SENATE—*Friday, July 23, 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:

God of our fathers and our God, give us strength to fulfill our high calling to serve Thee in the present age. May we cherish all that is holiest in heritage and welcome all that is healthiest in innovation. Help us to treasure the wisdom of the past but also to be ready for new revelations of Thy will for the future. Keep us so close to Thee that we may ever be alert to the promptings of Thy spirit and never be surprised or trapped by evil powers. Give Thy servants in this body the resources sufficient for their tasks. Grant them the individuality which is creative, the discipline which sustains, the diversity which enriches, and the unity of purpose which accomplishes Thy will for this Nation and the world.

We pray in the name of Him who came to be the servant of all. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, July 22, 1971, be dispensed with.

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 Executive 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.

NATIONAL COMMISSION ON MATERIALS POLICY

The second assistant legislative clerk proceeded to read sundry nominations in the National Commission on Materials Policy.

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

Mr. BOGGS. Mr. President, I recommend strongly the approval of the nomination of the seven members of the National Commission on Materials Policy. Each of the nominees has a distinguished background and broad expertise that relates to the many facets involved in a national materials policy.

It is a strong and broad group of gentlemen, including members of the Cabinet, a labor leader, educators, and industrialists:

Lynton Keith Caldwell, of Indiana;

Jerome L. Klaff, of Maryland, the chairman designate;

J. Hugh Liedtke, of Texas;

Lee W. Minton, of Pennsylvania;

Secretary of the Interior Rogers C. B. Morton, of Maryland.

Frederick Seitz, of New York; and

Secretary of Commerce Maurice H. Stans, of New York.

I commend each of these nominees to the Senate, and I know each will serve with great distinction.

The work on which they will embark should have a sound and beneficial impact on our society. They will seek to provide an independent review of our national use and needs for materials.

There should be no misunderstanding about the purpose of the Commission. Disposal and recycling of materials enter into the purview of the Commission. But that is far from all. What the Congress intended was to establish an advisory body to put into proper perspective the role of materials in national policy and national goals.

The Commission was created by title II of the Resource Recovery Act of 1970—Public Law 91–512. This law assigns to the Commission the following function:

It is the purpose of this title to enhance environmental quality and conserve materials by developing a national materials policy to utilize present resources and technology more efficiently, to anticipate the future materials requirements of the Nation and the world, and to make recommendations on the supply, use, recovery, and disposal of materials.

Almost every agency of the Federal Government has some interest in materials. There is no industry that does not concern itself with the processing, the use, or the management of materials. Everything we do to improve our environment involves the use of materials. Every problem and action that results in pollution of the air, land, and water involves materials. The Congress expects that the Commission will advise us as to the needed policies and actions to be taken by the national legislature in the immediate future in relation to materials need and use. And after the Commission established by Public Law 91–512 has done its work, we need to know what kind of continuing advisory authority should exist to continue this service.

We must satisfy ourselves that our Nation will continue to be alert to take prudent and sound action in the use of materials. When a new scientific breakthrough occurs in some aspect of materials utilization, we must make as certain as we can that it will be swiftly and effectively exploited for public purposes.

A part of the legislative history of the National Materials Policy Act of 1970 is the report of the Ad Hoc Committee on Materials Policy, April 21, 1969, "Toward a National Materials Policy." I invite the members of the Commission to study this document with great care.

The scope of concern of the Commission is also suggested by the agenda and report of the Engineering Foundation Research Conference, July 1970, on problems and issues of a national materials policy.

There is a tendency for every generation—possibly each decade—to focus on some one particular materials problem as commanding importance. Today the emphasis is on the environmental impact of materials and disposal. A decade or so ago, the concern was centered on whether we were running out of materials for essential purposes. What will the next problem be?

My point is that we should aspire to utilize at all times, a complete, effective, and balanced program on materials information and management. It should encompass domestic and foreign supplies and requirements, the design of materials research and the exploitation of research results, the enhancing of the environment and the eradication of sources of pollution, provision for the present needs of society and provision for the future. What are the elements of such a program and what can be done to make sure we utilize those elements?

Over the past few years, a considerable interest has developed in the subject of materials policy. The Congress last fall passed a bill to instruct the Department of the Interior to maintain analytical forecasts of mineral supplies and requirements.

The National Academy of Sciences has begun a study of the adequacy and purposes of materials science as a broad scientific and technological discipline. The Federal Council for Science and Technology has reconstituted its Interagency Materials Council and started it off on a new and promisingly vigorous career. Several agencies have greatly expanded their programs of technological development in the recycling of materials and the management of wastes.

These are all encouraging signs. I should like to see more attention given to future development of agricultural and forest products materials for new and expanded uses. I would hope that the Federal Departments of Transportation and Housing and Urban Development cooperate in the work of the Commission and to establish materials development and planning programs.

Nearly two decades ago, President Truman appointed a policy commission to review the national status of materials. Because national concern at that time was focused on the fear of future shortages, the Commission, under the chairmanship of William S. Paley, took that for its theme. The Paley Commission produced a landmark report with many sound and important recommendations.

However, some of its most important proposals went unheeded.

We have attempted in the creation of the present Commission to strengthen the receptivity of the Government by having the commission report to both the President and the Congress. It is a statutory commission, rather than a Presidential Commission alone. It is the responsibility of the members to achieve a balanced report that does not overstress the problems of the present at the expense of the concerns of the future.

Naturally, much of the scope of the review is left to the Commission members to determine. The Congress has suggested topics of concern. But the Commission is not excluded for consideration of any other matters it judges to be pertinent.

I would like to stress one final point. The National Commission on Materials Policy can only prove effective if it carries out a truly independent review and study. While it will need to call on the materials expertise found in many departments of the Government, it must not become dependent upon any agency or its primary staff assistants. The need for independent, effective, top-notch staff was the reason that the National Materials Policy Act of 1970 authorized $2 million during the lifetime of the Commission. Such independence is vital if the Commission is to be truly effective as I believe it must be.

In closing, Mr. President, I ask unanimous consent for inclusion in the RECORD of a copy of the language of the National Materials Policy Act of 1970, which was title II of Public Law 91–512, as well as that portion of Senate Report 91–1034 which discusses the role and scope of the Commission.

Mr. President, may I thank the many persons who have assisted in the development of background work that has led toward this day when the members of the Commission are being considered by the Senate. I believe that much praise goes to the Library of Congress and its Legislative Reference Service for the background studies and assistance they have given that has led to this Commission. In addition, I want to thank the members of the ad hoc committee which prepared the 1969 report, "Toward a National Materials Policy." It was this basic work that recommended the creation of a commission and I believe our Nation is strongly in the debt of these gentlemen.

The members of the ad hoc committee were: Walter L. Finlay, Morris E. Garnsey, John H. Garrett, Harold Gershinowitz, William J. Harris, Jr., Walter H. Kohl, Hans H. Landsberg, Torben Meisling, N. E. Promisel, Lester C. Van Atta, and Herrick J. Young.

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

TITLE II—NATIONAL MATERIALS POLICY

SEC. 201. This title may be cited as the "National Materials Policy Act of 1970".

SEC. 202. It is the purpose of this title to enhance environmental quality and conserve materials by developing a national materials policy to utilize present resources and technology more efficiently, to anticipate the future materials requirements of the Nation and the world, and to make recommendations on the supply, use, recovery, and disposal of materials.

SEC. 203. (a) There is hereby created the National Commission on Materials Policy (hereafter referred to as the "Commission") which shall be composed of seven members chosen from Government service and the private sector for their outstanding qualifications and demonstrated competence with regard to matters related to materials policy, to be appointed by the President with the advice and consent of the Senate, one of whom he shall designate as Chairman.

(b) The members of the Commission shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in carrying out the duties of the Commission.

SEC. 204. The Commission shall make a full and complete investigation and study for the purpose of developing a national materials policy which shall include, without being limited to, a determination of—

(1) national and international materials requirements, priorities, and objectives, both current and future, including economic projections;

(2) the relationship of materials policy to (A) national and international population size and (B) the enhancement of environmental quality;

(3) recommended means for the extraction, development, and use of materials which are susceptible to recycling, reuse, or selfdestruction, in order to enhance environmental quality and conserve materials;

(4) means of exploiting existing scientific knowledge in the supply, use, recovery, and disposal of materials and encouraging further research and education in this field;

(5) means to enhance coordination and cooperation among Federal departments and agencies in materials usage so that such usage might best serve the national materials policy;

(6) the feasibility and desirability of establishing computer inventories of national and international materials requirements, supplies, and alternatives; and

(7) which Federal agency or agencies shall be assigned continuing responsibiltiy for the implementation of the national materials policy.

(b) In order to carry out the purposes of this title, the Commission is authorized—

(1) to request the cooperation and assistance of such other Federal departments and agencies as may be appropriate;

(2) to appoint and fix the compensation of such staff personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of such title relating to classification and General Schedule pay rates; and

(3) to obtain the services of experts and consultants, in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed $100 per diem.

(c) The Commission shall submit to the President and to the Congress a report with respect to its findings and recommendations no later than June 30, 1973, and shall terminate not later than ninety days after submission of such report.

(d) Upon request by the Commission, each Federal department and agency is authorized and directed to furnish, to the greatest extent practicable, such information and assistance as the Commission may request.

SEC. 205. When used in this title, the term "materials" means natural resources intended to be utilized by industry for the production of goods, with the exclusion of food.

SEC. 206. There is hereby authorized to be appropriated the sum of $2,000,000 to carry out the provisions of this title.

TITLE II—NATIONAL MATERIALS POLICY

Title II, The National Materials Policy Act of 1970, creates a National Commission on Materials Policy. This Commission, which would have seven members and report to the President and the Congress by June 30, 1973, would examine the broad subject of materials selection, treatment, and use. The Commission report should seek to identify and analyze the components affecting the materials flow and articulate the method the United States should follow to achieve a national policy on materials and how that policy should be implemented.

The committee considered the question of what type of governmental unit should conduct such a study on materials policy. The committee rejected the view that the study should be undertaken by an existing unit of Government on a continuing basis. The commission will be looking critically at the existing organizational arrangements in matters related to materials policy. Therefore, it is appropriate that the study should not become a function of an existing agency. An independent commission, the committee found, would be best able to examine effectively the full breadth of materials policy questions, and then to chart a policy on materials that would be implemented on a continuing basis by an existing agency of Government.

The Commission is to be composed of seven members selected for their expertise bearing on materials problems. The Committee expects that the chairman would not be an employee of the Federal Government, with the members selected to give as wide a diversity in background and expertise as is possible.

Specifically, the Commission is empowered to study and evaluate the following topics:

(1) The current and projected domestic demands for materials, including study of those international factors that have a direct impact on the availability of materials to be processed within the United States; economic factors affecting materials selection is also a proper aspect of study, but such studies should concentrate on domestic materials requirements;

(2) the relationship of materials demand and use to national and international population size and the necessary enhancement of the environment; particular attention should be given to the effect of materials on the environment: the removal of materials in their raw state from the natural environment and the effect of materials selection on environmental enhancement;

(3) Methods for coordinating materials policy with the basic purpose of this Act: the recycling of materials to preserve their usefulness, to enhance environmental quality and conserve materials;

(4) An evaluation of methods to exploit existing scientific knowledge in the processing of materials;

(5) Methods for improving coordination and cooperation among Federal departments and agencies in materials demand, use, and study. The Committee considers this to be a major topic for study when it is realized that nearly every agency of Government has a materials-related function, either in research, planning, pollution control, standards, or supply, and national materials policy must be woven from the threads of existing policy and knowledge; and

(6) Study the feasibility and the desirability of creating, or fostering the creation

of, computer inventories of national and international material supplies and requirements.

For the purpose of this Act, materials are defined as any physical substance, whether animal, vegetable, or mineral, that is utilized by industry for processing and sale. The Committee has excluded foodstuffs from this definition. The Committee, however, intends that the definition of materials includes products used in the production of foodstuffs.

History

This amendment has direct precedent in the work of President Truman's Materials Policy Commission, better known as the Paley Commission. The Commission, headed by William Paley of the Columbia Broadcasting System, was created at the time of the Korean War. It sought to examine the nation's material status, particularly in reference to national stockpiles of straegic materials.

Despite the fact that the Commission's report was considered to be an excellent one within the materials community, the recommendations of the Paley Commission failed to generate significant legislative action.

In July 1967, Senator Boggs, as a member of the Committee on Public Works, requested that the Legislative Reference Service of the Library of Congress undertake a study of the question of materials and their relation to problems of solid waste disposal. The Science Policy Research Division of the Legislative Reference Service prepared an initial study on the subject, "Availability, Utilization, and Salvage of Industrial Materials." It was published as a print of the Senate Committee on Public Works on January 8, 1968.

Subsequently, the Library of Congress assisted in the organization of an ad hoc committee of materials experts to examine in more detail the need for a national materials policy. A second, more thorough report, "Toward A National Materials Policy," was published by the Senate Committee on Public Works in April 1969.

The report's main conclusion was stated in its proposal for creation of a National Commission on Materials Policy:

* * * it is judged timely and essential that a national commission be chartered and organized to study the present stance of the United States with respect to materials, and to make recommendations based on its findings. The objectives of the commission should be:

1. To identify the relationship of the broad subject of materials in all their aspects to national goals and objectives;

2. To define materials goals and objectives of the Nation;

3. To contribute to a broader understanding and awareness of materials problems and opportunities;

4. To maximize, to the extent permitted by the constraints essential to the national interest, the opportunities for free enterprise to function efficiently in the materials field; * * *

Subsequently, an amendment to establish such a national commission was introduced in the Senate to pending solid waste legislation on September 9, 1969. The amendment was sponsored by 11 Senators.

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

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.

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 268, 269, 271, 273, and 278.

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

STEPHEN LANCE PENDER, PATRICIA JENIFER PENDER, AND DENESE GENE PENDER

The bill (S. 389) for the relief of Stephen Lance Pender, Patricia Jenifer Pender, and Denese Gene Pender was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 389

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 322 (a) of the Immigration and Nationality Act, Carol H. Warren, the legal guardian of Stephen Lance Pender, Patricia Jenifer Pender, and Denese Gene Pender, may file petitions for naturalization in their behalf under that section, the mother of the said Stephen Lance Pender, Patricia Jenifer Pender, and Denese Gene Pender having died prior to the filing of any such petition.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–274), explaining the purposes of the measure.

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

PURPOSE OF THE BILL

The purpose of the bill is to enable the beneficiaries to be naturalized, notwithstanding the provisions of section 322(a) of the Immigration and Nationality Act.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The concurrent resolution (S. Con. Res. 35) favoring the suspension of deportation of certain aliens was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. CON. RES. 35

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation pursuant to the provisions of section 244(a)(2) of the Immigration and Nationality Act, as amended (66 Stat. 204; 8 U.S.C. 1251):

[redacted], Chuen.
[redacted], Chin, Lean.
[redacted], Funk, Thomas Fredrik.
[redacted], Moy, Huey Nai.
[redacted], Torres de Bejarano, Socorro.
[redacted], Yee, Soon Hing.
[redacted], Terrazas-Barrio, Efren.
[redacted], Ioanides, Gabriel Constantinos.
[redacted], Herrera-Marquez, Aurelio.
[redacted], Lum, Wah Gum.
[redacted], Candanoza-Leza, Rogelio.
[redacted], Cartier, Paul August.
[redacted], Liu, Lai Chih.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–276), explaining the purposes of the measure.

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

PURPOSE OF THE CONCURRENT RESOLUTION

The purpose of the concurrent resolution is to record congressional approval of suspension of deportation in certain cases in which the Attorney General has suspended deportation pursuant to section 244(a)(2) of the Immigration and Nationality Act, as amended. Under the prescribed procedure, affirmative approval by both the Senate and the House of Representatives is required before the status of the aliens may be adjusted to that of aliens lawfully admitted for permanent residence.

STATEMENT OF FACTS

The concurrent resolution relates to certain cases in which the Attorney General has suspended deportation under the provisions of section 244(a)(2) of the Immigration and Nationality Act, as amended. These cases are submitted to the Congress under the provisions of that section subsequent to its amendment by section 4 of Public Law 87–885. The aliens are deportable as former subversives, criminals, immoral persons, violators of the narcotic laws, or violators of the alien registration laws. The discretionary relief may be granted to an alien within these categories upon a showing (1) of 10 years' continuous physical presence in the United States following the commission of an act or the assumption of a status constituting a ground for deportation; (2) that he has not been served with a final order of deportation up to the time of his application for suspension of deportation, (3) that he has been a person of good moral character during the required period of physical presence; and (4) that his deportation would result in exceptional and extremely unusual hardship to himself or to his spouse, parent, or child, who is a citizen or an alien lawfully admitted for permanent residence.

Included in the concurrent resolution are 13 cases which were referred to the Congress between February 1, 1970, and December 1, 1970. Five cases referred during that period were not approved.

In each case included in the concurrent resolution, a careful check has been made to determine whether or not the alien (*a*) has met the requirements of the law; (*b*) is of good moral character; and (*c*) warrants the granting of suspension of deportation.

The committee, after consideration of all the facts in each case referred to in the concurrent resolution, is of the opinion that the

concurrent resolution (S. Con. Res. 35) should be agreed to.

EXTENDING THE DURATION OF COPYRIGHT PROTECTION IN CERTAIN CASES

The joint resolution (S.J. Res. 132) extending the duration of copyright protection in certain cases was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 132

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled. That in any case in which the renewal term of copyright subsisting in any work on the date of approval of this resolution, or the term tehereof as extended by Public Law 87–668, by Public Law 89–142, by Public Law 90–141, by Public Law 90–416, by Public Law 91–147, or by Public Law 91–555 (or by all or certain of said laws), would expire prior to December 31, 1972, such term is hereby continued until December 31, 1972.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–277), explaining the purposes of the measure.

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

PURPOSES

The purpose of this legislation is to continue until December 31, 1972, the renewal term of any copyright subsisting on the date of approval of this joint resolution, or the term as extended by Public Law 87–668, by Public Law 89–142, by Public Law 90–141, by Public Law 90–416, by Public Law 91–147, or Public Law 91–555 (or by all or certain said laws) where such term would otherwise expire prior to December 31, 1972. The joint resolution would provide an interim extension of the renewal term of copyrights pending the enactment by the Congress of a general revision of the copyright laws, including a proposed increase in the length of the copyright term. The most recent extension (Public Law 91–555) will expire on December 31, 1971.

This legislation merely provides for the prolongation of the renewal term of copyright and does not involve creation of a new term of copyright.

STATEMENT

This legislation arises from a study of the U.S. copyright system authorized by the Congress in 1955. After extensive preparatory work, copyright revision bills were introduced in both Houses during the 88th Congress and again in the 89th and 90th Congresses. The House of Representatives on April 11, 1967, passed H.R. 2512 of the 90th Congress for the general revision of the copyright law. This committee's Subcommittee on Patents, Trademarks, and Copyrights held 17 days of hearings on copyright law revision, and in 1969 reported S. 543 for the general revision of the copyright law. No further action was taken on that legislation. On February 8, Senator John L. McClellan introduced S. 644 for the general revision of the copyright law.

Both S. 644 and the bill passed by the House of Representatives in the 90th Congress, would increase the copyright term of new works from the present 28 years, renewable for a second period of 28 years, to a term for the life of the author and for 50 years thereafter. They also provide for a substantial extension of the term of subsisting copyrights.

It is apparent that the Congress cannot complete action during this session on the legislation for general revision of the copyright law. The copyright revision bill has been delayed for several years principally because of the cable television controversy. More recently the Congress has been awaiting action by the Federal Communications Commission on the necessarily related communications aspects of CATV. The Congress has now been advised by the Chairman of the Federal Communications Commission that the Commission anticipates completing of its current CATV rulemaking proceedings before the start of the summer recess of the Congress. Clearly, however, adequate time will not remain for action on the revision bill and, therefore, it is necessary to consider another temporary extension of copyrights.

Since the general revision bill has been unavoidably delayed, it seems desirable that the terms of expiring copyrights should be extended so that the copyright holders may enjoy the benefit of any increase in term that may be enacted by the Congress. It is the view of the committee that the same considerations that led to the enactment of the previous extensions warrant the approval of this joint resolution.

After a study of the joint resolution, the committee recommends that the legislation be favorably considered.

ADDITIONAL JUDICIAL DISTRICT IN THE STATE OF LOUISIANA

The bill (S. 733) to create an additional judicial district in the State of Louisiana, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 733

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 98 of title 28 of the United States Code is amended to read as follows:

"§ 98. Louisiana

"Louisiana is divided into three judicial districts to be known as the Eastern, Middle, and Western Districts of Louisiana.

"Eastern District

"(a) The Eastern District comprises the parishes of Assumption, Jefferson, Lafourche, Orleans, Plaquemines, Saint Bernard, Saint Charles, Saint James, Saint John the Baptist, Saint Tammany, Tangipahoa, Terrebonne, and Washington.

"Court for the Eastern District shall be held at New Orleans.

"Middle District

"(b) The Middle District comprises the parishes of Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, Saint Helena, West Baton Rouge, and West Feliciana.

"Court for the Middle District shall be held at Baton Rouge.

"Western District

"(c) The Western District comprises six divisions.

"(1) The Opelousas Division comprises the parishes of Evangeline and Saint Landry.

"Court for the Opelousas Division shall be held at Opelousas.

"(2) The Alexandria Division comprises the parishes of Avoyelles, Catahoula, Grant, La Salle, Rapides, and Winn.

"Court for the Alexandria Division shall be held at Alexandria.

"(3) The Shreveport Division comprises the parishes of Bienville, Bosier, Caddo, Claiborne, De Soto, Natchitoches, Red River, Sabine, and Webster.

"Court for the Shreveport Division shall be held at Shreveport.

"(4) The Monroe Division comprises the parishes of Caldwell, Concordia, East Carroll, Franklin, Jackson, Lincoln, Madison, Morehouse, Ouachita, Richland, Tensas, Union, and West Carroll.

"Court for the Monroe Division shall be held at Monroe.

"(5) The Lake Charles Division comprises the parishes of Allen, Beauregard, Calcasieu, Cameron, Jefferson Davis, and Vernon.

"Court of the Lake Charles Division shall be held at Lake Charles.

"(6) The Lafayette Division comprises the parishes of Acadia, Iberia, Lafayette, Saint Martin, Saint Mary, and Vermilion.

"Court for the Lafayette Division shall be held at Lafayette."

SEC. 2. The district judge for the Eastern District of Louisiana holding office on the day immediately prior to the effective date of this Act, and whose official station on such date is Baton Rouge, shall, on and after such date, be the district judge for the Middle District of Louisiana. All other district judges for the Eastern District of Louisiana holding office on the day immediately prior to the effective date of this Act shall be district judges for the Eastern District of Louisiana as constituted by this Act.

SEC. 3. (a) Nothing in this Act shall in any manner affect the tenure of office of the United States attorney and the United States marshal for the Eastern District of Louisiana who are in office on the effective date of this Act, and who shall be during the remainder of their present terms of office the United States attorney and marshal for the Eastern District of Louisiana as constituted by this Act.

(b) The President shall appoint, by and with the advice and consent of the Senate, a United States attorney and marshal for the Middle District of Louisiana.

SEC. 4. The table contained in section 133 of title 28 of the United States Code is amended to read as follows with respect to the State of Louisiana:

"Districts	Judges
* * * * *	
"Louisiana:	
"Eastern	7
"Middle	1
"Western	3".

SEC. 5. Section 134(c) of title 28 of the United States Code is amended by deleting the first sentence.

