerations out of the picture) I find it difficult to justify this special effort to save Lockheed from bankruptcy unless similar efforts are to be made in behalf of other industrial companies of similar size, the much greater number of smaller companies (some 15,000 in 1969), and the even larger number of consumers (more than 169,000 in 1969) who end in bankruptcy each year.

However that may be, I believe I am qualified to speak on some alternatives and some consequences if Lockheed were driven to bankruptcy. In the first place, it is obvious that the initial effort would not look to liquidation of the company, but to its reorganization under Chapter X of the Bankruptcy Act, with liquidation through straight bank-

ruptcy proceedings ensuing only if the reorganization effort failed (see 11 U.S.C. § 636). (Chapter X is the equivalent, for all but interstate railroads, of the § 77 proceeding in which the Penn Central is now attempting reorganization.)

If proceedings were initiated under Chapter X, the court would appoint one or more independent trustees (11 U.S.C. § 556), free of prior connection with the debtor (11 U.S.C. § 558). It would be the obligation of the trustee or trustees not only to take over operation of the debtor's business (11 U.S.C. § 589) while attempting to work out a reorganization plan (11 U.S.C. § 569), but also to investigate the prior conduct of the management (11 U.S.C. § 567).

With respect to existing executory contracts of the debtor the trustee is authorized to assume or reject them with the approval of the court (11 U.S.C. § 516) and such contracts may also be assumed or rejected in the reorganization plan. (11 U.S.C. § 616).

If the trustee needs additional funds to operate the business the court may authorize him to issue certificates "upon such terms and conditions and with such security and priority in payment over existing obligations, secured or unsecured," as the court may fix (11 U.S.C. § 516).

If the existing contracts with airline companies for the projected air bus seem likely to produce the cash flow predicted by Lockheed and by the Secretary, the trustee and the bankruptcy court would doubtless elect to assume and perform them, so that the predicted loss of some \$200 million in advances on those contracts made by the airline companies would not eventuate.

I note in this connection that Professor Charles Seligson, in his testimony before this Committee, has predicted that the trustee would have difficulty marketing the trustee's certificates and that the trustee would decide to reject the contracts with the airline companies. Professor Seligson's learning and experience in this field are certainly entitled to great respect and, since I have never seen the airline contracts, I am not in any event qualified to contradict him on that score. I note also that Professor Seligson has undertaken to study the matter more fully and report back to the Committee. But if his Seligson prediction as to the nonmarketability of the trustee's certificates proved correct, it would then be soon enough for the Congress to determine, as it did in the case of the Penn Central, whether it should provide a government guarantee for certificates whose proceeds would be expended by the trustee under the supervision of the bankruptcy court. And to the extent that Professor Seligson concludes that the Chapter X trustee would reject the contracts as unprofitable, his conclusion seems to me to cast considerable doubt on the predictions of Lockheed and the Secretary as to the profitability of those contracts.

It may be, moreover, that Lockheed's long-range survival as a reorganized company under Chapter X would be enhanced if it could rid itself of the airline contracts or, by the threat to do so, renegotiate them on more favorable terms. So far as I know, that question has not yet been examined, though Professor Seligson's forthcoming study may throw considerable light upon it.

I note further in this connection that Secretary Connally has advised the Committee that, in his judgment, a Chapter X trustee for Lockheed, or a Chapter X reorganization plan, could not reject also outstanding executory defense contracts, no matter how necessary to a successful reorganization of Lockheed, because the applicable statutory provisions (11 U.S.C. §§ 516 and 616) contain exceptions for "contracts in the public authority," an exception which he considers "applicable to any contract in

which the government is involved." No one can say the Secretary is clearly wrong about that since, as he noted, this statutory exception has never been judicially interpreted. But my own judgment is that the exception was designed only for operating contracts and leases between state and local governments and intrastate public transportation utilities. It was inserted in the statute at the behest of Mayor LaGuardia in an effort—only temporarily successful—to protect the five cent New York subway fare. See Senate Hearings on H.R. 8046, 75th Cong., 2d Sess., 171-172, 180 (1938). If confined to intrastate transportation companies it would correspond to the provision in § 77 for interstate railroads [11 U.S.C. § 205(c)(6)] forbidding abandonment of leased lines, on rejection of a lease, without prior approval of the ICC. See also *Matter of Chicago Rapid Transit Co.*, 129 F.2d 1, 8 (7th Cir. 1942), construing an identical statutory exception in former § 77B of the Bankruptcy Act, the predecessor of Chapter X.

IV. The extraordinary priority for the federal government.

In the absence of new legislation on the matter, federal claims in a Chapter X proceeding are entitled under the general federal priority statute (31 U.S.C. § 191) to be paid ahead of all existing claims, including any wage claims against the debtor existing at the time the Chapter X proceeding was initiated. *United States v. Key*, 397 U.S. 322 (1970). But this federal priority does not prevail over the administration expenses of the proceeding, including wage claims and federal, state and local taxes incurred by the trustee in operating the debtor's business in an attempt to work out a reorganization. A provision in Chapter X [11 U.S.C. § 616(3)] expressly provides that such expenses must be paid. See also, *Abrams v. United States*, 274 F.2d 8 (8th Cir. 1960); *Kennebec Box Co. v. O.S. Richards Corp.*, 5 F.2d 951 (2d Cir. 1925).

If reorganization fails and the company is liquidated in a straight bankruptcy proceeding, a different order of priority prevails (11 U.S.C. § 104). Administration expenses, including wages and taxes incurred after bankruptcy, are still first paid. But pre-bankruptcy wage claims earned within the preceding three months, not to exceed \$600 per claimant, are also paid ahead of federal claims. Next come some, but not all, tax claims, federal state and local. And federal non-tax claims come last in priority.

But § 6 of the bill, in addition to giving guaranteed loans a first lien on all property of the debtor, would give them "a priority superior to all other priorities in proceedings under the Bankruptcy Act." This is an amazing provision in a bill whose sponsors profess to be largely inspired by concern for the Lockheed employees and for the economy generally. It would put the federal guaranty claim ahead of the first priority for post-bankruptcy wages and state and local tax claims both under Chapter X and in straight bankruptcy proceedings. It would also put the federal guaranty claim, in a straight bankruptcy proceeding, ahead of the limited priorities now given to pre-bankruptcy claims for wages and state and local taxes.

This provision goes beyond the Emergency Rail Service Act governing the Penn Central guaranty, which provides that the federal guaranty claim shall be treated as an expense of administration, and well beyond the Rail Passenger Service Act, which gives the federal claim the same priority it would have under the general federal priority statute. In effect, it requires wage claimants and state and local taxing authorities to underwrite—to the extent of their priority claims—the federal guaranty. This result may not be deliberate, and it may be that the Secretary would agree to a corrective amendment

if the matter is called to his attention. But if the result is deliberate it seems to me to add considerably to the burden of justifying this extraordinary legislative proposal.

Mr. TAFT. Mr. President, the generic approach also presents the very dangerous problem of injecting politics and heavy pressures into the granting of such loan guarantees. One need only refer to the Reconstruction Finance Corporation. I believe that we definitely should be concerned with this.

In its dying years, the RFC was a frequent subject of congressional investigation of charges that powerful Democrats or Republicans were improperly influencing the agency, even over the objections of the staff, in order to approve loans to politically favored firms. In its heyday it was a base of power second to none among government agencies and departments. Even now charges are being made by responsible observers that the Lockheed loan will be approved by Congress, not on its merits, but because the firm is "wired into" Congress better than others. The possibility of congressional veto of guarantees made after October 1, 1971, in a sense—as I pointed out earlier—compounds this problem. Stopping legislative action is generally not that difficult and the possibility of really sound congressional assessment of a particular guarantee is not good.

The RFC may have been needed when a general depression existed, but it would certainly not be appropriate where free market conditions are capable of functioning as they are today.

Mr. President, just yesterday, the Senator from Wisconsin quoted with regard to the RFC from President Hoover. I think it is worth repeating because it points out vividly that the purpose of the RFC was not the purpose which is advanced for this particular legislation. That statements reads as follows:

I have signed the Reconstruction Finance Corporation Act.

It brings into being a powerful organization with adequate resources, able to strengthen weaknesses that may develop in our credit, banking and railway structure, in order to permit business and industry to carry on normal activities free from the fear of unexpected shocks and retarding influences.

Its purpose is to stop deflation in agriculture and industry and thus to increase employment by the restoration of men to their normal jobs. It is not created for the aid of big industries or big banks. Such institutions are amply able to take care of themselves. It is created for the support of the smaller banks and financial institutions, and through rendering their resources liquid to give renewed support to business, industry, and agriculture.

Just exactly what this proposal before us now is created for.

Mr. President, an article entitled "Corruption in Washington, and What Lies Behind It," written by Blair Bolles, which was published in Harper's magazine for January 1952.

Mr. President, I read from it, as follows:

The flamboyant record of the Reconstruction Finance Corporation shows the effect of the friendship principle on the government's

management of its responsibilities as the successor to J. P. Morgan.

The RFC has been generous in a haphazardly democratic way. Anybody who selfishly wanted a loan that would not benefit the nation one whit could get it from the RFC if he found the right lawyer or had the support of the right politicians in the days when William Boyle led the Democratic National Committee. The corporation has pandered to greed without being snobbish about it. It helped the deserving and undeserving. It thrust money on the proprietors of roadside snake farms, cultivators of cactus plants for sale in dime stores, dental clinics, paperboard makers, mattress makers, television manufacturers, canneries, movie houses, cafes, drug stores, truckers, a trailer manufacturer, a maker of fluorescent lamps, a rainbow trout factory, and some very dubious fellows who wanted to be concessionaires for the roulette room in a Nevada hotel. In a kind of perverted way, it was dedicated, before the revelations of the Fulbright Committee forced a clean-up in the spring of 1951, to an ideal cause, to the cause of small business.

Borrowers in great numbers began to hammer at the doors of the RFC in 1948, when Congress authorized the agency to make direct loans "to aid in financing agriculture, commerce, and industry; to encourage small business; to help in maintaining the economic stability of the country; and to assist in promoting maximum employment and production." The corporation had antedated the New Deal by two years, and it had been an important adjunct of the New Deal's effort to revitalize the American economy. Until 1948, however, most of the Corporation's loans had been limited to private lending agencies and large enterprises like railroads. The new law shouted, "Come one, come all."

I ask unanimous consent to have that article printed at this point in the RECORD, and also "Is It Time for RFC to Close Up Shop," which appeared in the June 1950 issue of American Business.

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

CORRUPTION IN WASHINGTON AND WHAT LIES BEHIND IT

(By Blair Bolles)

The corrupt abuse of the federal government for personal profit has lately exceeded anything known in those two outstanding past epochs of political sins, the Grant and Harding Administrations. Not that any thieves of the first magnitude, like Grant's Secretary of War Belknap and Harding's Secretary of the Interior Fall, enliven the current scene. What sets modern Washington apart from Washington after the Civil War and Washington after World War I is the present-day democratization of corruption. Washington is the source of extra-legal favors for far more Americans than those fortunates who had ready access to the government in previous epochs, and, while the great majority of public servants remain honorable and responsible, the favor-seekers have found more officials ready to fulfill their wants than seem to have been available in evil times that lie behind us.

The revelation in 1951 by congressional committees and alert newspapers of the spread of human weakness through the Reconstruction Finance Corporation, the Internal Revenue Bureau, and other federal agencies has generated a move for the moral reform of Washington. This reached such strength last October that a subcommittee of the Senate Labor and Public Welfare Committee, headed by Senator Paul Douglas of Illinois, recommended the establishment of a Commission on Ethics in Government. But although the existence of such a commission

might frighten or convert some crooks to honesty, it is improbable that officials who ignore the old Commandments would honor whatever new ones the commission produced. Actually, preoccupation with the improvement of morals could have the effect of keeping alive the opportunities for corruption. Such preoccupation diverts us from the real issue which corruption symbolizes. For the key fact is that Washington festers from a political problem which underlies and generates the moral problem. The first must be solved before the immorality can be rooted out.

The political problem of the federal government lies in the fact that it has taken over the role of J. P. Morgan & Co. and does not yet know how to play it. In the old days American business turned to the bankers of the country, among whom the Morgans were by all odds the most powerful and influential, for loans and for capital funds. In effect these bankers decided who should have money for the relief, reorganization, or expansion of their firms and who should not. If a great banker favored his friends, as Morgan the Elder certainly did, this might occasion criticism but involved no taint of corruption; for the funds which he dispensed were private, not public.

Now, however, the situation has changed. Washington has become the financial center of the United States since the revolutionary tax law of 1944 began to channel into the federal Treasury a large portion of the money which private citizens used to invest through Wall Street or their own brokers in business expansion. In 1929, the last year before the Great Depression, the federal Internal Revenue Bureau collected 2.8 per cent of the value of all the goods the country produced. In 1949 the taxes amounted to 15.6 per cent of the national product. The government also diverts money from private to government use by the enormous loans it floats. In 1929 the value of federal securities outstanding was one-fifth of the country's gross national product; in 1949 the value was about equal to the gross national product. The shift of the money center to Washington has made private enterprise dependent in large measure on public financing for its survival and expansion. Yet the government—though it has clear-cut plans for using Treasury funds in foreign-aid programs—has no coherent, well-worked-out policy for the disposal of such funds in the United States. And the vagueness of policy invites favoritism in the use of the funds, which is quite another matter with public funds than with private ones.

One reason why the Truman Administration plays J. P. Morgan clumsily is that it is heir to another institution which generally is considered an antibiotic for Wall Street. That institution is the New Deal, which the Administration keeps alive as a theory, at least, under the name of Fair Deal. The confusion arising from the government's attempts to mingle the two roles has obscured the purpose of government from many officials in responsible positions. The Morgans, father and son and partners, had a good sense of financial values; otherwise their bank would have failed. The New Dealers had a good sense of social values; this filled them with their pioneering zeal and gave them a goal for government in the prewar Administrations of Franklin D. Roosevelt. The modern administrators in Washington, however, often show only a vague notion of either social or financial value. Operating with public funds, they lack above all a definition of the "public interests."

The collision between the government as dispenser of capital (Morgan) and as social and economic equalizer (New Deal) creates the opportunity to get rich corruptly in Washington. One can see this strange result in the fate of the idea of the welfare state.

The idea—born of the conviction that it is the duty of government to improve the lot of Americans lagging in the race for comfort, security, and opportunity—gave an intellectual focus to the aims and activities of Roosevelt's Presidency. Although the money may often have been unwisely distributed, at least there was a definite and defensible public purpose behind its distribution. Now, however, while the federal officials still blow the trumpets loudly for the welfare state, this institution has been undergoing a subtle change into the rich man's welfare state, a monument to privilege instead of to equality. With no plain purpose to guide them, many officials put the money and authority of Washington at the disposal of those who don't need help or who don't deserve it at public expense.

The philosophy of government produced by the Roosevelt New Dealers has not turned out to be strong and flexible enough to be adapted to good times. The Rooseveltians flourished in years of national poverty. The prosperity which the United States has enjoyed since World War II smothered their spirit. Moreover, Congress has not passed laws which realistically accommodate New Deal attitudes to the current facts of political life. President Truman has got rid of most of the New Dealers and put the agencies symbolic of the welfare state under the control of practical men. These men seldom act on the New Deal notion that the federal government is responsible for the welfare of all the persons in whose name it acts, even though they profess this notion. Yet while the old idea has been losing its vigor, the agencies established to give form to the idea survive. The gigantic apparatus of government built up to promote welfarism under Roosevelt, and expanded during World War II and afterward, is still the dispensary of money and of favors more valuable than money. The centralization of national power in this federal apparatus simplifies the task of the modern seekers of privilege. Instead of having to milk the nation, they have only to milk the nation's government. The billions gathered in taxes and borrowings make Washington a magnet for favor-seekers. The New Deal apparatus provides the means for satisfying them.

For example, the Civil Aeronautics Board, established under Roosevelt to regulate commercial aviation in the public interest, has degenerated into the defender of the private interest of established airlines in keeping the skies closed to new competitors. The Federal Power Commission, expanded under Roosevelt to promote conservation and to safeguard the consumer, now takes its cue from the great private producers of power and fuels. The Maritime Commission, created under Roosevelt in a revolt against the high subsidies paid to shipbuilders and ship-operators, now pays subsidies higher than before. The transformation of the Commission into the Maritime Administration has not improved it. The Reconstruction Finance Corporation for four years has been lending money without distinguishing between private and public interest. Whether or not the Defense Production Administration, a recent creation of the Truman Administration, has channeled funds toward big business engaged in military production, to the harm of smaller industry, as has been frequently charged, the fact that it would be in a position to do so illustrates how arbitrary are the powers enjoyed by such agencies.

II

By coincidence, the history of modern privilege in the federal government begins in the year Congress lifted the United States to its present high tax plateau. That was 1944. Measured against present standards, internal revenue collections before that year were a trifle. At their height in Roosevelt's

prewar Presidency they reached \$6,700,000,000 in 1941. Two years later they were \$21,040,000,000. The 1944 law boosted them to \$40,425,000,000. There above Everest they have remained with slight variation. Since 1944 the government has poured back into the nation about \$46,000,000,000 in various manifestations of its Wall Street guise.

The pattern of irresponsibility and carelessness in official use of the taxpayers' money was set in 1944 by fraudulent overpayments which some military officers made to industrialists in the settlement of World War II contracts. This tendency to be generous to individuals at the expense of the public showed itself later in the bargain prices at which the government sold its surplus merchant ships and other surplus property, and in advances to RFC borrowers who went bankrupt almost immediately upon obtaining their loans. Lately this confusion about the nature of "public interest" has been underlined by the interest in armaments which the fear of Russia excites. The determination to remain militarily strong has given rise to what we can call "military socialism." Under military socialism the government pays the owners of factories and shiplines, by subsidies and other indirect or tax devices, to produce goods or perform services that have no measurable economic value to the American public but ostensibly are useful to the government in developing its military strength. The new superliner, America's answer to the *Queen Mary*, which is to be launched in the spring, is a good example of the abuse of the taxpayer that sometimes marks military socialism. The maritime law authorizes the government to pay one-third of the cost of building a ship as a subsidy; the United States Lines, the owner of the superliner, was reluctant to build it unless the government subsidized 60 per cent of the cost; the Navy Department provided the Maritime Commission with a reason, based on military security, why the higher subsidy should be paid, and the arrangement was completed to the satisfaction of the United States Lines. The ship in reality does have economic as well as military value; but it was in the name of security that the Commission widened the Lines' profit margin.

Interest in obtaining these favors from Washington has risen as the flow of money into the Treasury has become more rapid. Conversely interest has risen also in squirming around the tax laws. Great sums have been "distributed" by the government in gifts of money through the device of not collecting money. Merchant ship and airplane lines subsidized by Washington receive a tax favor which improves their competitive position vis-à-vis the nonsubsidized lines. The revenue act of 1950, passed to finance the beginnings of the rearmament program inspired by the outbreak of the Korean war, authorized the Administration to postpone the collection of taxes for five years on the sums spent by industry to build new plants for defense production—another phase of military socialism. In ten months the Defense Production Administration postponed most of the tax payments on nine billion dollars' worth of plant. The lack of a guiding purpose and the drive for speed in rearmament led to some successful conniving by firms to get the tax favor for the erection of factories which they had planned long before there was a war in Korea.

Another kind of tax favor has been provided by the Internal Revenue Bureau and the Department of Justice. Reversing their position from the days when they prosecuted Al Capone for nonpayments of income tax, they have permitted "Greasy Thumb" Guzik, a former Capone pal, and other racketeers to deduct from their taxable income large sums under the general heading of "miscellaneous." The Internal Revenue has shown consideration for racketeers also by settling gov-

ernment tax claims against them for a small percentage of the total amount due.

In contrast to its kindness to Greasy Thumb, the Bureau forced Joe Louis, the retired heavyweight boxing champion, back into the ring with its demand for full payment to the last cent of his delinquent taxes.

The essence of corruption infects the various devices for redistributing government funds—the donation of money, military socialism, the subsidy, the tax favor—because they are invoked for some and closed to others on a capricious basis. The evil lies in discrimination. The history of corruption shows that a good many officials simply adopt friendship as their standard for determining who is to get it and who is not. Given the failure of the Capitol or the White House to define exactly the purpose and role of the agencies which administer the favors, it is easy for the custodians of government authority to jettison old abstractions like "public interest" and "equal justice and opportunity for all" in favor of a personalized approach to their duties. Undoubtedly the great majority of officials steadfastly try to honor their responsibilities and to make decisions on the basis of merit and justice. But those who have fallen into the modern way command the sluice gates of the Treasury.

III

The flamboyant record of the Reconstruction Finance Corporation shows the effect of the friendship principle on the government's management of its responsibilities as the successor to J. P. Morgan.

The RFC has been generous in a haphazardly democratic way. Anybody who selfishly wanted a loan that would not benefit the nation one whit could get it from the RFC if he found the right lawyer or had the support of the right politicians in the days when William Boyle led the Democratic National Committee. The corporation has pandered to greed without being snobbish about it. It helped the deserving and undeserving. It thrust money on the proprietors of roadside snake farms, cultivators of cactus plants for sale in dime stores, dental clinics, paperboard makers, mattress makers, television manufacturers, canneries, movie houses, cafes, drug stores, truckers, a trailer manufacturer, a maker of fluorescent lamps, a rainbow trout factory, and some very dubious fellows who wanted to be concessionaires for the roulette room in a Nevada hotel. In a kind of perverted way, it was dedicated, before the revelations of the Fulbright Committee forced a clean-up in the spring of 1951, to an ideal cause, to the cause of small business.

Borrowers in great numbers began to hammer at the doors of the RFC in 1948, when Congress authorized the agency to make direct loans "to aid in financing agriculture, commerce, and industry; to encourage small business; to help in maintaining the economic stability of the country; and to assist in promoting maximum employment and production." The corporation had antedated the New Deal by two years, and it had been an important adjunct of the New Deal's effort to revitalize the American economy. Until 1948, however, most of the Corporation's loans had been limited to private lending agencies and large enterprises like railroads. The new law shouted, "Come one, come all."

The law accentuated the J. P. Morgan aspect of the federal government. In 1948 the United States was hovering half-way between the system of free enterprise and a system of state-controlled money. Superficially the times gave the illusion that free enterprise had been firmly re-established as the irrevocable American way. But free enterprise wants a steady flow of private money in the form of investments, and this flow was missing. One permanent result of

the New Deal is the distribution of a far greater share of the national income to labor and farmers than they received a quarter of a century ago during the swan-song period of all-out free enterprise. Instead of buying stocks in speculative enterprises, farmers and labor tend to put their money into savings banks and insurance companies, which in turn ordinarily make sure-thing investments instead of risking their capital on new ventures or the expansion of old ventures. This cautiousness cut down the underwriting opportunities of the Morgans and other old-line investment houses. The tax laws further restricted these opportunities. Before the Depression the United States invested 18 per cent of its national income in business enterprise. In 1949 private investment had fallen below 10 per cent, and 18 per cent was flowing to Washington in taxes and a larger amount in borrowings.

The revised RFC was in a position to take up some of this investment slack. The amount of the loans the agency made between 1948 and 1950 increased rapidly over the amount disbursed before 1948. Congress had directed the RFC to lend money "in the national interest," but the agency defined this requirement strangely. Applicants for loans who had no friendships in the RFC and employed no lawyer or political intercessor whom the RFC recognized as a friend were likely to get nothing, no matter how neatly their proposals fitted the public interest. Other applicants who had friends or used friendly intercessors often got what they were after, whether it was in the public interest or not.

The American Lithofold Co. of St. Louis provides a famous example of this kind of discrimination. The RFC turned down Lithofold three times. When Lithofold retained Vice-Chairman Boyle as its attorney and Boyle phoned to Chairman Harley Hise of RFC, Lithofold got the loan it wanted. The absence of clear-cut techniques for sorting over the loan applications was frankly underlined in the testimony of Joseph Casey, a lawyer with a large RFC practice, before the Fulbright Committee in the spring of 1951:

"You have a situation in the RFC where there are no standard practices. There is no group before whom you appear at one time. There is no rule by which this loan is granted or that one is not, that you can judge yourself by. It is a matter of rule of thumb in each individual case."

"It is a matter of filling out the forms, presenting a balance sheet, and presenting the facts, and that is all there is to it?" Senator Homer Capehart of Indiana asked Casey.

"Senator," said Casey, "you would never get a loan on that basis."

The friendship principle stimulated corruption in the RFC in a number of ways. The sale of friendship was one of them. Many of the fortunes made in California in 1849 and the lush years following belonged not to the gold miners but to the foresighted men who sold the miners the necessities of life, who owned the ships that moved the gold around Cape Horn, and who traded in real estate in the towns around the mines. So it was with getting rich from the RFC. Those who assisted the borrowers for a price often made more money than the borrowers themselves. These intercessors had some sort of entree to the RFC, such as a friendship with a director, or a friendship with a friend of a director. The intercessor might be an attorney in private practice, or an official of the government, like James Finnegan, the former Collector of Internal Revenue in St. Louis. The fruit of this friendship was on the market. The intercessors did a brisk commerce.

Another source of corruption in the friendship principle is the opportunity it has given borrowers to take mean advantage of their trusting friends within the RFC. The story of the Ribbonwriter Corporation of America is interesting in this connection.

Ribbonwriter in January 1949 submitted to the Reconstruction Finance Corporation a request for a loan of \$400,000. The company had a new gadget to market—an attachment for the typewriter that would enable a typist to make five copies of her work without using carbon paper. Ribbonwriter was a Florida corporation; and the Florida advisory committee of the RFC and the director of the Jacksonville agency of the RFC recommended that Washington turn down the application.

In Washington Charles B. Lewis, loan examiner for the RFC, disagreed with Floridian opinion. He recommended approval, and the RFC board took his advice. The agency refused to buy Ribbonwriter's gadget, but it advanced \$300,000 to Ribbonwriter on May 16, 1949; the company went bankrupt on July 29, 1949, and two weeks later the receiver found that Ribbonwriter had less than \$100 cash in hand. Florida lawyers of the RFC passed on to Washington reports that some of the owners of Ribbonwriter were making personal use of the loan.

Why did Charles B. Lewis, who had been the president of two banks in Georgia, propose that the RFC make this sour loan? The reason came out during the investigation of the RFC which a special subcommittee of the Senate Committee on Banking and Currency made in 1950 and 1951: for forty years he had been a friend of Wiley L. Moore, a director of Ribbonwriter.

"I relied all along on Mr. Moore's guarantee," Lewis told Senator J. William Fulbright, the chairman of the subcommittee.

Among friends in Washington a man's word is as good as his bond, or perhaps better. Friendship means trust. Lewis understood that along with the transportation system of Jacksonville, Florida, Moore "owned" the Georgia Life Insurance Company in Atlanta. The first vice-president of the Life Insurance Company of Georgia wrote to Fulbright, "We wish to advise that Mr. Moore is not and never has been in any way connected with our company. Insofar as we can determine, this Mr. Moore not only has no interest in our company, but has no connection with any company of a similar name that could have possibly confused Mr. Lewis."

Fulbright. Mr. Lewis, do you know whether Mr. Wiley Moore is a stockholder in the Ribbonwriter Company?

Lewis. He told me he was.

Fulbright. How much stock does he own?