SEC. 6. The provisions of this Act shall become effective one hundred and twenty days after the date of enactment of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–279), 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 proposed legislation is to create an additional judicial district in the State of Louisiana by dividing the present eastern district of Louisiana into two districts, the eastern and middle districts.

STATEMENT

At present, the eastern district of Louisiana consists of two divisions, one of which sits in New Orleans and the other in Baton Rouge, the State capital. S. 733 would convert the Baton Rouge division into a new district to be known as the middle district of Louisiana.

In recent years the eastern district of Louisiana has had one of the most persistent

civil backlog problems in the United States. At the end of fiscal year 1970, there were 4,385 civil cases pending on the docket, an increase of 4.2 percent over the prior year. The civil business of the eastern district is exceeded in only three other Federal districts, the District of Columbia, the southern district of New York, and the eastern district of Pennsylvania.

The major portion of the workload in the district is in the New Orleans division, where through the efforts of the judges and personnel of the eastern district, the Federal Judicial Center, and the Administrative Office of the U.S. Courts, better calendar control and new procedures in the clerk's office have been accomplished recently. These joint efforts have been directed almost entirely at the New Orleans division. Indeed, the problems and caseload demands of the Baton Rouge division are very different from those confronting the New Orleans division.

A major part of the civil caseload of the Baton Rouge division consists of maritime and seaman's cases attributable to the port of Baton Rouge, ranked seventh in the Nation in total annual tonnage handled. Since the State penitentiary at Angola, La., is located in the Baton Rouge division, a majority of the habeas corpus petitions for the entire State of Louisiana are brought in this division.

The total number of civil cases filed in the Baton Rouge division in fiscal year 1970 exceeded the civil filings in 24 districts in the United States. In fiscal 1969, the civil filings in this division exceeded those in 28 other districts. Thus, the size of the Baton Rouge division's civil caseload is certainly sufficient to justify the creation of a separate district.

In fiscal year 1970, 57 civil cases involving the United States of America and 58 criminal cases were filed in the Baton Rouge division. Hearings or trials in these cases require the presence of the U.S. attorney or one of his assistants. There is no assistant U.S. attorney assigned to the Baton Rouge division, and for each civil or criminal case appearance the U.S. attorney or an assistant must travel from New Orleans, a distance of nearly 80 miles. The division could be much more efficiently operated if it were a district unto itself. Furthermore, since the Federal court building has recently been extensively renovated, no new physical facilities are anticipated if this bill becomes law.

This bill passed the Senate during the last Congress on December 9, 1969, under the designation S. 1646, but was not acted upon by the House of Representatives. The bill has the support of the Judicial Council of the Fifth Circuit, the judges of the eastern district, and the Louisiana State Bar Association. Support has also been expressed by the U.S. attorney, the chief probation officer, and the U.S. marshal for the eastern district. More significantly, despite a general policy in opposition to the creation of new districts, the Judicial Conference of the United States has expressed its approval. The Department of Justice has deferred to the recommendations of the Judicial Conference of the United States and the Judicial Council of the Fifth Circuit.

A copy of a letter expressing the Judicial Conference's recommendation and another expressing the Justice Department's views are attached hereto and made a part of this report.

AUTHORIZING ADMINISTRATOR OF VETERANS' AFFAIRS TO SELL AT PRICES REASONABLE, UNDER PREVAILING MORTGAGE MARKET CONDITIONS, DIRECT LOANS MADE TO VETERANS

The bill (H.R. 3344) 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 was considered, ordered to a third reading, read the third time, and passed.

ORDER OF BUSINESS

The PRESIDENT pro tempore. The Senator from Montana is recognized.

(The remarks of Mr. MANSFIELD when he submitted Senate Concurrent Resolution 36, relating to the President's forthcoming visit to China, are printed in the Routine Morning Business section of the RECORD under the Appropriate heading.)

The PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

(The remarks of Mr. SCOTT when he submitted an amendment to S. 382, the Federal Election Campaign Act of 1971, appear in the Routine Morning Business section of the RECORD under the Appropriate heading.)

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under an order previously entered, the Senator from Missouri (Mr. SYMINGTON) is recognized for not to exceed 15 minutes. The Senator may proceed.

PAKISTAN: ANOTHER CASE WHERE CONGRESS HAS NOT BEEN RECEIVING THE FACTS

Mr. SYMINGTON. Mr. President, ever since March 25, when hostilities broke out in East Pakistan there has been a series of statements by State Department officials which seemed to indicate that the United States had stopped providing military equipment to the Government of Pakistan.

Hostilities in East Pakistan have resulted in the deaths of hundred of thousands of Pakistanis, and the flight of some 6 million refugees to India.

On April 12 a Department of State spokesman said that there had been "an embargo since 1965" on military assistance to Pakistan; also, that there had been a one-time exception announced last October, but that "there is no—repeat—no equipment in the pipeline and none has been delivered under that exception" also that—

> We have had a modest program of sales, predominantly cash, to Pakistan for nonlethal military equipment, spare parts for equipment already in Pakistani hands and some ammunition"; but that "insofar as shipments under these agreements are concerned, we have this matter under review."

On April 15 a Department of State spokesman said:

> In short no arms have been provided to the Government of Pakistan since the beginning of this crisis, and the question of deliveries will be kept under review in light of developments.

It is not only the public that has been misled.

The Senate stands in the same position.

As an illustration, on April 23, Assistant Secretary of State David Abshire wrote Chairman FULBRIGHT a letter, the text of which appears in the committee report on Senate Concurrent Resolution 21, in the course of which he said:

> We have been informed by the Department of Defense that no military items had been provided to the Government of Pakistan or its agents since the outbreak of fighting in East Pakistan March 25 and nothing is now scheduled for such delivery.

On April 30, testifying in executive session before the committee, Deputy Assistant Secretary of State Christopher Van Hollen said:

> We have not delivered any military equipment, spare parts or our ammunition to Pakistan under our military sales program since the crisis began on the 25th of March and we are currently reviewing all aspects of that program.

Shortly thereafter he said:

> I would say that in the present circumstances we are not giving any arms at all.

Subsequently, the Secretary said:

> On all aspects of our military sales program we have had to re-examine all of these programs since the 25th of March, and in fact, no military sales items have been shipped since that date, according to the Department of Defense.

Then on May 6, Assistant Secretary Abshire wrote Chairman FULBRIGHT a further letter, the text of which also appears in the committee report on Senate Concurrent Resolution 21, in which the following statements appeared:

> As you know, we terminated all grant military assistance to Pakistan and India, as a consequence of the 1965 Indo-Pakistan war. We have provided no weapons to either country since then. The only measure of grant military assistance which we have reinstituted since 1965 has been a modest program of military training . . .
>
> With respect to military supply, as the Department's spokesman announced on April 15, the Department of Defense has informed us that no military sales items including spare parts and ammunition have been provided to the Government of Pakistan or its agents since the outbreak of fighting in East Pakistan on March 25. In short, no arms have been provided since the beginning of the crisis and the question of deliveries is under review.

Despite these statements, we began to learn from the press that freighters were sailing from U.S. ports to Pakistan with U.S. military equipment aboard.

A meeting of the Subcommittee on Near Eastern and South Asian Affairs was therefore called on July 19 to discuss developments in South Asia. The witness was the Assistant Secretary of State for Near Eastern and South Asian Affairs, Joseph J. Sisco. As a result, we now know more about what the United States has been doing and intends to do so far as assistance to Pakistan is concerned.

Mr. Sisco provided a brief chronology of the steps the United States has taken with regard to military assistance to Pakistan. This I will summarize.

In 1965, an embargo was placed on the supply of military equipment to India and Pakistan, and grant assistance un-

der the military asssitance program was terminated.

In 1966, the embargo had been "modified" to permit the sale to India and Pakistan of "nonlethal end items." In 1967, the policy was "further modified" to permit the sale of ammunition and spare parts for military equipment provided by the United States prior to the 1965 conflict between and India and Pakistan.

In October 1970, there was a "one-time exception to the continuing embargo on lethal equipment" under which the sale of armored personnel carriers and aircraft was authorized.

Beginning in 1966, the Government of Pakistan also resumed purchases through the foreign military sales program and commercially of an average of $15 to $20 million worth of military equipment from the United States annually, military equipment which was licensed by the Office of Munitions Control in the State Department.

Although we have had an embargo on military assistance since 1965, this embargo was first "modified," then "further modified," and then a "one-time exception" to the modified embargo was made.

The result, it is clear, is that we have had an embargo on military assistance that is not an embargo, although the executive branch continues to insist on calling it an embargo; rather it is an embargo on military assistance that has not affected nonlethal end items, ammunition, and spare parts; an embargo under which the sale of a large number of armored personnel carriers and aircraft has been authorized; also an embargo that has not covered over $100 million worth of military equipment purchased under the foreign military sales program or commercially.

In early April the United States put a "hold" on the delivery of foreign military sales items to Pakistan, suspended the issuance of new licenses and the renewal of expired licenses to items on the munitions list for either the foreign military sales program or for sales through commercial channels, and held in abeyance actions on the one-time exception to the embargo, so that no item covered by that one-time exception had been delivered to the Government of Pakistan or its agents, and nothing relating to that one-time exception was scheduled for delivery.

This did not mean, however, that other military equipment had not gone to Pakistan. By early April the Government of Pakistan, or its agents had obtained legal title to, and were in possession of, some military items still in the United States. In a legal sense, however, the "delivery" of these items to Pakistan had apparently taken place.

Furthermore, Department of Defense contractors under the foreign military sales program, and other commercial suppliers, had continued to utilize valid licenses issued before early April.

Some of these military items have been shipped, and additional supplies under these licenses will be shipped in the future.

As of mid-July, the value of the validly licensed but unshipped material for Pakistan in the United States was well over $10 million.

We have learned from press sources that State Department officials have confirmed to them that the figure for material in the pipeline is about $15 million.

In other words, the United States could have refused to make deliveries under these licenses, and could have refused to transmit the equipment; in other words the U.S. Government had the legal right to stop the program, but had chosen not to exercise that right.

Some development aid to Pakistan has continued. On the basis of agreements signed before the beginning of fiscal year 1971, $83 million of development assistance is in the pipeline, or about to enter it.

About half of this total is already formally committed to American suppliers, although the goods have not yet been delivered. Of the balance of about $41 million, $14 million is committed for development projects in East Pakistan.

As far as any new development loans are concerned, we are awaiting the formulation and implementation by the Pakistan Government of a revised national development program.

It was not and is not clear why the U.S. Government refused to exercise the option that was available of stopping the shipment of military assistance supplies to Pakistan after March 25. During the subcommittee meeting, there was talk of our influence on the Government of Pakistan, but there would appear no positive result of that influence.

There was also reference to the necessity of maintaining a relationship with the Government of Pakistan so that it would not be completely dependent upon Communist countries for military equipment. We do not know, however, the amount of military assistance provided by the People's Republic of China over the past few years; nor do we know whether the Soviet Union has supplied arms to Pakistan since March 25.

In any case, let us hope this statement today will help clarify the confusion that has been caused by executive branch statements over the past few months which have been interpreted by many of us in the Senate, certainly also by many members of the public, as meaning what they seemed to say—namely, that we had not shipped arms to Pakistan since March 25; also that we had nothing in the pipeline to be shipped to Pakistan.

That impression was wrong; and we have continued these shipments, not because we were powerless to stop them, but because we decided not to stop them.

This decision has been obscured from both public and congressional view through semantics, ambiguous statements on the public record without clarification, and no effort to present the actual facts, until pressed to do so.

Recently I had the honor to be host to the Foreign Minister of India at lunch in the Senate. Because we did not then have the facts, we made a great many statements to him that were not correct with respect to what we were doing with regard to shipping military assistance to Pakistan.

It is time both Congress and the people obtained the truth as to what we have done and what the administration plans to do with respect to future policy from the standpoint of military assistance to Pakistan.

This morning's Wall Street Journal contains an article by Peter R. Kann, from Dacca, East Pakistan, entitled "A Nation Divided—East Pakistan Conflict Is Complicated by Race, Religion, and Poverty." If anyone has any doubt as to just what is going on in that country today, I hope he will read the article by Mr. Kann.

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:

A NATION DIVIDED: EAST PAKISTAN IS COMPLICATED BY RACE, RELIGION, POVERTY—NO IMMEDIATE SOLUTION SEEN—RESIDENTS BARELY SUBSIST—POLICE STATE GRIPS BENGALIS—PROBLEMS? THERE ARE NONE

(By Peter R. Kann)

DACCA, East Pakistan.—The doctor sits behind a desk in his street-front office in an East Pakistani town, occasionally glancing out at the road lined with the charred debris and looted shells of shops and homes.

A vehicle with UNICEF marking on its doors but with armed West Pakistani soldiers inside cruises by. Otherwise, the street is all but deserted.

The doctor sits in his office only because he has been ordered to. His family is hiding in a village somewhere outside of town. He speaks in a whisper because any passerby could be an informer. At night, when the army goes knocking on doors, he lives with the fear that his name may be on one of its lists.

He whispers of recent events in this town: the streets littered with bloated and decomposing bodies; the burning, looting and raping; and the continuing terror. "We are afraid to speak the truth. Those who speak the truth are punished, and the only punishment is death," he says.

The doctor is an army veteran, which makes him a special target for his former colleagues. But his real crime is being a Bengali in a land of Bengalis that also happens to be part of the map of Pakistan. It is now a land of death and of fear.

CAUSES WASHED AWAY BY BLOOD

It is less than four months since the civil fighting in East Pakistan began, but already the causes of the conflict seem almost academic. Its geographical and historical roots, the legalities and moralities—all seem to have been washed away by blood. No one really knows how many people have been killed in East Pakistan since March 25, but Western diplomats say the minimum is 200,000. The maximum exceeds one million.

The events fall into three stages.

The first was a Bengali political movement aimed at ending two decades of economic and political exploitation by the West Pakistanis. It culminated, in March elections, in national political victory for the Bengali Awami League and its platform of greater East Pakistan autonomy. But on

March 25 the Pakistan army (an almost entirely West Pakistani institution), fearing that East Pakistan was moving toward independence, cracked down in Dacca, the East Pakistan capital. Bengali students were massacred, politicians were arrested and the Awami League was outlawed.

The second stage was a fairy-tale few weeks in which the Bengalis proclaimed and celebrated their independence. Some thousands of East Pakistan's non-Bengali minority were killed during this period, in which the army, perhaps overly cautious, remained in the capital and in a number of military camps. But the illusion of independence ended in mid-April when the army emerged to crush the revolution. Tens of thousands of Bengalis were slaim as town after town was retaken, burned and looted. There was little military opposition. Some six million Bengalis, most of them from the Hindu minority group that became a special army target, began fleeing into India.

NOW THE THIRD STAGE

The third and present stage is army occupation—a terrorized Bengali population being ruled by military force and crude police-state tactics. West Pakistan officials say everything is rapidly returning to normal. But the economy is woefully disrupted, factories are idle, schools are closed, roads are mostly empty and towns are largely deserted. Millions of Bengalis, particularly Hindus and middle-class Moslems, are still hiding in the countryside. About 50,000 refugees are still fleeing to India each day. And army rule is being challenged by Bengali guerrilla forces (the Mukti Bahani, or Liberation Army) that seem to have massive support among the Bengali population. The guerrillas are still lacking in training and organization, but supplies and border sanctuaries are being provided by India.

Ten days of traveling across East Pakistan and talks with scores of diverse people here indicate that the fourth stage eventually will be an independent East Pakistan: Bangla Desh, or Bengal Nation. But clearly much more killing will take place before Bangla Desh comes to pass.

No solution, including independence, holds any bright hopes for East Pakistan's predominantly peasant society, which, in accordance with the Mohammed's Prophet instruction to "go forth and multiply," is propagating itself into starvation. Its 75 million people already are barely subsisting 1,600 to the square mile, and this population will double within 25 years. A half-million Bengalis were killed by a cyclone last fall. A half-million more were born in 87 days. Perhaps only in East Pakistan could a disaster of the cyclone's magnitude be overshadowed by a greater one—this civil war—only six months later.

PRIMITIVE CONCEPTIONS OF GUILT

Poverty, ignorance and frustration have turned this conflict into a Congo as well as an Algeria. Men are killing each other not only in the name of politics but also over race and religion. The Moslem philosophy of an eye for an eye and a tooth for a tooth is made more terrible by primitive conceptions of collective guilt.

The army kills Bengalis. The non-Bengali minority of about two million (commonly called Biharis) back the army. So Bengalis kill Biharis. The army and the Biharis see this as ample reason to butcher more Bengalis. The Hindu minority of about 10 million becomes a convenient army scapegoat and even some Bengali Moslems can be persuaded to join in their slaughter. Amid this chaos, various villages, gangs and individuals have been attacking each other for economic gain or to settle private scores.

These are the tales of some of the people encountered on a trip through East Pakistan. As with the doctor, the names of Bengalis and the towns in which they live are omitted. Bengalis, in talking to a reporter, fear for their lives. Most don't talk at all; in some towns not even beggars will approach a stranger. Normally among the world's most voluble people, the Bengalis now talk mostly with their eyes—eyes that look away in fear or that stare down in shame or that try to express meanings in furtive glances.

A lawyer and his sons have been fortunate. When one asks a Bengali how he is these days, he replies, "I am alive." The lawyer and his sons not only are alive but are living in their own home. They are also hiding in their own home, for they leave it only rarely. "It is too easy to be arrested on the street," the lawyer says. "A seven-year-old can point a finger at me and call me a miscreant, and I will be taken away."

Miscreant is the term the Pakistan army applies to all who oppose it. "All Bengalis are miscreants now," the lawyer's younger son says. He is a law student, but students are a special army target, and most are in hiding. The universities are closed. "What use would there be learning law anyway now that there is no law in our country?" the son asks.

It is evening, and the discussion is taking place in the lawyer's home. Before talking, he closes the wooden shutters on the windows. Then he has second thoughts—"someone who passes by may report a conspiracy"—and so the shutters are partly reopened.

They talk of "the troubles," of how, when word of the army's March 25 attack in Dacca reached this town, the Awami League took control. There was orderly rule under the Bangla Desh flag until mid-April, when air-force planes strafed the town. People panicked. The Awami Leaguers and their military force, the Mukti Bahani, began to flee along with thousands of others. But it was several days before the the army reached the town, and during that time angry Bengali mobs attacked and slaughtered hundreds of Biharis.

Relative to its actions elsewhere, the army when it arrived, showed restraint. Most of the town remains undamaged, although much of it was looted by the army and its mobs. About half the population has returned and many shops have reopened, though not under former management. Hindu shopkeepers have disappeared, and Biharis and other army backers have taken over. And, as everywhere, the arrests continue.

Four Christian Bengalis are arrested by the army at a roadblock. Not many buses travel East Pakistan's roads these days, and those that do are frequently stopped, and their passengers are lined up and searched. Few of the soldiers at these checkpoints speak any Bengali (Urdu is the language of West Pakistan), and so a common way of finding "miscreants" is to lift men's sarongs. Moslems are circumcised; Hindus aren't. Some West Pakistani soldiers came to East Pakistan thinking all Bengalis were Hindu. More spohisticated soldiers simply think that all Hindus are "miscreants," but then so are many Bengali Moslems. So it is all very confusing for the soldiers, and the four Christians are arrested.

FOR CHRISTIANS, NO BEATINGS

They are taken to a military cantonment and beaten for several hours by interrogators who don't speak their language. A Westerner hears of their arrest and protests. So the matter comes to the attention of an army major, who summons the four Christians and offers apologies: "It is our policy not to beat Christians," he explains.

A shopkeeper, a thin Bengali with wire-rimmed spectacles, glances out from his shop at two strangers walking down the deserted street. They enter the shop and inquire about "the troubles" in this town. The shopkeeper is visibly trembling. "There is nothing I can say," he replies. Then he glances again at the flattened buildings lining the main street and whispers, "Look around you." As the visitors leave, he adds, voice cracking, "I'm ashamed I cannot. . . ."

Further down the street a youth approaches. "The army destroyed our city. Many Bengalis are being arrested. They are being shot every night and thrown into the river. We no longer eat the fish from the river," he whispers.

The youth guides the strangers to the local hospital to talk to a surgeon. The surgeon is a Bengali but is employed by the government, which means he is particularly vulnerable. He is asked about killing in the city. "Killing? What killing? Killing by whom?" He is asked about general problems. "Problems?" What problems? There are no problems."

BELABORING THE OBVIOUS

The visitors take their leave. Outside the hospital the youth whispers: "You have talked to the doctor, but I think he has concealed the truth. He is afraid." It is explaining the obvious.

A professor and his student are talking about the prospects of students returning to classes in early August, when the university is supposed to reopen. They are pessimistic. Some students are hiding in their homes, others have fled to outlying villages or to India. Some have joined the Mukti Bahani. The campus has been turned into a military camp, and troops are quartered in the dormitories, using books to fuel their cooking fires. "Would you come back?" the professor asks.

The student, a girl, has a room in a house that overlooks an army interrogation center. "All day the students, young boys, are brought in and beaten," she says. "Three soldiers walk on them with boots. All night we hear the screams. I cannot sleep. We cannot stand to see and hear these things."

"Our army had a good reputation," the professor says. "We had a great army. But look what it has done. How can an army be great when it fights in an immoral cause?"

Two army majors are standing at a ferry landing on the east bank of the Ganges River. One is a frogman, the other one served in the camel corps. Both seem to be civilized and charming men. They explain that they are fighting a patriotic war to defend the integrity of their country against Indian agents, miscreants and misguided individuals. "We saw atrocities that made our blood boil. Had you seen them, even you would have wanted to kill," he says of a town where some Biharis were butchered by Bengalis. (The town was later leveled by the army and a far greater number of Bengalis were killed.)

FOOD FOR THE CROCODILES

The majors are asked why so many Bengalis have fled, particularly Hindus. The answer is imaginative. They say that in April, before the army restored order, Hindus told Moslems that the "holy Koran is just an old book. So the Moslems came out of their homes to defend the holy Koran and many Hindus fled." There has been much killing, the camel-corps major grants. "The crocodiles have gotten fat," says the frogman, glancing out at the Ganges.

But all is returning to normal, they say, and the Bengali people aren't afraid of the army. A ferry is landing, and a group of Bengali laborers, recruited by the army to reopen a jute mill, edges past the majors in single file. Each of them bows his head in a subservient salute as he passes the officers.

Not all army officers are as sympathetic as these majors. Western residents of one town tell of an army captain approaching a young

Hindu girl and telling her to feel the barrel of his gun. "You feel it is still warm," he said. "From killing Hindus," he added, laughing—but not joking.

An old Bihari who served as a bearer in the British Indian army many years ago is now a waiter at a roadside hostel on the outskirts of a town more than half destroyed He supports the army and thus isn't afraid to talk. He explains that for several April days, after the Awami League people fled but before the army arrived, things were bad for the Biharis. Mobs of Bengalis ran through the streets shouting (and he lapses into his old Indian-army English), "Kill the Bihari buggers, burn the Bihari buggers." Some Biharis were killed, he says, but most weren't. Then the army arrived. "The army kill many Bengali buggers," he says. "And the Hindu buggers, they run away to India. It is very bad days, Sahib."

A Hindu, one of the richest and most respected men in his community before the fighting, was a philanthropist who had built schools, hospitals and irrigation systems for the predominantly Moslem peasants in his area. He considered himself fully Pakistani. Although a Bengali, he hadn't backed the Awami League but rather had supported the more conservative and even anti-Hindu Moslem League.