Lewis. He did not tell me.

Fulbright. Mr. Moore did not own any stock. . . . You do not know really whether Mr. Moore, your friend, put any money at all in this, do you?

Lewis. Only his word. I have not checked the record of it.

In his reliance on friendship as a guide, Lewis had the example of his superior, William Edward Willett, Director of the RFC, to follow. Willett was a friend of C. Edward Rowe, a judge from Athol, Massachusetts. They had worked together as national bank examiners in 1933. In 1949 Rowe was a director and owner of one-third of the stock of the Harrington and Richardson Arms Company, a maker of shotguns and shells in Worcester, Massachusetts. Business was poor, and the firm sought a loan from the RFC to tide it over to the next year's hunting season.

The agency's examiner in Boston refused to recommend the loan. Rowe thereupon went to Washington to see Willett. Willett greased the way for Rowe's loan application in spite

of the opposition in Boston. He hand-picked an examiner from the Washington office and assigned him to Rowe's case. He did Rowe the unusual favor of letting him confer with the examiner. The loan went through. Willett's examiner recommended a credit of \$300,000 for Harrington and Richardson.

"I did it as a personal favor to Judge Rowe," Willett told Senator Fulbright to explain the special assignment of the examiner.

"Isn't it a fact," Fulbright asked him, "that because he was an old friend, you did depart from the usual ruling and did extend this favor to him?"

"That is a fact, yes, sir. I would do it for any friend."

IV

The elevation of friendship into a principle of government has been stimulated by President Truman himself. Like Grant and Harding, he is an honest man, but he has been attracted by many political confidence men.

For the sake of his friends, he stomachs a long succession of moral horrors when he was chained to the Pendergast machine in Kansas City, and to demonstrate his loyalty to the old machine Truman, upon becoming President in 1945, pardoned fifteen of the sixty-three persons who had been found guilty of fraud in the Jackson County (Kansas City) elections in 1936. He has underlined his devotion to the principle by his loyalty to members of his own staff who have put a blemish on the concept of democratic government as the equalizer of opportunity. Furthermore, in 1950, when the Fulbright Committee was plugging along with its investigation of the RFC, Truman reappointed as directors of the Corporation the two men whom the committee had found most willing to recommend loans on the friendship basis; the other three directors, the President dropped. These who stayed on, Ed Willett and Walter Dunham, were friends of Truman's administrative assistant for patronage matters, Donald Dawson, and usually eager to please the Democratic National Committee.

Despite the President's special sense of loyalty, Congress and public indignation lately have forced the Administration to make some reforms. The RFC now is managed by one man instead of by five. The President let Chairman Boyle of the Democratic National Committee resign after the Hoey Committee of the Senate, with the indispensable help of the *St. Louis Post-Dispatch*, exposed Boyle's use of his political influence at the RFC for a legal fee. At this writing Truman has dismissed Internal Revenue Collectors Delaney of Boston, Johnson of New York, Finnegan of St. Louis, and Smythe of San Francisco and he expressed approval of the suggestion by Boyle's successor, Frank McKinney, that collectors hereafter be appointed on the basis of merit.

Those actions may signify an interest in better behavior by government officials, but they do not get rid of the basic temptation which lures officials to apply the friendship principle corruptly in their daily work on behalf of the public. As long as the money flows in a torrent to Washington, as long as Washington therefore remains the magnet of businessmen seeking finance capital in the various forms the federal government has it available, and as long as neither President nor Congress formulates a realistic set of standards to guide officials in the dispensation of that capital, so long will the moral tone of Washington remain low.

The federal government has an enormous power in its authority to lend or not to lend money, to grant or to withhold tax favors, and to determine whose business it will finance in the name of military socialism. This is the power of economic life and death. It can choose the companies that are to sur-

vive. Those which cannot obtain private financing and need its help and to which it lends money or pays subsidies or whose taxes it reduces are the companies that will live on. Those whose requests it turns down limp along weakly or fade away. The designation of these "chosen instruments" often takes place as haphazardly as blindfolded children pin the tail on the donkey at a birthday party. True, this Administration has attracted to its ranks a dismaying number of officials whose behavior under such circumstances is sleazy and disreputable. The fact remains that a sound study of what it means for the government to take over the mastery of American capitalism will do more for morality than a new Moses with a new Decalogue trying to overwhelm evil without getting rid of the occasion of evil.

IS IT TIMES FOR RFC TO CLOSE UP SHOP?

(By Eugene Whitmore, based on an interview with Jesse H. Jones, former Secretary of Commerce)

Should the Reconstruction Finance Corporation be "given a decent burial lock, stock, and barrel," as its former chairman, Jesse A. Jones, suggests?

Is the present administration of RFC prostituting the agency, turning it into a political instrument? Are the loans being made today really necessary?

Recent loans which have received considerable publicity have put the spotlight on RFC and raised many questions about its present management and policies.

On April 10, 1950, Jesse H. Jones, former chief of RFC, and former Secretary of Commerce, wrote a now-famous letter to Senator J. William Fulbright concerning the RFC of which he was chief for 13 difficult years. Mr. Jones said: "The corporation was created as an emergency agency when millions of our people were on short rations, when there was no market for farm products and no demand for anything but a square meal.

"To meet the ever-increasing problems, the RFC Act was amended many times, giving it additional powers. These amendments came in a steady stream soon after the corporation got started, but always after careful consideration by Congress. Prompting every one of these amendments was a problem of emergency nature to be met by the extension of RFC's powers.

"However, it was always assumed that the RFC was doing what private enterprise was not in a position to do, and when the situation was met, the RFC would cease operations. It was never with the thought of creating a Government bank to compete with private enterprise that the RFC was created or maintained. It was always with the idea of doing an emergency job which could be accomplished in no other way."

Mr. Jones led the RFC through the bitter depression years, beginning on February 2, 1932. As many of the problems of depression were relieved by the quick actions of RFC in emergencies, it served an important purpose. It might have been liquidated long ago, but the war intervened and brought a wholly new set of problems. For 13 years Mr. Jones virtually retired from management of his large-scale private interests, remained in Washington without holidays or visits to his home in Houston, except at Christmas-time. It was 13 years of grueling overwork, and on schedules which would have made many younger men crack up.

Mr. Jones was active in many wartime emergency organizations, and was, more than almost anyone else, responsible for planning and activating the Committee for Economic Development. He persuaded Paul Hoffman to assume leadership of this activity, and what Mr. Hoffman and CED did to create a sound and healthy climate for postwar business is well known to every businessman.

It is generally agreed that no other agency of Government was ever run more efficiently than RFC under Mr. Jones' administration. Not once was there a whisper of scandal.

Can we say the same of today's administration of RFC? One glance at several widely discussed loans gives the answer. There is the Lustron loan, made to a group of men who put only a few thousand dollars of their own money into a monster scheme to build enameled-metal homes. Many building authorities predicted early failure of the scheme and opposed the loan. By clever manipulation of public sentiment, claiming that G.I.'s would be deprived of decent housing unless Lustron was financed, a loan of many millions was obtained for that company.

Lustron is now in bankruptcy, apparently a dismal failure. Even before its shiny bright homes were being produced, private enterprise was well along with a solution to the housing problem—and without much help from Lustron. In some cities which were crying for new homes only a few short months ago, there is now a surplus.

Another loan which came in for considerable criticism was the Kaiser-Frazer loan, which enabled the company to take over the gigantic wartime emergency plant built for Ford at Willow Run, Michigan, near Detroit. It would seem that if any company on earth could operate this multi-acre plant it would have been Ford. But the money was loaned to Kaiser-Frazer to enter the automobile business.

Henry J. Kaiser obtained a vast amount of publicity for his shipbuilding and contracting activities during the war. Joe Frazer had been in the automobile business for a number of years, but had never shown any remarkable ability in that field. The company had no organization of automobile men, it had no dealer organization, no far-flung system of parts depots, district offices, or any other of the usual requisites for a successful large-scale automobile building and marketing organization.

In an industry where there have been about 50 failures for every success, the RFC was willing to loan money to a newcomer to attempt to capture a share of the market. Of course, the world was clamoring for American automobiles and paying fancy prices for them. But by the time the company really got under way, the scarcity of automobiles was being relieved by the established companies in the field. Even when automobiles were still scarce, some dealers were selling Kaiser-Frazer cars at a discount. The company borrowed \$44 million from RFC and lost \$39 million the first year.

These losses are deductible from taxes. To quote Mr. Jones: "Much of this loss ultimately comes out of the Federal Treasury as tax deductions. But if the automobiles were made by one of the more experienced companies, the Treasury would collect taxes from the stockholders' dividends as well as from the manufacturer on its profits in making the automobiles."

Here were two gigantic attempts to start in business, using Federal funds. Every automobile company in existence today began on a small scale and grew with the industry. The gigantic loan to Kaiser-Frazer was made only by thumbing a nose at all previous experience of the industry. In the case of Lustron, the prefabricated home industry is so new and so small that there was no experience to use as a guide. But it seems worth pointing out that a company as well-heeled as United States Steel Corporation of Delaware prefers to move cautiously in this field. Instead of entering it on a gigantic scale, U.S. Steel bought a small company (Gunnison), and is developing that enterprise with its own money and with considerable caution.

Another loan which probably should never have been made is the Waltham Watch Com-

pany loan, which was made partly as a result of a vigorous recommendation by an employee of RFC, who was made president of the company after the loan was made. This same man remained with Waltham only a brief time, then returned to RFC at a huge reduction in his salary.

The Texmass loan has also been vigorously criticized. These facts seem to warrant agreement with Mr. Jones that the RFC needs a decent burial. But it is well known that Government enterprises are difficult to bury. Even though the emergency which made them necessary is past, Government agencies have an almost miraculous power of survival.

In the event the Government will not bury RFC as he suggests, Mr. Jones has an alternate solution. He says: "I suggest that it close its 32 branches and make only loans to business and industry in cooperation with banks and financial institutions which would make and administer the loans and carry a participation in them of not less than 25 per cent for their own account. I would limit the RFC's participation in any loan to a few hundred thousand dollars."

Mr. Jones said further that in some cities where the branch office of RFC probably has as many as 150 employees, the work, if his recommendations are followed, could be carried on by one man and a girl. "When a loan comes up, the local branch manager could get on his bicycle, visit the local banks and sell the loan," declares Mr. Jones.

In our interview with him, Mr. Jones told of a recent RFC loan of 50 per cent for 10 years on a new hotel. Five hundred thousand dollars was loaned, and any bank in the vicinity large enough to handle such a loan would have been glad to have it. National banks are allowed by law to loan money on real estate for 10 years.

In this connection Mr. Jones declares that many banks are actually suffering from Federal competition. In some cases bank stocks are selling for as little as 50 to 60 per cent of their liquidating value. From a political standpoint politicians realize that the voters may not shed any tears over the plight of banks, but businessmen know that our country cannot carry on without strong banks; and no bank or any other private institution can be strong unless and until it earns fair profits.

Here are the plain facts: The emergency which the RFC was designed to relieve has long passed. Banks, insurance companies, loan companies, and private capitalists can provide all the money needed for justifiable loans. The RFC is probably being used as a club over private banks. Borrowers say: "If you don't let me have the money, I will get it from RFC."

Under Mr. Jones the RFC was not subject to political pressure. It was well known that bringing a politician to RFC to urge a loan was the wrong way to obtain a loan under Mr. Jones' administration. Of course, some would-be borrowers did bring Representatives and Senators. Some of them threatened to denounce the RFC from the floor of the Congress. Mr. Jones told several of them to "be sure and say that old Jesse Jones is all that stands between us and the loan." No one ever "denounced" him on this basis.

To successfully loan even large sums of money requires long experience, great skill, careful training, and some inherent sense of values. Few men can successfully loan even small sums of money. The men with the experience background, integrity, and ability to loan untold millions are so rare that they can be counted on very few fingers. Without a man of these rare qualifications it scarcely seems likely that RFC can be expected to continue the success the corporation enjoyed under previous administrations.

The question frames itself: "In view of the corporation's recent record of blunder-

ing, because the emergency no longer exists, because there is ample finance for all sound purposes—isn't it time to follow Mr. Jones' suggestion that RFC be "given a decent burial, lock, stock, and barrel?"

Mr. TAFT. Mr. President, I think we should consider this because there was little or no testimony before the committee with regard to the operations of the RFC. There was fragmentary information, to say the least, to the kind of information we should be considering here dealing with generic legislation of this type.

It has been suggested that this measure is analogous to subsidizing commuter service and feeder airlines. This is completely untrue. In those cases, a selected business concern is not being subsidized at the expense of a competitor as would be the case here. Those cases involve industrywide assistance in the interest of public service; this does not.

Mr. President, today there are 5 million men unemployed. This is of critical concern to all in my State where the second largest steel mill has just shut down. We must proceed with emergency help in our economic policies conducive to the general economy for the progress and expansion of the free enterprise system. It needs the carrot of success, but it also needs the stick of failure.

Mr. President, I ask unanimous consent to have printed in the RECORD certain comments from various economists and commentators on these matters.

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

STATEMENT OF ROBERT WEINTRAUB,
UNIVERSITY OF CALIFORNIA

I am Robert Weintraub, Professor of Economics, University of California at Santa Barbara. I have been asked for my comments as an economic expert of the "Lockheed Bill." I am opposed to it. As stated by Secretary Connally in his letter of transmittal to the President:

"The purpose of the proposed legislation is to authorize the Secretary of the Treasury to guarantee lenders against loss of principal and interest on loans made to major business enterprises in order to provide emergency credit.

"The failure of major business enterprises can have serious national or regional consequences, including the causing of substantial unemployment, as well as other business failures. To provide for credit to avoid such consequences, government guarantees may be warranted.

"The proposed legislation would authorize guarantees of loans in such circumstances in principal amount not to exceed \$250 million and would contain provisions to assure that the interests of the United States are adequately safeguarded. It is anticipated that substantially all of the guarantee authority would be used to insure the granting of emergency credit to the Lockheed Corporation."

I see no reason whatever for providing a Federal loan guaranty for Lockheed and I see no merit whatever in granting the Secretary of the Treasury authority to provide such guarantees. Moreover, the proposed legislation has dangerous implications for the future of competitive capitalism and democracy in the United States.

Six specific reasons for the Lockheed Bill are set forth in Secretary Connally's May 6, 1971, statement:

1. *Jobs.* The proposal, if enacted, would permit financing production of the Tristar airbus, L-1011. The Secretary argues that nearly 7,000 Lockheed workers who were laid-off because of cutbacks in the Tristar program will be rehired as a result. Secretary Connally also argues that funding the Tristar will forestall the lay-off of 25,000 other workers now employed by Lockheed and its sub-contractors on the Tristar project. The implication is that it would be bad for the national employment situation to allow the Tristar program to be abandoned.

2. *General Economy.* The Secretary states that most of the \$1.4 billion invested by Lockheed, its suppliers, its bankers and customer airlines in the Tristar airbus would be lost if the project collapses. He indicates that, as a consequence, Lockheed would be forced into bankruptcy and that this, in turn, would have serious adverse effects on confidence and the general economy.

3. *Technological development.* The Secretary argues that U.S. technical excellence in the aircraft industry would be undermined by Lockheed's bankruptcy and dispersion of its work force.

4. *Competition.* The Secretary asserts that it is worthwhile to maintain "the competitive position . . . of this airframe manufacturer."

5. *Balance of payments.* Secretary Connally states that "Overseas sales of the Tristar will add to this country's trade earnings."

6. *National security.* Under this final shield, Secretary Connally argues that defense costs will rise if Lockheed goes into bankruptcy.

None of the Secretary's arguments, however, stands up to objective economic analysis.

1. *Jobs.* Definitely the 32,000 jobs directly involved in the Tristar will be lost if production of the Tristar is not funded. But this is a micro, not a macroeconomic datum. The 32,000 persons involved would obtain other jobs, though perhaps with a time lag, if the Administration pursues fiscal and monetary policies designed to achieve maximum employment with minimum inflation (e.g., 4% unemployment and 1-3% per year inflation of the CPI). One may ask whether Secretary Connally believes the Administration's macro "gameplan" is working. If so, his concern about the jobs that will be lost if the Tristar is not financed is unwarranted.

The Secretary is right, of course, to be concerned about the people involved. But in this case, as in all like it, it would be more economical to assist those who lost jobs to find new ones and to compensate them until they relocate than to subsidize their present jobs.

2. *General Economy.* The argument that Lockheed's going into bankruptcy would have serious adverse effects on confidence and the general economy also makes no sense once it is recognized that state of the economy in-the-large and the state of confidence as well depend in the final analysis upon the efficiency and effectiveness of the macroeconomic policies which the government is pursuing. The now possible loss of the \$1.4 billion invested in the Tristar and the bankruptcy of Lockheed will doubtless have serious adverse effects on the investors involved but there is no reason to assume a domino effect on confidence in general provided that a proper macro game plan is being followed.

3. *Technological development.* Secretary Connally's argument on this question assumes that the bulk of technological advances originate in production. This may have been true in years past. But it no longer is. Today, technological development originates primarily in research laboratories. If there is a concern with maintaining our technological superiority in the aircraft industry or other industries, the proper policy for the

Secretary to recommend is an increase in spending on research.

4. *Competition.* I fail to see why it is worthwhile to maintain the competitive strength of Lockheed in the airframe sector. Quite the contrary, it would be worthwhile to permit the number of firms in this industry to adjust to the number the market will support. To subsidize an extra firm is to subsidize a misallocation of resources.

5. *Balance of Payments.* Sales of the Tristar definitely would add to U.S. trade earnings. But the balance of payments problem can't be solved or significantly alleviated by subsidizing selected exports. In fact there will be a payments problem of one sort or another (in the past a dollar shortage, today, a dollar surplus, in the future,?) so long as other nations fix their exchange rates in terms of the dollar. It is their problem, not ours. Let them solve it.

6. *National security.* In my opinion the Lockheed Bill would increase defense costs. It would do so by inviting widespread inefficiency and waste.

In summary, there's no reason to subsidize the Tristar project and no reason to prevent Lockheed from going into bankruptcy. Indeed, Lockheed might emerge from bankruptcy a viable competitor. It is unlikely to become one if the government now pays the tab for past errors.

Because the arguments for providing loan guarantees to major business enterprises in general would most likely be the same as in the case of Lockheed, I also see no merit whatever in granting the Secretary of the Treasury authority to provide such guarantees in as yet unspecified cases. Indeed such authority has dangerous implications. American economic life has benefited by organizing production competitively. Implicit in the competitive organization of production is that risks must be taken by producers, for production is forward looking—we produce, then sell. Producers, not consumers or taxpayers, must bear the risks of production if our economy is to remain free and viable. Last, American political life has benefited by the separation of political and economic power. The Lockheed Bill would join the two as no other legislation has. It should be vigorously opposed.

TESTIMONY OF THOMAS GALE MOORE, MICHIGAN STATE UNIVERSITY

Thank you for inviting me; it is a great privilege to be here today.

The American economy is a marvelously efficient instrument for satisfying the needs and desires of the American people for a growing standard of living. It provides this high standard of living because it is efficient, that is because business is efficient. Business takes the basic resources of our economy: labor, raw materials, and capital and molds them into useful outputs that satisfy our wants. But as Adam Smith put it, nearly two hundred years ago, business does not do this because it is magnanimous or public spirited. Business provides these desirable ends in search of profits and because of fear of bankruptcy. The carrot and the stick of profits and losses are the goals that keep business and our economy efficient and productive.

Both the carrot and stick are necessary and in fact the stick may be becoming more necessary. As stock ownership in corporations has become more diffuse, individual stock holders tend to have less to say about corporate affairs and the profit drive among management can become attenuated. Whether profits do become less important to corporate executives depends at least in part on how secure they are. In a competitive economy, if they aren't efficient they will eventually make losses. Eventually creditors will take over and inefficient management will be eliminated. Thus one of the major

forces leading firms in the economy to be efficient, is the fear of bankruptcy.

The point of these hearings is to consider a loan guarantee for Lockheed Aircraft Corporation. It has been urged on this committee that such a guarantee is not a precedent. But it clearly is a precedent. I understand that Mr. Arthur Burns recommended last week before this committee that the government be given authority to guarantee emergency loans to financially troubled companies. If the Lockheed guarantee is approved, then the next logical step will be to guarantee loans to all large financially distressed corporations. While the Lockheed guarantee is alleged to be a special case, each corporate failure or would-be failure will be a special case. There will be a general demand for tax payers funds to bail out inefficiently run firms and to reduce the pressures of the market place.

Consider the potential long run damage to the economy of this precedent. It will reduce the size of the stick of bankruptcy. It will therefore reduce the incentives for American business to be efficient—at least big business.

As you all know the British economy has not been known for its efficiency in recent years. While there are many complex factors involved in the British problems, it is probably not coincidental that for some years the British government has taken upon itself the responsibility for bailing out financially distressed companies. I understand that the British Government is now trying to reduce the dependence of their business on the Government. Corporations are to be responsible for their own decisions. It would be a pity if we went down the path that the British followed just when they have learned the hard lesson that the stick of losses is necessary as well as the carrot of profits.

Thus on general principles it would seem unfortunate to guarantee loans for Lockheed; it would be even worse to accept the Federal Reserve recommendation to give the government general power to aid financially distressed companies.

Let us turn to the merits of the Lockheed case itself. It is alleged that bankruptcy will be the inevitable result if the Government refuses to guarantee a \$250 million loan. Furthermore it is alleged that bankruptcy will result in the demise of the L-1011 air bus project. Neither allegation is necessarily correct. First, bankruptcy will result if in the eyes of major creditors, especially the consortium of banks that has granted Lockheed \$400 million credit, a new management is likely to be able to retrieve more from the enterprise than is likely by the existing managers; that is, if the creditors feel they can receive a greater return on their investment in Lockheed by forcing it into bankruptcy and having a new management, then they will do so. Given the sorry track record of Lockheed in the last few years, I would be surprised if they did not believe that new management and a general reorganization would recover more of their assets than the current management is likely to. Not only does this seem reasonable but desirable. The Government should not be in the position of sustaining a particular management, especially of a firm that has suffered substantial losses for the last two years under its guidance.

In other words bankruptcy means a general reorganization of the corporation under new management. Will this new management which is representing the interests of creditors continue the L-1101 project? It will if in the eyes of the creditors the probabilities are such that they can get more of their original investment back by doing so. The creditors therefore will make a hard headed analysis of the situation and decide whether the plane is likely to be a success or not. Since the creditors which include major airlines who will be future customers have so

much at stake, their decision is likely to be extremely well informed. Thus to argue that the L-1011 plane will be abandoned is to argue that creditors won't think that it is likely to be a success. Are the creditors a better judge of the viability of the project, or is Secretary Connally and the executives of Lockheed?

Thus if Secretary Connally is correct in that bankruptcy means the demise of the airbus, then it would likely mean that the government would lose money on this loan guarantee. If he is wrong, then the only purpose of the loan guarantee would be to support the existing management of Lockheed and reduce the risks to creditors of a step they would take in any case.

Much stress in these hearings has been on the potential job loss if the L-1011 air bus project is abandoned. As indicated above it is not clear it will be abandoned. But even if it were, is it desirable to keep uneconomic projects afloat simply to preserve jobs? This perpetuates inefficiency. If a company is producing the wrong project, it is clearly wasteful for the government to aid it to continue to waste resources and produce unwanted goods. A.W.P.A. for aerospace engineers seems undesirable and a waste of resources. While I sympathize with the individuals and their families laid off in the aerospace industry, they are hardly candidates for the most disadvantaged groups in the U.S. If the Congress feels that too great a burden of readjustment of resources is being borne by individuals in the aerospace industry and in southern California in particular, then facilitating the individuals' relocation and reemployment in other areas and sectors of the economy would be more useful and less wasteful than perpetuating their employment in producing unwanted products.

Next, I want to touch on a philosophical point. I am a college teacher. I talk with students every day. Many are disillusioned with the American system. They say that there is little difference between the system in Russia and Eastern Europe and that of the State Capitalism in the United States. The Government here simply protects the vested interest of the large corporations. There is no discipline of the market place, they claim. The corporations can manipulate the government to guarantee their profits.

I have been able to argue, I think somewhat successfully that there is market discipline in the U.S., that corporations must serve their customers and try to be efficient or in the long run, they will suffer losses and be forced into bankruptcy. However, if the Government does bail out Lockheed, then it will be more difficult to convince them that the system does work. And in fact to the extent that the Government does get into the business of guaranteeing loans to financially distressed corporations, there will be less motivation for companies to serve the public. The American free-enterprise system will not work as well.

As I have already argued a loan guarantee would be a precedent. The next step would be guaranteeing loans to all large financially distressed corporations. This could cost the Government hundreds of millions. But more troublesome will be the problem of deciding which firms are eligible for loan guarantees and which are not. Is the Government to discriminate against small firms? Can the Government get into the business of guaranteeing loans to mom and pop stores? In other words, granting this loan guarantee will establish an unfortunate precedent which will come back to haunt the Congress.

STATEMENT OF ALAN GREENSPAN, PRESIDENT, TOWNSEND-GREENSPAN & CO., INC.

Mr. Chairman, I am most appreciative of your invitation to comment on the proposal to provide a federal loan guarantee for the Lockheed Aircraft Corporation.

I am in fundamental disagreement with this type of loan guarantee because it would set a major precedent which could have far-reaching consequences. To place the federal government in a position where it can pick and choose which particular private enterprises should or should not be allowed to slip into bankruptcy, must inevitably lead to subsidization of the least efficient firms in an industry. I believe we often lose sight of the tremendous churning that goes on in a free, competitive economy—of the way in which firms vying for profitability attempt to marshal their resources in the most productive manner. It is the very threat of bankruptcy which often jolts firms, large and small, from inefficient practices in their utilization of labor and capital and in their methods of financing and marketing. To have the possibility of falling back on a guarantor of last resort must inevitably remove this very valuable prod to efficiency and productivity. To institute such a mechanism can only impair the viability of our free enterprise system and slow the growth of living standards of the American people.

Moreover, it is important to remember that when the federal government guarantees private credit it does not add to the total financial resources available. It only moves one borrower up in the credit rating queue at the expense of other borrowers who are not fortunate enough to have such a guarantee.

More than twenty years ago the Hoover Commission with the history of the Reconstruction Finance Corporation in mind noted that "direct lending by the government to persons or enterprises opens up dangerous possibilities of waste and favoritism . . . it invites political and private pressures, or even corruption."

Of more immediate concern, however, is whether the proposed loan guarantee is an effective response to the crisis that now confronts Lockheed. What would such a loan do? First, barring as yet unforeseen difficulties, production of the L-1011 would be expedited. Presumably, one hundred or more planes eventually would be produced and the loan under federal guarantee repaid. But there appears little chance of full recovery of the \$1 billion-plus already invested in this project. A substantial part—several hundred million dollars—will doubtless be lost. In fact, by any reasonably conservative evaluation it has already been lost. The work force committed to the L-1011 by Lockheed and its sub-contractors would, if this loan guarantee goes through, I assume be kept on their jobs for several years.