THE HUNTER BECOMES THE HUNTED

For nearly a month after the civil war began but before the army arrived in his area (and thus during the period Biharis were in danger from Bengalis), the Hindu sheltered two Biharis in his home. When mobs came looking for him, he protected them. But, with the arrival of the army, roles reversed, and Bengalis—particularly Hindu Bengalis—became the hunted.

Hindu villages were burned by the army, and mobs were encouraged to plunder Hindu homes. Under army orders the local Hindu temple was smashed to the ground by men wielding sledgehammers.

The Hindu and his family fled to the village hut of a friend, where they have been hiding for more than two months. His first daylight emergence from this hiding place was for a rendezvous with two reporters. He walked across the rice paddies in the late afternoon, dressed as a peasant and shielding his face with a black umbrella.

He hadn't fled to India like so many other Hindus because he hoped the army would move on and life might somehow return to what it had been before. But the army remains, Hindus are still being searched out and shot, and now it is too risky to try to reach the border from this area.

Only a few close friends know his hiding place. One of them is a Moslem League official, an influential man these days since many Moslem Leaguers are supporting the army. "He knows where I am hiding, but he dare not help me," the Hindu says. He believes that nearly all Moslem Bengalis sympathize with the Hindus. "But what can they do? They, too, are in danger and they are afraid."

All the Hindu's property is on an army list of "alien properties." In other areas it is called "enemy properties," but in either case it is scheduled to be confiscated and put up for auction. The Hindu talks much about losing his property—but the greater danger is losing his life.

"My Moslem friends tell me that Hindu bodies taken from the river are so disfigured from tortures that the faces cannot be identified," the Hindu says before picking up his umbrella and heading back across the fields to his hiding place.

A HEADMASTER RECITES HIS LESSON

The travelers visit a town near the Indian border. One of the last towns to be retaken by the army, it is heavily damaged and is still largely deserted. Here the local peace committee—a unit composed of some Biharis and conservative Bengali Moslem Leaguers who serve as the local eyes and ears of the army—assigns two youths to guide and shadow the visitors. "Come to the school and talk to the headmaster," they say.

The headmaster, a middle-aged Bengali, sits behind his desk. The reporters sit facing him. And standing behind the reporters, also facing the headmaster, are the young peace-committee shadows. In a faltering voice the headmaster begins to recite statistics of school enrollment, dates when schoolhouse cornerstones were laid—anything uncontroversial. At the end of each sentence he glances up, past the reporters, to the shadows like a schoolboy reciting his lessons to a teacher with a stick.

How was the school damaged? the reporters ask. "There was some strafing," he mumbles. Then, looking up at the teen-age shadows, he hurriedly adds, "and maybe it was damaged by miscreants."

As the reporters and their shadows leave, the professor mumbles, "We are trying to hold together," and then he stares down at the ground.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the order previously entered, there will be a period for the transaction of routine morning business for not to exceed 30 minutes, with a limitation therein of 3 minutes for each Senator.

GI'S AND HEROIN

Mr. MANSFIELD. Mr. President, the Washington Post this morning under the title "GI's and Heroin: the Facts of Life," contains a most interesting and chilling commentary by Flora Lewis, who has been doing outstanding reporting on the growth of the hard drug menace, especially as it affects our situation in Southeast Asia and at home.

After reading certain excerpts from the commentary, I will ask to have it printed in the RECORD.

The article states:

Now, according to Parker, practically all the heroin refineries have been resituated along the Mekong River, in Burma, Thailand and Laos, and "almost all have been identified."

If so, why hasn't the United States, which completely subsidizes and virtually runs Laos and has poured billions into Thailand, whose "volunteer soldiers" it employs in Vietnam and Laos, made sure the heroin factories were destroyed?

Further on, it is stated:

It is at once a simple and excruciatingly tough answer. As he finally pointed out, it is a matter of political decision in Washington. There is a choice to make. It would be easy to blow up the refineries, defoliate most of the poppy fields, push the governments involved into cracking down on their own high-level military and civilian profiteers and blocking the supply of heroin to GIs in Vietnam and, increasingly, to the United States.

But it would be a severe embarrassment to allies in Southeast Asia. It would hinder the prosecution of the war in Indochina, perhaps so seriously that basic U.S. policy would have to be changed.

There have been some changes in the past year, but they have followed a pattern of seeking compromise with the drug-producing countries, not confrontation.

The CIA has changed its rules in an effort to stop the use of its private airline, Air America, for the transport of drugs in Laos.

The U.S. Embassy in Laos has pressed the government there to put through a strict law on drugs which may be passed this month. There was none before.

The U.S. Embassy in Saigon got the Vietnamese government to remove some of the corrupt customs officials, and similar efforts are being made in Thailand. With Congress vociferously taking up the issue, the White House is cracking the whip on all the assorted American officials who thought drug traffic was not their concern, who thought their job was only fighting the war, gathering intelligence, maintaining foreign relations.

Again quoting, the article states:

Now the Turks have promised to wipe out opium production after the 1972 crop, which means that in three or four years that source of supply will dry up. Parker is convinced now that the Turks can and will enforce the ban. But ask him how much difference it will make in the amount of heroin supplied to Americans.

"If nothing else is done," he says flatly, "no difference." And the "something else" can only be done in Washington, a decision to be just as tough in Southeast Asia as the Nixon administration was in Turkey.

Meanwhile, the inch-high vials of 96 to 98 per cent pure heroin distributed in South Vietnam have begun to turn up in the United States. The bureau foresees an almost uncontrollable flood as veterans return, find themselves without jobs and realize how much money can be made by having buddies or friends send them supplies from the Far East.

Addicts can be treated, but there isn't much likelihood that there won't be far more new ones than cures each day unless the flow of heroin is cut at the source. At the Bureau of Narcotics, experts are convinced that is possible, except perhaps for a minimal trickle, but there is no sign it is going to happen. The hard political decision hasn't been taken.

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

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

GIs AND HEROIN: THE FACTS OF LIFE

(By Flora Lewis)

John W. Parker, director of strategic intelligence in the Bureau of Narcotics and Dangerous Drugs, knows a good deal about Southeast Asia's contribution to the dope problem. And while he is a soft-spoken Southerner, sometimes so quiet one has to strain to hear him, he is the most straightforward man I have yet found on the subject in the administration.

He starts with an explanation. Remember, he says, that until 1970 we were concentrating on the drug problem here in the United States. Not too much attention was paid by the bureau to the source of supplies. And the Army, the CIA, the State Department, the people out there where the heroin comes from weren't concerned about drugs. They were concentrating on other problems.

Further, while there has been opium in Southeast Asia since the British introduced it in the early 19th century, until 1970 the heroin refineries in the area were all in Thailand and Hong Kong, Parker says. It didn't seem to affect the United States.

In fact, the dominant government attitude was that this was a fact of life in Asia which Americans shouldn't try to upset, especially since by the beginning of the decade so many Americans were so deeply engaged in trying to control other facts of Southeast Asia's life, namely the Vietnamese war and all its offshoots.

Now, according to Parker, practically all the heroin refineries have been resituated along the Mekong River, in Burma, Thailand and Laos, and "almost all have been identified."

If so, why hasn't the United States, which completely subsidizes and virtually runs Laos and has poured billions into Thailand, whose "volunteer soldiers" it employs in Vietnam and Laos, made sure the heroin factories were destroyed?

The obvious urgent question didn't annoy Parker. On the contrary, his stolid face slowly eased into a Cheshire cat grin. At first he didn't say anything. I suggested that the reason wasn't hard to guess and wasn't really secret.

"I know," he said. "I'm struggling not to say it."

It is at once a simple and excruciating tough answer. As he finally pointed out, it is a matter of political decision in Washington. There is a choice to make. It would be easy to blow up the refineries, defoliate most of the poppy fields, push the governments involved into cracking down on their own high-level military and civilian profiteers and blocking the supply of heroin to GIs in Vietnam and, increasingly, to the United States.

But it would be a severe embarrassment to allies in Southeast Asia. It would hinder the prosecution of the war in Indochina, perhaps so seriously that basic U.S. policy would have to be changed.

There have been some changes in the past year, but they have followed a pattern of seeking compromise with the drug-producing countries, not confrontation.

The CIA has changed its rules in an effort to stop the use of its private airline, Air America, for the transport of drugs in Laos. Although only two months ago CIA Director Richard Helms adamantly denied there had ever been any agency involvement in the traffic, he is now said to have told a secret congressional hearing that there was involvement but it has been stopped in the past year.

The U.S. Embassy in Laos has pressed the government there to put through a strict law on drugs which may be passed this month. There was none before.

The U.S. Embassy in Saigon got the Vietnamese government to remove some of the corrupt customs officials, and similar efforts are being made in Thailand. With Congress vociferously taking up the issue, the White House is cracking the whip on all the assorted American officials who thought drug traffic was not their concern, who thought their job was only fighting the war, gathering intelligence, maintaining foreign relations.

The question is whether these relatively gentle pressures will convince governments largely dependent on the United States that they must fight heroin. Years of argument got nowhere in Turkey, but a threat to cut off foreign aid finally did.

Now the Turks have promised to wipe out opium production after the 1972 crop, which means that in three or four years that source of supply will dry up. Parker is convinced now that the Turks can and will enforce the ban. But ask him how much difference it will make in the amount of heroin supplied to Americans.

"If nothing else is done," he says flatly, "no difference." And the "something else" can only be done in Washington, a decision to be just as tough in Southeast Asia as the Nixon administration was in Turkey.

Meanwhile, the inch-high vials of 96 to 98 per cent pure heroin distributed in South Vietnam have begun to turn up in the United States. The bureau foresees an almost uncontrollable flood as veterans return, find themselves without jobs and realize how much money can be made by having buddies or friends send them supplies from the Far East.

Addicts can be treated, but there isn't much likelihood that there won't be far more new ones than cures each day unless the flow of heroin is cut at the source. At the Bureau of Narcotics, experts are convinced that is possible, except perhaps for a minimal trickle, but there is no sign it is going to happen. The hard political decision hasn't been taken.

EMERGENCY LOAN GUARANTEES—ORDER FOR 1 HOUR OF DEBATE UNDER RULE XXII TO BEGIN AT 2 P.M. ON MONDAY, JULY 26, 1971

Mr. BYRD of West Virginia. Mr. President, the Daily Digest of the RECORD on page D743 states that the 1 hour of controlled debate on Monday prior to vote on the cloture motion in connection with S. 2308, emergency loan guarantees, will begin at 1 p.m. This is not in accord with the previous order as finally modified.

On page 26810 of the RECORD of yesterday it was originally agreed that the 1 hour of debate would begin at 1 p.m. But on the following page, 26811, that order was modified, so that the 1 hour under rule XXII, with respect to the cloture motion—which is expected to be filed today—will begin at 2 p.m. on Monday instead of 1 p.m. on Monday.

I state this so that Senators, their staff members, and the staff in the cloakroom may know that the Daily Digest is in error and that the 1 hour of debate under rule XXII will begin at 2 p.m. on Monday.

The mandatory quorum call will begin at 3 p.m. on Monday, and immediately after obtaining a quorum, the Senate will proceed to a yea-and-nay vote.

ORDER FOR ADJOURNMENT FROM SATURDAY UNTIL NOON ON MONDAY, JULY 26, 1971

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that at the completion of its business tomorrow the Senate stand in adjournment until 12 o'clock noon on Monday next.

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

ORDER FOR ADJOURNMENT FROM MONDAY TO 10 A.M. ON TUESDAY, JULY 27, 1971

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that when the Senate completes its business on Monday next, it stand in adjournment until 10 a.m. on Tuesday next.

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

ORDER FOR RECOGNITION OF SENATOR HARTKE ON MONDAY NEXT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on Monday next, immediately following the recognition of the two leaders under the standing order, the distinguished Senator from Indiana (Mr. HARTKE) be recognized for not to exceed 15 minutes.

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

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 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.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on Monday next, immediately following the conclusion of the remarks by the able Senator from Indiana (Mr. HARTKE), there be a period for the transaction of routine morning business, with statements therein limited to 3 minutes, the period not to exceed 30 minutes.

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

ORDER TO CONSIDER S. 2308 AT CLOSE OF ROUTINE MORNING BUSINESS ON MONDAY NEXT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on Monday next, at the close of routine morning business, the Chair lay before the Senate the pending business, S. 2308, a bill to authorize emergency loan guarantees to major business enterprises.

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

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. TOWER. 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 OF BUSINESS

The PRESIDENT pro tempore. Is there further morning business? If not, the Senator from Connecticut (Mr. WEICKER) is recognized for 3 minutes.

Mr. WEICKER. Mr. President, I have nothing in the way of morning business.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED AMENDMENT TO 1972 BUDGET FOR COMMISSION ON HIGHWAY BEAUTIFICATION (S. Doc. No. 92-33)

A communication from the President of the United States transmitting an amend-

ment to the budget for the fiscal year 1972 for the Commission on Highway Beautification (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

PROPOSED LEGISLATION REGARDING ACQUISITION OF LANDS

A letter from the Secretary of the Interior submitting proposed legislation to amend the Act of September 28, 1962, as amended, to release certain restrictions on acquisition of lands for recreational development at fish and wildlife areas administered by the Secretary of the Interior (with accompanying papers); to the Committee on Commerce.

REPORT OF THE DEPARTMENT OF LABOR

A letter from the Secretary of Labor transmitting, pursuant to law, a report on the Work Incentive program (with accompanying report); to the Committee on Finance.

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 Wisconsin; to the Committee on Interior and Insular Affairs:

"SENATE JOINT RESOLUTION 77

"Memorializing Congress to enact legislation for the benefit of the Menominee Indian Tribe of Wisconsin

"Whereas, the Menominee Indian Tribe of Wisconsin, since termination from federal supervision in 1961, has diligently and faithfully made sincere efforts to carry out the mandate of the United States Congress to assume and absorb the responsibility for the control of tribal properties and service functions; and

"Whereas, the Menominee Indian Tribe, in compliance with the Menominee Termination Act and Wisconsin law, formed Menominee Enterprises, Inc., for the control and management of tribal assets and secured the necessary legislation from the Wisconsin legislature for the creation of Menominee county to establish an orderly system of local government; and

"Whereas, the rising costs of local government and the impending cutoff of federal aids will result in the diminution of assets and employment opportunities for the Menominee people and will pose an economic strain on Menominee Enterprises, Inc., which bears the major tax burden in Menominee County; and

"Whereas, termination has been shown to lead to social demoralization and economic distress among the American Indian tribes as well as the Menominee people; and

"Whereas, President Nixon has stated the policy of the executive branch, as expressed on July 8, 1970, that termination is morally and legally unacceptable and discourages self-sufficiency among Indian groups and that any Indian group which decides to assume the control and responsibility for government service programs may still receive adequate federal financial support; now, therefore, be it

"Resolved by the senate, the assembly concurring, That the legislature urges the congress of the United States to enact legislation and repeal or amend such parts of the Menominee Termination Act (P.L. 83-399) as are necessary to accomplish the following goals for the benefit of the Menominee people:

"1. Reestablishment of service functions of the department of health, education and welfare to the Menominee people as a part of the regular responsibilities and service functions of the federal government the same as enjoyed by other Indian tribes.

"2. Repeal of any provisions of the Menominee Termination Act which exclude the Menominee people or tribe from health, education and welfare benefits under regular government appropriations and further repeal of any provisions of said act which are designed to abolish Menominee Indian tribal identity or which are in conflict with legislation proposed herein; and, be it further

"Resolved, That duly attested copies of this resolution be immediately transmitted to the President of the United States, to each member of the congressional delegation from Wisconsin, to the chairmen of the House and Senate Interior and Insular Affairs Committees, to the Secretary of the Interior, the Secretary of the Senate of the United States and the Chief Clerk of the House of Representatives of the United States."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 65. A bill for the relief of Dennis Yiantos (Rept. No. 92-298);

S. Res. 46. A resolution to refer the bill (S. 634) entitled "A bill for the relief of Michael D. Manemann" to the Chief Commissioner of the Court of Claims for a report thereon (Rept. No. 92-299); and

S. 1939. A bill for the relief of the Southwest Metropolitan Water and Sanitation District, Colorado (Rept. No. 92-300).

By Mr. ALLEN, from the Committee on Agriculture and Forestry, with an amendment:

S. 1139. A bill to amend the Federal Crop Insurance Act, as amended, so as to permit certain persons under 21 years of age to obtain insurance coverage under such act (Rept. No. 92-296).

By Mr. CURTIS, from the Committee on Agriculture and Forestry, with amendments:

S. 1316. A bill to amend section 301 of the Federal Meat Inspection Act, as amended, so as to increase from 50 to 80 per centum the amount that may be paid as the Federal Government's share of the costs of any cooperative meat inspection program carried out by any State under such section (Rept. No. 92-297).

By Mr. CRANSTON, from the Committee on Veterans' Affairs, without amendment;

S. 2288. A bill to amend section 5055 of title 38, United States Code, in order to extend the authority of the Administrator of Veterans' Affairs to establish and carry out a program of exchange of medical information (Rept. No. 92-301).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. BYRD of West Virginia (for Mr. RANDOLPH), from the Committee on Public Works:

Maj. Gen. Charles Carmin Noble, Army of the United States (brigadier general, U.S. Army), for appointment as a member and president of the Mississippi River Commission.

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. YOUNG (for Mr. MUNDT):

S. 2336. A bill for the relief of Col. Clayton H. Schmidt, U.S. Air Force. Referred to the Committee on the Judiciary.

By Mr. STEVENSON:

S. 2337. A bill to incorporate Recovery, Inc. Referred to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2338. A bill relating to lands in the Middle Rio Grande Conservancy District, N. Mex. Referred to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON (for himself and Mr. MONTOYA):

S. 2339. A bill to provide for the disposition of judgment funds on deposit to the credit of the Pueblo of Laguna in Indian Claims Commission Docket No. 227, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. CRANSTON (for Mr. MONTOYA and himself):

S. 2340. A bill to amend title 38, United States Code, to create a rebuttable presumption that a disability of a veteran of any war or certain other military service is service-connected under certain circumstances. Referred to the Committee on Veterans' Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ANDERSON:

S. 2338. A bill relating to lands in the Middle Rio Grande Conservancy District, N. Mex. Referred to the Committee on Interior and Insular Affairs.

Mr. ANDERSON. Mr. President, I am today introducing legislation of a technical nature in order to resolve a long-standing land ownership matter along the Rio Grande in central New Mexico. Briefly, the legislation would allow the Department of the Interior to sell to the Middle Rio Grande Conservancy District, a political subdivision of the State of New Mexico, a number of small, scattered land tracts within the district. After this transaction, conducted as a matter of convenience, the conservancy district in turn would sell the individual tracts for a nominal amount to the particular landowners involved.

Since the formation of the Middle Rio Grande Conservancy District in 1927, it was believed by all parties that the small plots of land were part of larger, privately owned tracts. The landowners paid property taxes to the State of New Mexico, and fees based on the acreage to the conservancy district. In some cases, the State of New Mexico received tax deeds to certain tracts based on nonpayment of State taxes. In all respects, the isolated tracts were regarded as private acreage and not as public lands held by the Bureau of Land Management. It was not until a detailed survey was conducted that it was discovered that small portions of the valley land were held by the Bureau. The Bureau, it should be pointed out, does not wish to retain the tracts and favors this method of disposal.

Under terms of my legislation, the Bureau of Land Management would receive $5,626.45, a rather arbitrary figure arrived at by the principals involved, and the farmers would pay the nominal sum of up to $5 per acre to the conservancy district for clear title to the land. It should be emphasized that no large tracts are involved—in most cases only a tiny fraction of an acre and in only a few cases are plots of more than 2 or 3 acres involved. In many cases, the tracts are intersected by roads, freeways, or ditches. In some, the land may be unproductive and sandy; in some, the acreage may be productive farmland.

The important fact is that the landowners have, for years, conducted themselves as if the land were privately owned. They have paid taxes on it, they paid conservancy district assessments, they irrigated productive tracts. My legislation offers a suitable solution which has the approval of all parties involved.

By Mr. CRANSTON (for Mr. MONTOYA and himself):

S. 2340. A bill to amend title 38, United States Code, to create a rebuttable presumption that a disability of a veteran of any war or certain other military service is service-connected under certain circumstances. Referred to the Committee on Veterans' Affairs.

PRESUMING CERTAIN DISABILITIES OF FORMER PRISONERS OF WAR AND OTHER WAR VETERANS TO BE SERVICE-CONNECTED FOR TREATMENT PURPOSES

Mr. CRANSTON. Mr. President, last session, as chairman of the Veterans' Affairs Subcommittee of the Labor and Public Welfare Committee, I was pleased to manage through the committee S. 1279, Senator MONTOYA's bill which provided that disabilities incurred by veterans who were former prisoners of war would be presumed service-connected for purposes of medical treatment. The committee favorably reported this bill with amendments expanding the coverage to any war veteran whose military medical record or discharge physical examination as not available, and the Senate passed it on October 21, 1971.

I am delighted that Senator MONTOYA has seen fit to reintroduce this legislation in the form reported by the committee and passed by the Senate, and am extremely pleased to join him in sponsoring it.

Mr. President, Senator MONTOYA is necessarily absent today. I therefore, ask unanimous consent to submit the bill on his behalf and that the bill preceded by his remarks be set forth in the RECORD at this point.

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

STATEMENT OF SENATOR MONTOYA

Mr. President, in the 91st Congress, I introduced S. 1279 which would have provided that a disability incurred by a veteran who is a former prisoner of war would be presumed to be service-connected for purposes of hospitalization and outpatient care. The Labor and Public Welfare favorably reported this legislation, and on October 21st, 1969, it was passed by the Senate.

Today I submit again this legislation, which I consider to be absolutely essential if we are to offer equitable treatment for our former Prisoners of War. I welcome and greatly appreciate the co-sponsorship of Senator Cranston, who has had an ongoing interest in the bill, and who shares with me the fervent hope that it will be enacted before the close of this session of Congress.

Ex-prisoners of war do not have adequate protection under present programs. We need to take into consideration the needs of men who were held prisoner during past wars and we certainly need to recognize the needs of those young men who are currently being held in Southeast Asia and who will hopefully be returning home in the near future.

According to the Department of Defense, there are currently 378 prisoners being held in North Vietnam, 82 in enemy held territories of South Vietnam, and 3 in Laos.

If we hope for the early return of the men, and I know that every Senator shares that hope, we must prepare to provide for any disabilities they have incurred during their captivity. That no U.S. military records can be kept on them while they are held prisoner is a preposterous criterion for denying them whatever medical benefits they might need as veterans.

The treatment we must provide for returning POW's from Southeast Asia has already been unjustly denied veterans of other conflicts. The legislation would remove this inequity for former POWs of World War II, and the Korean Conflict. This bill will correct the situation which has repeatedly caused hardships for all ex-prisoners of war. The lack of medical records available for prisoners often makes proof of service-connected ailments impossible.

Ordinary standards of medical diagnosis cannot apply to former POW's because the extreme hardships and terrible experiences they endured are not generally analyzed in later years after imprisonment. Nutritional deficiencies and mental distress over a long period are important factors which constitute a difficult part of diagnosis.

Actually, the total number of ex-prisoners is not large. Out of a total of less than 130,000 ex-prisoners, probably less than 115,000 are now living. Of course, many of these already have service-connected disability ratings. However, there are still several thousand of these men who need medical treatment—and I think that it is just and equitable that, for admission to VA hospitals, all of their ailments should be judged in their favor and an assumption be made that these men deserve service-connected treatment.

My home state of New Mexico knows well the price of that war paid by these prisoners of war. Some 1,800 officers and men of the New Mexico National Guard were stationed on Bataan and Corregidor and were forced into enemy confinement. Many have returned to the state; some died in the prison camps. Many of those who have returned are already receiving some form of compensation, but many others are deserving of this recognition.

To a large extent, there exists no standard against which the disability of an ex-prisoner of war can be measured to determine how probable it is that disability had its origins in his prison sufferings. There have been some attempts to develop a body of knowledge in this area. A number of years ago, the National Academy of Sciences made a study of the health of veterans who had been prisoners of war during W.W. II, and for the past few years a similar study has been in progress with respect to W.W. II and Korean Conflict prisoners. The fact remains that at present, medical science has a significant deficiency in this area, and the possibility that this deficiency may eventually be overcome does not help the veteran who cannot get the medical care he needs today because he is unable to prove that his disability began in a prisoner-of-war camp.

The concept of granting a presumption as this bill would do for ex-prisoners of war is not unprecedented. When certain illnesses such as tuberculosis and multiple sclerosis develop within a few years after a veteran has been discharged, they are considered to be service-connected for disability compensation purposes even if there is no evidence that they began during the veteran's period of service. A psychosis which comes to light within two years after discharge generally makes a veteran eligible for medical care on the basis of having a service-connected disability. As a matter of fact, any disabilities of veterans of the Spanish-American War or of the Indian Wars are considered service-connected for certain purposes. This legislation, then, would merely extend to a relatively small group of veterans—ex-prisoners of war constitute less than 1% of the total veteran population—the benefits of the already well-established principle of presuming that a service-connection exists in those cases where a factual determination of the issue is likely to be difficult or irresponsible.

Years behind the barbed wire of POW camps has left their imprint on these men. Their suffering has not been compensated for, and we as Americans owe them not only a great debt of gratitude, but monetary recognition of their sacrifices.

I ask that you join with me in a swift passage of this legislation in order that those who have given so much for our nation may receive what they justifiably have coming to them.

S. 2340

A bill to amend title 38, United States Code, to create a rebuttable presumption that a disability of a veteran of any war or certain other military service is service-connected under certain circumstances

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 602 of title 38, United States Code, is amended by inserting "(a)" immediately before "For"; and by adding a new subsection as follows:

"(b) For the purposes of this chapter, the disability of any veteran of a war or of service after January 31, 1955, shall be deemed to be service-connected if—

"(1) there are no medical records available to the Veterans' Administration for the period of such veteran's active military, naval, or air service;

"(2) there is no medical record available to the Veterans' Administration for such veteran showing the results of any physical examination which was required by law or regulation, in effect at the time of such veteran's discharge or release from active duty, to be given members of the Armed Forces immediately prior to discharge or release from active duty;

"(3) for any period of time during his active military, naval, or air service such veteran (A) was held as a prisoner of war, or (B) while in line of duty was forceably detained or interned by a foreign government or power;

unless the Administrator can show by clear and convincing evidence that such disability was not incurred in or aggravated in line of duty by such veteran while serving in the active military, naval, or air service."

(b) The catch line of such section is amended to read as follows:

"§ 602. Presumption relating to certain disabilities".

(c) The table of sections at the beginning of chapter 17 of title 38, United States Code, is amended by striking out

"602. Presumption relating to psychosis."

and inserting in lieu thereof

"602. Presumption relating to certain disabilities.".

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1975

At the request of Mr. TUNNEY, the Senator from Tennessee (Mr. BAKER), the Senator from Indiana (Mr. BAYH), the Senator from California (Mr. CRANSTON), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUYE), the Senator from Washington (Mr. JACKSON), the Senator from New York (Mr. JAVITS), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Iowa (Mr. MILLER), the Senator from Minnesota (Mr. MONDALE), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Ohio (Mr. TAFT) were added as cosponsors of S. 1975, a bill to change the minimum age qualifications for serving as a juror in Federal courts from 21 years of age to 18 years of age.

SENATE JOINT RESOLUTION 62

At the request of Mr. GRIFFIN, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of Senate Joint Resolution 62, authorizing the display of the flags of the 50 States at the base of the Washington Monument.

SENATE JOINT RESOLUTION 117

At the request of Mr. MCINTYRE, the Senator from Nevada (Mr. BIBLE) was added as a cosponsor of Senate Joint Resolution 117, requesting the President of the United States to declare the fourth Saturday of each September "National Hunting and Fishing Day."

SENATE RESOLUTION 154—SUBMISSION OF A RESOLUTION RELATING TO A COMPREHENSIVE INTERPRETATION FOR THE GENEVA PROTOCOL

(Referred to the Committee on Foreign Relations.)

Mr. HUMPHREY. Mr. President, 46 years ago the United States proposed that the nations of the world enter into a treaty prohibiting chemical warfare. Thus was born one of the oldest and most important international arms control agreements, the Geneva Protocol of 1925. Its terms prohibit the use in war of "asphyxiating, poisonous or other gases, and all analagous liquids, materials and devices" and of "bacteriological methods of warfare."

The Geneva Protocol embodies mankind's ancient abhorrence for poison and pestilence. The overwhelming world consensus that these agents ought not to be used in war is reflected in the fact that today more than 90 nations are party to the Geneva Protocol. This includes the Soviet Union, the People's Republic of China, Britain, France, and Germany, India and Japan, Israel and Egypt, indeed all the major nations of the world except the United States.

Although the United States authored the protocol and although we have always supported its aims and objectives, it is an irony of history that we have not yet given it our formal approval. It was debated in the Senate in 1926 but not acted upon, largely because of the isolationist attitude that had begun to settle upon the country then. It remained on the Foreign Relations Committee docket until 1947, when the White House withdrew it along with several other long-pending treaties.

By 1939 the protocol had been ratified by 44 nations, including all the major powers of Europe. At the outbreak of World War II England, France, and Germany exchanged assurances that they would abide by the protocol. In 1943, President Roosevelt declared that gas warfare was "outlawed by the general opinion of civilized mankind" and that we would never be the first to resort to the use of such weapons. No gas of any kind was used by or against the United States in World War II or in the Korean war.

In the years since World War II a resurgence of support for the Protocol has brought many new ratifications but until last year the U.S. Senate had not been asked to reconsider the question of ratification. To his credit President Nixon last August submitted the Geneva Protocol for the advice and consent of this body as one of several moves to curb the threat of gas and germ warfare.

The Protocol was duly referred to the Committee on Foreign Relations and extensive hearings were held during March and April of this year. Every witness, those from the administration as well as private individuals, spoke strongly in favor of ratification. However, a serious difficulty was apparent from the start of the hearings and has prevented the Protocol from being reported out for a floor vote. The difficulty concerns not whether the Protocol should be ratified but whether the administration's current interpretation of the treaty would undermine its effectiveness.

Members of the committee felt that our ratification of the Protocol should include the use in war of riot gases and herbicides. It is in the spirit of the sentiment expressed in the Foreign Relations Committee that I introduce today a resolution expressing the sense of the Senate in support of this position. The resolution reads:

S. RES. 154

Resolution on the United States ratification of the Geneva Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or other Gases and of all Analogous Liquids, Materials or Devices and of Bacteriological Methods of Warfare.

Whereas the President has submitted the Geneva Protocol of 1925 for the Prohibition of the Use in War of Asphyxiating, Poisonous or other Gases and of all Analogous Liquids, Materials or Devices and of Bacteriological Methods of Warfare for the advice and consent of the Senate;

Whereas the President has renounced all possession and use of biological and toxin weapons and has renounced the first use of lethal and incapaciting chemical weapons;

Whereas it is strongly in the interest of the United States to maintain and strengthen the barriers against the proliferation and use of chemical and biological weapons;

Whereas the General Assembly of the United Nations has adopted a resolution which supports a broad interpretation of the Geneva Protocol of 1925;

Now, therefore, be it Resolved that the Senate supports a broad interpretation of the Geneva Protocol. In so doing it recommends that the United States be willing, on the basis of reciprocity, to refrain from the use in war of all toxic chemical weapons whether directed against man, animals, or plants.

Mr. President, the intent of this resolution is to demonstrate to the President what the Senate's position on the ratification of the Geneva Protocol is before the Protocol is submitted. In that way misunderstandings can be avoided, and the President can have the assurance that if, as indeed it should be, the Protocol is presented to the Senate for ratification, it will be ratified without any special qualification. The Senate would, in other words, be backing the Foreign Relations Committee, and would hasten the ratification of the Protocol by readily passing this resolution.

Right now there is a difference of intrepretation between the administration and many Members of the Senate on the proper interpretation of the Protocol. At issue is whether or not the Protocol prohibits the use in war of riot gas and herbicides. The administration holds that these weapons are not prohibited and wants the Senate to accept the Protocol with the understanding. While there is a precedent in our Government for this position, I believe it would be a serious mistake for the United States to insist on this narrow interpretation of the Geneva Protocol.

It has been the policy and practice of the United States and nearly all nations not to use chemical herbicides or riot gas in war with the exception of Vietnam. Although herbicides have been widely used for beneficial agricultural purposes since before World War I and were developed for possible military purposes in World War II, U.S. commanders were not permitted to use them either in that war or during the Korean conflict. Similarly, although tear gas has been used for decades by domestic police to maintain order, nearly all nations including the United States have held to the policy of not using such gas as a weapon in war. As far back as 1922 this was the advice given by a Presidential advisory committee headed by Gen. John J. Pershing, which recommended the complete prohibition of "chemical warfare including the use of gases, whether toxic or nontoxic." During the period between the two World Wars the United States drew a sharp line between the use of riot gas by domestic police, which of course is in no way regulated by the Geneva Protocol, and the use of this gas

as well as all others in warfare. Although not party to the Protocol, our repeatedly stated position was that no gas of any sort ought to be used in war. This policy was expressed in practice throughout World War II and the Korean war, during which we used neither tear gas nor any other gas, although large stores were available in case retaliation in kind became necessary.

Even in Vietnam when the first use of riot gas was reported in the press, Secretary of State Dean Rusk stated that the weapon would be used only in situations involving riot control and not in ordinary military operations. Implicit in the Secretary's order were two fundamental points—one, that the use of gas—and this applies to herbicides as well—does not offer any overwhelming advantage in military warfare and two, that without official restrictions use of riot gases in the field would proliferate Vietnam.

While there has been no definitive official report available to the public on the utility of the use of riot gases and herbicides in Vietnam, there have been individual statements from military officers and officials which support the opposite conclusion—that use of these weapons is of extremely limited value. The data supplied by the Defense Department on the procurement of riot gas for Southeast Asia points up the fact that despite the consistently high intensity of fighting in South Vietnam and the expansion of our involvement into Cambodia and Laos, there has been a marked reduction in the procurement of CS, CS–1, and CS–2 for 1971. Mr. President, I ask unanimous consent that these figures be printed at this point in the RECORD.

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

PROCUREMENT OF CS, CS1, AND CS2 FOR SOUTHEAST ASIA[1]

[In thousands of pounds]

	Fiscal year—							
	1964	1965	1966	1967	1968	1969	1970	1971
CS	225	93	378	437	714	2,018	0	0
CS1	142	160	1,217	777	3,249	160	354	0
CS2	0	0	0	0	228	3,885	1,830	0
Total	367	253	1,595	1,207	4,191	6,063	2,184	0

[1] Data supplied by the Department of Defense to the U.S. Congress.

Mr. HUMPHREY. More important in the long term is the question of proliferation. After all, our ratification of the protocol is a question of arms control as much as nuclear weapons. And the chances that the uncontrolled use of riot gases by the United States would result in their proliferation is almost assured as shown from what already occurred in Vietnam. Contrary to Secretary Rusk's order in 1965, millions of pounds of riot gas have been used in ordinary, as opposed to riot control, combat situations in Vietnam. We now find that the Vietcong and the North Vietnamese are widely equipped with gas masks, and are making use of gas in the course of attacks on our fortified positions. If we do not want our own practices in Vietnam to boomerang by encouraging other nations to resort to the frequent use of riot gases and herbicides, the United States must join the large community of nations who have endorsed the principle that these weapons are prohibited in warfare under the Geneva Protocol.

The preference of the great majority of nations should not pass beyond the pale of our own considerations. Our present position places us in a small minority of nations. The most extensive registration of international opinion on this point took place at the United Nations General Assembly in December 1969. A resolution sponsored by Sweden, Mexico, India, Pakistan, and 17 other nonalined nations held that riot gas and herbicides are prohibited under the Protocol. Eighty nations voted in the affirmative but the United States voted against. We were supported by only two other countries, Australia, which was using these weapons with us in Vietnam, and Portugal, which according to authoritative reports has been using chemical herbicides in Angola to destroy the food crops of rebel African tribesmen. Thirty-six nations abstained, nearly all of them our allies. This lack of support even from our close friends should remove any question as to the international acceptability of the current U.S. position.

The importance of this lies not just in the isolation and unpopularity that our present policy incurs. More important for the future is the fact that internations law, like domestic law, must conform in broad outline to the opinions and perceptions of those who undertake to live within the law. If the majority of nations in the General Assembly have expressed an opinion in favor of drawing a line against all forms of chemical and biological warfare, without exception, there is strong support for drawing such a line at that point.

If we think beyond the crises and expediencies that sometimes dominate deliberations of government, we see that the great significance of the Geneva Protocol for the future lies in its attempt to build and hold a line against the exploitation for military purposes of man's rapidly growing knowledge of the chemistry and biology of his own living processes and of those of the various living systems that support us on this planet. Almost daily the newspapers tell us of some major new advance in biology and medicine. This growing knowledge inevitably will confer unprecedented abilities to intervene in living processes, controlling and manipulating them for whatever purpose we choose. Against this certain prospect it becomes essential to resist any drift or momentum toward the employment of chemical and biological warfare. This is the signal and the expectation that must be communicated when the United States finally ratifies the Geneva Protocol.

Mr. President, to further illustrate what I have been saying, I ask unanimous consent that the article by L. Craig Johnstone in the July issue of Foreign Affairs be printed in the RECORD. Mr. Johnstone is particularly qualified to discuss the question of riot gases and herbicides considering the fact that he was chief of the Pacification Studies Group, Military Assistance Command in Vietnam. Mr. Johnstone discusses most objectively the issues involved and concludes in favor of the ratification of the Geneva Protocol without reservation. Mr. President, that is my own conclusion and I hope it is the will of the Senate.

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

ECOCIDE AND THE GENEVA PROTOCOL

(By L. Craig Johnstone)

In fighting the Indochina war, the United States has made extensive use of two chemical agents: tear gas and herbicides.

As debate on the Geneva Protocol banning chemical and biological warfare continues within the U.S. Senate and the Administration, two highly charged issues—Vietnam and man's destruction of his environment—are likely to merge. For it is the Administration's contention that the United States should ratify the Protocol with the understanding "that it does not prohibit the use in war of riot-control agents [tear gas] and chemical herbicides." A large number of Senators, however, consider that the Protocol prohibits the use of both, and feel that the Administration understanding dilutes the significance of U.S. ratification. Consequently, the members of the Foreign Relations Committee are not likely to vote the Protocol out of committee in its present form. And until the President replies to their criticism it appears that no action will be taken on it.

Although debate both within the Administration and before the Senate Foreign Relations Committee has centered around the wording of the Protocol and how it is to be understood, partisans on both sides of the question admit that the issues involved are considerably broader and more complex. In addition to the question of the use of herbicides and tear gas in South Vietnam, the progress of current chemical and biological warfare discussions at the Conference of the Committee on Disarmament in Geneva may hinge on the outcome of the current "understandings debate" and the ultimate fate of the Protocol.

To date, the Nixon Administration has compiled an excellent record in limiting chemical and biological weapons. In November 1969 the President reaffirmed the renunciation by the United States of the first use of lethal chemical weapons and went beyond previous policy statements by including incapacitating chemicals as well. The President also unilaterally renounced all possession and use of biological weapons even on a retaliatory basis and went so far as to impose limitations on research in this field. In February 1970 the President extended these renunciations to include toxins (biologically produced chemical agents). Elaborate plans for destruction of existing stocks of various agents are presently being put into effect.

After the President submitted the Geneva Protocol to the Senate in August 1970, the Military Assistance Command in Vietnam ordered an end to the crop destruction program and a phase-out of the defoliation program. The momentum of this sequence of

moves has contributed significantly to international efforts to reach agreement on prohibiting chemical and biological warfare. Much of this momentum will be threatened should the President be unable to obtain ratification of the Geneva Protocol or if the ratification should be obtained with understandings or interpretations which would bring the United States into dispute with many of the nations already parties to the Protocol.

Ironically the United States first proposed the Geneva Protocol in 1925 and now stands as the only major nation which is not a party to it. The substantive provisions of the Protocol read as follows:

Whereas the use in war of asphyxiating, poisonous or other gases, and of all analogous liquids, materials or devices, has been justly condemned by the general opinion of the civilised world; and

Whereas the prohibition of such use has been declared in Treaties to which the majority of Powers of the world are Parties; and

To the end that this prohibition shall be universally accepted as a part of International Law, binding alike conscience and the practice of nations;

Declare:

That the High Contracting Parties, so far as they are not already Parties to Treaties prohibiting such use, accept this prohibition, agree to extend this prohibition to the use of bacteriological methods of warfare and agree to be bound as between themselves according to the terms of this declaration.

The Protocol was submitted to the Senate for advice and consent in 1926. After extensive lobbying by the U.S. Army Chemical Service, chemical manufacturers and veterans' organizations and others, it was sidetracked and never brought to a vote. It was returned to the President as part of a housecleaning effort during the Truman Administration many years later. No further action was taken until it was resubmitted to the Senate by President Nixon.

II

Although much could be said about the legal interpretation of the Protocol, the history of negotiations indicates that it is not possible to come to a definitive legal conclusion. Therefore, it seems more important to evaluate the alternative understandings on the basis of their contribution to the national interest. The following components of U.S. interests must be considered: the military consequences of alternative policies, both now and in the future; the impact of the current understanding on the intrinsic strength of the Protocol as an arms-control mechanism; the impact of the current understanding on other U.S. policies and objectives; and finally, but most significantly, the ethical and moral considerations.

Despite the American use of tear gas in Vietnam since 1964 there has been no systematic study of its utility in that country. (President Nixon recently ordered such a study but results are not expected until early 1972.) Almost all the data presented on the subject, both pro and con, have been anecdotal, and in Vietnam anecdotal information can be found to support or refute almost any contention. Clearly, in some circumstances, tear gas has proven to be operationally effective. Military commanders have noted that the use of tear gas had some beneficial effects initially, but has had less effect as enemy forces have become increasingly familiar with the tactic. Tear gas cannot be used effectively against disciplined armies provided with gas masks except when surprise plays an important role. Masks in use by the National Liberation Front (NLF) in South Vietnam include the Soviet Shlem mask, a Chinese mask and various field expedients. It is well within the logistical capability of the NLF and North Vietnamese Army (NVA) to provide masks, and recently, according to one U.S. military commander in the Delta, almost all main-force enemy troops have been so equipped. Despite its acknowledged utility in some circumstances, the use of tear gas in Vietnam has recently decreased to only a small percentage of the previous rate.

A desire on the part of the United States to keep options open for the use of tear gas and herbicides implies that these weapons will be more useful to the United States than to any potential enemy in future wars. Many military experts have questioned this assumption. First, in view of the superiority of the United States over potential enemies in conventional warfare it is doubtful that the use of tear gas or herbicides would markedly change any balance of military power. Second, enemy use of such weapons against the United States or its allies might well create as many difficulties for the United States as its own use would impose on the enemy.

In guerrilla or insurgency warfare, where the United States would most likely find itself in the semi-static counter-guerrilla role, gas would probably be a tactical asset to the guerrilla because of his greater mobility and lesser vulnerability to surprise. Gas has considerable potential for use in situations where a guerrilla force surprises and attempts to overrun a fixed defensive position. Tear gas was used for this purpose in a recent successful attack on a U.S. fire support base in Vietnam. It is unlikely that it will play a significant role in major power confrontations or large-scale conventional wars. Certainly American use of gas would be precluded altogether if allied nations interpreted the Protocol to prohibit such use.

Chemical herbicides are used in war for defoliation and for crop destruction. Defoliation is used to facilitate observation of enemy troop movements and to deny areas to such troops. In cases of defoliation for observation purposes, once an area is defoliated and while it is undergoing regular surveillance, it is unlikely that the enemy will use it. There are frequently many alternative routes by which guerrillas or other forces can reach most destinations, particularly in a country like South Vietnam. The defoliation of one area merely forces the enemy to change his habits of movement, at most a logistical inconvenience. The use of defoliation for area denial has been more effective. An example can be found in the extensive defoliation of the Rung Sat Special Zone, south of Saigon. Here the defoliation program destroyed most of the mangrove forest in the area, effectively denying its use to large enemy units. The area, however, remains partially under the control of smaller enemy units.

Although defoliants have been used to clear roadsides, their effectiveness for this purpose has been disputed by many military commanders who have argued in favor of the use of Rome Plows and other methods. Evidence from enemy documents indicates that the primary concern of the Vietcong with respect to the defoliation program deals with the effects the defoliant might have had on personal health, not on strategic considerations.

Herbicides have also been used in the crop destruction program, considered by many to be the least effective U.S. program in the war. Long after food denial ceased to be a serious strategic objective the crop destruction program continued. The generally effective logistical structure of the Vietcong made efforts to control rice production and distribution ineffective.

Neither the crop destruction program nor the defoliation program was anything but a liability to pacification. Surveys conducted by local interview teams demonstrated that the use of defoliants was a matter of major concern to South Vietnamese peasants. A wide variety of real or imagined ills were generally attributed to their use. Accidents involving defoliants were not unusual and the bureaucratic procedure of the Vietnamese government in settling claims was not able to cope with the problems when they arose. In short, the use of herbicides in South Vietnam has carried with it several negative consequences which significantly outweigh their limited utility. This factor as much as any other led to the Administration's decision which earlier this year to discontinue the crop destruction program and to phase out the defoliation program.

While the effectiveness of tear gas and herbicides in advancing U.S. objectives in South Vietnam may be open to further debate, it seems certain that neither chemical has played a major role in the war. Clearly the military need for the use of these agents in South Vietnam is not, in itself, sufficient justification for the U.S. position on the Geneva Protocol. This becomes increasingly true with each withdrawal of ground combat forces and the resulting decline in tear gas use.

III

The strength of the Geneva Protocol as an arms-control mechanism depends largely on the degree to which the parties to the Protocol agree on the nature of its prohibitions, and the extent to which the prohibitions can be clearly defined. In December 1969 a resolution in the United Nations General Assembly, designed to include both tear gas and herbicide use within the meaning of the Geneva Protocol, passed by an 80 to three margin with 36 abstentions. (Portugal joined the United States and Australia in voting against the resolution probably because of Portugal's use of herbicides for crop destruction and defoliation in Angola.) There can be little doubt as to where the majority of nations stand on this issue. If the United States ratifies the Protocol with the present understanding, the socialist nations, the majority of neutrals, and a sizable number of allies will not agree with the American position. However, if the United States took the initiative in interpreting the Protocol to include the prohibition of these chemical agents there is no doubt that a near unanimity of opinion could be obtained. This would greatly strengthen the Protocol.

In the interest of making international agreements enforceable, boundaries, prohibitions and limitations must be easily definable and conform as much as possible to natural dividing points. For this reason it has proven most desirable for international boundaries to be along rivers, mountain peaks, even clearly defined international geodesic lines, etc. When this principle is applied to the prohibition of gas in warfare, it dictates that a line should be drawn at a clearly definable point on the scale between "no gas" use and "total gas" use. It is argued by some proponents of the noninclusive Protocol interpretation that the distinction between the use of lethal gas and riot-control agents in warfare is a sufficiently clear distinction to allow all parties concerned to understand and abide by it.