But is this all a net gain? Certainly the longer-term effects on aerospace employment are by no means clear. The DC-10 and L-1011 are very similar planes, calculated to serve substantially the same market. Hence, the longer-term airframe production and employment picture is likely to be determined by total airbus demand rather than the existence of Lockheed. While there may conceivably be some slippage should the L-1011 program be disbanded, substantially all of the orders are likely to shift to the DC-10. Hence, although one cannot deny that the termination of the L-1011 would have a severe immediate impact upon the employees of Lockheed and its sub-contractors, the longer-run trend of U.S. aerospace employment may not be significantly altered.

Moreover, owing to the heavy initial fixed costs involved in any airbus program, incremental costs of additions to the production line of the DC-10 should be relatively low. The so-called "learning curve" in airframe assembly often yields very substantial savings at the tail-end of long production runs. This implies that any switch in demand from the L-1011 to the DC-10 could be costed out at significantly lower average costs than

would be involved in the initial runs of the L-1011. Thus, from the point of view of airbus production and use, the productivity gains achieved by extending the production lines of the DC-10 could act as a partial offset to the losses incurred should Lockheed cease production of the L-1011.

I do not wish to oversimplify what are admittedly complex questions of cost analysis and legality. However, I do wish to point out that in an over-all sense there is a credit from extending DC-10 production runs which directly or indirectly may accrue either to those airlines currently committed to the L-1011 or to purchasers of the DC-10 generally.

But, more importantly, it should be recognized that the proposed loan guarantee does not guarantee the existence of the Lockheed Aircraft Corporation. It is merely a vehicle to bail out one particular substantial investment made by Lockheed, which in retrospect was clearly a poor one. It by no means guarantees the existence of Lockheed in the future, as I will indicate shortly. Moreover, saving that part of the L-1011 investment which is still salvageable is by no means a net savings to the aerospace industry as a whole or to the economy generally. Whatever gains there may be, if any, are clearly short-run and much too high a price to pay for the precedent which the Federal guarantee encourages.

The Lockheed crisis is an early symptom of a much broader problem which will confront the American economy during the next five years—that is, the required shrinkage in our over-all aerospace-military complex. Even the most optimistic projections of our military and civilian airframe requirements over the next five years suggest a decline in capacity needs. The process of retrenchment will understandably be difficult, but attempts to shore up an industry declining for fundamental economic reasons must in the end turn out to be both costly and self-defeating.

We are now experiencing the downside of a cycle, the upside of which began a decade ago. During the early 1960's a major expansion in our general purpose forces, specifically Air Force and Navy squadrons, was initiated. This program was well underway when the air war in Vietnam escalated. As a result, the time schedule for equipping our wing structure with modern aircraft was moved ahead. On top of this, we had to replace large losses of jet fighters and helicopters. Thus, to be able to sustain both the accelerated rate of buildup and the level of losses, a massive increase in airframe production was undertaken.

Even had we maintained the early high levels of air combat in Vietnam, it is likely that airframe production would still have slipped as fighter and helicopter inventory goals were finally met. This normal retrenchment, however, was accelerated by other factors. As the air war was de-emphasized, our losses dropped sharply. In addition, owing to technical and cost difficulties, the few aircraft programs still scheduled for heavy production in the current period, such as the F-111 and the C-5A programs, were scaled back. Concurrently, our space program peaked and civilian air carrier requirements for new equipment were reduced.

While some of these forces are temporary and apt to be reversed, it is very difficult to construct a credible projection of military and civilian aerospace requirements which can keep present capacity profitably employed. Consequently, the most reasonable assumption is that in the years immediately ahead we will experience a decline in aerospace facilities and, through merger or liquidation, find ourselves with perhaps one or two fewer major aerospace contractors.

I do not wish to minimize the pains asso-

ciated with the retrenchment of so important an industry as this. In fact, even before Lockheed's most recent difficulties, the aerospace industry was in what many have perhaps rightly called a major depression. However, if Lockheed is continuously propped up (and I mean more than by the planned loan guarantee), without a major reversal in the long-term aerospace outlook, some other major company in the industry must find itself in trouble. Unless we are willing to embark upon a major new aerospace weapons expansion, some contraction in the industry, some further losses of jobs, mergers and possibly bankruptcies, appear inevitable.

With respect to the broader question of a government lending or guaranteeing agency, I think certain points should be made. Despite our concern with the current recession, the economy today is functioning in a wholly different world from that which characterized the 1930's, when the severe financial difficulties, following the collapse of the economy, led to the creation of the R.F.C. We exist, and have existed since the end of World War II, in a period of relative prosperity. Thus, we cannot look upon the problem of government loans or guarantees as a temporary expedient pending a return to prosperity. In fact, the types of problems which have now led to the call for government guarantees are structural and threaten to be long-standing.

Although our level of activity by any historic standard is high, profit margins have only just emerged, and then by the narrowest of margins, from their lowest levels since the 1930's. The debt burden of our business structure has risen sharply. As a result, interest charges, loan amortizations and other legally fixed obligations have now reached the point where a substantial number of large, as well as smaller, business enterprises are barely able to meet their commitments at the present depressed levels of cash flow. Unfortunately, the current outlook suggests that the problem of subnormal corporate profitability and attendant financial difficulties is one which is apt to persist to a greater or lesser extent throughout the remainder of this decade. So long as this condition persists, increasing demands will be heard to substitute government guarantees for private financial worthiness. (While I sympathize with the attempts embodied in S. 2016 to delimit the scope of such guarantees, I fear it will be extremely difficult to do so, once such a bill becomes law.)

We will have all become concerned in recent years with the seeming intractability of wage increases to rising unemployment. Levels of unemployment which historically would have created labor market slack and, through the collective bargaining process, generated a market reduction in the rate of wage increases, have been slow to do so this time. This has been one of the key factors impinging on corporate profitability. Major increases in unemployment benefits and welfare programs have markedly reduced the financial hardship historically associated with unemployment. While sociologists may argue that this is all to the good, its secondary effect has surely been to reduce competitive pressures within the labor market and hence to induce a shift in the balance of power in the collective bargaining process towards labor. This necessarily must lead, other things equal, to a higher average rate of increase in wages than would have occurred one or two decades ago in labor markets with statistically similar unemployment characteristics.

Recent evidence also suggests that rates of return on the capital investments made by a number of industries during the past four or five years have been unexpectedly poor. Moreover, the increasing proportion of capital expenditures devoted to abating pollution

must also inhibit average rates of return in the future.

While it is reasonable to expect some eventual improvement in profitability, it is difficult to imagine either profit margins or rates of return on new capital investment being restored to the levels which existed five and ten years ago. If, as I suspect, margins remain subnormal during the decade of the 1970's, it will be difficult to raise the substantial quantities of equity money that almost every flow of funds analysis suggests will be required. Hence, the longer-term financial prospects of American business are scarcely such as to suggest that the current difficulties are of a short-term or emergency nature; rather, they reflect far more basic problems.

In addition, it must be recognized that while the quantity of long-term savings flowing into the capital markets does vary from year to year, it is not an unlimited source of funds. Government loan guarantees, direct and indirect, necessarily single out certain areas of the economy for special treatment. Presently it is primarily housing, via government guaranteed mortgages. Presumably, in the future we will be seeing other areas where the financing requirements are met by "set-asides" in the market through the guarantee mechanism. Government loan guarantees tend to reduce the size of the pool of long-term savings available for nonguaranteed private borrowing. Hence, the initial problem of inadequate cash flow for business will tend to be compounded by these expanding guarantee programs.

In such a case, the Administration and the Congress are likely to be faced with a major dilemma characterized by increasing demands of a political nature on a limited resource—real savings. All things cannot be accomplished. Attempts to do so without realization of the implications can only lead to grave disruptions in our economic system.

Before the Congress moves in the direction of a new form of guarantee with widespread consequences, I respectfully recommend that a thorough examination of the thrust of all such programs be reviewed in a total context. We are all aware that while many programs may appear desirable when examined in isolation, in the broader context they are seen in a much less favorable light.

[From the Washington Post, June 27, 1971]

WILL LOCKHEED REVIVE RFC?

(By Robert Samuelson)

"I had been brought up in the belief that the three most necessary things to a satisfactory life were family, religion, and money."—Jesse Jones, former chairman of the Reconstruction Finance Corporation.

Is the Reconstruction Finance Corporation about to be resurrected?

By the end of last week, it appeared that Congress might just perform something approaching such a supernatural feat. Only 18 years earlier the Congress had said the last rites over the RFC—one of the aggressive, ambitious New Deal agencies, a sort of super-government bank, which, from 1932 to 1953, made more than \$40 billion worth of loans to corporations, banks, special wartime companies, and local governments.

A number of prominent Congressmen, including Rep. Wright Patman (D-Tex.), chairman of the House Banking and Currency Committee, have been extolling the virtues of the RFC for years, but their enthusiasm hardly accounts for the sudden wave of popularity. If there is a medicine that will revive the RFC, it is spelled Lockheed.

Lockheed Aircraft Corp. desperately needs what an RFC-like agency is adept at providing: government-guaranteed loans. Unless it receives \$250 million worth of those loans

(and the company's banks insist they won't supply the money without federal backing), Lockheed will be unable to complete its TriStar jumbo jet, and without the TriStar, the firm will dive into bankruptcy.

A sympathetic Nixon administration proposed a \$250 million guarantee exclusively for Lockheed. Now, after two and a half weeks of hearings, the Senate Banking and Currency Committee is considering a substitute measure, which, if not an identical twin of the old RFC, at least looks like a blood relative. It may well follow the lines suggested by Federal Reserve Chairman Arthur F. Burns and provide authority for up to \$2 billion in loan guarantees to big corporations experiencing financial problems.

Who might ask for the guarantees? No one knows, but more than a few giant firms have flirted—or are flirting—with financial problems that could propel them to Washington for assistance: Chrysler, Pan Am World Airways, or possibly another major aerospace company, like Grumman.

For Lockheed, there are obvious advantages to the switch.

One experienced Congressional aide scornfully characterizes the original \$250 million guarantee proposal as a "private bill"—a term usually reserved for a Congressman's legislation to aid constituents on such personal matters as immigration and claims against the government. The broader bill would jettison this narrow "special interest" stigma. Already, Sen. Majority leader Mike Mansfield (D-Mont.), an opponent of the initial proposal, has indicated he could support a more general measure.

Moreover, substitution may divert attention away from some of the more slippery details of Lockheed's current plight. The broader legislation is almost certain to generate its own thick cloud of controversy. Some economists have denounced the idea as an ill-advised scheme that will send shaky companies scurrying to the government for salvation.

"It is the very threat of bankruptcy which often jolts firms, large and small, from inefficient practices in their utilization of labor and capital and in their methods of financing and marketing," economist Alan Greenspan told the Banking and Currency Committee last week. "To have the possibility of falling back on a guarantor of last resort (the government) must inevitably remove this very valuable prod to efficiency and productivity."

The proposal may also be attacked as an open invitation to political abuse. Anyone who makes this criticism will be able to point to the old RFC. In its dying years, the RFC was a frequent subject of Congressional investigation of charges that powerful Democrats and Republicans improperly influenced the agency—sometimes over the objections of staff—to approve loans to politically-favored firms.

Even without the suggestion of corruption, many economists and businessmen will undoubtedly argue that firms that must seek guarantees probably deserve to expire. Consider the case of Lockheed.

Faithful observers of the Lockheed affair have witnessed a classic episode of attempted industrial assassination. The most vigorous opponents of the loan guarantee are probably to be found among rival aerospace firms. General Electric (which makes engines for the rival McDonnell Douglas DC-10) and North American Rockwell have both openly belittled the proposal. Two top vice presidents of McDonnell Douglas have publicly damned the Lockheed guarantee.

It is not hard to understand why. Squeezed simultaneously by declining government (space and military) spending and static airline orders, the industry has shrunk considerably since its boom year of 1968:

AEROSPACE STATISTICS

[Dollars in billions]

Year	Total sales	Government sales	Employment
1968	\$29.0	\$16.6	1,418,000
1969	26.1	15.7	1,354,000
1970	24.9	14.4	1,069,000

With the future saturated in uncertainty, some economists contend, as Greenspan said, that if Lockheed is permanently propped up, another "major company in the industry must find itself in trouble." The Administration and Lockheed, by contrast, characterize the company's problems as primarily short-range reflecting trauma of the bankruptcy of Rolls Royce (manufacturer of the TriStar's engines).

To skeptical economists, however, new government loans (or loan guarantees) simply constitute an undesirable subsidy to certain sectors of the economy diverting funds from areas which deserve and need the funds more.

This strict standard of economic purity may not impress Congress. Aside from tariffs and special tax provisions—all of which provide hidden subsidies—the government already supplies open subsidies to many parts of the ostensibly private economy. For example:

Ship builders and operators have received direct subsidies since 1936 that now total nearly \$4 billion as an offset against lower foreign wages.

To provide airline service to smaller cities, the government has been making direct subsidies to airlines for years with the payment projected at \$63 for FY 1971.

Farmers, of course, are the biggest recipients of direct subsidies, which they collect as both price support for their crops (with the government buying their output at a predetermined price level) and outright payment for complying with certain Agriculture Department regulations.

In FY 1971, the total outlay amounts to \$2.7 billion.

Some of the proponents of the loan guarantee proposal appear acutely aware of the objections that are likely to be raised.

Federal Reserve chairman Burns says the loan guarantee authority should be used only as a last resort to underpin firms so large that their collapse would do "serious injury" to the economy. The Penn Central's bankruptcy a year ago, he points out, so frightened many lenders that numerous companies experienced temporary problems in receiving needed loans. In the last 18 months, Burns says only two firms would possibly have qualified for assistance under his definition: Penn Central and Lockheed.

The Burns bill would establish a three-man commission consisting of the chairman of the Fed, the Secretary of the Treasury, and the Secretary of Commerce to pass upon applications for loan guarantees; the commission would have no permanent staff, which, Burns says, would have a vested interest in keeping itself busy—i.e. drumming up business.

Burns sees the loan guarantee authority receiving little, if any, use. "I think it's a most humiliating experience for a corporation to come to government," he told the Banking and Currency Committee.

But other proposals suggest a broader application of the guarantees. Sen. Jacob Javits (R-N.Y.) envisions the guarantees going to medium-size firms with temporary problems, and Wright Patman (D-Tex.) champions a Development Bank, which, like the RFC, might extend direct loans to housing or local governments.

Such is the confusion that surrounds Lockheed that there is no assurance that any legislation will emerge from Congress. The circumstances are certainly less compelling than those that first gave birth to the R.F.C.

Originally created under Hoover, the agency did not really blossom until the New Deal when Roosevelt appointed Jesse H. Jones—an authoritarian, ambitious, independent-minded Texan, who once worked as a lumberman—as chairman. Jones expanded the RFC into a small empire, abandoning the narrow goals of Hoover's appointees to preferred stocks in banks, make loans to businesses, and establish a host of subsidiaries, many of which survive to this day: The Federal National Mortgage Association, The Commodity Credit Corporation, The Export-Import Bank.

But with the passing of the Depression, the RFC's standing slipped considerably. Congressional investigating subcommittees were climbing all over the agency. The chairmen of the Democratic and Republican Committees, both attorneys, were accused of improperly practicing before the RFC when they occupied important political posts. More serious, there were cliques of Washington insiders with close ties to the RFC's directors. One resourceful young man who started his government career in 1940 as a \$1,040 a year messenger, developed into a \$60,000 a year "expediter" of RFC loans by 1950.

After one hearing, Sen. J. William Fulbright (D-Ark.), chairman of the investigating subcommittee, was moved to comment: "I have never heard so much lying in my life." And so, in the summer of 1953, Congress quietly put the RFC to sleep.

[From the New York Times, July 16, 1971]
A NEW R.F.C.?

The Lockheed Aircraft Corporation, on the verge of bankruptcy as a result of huge cost overruns on military programs and delays in building its L-1011 Tristar airbus for commercial airlines, says that nothing can save it but a Government loan guarantee of \$250 million. Powerful pressures are being brought to bear on Congress to grant this loan guarantee.

A group of 24 banks, which has already extend \$400-million in credits to Lockheed, refuses to put up the extra \$250 million without a Government guarantee. William H. Moore, chairman of Bankers Trust, says that he can't see why Lockheed shouldn't be helped inasmuch as "there isn't a private enterprise company or organization that isn't now receiving help or about to get help."

The steel and textile people, Mr. Moore points out, want help in the form of import quotas; the farm people "have been helped for years"; and small businesses have the Small Business Administration. So he cannot see how loan guarantees for Lockheed—and the banks—strike "at the heart of private enterprise at all." In brief, big corporations have as much right to welfare as anyone else.

Rather than simply put through special legislation to bail out Lockheed, the Senate Banking Committee, by a vote of 10 to 5, has now approved a bill authorizing Government guarantees of loans to any companies whose failure would "adversely and seriously affect the economy of the nation." The bill would let the Government guarantee up to \$2 billion in such loans, of which no single company, by a curious coincidence, could get more than \$250 million, at least not at any one time.

Impelled by Lockheed's imminent failure, Congress is thus rushing through legislation to re-establish what amounts to the old Reconstruction Finance Corporation of Great Depression days, which was finally abolished after World War II. The argument for a new

R.F.C. is that the nation's economy is in such perilous straits that the failure of Lockheed or some other large companies would bring on a liquidity crisis and widening financial catastrophe.

Lockheed's chairman, Daniel J. Haughton, says that if his company fails, "as many as 60,000 jobs" throughout the nation may be lost; this includes all 17,800 Lockheed workers employed on the L-1011, another 16,000 at "our thousands of supplier plants," and, because of multiplier effects, "thousands of others whose jobs would be affected indirectly."

But at the same time, Mr. Haughton says that if Lockheed fails, McDonnell Douglas will get all the business with its DC-10 and will have a \$20-billion monopoly of "the wide-bodied tri-jet market." It is difficult to see how the American economy can lose all those jobs and McDonnell Douglas simultaneously pick up all that business.

As for the monopoly aspects of the problem, it is by no means clear that a duopoly with Lockheed as one of its members would increase efficiency and save the public money. Moreover, Boeing is pushing its short-range version of the 747, a European consortium is planning to build a wide-bodied twin-jet, the A-300B, and it is not unimaginable that other competitive aircraft will in time emerge.

Lockheed can still operate in receivership. Under Secretary of Defense Packard and Lockheed's Mr. Haughton are agreed that the company could fulfill its defense obligations while reorganizing in bankruptcy. Mr. Haughton says, however, that no airline would buy the L-1011 from a bankrupt company. He does not explain, however, why Lockheed itself has decided to go on buying the engines for the L-1011 from a company now in bankruptcy, Rolls Royce.

The dominant issue in the Lockheed case is whether the United States wants to take a major step toward establishing not merely a precedent but an agency for rescuing large companies that are failing. In the specific case of Lockheed, such a course does not appear warranted. If it is necessary to establish a new R.F.C., with all the dangers of political decision-making where vast private economic interests are involved, and all the risks of furthering a trend toward state socialism or corporate fascism. Congress should hold exhaustive hearings that would give supporters and opponents of this type of legislation, including economic experts, a chance to be heard.

If, despite all the money the Federal Reserve has poured into the economy since the squeeze of last year, there is still danger of a national liquidity crisis and an economic disaster, the Administration should stop talking about the improvement in unemployment and the fading of inflation and come up with a new economic plan. If a Lockheed bankruptcy will bring the economy down, things are far worse than the country has been led to believe.

Mr. TAFT. Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I am happy to yield to the Senator from Wisconsin.

Mr. PROXMIRE. I want to commend the distinguished Senator from Ohio for what I think is a most useful discussion of the real impact of bankruptcy on employment.

The average person thinks of bankruptcy as large firms and factories being razed, records junked, employees laid off, and so forth. Many people, including, perhaps, Members of the Senate, do not

understand the situation in this particular case as to the full impact of chapter X reorganization in bankruptcy and what it can do.

May I ask the Senator from Ohio, is it not true that with the vast majority of jobs, they can be continued under bankruptcy in most cases, and is that not true in this case?

Mr. TAFT. That certainly is true. Many firms which have gone into bankruptcy, have, under chapter X reorganization come back and have been successful and have become larger and more important corporations than they were before.

Mr. PROXMIRE. Is it not true that even the L-1011 will be continued in bankruptcy if the trustee decides that the program is a viable one and can be made profitable, which is the contention of those who favor the guarantee?

Mr. TAFT. That certainly is the case and, as I have indicated, the continued buildup of the inventory occurred even since the failure of the Rolls-Royce Co., and its takeover by the British Government, would indicate that there would certainly be very strong economic pressure to make use of that inventory by doing just that.

Mr. PROXMIRE. Mr. President, if they are right, and we are not taking a risk, then the L-1011 would continue even in the event Lockheed were to go into bankruptcy.

Mr. TAFT. The Senator is correct.

Mr. PROXMIRE. And if they are wrong and the L-1011 is not a sound product, then a guarantee would not do any good, because under such circumstances Lockheed would very likely go into bankruptcy anyway.

Mr. TAFT. The Senator is correct.

Mr. PROXMIRE. So, in either event, the guarantee bill will not save jobs. It would seem to me that, if the guarantee works out favorably so that the L-1011 continues, the jobs will not be lost. And if the L-1011 is a sound project, it may continue without the guarantee and jobs will not be lost.

Mr. TAFT. The Senator is correct.

Mr. PROXMIRE. The argument of the opposition is largely refuted by the excellent speech of the Senator from Ohio in which he has gone into the matter in great depth.

It is true, of course, that—I may have misspoken—there will be a few jobs lost in top management.

Mr. TAFT. That is very likely.

Mr. PROXMIRE. Those are the jobs we are talking about as far as a guarantee is concerned.

Mr. TAFT. The Senator is correct.

Mr. PROXMIRE. I thank the Senator.

Mr. TAFT. Mr. President, I yield the floor.

Mr. TOWER. Mr. President, I yield to the Senator from West Virginia for a colloquy.

NOTICE OF FILING OF CLOTURE MOTION

Mr. BYRD of West Virginia. Mr. President, I thank the Senator from Texas for yielding. It is the general understanding that a motion to invoke cloture on the pending measure will be offered on

tomorrow. It is the further understanding that the Senate will be in session on Saturday.

Under the rule, when a cloture motion is submitted, 1 hour after the Senate meets on the following day but one, the Chair is required to ask the Secretary to call the roll to ascertain the presence of a quorum, following which there is an automatic rollcall vote on the cloture motion.

Members on both sides of the aisle and on both sides of the question are interested in having such a vote occur at about 2 p.m. on Monday. I therefore ask unanimous consent—it having been cleared with the distinguished majority leader, the distinguished minority leader, the distinguished manager of the bill (Mr. SPARKMAN), the distinguished Senator from Texas (Mr. TOWER), the distinguished Senator from Wisconsin (Mr. PROXMIRE) and others whom they have contacted—that the 1 hour under rule XXII not begin running until 1 p.m. on Tuesday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. BYRD of West Virginia. Certainly.

Mr. TOWER. Mr. President, for the benefit of all Senators, that would mean that the quorum call would occur at approximately 2 o'clock?

Mr. BYRD of West Virginia. The quorum call would occur at 2 o'clock.

Mr. TOWER. And the vote on cloture would follow immediately?

Mr. BYRD of West Virginia. The Senator is precisely correct.

Mr. TOWER. Did not the Senator from West Virginia intend to include in his unanimous consent request consent for controlled time for that hour?

Mr. BYRD of West Virginia. I thank the Senator for calling the matter to my attention.

Mr. President, I ask unanimous consent that the 1 hour of controlled time under rule XXII be equally divided between and controlled by the majority leader and the minority leader or their designees.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia subsequently said: Mr. President, a little earlier today, the Senate entered an order providing for the 1 hour under rule XXII, with respect to a cloture motion, to begin running on Monday next at 1 p.m.

I ask unanimous consent, at the request of Members on both sides of the aisle and Members on both sides of the question, to modify that order so as to provide that the 1 hour under rule XXII—with respect to the cloture motion which is expected to be entered tomorrow—begin running at 2 p.m. on Monday instead of at 1 p.m. on Monday.

Mr. TOWER. Mr. President, reserving the right to object—and I do not intend to object—the consent agreement earlier propounded and agreed to will in every respect be preserved, except that the

hours will be changed from 1 and 2 to 2 and 3?

Mr. BYRD of West Virginia. No. The hour of 3 o'clock is not mentioned in the consent agreement. The previous consent agreement specified 1 o'clock. Under the agreement as revised, the 1 hour under the rule would begin running at 2 o'clock.

Mr. TOWER. And the beginning of the last hour will occur at 2 o'clock?

Mr. BYRD of West Virginia. Precisely. Mr. TOWER. It would mean that the quorum call would occur at 3 p.m.?

Mr. BYRD of West Virginia. Exactly. Mr. PROXMIRE. Mr. President, will the Senator yield for a little clarification?

Mr. BYRD of West Virginia. I yield.

Mr. PROXMIRE. As I understand it, then, the debate on the cloture motion will be 1 hour, between 2 o'clock and 3 o'clock, on Monday afternoon. Is that correct?

Mr. BYRD of West Virginia. Mr. President, in response to the Senator's inquiry, the debate may begin at any time prior to 2 o'clock if Senators so wish, but controlled time under the rule, meaning the 1 hour under the rule, would begin running at 2 o'clock on Monday afternoon, which would mean that at 3 o'clock, the Chair would direct the clerk to call the roll; and, on the ascertainment of a quorum, a rollcall vote on the motion to invoke cloture would be automatic, which would be about 3:15 p.m.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

OTHER FEDERAL GUARANTEE PROGRAMS

Mr. TOWER. Mr. President, it has often been asserted by opponents of this bill that it is establishing a new principle of government intervention in the market, that guaranteeing the loans of large business enterprises is somehow a radical change from existing government assistance concepts and programs and would represent a break with traditional American political philosophy. Nothing in my estimation could be further from the truth. The Government of the United States has been involved in the markets on behalf of individuals, communities, and businesses, since the formation of the Republic itself. Where the public interest has been sufficient enough to warrant government intervention in the marketplace for some reason, to readjust the allocation of goods, services, and credit, the Government has done so.

Aside from the special types of subsidization provided by our tax system—for example, the \$20 million tax savings provided to American Motors in 1967 at the Senator from Wisconsin's instance to preserve a competitor in the auto industry—there are numerous Federal credit assistance programs designed to assist individuals, communities, and businesses meet financial needs. These programs are administered by 10 departments and 12 other agencies providing Federal credit aid to individuals, communities, and to both nonprofit and profitmaking institutions in virtually every sector of the economy.

Much of the Federal credit assistance program is directed at providing housing for the Nation, but substantial credit aid has been provided for such purposes as community development, education, rural electrification, international development, and small business. Congress has also authorized Federal credit assistance for private financial institutions generally, as well as for nonfinancial businesses in such areas as agriculture, export credit, defense production, area redevelopment, ship construction, trade adjustment assistance, air carrier service, minerals exploration, railroads, and other purposes.

In the 1972 budget, the bulk of Federal credit assistance is currently being provided in the form of guaranteed and insured loans, which are estimated to increase from \$125 billion outstanding on June 30, 1970, to \$167 billion on June 30, 1972. In other words, the Government is already offering special credit assistance to individuals, communities, and businesses to the tune of around 0.15 trillion dollars. That is a tremendous amount of Federal credit assistance. And what has been the justification for this assistance? The public interest in adequate housing, employment, and stable businesses, and confidence in the credit markets.