This, however, is a dubious proposition. First, it must be understood that there is no agent which can be used in war with military effects which is nonlethal under all circumstances. Even the highly perfected tear gas, CS, used by the United States in South Vietnam, can be lethal where the victim is very old, very ill, or unable to escape the immediate area. While mortalities are very rare with the use of CS, there is no assurance that an enemy will necessarily use this form of tear gas. Therefore, some agreement would have to be reached on the exact degree of lethality which would be permitted. If, in fact, an agreement could be reached, it would be extremely difficult to determine

whether a gas was causing three percent or five percent fatalities, or whether increased fatalities were due to stronger gas or increased quantitative use.

Another argument used by proponents of the U.S. interpretation is based on the "domestic-use" criterion; they argue that the Protocol should not prohibit for use in war chemical agents which are commonly used in time of peace. Domestically, tear gas is used for civil law enforcement and herbicides are used for agriculture. This argument has been widely used but it breaks down when we consider that the use of these chemicals in time of peace is quite different than it is during war. Nowhere in peacetime is tear gas used indirectly as a means of inflicting lethal casualties. Herbicides are not used for crop destruction or systematic forest defoliation in their normal domestic applications. In Vietnam, tear gas is delivered by mortars, artillery, helicopters, fixed-wing aircraft and mechanical blowers, none of which is used in domestic applications. In Vietnam, herbicides have been used to kill crops; in domestic use the purpose is to kill weeds in order to grow crops.

Problems associated with a less than comprehensive definition of gas restrictions can be seen by considering the difficulties of the U.S. Government in its attempt to enforce a tear gas policy in Vietnam. The public outcry over the use of tear gas in March 1965 led to a temporary ban on the use of such agents in South Vietnam. The weapons were not removed from the field, however, and it was only a short time before the use of gas began again. When the policy review on the matter was undertaken the same year, the State Department agreed that gas could be used in Vietnam if its use was confined to criteria set by Secretary Rusk. In a news conference on March 23, 1965, the Secretary stated: "These weapons will be used only in those situations involving riot control or in those situations analogous to riot control." Military expediency eroded the restrictions, however, and the attempt to limit the use of tear gas was a failure. The "riot-control" criterion was ineffective because it was ambiguous. Just as efforts to limit the use of tear gas at other than the "no tear gas" level broke down under the strain of combat, so, too, will the efforts to limit gas as a whole be severely strained under anything but the "no gas" interpretation. As Thomas Schelling notes in "The Strategy of Conflict": " 'Some gas' raises complicated questions of how much, where, under what circumstances: 'no gas' is simple and unambiguous . . . there is a simplicity to 'no gas' that makes it almost uniquely a focus for agreement."

While the potential for escalation of gas warfare is essentially qualitative, the potential for escalation of herbicide use is quantitative. In South Vietnam the United States has perfected the use of herbicides as anti-crop agents to a sufficiently high level that further qualitative efforts would not seem necessary. The techniques used in South Vietnam to destroy large quantities of crops can be used by other nations on almost any scale, including the systematic destruction of a nation's food production capability. Herbicides are used and manufactured for agricultural purposes in many countries of the world. It is well within the economic and technical capability of almost any nation to produce chemical herbicides as instruments of war, and to develop methods for delivering them. Using simple crop-dusting aircraft or converted military aircraft, a small nation can create enormous devastation in an opposing country at a fraction of the cost of other mass destruction techniques (except perhaps bacteriological warfare). Without benefit of "no first use" taboos such as those associated with the use of nuclear weapons, it is difficult to distinguish a level at which herbicidal escalation could be stopped or reversed.

The use of herbicides raises important environmental questions. Does the United States wish to be identified with a program which can so drastically affect environmental balances where it is used? Some of the forests of South Vietnam have been seriously damaged by the use of herbicides. Over large areas, the dead trees are quickly replaced by bamboo, making reforestation difficult. The herbicide-treated mangrove forests of the Rung Sat Special Zone and other areas have been completely destroyed. Many scientists have expressed concern over the possible effects of herbicides on humans. The principal military herbicide, Agent Orange, was banned from further use in 1970 due to preliminary evidence of the possibility that it produced birth defects after it had been used extensively in Vietnam. Of the two remaining agents used there today, neither is allowed for general agricultural use in the United States because of possible environmental and toxic effects. At a time when the United States is experiencing a growing environmental consciousness and can be expected to embark on a campaign for worldwide attention to environmental problems, the extension of a policy allowing systematic environmental destruction is both inconsistent and counterproductive.

IV

Ethical arguments have been advanced on both sides of the Protocol issue. Proponents of the Administration's understanding have argued that tear gas is basically a humanitarian weapon which should not be prohibited for use in war. In most domestic cases tear gas is used by police because the offenses committed do not warrant the use of potentially lethal weapons. The Geneva Protocol by any interpretation would not limit the use of tear gas in normal police activities, even within a country at war. At the time of the policy debates on the tear gas issue, many felt that there were some unique humaniarian applications possible in war. It was argued that in cases where civilians were being used as a screen by the enemy, tear gas could incapacitate all parties involved, allowing time for separation and identification. In addition, it was felt that tear gas could be used to capture prisoners from tunnel complexes or caves. It was these humanitarian uses of tear gas which formed the most compelling arguments in the interagency debate in 1965, leading to Secretary Rusk's declaration that year.

The policies of 1965, however, have not proven realistic. Unfortunately, the use of tear gas in Vietnam has demonstrated conclusively that rather than being a humanitarian weapon of warfare, tear gas is most frequently used as a conventional military weapon to bring about indirect lethal effects. Since the Rusk statement in 1965 the use of tar gas in riot-control situations and in situations analogous to riot control has represented only a small fraction of the total use.

The use of herbicides to destroy crops also involves highly significant ethical considerations. In the course of investigations of the program in Saigon and in the provinces of Vietnam, I found that the program was having much more profound effects on civilian noncombatants than on the enemy. Evaluations sponsored by a number of official and unofficial agencies have all concluded that a very high percentage of all the food destroyed under the crop destruction program had been destined for civilian, not military, use. The program had its greatest effects on the enemy-controlled civilian populations of central and northern South Vietnam. In Vietnam the crop destruction program created widespread misery and many refugees.

It must be asked whether such a policy does not violate the nation's basic ethical standards. I believe it is a fair assumption that the national security is not only involved with physical security but also embraces the democratic and ethical concepts which form the basic raison d'etre of the nation. It is important that the tactics used by the nation to preserve its security not come into conflict with the basic concepts which these tactics seek to secure. It is contrary to the broader meanings of the U.S. national purpose to perpetuate the use of tactics such as crop destruction in warfare.

It is important that the future of the Geneva Protocol not be solely dependent on the complex arguments relating to the immediate national interest. At this time, more so than at any other, the United States is in a position in which it can have a profound effect on the future of mankind. Historically this era will be judged according to its ability to advance its technological capabilities for growth and development and to retard or restrict these same abilities for destruction. The Geneva Protocol of 1925 was a relatively small effort to achieve these objectives, but it was an important one. In this spirit the United States has recently taken the lead in efforts to prevent the proliferation of nuclear weapons, to propose negotiations which could lead to arms limitations, and to take a stand in opposition to the use of biological and lethal chemical weapons. It is in keeping with this historical trend that the present Administration must decide the fate of the Geneva Protocol. The alternatives facing the President are clear. If the current U.S. understanding is reversed or modified to include prohibitions against tear gas and herbicide use or if a concrete means can be presented to the Senate whereby the issue might be resolved among the parties, the Protocol would likely move to prompt Senate ratification. If not, there is little likelihood that the Protocol will be ratified during this session of the Congress. In making its decision the Administration must balance short-term military expediency against the long-term objective of prohibiting chemical and biological warfare.

In recognition of the dangerous consequences of eroding the meaning of the Protocol, and in recognition of the rapidly decreasing requirements for chemical herbicides and tear gas in South Vietnam, there is little question that the United States should now strive to obtain a unanimous interpretation of the Geneva Protocol to prohibit the use in war of all gases, bacteriological weapons and herbicides.

SENATE RESOLUTION 155—AN ORIGINAL RESOLUTION REPORTED RELATING TO INVESTIGATION OF MATTERS PERTAINING TO CONSTITUTIONAL RIGHTS

(Referred to the Committee on Rules and Administration.)

Mr. ERVIN, from the Committee on the Judiciary, submitted the following resolution:

S. RES. 155

Resolved, That Section 6 of S. Res. 32, Ninety-second Congress, First Session, agreed to March 1, 1971 (authorizing a complete study of any and all matters pertaining to constitutional rights), is hereby amended by striking out "$280,000" and inserting in lieu thereof "$290,000".

SENATE CONCURRENT RESOLUTION 36—SUBMISSION ON A CONCURRENT RESOLUTION RELATING TO THE PRESIDENT'S FORTHCOMING VISIT TO CHINA

(Referred to the Committee on Foreign Relations.)

Mr. MANSFIELD. Mr. President, Thursday, July 15, the President of the United States announced to the Nation that an invitation had been extended to him to visit China sometime before May 1972.

The invitation followed his initiative in sending his personal adviser in national security affairs, Mr. Henry Kissinger, quietly to Peking to discuss questions of Sino-United States relations.

I must say, Mr. President, that the particular announcement caught me as it did many others, by complete surprise. In retrospect, however, it is a development which follows logically from the course which the President has been pursuing, to my personal knowledge, since February 1969. It is not unrelated to the progressive drawdown of U.S. forces from Vietnam. Nor is it unrelated to the Nixon doctrine of a lowered military profile in the Western Pacific. It is, moreover, in a direct line of policy descent with the easing of trade and travel restrictions with the Chinese People's Republic which has taken place under the present administration.

This unprecedented diplomatic initiative is, however, an enormous advance over these other measures. This journey for peace, as the President has termed it, constitutes a quantum leap forward in the Nation's diplomacy. It is an initiative which should not only be applauded, in my judgment, but support for it should be underscored by an articulation of the sentiment of the Congress.

To that end, Mr. President, I send to the desk on behalf of the minority leader and myself, a Senate concurrent resolution and ask that it be read and remain at the desk temporarily.

The PRESIDENT pro tempore. The concurrent resolution will be stated.

The assistant legislative clerk read the concurrent resolution, as follows:

S. CON. RES. 36

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be and is hereby commended for his outstanding initiative in furtherance of the foreign relations of the United States and world peace by deciding to undertake "a journey for peace" to the People's Republic of China.

Resolved, further, by the Senate (the House of Representatives concurring), That the Congress offer and does hereby offer its full faith and support to the President in carrying out the purposes of his journey.

The PRESIDENT pro tempore. Without objection, the concurrent resolution (S. Con. Res. 36) will be received and will lie at the desk.

(The concurrent resolution was subsequently referred to the Committee on Foreign Relations.)

Mr. SCOTT. Mr. President, I congratulate the distinguished majority leader on initiating this concurrent resolution, in which I am glad to join.

I feel that the majority of the Senate—perhaps all the Senate—on reading the concurrent resolution will wish to commend the President on a most important foreign policy decision, one which offers a hope for peace. The hope is there. While there are risks, the hope is good, and we should wish the President every success on this most important venture of his entire term of office.

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 145

At the request of Mr. TUNNEY, the Senator from Minnesota (Mr. Mondale) and the Senator from New York (Mr. JAVITS) were added as cosponsors of Senate Resolution 145, urging the Voice of America to broadcast in Yiddish to the Soviet Union.

EMERGENCY LOAN GUARANTEE ACT—AMENDMENT

AMENDMENT NO. 322

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

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

THE FEDERAL ELECTION CAMPAIGN ACT OF 1971—AMENDMENTS

AMENDMENT NO. 321

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

Mr. SCOTT. Mr. President, I am today submitting an amendment to S. 382, the Federal Elections Campaign Act of 1971. I ask unanimous consent that the amendment be printed and ordered to lie on the table pending consideration of S. 382 by the Senate.

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

Mr. SCOTT. Mr. President, this amendment is designed as a substitute for a provision already included in S. 382 which would prohibit the extension of unsecured credit, by certain federally regulated industries, to candidates for Federal office. This revised language takes into account the additional technical advice and assistance provided by the Civil Aeronautics Board, the Federal Communications Commission, the Interstate Commerce Commission, and the Department of Justice.

As rewritten, my amendment would still forbid the granting of unsecured credit to candidates by certain industries. But it would permit normal credit card transactions so long as routine safeguards are in accompaniment. Furthermore, to avoid placing the full burden of compliance on the business, the candidate would be required to identify himself as such before engaging in a transaction. And in order to allow for some degree of flexibility, the independent agencies involved here would be empowered to promulgate additional regulations, within 90 days, to carry out the provisions of the amendment. Finally, reports of the transactions would henceforth be contained in the reports of the candidate, which are already required under the provisions of S. 382.

While existing law forbids corporations from making loans or advances to a candidate in connection with his campaign for Federal office, that provision has not generally been interpreted to preclude the extension of credit by an air carrier, for example, to a passenger or by a communications business to a subscriber. However, the practical effect of such extensions of credit is to create a debt. If the candidate charges communications or transportation services used in his campaign and fails to pay the bill, he has, in effect received an involuntary campaign contribution. The purpose of the prohibition contained in the amendment is to insure that certain regulated business will not be placed in a position of unlawfully, unavoidably, and unintentionally subsidizing political campaign expenses.

This revised amendment represents a significant technical improvement over the amendment originally adopted by the Rules Committee. Further background on the amendment itself is provided in my additional views on pages 109 through 113 of Senate Report No. 92–229. In those views, I deemed "absolutely essential the retention of this amendment to prohibit the extension of unsecured credit to political candidates." Information which has been collected at my request now more than justifies that comment.

Specifically, I asked the General Accounting Office for a complete accounting of all outstanding debts and negotiated settlements associated with certain federally regulated businesses in the course of past political campaigns. The compilation of data is nearly complete and it reveals what I consider to be clearly and totally unacceptable campaign practices by both political parties, not to mention the Federal common carriers themselves.

The information compiled speaks for itself—over $2.1 million in outstanding airline bills and nearly $400,000 in outstanding telephone bills. I think it is about time that we political candidates adhered to the fiscal responsibility and accountability standards which we set for others, be it the Pentagon or the Penn Central.

There are those who have said that this amendment is not necessary—that these businesses are fully capable of handling their own transactions. To hold such an opinion is to be completely unaware of the realities. Let us look at the problem as outlined by the General Telephone & Electronics Corp., the Nation's second largest telephone service with companies operating in 34 States. In his July 2, 1971, letter to me, the corporation's executive vice president for telephone operations, James J. Clerkin, Jr. said:

The GTE operating companies support in principle the requirement of Section 206 that the charges for telephone service rendered candidates be fully secured. As you are aware from statistics recently furnished the Federal Communications Commission, the telephone carriers have suffered financial losses in recent years on account of uncol-

lectible debts due the carriers from political committees. We agree that regulated carriers should be protected against involuntary financing of political campaigns.

The basic problem here arises from the inability of the carriers to obtain sufficiently large advance deposits from political customers. In setting the amount of advance deposits in the past, the carriers have been seriously handicapped by the difficulties in justifying deposits sufficient to cover all charges to be incurred in the future by such political customers, while remaining within the limits of Section 202 (a) of the Communications Act of 1934, 47 U.S.C. Section 202 (a), which in general prohibits unjust or unreasonable discrimination among customers.

Proposed Section 206 would make clear that the carriers are entitled to obtain full security in advance for communications charges to be incurred by or on behalf of political candidates.

It is important to note again, for additional emphasis, that current Federal Communications Commission law forbids "unjust or unreasonable discrimination" or "undue or unreasonable prejudice or disadvantages" in "charges, practices, classifications, regulations, facilities, or services for or in connection with like communication service."

The Justice Department has amplified further, and supported, the need for this amendment. Associate Deputy Attorney General Wallace H. Johnson, in a letter to me on July 2, 1971, said:

Existing law prohibits corporations from making, and candidates, committees or others from accepting loans, advances or other contributions in connection with campaigns for nomination or election to Federal office (18 U.S.C. 610). This provision has never been construed, however, to prohibit the furnishing of goods or services on personal credit in the normal course of business.

When airlines, telephone companies and other regulated businesses extend credit for services rendered to a candidate in connection with his campaign, the transaction is very similar to a loan of money. If the debt created by the extension of credit is not paid, the practical effect is the same as that of a cash campaign contribution. Accordingly, the amendments are consistent with both existing law and the purposes of S. 382.

Interstate Commerce Commission Chairman George Stafford has offered his views on the amendment. In a July 16, 1971, letter to me, Chairman Stafford wrote:

This amendment would reinforce the Interstate Commerce Act and past Commission rulings on the extension of credit. Section 222 (c) of the Act prohibits carriers from knowingly and willfully permitting any person to obtain transportation subject to the Act for less than the applicable rate. If a carrier fraudulently tries to evade the requirements of this section, it can be fined up to $500 for an initial offense and up to $2,000 for subsequent offenses. The Code of Federal Regulations prescribes the maximum number of days that a carrier may extend credit (see 49 CFR 1320-1324). This Commission has stated that the extension of credit to shippers is the exception and not the rule, and carriers must not extend credit as a matter of course but only when assured of payment. The Commission permits carriers to extend credit only when assured of payment, and that is the main object of the amendment under consideration.

Mr. President, I ask unanimous consent to have printed in the RECORD several documents relating to the indebtedness of political candidates to certain federally regulated businesses, and the amendment I have just submitted.

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

UNITED UTILITIES, INC.,
Kansas City, Mo., July 1, 1971.

Mr. KELLY E. GRIFFITH,
Chief, Domestic Rates Division for Chief, Common Carrier Bureau, Federal Communications Commission, Washington, D.C.

DEAR MR. GRIFFITH: Enclosed is the information requested in General Accounting Office letter of May 12, 1971 and June 10, 1971 insofar as we are able to comply.

Our records are not in form needed for expedient retrieval of this information as they are not categorized by class of account. Therefore, each account had to be examined and evaluated to determine if it fell within the category "campaign debts" (telephone service). We assume that this term (campaign debt) is intended to cover bills for telephone services to candidates during the campaign period which were not paid in full.

We have supplied the requested information for the General Election in the years 1968 and 1970 provided that the candidate's name, which will include such accounts as Citizens for ——, is a part of the billed account. There are undoubtedly accounts that the very name shows some political affiliation but nothing would indicate support for a particular candidate. Due to the time and cost involved we did not attempt to identify and research these various organizations to determine if they supported local, state, or federal candidates and what candidates if they did happen to fall into the federal classification.

It would be an insurmountable task to provide the requested information from our records for primary elections. We will only be able to accomplish this if supplied with a list of primary candidates by year for each of our operating territories. The information we could then supply would be subject to the limitations for General Elections as discussed above.

The policies of the United Telephone System Companies with respect to billing and collection procedures of political campaign bad debts are not different than any other bad debt. When delinquent accounts develop, service is discontinued in accordance with filed tariffs and collection procedures begin. Specific administrative procedures vary slightly from one United Company to another but each company makes every reasonable effort to collect all amounts due. Where the known cost of collection exceeds the possible recovery the collection procedure is discontinued.

This information is submitted in accordance with your telephone agreement of June 23 to extend the due date to July 1, 1971.

Sincerely,

FRANK R. VENTURA.

POLITICAL CAMPAIGN DEBTS

	Amount	Phone number
United Telephone Co. of Florida:		
Wallace Campaign Headquarters—Final bill, Dec. 16, 1968; written off, Mar. 19, 1969; collected in full, Feb. 18, 1971	$93.23	813-763-4677
United Telephone Co. of Indiana:		
Kennedy Campaign Headquarters—Final bill, June 13, 1968; written off, Feb. 13, 1969	15.42	317-872-4601
Do	15.04	317-872-4301
Nixon campaign headquarters—Final bill, July 7, 1968; written off, Nov. 13, 1968	$78.26	219-722-2171
Wallace Campaign Headquarters—Final bill, Nov. 19, 1968; written off, June 25, 1969	5.38	219-244-6405
McCarthy Campaign Headquarters—Final bill June 11, 1968; written off, July 22, 1968	18.89	219-244-7626
Do	18.64	219-244-7627
McCarthy Campaign Headquarters—Final bill, June 25, 1968; written off, July 11, 1968	5.97	219-267-2596
New Jersey Telephone Co.:		
New Jersey Nixon Now Corp.—Final bill, June 5, 1968; written off, Sept. 5, 1968	23.26	201-827-6979
United Telephone Co. of Ohio:		
Citizens for Robert E. Cecile—Final bill, Nov. 6, 1968; written off, May 28, 1969	85.82	513-592-1968
Citizens for Howard Metzenbaum—Final bill, Jan. 8, 1971; written off, Feb. 19, 1971	20.47	513-225-4010
United Telephone Co. of the West:		
Nebraskans for Kennedy—Both removed May 15, 1968; both written off, Apr. 8, 1969	180.35	308-632-6194
	2.95	308-632-6312

GTE SERVICE CORP.,
Washington, D.C., July 16, 1971.

Re 9330.

Mr. BEN WAPLE,
Secretary, Federal Communications Commission, Washington, D.C.

DEAR MR. SECRETARY: This letter is being written in response to the letters from the Chief, Domestic Rates Division of the Commission's Common Carrier Bureau, dated May 24 and July 7, 1971, to the Executive Vice President and General Counsel of GTE Service Corporation, Mr. Theodore F. Brophy. Mr. Brophy is presently out of the country, and I am responding in accordance with Mr. Brophy's letter to the Commission of July 9, 1971.

We are requested by the Commission to furnish on behalf of the GTE telephone operating companies certain information concerning uncontrollable accounts. Attachment No. 1 to Mr. Brophy's letter of June 25, 1971, indicated that the companies' books reflected no current outstanding debts for telephone service incurred by Federal candidates in the 1968 and 1970 campaigns and further indicated that election uncollectibles for years 1968–70 aggregated $75,189.75. With reference to these uncollectibles, Mr. Brophy's letter of July 9 stated that, "although our operating telephone companies have written off as uncollectible the campaign debts referred to in item 3 of that letter, they are still making every effort to collect the unpaid amounts."

The attachment to this letter lists "information by billing party and by candidate for all campaign debts for telephone service written off as uncollectible in the years 1968, 1969 and 1970", as requested in the July 7 letter. Efforts have been made by the Service Corporation to confirm from company records the accuracy of the data submitted herewith, although counsel is informed that certain contemporaneous records regarding these accounts are no longer available.

Certain discrepancies between the aggregate figures submitted on June 25 and the itemized figures submitted herewith result from deletion of: (i) several accounts relating to candidates for State office which were included in the original compilation; (ii) one account with a balance of less than one dollar, as to which no confirmation was

attempted; (iii) two accounts as to which payment has in fact been received; (iv) one account with a balance of $25.65 which now appears to not be a political account; and (v) two 1968 accounts with balances of less than $300 each where the customer believes that the bills have been paid, and we have been unable to reconcile the customer's accounts and the companies' accounts in the time available.

I trust that the attachment supplies the additional information that you require.

Respectfully submitted.

WILLIAM MALONE,
Resident Attorney.