The same type of public interest is involved in the case of this emergency loan guarantee legislation—employment, economic stability, confidence in the credit markets. The Lockheed firm alone could be considered a major SBA program itself if it were to receive a loan guarantee under this bill. Involved in its many tiers of subcontractors and suppliers are some 35,000 smaller business firms. Certainly not all of these firms would fail if Lockheed went under, but many would. For example, the chairman of the board of the Menasco Corp., which makes the landing gear for the L-1011, testified that some 10 or 15 of his subcontractors would probably fail if Lockheed went into bankruptcy. The failures of these smaller businesses, along with the reduced employment of others which manage to survive, would have a heavy impact on our already too-high unemployment level.

Mr. President, I do not believe that there is a better alternative to the employment problems that would be caused by the failure of a firm like Lockheed than to utilize Federal guarantee authority to stabilize such an otherwise viable firm in order to keep it operative and give it a chance to succeed over the long run. The alternative is higher unemployment, more Federal and State unemployment and welfare assistance, reduced tax revenues, the loss of considerable investment in plants and equipment, and an untold amount of avoidable human suffering. I do not believe that this body would accept this alternative when a sound legislative solution exists to solve the problem.

Mr. President, much has been made of the fact that this is a bill designed to reward an incompetent management. This bill is no such thing. Any corporate executive will tell you, Mr. President, that there are some risks involved in

making judgments in business matters; that the whole decisionmaking progress in the corporate world involves risk—educated guesswork, perhaps; indeed, risk.

A great deal has been said about the management of Lockheed. That is opinion and not fact. There have been numerous allegations that the management of Lockheed is inferior and incompetent. Now, this, indeed, is a matter of opinion and apparently the opinion held, for the most part, by those who are in opposition to this bill, but it is not an opinion that we find to be held generally among other corporate executives and some labor executives.

I wish to quote from some of the testimony given before our committee on the matter of Lockheed management competence.

Mr. James R. Kerr, president and chief executive officer of Avco Corp., stated:

I think that the problems, as I indicated, that Lockheed got into from my own knowledge were brought about by their efforts to develop weapons systems under a unique and unworkable type of procurement that has since been abandoned.

The chairman asked Mr. Kerr the following question:

The CHAIRMAN. Mr. Kerr, you said that you felt confident that the difficult position that Lockheed is in is not altogether Lockheed's fault. Substantially that is what you said?

Mr. KERR. That is correct, sir.

Mr. Kerr then acknowledged that the management was not to blame for the problems that Lockheed got into, but the unique character of the development of new and unique defense technology.

Now, further testimony. Mr. Charles C. Tillinghast, Jr., chairman of Trans World Airlines, Inc., testified, as follows:

We expect that the L-1011, if completed, will come significantly closer to meeting performance specifications than, for example, the Boeing 747. Looking at the L-1011 program by itself, we can see no basis whatever for charges of inefficiency or incompetence.

In view of the very considerable attention that the Congress has devoted to the affairs of Lockheed over the past year, it is, perhaps, presumptuous of me to comment on assertions of gross incompetence on the part of Lockheed in its defense contracting. In this regard, however, I cannot fail to note that in the field of sophisticated defense systems, Lockheed is by no means unique or atypical in experiencing technical problems or cost overruns. Hardly a major aerospace contractor is free of instances of failure to meet contract objectives which contemplate new technological achievements never before accomplished. That these contracts are normally let under competitive procedures which compel a degree of optimism as to the contractor's ability to penetrate the unknown merely increases the likelihood of a short fall in meeting objectives.

It is my impression that over the years, Lockheed has had a relatively fine record of performance, absent which it is extremely doubtful that today it would be the nation's largest defense contractor. Unfortunately, several problems coincided in point of time to produce a financial debacle.

Now, there was testimony from Gerald G. Lynch, president and chairman of the board, Menasco Corp. This is the firm that makes the main landing gear for

both the McDonnell Douglas DC-10 and the Lockheed L-1011 Tri-Star. I asked Mr. Lynch during the course of the hearings if he could give us a comment on Lockheed management. He said:

There has been a lot of discussion about the Lockheed management. In my opinion, the Lockheed management is as good as any in the aerospace industry, and I know them all. Lockheed has a superb reputation with suppliers and in the industry for quality, for schedules, and they monitor our costs extremely carefully.

Until the C-5 problem arose, Lockheed was considered to be the best if not one of the best aerospace companies. During the last 1½ to 2 years, we have heard much about the so-called Lockheed management. I think most of it, Senator, is pure nonsense. The problems the Lockheed Co. have are simple. They accepted the total procurement concept on the C-5A and two other military programs. The concept was unrealistic and was unworkable. It was a good concept in principle. It didn't work out. It didn't work out because of the pressures generated by the Vietnamese war, because they were pounding technology, but in the aggregate, the so-called excess costs on the C-5A don't begin to compare with the excess costs on the F-111 program. The only difference is the F-111 program was virtually a cost plus type contract whereas the other contract was issued on a total procurement basis.

Another company is having extreme difficulty at the present time with the total package concept, that is Grumman on the F-14. Grumman is aware apparently of the experience of Lockheed so instead of spending its money on the total program is quitting after 13 aircraft and saying in effect to the Government, we have given you an option on the balance of 775, but you can't exercise it because we are not going to build it. If you want us to build those aircraft, the aircraft program is going to be \$2 or \$3 billion more. But the economic facts are identical, as they were in the C-5 program. The only difference is the contractual instrument that was used to cover the situation.

So, in summary I can say the Lockheed management, I think, has been much abused, brutally abused, it has been abused in the Congress, it has been abused in the public press. Frankly, I don't think most of the people, Senator, know what they are talking about.

Further testimony came from Secretary Connally. He stated:

Approximately in December, with in effect their back to the wall on many of these programs, Lockheed agreed to in effect assume \$480 million in losses on these various programs, which they just took and started writing off on their books. Within 48 hours after this agreement had basically been agreed to they received words that Rolls Royce had gone into bankruptcy.

Rolls Royce was the engine supplier for the L-1011. This came as a complete shock to Lockheed, to everybody else, and I think to the British economic world as well as to the United States. It was totally unexpected. But it created a new set of circumstances entirely with which Lockheed had to cope.

To just simply say that their problems are the result of mismanagement I think is too sweeping a charge and an unfair charge.

By the way, I might note here that certainly Lockheed, when it entered into the contract with Rolls-Royce, could not anticipate that Rolls-Royce could go bankrupt.

Indeed, nobody did. It came as a shock to the business world in Britain. I hap-

pened to have been in London at the time Rolls-Royce went into bankruptcy. It came as a great surprise to some of the best business and financial brains in Great Britain.

Quoting from the testimony from Mr. William H. Moore, of Banker's Trust, he said:

At this point I would like to say a word about management, having dealt with the company for many years. I know that Mr. Haughton and his associates, many of whom are still active, have been primarily responsible for the numerous highly successful programs completed and still continuing. It became evident as early as 1940 that Mr. Haughton was becoming one of the more important people in the operational end of the business. He and his colleagues were key figures in the development of Lockheed during World War II in manufacturing military aircraft as well as the P-38, and more recently the highly successful Polaris, the Poseidon and the Agena and the C-130 Hercules and other programs also can be listed as this present management's contribution.

Mr. Haughton has basically been in full charge of this aspect of the business for the past ten years. This management has made changes in divisional direction as problems have arisen. The confidence the company has developed over the years was evidenced by the financing the banks arranged in May 1969. This financing would have been more than adequate to meet the company's requirements if the company had not experienced serious problems with its defense programs which developed and it was also for purposes of diversification that they launched the L-1011.

I think that our confidence in any program, even with a government guarantee, would be severely eroded if we were to change managements at this particular point in time.

This is a banker speaking—the people who are lending money to Lockheed. The people who are lending money to Lockheed want the present management continued. I am doubtful if these banks would throw money into a company with faulty management.

Continuing with the quotation:

As I said in my opening statement, I just do not think that you can put together a team of people and come out with the proper answer of management. Now, there is a lot to be said about the problems coinciding with this management, but also there were a lot of successes that coincided at the same time. Maybe they would have been better off if they had one or the other each year and not had it all bunched together, but do not forget, as I said earlier, this management put together a lot of successful programs that also coincided.

So my feeling is that my confidence or our bank's confidence would be severely strained at this point if we were to have a major management change.

I think, too, that we should enter into the record at this time the testimony by the president of General Electric, who made some of the strongest testimony before the committee in opposition to the bill. This is Mr. Borch, who is the president of General Electric. He testified strongly, almost vehemently, against the bill, but then I asked him a few questions about the management. I said:

Mr. Borch, does General Electric currently act as supplier for Lockheed on any of its products?

Mr. Borch said:

Lockheed, I am glad to say, is one of our major customers.

Then I asked:

Do you support the notion that the Lockheed management is incompetent?

And here is the answer from a man who before the committee almost vehemently opposed the guarantee legislation:

Mr. BORCH. I certainly do not. My own business experience has been that one makes errors inevitably when one takes high risks. God knows I have made some very bad ones myself, and the last thing I would do is to criticize people who have worked as hard and effectively as Lockheed on the many programs with which we have been associated with them.

So there is testimony favorable to the Lockheed management from a man who is very, very much opposed to the enactment of this legislation.

I think the point should be reiterated, as was done in the testimony, that many successful programs have been developed by Lockheed and by this same management team that is being branded as incompetent, by this same team that it is being said we are trying to rescue from faulty or incompetent management.

Much of the military technology of the United States was developed by this management team, and, as one of those who testified pointed out, it was an unfortunate and fortuitous circumstance that all of Lockheed's troubles tended to coincide at one time. Certainly I think one of them cannot be laid to rest on the fault of Lockheed at all, and the other not entirely. Certainly, Lockheed had nothing to do with the failure of Rolls-Royce. With reference to the cost overruns on some of the expensive weapons systems that Lockheed was trying to develop, under a well-conceived but unworkable system, that was not all Lockheed's fault, either, but was, in good part, the fault of the Government of the United States or was the fault of embarking on a contract program in which we had had no experience, which we did not know would work at all. It was a good concept, but it would not work. So I do not think we can fault management in this instance.

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

Mr. TOWER. I yield to the Senator from Alabama.

Mr. SPARKMAN. I was not present when the Senator began his remarks. I am not sure he quoted one of the witnesses testifying on good management, Secretary Packard.

Mr. TOWER. I did not quote Secretary Packard.

Mr. SPARKMAN. Let me read what Secretary Packard said in answer to a question propounded by the Senator from California (Mr. CRANSTON). He said:

I must say that, considering the problems that this management has faced in the last two years, you might find it hard to find anybody who could do any better, but I think you have to be a little careful in dictating to management. I think it ought to be judged on performance in the future.

Then there was another question by the Senator from California. Mr. Packard then said:

I have been concerned about this management of those divisions which are producing specific products for us, and they have in general, I think, good management in those areas.

Mr. TOWER. So it would appear that Secretary Packard's testimony bears out that not only did he consider the top management to be competent, but the lower echelon management, as well?

Mr. SPARKMAN. Yes. Furthermore, backing up what the Senator said a few moments ago, that not all of the troubles that Lockheed ran into were of its own making, the Senator recalls, I am sure, that Secretary Packard said part of the fault was in Lockheed, but part of it was with the Air Force, and he pointed out, too—

Mr. TOWER. If the Senator will yield at that point—

Mr. SPARKMAN. I yield.

Mr. TOWER. I have here an excerpt from the testimony that Secretary Packard delivered just the day before yesterday, July 19, before the House committee considering this same legislation, and he said:

The Government has some responsibility for the plight of Lockheed in the present situation because this plight has resulted in part from past procurement policy practices and attitudes in the Department of Defense.

Mr. SPARKMAN. Yes. That is virtually the same testimony he gave to our committee. In fact, he said something about that—

There was no doubt in my mind as I addressed this problem that this program had not been managed very well both by the contractor and I think by the Air Force as well.

In other words, the problem came up because, actually, there was more or less a dispute as to how many planes were going to be ordered, how many were ordered, and how many were discontinued, and some of the extra costs were involved as a result of that.

But, you know, I have been rather interested and at the same time somewhat amazed to read the various news stories about Secretary Packard not being in favor of this program.

The Senator will remember that he testified to this effect before our committee. He said:

I certainly do not see how Lockheed can avoid bankruptcy if this loan guarantee is not provided. Substantial unemployment would be the immediate result. There also would be substantial financial losses which would impact on an industry already weakened by a reduction in defense programs. There would be an impact on the airlines, I believe, for they would lose part or all of the advance payments they have made to Lockheed. The loan guarantee has very little risk for the government, in my view, and should be supported.

To read some of the reports and hear some of those speaking, one would think that Packard was not in favor of this, but the Senator will recall, I am sure, that at least four or five times in his tes-

timony before the committee, he said the loan ought to be made.

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

Mr. TOWER. He reiterated that. And may I further point out that in his testimony only last Monday, he reiterated this again, before the House Banking and Currency Committee. He said:

I want to make my position on this Lockheed loan guarantee proposal clear here today, since there seems to be some uncertainty about my position from previous testimony.

I strongly support a loan guarantee of \$250 million to the Lockheed Company at this time, for the following reasons:

1. I am convinced Lockheed would be forced into bankruptcy without this guarantee.

2. It is not possible for the L-1011 program to continue with the Lockheed Company in bankruptcy.

This would take issue, of course, with our distinguished friend from Ohio.

3. Failure to continue the L-1011 program will result in substantial additional unemployment beginning immediately and continuing throughout the next year.

4. Many of Lockheed's suppliers and possibly some airlines could also be forced into bankruptcy.

5. In the case of bankruptcy, the cost to the Defense Department of important products which are urgently needed will probably increase.

6. Should bankruptcy occur, the major banks of the country will be forced to absorb substantial losses on loans to an important defense contractor, just at a time when we need these same banks to carry a larger share of the financing for the defense industry in order to reduce the dependence of this industry on direct Government financing.

7. There is small risk for the Government in undertaking this guarantee, because the program will probably generate adequate cash flow to repay the guaranteed loans, even with the present number of L-1011 orders.

8. The Government has some responsibility for the plight of Lockheed in the present situation, because this plight has resulted in part from past procurement policies, practices, and attitudes in the Department of Defense.

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

Mr. SPARKMAN. May I just follow this up one further step? Back on this subject of management, I am sure the Senator saw the article in the Washington Post on Sunday, starting on the front page, "Lockheed Weighs Charge by Former Management."

Mr. TOWER. I am aware of that article.

Mr. SPARKMAN. I think some things were said about it in the debate yesterday.

As a matter of fact, if one reads where it is continued over on page 8, and reads way on down, he will find that this gentleman was not a manager. He was not an executive. He was in some job; apparently he was a very good contractor, a very good man. But if you remember the first part of the story, it seemed that he was just condemning Lockheed for everything. I want to read just a couple of sentences out of a letter that he wrote to Lockheed, to Mr. Haughton. He said this:

Lockheed management as a whole, throughout the corporation, is beyond reproach. I know the Lockheed Corporation had to be built on integrity to be as large as it is.

I just thought it was important that that be brought out. It is in about the 25th or 30th paragraph.

Mr. TOWER. I think the Senator has done us a great service in bringing that to light, in view of the fact that all we have heard is that this man was all critical of Lockheed, that there was nothing good he had to say about Lockheed.

Mr. SPARKMAN. Yes. He was critical of some things, but—

Mr. TOWER. But he said that overall, the management had been above reproach.

Mr. SPARKMAN. Yes. That was his final testimonial, after he had left the Lockheed Corp.

Mr. TOWER. Beyond reproach; that sounds like a pretty strong testimonial to me, and I think it is high time we set the record straight on the assertion that what we are trying to do here is bail out bad management.

Mr. PROXMIRE. Mr. President, will the Senator from Texas yield?

Mr. TOWER. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Does the Senator maintain that anyone has said on this floor that Deputy Secretary of Defense Packard did not approve the Lockheed loan? We have always maintained that he approved it. He made it crystal clear when he appeared before the committee that he approved it. He answered affirmatively when I asked whether he approved it.

But Secretary Packard did not approve the bill now before us, because, when he came before the House committee on behalf of the administration, he would not even read his prepared statement. He said when he testified before us that the Lockheed loan he would approve, but it should not be a precedent. I asked him, "If this were a precedent, would you oppose it?"

He said, "Yes."

And, of course, what the bill before us does is establish an overwhelming precedent. It makes available, not \$250 million, but \$2 billion, for anyone to come and get. This bill is opposed by Packard.

Mr. TOWER. Well, Mr. President, the opponents of the bill have stoutly maintained that this is not a generic bill, but a Lockheed bill, and so I think it is important for us to show that Secretary Packard favored guaranteeing the loan to Lockheed, because that seems to be the principal issue in this debate.

Did the Senator see the statement by Secretary Packard that he did not read?

Mr. PROXMIRE. I certainly did.

Mr. TOWER. What did the statement say?

Mr. PROXMIRE. The statement he refused to read was a statement putting him on record in favor of this legislation, and he was not in favor of this legislation; he opposed it.

Mr. TOWER. Did he make any statement at that time, in front of the com-

mittee, opposing the present bill? Did he specifically oppose the present bill?

Mr. PROXMIRE. Mr. President, I want to tell the Senator from Texas that that is the most eloquent action a Cabinet officer can take, when he comes down here, to refuse to read his statement. In the 14 years I have been here, that is the only time, to my knowledge, it has ever happened. Only a man of the integrity of David Packard would do that. It was an overwhelming argument against the bill.

Mr. TOWER. But did he positively make a statement that he opposed S. 2308?

Mr. PROXMIRE. He did not have to. He refused to read the statement; that is resounding proof that he did not approve it.

Mr. TOWER. He did not read a statement, so we can speculate and make assertions as to whether or not he opposed the pending measure; but we are not journalists here we are U.S. Senators. Thank the Lord we are not journalists.

Mr. HART. Mr. President—

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. PROXMIRE. Mr. President, will the Senator yield for a moment?

Mr. HART. I yield.

Mr. PROXMIRE. Mr. President, I would like to note that the leadership has indicated there will be a cloture vote on Monday, that a cloture motion will be filed on Friday.

I have had my staff research the history of cloture motions in this body. This will set a new record. With rare exceptions in the history of the Senate a cloture motion has not been filed this soon after debate began. It has not been filed today, but it will be tomorrow. We have had 1 full day of debate on this issue, and they are already filing a petition to shut us up. A number of Senators have not yet had a chance to make a single speech. Not one amendment has been acted upon. There are a number of proposed amendments which should be considered. So I hope Senators will keep in mind that this is an almost unprecedented action in gagging debate in what is supposed to be the greatest deliberative body in the world—a body which has many distinctions, but one of the principal ones is that we should have an opportunity to express ourselves fully as to the effect of proposed legislation, and this is certainly legislation of great importance.

Earlier today, the Senator from Tennessee and the Senator from Utah contended that, in appearances before the committee on this legislation, there had been ample opportunity for economists and other experts to testify on a generic bill.

We invited two distinguished professors from Princeton to appear. Let me read very briefly from a letter declining to appear because this is what they said:

We do not feel that we can accept your invitation to testify on S2202, "The Emergency Loan-Guarantee Act." The time allowed simply does not permit us to undertake a sufficiently thorough analysis of the economic implications of this bill.

They had about 3 days.

We are indeed sorry that more time has not been provided to allow economists, businessmen, and the financial community to study fully and then to comment on this important piece of legislation, which, if enacted, may have a major effect on the functioning of our economy. We realize that the impetus for this bill is the current financial difficulty of the Lockheed Aircraft Corporation and that it is felt by some that haste is required if Lockheed is to be "saved." We would strongly urge, however, that if the Congress feels that for some reason (yet to be convincingly stated) the public interest requires a loan guarantee to Lockheed—we already have written to you detailing our opposition to a loan guarantee in this particular case—some way be found to "bail out" Lockheed without rushing through the much broader bill now being considered as a substitute.

Mr. President, I hope Senators realize that when we act on this bill and are forced to act on it rapidly because of the cloture motion, distinguished scholars who feel very strongly about this have written us, saying that they really have not had an opportunity to present their case.

I thank the distinguished Senator from Michigan for yielding to me for this purpose.

Mr. HART. Mr. President, I was interested in the remark the Senator from Wisconsin made with respect to the announced intention to seek to apply cloture. He said that in the 14 years he has been privileged to serve in the Senate, he recalls no instance in which cloture was proposed so quickly.

Would not the Senator agree that this is the first time we have had such enormous economic muscle seeking to terminate debate? Usually, the reason we have to seek cloture is that we seek to speak for voices who are disorganized, sometimes minorities, but never very wealthy. I know that is a harsh suggestion when I speak it. But why blink it?

There is a vast distinction between the groups sought to be served by the measure now pending and the groups who would most directly benefit from the bills considered when cloture normally has been sought after extended debate and too often never has been obtained, anyway.

May that not explain the urgency?

Mr. PROXMIRE. I think the Senator's point is a very good one. I think all of us are aware that the proposed legislation is being very heavily lobbied by economic groups, and it is being lobbied, unfortunately, on only one side. Usually, two sides are represented on an issue of this kind, strongly represented, but in this case there is only one. There has been no lobbyist, to my knowledge, from General Electric. There may be some. I hope some will develop. But to date there have not been any working in what, in my view, is the public interest.

I should like to make one correction. The Senator from Michigan said that I had indicated that in the 14 years I have been in the Senate, I recall no instance in which cloture was proposed so quickly. I ask the Library of Congress to research this subject as far back as they could go, and we have had the cloture rule for a number of decades, for scores and scores

of years. They could not find any parallel and similar instances in the history of the Senate when a cloture motion had been filed as early as this one will be filed.

Mr. HART. Yet, perhaps none of us should be surprised.

Mr. PROXMIRE. The Senator is correct.

Mr. HART. I recall having been involved in a bill not too many years ago when people were outraged when we filed a cloture motion, after a period longer than we have now been engaged in discussing this bill, simply to attempt to permit us to bring up a civil rights bill.

Here we are confronted with cloture on actual passage of a bill which, as the Senator himself has said—and he has cited economic authority—is complicated. It takes time. As to the long-term implications of the pending proposal, I would suspect that not many professional economists or political scientists would really want to stand up and say they know for sure, as of now, each of the consequences. But, certainly, we should acknowledge our own limitations; and, having acknowledged them, we should commit ourselves to take the time that will be required in order to say, with reasonable confidence, that we do sense, if not fully understand, the consequences of the proposed legislation.

I share the position of the Senator from Wisconsin in commenting on the proposed early cloture; but, as I have said, having been given a moment to think about it, I am not surprised.

Mr. President, my interest was attracted to one particular aspect of the argument that apparently developed in the committee and which may have been discussed on the floor. It is the proposition that runs something like this: We ought to prevent the Government aid that is proposed in this bill in order to maintain competition. Some of those proposing the bill argue that it would promote competition by preserving Lockheed and that unless we act as it is now proposed we should, we will increase further the degree of concentration in the aerospace industry. Pass this bill in order to prevent further economic concentration, is the proposition.

In my book, that is specious, for at least two reasons.

First, without Government guarantee of a \$250 million loan, at worst, Lockheed is likely to undergo reorganization rather than disappearance.

Second, if its affairs are in such poor shape that it cannot survive as a viable competitor even after reorganization, then competition is not served by keeping Lockheed in the aerospace industry. Indeed, one can make a rather solid argument that competition would be disserved by wasteful misallocation of resources.

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

Mr. HART. I yield.

Mr. PROXMIRE. I am delighted that the Senator, who is the chairman of the Antitrust Subcommittee of the Committee on the Judiciary, and is, in my view, in the best position of any Senator to speak on competition—and again and

again has gone to bat in unpopular causes, sometimes against great economic odds because of his strong feeling about the preservation of competition—is addressing himself to this issue.

I invite his attention to the fact that one of the witnesses we secured was Donald Turner, who, as the Senator well knows, was formerly Assistant Attorney General in charge of Antitrust, who has devoted a great deal of his life to the antitrust policies of our Government, fighting to preserve competition. He considered this same guarantee bill and came to the same conclusion to which the Senator from Michigan did.

He pointed out, just as the Senator has here, that this would not serve competition; that when you have this kind of situation in this kind of industry, to create a situation in which you have a weak firm, bolstered by Government support, you are likely to create an unstable condition and have, as the Senator said here, a misallocation of resources.

Mr. HART. I was not aware that Professor Turner had testified and made that point. I should interject here that unlike the Senator from Wisconsin, I am not able to claim any academic exposure to economics. I am a Greek in history fellow, but, happily for me, the Antitrust Committee has a number of very able antitrust lawyers and economists. Each of them is devoted to his fingertips in resolve that economic concentration should be reduced in this country and, without exception, they have recommended to me and themselves have voiced the conclusion that my comments today will reach; namely, that this is not the kind of preservation of competition that those who believe competition in this country should be increased have in mind. Quite the contrary.

The policy of competition requires not only deconcentration of economic power but also unhampered entry and exit into and out of markets. The barriers to market entry by new competitors and the barriers to growth of small firms into larger ones through additions to capacity are far too great in much of the economy today. The Government does not help competition, however, by subsidizing the continuation of poorly managed firms whose business might better be diverted by market forces to more efficient firms.

Furthermore, the effect of a general policy of bailing out failing firms, provided they are large, merely encourages bigness in business for the sake of gaining that additional leg up. Already our democratic society is threatened by the power of big firms to influence Government and of Government to grant special favors to large firms no matter how poorly they serve the public interest. That describes the situation right now.

Some would claim that those against this loan are against preserving competition in the aircraft industry. That is an argument that I reject. First, it is not clear to me that we will not have a Lockheed Tri-Star but for a loan guarantee. If there is a market demand for Tri-Star, competition will meet that need efficiently and at the lowest cost. More important, however, is the issue of what kind

of competition we should seek to preserve. The competition which has made this Nation strong is one that rewards efficiency and creativity while at the same time disciplining those whose performance is less good. Markets work well not only where there is a potential for profit but also where there is a threat of loss. It would be shortsighted to forget that both the stick and the carrot make our system work.

This is a particularly relevant concern with respect to the long-run vitality of our aircraft industry. In recent years, much that is disturbing has been learned of this industry, particularly in the area of defense procurement. And here the Senator from Wisconsin has been the principal educator. Unrealistic estimates of delivery time for new systems of defense. Incredible underestimates of procurement costs which have resulted in billions of dollars of unanticipated expenditures. Expenditures which too often produce little or no tangible benefit for the taxpayer. Is this the competition we seek to preserve? What can we expect in the future if now the Government in the face of financial difficulty becomes the guarantor of loans? It is that point which I understand from the press so disturbs Under Secretary Packard.

Far from preserving competition this loan program bodes to destroy it. It goes beyond Lockheed and would apply to any "major business enterprise" that would qualify under the general standards proposed. What discipline will the marketplace thereafter impose? Free enterprise for profit, but not for loss? It would be nice—but will not work. The preservation of competition does not rest on the preservation of any one competitor—rather, it rests on the preservation of a process in which all actors are encouraged and if need be, forced to perform creatively and efficiently.

If Lockheed or other "major business enterprises" are teetering on the edge of insolvency, then there is a time to test the remedy to which they should turn. Chapter X of the Bankruptcy Act offers a time-tested remedy which can save a viable economic enterprise with minimum damage to all concerned.

There is, however, a popular and insidious misconception attached to the concept of bankruptcy. The principal function of bankruptcy is rehabilitation, not liquidation, although the Latin derivation of the word "bankruptcy," *banca* ruptus, suggests it is liquidation. In Roman law, a merchant's insolvency was called to the public attention by breaking his table, a rather abrupt manner of liquidation. The modern equivalent of breaking down his store. That is the way the public's attention was called to his insolvency. The evolution of bankruptcy in this country has taken a more humane course with substantial emphasis upon a system of relief and rehabilitation of a debtor with equitable treatment of creditors. Major chapters of the Bankruptcy Act are designed specifically for the purpose of rehabilitating the debtor rather than destroying or liquidating the debtor. In this context, bankruptcy should not have fatal consequences for a troubled

but viable firm, nor for its employees, suppliers, buyers, and society in general, since the objective of the bankruptcy proceeding is rehabilitation by reorganizing the troubled firm.

The alternative of rehabilitation by a chapter X proceeding carries some significant advantages. It can be done in a manner which emphasizes the creation of a strong and viable firm within the precepts of a privately owned free enterprise system that we are always talking about—free competition, whatever we want to call it, or label it—privately owned. This is pro competition since we insure the existence of a viable and stronger competitor, free of Government subsidy and control, while also retaining the deterrent of the competitive system—ultimate failure, if there is no viability, if there is inefficiency or mismanagement. The alternative presented by this bill is in reality a subsidy by Government with substantial involvement of the Government in sustaining a competitor in the marketplace. Rather than rely upon the judgment of the marketplace for capital, which in this case has apparently reached a decision adverse to Lockheed, this bill would substitute the judgment of the Government in determining who should succeed and who should fail. Lest there be any mistake about the fundamental significance of this measure to the continued belief in the American creed of a free enterprise system, let me suggest that this proposal is in effect an emasculation of the other side of the competitive coin enshrined in the anti-trust laws. By removing the sanctions which attach to inefficiency and mismanagement, we obliterate a significant portion of the underpinnings of the anti-trust laws. Rather than the market determining who shall not succeed, we substitute the judgment of Government. Would not the next step be that the judgment of who shall succeed in the competitive race will also rest with Government?

Mr. PROXMIRE. Will the Senator yield?

Mr. HART. I yield.

Mr. PROXMIRE. The Senator, I am delighted, has gone into the implications of the chapter X bankruptcy as an alternative, and, as I understand it, he is saying something that I think has not been called to the attention of the Senate before, and on which we have had very little testimony before the committee. We have some, but certainly we have not had the insight.

The Senator from Ohio (Mr. TAFT) earlier today indicated that one of the aspects of chapter X is that the jobs are not destroyed. They continue.

The Senator from Michigan is pointing out here that we also retain the competitive element which the firm represents, because the firm continues to produce its product. It continues to compete to the extent that what it produces is a sound and viable product that the marketplace will support.

As I understand it, the Senator's objection is that what this bill would substitute for the judgment of the marketplace is political clout, in effect. In the

event that that firm has the influence—and we are being told in no uncertain terms now what kind of influence Lockheed has—and in the event the firm has the pressure and the funds to hire the influence to procure from the Government a guarantee, then despite the decision of the marketplace, despite the record that indicates they cannot raise money by going into bankruptcy and making a case that they have a viable product and a firm that deserves a loan, they will get bailed out.

The Senator is raising a point, as I understand it, that this is a direct interference with competition, and that, far from keeping competition alive, it tends to subvert it.

Mr. HART. Indeed, yes. We are speaking, however, of the treatment that is supposed to be given to—how do they describe it?—major business enterprises.

Mr. PROXMIRE. Yes.

Mr. HART. The bill does not change the discipline of the marketplace as it affects the smaller man. Our economic theory that if one produces, he will succeed and be rewarded, and that he will experience failure if he does not, will continue to operate for the smaller man. Where we are changing the rule is with respect to what happens to a major business enterprise, and there we say, "We will permit you to enjoy socialism so long as you are rich, but we will let the discipline of competition continue to apply to those who do not qualify for that magic list of our 100 largest business enterprises."

I do not know whether the committee discussed what it meant exactly by major business enterprises—perhaps the first 50 or the first 200.

Mr. PROXMIRE. At any rate, would it not be logical to propose as a name for this Emergency Guarantee Board—since we have the SBA, the Small Business Administration—that it be the BBA, the Big Business Administration?

Mr. HART. I hope we will never find out what shorthand labels will attach. I hope we will have the wisdom not to attach them; but it would not be an inaccurate shorthand description if we go ahead and create this.

The Senator from Wisconsin is right. I am suggesting that we have a viable and well-proven alternative, chapter X of the Bankruptcy Act, if Lockheed and other large corporations are in as deep as they claim. The proceeding under chapter X entails the appointment of independent trustees, free of prior connection with the debtor, who take over operation of the debtor's business. The trustees attempt to work out a reorganization plan while also investigating the prior conduct of management. The trustees, subject to court approval, are empowered to assume or reject existing executory contracts of the debtor. If the trustee needs additional funds to operate the business, he is empowered to issue certificates upon such terms and conditions and with such security and priority in payment over existing obligations as the court may fix. The trustees have broad ranging powers to sell off or dispose of unprofitable lines of business or

contracts in the process of rehabilitating the firm. Although there is no guarantee that a lean and hard competitor will emerge from reorganization under chapter X, we run a much lesser risk for all concerned and for the future of the free enterprise system than if we choose the alternative proposed by S. 2308.

We have a history of experience to bear out this potential of chapter X proceedings. Large electric and gas utility systems and local transit systems have been reorganized under chapter X or its predecessor. Two large motion picture companies, Paramount and Twentieth Century Fox, were successfully reorganized under the predecessor of chapter X. Both companies continued to produce and distribute motion pictures on a very large scale, and after reorganization these companies had many years of financial success. Other recent chapter X cases suggest we should rely upon competition and the basic premises of a free enterprise economy coupled with chapter X and not begin another massive erosion of antitrust policy by the backdoor approach of subsidies to politically powerful but poorly managed firms.

Government action to provide capital to private firms is desirable in some circumstances. Our private capital markets are far from perfectly competitive. We should intervene, however, on the side of encouraging loans to new enterprises and efficient businesses that are being denied access to capital because there competition is not wanted by those with power. We are asked here to provide Government intervention for the opposite reason.

Even if it be assumed that Lockheed or a chapter X proceeding on behalf of Lockheed cannot straighten the financial problem out and maintain the viability of the company without the loan guarantee, there is no assurance that the loan guarantee will protect jobs. The only assurance is that the investors, lenders and present management will gain a new lease on life in the form of an exemption from the normal consequences of inefficiency or mismanagement in a competitive market. The potential for dislocation of employees is aggravated because of concentration in a market of the domestic side of the industry and because we do not have full employment since the major objective of the present "game plan" seems to be fighting inflation with the bodies of the unemployed. Indeed, the inflation-unemployment dilemma will remain insoluble so long as economic concentration sits astride the economy immune from monetary and fiscal controls. Even, so, one would expect that the risks of a competitive economic system should not be so lightly dismissed. The allocation of manpower resources should also take place by competition rather than Government dictate. That prospect has substantial longrun risks of misallocation of workers and an even more severe long-range unemployment prospect.

If these companies, and specifically Lockheed, are in danger of insolvency necessitating corporate reorganization, the wholesale unemployment threat is not very realistic. Corporations in re-

organization are not closed down, nor are employes thrown out of work en masse. Indeed, a major concern of any trustee under a chapter X proceeding should be the rational reorganization of the firm with the interests of all concerned uppermost. If Lockheed is producing goods and services demanded by the free economy, that demand will not vanish even if Lockheed totally collapses. Jobs will be created to meet the demand. If the demand is not there and this is the reason for granting loan guarantees, we are taking the first step down a long road toward abandoning a free enterprise society.

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

Mr. HART. I yield.

Mr. PROXMIRE. Whether we are dealing with Lockheed or some other firm this is true, but in the case of Lockheed it is in competition with the McDonnell-Douglas Aircraft Co. with respect to wide-body jets. The whole question is whether or not we should provide a guarantee so that Lockheed can produce the L-1011, which would be in express competition with the other plane produced by American labor, so that if jobs are lost at Lockheed, which produces the L-1011—and I believe there is a good case they would not be, but if they are—jobs should be picked up by their competitor, McDonnell-Douglas with the DC-10, which representatives of the FAA and the CAB testified before our committee would get the lion's share, the overwhelming share of the business. Does that make sense?

Mr. HART. It makes sense as the Senator stated it and it makes sense as I read the exchange before the Senator's committee when this bill was being considered.

This discussion recurs rather frequently in the hearing record. I believe that the picture sketched by the Senator from Wisconsin is correct. I know there was basic disagreement in the hearings for various reasons. But if our concept of jobs, as well as money, responding to market pressure is correct, then what the Senator described is what would happen even if reorganization does not produce a viable business. Even if that occurs, given the marketplace pressures, the reorganization should insure that there is not a net loss of employment.

I think none of us has any allusion that what we say here at this moment will have any historic consequence, and what we have said, but what we do will have historic consequence.

What we do here has fundamental long-range implications for the future evolution of the economic principles upon which we organize our society. In one section of the committee hearing record I read the testimony of Professor Galbraith. He manages to use the language in a fashion that few of us are able to do and he paints a very clear and understandable picture even when he is describing something that usually would put students to sleep in economic classes; he manages to be the exception to the rule when he discusses economics.

Professor Galbraith observed in his testimony before the committee:

Were I a principled conservative I would oppose this rescue. It makes nonsense of the notion that private enterprise should be self-reliant—should not depend for its salvation on the government.

(T)here is another tradition of American Conservatism which avows the most stalwart commitment to free enterprise, risk and the market, and which rushes with obscene haste to the government whenever a dollar may be lost or made. . .

As a liberal, I would oppose the guarantee. If a large corporation like Lockheed is to be rescued from miscalculation and mismanagement, then an Alabama or Wisconsin farmer or a small retailer in Worcester or Fort Worth should have similar rights. And it should not be held against him that he is a bad manager, wastes money, or allows his men to loaf on the job. Lockheed has done all these things. He should not be penalized because, though like Lockheed in all other respects, he differs in being small.

Even were I a socialist, I would oppose this guarantee. Lockheed got much of its plant from the government—including that in which the L-1011 is being built. It also gets most of its working capital from the government and nearly all of its business from the government.

Its cost overruns in the past have been extensively socialized. Unquestionably, this guarantee carries socialism further. But it is socialism not for society, but for a private corporation and its creditors. It is not the old-fashioned socialism for the poor, but the new-fashioned socialism for the rich.

Professor Galbraith has given his answer to the proposal as a liberal. He has suggested what he believes a conservative position should be, and he has given what he believes the Socialist position should be. We have heard, then, from all segments except Communists and prohibitionists. I buy his answers.

If this bill is to be adopted we will have opted for socialism for the rich by subsidizing giant-size corporations while holding the small firm and individual entrepreneur to a free enterprise competitive society. It would be very embarrassing for politicians to take to the stump and tell constituents, "I believe in free enterprise for all you little fellows and the poor." None of us would do that no matter what we feel about this bill. We should not overlook the fundamental change we adopt by this legislation: We socialize the big for the sake of the rich and tell the small to go out and suffer the whims and sometimes the disappointments of a free competitive marketplace.

Moreover, we enshrine bigness and economic concentration. The economic, social, and political consequences of concentrated economic power are now beginning to be perceived. Rather than take steps toward legalizing and insuring that power so that it is even more deeply rooted in our society, we should be taking steps in the opposite direction so that we will not find ourselves in the position this bill now places us; what we say here will not be long remembered, but what we do here will be impossible to ignore or forget.

I hope very much, Mr. President, that we will be given the opportunity to study not alone the aspect that I have discussed but the myriad other aspects which I am sure are involved in the consideration of the bill before us.

I like to think I never engage in a

filibuster here, but I close by renewing the hope voiced by the Senator from Wisconsin that, given the complexity of the problem—as I delivered that speech, one would think I was sure that was the answer; why blink it, I am not at all sure that is the answer—I am sure we are confronted here with problems that are deep and basic as to the kind of society we shall have. Let us not gallop through here with a cloture before we have even identified one of the problems, much less a way to solve it.

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

Mr. HART. I yield.

Mr. PROXMIRE. First, I warmly commend the Senator on an excellent statement.

On page 2 of his statement, the Senator says:

Unrealistic estimates of delivery time for new systems of defense. Incredible underestimates of procurement costs which have resulted in billions of dollars of unanticipated expenditures. Expenditures which too often produce little or no tangible benefit for the taxpayer. Is this the competition we seek to preserve? What can we expect in the future if now the government in the face of financial difficulty becomes the guarantor of loans?

Earlier, just before the Senator spoke on the bill, we had a colloquy in which we were disputing the position of Under Secretary of Defense Packard. I think all of us here know that Secretary Packard is No. 1 on procurement. I think he is a fine man and has done a good job, although the situation is bad. This describes the situation so well—the enormous overruns.

The reason why Mr. Packard took the unprecedented position of refusing to read the statement prepared for him by the administration seems to be that he recognizes, just as the Senator from Michigan has put it right here, that if the defense firms, which have not performed as well as they should by any means and have run up costs as high as they have, no matter what they do, now can be bailed out, then what little discipline there is now for holding down costs and holding down expenses of the Federal Government is likely to be frittered away.

That is why, in the aftermath of the Packard position before the House Banking Committee, there have been many stories to the effect that Mr. Packard may be on the way out, that he may either resign or be fired.

It would seem to me that he must feel, as the top procurement official, as the Senator from Michigan has so well expressed it, that without some kind of discipline such as we now provide with at least a bankruptcy procedure, our defense procurement will be less efficient even than it has been.

Mr. HART. Mr. President, all I know about this is what I have read in the press, but it is my understanding that Mr. Packard, as the Senator from Wisconsin has said, discovering that the proposal was not a one-shot-save-Lockheed deal, but a bill that would be available to major business enterprises, did indeed conclude that he could not in

conscience testify in support of it, and the reason, as I get it from the press, is exactly as the Senator from Wisconsin has stated it.

The track record of defense suppliers in this country is intolerable. Perhaps I should say it is unsatisfactory. But if we give them this kind of bailout guarantee, it will change from unsatisfactory to intolerable.

At least Packard was saying that if you remove what discipline there remains in terms of ultimate failure, you increase the likelihood that, instead of improving in their estimate procedure, their delivery time, the likelihood is they will get worse.

The Senator from Wisconsin is absolutely right, and perhaps better than any other member in this Chamber, he knows the track record. It is he who perhaps more than anybody else in America has made us all aware of the track record.

Secretary Packard knows the track record, and knowing, notwithstanding his loyalty to his administration, realized that he could not, in conscience, read testimony prepared which would have voiced support for the bill now before us.

I join the Senator from Wisconsin in acknowledging and praising the kind of courage that is involved.

I did get to the Chamber in time to hear the Senator from Wisconsin's exchange with the Senator from Texas. The Senator from Texas makes the point that Secretary Packard is not yet on record in any hearing in opposition to the bill.

I feel, as the Senator from Wisconsin, that what he did was a more powerful expression of dismay and opposition than if he had taken the stand and read for an hour in opposition.

I hope we shall conclude, if on further study and discussion this bill does as I have suggested at the moment I think it would do, and as others have suggested they believe it will do, that we do have the wisdom and courage of Secretary Packard in rejecting it.

Mr. TOWER. Mr. President, the colloquy between the Senator from Michigan and the Senator from Wisconsin suggested that all the people thrown out of work by the failure of Lockheed would immediately be employed by McDonnell-Douglas. Well, that might be the opinion of the people whose jobs are involved.

Reading from the testimony of Mr. James L. Quillin, who is president of the Aeronautical Industrial District Lodge 727, International Association of Machinists & Aerospace Workers, here is what he said:

Some have suggested that Lockheed workers who lose their jobs if the L-1011 program is canceled could go to work for McDonnell Douglas on the DC-10 since it is produced in the same area. This is a cruel hoax and should be branded for what it is, a complete distortion of the facts. In the first place such a proposition completely ignores the geography of southern California. The DC-10 is assembled in Long Beach which is 35 miles from Burbank, the home of the L-1011. It is possible to commute from Burbank to Long Beach on a twice daily basis; however, considering the Los Angeles traffic and freeway system, it is a hair-raising experience at best.

Next, the proponents of this suggestion blithely ignore another salient geographical fact, that is, the L-1011 is assembled in Palmdale, Calif., utilizing nearly 4,000 Lockheed employees. This final assembly facility is 100 miles from Long Beach, Calif. It stretches the bounds of credulity to suggest that these workers could commute the 200 miles a day round trip to Long Beach. Assuming for the sake of argument that laid-off Lockheed workers could get to these jobs on the DC-10, which presupposes, of course, that all airlines will switch to the DC-10, is there any guarantee that they would stand in front of the 40,000 other unemployed aerospace workers in Los Angeles County who would be in line for these same jobs on the DC-10?

Finally, and representing perhaps the most blatant disregard of the facts by those who suggest that terminated Lockheed workers can be hired for the DC-10 is the fact that McDonnell-Douglas has an estimated 9,000 employees on layoff right now while they are producing DC-10's at full production rate. These employees in southern California must be recalled before other workers could be considered for openings. Consequently, Lockheed workers could not be hired for DC-10 production even if they lived across the street from the plant in Long Beach.

Let us not have any illusions that, automatically, all of those workers would be absorbed by McDonnell-Douglas, because McDonnell-Douglas could not and would not require the same number to expand on and string out the production line at McDonnell-Douglas, even though they did get all the business for the L-1011.

Another suggestion is that this proposal is simply a bailout for corporate fat cats. Probably most of the people who own shares in Lockheed, with the exception of small shareholders, and who are employed in high-paying jobs at Lockheed, could survive economically. But it is the little people, the workers, who could not survive.

It is said that this would be a help to small business. But look at the hundreds of small contractors, and the three or four hundred subcontractors, who would themselves go bankrupt. It is the small businesses that would go bankrupt. I could cite one in my own State that would go bankrupt. Let us not go through the demagoguery of labeling these people as simply a bunch of rich men or fat cats. The bill will assist small businesses and the workers in small businesses in all economies, in all areas, that would otherwise be depressed. So let us get that adequately clear.

Mr. PROXMIRE. Mr. President, will the Senator from Texas yield on that point?

Mr. TOWER. I yield on the point.

Mr. PROXMIRE. The Senator has quoted at some length from the leaders of the machinist union. Of course, a part of the answer to that is that the machinists do represent the Lockheed Corp., and UAW represents the workers of the McDonnell-Douglas Corp.

Leonard Woodcock, the head of the UAW, came in, and he had quite a different view. If the Senator will permit, I should like to read briefly from what he said. He said:

It is true that some workers would lose jobs and others gain them; and individual subcontractors would have to find new con-

tracts, but there would be no net change, and the problem of insecurity in the aerospace industry cannot be solved by efforts to shore up one particular corporation.

Mr. Woodcock goes on to point out that the way to provide more demand for the work of these people is to get into areas where there is a demand.

We know now that the airlines are surfeited with planes. They have far too much capacity. I read yesterday where TWA has canceled a number of orders on the DC-10. With that kind of situation, an effort by the Federal Government to shore up production where demand is failing makes no sense whatever.

The people who work producing the DC-10 and those who work producing the L-1011, and are faced with loss of their jobs, are both good Americans; both would like to have a job. The action proposed here to push the L-1011 so that it can get the work the DC-10 workers would have is shortsighted and unsound. As Leonard Woodcock stated:

What has to be done is to meet the basic problem of the decline of the entire aerospace industry. This problem should be met by creating new jobs in new industries, which should not only provide useful application of the skills of aerospace workers, but from production workers to engineers. They should also help to meet some of the domestic needs of our country, ranging all the way from purer air and water to effective urban mass transit programs, which have been so long neglected.

Mr. TOWER. Well, I think that in determining which shall get the work under this circumstances, the testimony of the representatives of the workers who are going to lose their jobs is far more valid, and probably far more candid, than the testimony of the representatives of the workers who are not going to lose their jobs.

Also, I think it should be noted that the UAW would like it very much indeed if that union could have a monopoly on the aerospace workers in this country. That would be very fine for them. It would enhance their power tremendously. But as far as the actual picture is concerned, the facts of the total unemployment picture in the aerospace industry simply do not sustain any contention other than that held by Mr. Quillin, the head of the local which would be affected.

As far as the aerospace industry being sick is concerned, one of the reasons it is sick is that we in Congress have insisted that we are tired of trying to maintain and enhance our leadership in this area in competition with the other countries in the world. We are voluntarily surrendering our leadership in the aerospace industries to other countries.

Given their present momentum, without some meaningful agreement at Helsinki or Vienna, the Soviets are going to outproduce us in arms. In about 2 years, they will be militarily superior to the United States. They have developed several fighter aircraft over the past 10 years. We have not developed one new fighter aircraft over the past 10 years, not one new air superiority weapon. And those Members of Congress and others who want to unilaterally disarm the United States must admit that they

helped bring about the decline in the aerospace industry in this country.

Lockheed wants to get into a commercial enterprise, knowing that reliance on military contracts is very shaky, with the mood of the country these days. They are seeking some commercial business. Are we going to say to them, "No, we are going to force you out, and have only one producer in this competitive area of commercial production?"

Mr. PROXMIRE. Does the Senator maintain that the DC-10 workers who go to McDonnell-Douglas have not been losing their jobs, when there is a cancellation of 23 DC-10's such as that announced the other day by TWA? Does that not mean there are hundreds of workers losing their jobs, and does it not also follow that if we go ahead and push Lockheed into this area, there will be more who will lose their jobs?

Mr. TOWER. We are not pushing Lockheed into this area.

Mr. PROXMIRE. I think we are.

Mr. TOWER. McDonnell-Douglas and Lockheed each made a market survey to determine the number of planes that would probably be required, and their figures are in the same ballpark. I might add that TWA has testified in favor of what we are trying to do for Lockheed here. TWA is one of the affected airlines. They know how it affects them economically, and to assume that because there is a current recession in business in the airlines—money has been tight; we have had a cash flow crisis, though I think we are over it. We have had a liquidity crisis. The first thing people do is stop traveling, so certainly the airlines are in trouble right now; but does the Senator think that will be for always, for the next 5, 10, 15, or 20 years? My goodness, flight is the future basic means of transportation for the whole world. Right now, everything of bulk importance moves by sea, but I anticipate that even in my lifetime, it is conceivable that everything of bulk importance could move by air.

Why does the Senator think the passenger trains have gone down the drain? It is because people are traveling by air. That is going to continue, and over a long period, it is going to reflect growth; it is not going to diminish.

Mr. PROXMIRE. How does the Senator explain the fact that the Department of Transportation and NASA's study, the only authoritative study we have of this industry and whether it could support one or two firms, comes down very hard, clear, and emphatically on the side of its being able to support only one firm? They are saying that if two firms were in the industry, both would be weak and unstable, and the industry would not be able to operate as effectively or efficiently. How does the Senator explain that?

Mr. TOWER. What is this study?

Mr. PROXMIRE. It is a study just completed on March 31.

Mr. TOWER. Made by whom?

Mr. PROXMIRE. It was a study made by the Department of Transportation and by NASA.

Mr. TOWER. Was this study made a part of the testimony?

Mr. PROXMIRE. The study was put into the record. I brought it to the attention of CAB and FAA when they testified, and they acknowledged that that was the finding of the Department of Transportation and NASA.

Mr. TOWER. Who made the study?

Mr. PROXMIRE. The study was made by those two departments.

Mr. GAMBRELL. Will the Senator yield? I believe it was the staffs of those two departments.

Mr. PROXMIRE. Well, yes; it was not made by the Secretaries.

Mr. TOWER. But it is not the official position.

Mr. PROXMIRE. All the work around here is done by staffs. We all know that.

Mr. TOWER. Are we going to believe that, or the contention of the Department of Transportation that we should keep Lockheed in business?

Mr. PROXMIRE. Well, of course, once the President makes a decision that we are going to bail out Lockheed, everybody in the administration will support bailing out Lockheed. That is a foregone conclusion.

Mr. TOWER. But the official position denies the Senator's contention.

Mr. GAMBRELL. Mr. President, will the Senator from Texas yield?

Mr. TOWER. I yield.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9667) entitled "An Act making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1972, and for other purposes", had agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and had appointed Mr. MCFALL, Mr. BOLAND, Mr. YATES, Mr. STEED, Mr. MAHON, Mr. CONTE, Mr. MINSHALL, Mr. EDWARDS of Alabama, and Mr. Bow managers of the conference on the part of the House.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 699) an act to require a radiotelephone on certain vessels while navigating upon specified waters of the United States.

The enrolled bill was subsequently signed by the President pro tempore.

EMERGENCY LOAN GUARANTEE ACT

The Senate continued with the consideration of the bill (S. 2308) to authorize emergency loan guarantees to major business enterprises.

Mr. GAMBRELL. Mr. President, I was about to address a question to the distinguished Senator from Texas in further reference to the testimony of Mr. Leonard Woodcock of the Automobile Workers' Union, which was cited by the Senator from Wisconsin.

In that testimony, I asked Mr. Wood-

cock if what he had to say about the L-1011 program would not have applied equally to the SST program. In effect, he admitted that it would, that there should be a shift of skills and technology from this form of airframe construction into other domestic uses and that type of thing.

Then I asked him what the position of his union was on the SST, and he said:

Officially, we had a neutral position.

This stuck me—and I so stated at the time—that I thought it was very unique that his union would have a neutral position on the SST and be opposed to an indirect Government support program for the L-1011, since it is obvious that the L-1011 has more of a market demand than the SST program had. Orders for 100 L-1011 planes are pending at the time, and no orders were pending for any SST. The L-1011 was—except in a very remote set of circumstances—going to require no Government money at all, no tax money; whereas, every dollar that was going into the SST, with the exception of some peripheral support from the airlines, was coming from tax dollars.

To me at that time—and still—it undermined the credibility of the testimony of Mr. Woodcock and caused me to look further as to why he might oppose the L-1011 and be neutral on the SST. I think the record bears out that that probably was the result of the competition of workers—the machinists who work on the L-1011 and the autoworkers who worked to some extent on the SST.

Mr. Woodcock's testimony was reduced to that of a very much interested witness, one whose constituents were working directly on one program on which they were neutral and were not working on another program which they opposed. So his testimony, in the ultimate, has to be judged and has to be credited, if at all, only in the light of the direct interest that he and his union had and might benefit from the termination of the L-1011 program.

I think it is important that that be brought to light at this time, or repeated at this time, so that the fact that a representative of organized labor might be opposed to this bill would not cause anyone to think that, looked at objectively, organized labor thinks that the L-1011 program and the Lockheed Corp. should be permitted to go down the drain.

I had hoped that the Senator from Michigan might remain; but, in his absence, I would address this inquiry to the Senator from Wisconsin. There is a great deal of talk about supporting big business and letting small businesses go—a callous attitude toward small business and a cozy attitude toward big business. This has had a great deal of appeal to the press, and it makes good stump speech conversation, and it has a populist appeal, which is a popular appeal to make in these times.