POLITICAL CAMPAIGN DEBTS OF GENERAL TELEPHONE COMPANIES

Incurred by	Number of accounts	Amount owed	General Telephone Co. of—
McCarthy for President Headquarters	9	$328.55	Midwest.
Do	25	1,108.49	Northwest.
Do	27	6,380.06	Indiana.
Do	12	42,185.34	California.
Humphrey for President	1	8.98	Do.
Humphrey Campaign for President	47	1,211.42	Pennsylvania.
Muskie Campaign for President	5	177.22	Do.
Humphrey-Muskie	1	10.01	Florida.
Do	2	41.24	Upstate, New York.
Humphrey-Muskie—Democratic National Committee.	2	36.72	Do.
Do	2	100.86	Kentucky.
Do	25	731.30	Pennsylvania.
Do	6	99.53	Northwest.
Do	1	317.35	Michigan.
Do	5	569.05	California.
Humphrey-Muskie—Democrat Headquarters	3	263.87	Do.
Humphrey-Muskie—Democratic National Committee.	1	32.65	Southwest.
Humphrey-Muskie Campaign—black	1	44.98	Southeast.
Humphrey-Muskie—Democratic National Committee.	5	118.10	Ohio.
Do	3	43.45	Southwest.
Humphrey-Muskie—Venango County Democratic Committee.	1	11.53	Pennsylvania.
Kennedy for President	35	1,931.41	Northwest.
Do	2	335.39	California.
Do	14	3,328.44	Do.
Do	15	570.43	Midwest.
Citizens for Kennedy	1	19.98	Upstate New York.
Kennedy headquarters	4	505.13	California.
VIVA Kennedy	2	241.15	Do.
Democratic Campaign for Kennedy	1	196.17	Do.
Oregon for Kennedy	4	65.97	Northwest.
Women for Nixon	1	59.65	Kentucky.
Ohio Citizens for Nixon	1	498.30	Ohio.
Lake City, S.C. Republican Headquarters	1	84.09	Southeast.
Myrtle Beach, S.C. Republican Party	1	32.53	Do.
Wallace Campaign Headquarters	1	9.47	Illinois.
Wallace for President	1	100.00	California.
Tunney for Senate[1]	1	36.85	Do.
Muskegon Volunteers for Phillip Hart[1]	1	163.27	Michigan.
Ralph T. Smith for Senate[1]	9	200.72	Illinois.
Joe Lovingood for Congress[1]	1	148.06	Florida.
Sperrazo for Congress	3	1,214.60	California.
LaFollette for Congress[1]	2	455.13	Do.
Dan Chandler for Congress	1	1,323.12	Kentucky.
O'Dell for Congress[1]	1	1,152.91	Northwest.
Wally Turner for Congress	1	654.86	Do.
McQuarry for Congress	1	306.40	Do.
Thorn for Congress	1	441.07	Do.
Hayden for Congress	1	490.52	California.
Total indebtedness to general system		68,386.14	

[1] Billing owed from 1970 campaigns; all other figures are from 1968 campaigns.

NEW YORK, N.Y.,
June 22, 1971.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C.

Attention: Mr. Kelley E. Griffith, Chief, Domestic Rates Division.

GENTLEMEN: Information on political campaign obligations is attached for your transmittal to Senator Scott as requested in your letter dated May 24.

Because of the strike of Western Union employees called on June 1, this information is of necessity confined to the more recent better known situations subject to ready identification. Every effort has been made to include the major accounts which would be of interest to Senator Scott. There are undoubtedly other unpaid balances which can be identified by employees experienced in their particular ledgers. Also there may be other write-offs prior to 1968 campaigns. These are believed to be very few in number and involve more nominal amounts. As promptly as possible, after the strike is settled, a supplemental report will be submitted on these other accounts.

While the interest of Senator Scott is in political campaign debts, our records contain no identification to segregate political from personal traffic. For members of the Congress, it is therefore necessary to list all present outstandings billed for personal account or in excess of allowances even though only a small portion of the balance, if any, may have been incurred in connection with political activity.

Along similar lines, the obligations of State Committees may have been incurred to finance in part the campaigns of Congressional candidates. Available information has therefore been included in the report on these accounts.

It will be noted that it is policy to grant credit to political candidates prior to nomination only when the account is guaranteed by the national political party or by a rank, prominent businessman, or other individual sponsor with sufficient responsibility to assure payment. As the result of experience on 1968 campaign debts, policy is to be tightened for services rendered prior to nomination. Thereafter any granting of credit is to be in the name of and at the request of the national political party.

It is regretted that complete information cannot be included in this report. As soon as the strike is settled, we shall be able to complete our investigation and will rush the additional data to you as promptly as possible.

Yours very truly,

A. I. CULLEN,
Vice President and Comptroller.

SCHEDULE I

OUTSTANDING ACCOUNTS, AS AT JUNE 15, 1971

Account	Amount of debt	Dates incurred
McCarthy for President, Washington, D.C.	$14,485.41	May to September 1968.
Rockefeller for President, Washington, D.C.	5,190.52	May to July 1968.
Muskie Election Committee, Washington, D.C.	5,907.34	November 1970.
Illinois Citizens for Nixon, Chicago, Ill.	809.49	November 1968.
Hoellen for Congress, Chicago, Ill.	17.40	Do.
Republican National Committee, Washington, D.C.	2,607.21	March to May 1971.
United Republican Fund (Ill.), Chicago, Ill.	724.71	February 1970.
Democratic National Committee, Washington, D.C.	$109,820.13	June 1968 to June 1969, January and February 1970. December 1970 and May 1971.
United Democrats for Humphrey, Washington, D.C.	33,011.33	April to November 1968.
Citizens for Humphrey-Muskie, Washington, D.C.	59,479.86	May to November 1968.
Humphrey for President, Washington, D.C.	190.55	June to November 1968.
Democratic National Committee (Ill.) Chicago, Ill.	1,396.25	November 1968.
Republican State Committee (Mich.) Lansing, Mich.	1,221.95	1970.

SCHEDULE II

WRITEOFFS OF CAMPAIGN DEBTS

Name	Amount of debt	Date incurred	Date of writeoff
New York State Democratic Committee, New York, N.Y.	$2,903.96	July 1966 to February 1968	May 1970.
Rafferty for U.S. Senator, San Francisco, Calif.	550.85	November 1968	October 1969.
Harold E. Stassen, Madison, N.J.	1,484.70	February to April 1968	May 1970.

SCHEDULE III

SETTLEMENTS FOR LESS THAN AMOUNT DUE

Name	Amount of debt	Dates incurred	Settlement Date	Settlement Amoun
Kennedy for President, Washington, D.C	$30,690.46	May and June 1968	July 1969	$15,395.23

AMERICAN TELEPHONE & TELEGRAPH CO.,
New York, N.Y., July 7, 1971.

MR. BERNARD STRASSBURG,
Chief, Common Carrier Bureau, Federal Communications Commission, Washington, D.C.

DEAR MR. STRASSBURG: This is in reply to your letters of May 24, 1971, and June 21, 1971 (file 9330), which enclosed copies of letters from the General Accounting Office (GAO) requesting that we obtain and furnish certain information regarding political campaign debts owed to the telephone companies.

In accordance with our initial reply of June 17, 1971, we are enclosing data for the years 1968, 1969, and 1970 with respect to the amounts "written off as uncollectible."

The term "written off as uncollectible" means that, in accordance with the F.C.C.-prescribed Uniform System of Accounts, we have charged our reserve for uncollectible accounts with amounts which are impracticable of collection. An amount is not considered to be impracticable of collection until after significant collection effort has been made. However, we do not consider any such amount as written off in the sense of discharging the debtor; nor do we discontinue collection efforts. All amounts thereafter collected as a result of continuing collection efforts are credited to the reserve account.

The remainder of the information, as specified in the revised GAO request transmitted with your June 21, 1971, letter, is being processed and we expect it to be available by August 2, 1971.

If you have any questions regarding the attached information, we shall be glad to discuss them at your convenience.

Sincerely,

D. E. EMERSON.

ACCOUNTS OF CANDIDATES FOR FEDERAL OFFICE

CLASSIFIED[1] "WRITTEN-OFF AS UNCOLLECTABLE" DURING THE YEAR 1970

Company and billing name	Name of candidate	Federal office involved	Date of entry	Amount
New England—Nothing to report.				
Southern New England—Nothing to report.				
New York: B. Terry	McCarthy	President	Apr. 9, 1970	17.9
New Jersey—Nothing to report.				
Pennsylvania:				
Citizens Comm. for Humphrey	Humphrey	do	Jan. 1, 9170	66.2
Gerald Segal	do	do	Jan. 22, 1970	189.9
Do	do	do	do	17.4
Do	do	do	Jan. 4, 1970	105.0
Ally, Cnty. Rep. Comm	Nixon-Agnew	do	Jan. 8, 1970	24.8
Reece for U.S. Senate	Reece	Senator	July 27, 1970	14.4
Ally, Cnty, Rep. Comm	Nixon	President	Jan. 8, 1970	1,026.5
Do	do	do	Jan. 21, 1970	25.6
Total				1,470.1
C. & P. Co.—Nothing to report.				
C. & P., Maryland—Nothing to report.				
C. & P., Virginia—Nothing to report.				
C. & P., West Virginia—Nothing to report.				
Unable to locate billing party (bills returned—party unknown.)				
Southern Bell—Fred Steele, in care of Mrs. Funderburke	Steele	Representative	Feb. 23, 1970	126.90
South Central:				
McCarthy for President	McCarthy	President	Jan. 2, 1970	79.35
Do	do	do	do	62.69
Do	do	do	Feb. 23, 1970	1.44
Do	do	do	May 26, 1970	187.45
Kentuckians for Rockefeller	Rockefeller	do	Jan. 2, 1970	144.59
Total				475.52
Ohio:				
Ohio Committee for G. C. Wallace, American Independent Party, Inc	Wallace	President	Jan. 6, 1970	44.37
McGovern for President Committee	McGovern	do	do	.30
Wallace for President Committee	Wallace	do	do	16.67
Total				61.34
Cincinnati Bell—Nothing to report.				
Michigan—Nothing to report.				
Indiana—McCarthy for President	McCarthy	President	Dec. 12, 1970	51.20
Wisconsin—Nothing to report.				
Illinois: Rockefeller Campaign Hqtrs., Garon Creel Douglass, Chmn	Rockefeller	do	June 22, 1970	1,173.52
Northwestern:				
McCarthy for President	McCarthy	do	1970	.92
Democrats for McCarthy	do	do	1970	65.30
McCarthy for President	do	do	1970	124.30
Total				190.52
Southwestern: Breeding for Senator	Breeding	Senator	Jan. 29, 1970	321.68
Mountain: Nothing to report.				
Pacific Northwest:				
Buffalo National Party			August 1970	573.18
Grady Sanders	Sanders	Representative	Dec. 1970	8.30
Total				581.48

Footnotes at end of table.

ACCOUNTS OF CANDIDATES FOR FEDERAL OFFICE—Continued

CLASSIFIED [1] "WRITTEN-OFF AS UNCOLLECTABLE" DURING THE YEAR 1970—Continued

Company and billing name	Name of candidate	Federal office involved	Date of entry	Amount
Pacific:				
Bob Moss	Humphrey	President	Jan. 12, 1970	31.67
Kennedy Tour	Kennedy	do	Jan. 9, 1970	18.97
Kennedy for President	do	do	do	4.55
Do	do	do	do	35.05
Kennedy for President, Campaign Committee	do	do	Apr. 6, 1970	27.38
Do	do	do	do	6.20
Do	do	do	do	10.18
Do	do	do	do	4.19
Do	do	do	do	22.69
Do	do	do	do	30.26
Kennedy for President Committee	do	do	do	10.06
Kennedy for President Campaign Committee	do	do	Mar. 9, 1970	37.51
Kennedy for President Committee		do	Mar. 18, 1970	3.07
Kennedy for President Campaign Committee	do	do	Apr. 6, 1970	34.00
Kennedy for President	do	do	Jan. 17, 1970	38.55
Do	do	do	Jan. 13, 1970	31.60
Do	do	do	do	17.79
Do	do	do	Jan. 21, 1970	46.31
Do	do	do	do	42.05
Pat Dugan	Nixon	do	Jan. 16, 1970	35.59
McCarthy for President	McCarthy	do	Jan. 13, 1970	5,703.59
Robert McLane	Brown	Senator	July 18, 1970	8.78
Brad Hill	do	do	Sept. 21, 1970	.63
William Malone	Cranston	do	Aug. 3, 1970	7.64
John Mayfield, Jr.	Mayfield	do	Sept. 14, 1970	12.81
Do	do	do	do	1.75
Evan J. McLean	Murphy	do	Spet. 3, 1970	7.86
Clifford Young	Cohelan	Representative	Sept. 24, 1970	37.17
James E. Peterson	Dellums	do	do	.74
Total				6,268.64
New England:				
Atty. John Holland, c/o McCarthy for President	McCarthy	President	Dec. 24, 1969	55.17
Do	do	do	do	39.39
Do	do	do	do	29.54
Do	do	do	do	30.05
Do	do	do	do	29.64
Do	do	do	do	30.10
Do	do	do	do	56.99
Do	do	do	Dec. 4, 1969	343.12
Do	do	do	do	385.39
Do	do	do	do	367.62
Do	do	do	do	260.81
Do	do	do	do	666.86
Do	do	do	Nov. 10, 1969	196.88
Do	do	do	do	78.49
Do	do	do	do	74.50
Do	do	do	do	103.92
Do	do	do	do	112.28
Do	do	do	do	85.55
Do	do	do	do	54.79
Do	do	do	do	127.87
Do	do	do	do	178.67
Do	do	do	do	171.20
Do	do	do	do	106.72
Do	do	do	Oct. 24, 1969	22.07
Do	do	do	do	25.91
Do	do	do	do	26.21
Do	do	do	do	24.45
Do	do	do	do	22.73
Do	do	do	do	24.09
Do	do	do	do	25.26
Do	do	do	do	21.57
Do	do	do	do	22.58
Do	do	do	do	20.76
Do	do	do	do	26.77
Do	do	do	do	23.89
Do	do	do	do	26.57
Do	do	do	do	23.89
Do	do	do	do	22.28
Do	do	do	do	15.34
Do	do	do	do	31.69
Do	do	do	Sept. 16, 1969	208.05
Do	do	do	do	1,607.72
Do	do	do	Nov. 10, 1969	18.01
Do	do	do	Sept. 24, 1969	51.11
Do	do	do	do	26.92
Do	do	do	do	270.94
Do	do	do	do	53.13
Do	do	do	do	34.56
Do	do	do	do	294.71
Do	do	do	do	283.83
Do	do	do	do	110.20
Do	do	do	do	176.13
Do	do	do	do	175.98
Do	do	do	do	89.14
Do	do	do	do	100.72
Do	do	do	do	102.27
Do	do	do	do	100.25
Do	do	do	Nov. 10, 1969	15.72
Total				7,710.50
Southern New England—Nothing to report.				
New York—Nothing to report.				
New Jersey—Nothing to report.				
Pennsylvania:				
Citizens for McCarthy	do	President	Feb. 11, 1969	31.05
Do	do	do	Jan. 17, 1969	13.65
Do	do	do	Mar. 17, 1969	822.22
Ally. Cnty. Republican Comm	Nixon	do	Dec. 19, 1969	12.51
Total				879.43

Footnotes at end of table.

Company and billing name	Name of candidate	Federa office involved	Date of entry	Amount
C & P Co.: Wallace for President	Wallace	President	Nov. 1969	227.59
C & P, Maryland—Nothing to report.				
C & P, Virginia—Nothing to report.				
C & P, West Virginia—Nothing to report.				
Southern Bell:				
Zimmerman for U.S. Senate	Zimmerman	Senator	Feb. 11, 1969	66.00
Wallace for President—State Headquarters	Wallace	President	May 6, 1969	305.75
Total				371.75
South Central:				
McCarthy for President	McCarthy	President	Sept. 15, 1969	155.05
Do	do	do	Oct. 1, 1969	202.45
Total				357.50
Ohio—Nothing to report.				
Cincinnati Bell—Nothing to report.				
Michigan: Gary Frink for Congress	Frink	Representative	Jan. 16, 1969	1,247.57
Indiana:				
McCarthy for President	McCarthy	President	Dec. 1969	1,026.05
Do	do	do	do	190.00
Do	do	do	do	282.90
Do	do	do	do	28.50
Do	do	do	do	240.64
Do	do	do	do	606.16
Do	do	do	do	176.98
Do	do	do	do	28.04
Do	do	do	do	24.45
Do	do	do	do	90.96
Do	do	do	do	29.15
Do	do	do	do	22.61
Do	do	do	do	26.35
Do	do	do	do	41.17
Do	do	do	do	216.40
Do	do	do	do	299.68
Do	do	do	do	240.20
Do	do	do	do	1,184.46
Do	do	do	do	239.05
Do	do	do	do	60.66
Do	do	do	do	7,073.86
Do	do	do	do	787.48
Do	do	do	do	1,254.77
Do	do	do	do	791.71
Do	do	do	do	245.00
Do	do	do	do	18,113.75
Do	do	do	do	812.22
Do	do	do	do	599.61
Do	do	do	do	156.63
Do	do	do	do	816.74
Do	do	do	do	642.12
Do	do	do	do	404.70
Do	do	do	do	445.41
Do	do	do	do	1,858.50
Do	do	do	do	450.42
Do	do	do	do	25.96
Do	do	do	do	131.61
Do	do	do	do	141.15
Do	do	do	do	492.99
Do	do	do	do	25.95
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	147.14
Do	do	do	do	621.75
Do	do	do	do	615.00
Do	do	do	do	615.00
Do	do	do	do	615.00
Do	do	do	do	615.00
Do	do	do	do	615.00
Do	do	do	do	615.00
Do	do	do	do	620.89
Do	do	do	do	2,265.00
Total				48,399.65
Wisconsin—Nothing to report.				
Illinois—Nothing to report.				
Northwestern:				
McCarthy for President	McCarthy	President	1969	85.00
Do	do	do	1969	76.62
Do	do	do	1969	139.11
Democrats for McCarthy	do	do	1969	36.84
McCarthy Headquarters	do	do	1969	5,334.33
Total				5,671.90
Southwestern—Nothing to report.				
Mountain—Nothing to report.				

Footnotes at end of table.

ACCOUNTS OF CANDIDATES FOR FEDERAL OFFICE—Continued

CLASSIFIED [1] "WRITTEN-OFF AS UNCOLLECTABLE" DURING THE YEAR 1970—Continued

Company and billing name	Name of candidate	Federal office involved	Date of entry	Amount
Pacific Northwest—Nothing to report.				
Pacific:				
Californians for Humphrey, Inc	Humphrey	President	Sept. 15, 1969	20.71
Sam Keith	do	do	Feb. 7, 1969	22.39
Nixon-Agnew Campaign	Nixon	do	Feb. 3, 1969	10.92
Nixon-Agnew	do	do	Jan. 31, 1969	.42
Nixon-Agnew Campaign Comm	do	do	Feb. 17, 1969	1.25
Nixon-Agnew Campaign	do	do	May 21, 1969	23.45
Nixon-Agnew Campaign Comm	do	do	do	34.98
Do	do	do	Spet. 15, 1969	47.78
Democratic National Comm. for Muskie	Muskie	do	Mar. 19, 1969	34.98
Bob Walters	Wallace	do	July 30, 1969	13.73
William C. Washington	McCarthy	do	Oct. 10, 1969	112.16
John Atkisson	do	do	Dec. 10, 1969	256.02
McCarthy for President	do	do	do	105.77
Do	do	do	Dec. 5, 1969	234.67
McCarthy for President Comm	do	do	Nov. 28, 1969	179.69
Richard Dentine	do	do	Oct. 28, 1969	67.23
Agnew-Nixon Campaign	Agnew	Vice President	May 28, 1969	3.08
Do	do	do	Feb. 28, 1969	21.99
Eli Broad	Cranston	Senator	Feb. 18, 1969	1.63
Do	do	do	Feb. 7, 1969	.55
Do	do	do	do	.55
Do	do	do	do	1.01
Do	do	do	Feb. 17, 1969	.71
Do	do	do	do	.68
Do	do	do	July 11, 1969	6.67
Do	do	do	do	3.19
Do	do	do	Feb. 12, 1969	.28
Do	do	do	Apr. 11, 1969	33.35
Rafferty for U.S. Senate	Rafferty	do	Mar. 4, 1969	1.48
Do	do	do	Aug. 19, 1969	26.59
Total				1,267.91
New England—Nothing to report.				
Southern New England—Nothing to report.				
New York:				
J. A. Scheuer	Scheuer	Representative	Sept. 23, 1968	[3] .44
J. E. Resnick	Resnick	do	Sept. 27, 1968	[3] 2.50
Total				2.94
New Jersey—Nothing to report.				
Pennsylvania—Nothing to report.				
C. & P. Co.—Nothing to report.				
C. & P., Maryland—Nothing to report.				
C. & P., Virginia—Nothing to report.				
C. & P., West Virginia—Nothing to report.				
Southern Bell—Nothing to report.				
South Central:				
United Democrats for Humphrey	Humphrey	President	Nov. 15, 1968	22.63
Nashville Volunteers WATS for McCarthy	McCarthy	do	Nov. 8, 1968	15.84
Total				38.47
Nothing to report.				
Cincinnati Bell—Nothing to report.				
Michigan: McCarthy for President Headquarters	McCarthy	President	Nov. 27, 1968	7.53
Indiana—Nothing to report.				
Wisconsin—Nothing to report.				
Illinois—Nothing to report.				
Northwestern: McCarthy for President	McCarthy	President	1968	2.18
Southwestern:				
McCarthy for President	McCarthy	President	Dec. 3, 1968	20.57
Young Americans, Inc	Wallace	do	Dec. 4, 1968	52.75
Total				73.32
Mountain—Nothing to report.				
Pacific Northwest—Nothing to report.				
Pacific:				
Serrelle & Winner	Humphrey	President	Dec. 4, 1968	20
Kennedy Campaign	Kennedy	do	Sept. 20, 1968	33
Kennedy Tour	do	do	July 15, 1968	19
Do	do	do	Aug. 5, 1968	19
William J. Lockyear	do	do	Aug. 26, 1968	40
Kennedy for President	do	do	Aug. 27, 1968	41
M. Conley, Kennedy for Pres	do	do	June 27, 1968	30
Kennedy Headquarters	do	do	Aug. 28, 1968	47
McCarthy for President Hqtrs	McCarthy	do	Oct. 10, 1968	47
Do	do	do	Oct. 17, 1968	35
McCarthy Headquarters	do	do	Oct. 15, 1968	36
William C. Washington	do	do	Aug. 27, 1968	46
Don Rothenberg	do	do	Sept. 6, 1968	28
John Atkisson	do	do	Sept. 26, 1968	20
McCarthy for President	do	do	Oct. 16, 1968	245
McCarthy for President Hqtrs	do	do	Oct. 10, 1968	149
McCarthy for President	do	do	Oct. 7, 1968	189
McCarthy for President Hqtrs	do	do	Nov. 11, 1968	74
Do	do	do	Oct. 10, 1968	58
Harry Garo	do	do	Oct. 15, 1968	77
McCarthy for President	do	do	Oct. 2, 1968	102
McCarthy for President Campaign	do	do	Sept. 5, 1968	120
Do	do	do	do	276
Northern California McCarthy for President Campaign Hqtrs	do	do	Sept. 26, 1968	189
McCarthy for President Campaign	do	do	Aug. 15, 1968	241
George E. Brown, Jr	Brown	Representative	Aug. 27, 1968	27
Bill Roberts	Kuchel	Senator	Sept. 20, 1968	30
Total				2,254

[1] As of July 7, 1971.
[2] Balances of less than $1 are written-off automatically 30 days following bill without collection effort.
[3] Balances of less than $10 are written-off automatically following second routine letter requesting payment.