Admittedly, on its face, this measure is directed toward big business, major business enterprises, whose collapse might have serious adverse effects on the national economy. But it occurs to me, particularly in the case of Lockheed, that we are talking about something more in

the nature of an army of men, led by a general, that finds itself trapped or encircled, perhaps for reasons of its general's leadership, perhaps because the circumstances of the war have gone contrary to the way everyone thought it was going. In any event, we have an entire army that is trapped in the midst of enemy territory.

Are we to say that because the general who led that organization may have been incompetent, we are not going to send out anyone to save the army; but we are going to let the men go down the drain? We are not talking about a group of people who said, "I want that general to lead me through thick and thin. I want to live or die by the decision he makes." We are talking about an industry which the U.S. Government has consistently encouraged to develop in order to improve our capacity in military aircraft, in order to achieve and hold world leadership and commercial aviation.

We had the man who makes the ovens that go into the L-1011. These are employees who in good faith have gone to work in these places. All of a sudden, we have said, "No; we have absolutely no encouragement to give you from this point on." Even though all you are asking for is the guarantee of a bank loan—you are not asking for any tax dollar to be deposited in your bank account—all you are asking for is some credit support to carry you over a hump, we are not going to give it to you. To all you people and everyone who is associated with you in good faith, the subcontractor who builds the landing wheels, the subcontractor who builds the ovens for the interior of the planes—all these people who had the right to assume that they were in a program in which the U.S. Government believed and who are now to be told, even though they are not asking for a direct subsidy—all they are asking for is that about 15 percent of the private investment in this be guaranteed by the Federal Government with very little risk, and that is all they are asking for—the U.S. Government will say, "Absolutely not. You, and big business with which you are associated, will be permitted to draft, to float free in the world market, maybe sink or drown, maybe get caught up by someone else; but, in any event, the \$1.4 billion worth of investment by private persons in your business will be lost and we, the U.S. Government, have suddenly thrown up our hands to say that we are not in the commercial aviation business any more. We would as soon see that particular phase of it go down the drain."

Mr. PROXMIRE. May I say to the distinguished Senator from Georgia that this is not the idea or the intention, I am sure, of the Senator from Michigan or of myself. The position the Senator from Michigan took, with considerable emphasis, was that chapter X bankruptcy is precisely designed to keep the enterprise afloat, that as a matter of fact the jobs could be preserved and the capacity to produce the product could continue. It would be possible that the firm, for example, in the Lockheed case, would continue with all production not related to the L-1011 and that

would include about 85 percent or 90 percent of its force, and that is almost all the jobs in Georgia.

The basis of the testimony we had by Mr. Packard and others was that bankruptcy, if it took place, would not result in the loss of more than maybe a couple of hundred jobs in Georgia. Of course, that is important. These jobs are not insignificant. They are significant. But we should recognize that we are not talking about the entire enterprise, the entire "army" the Senator referred to in his analogy awhile ago which would be destroyed, go over the cliff, or be sunk without trace because of bankruptcy. The trustee would carry on all of the business that was sound.

Mr. GAMBRELL. Well, on the question of chapter X bankruptcy, I know that—

Mr. PROXMIRE. The Senator from Michigan is now in the Chamber, I see. He is in the front of the Chamber. I did not mean to usurp his place, but the Senator from Georgia propounded a question that he wanted to ask the Senator from Michigan, so he asked me because the Senator from Michigan was not in the Chamber at the time. Perhaps the Senator from Georgia would like to pursue this colloquy with the Senator from Michigan, since he is now in the Chamber.

Mr. GAMBRELL. I will come back to that, but the Senator from Wisconsin made the point which the Senator from Michigan might wish to make himself in his own right, or maybe he has already made it regarding chapter X bankruptcy.

There is something misleading in the RECORD in that regard. Yesterday, in the remarks of the Senator from Wisconsin, he reported about Professor Countryman of the Harvard Law School, who testified substantially what the Senator from Wisconsin just said, and perhaps the Senator from Michigan has said the same thing, that chapter X bankruptcy was designed to offer salvation to companies which had gone on the financial rocks.

On page 713 of the hearings, I had the following colloquy with Mr. Countryman:

... let me ask you this: I don't suppose you have been a banker?

Mr. COUNTRYMAN. No, sir.

Senator GAMBRELL. Have you had a recent experience in a bankruptcy case?

Mr. COUNTRYMAN. Yes, several.

Senator GAMBRELL. I mean a direct participation in a bankruptcy proceeding?

Mr. COUNTRYMAN. Oh, no, I have not practiced in bankruptcy for some years; no.

Senator GAMBRELL. Have you been involved in any way in a bankruptcy case in the last few years?

Mr. COUNTRYMAN. No, sir.

Senator GAMBRELL. I might say I have . . .

Mr. President, I might say that I have on several occasions. And I have. And, I might say, and this of course would be a matter of opinion, but it would be substantiated by those who have practiced bankruptcy law, those who have experience in bankruptcy cases, that chapter X is a very poor and inadequate remedy, and is probably no remedy for a company like Lockheed. That is why the testimony almost universally is that the

L-1011 program would go completely out the door if Lockheed went into bankruptcy, the reason being that it takes a tremendous amount of management skill, it takes a tremendous amount of financial resources, and it takes a tremendous amount of faith and confidence to go through a 2- or 3-year construction contract program, in fact, in this case, a 5-, 6-, or 8-year program, to develop a commercial airplane.

We can take a railroad which is out there, running every day on schedule, and yielding a specific fare under Government regulation, and it will run itself almost for a set period of time and it certainly will not go on the rocks.

Mr. PROXMIRE. If the Senator will yield at that point, he makes a good point. I do not know, I cannot speak for the Senator from Michigan, but it may well be that in something so complex and as difficult as the aerospace industry and the aircraft program, there will be some merit to the case.

The principal thrust of my remarks, however, was that this is about a 90 percent defense-oriented firm and every witness who testified agreed, including the Treasury Department which is strongly in favor of this, that the defense part of the business would continue. It may not be that chapter X is the answer, but certainly most of the Lockheed business would continue, whether chapter X were adequate or not.

Mr. GAMBRELL. This is where statistics will mislead. To the average onlooker into the business of Lockheed today, it may be 95 percent defense, but if they perfect the L-1011, build it, and sell it and make it in accordance with the plans, that percentage will decline tremendously down to about 50 percent, possibly 45 percent. In other words, this is their diversification program. The very thing that cannot stand chapter X is the thing that will go out and be lost.

Mr. PROXMIRE. The Senator is talking about new jobs in the future and new profits, a new bonanza. This is the defense part of the business and it will continue and will not be adversely affected.

Mr. GAMBRELL. May I clarify the record a little bit. We may be continuing new jobs, but we are talking about more work for the same people, the same 30,000, the same 40,000, the same 50,000 people, over a period of 6 or 8 years. We are not talking about hiring another 30,000, 40,000, or 50,000 people. We are talking about all those same people who will stay to work for Lockheed. The percentage the Senator is talking about, 95 percent, is based on sales. Yes; the sales will be 95 percent sales to the Federal Government, but not when the L-1011 plane is built. Once the plane is built and the sales begin, the sales will go up, which will maintain the same work force, and that is what we are trying to save today. We are not talking only about Lockheed employees, but employees in hundreds and hundreds who work in other subcontracting jobs, as well as the suppliers.

Mr. PROXMIRE. Perhaps the Senator from Michigan would want to respond to that, but if the Senator is talking about that, he is talking about how

we can operate to preserve jobs for American workers.

I have here an analysis, a very careful and responsible analysis, that shows:

(a) The L-1011 as delivered has a high (25% plus) foreign labor content predominantly due to the U.K. Rolls Royce engine.

(b) The competitive Boeing B-747 and McDonnell Douglas DC-10 have from 11% to less than 5% foreign content, predominantly in structural assembly.

(c) Considering the traditional high spare engine and spare parts consumption of propulsion systems—equivalent over an airplane life to more than twice the initial delivered engines—the foreign manufactured labor fraction for the life time of the L-1011 program is over 40%.

(d) Replacement of the L-1011 with DC-10's and B-747's will definitely increase United States employment after the initial transitional phase.

What we are talking about now is guaranteeing a firm which, in turn, will produce a product with, as I say, 40 percent foreign labor content. If we are really talking about preserving American jobs, it seems to me that it is a pretty easy choice. A job is just as important to a Douglas employee producing DC-10's as it is to a Lockheed employee.

Mr. GAMBRELL. The Senator recognizes that not all lost sales on the L-1011 will go to the DC-10's; there is the A300-B.

Mr. PROXMIRE. Only the lion's share would go to the DC-10's.

Mr. GAMBRELL. The European airbus is much more competitive with the L-1011's than the DC-10's.

Mr. PROXMIRE. That was not the testimony when they appeared before the committee. They said that the lion's share would go to the DC-10's.

Mr. GAMBRELL. Maybe 30 percent would go to the DC-10's.

Mr. PROXMIRE. I would say that is a pretty anemic lion at any rate. I would say 90 percent.

Mr. GAMBRELL. The part that went to the A300-B would go to the foreign workers.

Mr. PROXMIRE. In view of the labor content, we could still have a nominal labor percentage, going to the European airbus, maybe 5, 10, or 15 percent. We would still have a net gain in employment if the DC-10 was the main plane.

Mr. GAMBRELL. I do not know if that is clear or not. The DC-10's wings were made in Canada. The Senator could argue as to who would get the most employment. It is most cloudy to me as a result of the hearings. It certainly was not clear because they did not know who was going to get it.

Mr. PROXMIRE. Mr. President, that was further complicated by the fact that the Europeans make the engine for the American airbus. Those were American jobs.

Mr. GAMBRELL. That is correct. And there was some European work being done on the DC-10's. And around and around we went. The question was whether this specific program would save those particular jobs and this specific private investment.

Mr. WEICKER. Mr. President, would the Senator yield for a question?

Mr. HART. Mr. President, would the Senator yield?

Mr. GAMBRELL. I yield to the Senator from Michigan.

Mr. HART. The Senator from Georgia did suggest that there was no magic and no guarantee with respect to the overall consequences of a chapter X proceeding and specifically no guarantee with respect to the falloff of jobs.

I agree for the reasons he cited. I was shocked, however, by the exchange he just had with the Senator from Wisconsin which goes to the business of the undesirability of applying cloture at this moment. If two able committee members are still wondering if they know for sure what kind of job offsets are involved in this discussion, they should at least give those of us who are not on the committee an opportunity to catch up with the uncertainty and move forward to an understanding before we have cloture imposed.

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

Mr. GAMBRELL. Mr. President, I believe the Senator from Iowa wanted to be recognized in order to keep a White House appointment.

Mr. MILLER. Mr. President, I do not wish to keep the Senator from Georgia in his chair. However, I would like to have the floor in my own right.

Mr. WEICKER. Mr. President, would the Senator yield for a question?

The PRESIDING OFFICER. The Chair will straighten the situation out first. The Senator from Connecticut was on his feet when the Senator from Georgia sat down. Does the Senator from Georgia intend to yield the floor?

Mr. GAMBRELL. I intend to yield. I had previously agreed to yield to the Senator from Iowa.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa on the assumption that this is a short presentation.

Mr. MILLER. Mr. President, I do not wish to mislead the Chair. I would like to be recognized in my own right, and after being recognized, I propose to yield to the Senator from Connecticut who only desires to ask a question of the Senator from Georgia.

The PRESIDING OFFICER. The Senator from Iowa has the floor and he may yield for that purpose under a unanimous-consent agreement.

Mr. MILLER. I thank the Chair. I also thank the Senator from Georgia.

Mr. President, I ask unanimous consent that I may yield to the Senator from Connecticut for the purpose of asking a question and receiving a response from the Senator from Georgia.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WEICKER. Mr. President, I thank the Senator from Iowa. I would like to ask the Senator from Georgia a question. We have heard during the course of this debate various figures as to who will gain employment and who will lose employment. However, we have also heard from the Senator from Ohio that the employees of the General Electric are being cut back in their engine division.

We know that is a fact. And I can assure the Senator from Georgia of the fact that the employees of the Pratt & Whitney Division of the United Aircraft, also

engine manufacturers, are being cut back.

Without getting into the broad argument as to who is gaining and who is losing jobs, how do we explain to these unemployed employees of American engine manufacturers the fact that as they stand there to get their unemployment checks, their taxes are going to be used to create jobs in the Rolls-Royce Corp. in Great Britain?

I am trying to get a response as to what explanation will be given. It is one thing to go ahead and lose one's job. I think that it is a little bit too much—would not the Senator from Georgia agree—that after one has lost his job, his taxes would then go to pay the fellows who caused him to lose his job.

Mr. GAMBRELL. Mr. President, I would have to admit that answering the question of anyone who lost his job would be pretty difficult. The same would be true also of the Lockheed employee who loses his job. It is very hard to say, "You lost your job because the economy went bad, or because the president of the company did not know how to manage the company, or because the Government short-changed the company in relation to negotiations on other aircraft that you were not working on."

Anyone who lost a job would not be satisfied with any answer given him. However, one comment that I think is pertinent is that his tax dollar is not being put into this program, as was true in the case of the SST.

Many Senators voted to put tax dollars in the SST in order to keep the jobs there. However, basically we are talking about credit support, just as we are talking about credit support when a person puts his \$20,000 in an FDIC-supported bank. The Government guarantees that he will get it back. That is only because of the Federal tax dollars that we are talking about. In this program involving a guarantee by the Government, they would get it back if it went bad.

Mr. WEICKER. But is it not true that if the U.S. Government takes upon itself the obligation of guaranteeing \$250 million that means we will set aside \$250 million. We will have to set it aside in order to guarantee it in case the worst comes to pass.

Mr. GAMBRELL. I do not know where it will be set aside or in which pocket it will be carried. However, it will not be taken down unless \$1.4 billion of private investment has gone ahead of it.

Mr. WEICKER. That may be so. However, this is not a case in which we have a piece of paper in front of each Senator. This is \$250 million that will have to be set aside to guarantee the work.

Mr. GAMBRELL. The same type of money would have to be set aside for the FDIC guarantee.

Mr. WEICKER. I intend to cover that in my later comments. I do not want to impinge upon the time of the Senator from Iowa. However, I think there is a great difference in the example I have given on the engines in competition between Lockheed and other aircraft frame manufacturers within the United States. The competition is rough enough within our own country without adding to it the international market.

I thank my colleague for yielding.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

(The remarks of Mr. MILLER when he introduced Senate Joint Resolution 138 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

CLAYTON BION CRAIG, ARTHUR P. WUTH, MRS. LENORE D. HANKS, DAVID E. SLEEPER, AND DEWITT JOHN

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar Order No. 274, S. 1866. This matter has been cleared on both sides of the aisle.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read the bill by title, as follows:

A bill (S. 1866) for the relief of Clayton Bion Craig, Arthur P. Wuth, Mrs. Lenore D. Hanks, David E. Sleeper, and DeWitt John.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, any provision of law to the contrary notwithstanding, copyright is hereby granted to the trustees under the will of Mary Baker Eddy, their successors, and assigns, in the work "Science and Health with Key to the Scriptures" (entitled also in some editions "Science and Health" or "Science and Health; with a Key to the Scriptures"), by Mary Baker Eddy, including all editions thereof in English and translation heretofore or hereafter published, for a term of seventy-five years from the effective date of this Act or from the date of first publication, whichever is later. All copies of the protected work hereafter published are to bear notice of copyright, and all new editions hereafter published are to be registered in the Copyright Office, in accordance with the provisions of Title 17 of the United States Code or any revision or recodification thereof. The copyright owner shall be entitled to all rights and remedies provided to copyright owners generally by law: *Provided, however,* That no liability shall attach under this Act for lawful uses made or acts done prior to the effective date of this Act in connection with said work, or in respect to the continuance for one year subsequent to such date of any business undertaking or enterprise lawfully undertaken prior to such date involving expenditure or contractual obligation in connection with the exploitation, production, reproduction or circulation of said work. This Act shall be effective upon enactment.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that appropriate extracts from the committee report (No. 92-280) be inserted in the RECORD in explanation of the bill.

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

PURPOSE OF AMENDMENT

The purpose of the substitute language is to incorporate in the bill various technical amendments recommended by the Copyright

Office of the Library of Congress relating to the correct identification of the work which is the subject matter of this legislation, providing for a notice of copyright, and registration in the Copyright Office, and protecting innocent parties who lawfully made use of the work prior to the effective date of this legislation.

STATEMENT

S. 1866 was introduced on May 14, 1971, by Senator Quentin N. Burdick on behalf of himself and Senators Percy, Bayh, Brooke, Cranston, Griffin, Hatfield, Humphrey, Montoya, Scott, Thurmond, and Tunney. The bill relates to copyright protection for the various editions, including translations, of Mary Baker Eddy's "Science and Health with Key to the Scriptures." Of the numerous editions of the work published between 1875 and 1906, copyright registrations were made for 17 editions, all copyrights having now expired except the one applying to the edition published in 1906. The copyright on this edition will expire on December 31, 1971.

In its consideration of this legislation the committee has been advised that students and adherents of the Christian Science religion look to "Science and Health with Key to the Scriptures" by Mary Baker Eddy as the fundamental statement of the religious teachings of Christian Science. They consider this book, together with the Bible, as the basic textbook for all instruction in the Christian Science religion, and for the teaching and practice of the spiritual healing which is a central part of this religion.

Those who are students or adherents of the Christian Science religion and worship in the church of Christ, Scientist, founded by Mrs. Eddy, also look to the Bible and "Science and Health With Key to the Scriptures" as the only Pastor of this Church. All sermons in the Church of Christ, Scientist, including The Mother Church in Boston and countries are comprised of readings of scriptural texts and correlative passages from "Science and Health." The citations comprising each weekly sermon are printed in the "Christian Science Quarterly", and each week the same sermon is read in every Church of Christ, Scientist, throughout the world. This sermon is also studied individually by students of Christian Science and members of the congregations throughout the week prior to the Sunday service at which it is to be read.

Members of the Church of Christ, Scientist, students and adherents of Christian Science, and those of the general public wishing to learn of this religion are reliant upon the integrity and purity of the exact statement of Christian Science as set forth in "Science and Health With Key to the Scriptures," and upon the uniform system of pagination and line numbering which it employs, in order effectively to study and practice Christian Science, and to participate in the religious services and exercises of the Church of Christ, Scientist. Only through use of the authentic editions of the textbook can there be any assurance to a user that the copy of this book which he has is adaptable to the religious purposes of this Church and can be used for the study and practice of Christian Science.

In all of the religious practices and activities of Christian Science, use of "Science and Health With Key to the Scriptures" as a textbook is based on two essential factors. First, the text of the book must be authentic and contain the exact words of its author, Mary Baker Eddy. Second, the words on each page, together with the numbering of the pages and lines, must be the same in all editions and translations, and be consistent with the system of reference and citation established by Mary Baker Eddy. Unless the book meets these requirements it cannot serve its purpose as the denominational textbook of Christian Science. Accordingly, students and adherents of this religion must use "Science

and Health with Key to the Scriptures" without any change in the words or form.

Copyright in "Science and Health With Key to the Scriptures" is owned by the Trustees under the Will of Mary Baker Eddy. The Trustees, who are subject to the authority of the Director of Charitable Trusts and the Probate Court of the State of New Hampshire, are non-profit in character, and no individual or commercial interest will be served by assuring to them, through copyright protection, the means for preserving the purity and integrity of "Science and Health With Key to the Scriptures."

The purpose of seeking copyright for this book is not to provide pecuniary profit or material gain for the Trustees or the Church, but to preserve and maintain the purity and integrity of the statement of the religious teachings of this denomination, and thereby to protect members of the public against the possibility that, in purchasing or otherwise acquiring the book entitled "Science and Health With Key to the Scriptures," they might receive a distorted version of the teachings of Christian Science instead of the true and correct version thereof, or that the version acquired might not be the book which they require for the study and practice of Christian Science.

The Congress has enacted a number of private copyright bills applying to a particular work. The following is a list of private copyright bills which have been passed:

Act of May 24, 1828 (ch. 145, 6 Stat. 389).—John Rowlett, "Rowlett's Tables of Discount or Interest."

Act of February 11, 1830 (ch. 13, 6 Stat. 403).—John Rowlett, "Rowlett's Tables of Discount or Interest."

Act of March 3, 1843 (ch. 140, 6 Stat. 897).—John Rowlett, "Rowlett's Tables of Discount or Interest."

Act of February 19, 1849 (ch. 52, 9 Stat. 763).—Levi H. Corson, a perpetual calendar or almanac.

Act of August 2, 1854 (ch. 187, 10 Stat. 810).—Thomas H. Sumner, a method of ascertaining a ship's position at sea.

Act of January 25, 1859 (ch. 16, 11 Stat. 557).—Mistress Henry R. Schoolcraft, "History Statistics, Condition, and Prospects of the Indian Tribes of the United States."

Act of May 24, 1866 (ch. 99, 14 Stat. 587).—Mrs. William L. Herndon, "Exploration of the Valley of the Amazon."

Act of June 23, 1874 (ch. 534, Stat. 618).—William Ted Helmuth, "A System of Surgery."

Act of February 17, 1898 (ch. 29, Stat. 1396).—Judson Jones, "The Alphabet of Orthodoxy."

The power granted to the Congress under Article 1, Section 8 of the Constitution is not limited to the enactment of general patent or copyright statutes, but may be exercised in respect of specific inventions or to secure exclusive rights in a specific writing created by a specific author.

The committee recommends favorable action on this legislation, as amended, because of the special and possibly unique circumstances presented by this work. The committee wishes to reaffirm, however, its general opposition to private patent and copyright bills, especially those providing for a longer term.

Mr. BURDICK. Mr. President, S. 1866 as reported by the Committee on the Judiciary, is a private bill for the relief of Clayton Bion Craig, Arthur P. Wuth, Mrs. Lenore D. Hanks, David E. Sleeper, and DeWitt John, extending the copyright on the work Science and Health with Key to the Scriptures by Mary Baker Eddy. This legislation, of which I am the sponsor, is cosponsored by the senior Senator from Illinois (Mr. Percy) and 10 other distinguished Senators from both sides of the aisle.

The Librarian of Congress and the Justice Department have both stated that they have no opposition to the bill. In response to some suggestions by the Copyright Office the Committee recommended some minor changes in the bill.

Mr. President, the book with which we are concerned, *Science and Health with Key to the Scriptures*, is the textbook and fundamental statement of the religious teachings of Christian Science and has a position in the functioning of that Church which is unique in any religion anywhere, inasmuch as the book is considered the Pastor of the Church. The sermons in Christian Science churches in the United States and other countries are comprised of readings of Scriptural texts and correlative passages from *Science and Health with Key to the Scriptures*. Citations comprising each weekly sermon are compiled and distributed throughout the world for individual study by Christian Scientists who read from this book daily. The Christian Science Church has no ordained clergy, and adherents of this religion look to the Bible and to the Christian Science textbook for instruction in their religion and for the teachings and practice of spiritual healing which is the central part of this religion.

For this reason it is absolutely essential to the free practice of their religious beliefs that Christian Scientists, as well as those of the general public who wish to learn of this religion, be certain that any copy of *Science and Health* which they obtain be exactly the same as originally copyrighted by its author, Mary Baker Eddy. Every copy of this book contains a uniform system of pagination and line numbering employed in order to permit reliable citation of portions of the work.

If the copyright of *Science and Health with Key to the Scriptures* should ever be permitted to expire, the book would fall into the public domain. Amended editions, annotated versions, modernized editions, and abridged editions could all be published and would cause great distress and confusion, not only among Christian Scientists, but among those of the general public wishing to obtain a correct and complete statement of the teachings of this religion. Therefore the Committee on the Judiciary recommends the passage of this bill which would maintain the copyright on *Science and Health with Key to the Scriptures* for an additional period.

Ownership of this copyright is held in trust and is completely nonprofit in character. No individual or commercial interest will be served by continuing this copyright protection. Most copyrights are granted in order to give their owners a temporary monopoly over a specific expression of an idea to permit persons to obtain a reasonable monetary profit from artistic or literary effort. In cases where that is the rationale for granting copyright there is no justification for continuing copyright beyond its normal term, particularly by the use of a private bill. In the case of this particular literary work, however, the underlying rationale for its copyright is different. It is in the nature of protection against unfair competition or confusion in the mind of the

public rather than the protection of an economic interest.

Our trademark laws are all based upon the desire to protect the consumer from the risk of purchasing one product in the belief that it is another. This is exactly the basis for extending the copyright on *Science and Health*, except that, being a literary work, the protection must be achieved through the copyright law. Those who have most strongly supported consumer protection legislation will readily see why a statement of religious teaching, being of far greater importance to mankind than mercantile interests, should have its integrity and purity maintained against the possibility of confusion by the purchasing public.

Mr. President, passage of this bill would create no restraint upon free expression of religious ideas. It would only limit those who would seek to express the ideas of Mary Baker Eddy in her words. Anyone may comment on or criticize Christian Science, either favorably or adversely, at any time. Anyone may express ideas similar to those in *Science and Health* as long as exactly the same words are not used. Furthermore, commentators may make fair use of quotations from this work without permission of the copyright owner. It is only the publication of this book itself or the use of its title and author's name which the bill would limit.

There is no doubt about the constitutionality of private copyright laws. The committee report lists a number of such bills which have been enacted in the past. In a similar situation involving extension of a patent through the use of a private bill a three-judge Federal court in 1962 upheld the constitutionality of Congress' action and its judgment was affirmed *per curiam* by the Supreme Court of the United States in 1963 (*Radio Position Finding Corp. v. The Bendix Corp.* 205 F. Supp. 850 (D.Md.1962), *aff'd per curiam* 371 U.S. 577, 83 S. Ct. 548 (1963)).

The term of this copyright extension is the same as the term set in the proposed general revision of the copyright laws for anonymous works, pseudonymous works, and works made for hire.

Mr. President, in view of the fact that the book *Science and Health with Key to the Scriptures* plays such a unique role in the life of an American religion and since the book is bringing personal profits to no one, I urge its passage. At the same time I wish to point out most emphatically that the committee considers this bill an exception to its general policy of opposition to private patent and copyright bills, especially those providing for a longer term.

Mr. HART. Mr. President, since I voted against this bill in the Judiciary Committee, I should like to explain briefly the nature of my reservation.

Copyright protection would be extended for the 1875 work by Mary Baker Eddy, "*Science and Health with Key to the Scriptures*," the text used in the teaching and practice of the Christian Science religion. The book represents the fundamental statement of the teachings of the Christian Science Church.

The religion requires that the original text by Mary Baker Eddy be reproduced

in haec verba without any deviation whatever—including pagination and the placement of the words on each page. Otherwise, the text cannot serve as the denominational textbook of Christian Science. That is the justification offered for the extraordinary private relief sought here.

However, I feel that S. 1866, would unnecessarily and unwisely legislate a statutory monopoly trenching upon fundamental constitutional guarantees and limitations for a purpose which dangerously approaches "establishment" of religion.

Article I, section 8 of the Constitution grants to the Congress the power—

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writing and Discoveries.

A copyright grants a monopoly over expression and limits what may be freely said and heard in public. To that extent it conflicts with the first amendment's guarantee of freedom of speech, expression and the correlative right to hear. Yet, in order to promote the progress of science and the useful arts through the creation and dissemination of expressions and ideas, some profit incentive for authors was deemed necessary by our Founding Fathers. A balance was struck and this statutory monopoly over expressions and ideas was carefully limited in time and to authors. Presently, a copyright is granted for a period of 28 years, with a right of renewal for an additional 28 year period.

The Congress simply has no power to grant copyright protection to trustees of an estate. The limitation to authors is specific. Nor would S. 1866 benefit the progress of science and the useful arts. Mary Baker Eddy was afforded ample protection and monopoly over her work for a large number of years. The normal statutory period of monopoly over expression is about to expire, and it should be allowed to expire.

Under these circumstances, S. 1866 would also impinge on the first amendment. It seems to me that this bill infringes upon the rights of scholars, lay people, and members of the Christian Science and other religions to engage in textual and historical criticisms of the work in question.

Also, it can be construed to be a grant not of a limited duration, and therefore, further crowds the first amendment's safeguard of freedom of speech. S. 1866 may offend the first amendment's proscription against the establishment of a religion. The intent is not masked; it is spelled out and to the point. State aid to religious schools for procuring nonreligious texts was recently deemed by the Supreme Court violative of that clause. What of S. 1866?

These constitutional problems can be easily avoided—and with no adverse effect upon the Christian Science Church. An official, authorized version of the text could be established and denominated as such by the church to assure the exact replication of the original text, which the church deems essential to its members. This is a well-recognized practice in other religions with regard to their

basic texts. This solution would also implement the committee's reaffirmation of "its general opposition to private patent and copyright bills."

For these reasons, Mr. President, I oppose the bill.

The committee amendment was agreed to.

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

EMERGENCY LOAN GUARANTEE ACT

The Senate resumed the consideration of the bill (S. 2308) to authorize emergency loan guarantees to major business enterprises.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. President, I want to take this opportunity to correct a completely inaccurate statement which appeared in the Washington Post this morning in connection with the current debate on the Emergency Loan Guarantee bill. The statement attributed to United Press International said that Daniel J. Haughton, the Chairman of Lockheed, "kept tabs on yesterday's vote from the Vice President's office just off the floor."

This is an example of reporting without bothering to ascertain the facts. Mr. Haughton was in fact in the Capitol but he watched the proceedings on the Senate floor from the public gallery. As a matter of fact, I spotted him there, myself. At no time was Mr. Haughton in the Vice President's office. He appeared in the Vice President's reception room briefly in order to obtain a gallery pass. This could easily have been verified had the UPI correspondent bothered to take 2 minutes to check out his erroneous information.

Mr. WEICKER obtained the floor.

Mr. PROXMIRE. Mr. President, I apologize to the Senator from Connecticut, who has been waiting to obtain the floor, but I do have a brief statement. I ask if he will yield to me a minute and a half or so.

Mr. WEICKER. Mr. President, I ask unanimous consent that I may yield the floor to the Senator from Wisconsin to make a statement.

The PRESIDING OFFICER. The Chair asks the Senator to reconsider his request. He asks unanimous consent to yield the floor.

Mr. WEICKER. Mr. President, I ask unanimous consent to yield to the Senator from Wisconsin for the purpose of making a statement.

Mr. PROXMIRE. Mr. President, may I ask unanimous consent that the Senator from Connecticut may yield to me with the understanding that he not lose his right to the floor.

Mr. TOWER. Mr. President, for how long?

Mr. PROXMIRE. For 2 or 3 minutes.

Mr. TOWER. I have no objection.

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

Mr. PROXMIRE. Mr. President, earlier I pointed out the disastrous impact on American employment of the shifting from the DC-10 to the L-1011. I think I have some dynamite here because the L-1011 as delivered has a high foreign labor content, and I pointed out that the foreign labor content of 25 percent initially for the L-1011 and including parts 40 percent, is far more than for the DC-10.

I would like to point out that a little more subtle is the fact that Rolls Royce is, because of the L-1011, being sustained as a future competitor to the U.S. engine builders. The adverse impact of this long-term future is major.

What is the Lockheed plan to add to the long-term future U.S. commercial airplane employment? Will Lockheed, as a marginal commercial competitor, increase U.S. employment in the aerospace industry, or will they again repeat the current situation?

On the 19th of June, Lockheed presented to a Japanese Government-appointed commission of representatives of Japanese aerospace industry, the Japanese Ministry of International Trade and Industry, and the Japanese Ministry of Finance, a plan to establish the Japanese as the prime program manager and prime manufacturer of a twin-engine L-1011 derivative airplane for the large short-range twin market. In addition to providing Japan with all the technical knowledge and design of the L-1011 plus Lockheed manufacturing expertise, one of the major benefits of NAMCO—the Japanese Government-sponsored aircraft program center for export programs—was the Lockheed offer to help solve the Japanese manufactured L-1011 derivatives in the United States. I shall submit excerpts from that Lockheed proposal document. Such a complete offer to help establish a foreign competition—starting work less than a year from now—and to assist him in making sales in the United States to support Japanese labor follows the Lockheed pattern with the United Kingdom, encouraging imports of the Rolls-Royce engines and supporting British labor. For Lockheed to be the champion of American jobs is callousness. Termination of the L-1011 program will not only increase jobs now, but by eliminating future adverse acts of a marginal commercial producer, will preserve and increase U.S. aerospace jobs in the future.

I ask unanimous consent to have printed in the RECORD at this point the Lockheed presentation for the NAMCO-Lockheed meeting on June 19, 1971.

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

LOCKHEED DELIVERS ADDITIONAL JOBS TO FOREIGN COMPETITORS LOCKHEED AND FUTURE UNITED STATES EMPLOYMENT

There has been a great deal of discussion on the impact of the potential L-1011 termination on current and near term future employment. The salient facts are:

(a) The L-1011 as delivered has a high (25% plus) foreign labor content predominantly due to the U.K. Rolls Royce engine.

(b) The competitive Boeing B-747 and McDonnell Douglas DC-10 have from 11% to less than 5% foreign content, predominantly in structural assembly.

(c) Considering the traditional high spare engine and spare parts consumption of propulsion systems—equivalent over an airplane life to more than twice the initial delivered engines—the foreign manufactured labor fraction for the life time of the L-1011 program is over 40%.

(d) Replacement of the L-1011 with DC-10's and B-747's will definitely increase United States employment after the initial transitional phase.

A bit more subtle is the fact that Rolls Royce is, because of the L-1011, being sustained as a future competitor to the U.S. engine builders. The end adverse impact of this long term future is major.

What is the Lockheed plan to add to the long term future U.S. commercial airplane employment? Will Lockheed, as a marginal commercial competitor, increase future U.S. employment in the aerospace industry—or will they again repeat the current situation?

On the 19th of June, Lockheed presented to a Japanese Government appointed commission of representatives of Japanese aerospace industry, the Japanese Ministry of International Trade and Industry and the Japanese Ministry of Finance, a plan to establish the Japanese as the prime program manager and prime manufacturer of a twin engine L-1011 derivative airplane for the large short range twin market. In addition to providing Japan with all the technical knowledge and design of the L-1011 plus Lockheed manufacturing expertise, one of the major benefits to NAMCO—the Japanese Government sponsored aircraft program center for export programs—was the Lockheed offer to help sell the Japanese manufactured L-1011 derivatives in the United States. Excerpts from that Lockheed proposal document are attached to document this offer. Such a complete offer to help establish a foreign competitor—starting work less than a year from now—and to assist him in making sales in the United States to support Japanese labor follows the Lockheed pattern with the United Kingdom encouraging imports of the Rolls Royce engines and supporting British labor. For Lockheed to be the champion of American jobs is callousness. Termination of the L-1011 program will not only increase jobs now but by eliminating future adverse acts of a marginal commercial producer will preserve and increase U.S. aerospace jobs in the future.

LOCKHEED PRESENTATION FOR NAMCO/LOCKHEED MEETING JUNE 19, 1971

(Lockheed Aircraft Corporation, Burbank, California)

PROPOSAL FOR A JOINT DEVELOPMENT MANUFACTURING AND SALES PROGRAM FOR A TWIN ENGINE COMMERCIAL TRANSPORT BY NAMCO AND LOCKHEED

Lockheed Aircraft Corporation believes that a substantial market will exist for a wide-bodied, high capacity, twin-engine airplane starting in 1975 and extending through 1985. The demand for this type aircraft will be in addition to the demand for the wide-body trijet aircraft and the B-747. The characteristics of a successful and competitive twin engine airplane to satisfy this demand have been evaluated and discussed with key U. S. airlines. These characteristics may be expressed as follows:

A capacity of 200-225 for United States operations.

A range of 1200 to 1400 nautical miles. Seat-mile economics competitive with the wide-body trijets.

Airplane-mile economics approximately 20% better than the wide-body trijets.

Passenger comfort and convenience equal to the wide-body trijets.

External noise characteristics better than FAR 36.

NAMCO/LAC TWIN ENGINE AIRCRAFT

Costing premises

1. Program quantity—425 Aircraft.
2. Major schedule milestones: a. Go-ahead, June, 1972; b. Certification, October, 1975; c. First delivery, 3rd Quarter, 1975; d. Last delivery, 2nd Quarter, 1985.
3. Estimated costs are in 1971 U.S. dollars.
4. Costs are quoted based on the two following concepts: a. *Integrated Program*—Utilizing all Basic Design, Tooling, and Production Learning from the L-1011 TriJet which would be common to the twin; b. *Single Program*—Design, Tool-up and Manufacture the Twin Engine Model assuming no prior TriJet Model experience.
5. Engine/Pod Costs—Lockheed estimates extrapolated from current Rolls Royce prices for the RB 211-22B.

NAMCO contribution

The overall program management would be a NAMCO responsibility with Lockheed participating as a major program partner.

The overall engineering design responsibility for the twin would be a NAMCO responsibility and the detail design responsibility for the wing, empennage, system modification, and interior details would be a NAMCO responsibility. Lockheed would expect to participate in engineering decisions as a major partner to offer strong technical support and advice regarding U.S. airlines' requirements.

NAMCO would be responsible for all wing and tail manufacture in Japan. The final assembly of the airplane would be located in Japan with backup capability at the Lockheed assembly plant at Palmdale, if manufacturing rate requirements demand it.

NAMCO would be fully responsible for sales and service support in Japan, the Pacific, and Middle East areas.

Common parts to the L-1011 would be manufactured by NAMCO for direct supply to Japanese operators of the L-1011.

MANUFACTURING PLAN

Structure

Fabrication—Fuselage, Lockheed; Wing, Japan; Empennage, Japan; Landing gear, Japan (lic.); Nacelles, Japan (lic.).

Assembly (Sub.)—Fuselage, (Lockheed and Japan); Wing, Japan; Empennage, Japan; Landing gear, Japan (lic.); Nacelles, Japan (lic.).

Final assembly—Japan (Lockheed).

PROGRAM PLAN

Benefits to NAMCO

Reduced program development cost, reduced development risk, strong technical support, sales advantage in U.S.A. and U.K., opportunity for further joint participation in related commercial products.

Mr. PROXMIRE. I thank the distinguished Senator from Connecticut for yielding to me.

Mr. WEICKER. Mr. President, I would like, if I could, to ask my colleague from Wisconsin to detail his earlier comments relative to the uniqueness of the cloture vote which apparently will be precipitated when the motion is called up tomorrow.

Is my understanding correct that this is the first time in the history of this body that this move has taken place within such a short period of time after debate has commenced?

Mr. PROXMIRE. The Senator is correct. I asked my staff to have the Library of Congress make an analysis of what cloture motions have been filed in the

past. That analysis, which I hold in my hand, and which I shall discuss on Monday, shows that with the exception of a noncomparable situation never, never in the history of the Senate has a cloture motion been filed after such a short period of debate.

Mr. TOWER. Mr. President, will the Senator yield for a correction?

Mr. PROXMIRE. Unless there were previous cloture motions filed on the same issue.

Mr. TOWER. The Senator is incorrect. Actually, I would like to bring to the attention of the Senate the fact that a motion for cloture was filed on October 7, 1966, and signed by the Senator from Wisconsin, which was filed for the stated purpose of closing debate on the Morse amendment to the Higher Education Facilities Act of 1963. The bill was reported 2 days before, on October 5, and the Morse formula itself was apparently brought up on October 7, the same day that the cloture motion was filed, which was signed by the Senator from Wisconsin.

Mr. PROXMIRE. I thank the Senator, but I will rely upon the findings of the Library of Congress, which I hold in my hand and which I shall be glad to put into the RECORD later.

Mr. TOWER. In other words, the Journal of the Senate is incorrect. I hand the Senator a copy of the Journal of the Senate.

Mr. PROXMIRE. I shall be delighted to read it. May I say to the Senator that this is the first time it has been called to my attention. I shall be happy to look it over. Later on I will discuss this matter. I thank the Senator.

Mr. WEICKER. Mr. President, I feel partly assuaged by the fact that this is the second time in the history of this body that cloture will be attempted to be invoked at such a rapid pace.

I have had occasion again, I say to my colleague from Wisconsin, to read a UPI release which just came over the wires, which indicated as follows:

The Lockheed Corporation friends in the Senate moved today to force Senator William Proxmire into silence, and accused him of trying to singlehandedly bring about the collapse of the giant air and aerospace firm.

Mr. President, I want to make it very clear, number one, that I do not believe my colleague from Wisconsin has as his objective the bringing about of the collapse of Lockheed; and, number two, the endeavors taking place on the Senate floor today are in no wise singlehanded.

There are some very basic principles involved here, and what we are trying to do is make sure that this country, this Nation, this Government operates on the basis of those principles, and that we do not alter the whole structure of Government for the Lockheed Corp. That is what is involved.

We have already seen exception after exception for this corporation. For example, as has already been indicated, the rapidity of filing the cloture motion, accomplished either for the first or second time in history, tailored for the Lockheed Corp.

This generic bill, in effect, is tailored for the Lockheed Corp. For instance, the

bill indicates that certain procedures will be followed relative to the Congress of the United States having a veto over any loan guarantee made by the special board to be set up by this legislation, but this will not take effect until October 1 of this year, thus excluding the Lockheed Corp. from the provisions of the bill. That is another exception for Lockheed.

I cannot think of anything worse, as I said yesterday, than to have this country—and certainly not the Senate of the United States—do business like Lockheed; and I think that is exactly what we are being forced into doing. According to the same press release by the UPI, a statement was made by one of our colleagues that the debate shows that big business is firmly in the saddle. Again I must take issue with that comment. Let us make it very clear. Maybe Lockheed's officials think they are in the saddle, but not big business. Big business has already indicated in the meeting at Hot Springs, Va., as stated by the Senator from Ohio, its opposition to this proposition. Certainly the many viable corporations throughout this country in the same business as Lockheed have not come to the Government for this type of assistance.

So I think it is not a question of business being firmly in the saddle; it is a question that this individual corporation is trying to get some special concessions from the Government of the United States.

Lastly, in this release, the statement is made that time is vital in the fight, because Lockheed says it must have a \$250 million guaranteed loan by August 6 to remain in business.

Mr. President, I, and I think many of my colleagues, are getting a little bit tired of having deadlines thrown in our faces by both business and labor—both business and labor—in the matter of legislation to correct their excesses. Several times in such legislation within the last several years, it has been a matter of record that both the House of Representatives and the Senate participated, at the last moment, in collective bargaining in order to avert certain strikes. I voted for some of that legislation, but I think it was wrong, just as in this particular case I think it is an excess on the part of the Lockheed Corp. when it drives or attempts to drive the Senate to the wall.

What makes it all the more galling is that the deadline really was not set by one of our own corporations; the deadline was set by the British Government, and I find that intolerable.

QUORUM CALL

Mr. WEICKER. Mr. President. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CRANSTON). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. CRANSTON. Mr. President, I object for one moment on behalf of the minority leader.

The PRESIDING OFFICER. Objection is heard. The clerk will resume the call of the roll.

The rollcall was resumed.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. CRANSTON. Mr. President, will the Senator yield for a question?

Mr. WEICKER. The Senator from California requests the Senator from Connecticut to yield for what purpose?

Mr. CRANSTON. For a question in regard to the remarks the Senator has made.

Mr. WEICKER. I yield.

Mr. CRANSTON. The Senator stated that he was concerned about the fact that the deadline in early August was imposed by a foreign company. I ask if the foreign company to which the Senator referred was TWA.

Mr. WEICKER. No. The Senator from California misunderstood my comments. I said the deadline that was imposed came from two sources—one, from the Lockheed Corp., as evidenced by the UPI news release, and two, from the British Government.

Mr. CRANSTON. A domestic company of some size is very concerned about the time that has been running in consideration of this measure. I should like to read briefly from the committee hearing record the testimony of Mr. Tillinghast, the president of TWA.

Mr. WEICKER. Mr. President, I should like to comment to the Senator from California that I gather that this response is still in the nature of a question.

Mr. CRANSTON. Yes.

Is the Senator aware that Mr. Tillinghast said in the hearing, responding to a question by Senator PROXMIER:

Senator, it is simply this, we have a vast amount of money tied up in this program. If the program aborts it will do us vast injury. With every month that goes by that injury gets greater. And I simply cannot subject our stockholders to indefinite delay and indefinite risk, and in the balance of considerations I would just have to say if we are talking about October or November I think we are not part of the program.

Senator PROXMIER then asked whether he had a specific date in mind, and Mr. Tillinghast replied:

We have been thinking in terms of August 8. If it seems to be making satisfactory progress we feel in the balance of risk we would be prepared to stay until August 8.

The Senator will note that he did not say it had to be all the way through then. He referred to satisfactory progress. This is the head of a large American company with a large investment of American dollars in the L-1011 program. I want to make sure that the Senator is aware of that interest on the part of an American company.

Mr. WEICKER. So that, in effect, this particular American corporation is in the same "airplane" as the Lockheed Corporation, for, in fact, they do have a commitment to this particular program.

Mr. CRANSTON. That is correct.

Mr. WEICKER. So their position would be the same as to deadlines; and I imagine, also, that we would put in that category Eastern Airlines.

Mr. CRANSTON. I think that no other

airline is quite as committed and quite so troubled by the passage of time as is TWA. I believe that many small contractors are very worried about what is going to happen to them if Lockheed collapses while they are waiting to see what we do.

Mr. WEICKER. I think the time for those deliberations came when the decision was made to go along with this particular project. In the case of the airlines, it was the tempting fact of the British Government guaranteeing 90 percent of the financing at interest rates 2 percentage points below the prevailing rate in the United States. They made that decision, I would expect—speaking for myself, as an individual—on the basis that in any such arrangement, if it works out, you have gone over the hill. But if it does not, then you have to come to Congress. That is why we are here today.

What I have argued against is that I see no reason for the taxpayers of the United States to make good a calculated gamble that went wrong by Lockheed, TWA, and the other parties to this misadventure.

Mr. CRANSTON. If I may add a point about Eastern Airlines—

Mr. WEICKER. I yield to the Senator from California for the purpose of a question.

Mr. CRANSTON. The Senator asked about Eastern Airlines, and I want to respond by saying that Eastern Airlines is concerned about the time passing; but they are not so agitated about an August 7 or 8 deadline. They are in a position different from that of TWA and therefore could wait a longer time.

Mr. WEICKER. Mr. President, I read from the bottom of page 791 of the record of the hearing before the Committee on Banking, Housing and Urban Affairs:

ASSURANCE THAT THE TRISTAR PROGRAMME
WILL BE COMPLETED

The assistance of the U.S. Government takes the form of the guarantees for which the U.S. Administration is seeking Congressional authority, the amount of \$250 million being that which the U.S. Administration expect will be sufficient to assure the continuity of the TriStar project. The British Government understand that before providing such guarantees to Lockheed the U.S. Administration will have taken steps to satisfy themselves that the other requirements for the completion of the project (notably the confirmation of current airline orders) are met.

This is the interesting portion:

If the guarantees mentioned above cannot be given by 8 August 1971, the agreement between Lockheed and Rolls Royce for supply of the RB 211, and the British Government's offer of support will not become effective.

That, as I read it, or had I been a member of the committee and heard it, is an ultimatum from the British Government to "the U.S. administration."

Mr. President, much of the debate in which we are engaged hinges on the critical question of whether it is advisable for the United States to commence support programs for floundering companies. Intertwined with this question is the issue of whether the Lockheed Corp. has exhibited that managerial efficiency and

quality deserving of public support. Considering the fact that the Emergency Loan Guarantee Act was designed principally as a relief to Lockheed, we can get some indication of the quality of the competence necessary to merit this kind of financial assistance in the future.

Inasmuch as I have had the privilege of hearing the distinguished Senator from Texas (Mr. TOWER) comment upon some of the remarks made by Assistant Secretary of Defense Packard in his testimony before the Senate committee, I should like to bring to his attention the testimony of Mr. Packard before the House Committee on Banking and Currency regarding Government dealings with Lockheed for the SRAM, the Cheyenne helicopter, and the C-5A project. So I will read his testimony. This is the legacy of the Lockheed Corp., upon which we and the taxpayers of this country are asked to plunk down—rather, excuse me—guarantee \$250 million.

Regarding the testimony by Mr. Packard on SRAM, he says:

With regard to the SRAM program, Boeing as prime contractor for the SRAM submitted to the Air Force a claim for \$54 million. This claim was presented on behalf of the Lockheed Propulsion Company, subcontractor to Boeing for development of the SRAM missile motor. The legal basis of the claim was the economic impossibility of developing the missile motor within the subcontract ceiling price as originally bid. Of the \$54 million claimed, \$50 million was earmarked to Lockheed. At the request of the Air Force, three independent solid rocket experts reviewed the SRAM development in light of the Boeing-Lockheed claim. These experts concluded that problems encountered with the rocket nozzle and the rocket propellant required development effort outside the state-of-the-art.

Does that not have a familiar ring? It seemed to me that there were claims made in the initial development of the Tri-Star project, specifically the composite material of the fan blades for the engine, that were beyond the state of the art, too. This was known to our engine manufacturers in the United States, but it was cheaper, and as long as the British said they could do it, it was accepted by the Lockheed Corp. But now the project is back to the original titanium plan and no advantage has been found from it.

To get back to Mr. Packard's testimony:

Subsequently, through normal negotiating procedures, the Air Force reached a settlement with Boeing under which \$20 million was paid against the \$54 million claim, with the provision that the full \$20 million be applied to increasing the ceiling price of Lockheed's subcontract. Lockheed received its \$20 million settlement payment from Boeing at the end of October 1970.

I would like now to turn to the Cheyenne and the C-5A, and describe in greater detail our resolution of those disputes.

That hits rather close to home, as I shall develop after reading this testimony.

Back to Mr. Packard's testimony:

CHEYENNE

The Cheyenne development contract, a fixed price incentive type contract with a ceiling of approximately \$89 million, was awarded to Lockheed by the Army in March of 1966. The contract, to be performed by

the Lockheed California Company, called for the design, development and fabrication of 10 aerial vehicles and one static test vehicle, along with testing and related technical support, software, and program management.

That was back in 1966.

Continuing Mr. Packard's testimony:

This development contract also contained a series of options which the Army could exercise for different production quantities. In January of 1968, the Army exercised its option for the lowest production quantity, 375 helicopters. Work towards production began, although the production contract was never completely definitized. In May of 1969 with the first production aircraft scheduled for delivery in September, the Army, after carefully studying the unresolved technical problems . . .

Does that not have a strange ring, improving technical problems?

Continuing Mr. Packard's testimony:

. . . and Lockheed's overall production effort, terminated the production contract for default because of Lockheed's failure to make adequate progress. Lockheed claimed that the termination should have been one for convenience of the Government, and, on May 22, 1969, appealed the default termination to the Armed Services Board of Contract Appeals.

The legal and factual issues presented in the litigation of the production termination order were sufficiently complex to make it impossible to predict with any certainty what would have been the final outcome. The Armed Services Board of Contract Appeals' decision would undoubtedly have been appealed and a final resolution by the courts of all the matters at issue would not have been reached for a number of years.

At the time of the default termination of the production contract, the Army made it clear to Lockheed that there were sufficient grounds to terminate the development contract for failure to make progress. Because of the importance of the development program and the requirement for an advanced attack helicopter, the Army elected to continue with the development.

Mr. President, you understand why they decided to continue, not because of the good product but because it might be too expensive, too complicated to unravel the mess at that point in time. I shall return to that.

To continue Mr. Packard's testimony:

To accomplish this objective, Lockheed and the Army entered into negotiations to seek a way to resolve outstanding technical problems and restructure the development program to include greater Army management of the development effort.

The Army had made sure that it would supervise the effort rather closely from here on in.

Back to Mr. Packard's testimony:

Although a modified development program was agreed to in principle, the development contract was not restructured or amended. Both parties were inhibited from making contractual changes which could prejudice their litigation of the terminated production contract. Although the contract was not formally restructured, Lockheed continued development effort along modified lines, mostly out of its own funds.

The ceiling price of the original development contract was approximately \$89 million. Lockheed's expenditures for Cheyenne development greatly exceeded this ceiling price. By the end of 1969, Lockheed had incurred costs amounting to approximately \$167 million and since that time, \$2 to \$3 million

in corporate funds have been expended each month for the development effort.

We decided that the development contract should be converted from its fixed price incentive to a cost reimbursement form. Our proposal, with which Lockheed has agreed, is to reimburse allowable costs incurred on the program since December 29, 1969.

I might add, as we read of this incredible mismanagement, I cannot help thinking of the rather old phrase, "Would you like to have this fellow sell you a used car?" Never mind investing \$250 million.

Returning to Mr. Packard's testimony:

Any overceiling costs incurred prior to that date would not be recovered by Lockheed and as a consequence the company would incur a loss of approximately \$72 million on the Cheyenne development contract.

We also proposed that the litigation over the defaulted production contract be settled out-of-court. Lockheed has incurred costs on the production contract of approximately \$99 million, against which they had received reimbursement of some \$54 million in progress payments prior to default. The company estimated that an additional \$38 million for settlement of remaining claims of suppliers and subcontractors would be needed. The proposed agreement which the Army has reached would permit the company to retain \$54 million in progress payments received prior to termination of the production contract. In addition, the Army would reserve \$36 million upon which Lockheed could draw as it reached settlement agreements with subcontractors and suppliers on their claims under the production contract. Audit procedures have been established to assure that this \$36 million will be channeled to subcontractors and suppliers and that it will not be diverted into Lockheed's commercial programs.

Finally, as a part of the settlement, Lockheed will withdraw its litigation and there will be a mutual waiver of all outstanding claims which either the Army or Lockheed may have arising out of the contract.

Mr. President, there is another part to the story, and it demonstrates the danger of this Government getting entangled and thrown into the embrace of a corporation such as Lockheed.

First, this is 1971, and there is nothing flying up there under the heading of Cheyenne.

Second, what is not so well known is that when this project went out to bids, several companies in the United States made their proposals. They are companies which had had experience in the helicopter field, and that was not exactly the Lockheed Corp.'s forte. Their bids were thrown aside and off went Lockheed into the unknown.

What is also not so well known is that the United Aircraft Corp., the Sikorsky Division, decided with its own money—not the taxpayers' money, but its own money—to pursue this project. They developed a helicopter called the Black Hawk. Yet to this day, even though the Black Hawk flies, and flies well, the Army will not have a flyoff between the Black Hawk and the Cheyenne. And we keep paying for the Cheyenne. When I say we, I mean the taxpayers of this country.