UNITED AIR LINES,
Chicago, Ill., June 14, 1971.

Re Information on Political Campaign Debts.

Mr. ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR SIR: In response to your letter of May 14, 1971, reference the above, please be advised that insofar as pertains to United:

1. Outstanding campaign debts for candidates for federal office from 1962, as of April 30, 1971, are:

A. Nixon-Agnew campaign—Oct. & Nov. 1968, $75,107.55.

B. Humphrey-Muskie campaign—Oct. & Nov. 1968, $79,083.65.

C. Democratic National Committee (incurred by R. F. Kennedy)—Mar. & Apr. 1968, $12,651.97.

2. Eugene McCarthy and individuals acting for Mr. McCarthy incurred freight charges of approximately $1,213.66 during his campaign in the latter part of 1968. These charges were incurred without benefit of his campaign ATP account or the endorser to that account. When the campaign organization went out of business, they offered to pay 50¢ on the dollar for this account. Since United had no endorser and no other hope of recovery, the account was settled for $606.83 and an equal amount, $606.83, was written off. This write-off occurred during early 1969.

3. From May through September, 1968, the Eugene McCarthy for President National Headquarters incurred indebtedness of $34,386.03. Payment of $5,000 was made by the National Headquarters. An additional $425.00 representing the ATP deposit was also applied to the account. Litigation for the balance of $28,961.03 was settled in March of 1971 for $22,500.00. Approximately $1,525.00 of the balance was for charges of questionable recoverability. If the case had been pursued to judgment, attorneys fees could have been ⅓ or approximately $9,000.00, leaving a net to United of approximately $18,000.00. Since the present settlement netted United $20,000.00 ($2,500.00 in fees to counsel), United's counsel recommended settlement at that figure.

4. There is no different policy and procedure with respect to billing and collection of debts incurred by candidates for federal office during political campaigns. The policy and procedure applied is in accord with United's tariffs, where applicable, and is the same for the billing and collection of these as for any other debts.

Very truly yours,

R. E. BRUNO,
Senior Vice President, Finance and Property.

AMERICAN AIRLINES,
New York, N.Y., June 10, 1971.

Mr. ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

Subject: Information on Political Campaign Debts.

DEAR MR. CRAIG: Concerning your May 14, 1971, letter re the above mentioned subject, we respectfully submit the following:

(1) Outstanding campaign debts incurred by candidates for Federal office from 1962 to the present.

Name of candidate or political organization	Balance Apr. 30, 1971	Year debt incurred: 1970	1969	1968	Prior 1968
Republican National Finance Committee	$151,871	----------	$18,587	$133,284	----------
Richard M. Nixon	69,386	----------	66,710	2,666	----------
National Democratic Committee	426,833	$20,548	85,031	321,254	----------
Robert F. Kennedy	415,120	----------	328	414,792	----------
Hubert H. Humphrey	138,762	----------	120,113	18,649	----------
McCarthy for President	135,872	----------	----------	135,872	----------
Total	1,337,834	20,548	290,769	1,026,517	----------

(2) *No* campaign debts have been written off by American Airlines from 1962 to the present.

(3) *No* amounts owed by candidates for Federal office were settled by American Airlines for less than full value during the period 1962 to the present.

(4) With the one exception of actually proceeding with a courtroom litigation, which we have never done in the case of political parties, political organizations, or political candidates, *no* differences exist in our billing and collection procedures regarding candidates and others served by American Airlines. In the case of Universal Air Travel Plan charges, we bill twice monthly. In all other cases we bill monthly. Follow-up of delinquent accounts is done intermittently by phone and by letter supplemented with periodic personal visits. Because of the substandard credit relations American Airlines has experienced with the above, we have taken a firm position regarding the assumption of new political accounts. We now ask for personal guarantees in all cases involving individual candidates and can report that we have declined the applications of at least two well-known candidates in the last year where guarantees have not been forthcoming.

If there is any additional information you would require, we will be more than happy to provide it.

Very truly yours,

R. M. BRESSLER,
Vice President and Treasurer.

JOHNSON FLYING SERVICE, INC.,
Missoula, Mont., June 9, 1971.

ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

Subject: Information on Political Campaign Debts per your letter of May 14, 1917.

Our total campaign debts are $2,910.38 and is for the following:

Hubert Humphrey Charged to Democratic National Committee, 2600 Virginia Avenue, Washington, D.C. 20037. Amount of debt: $2,910.38. Date of debt: September 30, 1968.

2. We have had no writeoff of campaign debts from 1962 to present time.

3. We have not negotiated any settlement for less than the full amount due us for any political candidate.

4. We have tried by regular billing to collect this but they state that they cannot pay as they have a large quantity of debts and no money. In our regular collections that would have been turned into a collection agency for collection but in this case this would be a useless effort.

TONY J. SCHUMACHER,
Accountant for Johnson Flying Service, Inc., Box 1366, Missoula, Mont.

PIEDMONT AVIATION, INC.,
Winston-Salem, N.C., May 20, 1971.

Mr. ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR MR. CRAIG: The following information on political campaign debts is submitted in response to your letter dated May 14, 1971.

(1) All outstanding campaign debts incurred by candidates for Federal office from 1962 to the present consist of a charge of $2,285.20 for two charter trips from Charlotte, North Carolina to Washington, D.C. via Bluefield, West Virginia and Beckley, West Virginia on October 3, 1968. The trips were arranged for by the Democratic National Committee for the Democratic presidential candidate.

(2) No campaign debts have been written off from 1962 to the present.

(3) No campaign debts have been settled for less than the full amount due from 1962 to the present.

(4) Piedmont has no policies or procedures for billing and collection of campaign debts in any manner different from the policies and procedures followed for any other person or firm served by the Company.

Very truly yours,

T. W. MORTON,
Vice President-Finance.

TRANS WORLD AIRLINES, INC.,
Kansas City, Mo., June 2, 1971.

Mr. ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

Subject: Information on Political Campaign Debts Reference your letter dated May 14, 1971.

DEAR MR. CRAIG: The following information is submitted concerning political campaign debts owed to Trans World Airlines:

(1) *Outstanding Campaign Debts:* United Democrats for Humphrey, $221,519.55, April, 1968 Humphrey Charter, $25,091.04, October, 1966 Republic National Committee, $13,196.05, October, 1968.

(2) *Write-offs of Campaign Debts:* McCarthy for President, write-off $6,867.36, debt incurred 1968, written off 2/24/69.

(3) *Settled Debts:* McCarthy for President, total debt $16,352.36, incurred 1968, negotiated settlement $9,485.00, date settled November 14, 1968.

(4) *Statement of Procedures:* Political debts are handled in the same manner as any other account. Absolutely no special treatment is allowed.

Very truly yours,

A. D. CHAFFIN,
Assistant Treasurer.

JUNE 22, 1971.

To: Civil Aeronautics Board.

From: Aspen Airways, Inc.

Subject: Information on Political Campaign Debts.

Aspen submits the following information in response to the Boards' request of May 14, 1971.

Item 1. No outstanding campaign debts incurred by candidates for Federal office from 1962 to the present.

Item 2. Writeoffs of camapign debts from 1962 to the present as follows:

Candidate	Debt incurred	Total amount	Writeoff	Date
Kennedy	March 1968	$1,381.95	$921.10	October 1968.
McCarthy	May 1968	2,020.69	1,020.69	Do.

Item 3. Settlement by carrier for less than the full amount due as shown.

McCarthy settlement in May 1968 in the amount of $1,000.00.

Item 4. Aspens policies and procedures applied to political candidates and those applied to others served by the air carrier are the same; that being that 30 days after billing full payment is expected.

Submitted by:

LLOYD CARDA, *Vice President.*

WESTERN AIRLINES,
June 11, 1971.

Ref.: Your letter dated May 14, 1971.

Mr. ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

Subject: Information on political campaign debts.

Western has no procedures for treating debts incurred by candidates for federal offices differently from debts incurred by others. Our experience in this area has been minimal.

Therefore, the response to this questionnaire involved the special review of the current accounts and a perusal of debts written off to see if any involved candidates for federal offices.

As to the current accounts, there are no amounts due from customers which can be identified as campaign debts incurred by candidates for federal offices.

All delinquent accounts are pursued through standard collection practices.

As to the write-offs of debts of candidates for federal office since 1962, we can identify only one such debt. A "Ticket-by-Mail" invoice for $376 was incurred in May 1968 and written off in September 1969. This invoice was related to the campaign of Senator Robert Kennedy and was incurred by Senator Ted Kennedy and a Mr. Burke.

It is not our practice to settle any debt for transportation, including any such debt incurred by a candidate for federal office, for less than the amount due. The perusal of our debt write-offs referred to above did not disclose any such settlements.

RODERICK G. LEITH,
Assistant Treasurer and Controller.

CONTINENTAL AIRLINES,
Los Angeles, Calif., May 24, 1971.

Mr. ALLAN CRAIG,
Director, Bureau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

DEAR MR. CRAIG: In response to the itemized questions in your letter of May 14, 1971, on the matter of information on political campaign debts, we submit the following answers:

(1) There are no outstanding campaign debts on our books incurred by candidates for Federal office from 1962 to the present.

(2) No campaign debts incurred by candidates for Federal office from 1962 to the present have been written off in their entirety. See (3) below for partial writeoff.

(3) In May, 1968, we operated a charter flight in connection with the "McCarthy for President" campaign, the billed amount of which was $8,997.96. We received payment in the amount of $4,500.00 on November 7, 1968, from "McCarthy Finance Committee" and the balance of $4,497.96 was written off—also in November, 1968.

(4) We know of no specific policies and procedures of the certificated air carriers with respect to the billing for and collection of debts, incurred by candidates for Federal office during political campaigns. Insofar as our own policies and procedures are concerned, where we perform a service for an individual who is seeking Federal office, we apply the same policies and procedures to the collection of any resulting debt as we apply to any other person served by the Company.

Sincerely yours,

F. N. DAVEY.

EASTERN AIR LINES INCORPORATED,
MIAMI, FLA., *June 14, 1971.*

Mr. ALLAN CRAIG,
Director, Breau of Accounts and Statistics, Civil Aeronautics Board, Washington, D.C.

Subject: Information on Polical Campaign Debts Your letter dated May 14, 1971.

DEAR MR. CRAIG: In compliance with the above, the following information is submitted:

1. Democratic National Committee, (Hubert H. Humphrey), (Edmund S. Muskie), $208,867.12 Balance May-August, 1968.

Republican National Committee $112,823.44 Balance September-November, 1970.

2. In keeping with accepted accounting practices, the Democratic National Committee receivable was written off at the year-end 1969. However, the account remains under active collection procedures.

3. None.

4. Eastern's policies and procedures with respect to billing and collection of receivables provide for active pursuit for payment commensurate with the type of transaction and credit terms. Accounts receivable are not normally allowed to remain on the books for more than one year after reaching collection status. The policy further provides that where there is reasonable potential for obtaining full or partial payment of the balance, collection activity will be continued beyond the anniversary date. All receivables are reviewed in year-end closing and as a normal procedure, the write-offs are reviewed by Price Waterhouse, our contract audit firm. Our policies with respect to debts incurred by candidates for Federal office during political campaigns are the same as those applied to others.

Sincerely,

J. R. LYNCH.

Mr. SCOTT. Mr. President, this amendment is intended to supersede the amendment which prohibits extension of unsecured credit by certain federally regulated industries to candidates for Federal office. The purpose is to take into account the additional technical advice and assistance provided by the Civil Aeronautics Board, the Federal Communications Commission, the Interstate Commerce Commission, and the Department of Justice.

As rewritten, the amendment would still forbid the granting of unsecured credit to candidates by certain industries, when it would permit normal credit card transactions so long as routine safeguards are in accompaniment.

The supporting data will indicate that hundreds of thousands of dollars are remaining unpaid to airlines, telegraph companies, telephone companies, and others, and that these unpaid amounts are usually written off by the companies which, in effect, amounts to corporate contributions to both political parties, which are forbidden by law.

I hope that when I call up the amendment at the proper time, it will receive the support of Senators of both political parties, as this business of trying to run political campaign on-the-cuff is distinctly unfair and places a burden which not only should not be on the companies but is actually forcing them into making involuntary and illegal contributions.

I yield back the remainder of my time.

AMENDMENT NO. 324

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

Mr. STEVENSON. Mr. President, the most troublesome political advertisements are TV spot commercials. Although spots can serve legitimate functions, they are also vehicles for political hucksterism, demagoguery, and superficiality.

For that reason, the Senator from Indiana (Mr. HARTKE) and I offer amendment 324 to S. 382. This amendment establishes a subceiling of 3½ cents per voting-age person for spots, defined as TV ads of less than 5 minutes duration. As a practical matter, however, the amendment applies almost entirely to ads of 1 minute and under, since there is virtually no TV advertising sold in segments of more than 1 minute but less than 5 minutes. The amendment is based on the simple proposition that if a candidate wants to spend his full 5 cents on TV advertising, the least he can do is spend 1½ cents of it on longer ads which offer an opportunity for the treatment of issues.

This subceiling applies to candidates for Federal office and for Governor and Lieutenant Governor.

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

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

AMENDMENT NO. 324

On page 6, change the period in line 8 to a semicolon and insert the following immediately thereafter.

"provided that notwithstanding any other provision of this Act, no legally qualified candidate or person or organization acting on behalf of such a candidate in any primary, runoff, general, or special election for Governor, Lieutenant Governor, or Federal elective office shall spend for the purchase of television time in segments of less than five minutes duration an amount greater than 3½ cents multiplied by the estimate of resident population of voting age as determined in subparagraph (i) of this paragraph, or $21,000, whichever is greater."

AMENDMENT NO. 325

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

Mr. FANNIN, for himself, Mr. TOWER, Mr. BROCK, Mr. GURNEY, Mr. CURTIS, Mr. HANSEN, and Mr. GOLDWATER, submitted an amendment intended to be proposed by them jointly, to the bill (S. 382), supra.

AMENDMENT NO. 327

Mr. GRAVEL submitted an amendment intended to be proposed by him to the bill (S. 382), supra.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, July 23, 1971, he presented to the President of the United States the enrolled bill (S. 699) to require a radiotelephone on certain vessels while navigating upon specified waters of the United States.

ADDITIONAL STATEMENTS

CONTINUED INFLATION—DISAPPOINTING INCREASE IN CONSUMER PRICES

Mr. PROXMIRE. Mr. President, the increase in the cost of living for June, announced by the Bureau of Labor Statistics today, reaffirms that the administration's do-nothing attitude with respect to incomes policy is a costly mistake. The Consumer Price Index rose 0.5 percent in June on a seasonally adjusted basis, an increase of 6 percent at an annual rate. This figure is especially significant since the CPI rose at an annual rate of 7.2 percent in May, following several months of slower prices increases.

The 6-percent rise in June was due to larger than normal increases in the price

of food, homes, and most services, while last month's large increase was due to higher prices for used cars, homes, and apparel. It now seems clear that the major reason that consumer prices rose more slowly in the early months of this year was that mortgage rates were falling.

This rise in consumer prices has been accompanied by a 5-percent increase in wholesale prices thus far in 1971. This is twice the rise experienced in 1970, and factually contradicts administration claims that inflation is abating.

This morning the Joint Economic Committee received excellent testimony from Dr. Arthur Burns, chairman of the Board of Governors of the Federal Reserve System. Dr. Burns pointed out that:

The inflation we are confronted with has become deeply rooted since its beginnings in 1965. The forces of excess demand that originally led to price inflation disappeared well over a year ago. Nevertheless, strong and stubborn inflationary forces, emanating from rising costs, linger on. I wish I could report that we are making substantial progress in dampening the inflationary spiral. I cannot do so. Neither the behavior of prices nor the pattern of wage increases as yet provides evidence of any significant moderation in the advance of costs and prices.

Dr. Burns' testimony and the statistics that we have received in recent months make the administration's position on income policy inexcusable. Many reputable economists, including Dr. Burns, are advocating that wage-price guidelines be issued now. The Joint Economic Committee in its annual report recommended creation of an incomes-price board to issue guideposts on acceptable price and wage increases, and there is considerable support for guidelines in the Congress.

Yet the administration, in the face of strong and unacceptable price increases, is following a negative, do-nothing policy. As Dr. Burns emphasized this morning, Government action to restrain rising prices is needed to "free the American economy from the hesitations that are now restraining its great energy."

UPDATING THE FARM CREDIT SYSTEM

Mr. McGOVERN. Mr. President, one of the most important agricultural matters to be considered by this body during this session will be on the floor soon. It is the Farm Credit Act of 1971. Farmers credit needs are mammoth if we are to continue to feed and clothe our Nation adequately. As chairman of the Senate Agriculture Subcommittee on Farm Credit and Rural Electrification, it was a pleasure for me to have this bill considered by the subcommittee. I was also pleased when the full Agriculture Committee reported favorably on the measure. While the bill is by no means perfect, it does represent a broad consensus of what is needed in the field of farm credit. I was particularly pleased the measure did not become embroiled in partisan politics. I also thank the administration for the qualified support it gave to the new farm credit bill.

Recently the Capital Press of Salem, Oreg., published an editorial entitled "Updating the Farm Credit System." Because this editorial succinctly and clearly describes the operation of the Farm Credit System and some of the changes we will be considering, I 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:

UP-DATING THE FARM CREDIT SYSTEM

The Farm Credit System is big business. It has three basic parts. There are 12 Federal Land Banks which make long term loans secured by first mortgages on farm real estate through some 600 associations. Twelve Federal Intermediate credit banks serve nearly 450 local production credit associations. There are 13 banks for cooperatives which provide a complete credit service to farm supply, marketing and business services.

Legislation is pending in Congress for updating the system. Introduced through a series of bills by 33 Senators and 25 members of the House, the major provisions of special significance include:

1. Removal of a statutory limitation which will not allow Federal Land Banks to advance more than 65% of the value of agricultural land. Federal Land Bank of Spokane President Fred A. Knutsen says this provision is needed to better meet the needs of the individual farmer. He says this will enable the bank to tailor a better program for the operator rather than measuring the grower to the rule. Salem Federal Land Bank Association manager Carroll R. Nelson feels this change will be particularly beneficial to the young farmer who needs a substantial line of credit for getting started in agriculture. Knutsen cited this provision as perhaps the single most important change in the law.

2. Allowing PCA's to finance farm-related business that perform on-the-farm services such as custom harvesting, spraying or pruning. E. A. Jaenke, Governor of the Farm Credit Administration, says as farm equipment becomes more expensive, growers will look more to these on-farm services. Credit for custom operators will also benefit both farmers and the rual business community.

Philip M. Brandt, Jr., manager of Willamette PCA, things this new provision would help "fill a vacuum in this area," since PCA's usually have greater knowledge in these specialized production needs. He feels the traffic in this type of loan would be modest initially, but might grow substantially as agricultural methods change. Brandt said up-dating the farm credit law periodically is vital to the System in accommodating the needs of agriculture. "We need a bigger framework in which to operate as times change," he declared.

3. Permitting Land Banks and PCA's to provide financial-related services to members in such areas as estate planning, trust management and tax assistance. There appears little doubt these services are being increasingly demanded by farmers. Need for an educational program for sound estate planning is evident along with the emphasis on record keeping, farm accounting and data processing services now available through the Farm Credit System. Other lending institutions have traditionally offered these services.

4. A clarification in the Bank for Cooperatives law, which apparently met no objection in Senate hearings would reduce by some 23% the number of memberships held by farmers. This is being urged because of changing strategies for growth and patron service by farm cooperatives. Some are moving into patron service beyond the grower and rancher as their environments change. An increasingly significantly number of their customers are suburbanites or retired farmers. The change would also provide for financing of cooperative fishing enterprises, or harvest of so called "aquatics" products.

5. An area of some debate is a provision to permit Land Banks to finance construction of non-farm rural homes and PCA's to finance home improvement in this area. Now, only farm housing financing is authorized. Knutsen emphasized that this does not mean a variation from primary concern with financing agriculture, but there is a "credit gap" for middle income housing in rural areas. This would not include such projects as rural subdivisions. But it would permit an urban dweller to purchase a small acreage, maintain his occupation and build or buy a rural dwelling and site through the Land Bank or complete improvements through PCA.

Spokesmen for the System note this provision would apply to ex-farmers who may wish to remain in the rural environment after leaving the industry. Under present law, they would not be eligible for such financing. While this provision is not considered to be a major factor in the desired changes, it is deemed desirable. It is not expected to be highly competitive with non-agricultural lenders.

6. Finally, a change is proposed in the issuance of securities by the three divisions of the farm credit system. They are seeking authorization to issue unified securities of several maturities rather than being restricted to the present consolidated Bank group. There has been some criticism of FCS going into the money market as many as 32 times a year. This provision is expected to reduce such action to 12. A new corporation would be formed with qualified investment people who would be authorized by FCS directors to sell debentures on the money market, and enable the FCS to function more effectively in the money market with less frequency. Land Banks, PCA's and the Bank for Cooperatives would share in the consolidated effort.

These changes which make up the Farm Credit Act of 1971 have met some criticism, particularly from private lending institutions. They doubt the FCS should be allowed to "expand into the agribusiness field." They question whether the System should be allowed to compete with commercial banks.

Farm Credit has grown from a total of $10.7 billion in 1950 to some $52 billion in 1969. Forecasts for the status of farm credit in 1980 vary from $100 to $140 billion.

Commercial banks, the Farm Credit System and other lending agencies have worked in harmony in the past. There have been no changes in the Farm Credit System law since 1953.

Hearings on the measure are slated in the House in mid-July. It is incumbent on Congress to take a careful look at the proposed changes. Agriculture, generally has not enjoyed the profits of other industries. Farm credit is one of the industry's most vital tools. The proposed changes represent much study and deserve serious consideration.

It's time to up-date the farm credit system.

CAPTIVE NATIONS WEEK OF 1971

Mr. BUCKLEY. Mr. President, 12 years ago the Congress of the United States unanimously adopted Public Law 86–90, calling on the President to proclaim the third week of July as "Captive Nations Week" until "such time as freedom and independence shall have been

achieved for all captive nations of the world." This year President Nixon has proclaimed July 18–24 as "Captive Nations Week."

I call on all Americans to join together this week to honor the peoples of Albania, Armenia, Azerbaijan, Bulgaria, Byelorussia, Sossackia, Cuba, Czechoslovakia, East Germany, Estonia, Far Eastern Republic, Georgia, Hungary, Idel-Ural, Latvia, Lithuania, Mainland China, Mongolian People's Republic, North Caucasia, North Korea, North Vietnam, Poland, Rumania, Tibet, Turkistan, Ukraine, and Yugoslavia.

In 1956, the world watched in horror while the Soviet Union crushed the Poznan riots in Poland, and sent tanks against unarmed freedom fighters in Hungary. In the years which followed this brutal suppression, some Americans suggested that the Soviets were "mellowing," and that they had abandoned their imperialistic drive. This fantasy was put to rest in August 1968 when the Soviets invaded Czechoslovakia; and Russia's firm intention to use military force to forestall other flirtations with freedom by the captive peoples of Eastern Europe was affirmed in what has come to be known as the Brezhnev doctrine.

Mr. President, the American people must, with equal tenacity, affirm their lasting concern for the ultimate freedom of these unhappy people. Only in this way can their hope for ultimate liberation be kept alive. This is why the annual observance of "Captive Nations Week" is so important.