So given the alternative as between competent companies, they chose the one with the least experience—Lockheed.

Given the alternative of a product pro-

duced with private funds as compared to public funds, we are going along with one produced with our taxpayers' money at an increased cost.

Mr. President, we get back to the original point, which is that there is nothing flying under the name of Cheyenne or that has the specifications called for in the original Cheyenne contract.

I point out that this is the company upon which we are placing \$250 million as a display of our confidence in its managerial productibility, and we have not even gotten into the question of the C-5A yet. I think it is strange indeed, it tragic, that the Senate and the committees and the departments of this Government have spent the time that has been spent and will be spent on what clearly is not deserving of the time, and certainly not \$250 million.

AMENDMENT NO. 319

Mr. STEVENS. Mr. President, I send to the desk an amendment which would extend the provisions of the pending bill to small business enterprises that are recognized as small business concerns under section 632 of the Small Business Act.

It is my feeling that as the Senate considers the pending bill, which, according to the report, would offer emergency loan guarantees to major business enterprises for the benefit of the economy of a region, we should similarly consider extending the guarantee concept to small business enterprises whose solvency and continued operation would seriously affect a city, a portion of a State, or a region of a State. It is my feeling that considering the present financial circumstances the country is in, there are many small business enterprises in positions quite similar to those we have heard discussed on the floor of the Senate.

Being one who really, speaking frankly, has not made up his mind which way to go on the pending bill, I have studied the bill and have attempted to present a title II to the bill which would deal with the small business problem and offer similar assistance to small businesses. I think that if the pending bill is needed for major business enterprises, a similar title is necessary for small business enterprises.

I would call specific attention to the fact that if the amendment shall be agreed to, 10 percent of the funds which would be guaranteed by the bill would be earmarked for small business, and there would be a limitation of \$500,000 on any guarantee that a small business enterprise would receive, as determined by the administrator of the Small Business Administration.

Many companies are in this position. Many of us are from States which have no major enterprises, enterprises which this bill would not assist in any way.

I would urge those who are managing the bill to take a long look at this approach, because I think that if there is fairness in securing a guarantee for major business enterprises—and I am not commenting one way or the other on that—then, certainly, there is similar fairness in terms of considering the

problems of small businesses. It is my understanding that those postcrisis guarantees are not available to small businesses any more than they are to major businesses today; that the Small Business Administration makes guarantees to companies in advance of crises, but once they have reached a crisis, once they have reached the position in which they have no credit available and where the last straw is needed to save their enterprise, the Small Business Administration is not involved.

I am indebted to the Senator for yielding to me on his time and to the manager of the bill for his consent.

I ask unanimous consent that this amendment to S. 2308 be printed in the RECORD in full at the conclusion of my remarks.

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

AMENDMENT No. 319

The end thereof, add the following new title:

TITLE II
SHORT TITLE

SECTION 1. This Title may be cited as the "Emergency Loan Guarantee Act for Small Business Enterprises."

SEC. 2. The Administrator of the Small Business Administration is hereby authorized to consider and act upon an application for guarantee of a loan to any business enterprise which qualifies as a small business concern under Section 632 of the Small Business Act, as amended (15 U.S.C. 631), and regulations promulgated thereunder.

AUTHORITY

SEC. 3. The Administrator, on such terms and conditions as he deems appropriate, may guarantee, or make commitments to guarantee lenders against loss of principal or interest on loans that meet the requirements of this Title.

LIMITATIONS AND CONDITIONS

SEC. 4. (a) A guarantee of a loan may be made under this Title only if—

(1) the Administrator finds that (A) the loan is needed to enable the borrower to continue to furnish goods or services and failure to meet this need would adversely affect the economy of a particular city, locale, or other political subdivision, (B) credit is not otherwise available to the borrower under reasonable terms or conditions, and (C) the prospective earning power of the borrower, together with the character and value of the security pledged, furnish reasonable assurance that it will be able to repay the loan within the time fixed and afford reasonable protection to the United States; and

(2) the lender certifies that it would not make the loan without such guarantee.

(b) Loans guaranteed under this Title shall be payable in not more than five years, but may be renewable for not more than an additional three years.

(c) Loans guaranteed under this Title shall bear interest (exclusive of guarantee fees and service charges, if any) at rates not to exceed a rate determined by the Administrator to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risk assumed.

SECURITY AND LOAN GUARANTEES

SEC. 5. In negotiating a loan guarantee under this Title, the Administrator shall make every effort to arrange that the payment of the principal of and interest on any loan guaranteed will be secured by sufficient property of the business enterprise to col-

lateralize fully the amount of the loan guarantee.

REQUIREMENTS APPLICABLE TO LOAN GUARANTEES

SEC. 6. (a) A guarantee agreement made under this Title with respect to an enterprise shall require that while there is any principal or interest remaining unpaid on a guaranteed loan to that enterprise the enterprise may not—

(1) declare a dividend on its common stock; or

(2) make any payment on its other indebtedness to a lender whose loan has been guaranteed under this Title.

The Administrator may waive either or both of the requirements set forth in this subsection, as specified in the guarantee agreement covering a loan to any particular enterprise, if he determines that such waiver is not inconsistent with the reasonable protection of the interests of the United States under the guarantee.

(b) If the Administrator determines that the inability of an enterprise to obtain credit without a guarantee under this Title is the result of a failure on the part of management to exercise reasonable business prudence in the conduct of the affairs of the enterprise, the Administrator shall require before guaranteeing any loan to the enterprise that the enterprise make such management changes as the Administrator deems necessary to give the enterprise a sound managerial base.

(c) A guarantee of a loan to any enterprise shall not be made under this Title unless—

(1) the Administrator has received an audited financial statement of the enterprise; and

(2) the enterprise permits the Administrator to have the same access to its books and other documents as the Administrator would have under section 7 in the event the loan is guaranteed.

(d) No payment shall be made or become due under a guarantee entered into under this Title unless the lender has exhausted any remedies which it may have under the guaranteed agreement.

(e) (1) Prior to making any guarantee under this Title, the Administrator shall satisfy itself that the underlying loan agreement on which the guarantee is sought contains all the affirmative and negative covenants and other protective provisions which are usual and customary in loan agreements of a similar kind, including previous loan agreements between the lender and the borrower, and that it cannot be amended, or any provisions waived, without the Administrator's prior consent.

(2) On each occasion when the borrower seeks an advance under the loan agreement, the guarantee authorized by this Title shall be in force as to the funds advanced only if—

(A) the lender gives the Administrator at least ten days' notice in writing of its intent to provide the borrower with funds pursuant to the loan agreement;

(B) the lender certifies to the Administrator before an advance is made that, as of the date of the notice provided for in subparagraph (A), the borrower is not in default under the loan agreement: *Provided*, That if a default has occurred the lender shall report the facts and circumstances relating thereto to the Administrator and the Administrator may expressly and in writing waive such default in any case where he determines that such waiver is not inconsistent with the reasonable protection of the interests of the United States under the guarantee; and

(C) the borrower provides the Administrator with a plan setting forth the expenditures for which the advance will be used and the period during which the expenditures will be made, and, upon the ex-

piration of such period, reports to the Administrator any instances in which amounts advanced have not been expended in accordance with the plan.

(f) (1) A guarantee agreement made under this Title shall contain a requirement that as between the Administrator and the lender, the Administrator shall have a priority with respect to, and to the extent of, the lender's interest in any collateral securing the loan and any earlier outstanding loans. The Administrator shall take all steps necessary to assure such priority against any other persons.

(2) As used in paragraph (1) of this subsection, the term "collateral" includes all assets pledged under loan agreements and, if appropriate in the opinion of the Administrator, all sums of the borrower on deposit with the lender and subject to offset under section 68 of the Bankruptcy Act.

INSPECTION OF DOCUMENTS: AUTHORITY TO DISAPPROVE CERTAIN TRANSACTIONS

SEC. 7. The Administrator is authorized to inspect and copy all accounts, books, records, memoranda, correspondence, and other documents of any enterprise which has received financial assistance under this Title concerning any matter which may bear upon (1) the ability of such enterprise to repay the loan within the time fixed therefor; (2) the interests of the United States in the property of such enterprise; and (3) the assurance that there is reasonable protection to the United States. The Administrator is authorized to disapprove any transaction of such enterprise involving the disposition of its assets which may affect the repayment of a loan that has been guaranteed pursuant to the provisions of this Title.

MAXIMUM OBLIGATION

SEC. 8. The maximum obligation of the Administrator under all outstanding loans guaranteed by it shall not exceed at any time \$200,000,000 of the \$2,000,000,000 authorized in Title I of this Act, but in no event shall the Administrator guarantee loans to any one borrower in an amount greater than \$500,000.

EMERGENCY LOAN GUARANTEE FUND

SEC. 9. (a) \$200,000,000 of the Emergency Loan Guarantee Fund established in Section 9(a) of Title I shall be administered by the Administrator. The funds shall be used for the payment of the expenses of the Administrator and for the purpose of fulfilling the Administrator's obligations under this Title. That portion of the \$200,000,000 authorized for use by the Administrator which is not needed for current operations may be invested in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States or any agency thereof.

(b) The Administrator shall prescribe and collect a guarantee fee in connection with each loan guaranteed by it under this Title. Sums realized from such fees shall be deposited to the Administrator's credit in the Emergency Loan Guarantee Fund.

(c) Payments required to be made as a consequence of any guarantee by the Administrator shall be made from the \$200,000,000 authorized to the Administrator from the Emergency Loan Guarantee Fund. In the event that moneys in the fund are insufficient to make such payments, in order to discharge his responsibilities, the Administrator is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month

preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations.

PROTECTION OF GOVERNMENT'S INTEREST

SEC. 10. (a) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the issuance of guarantees under this Title. Any sums recovered pursuant to this section shall be paid into the Administrator's portion of the Emergency Loan Guarantee Fund.

(b) The Administrator shall be entitled to recover from the borrower, or any other person liable therefor, the amount of any payments made pursuant to any guarantee agreement entered into under this Title, and upon making any such payment, the Administrator shall be subrogated to all the rights of the recipient thereof.

REPORTS

SEC. 11. The Administrator shall submit to the Congress annually a full report of its operations under this Title. In addition, the Administrator shall submit to the Congress a special report not later than June 30, 1973, which shall include a full report of the Administrator's operations under this Title together with its recommendations with respect to the need to continue the guarantee program beyond the termination date specified in section 12. If the Administrator recommends that the program should be continued beyond such termination date, he shall state his recommendations with respect to the appropriate board, agency, or corporation which should administer the program.

TERMINATION

SEC. 12. The authority of the Administrator to enter into any guarantee or to make any commitment to guarantee under this Title terminates on December 31, 1973. Such termination does not affect the carrying out of any contract, guarantee, commitment, or other obligation entered into pursuant to this Title prior to that date, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Title.

Mr. TOWER. Mr. President, will the Senator yield, so that I may make a brief response, without losing his right to the floor?

Mr. WEICKER. I yield.

Mr. TOWER. The Senator from Alaska, I understand, is submitting his amendment to be printed and is not calling it up at this time. Is that correct?

Mr. STEVENS. That is correct. I have no intention to call up this amendment until after the vote that I understand will take place following the procedural aspects which will occur under the cloture motion.

Mr. TOWER. I thank the Senator. I appreciate the sense of what he is doing here. I think the manager of the bill would want to have an opportunity to look at it. It is conceivable that it could fit into this bill. Some difficulties might be involved with respect to the collateralization and the criteria established for the various businesses, which might require further

amendment of the Senator's amendment. If he would give us an opportunity to look at it over the weekend, I would be grateful.

Mr. STEVENS. I have already indicated that I have no intention to call up this amendment until after the vote on the cloture motion.

Mr. TOWER. I thank the Senator. I thank the Senator from Connecticut for yielding.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

AMENDMENT NO. 320

Mr. BYRD of Virginia. Mr. President, in a few moments I will send an amendment to the desk and ask that it be printed. It is an amendment on page 2, line 11, to strike the word "majority" and insert the word "unanimous."

It is a very small board that the pending legislation would establish, only three members. It seems to me that when we are dealing with vast sums of tax funds, more than a few individuals should reach the conclusion that it is essential that tax funds be used to guarantee these loans.

I do not plan to call up the amendment which I propose at this time. I will merely send it to the desk and ask to have it printed. It would change one word, from "majority" to "unanimous" decision of the three-man board.

I send the amendment to the desk and ask that it be printed.

The PRESIDING OFFICER (Mr. TUNNEY). The amendment will be received and printed, and will lie on the table.

THE DEPENDENCE OF THE UNITED STATES UPON THE SOVIET UNION FOR CHROME ORE

Mr. BYRD of Virginia. Mr. President, on March 29 I introduced S. 1404, a bill designed to end the dependence of the United States upon the Soviet Union for chrome ore—a material vital to the defense of this country.

Mr. BYRD of Virginia. The United States today faces an imminent and serious shortage of chrome. This material is essential in the manufacture of such critical defense items as jet aircraft, missiles, and nuclear submarines.

My legislation is simple in structure. It would amend the United Nations Participation Act of 1945 to provide that the President could not prohibit imports of a strategic material from the free world country as long as the importation of the same material is permitted from a Communist-dominated country.

Actually this legislation would apply to only one commodity, chrome ore, and to one nation, Rhodesia.

Late in 1966 the United Nations Security Council imposed selective sanctions on Rhodesia. The embargo later was made complete.

After the action by the Security Council, President Johnson ordered an embargo on trade between the United States and Rhodesia. This was done by unilateral executive action, without consulting the Congress.

Prior to the sanctions, Rhodesia was the largest single source of metallurgical

chrome ore imported into the United States.

There is no domestic production of this commodity, so our country now has become dependent on the next largest supplier, the Soviet Union, for about 60 percent of its chrome ore.

Since becoming the prime source of chrome ore for the United States, the Soviet Union has increased the price per ton of this ore from \$25 to \$72. This is an increase of about 188 percent.

The increase in price is a disadvantage to the United States, but what concerns me most—and what prompted me to introduce S. 1404—is that the United States has placed itself in a position of dependence upon Russia for a strategic commodity. To me, this is illogical and dangerous.

I think it is important to review briefly the background of the present policy of the United Nations and the United States toward Rhodesia.

In my view, the imposition of sanctions on Rhodesia by the United Nations Security Council was not justified. The principal reasons given for the sanctions policy were three in number: First, Rhodesia unilaterally declared her independence from Great Britain; second, the Rhodesian Government failed to provide for "an orderly transition to majority rule"; and third, Rhodesia represents "a threat to international peace and security."

As to the first point, the declaration of independence, that is rightly a matter to be settled between Great Britain and Rhodesia. It is not properly the business of the United Nations or of the United States.

The second charge is positively ludicrous. If the United Nations Security Council were to impose economic sanctions on every country ruled by a minority, it would have to begin with one of the most prominent members of the Council itself—the Soviet Union, where 240 million people are ruled by a tiny handful of Communist Party leaders.

Recent figures show that 37 members of the United Nations do not have a form of government based on majority rule, and that adherence to the majority rule principle is questionable in 25 other member countries.

Clearly, the existence of minority rule does not justify punitive action by the United Nations against any country.

Turning to the third charge made by the United Nations Security Council; namely, that Rhodesia threatens world peace—this is obviously absurd.

Whom has Rhodesia threatened? What nation has reason to fear an assault by this small African nation?

The answer, of course, is that no one actually believes that Rhodesia threatens the peace.

The policy of the United Nations Security Council toward Rhodesia is rooted in falsehood and injustice. Yet, the United States has actively supported this policy.

I am now and have been from the outset opposed to the policy of sanctions against Rhodesia as being unjust and contrary to the interests of the United States.

However, my legislation would not re-

quire that the United States abandon all sanctions against Rhodesia—much as I wish that this be done.

The only commodity affected by S. 1404 would be chrome ore.

The reason for singling out this commodity is clear and simple: It is the one item which could and should be imported from Rhodesia that is vital to the national security of the United States.

At the present time, there is pending in the Senate Armed Services Committee legislation supported by the administration which would authorize withdrawal from the national stockpile of approximately 30 percent of this Nation's strategic reserve of chrome ore. Release of this amount—approximately 1.3 million tons—would provide a short-range solution for the problems faced by American industry because of the present chrome shortage.

However, withdrawal from the stockpile clearly leaves the long-range problem unsolved. If the present rate of consumption of chrome ore continues, the amount to be disposed of would supply our requirements for less than 2 years. Obviously, we cannot go on reducing the stockpile indefinitely without jeopardizing national security.

Furthermore, withdrawals from the stockpile do nothing toward eliminating our dependence upon the Soviet Union for a large portion of the chrome needed for industry and defense.

I do not believe that it is logical for the United States to continue to be dependent on Communist Russia for a material vital to our national defense.

We are spending billions of dollars for weaponry as a protection against possible Russian aggression.

Russia is the No. 1 reason—and indeed, almost the sole reason—for our huge defense expenditures.

I state again: The legislation addresses itself to only one material; namely, chrome.

In summary, it does one thing and one thing only: It simply provides that the President could not prohibit imports of a strategic material from a free world country if importation of the same material is permitted from a Communist-dominated country.

The Senate should have the opportunity to vote on this important legislation, and I shall do what I can to see that the Senate has this opportunity.

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

Mr. BYRD of Virginia. I yield to the distinguished Senator from Texas.

Mr. TOWER. Mr. President, I associate myself with the remarks of the distinguished Senator from Virginia. I certainly support the pending legislation before the Committee on Armed Services. I have said many of the same things that the Senator from Virginia said on earlier occasions; not nearly so well, I might say, but I have said them anyway.

Does it not occur to the Senator from Virginia that it is possible that the Soviets could themselves be buying chrome from Rhodesia and selling back to us?

Mr. BYRD of Virginia. I think it is a very possible assumption that the Soviets

are doing just what the distinguished and able Senator from Texas indicated.

Mr. TOWER. As the Senator from Virginia noted, there is some indication that the intransigent attitude of the last British Government is very likely to be somewhat relaxed by the present British Government, and that there is a harbinger of a better relationship between the Government of the United Kingdom and the present de facto Government of Rhodesia, in which case the United States would look a little foolish if they continued with this sort of intransigent attitude toward it.

Mr. BYRD of Virginia. I think the Senator is correct. Incidentally, C. Y. Sulzberger, the able foreign correspondent for the New York Times, published an article a month or two ago in which he predicted that Great Britain would relinquish her sanctions against Rhodesia.

As Dean Acheson, the former Secretary of State testified recently in regard to S. 1404, the United States is going to look very foolish, indeed, if it does not find some way to extricate itself from the very difficult and unusual situation in which we find ourselves in regard to sanctions against Rhodesia.

I will put the article in the RECORD, Zambia is a black nationalist government and it has made a direct breach of United Nations sanctions against Rhodesia. I will read for the RECORD a two-paragraph report published in the New York Times on July 12, 1971, and dated Zambia:

Zambia, faced with a heavy drain on her foreign exchange and the problem of keeping four million landlocked people from going hungry, is to modify her policy against trading with Rhodesia and buy corn from that country.

The Zambian Government announced last night that it was ordering 1.5 million bags of corn—a direct breach of United Nations sanctions against Rhodesia. Zambia has been one of the most outspoken critics of white domination of African masses in Southern Africa. . . .

Mr. BYRD of Virginia. In view of the fact that a black nationalist government, such as Zambia, has made a direct breach of United Nations sanctions against Rhodesia, it seems rather odd that the industry in our country and our country too, should continue to be penalized by our Government's attitude toward the United Nations' sanctions.

I am very grateful to the able and distinguished senior Senator from Texas for his strong support in this matter. He was one of the first Senators to bring this matter of sanctions against Rhodesia to the attention of the Senate and in his persuasive and able way he has contributed tremendously to focusing attention on what I think is a very vital problem.

ORDER FOR RECOGNITION OF SENATOR SYMINGTON TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on tomorrow, following the recognition of the two leaders under the standing order, the distinguished Senator from Missouri

(Mr. SYMINGTON) be recognized for not to exceed 15 minutes.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that, upon the conclusion of the remarks of the Senator from Missouri (Mr. SYMINGTON) tomorrow, there be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements therein limited to 3 minutes, and that upon the conclusion of the transaction of routine morning business the Senate resume its consideration of S. 2308, the emergency loan guarantee bill.

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

QUORUM CALL

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum. I assume that it will be the last quorum call of the day.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask the Chair, am I correct in stating that, under the order, upon conclusion of the routine morning business tomorrow the Chair will lay before the Senate Calendar Order No. 264, S. 2308, a bill to authorize emergency loan guarantees to major business enterprises?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD of West Virginia. I thank the distinguished Presiding Officer.

PROGRAM

Mr. BYRD of West Virginia. Mr. President, if no other Senator seeks recognition, I shall state the program for tomorrow, which is as follows:

The Senate will convene at 10 o'clock a.m. Immediately following the recognition of the two leaders under the standing order, the distinguished Senator from Missouri (Mr. SYMINGTON) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements therein limited to 3 minutes.

At the conclusion of the period for the transaction of routine morning business, the Senate will resume its consideration of Calendar Order No. 264, S. 2308, a bill to authorize emergency loan guarantees to major business enterprises. There may be rollcall votes.

A cloture motion is expected to be introduced tomorrow, with a vote thereon to occur on Monday.

ADJOURNMENT UNTIL 10 A.M.

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 33 minutes p.m.) the Senate adjourned until tomorrow, Friday, July 23, 1971, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 22, 1971:

U.S. DISTRICT COURTS

Edward R. Neaheer, of New York, to be a U.S. district judge for the eastern district of New York.

Robert E. DeMascio, of Michigan, to be a U.S. district judge for the eastern district of Michigan.

Aldon J. Anderson, of Utah, to be a U.S. district judge for the district of Utah.

DEPARTMENT OF JUSTICE

William S. Sessions, of Texas, to be U.S. attorney for the western district of Texas for the term of 4 years.

BOARD OF PAROLE

Maurice H. Sigler, of Nebraska, to be a member of the Board of Parole for the term expiring September 30, 1972.

William T. Woodard, Jr., of North Carolina, to be a member of the Board of Parole for the term expiring September 30, 1977.

Gerald E. Murch, of Maine, to be a member of the Board of Parole for the term expiring September 30, 1977.

DIPLOMATIC AND FOREIGN SERVICE

Fred L. Hadsel, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ghana.

EXTENSIONS OF REMARKS

EDUCATIONAL PARTICIPATION IN COMMUNITIES AT CAL STATE, LOS ANGELES

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1971

Mr. ROYBAL. Mr. Speaker, I would like to share with my colleagues some facts about a remarkable program involving over 3,000 students at California State College, Los Angeles. This program is known as "Educational Participation in Communities," and is funded through college work-study moneys.

The objective of this program is to involve students in providing service to the communities surrounding Cal State. It is estimated that over 3,000 students annually put in a total of 390,000 man-hours in this effort. The program serves east, south central, and central Los Angeles and the San Gabriel Valley.

This program is one segment of a nationwide effort throughout our college campuses to reach minority and low-income communities. Over 300,000 students, representing 80 percent of the Nation's campuses, participated last year in similar programs.

This effort has included a variety of approaches from tutoring to ethnic studies programs, economic development in the minority community, legal aid, consumer boycott, lunch programs, to mention only a few.

Through such programs the student goes beyond a textbook knowledge of society and people into a direct personal testing and participation in problem solving. I consider this type of internship in community life as an excellent way to stimulate a probing analysis and action plan for this society and build community leadership.

Our college campuses cannot be disembodied from the local social and political setting; they must play a role in solving local problems. It is by working in our communities that we test our ideas of change and development, and gain a deeper knowledge—and perhaps wisdom—about ourselves and others.

For this reason I urge a strong Federal support of educational programs of this caliber. We should encourage and

continue funding the work-study program and similar approaches that can directly benefit the community as well as the student.

I am inserting into the RECORD a fact sheet on student-community service programs and "Educational Participation in Communities" at Cal State:

EPIC

EPIC (Education Participation in Communities) is a community service organization funded by the Federal Government, the Associated Students and the Student Activities Office at Cal State Los Angeles. EPIC serves as a clearing house for college students and community people who want to service the community. We work in the communities of South Central, East and Central Los Angeles as well as in San Gabriel Valley.

EPIC places student volunteers in community service projects that fit the student's career objectives, but also allow him to acquire a more humanistic outlook on the problems of real people. The volunteer experience we offer carries many benefits that shouldn't be understated. To begin with, there is a possibility for the student to receive up to four (4) units of credit from any one of the more than 20 departments that are cooperating with us within the college. Then there is the possibility of using EPIC as a tool to determine your real vocation in life and to use EPIC as a viable way of testing and putting your academic knowledge to work in a real life situation. Also, experience as an EPIC volunteer can be used as a very positive referral when you are looking for a job, or it could easily become a stepping-stone into a rewarding and well-paying position. And finally, there is the fact that we often have work-study positions open in EPIC to people with previous volunteer experience.

CONGRESS AND THE WAR POWERS

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1971

Mr. FRASER. Mr. Speaker, the Zabolcki Foreign Affairs Subcommittee on National Security Policy and Scientific Developments held hearings on June 1 and 2 on "War Powers Legislation."

The Honorable John R. Stevenson, legal adviser, Department of State, testified on June 2 as an administration witness. Shortly after he made his opening statement, I questioned Mr. Stevenson

about executive authority to commit U.S. forces unilaterally to military action. One exchange brought out that Mr. Stevenson does not consider a vote by a Congressman for defense appropriations as necessarily an endorsement of war activities supported by those funds:

Mr. FRASER. Just one final question:

In your judgment, would an appropriation to support activities of our Armed Forces abroad constitute a ratification or an endorsement of the undertaking?

Mr. STEVENSON. I think it is hard to generalize. I think in some cases it could; in some other cases, you have had clearly just the opposite an indication that they did not want to endorse certain types of action.

Mr. FRASER. For example, it was argued on the Floor of the House in connection with the Vietnam appropriations that whatever one thought of the war, the troops were there, they were fighting and if you cut the funds off you endangered their lives.

Do you think that is a legitimate argument?

Mr. STEVENSON. I think it is a legitimate argument. I think that if that argument is made, however, it takes away from the other argument that you put forward earlier.

Clearly if you justify the appropriation on the basis of not affecting the safety of our troops in the field, then I am frank, to say that it doesn't indicate approval of what is being done in the same sense because clearly they are doing it because they want to protect the safety of the troops.

Mr. FRASER. In other words, when that argument is made—

Mr. STEVENSON. I think it weakens any ratificatory effect of Congressional action.

Clearly, there may have been indications of disapproval of the initial policy but unwillingness to endanger our troops.

Legal challenges to the war raise the issue addressed by Mr. Stevenson. It will be useful, I believe, to include for the wider RECORD audience the following exchange between Mr. Stevenson and myself. It is taken from "War Powers Legislation," a publication of the House Foreign Affairs Committee, pages 68 to 72.

Mr. FRASER. Mr. Stevenson, it is difficult when looking at this question to ascertain the extent to which the President may be circumscribed by international law either as embodied in the United Nations Charter or otherwise.

For example, take the Bay of Pigs invasion. Do you think that was lawful under accepted principles of international law?

Mr. STEVENSON. Mr. Fraser, I would rather not comment on a previous administration.

I am quite prepared to talk about what this administration has done but I don't