NATIONAL SCIENCE FOUNDATION FISCAL YEAR 1972 RESEARCH APPROPRIATION

Mr. McINTYRE. Mr. President, I would like to compliment my distinguished colleagues from Washington, Massachusetts, and Oregon for their success in amending H.R. 9382 to provide an additional $25 million in fiscal year 1972 for National Science Foundation basic research. As chairman of the Armed Services Committee Ad Hoc Subcommittee for Research and Development, I have been concerned that some reductions in the Department of Defense research budgets would not be compensated by increases in the National Science Foundation appropriation.

As stated by my colleagues on July 20, 1971, $75 million has been justified by the Director of the National Science Foundation as the amount which ought to be supported for basic research which has been dropped by the Department of Defense, the Atomic Energy Commission, and the National Aeronautics and Space Administration. Against this requirement, only $40 million was requested in the National Science Foundation budget. The provision of only $25 million more, therefore, will mean that some important research work, formerly conducted by these agencies, will be sacrificed.

In the Research and Development Subcommittee report to the Armed Services Committee on the fiscal 1972 military procurement authorization bill, the subcommittee expressed its concern that the Congress as a whole may not react favorably and uniformly to the requests for research funds by agencies other than Defense. The subcommittee asked that the members of the Armed Services Committee use their individual prerogatives to encourage other committees in this regard. I would like to take this opportunity to urge that all of the Members give full and proper recognition to the need for maintaining a strong basic research program throughout the entire Government.

The congressional support of a vigorous basic research program was made clear by the inclusion of a sense of the Congress resolution which I proposed last year as section 205 of the fiscal 1971 Military Procurement Authorization Act which reads as follows:

> It is the sense of the Congress that—
> (1) an increase in Government support of basic scientific research is necessary to preserve and strengthen the sound technological base essential both to protection of the national security and the solution of unmet domestic needs; and
> (2) a larger share of such support should be provided hereafter through the National Science Foundation.

There is no procedural mechanism under the Senate committee system for insuring that issues of mutual interest to several committees are properly coordinated so that the separate actions of one committee are consistent with those of another. The responsibility, nonetheless, accrues to the Senate as a whole, and it behooves the individual Members and the various committees to be sensitive to and conscious of these matters. The possibility of something falling through the cracks through oversight or lack of consideration can be avoided only if we are alert and diligent.

I would also urge that the Senate conferees on the National Science Foundation appropriation persevere in their discussions of this requirement. The stakes are high, and our future lead in technology, which is spawned in the fertility of our basic research fields, hangs in the balance.

The health and vigor of our scientific and technical institutions must be maintained.

THE ARMENIAN GENOCIDE

Mr. PROXMIRE. Mr. President, the impelling need for ratification of the Genocide Treaty derives at base from the moral outrage we all feel for the crime of genocide and from our heartfelt desire to stop any future such crimes.

When we think of genocide, the single act that comes to mind immediately is Hitler's campaign to destroy the Jewish people. In that campaign, 6 million people were sent to their deaths.

But it is vital that we do not dismiss genocide as only that single act of Hitler's; as a unique episode that has never been repeated and as something that was never done before. History has seen many repetitions of genocidal policies, and we must not forget that.

In the 1890's, for example, the Turkish Government carried out a concerted policy of elimination of the Armenian people. According to a book by Abraham Hartunian "Neither To Laugh nor To Weep":

> The premediated, ruthless, official campaign by the Turkish government and army to exterminate Turkey's Armenian minority—which began in 1895—ground relentlessly through 27 years and two million deaths. Another two million people—the scattered and ragged remnants of a once proud people—were figuratively (and often literally) driven into the sea before Turkey had solved its "Armenian problem."

For primarily religious reasons, the Mohammedan Turkish Government virtually wiped out an entire nation of Orthodox Christians. During the years 1894, 1895, and 1896 alone, "more than 300,000 Armenians perished by either massacre or starvation and disease." Again and again, however, the book points out that it was private American citizens who supplied what relief was possible under such circumstances from the horrors of these mass killings.

We in the Senate, as representatives of the American citizens of this generation, must move and move now to assure that such horrors are never repeated.

I urge that we act to ratify the Genocide Treaty in this session.

THE SALT NEGOTIATIONS

Mr. COOPER. Mr. President, a report in the New York Times of July 23, 1971, concerning the U.S. SALT position, is a cause for great concern. The report, by Mr. William Beecher, spells out in great detail what is alleged to be the U.S. position at SALT. The article refers to "administration officials" as the source of the information contained in the article. If the information contained in the New York Times article is correct, there is cause for disappointment.

It had been my understanding, and I believe the understanding of many of my colleagues, that every effort would be made at SALT to keep ABM deployments at the lowest possible level. If this newspaper report is correct, the new negotiating position of the United States is fraught with the danger that an agreement on ABM would be on such a high level that any limitation on ABM's would be meaningless.

I have every confidence that the President and his negotiators have tried since negotiations began, to achieve a halt to the arms race. But while SALT has been in progress, weapons systems on both sides have continued to be deployed. A MIRV agreement is perhaps impossible because of the U.S. decision to go ahead with deployment of MIRV. Just prior to the beginning of the SALT talks the Brooke resolution 211, adopted by the Senate, contained the language I had offered in the Foreign Relations Committee, proposing a freeze on all offensive and defensive nuclear strategic weapons systems by both the United Staes and

the Soviet Union, might have secured agreement if it had been proposed by our Government.

I would urge the administration in its negotiations to make every effort to limit deployment of the ABM and other nuclear weapons systems to the lowest possible levels. Further, it is my own view that the bargaining from strength tactic employed thus far can only yield adverse results.

The newspaper report of the comments of administration officials may have been a speculation, a distortion or inaccurate. I hope this is the case. At the very least, I would hope the administration would state that it will attempt to achieve a limit on offensive and defensive nuclear weapons at the lowest possible level.

VIETNAM WAR CASUALTIES

Mr. ALLEN. Mr. President, I have placed in the RECORD the names of 1,113 Alabama servicemen who were listed as casualties of the Vietnam war through March 31, 1971. In the period of April 1 through June 30, 1971, the Department of Defense has notified 16 more Alabama families of the death of loved ones in the conflict in Vietnam, bringing the total number of casulaties to 1,129.

I wish to place the names of these heroic Alabamians in the permanent archives of the Nation, paying tribute to them, on behalf of the people of Alabama, for their heroism and patriotism. May the time not be distant when there will be no occasion for more of these tragic lists.

I ask unanimous consent to have printed in the RECORD the names of the next of kin of these 16 Alabamians.

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

LIST OF CASUALTIES INCURRED BY U.S. MILITARY PERSONNEL FROM THE STATE OF ALABAMA IN CONNECTION WITH THE CONFLICT IN VIETNAM, APRIL 1, 1971, THROUGH JUNE 30, 1971

ARMY

Pfc. Joel R. Hankins, son of Mrs. Nellie M. Hankins, 1001 Mobile Drive, Southwest, Huntsville, 35805.

Sp4 Ralph W. Jones, husband of Mrs. Wanda L. Jones, General Delivery, Billingsley, 36006.

Sp4 Willis C. Crear, son of Mr. and Mrs. Alex S. Crear, Route 1, Box 1192, Birmingham, 35211.

Sgt. Joseph W. Johnson, son of Mr. William G. Waites, 168 Conley Circle, Montgomery, 36110.

Pfc. Kenneth E. Mims, son of Mrs. Mary N. Foster, 900 8th North Street, Clanton, 35045.

Psg. William R. Furr, son of Mr. Willard W. Furr, 413 Graftmore Road, Prichard, 36610.

Sp4 Levi J. Wilson, son of Mrs. Lillie V. Mills, 202 Harris Avenue, Saraland, 36571.

Msg. Arthur Glass, husband of Mrs. Evelyn L. Glass, Route 2, 145 B, Salem, 36874.

Cpt. Lee E. Grimsley, husband of Mrs. Martha D. Grimsley, Student Apts 8–C, Franklin Rd., Tuskegee Institute, 36088.

Sp4 Melvin J. Williams, husband of Mrs. Theresa Williams, 1250 N. Lexington Street, Birmingham, 35224.

Msg. Archie D. Carnell, husband of Mrs. Mary Carnell, 3223 Berkley Street, Huntsville, 35805.

Pfc. Jeffrey L. Cooper, son of Mrs. Dorothy L. Colvin, 516 Violet Drive, Midfield, 35228.

Sp4 J. C. Summerlin, son of Mr. and Mrs. Leonard J. Summerlin, Route 4, Box 217, Brewton, 36426.

1Lt. Robert B. Lecates, husband of Mrs. Martha P. Lecates, c/o Mrs. N. Smith, 204 South Richards Street, Florence, 35630.

Cw2 Carl W. Borchers, husband of Mrs. Christie S. Borchers, P.O. Box 103, Pinckard, 36371.

Sp4 Robert Eggleston, son of Mr. and Mrs. Leroy Eggleston, Route 1, Box 149, Leighton, 35646.

"COME, COME YE SAINTS"—A TRIBUTE TO THE MORMON PIONEERS

Mr. CHURCH. Mr. President, few sights are so inspiring as the Joseph Smith Memorial in Sharon, Vt. This gracious monument stands in a verdant grove amid the rolling hills. The serenity of the shrine stirs the mind to contemplate the greatness of the man in whose memory it was built.

From this very spot came a man who would change the course of American history. Not through wars, nor political prominence, nor great wealth. This man was different. This man rose up to become to his followers the voice of God in modern times. This man, and those chosen to follow him, have had bestowed upon them the title of prophet.

It was my great privilege to visit the historic birthplace of the Prophet Joseph Smith on a recent trip to Vermont. The occasion prompted me to reflect upon the course of events that followed his birth and subsequent founding of the Church of Jesus Christ of Latter-day Saints.

After a humble beginning in New England, the Church emigrated to Ohio where the faithful founded the city of Kirtland. But the persecutions they had suffered in Vermont and New York soon followed them to Kirtland. A new beginning was sought in and around Clay County, Mo. Once again, the animosity and hatred of their neighbors made it apparent that a further rooting up of homes and families had become necessary. This time the church sought to create a new city, free from the threats of Missouri; a city whose name would mean "beautiful."

The city of Nauvoo, reclaimed from swampland by the sweat and toil of the saints, was founded on the banks of the Mississippi and proved as seemly and beautiful as the designers had envisioned. Yet this city would witness the death, in nearby Carthage, of the Prophet Joseph Smith, and would come to be his final resting place as a mortal. Murdered by a mob of hate-filled men, his testimony lived on to inspire the members of the church in their trek westward to the "land of the everlasting hills."

The story of that legendary movement of the church to the Rocky Mountains is familiar to us all for it has been deeply etched in the annals of our history, a saga of heroism and sacrifice.

Yet, it is far more than a story of heroic deeds. It is a story of a people filled with a love for God. Consider the words from a famous Mormon pioneer hymn:

And should we die before our journey's through,
Happy day, all is well.
We then are free from toil and sorrow too,
With the just, we shall dwell.

But if our lives are spared again
To see the saints their rest obtain,
Oh how we'll make this chorus swell
All is well, all is well.

Tomorrow, we commemorate the entry of these pioneers into the historic Salt Lake Valley where they built a beautiful Temple and have indeed made that chorus swell. We owe a deep debt of gratitude to each one of them, and it is only fitting that we should show our appreciation on the 24th of July by honoring their memory.

HUMAN LIBERATION AND WOMEN'S RIGHTS

Mr. PROXMIRE. Mr. President, The movement for greater political rights for women is gaining strength. It is time that we acknowledge this movement and do all we can to promote its legitimate ends.

This movement has come to be known as women's liberation or the feminist movement. I submit today that it would be better to call it the "humanist movement" and to realize that what it is calling for is an advance of the rights of all men and women. As Gloria Steinem, one of the most articulate of the movement's advocates, put it in an article in the Washington Post:

This is the year of Women's Liberation. Or at least, it's the year the press has discovered a movement that has been strong for several years now, and reported it as a small, privileged, rather lunatic event instead of the major revolution in consciousness—in everyone's consciousness, male or female—that I believe it truly is.

It is a movement that some call "feminist" but should more accurately be called humanist; a movement that is an integral part of rescuing this country from its old, expensive patterns of elitism, racism and violence.

Mr. President, it is time to take a stand for progress in human rights. Ratification of the U.N. Convention on the Political Rights of Women is one of the first actions needed. I feel very deeply that until this convention is in fact ratified, we will have difficulty standing before the people of the world, especially those whose nations have already signed the convention, and declaring that we are doing all we can in this effort. We have the responsibility as Senators to insure that our position on this issue is consistent. We must act across the board to create a new dedication to equal rights for all our citizens.

I believe Gloria Steinem in her article makes these basic points clear.

Mr. President, I ask unanimous consent that an excerpt from Gloria Steinem's article entitled "Women's Liberation Means to Free Men, Too" be printed in the RECORD.

There being no objection, the excerpt

was ordered to be printed in the RECORD, as follows:

WOMEN'S LIBERATION MEANS TO FREE MEN, TOO

I don't mean to equate our problems of identity with those that flowed from slavery. But, as Gunnar Myrdal pointed out in his classic study "An American Dilemma," "In drawing a parallel between the position of, and feeling toward, women and Negroes, we are uncovering a fundamental basis of our culture."

Blacks and women suffer from the same myths of childlike natures; smaller brains; inability to govern themselves, much less white men; limited job skills; identity as sex objects, and so on. Ever since slaves arrived on these shores and were given the legal status of wives—that is, chattel—our legal reforms have followed on each other's heels—with women, I might add, still lagging considerably behind.

President Nixon's Commission on Women concluded that the Supreme Court sanctions discrimination against women—discrimination that it long ago ruled unconstitutional in the case of blacks—but the commission report remains mysteriously unreleased by the White House. An equal rights amendment now up again before the Senate has been delayed by a male-chauvinist Congress for 47 years. Neither blacks nor women have role-models in history: models of individuals who have been honored in authority outside the home.

As Margaret Mead has noted, the only women allowed to be dominant and respectable at the same time are widows. You have to do what society wants you to do, have a husband who dies, and then have power thrust upon you through no fault of your own. The whole thing seems very hard on the men.

Before we go on to other reasons why Women's Liberation is Men's Liberation, too—and why this incarnation of the women's movement is inseparable from the larger revolution—perhaps we should clear the air of a few more myths—the myth that women are biologically inferior, for instance. In fact, an equally good case could be made for the reverse.

Women live longer than men. That's when the groups being studied are always being cited as proof that we work them to death, but the truth is that women live longer than men even when the groups being studied on monks and nuns. We survived Nazi concentration camps better, are protected against heart attacks by our female hormones, are less subject to many diseases, withstand surgery better and are so much durable at every stage of life that nature conceives 20 to 50 per cent more males just to keep the balances going.

The Auto Safety Committee of the American Medical Association has come to the conclusion that women are better drivers because they're less emotional than men. I never thought I would hear myself quoting the AMA, but that one was too good to resist.

I don't want to prove the superiority of one sex to another; that would only be repeating a male mistake. The truth is that we're just not sure how many of our differences are biological and how many are societal. What we do know is that the differences between the two sexes, like the differences between races, are much less great than the differences to be found within each group.

DAYTOP VILLAGE

Mr. JAVITS. Mr. President, since 1963 Daytop Village has provided rehabilitation facilities and services for young drug addicts in the New York area, and its growth is nothing less than phenomenal. From the original center serving only 25 addicts Daytop has grown to include 11 centers in both New York and New Jersey which now serve some 800 addicts.

During this same period their budget has increased from less than $100,000 to more than $2.5 million annually. This soaring budget is a perverse indicator of the ever-increasing national epidemic of hard drug use.

Daytop runs five "therapeutic communities," which are residential centers where the addict lives for up to 20 months while taking part in a series of rehabilitative programs. One of the aims of these communities is "to operate a program of activity designed to provide an addict with a value system and status organization leading to his eventual—and reasonably prompt—integration into normal society."

Each therapeutic community has continuing education, vocational, and cultural programs. In fact, a play produced by Daytop was a major success in New York City. Finally, I understand that Daytop is planning to initiate a training program for medical paraprofessionals, which I believe will be an important contribution in combating drug abuse.

Thus we can see that Daytop has taken an innovative approach to deal simultaneously with two of the Nation's most pressing problems, drug abuse and the health manpower shortage.

Mr. President, I ask unanimous consent that portions of the Daytop Village annual report entitled "The Aims of Daytop Village," "Sites of Daytop Village," and "The Daytop Process—a Structural Outline" appear at this point in the RECORD.

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

THE AIMS OF DAYTOP VILLAGE

1. To organize an appropriate administrative apparatus for the control and supervision of large scale treatment and recovery facilities for the rehabilitation of drug addicts.

2. To establish the administrative machinery for the employment of staff, channeling and auditing of funds, so that there exists simultaneously a free, autonomous program for the rehabilitation of addicts combined with the responsible auditing and supervision practices demanded by a public agency.

3. To formulate and operate a program of activity designed to provide the addict with a value system and status organization leading to his eventual—and reasonably prompt—integration into normal society.

4. To develop awareness and responsible action on the part of community leadership (professional, business, educational, governmental) in respect to society's addiction problem through the medium of the Corporate Board of Governors, Trustees and Executive Board.

5. To establish re-entry-to-the-community-training for the recovered addict by his working in Daytop Village Outreach Center operations; an effort to challenge the recovered addict's growth while he attempts to engage using addicts in the community into motivating them into a treatment setting. The recovered addict from Daytop, as well as using this challenge mechanism in the community, is working intensely with the community agencies and the people of that community to gain their support in changing community attitudes and behavior that either contribute to or support addiction.

6. Finally, considering the project in its widest scope, we already see the implication: a need recognized with increasing clarity, particularly in a recent newspaper report that a possible solution to our dearth of trained manpower on a professional level is to prepare a new breed of workers, paraprofessionals, who are able to carry on roles in conjunction with professionals.

SITES OF DAYTOP VILLAGE

Daytop Village facilities number 11 as of June, 1971; five Residential Treatment Centers, five Outreach Centers, and the Corporate Administrative Offices.

DAYTOP VILLAGE RESIDENTIAL TREATMENT CENTERS (THERAPEATIC COMMUNITIES)

Daytop Village, 450 Bayview Avenue, Prince's Bay, Staten Island.

Daytop Village, Route No. 55, Swan Lake, Sullivan County.

Daytop Village, 225–27 West 14th Street, Manhattan, N.Y.

Daytop Village, Trenton, N.J.

Daytop Village, Millbrook, New York (Duchess County).

THE DAYTOP PROCESS—A STRUCTURAL OUTLINE

PHASES OF THE THERAPEUTIC COMMUNITY (TC)

Phase I. Induction-orientation (1 month)

Activities

(a) group therapy
(b) educational seminars
(c) cultural and recreational activities
(d) in-house job assignments

Phase II. Therapeutic community (10 months)

Activities

Continuation of those in Phase I, plus authorized home visits and outside community activities, e.g., speaking engagements.

Phase III. Pre-reentry (2½–3 months)

Activities

(a) continuation of above group activities
(b) training in job assignments covering induction, administrative and community work
(c) outside social activities

Phase IV. Active reentry (1½–2 months)

Activities

(a) job responsibilities in Outreach Center
(b) continuation of group therapy

Phase V. Working Out (3–4 months)

Activities

(a) employment outside of Daytop, or involvement in school
(b) continuation of group therapy
(c) outside socializing, e.g., free weekends, etc.

ARCHIVES OF INSTITUTIONAL CHANGE

Mr. McINTYRE. Mr. President, there are now numerous studies underway by formal groups such as the Carnegie Commission on Higher Education, the newly created Commission on Libraries, and many others, both by single institutions and individual scholars writing on the history or social relations of universities or other centers of learning.

The value of such studies may be greatly enhanced if their findings are communicated to policymakers in Government, the foundations, learned societies, and the managers of institutions.

There are also many current proposals for change in such institutions, which might be expected to benefit from the widest possible consideration before being put into effect.

Thus, I have been most interested and encouraged to learn of a new venture called the Archives of Institutional Change, whose aim is to document the processes of change now taking place in our institutions, and to offer to said institutions timely information about proposals for change and the results of studies. This is done in many ways, but principally through its regular bulletin, Prometheus, which is circulated to scholars active in the field of institutional studies and to subscribing universities and other institutions. In addition to references to books, articles, and documents, Prometheus publishes proposals for socially responsive change within institutions of learning. The current issue includes proposals by Glenn T. Seaborg on new institutions for scientific cooperation with underdeveloped countries, by Dartmouth College on a new academic calendar, by the Cooperative Science Education Center of Oak Ridge, Tenn., on ways to involve schools and citizens in technology assessment, by the Smithsonian Institution on increased effectiveness for museum exhibits, and a variety of other proposals referred for comment to readers and correspondents of the bulletin.

I believe that these proposals merit consideration by Government agencies and others interested in the advancement of education and public service.

I, therefore, ask that the proposal section 13, volume 1, No. 2—July 1971—from Prometheus, the regular bulletin of the Archives of Institutional Change, be printed in the RECORD.

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

RECOMMENDATIONS, WHITE HOUSE CONFERENCE ON YOUTH

1.2 SERVICE—LEARNING; TASK FORCE ON THE DRAFT, NATIONAL SERVICE, AND ALTERNATIVES

America's youth wish to serve their society. Every poll testifies to their desire. But our Task Force opposes a compulsory program of national service and opposes as well the creation of a large centrally directed federal program of voluntary national service. Instead we recommend that under the auspices of the Action Corps, support be provided for volunteer service projects which are locally conceived and directed, projects which take their direction from people who serve in them and from the people in the communities who are served. We particularly recommend programs of service-learning which are designed not only to meet pressing local needs but which also promote the educational growth of those who serve.

We oppose a compulsory program for the reasons cited by the Scranton Commission on Campus Unrest: "Whether in the form of pilot projects or a full-scale program, national service should be voluntary, and not as some have proposed before this Commission and elsewhere, compulsory. In addition to its enormous cost, a compulsory national service program would be an unwarranted infringement on individual freedom of choice. Nor should national service be considered as a method for reforming or replacing the draft. Proposals to make civilian service available as an alternative to the draft fail to resolve compelling problems of equity that plague any attempt to compare civilian programs with military service." Further, it would be hard to find proper work for unwilling civilian conscripts. And the device whereby the affluent and well advised now find ways to escape the draft would be used as well as avoid compulsory civilian service.

Service, then, should be voluntary. It must stand on its own merits, attracting volunteers who seek the satisfactions of doing a needed job, of learning in the process and, hopefully, of helping to accelerate some needed social change.

Service-learning is a relatively new idea. It links school and community. It is like the work-study or cooperative education programs in which students work part-time, or leave school for periods of work, then return for more study. But the number of part-time paid jobs is limited, whereas there are almost unlimited service jobs, as tutors, aides in health centers, mental institutions, day care centers, drug abuse and environmental programs, as parole officer assistants, and as interns in government agencies. But whether the program is paid-work study or unpaid service-learning, the objectives and the processes are much the same. Work or service is considered as much a part of education as studies in school or college. Academic credit is given for what a person learns. Students, teachers, and job supervisors agree on what is to be learned by the work or service and by what criteria success will be measured. For example, work in drug programs may include precise learning objectives in chemistry, sociology, or the law.

Projects like these are well underway in Urban Corps and College Volunteer programs. But, if they are to be expanded to other areas, money is needed for program development and for the training of project supervisors, who themselves may be volunteers who serve at subsistence pay for a year or two. Once under way, most of the costs of these programs can be borne by local schools and colleges, for service-learning would be a regular part of education which is designed to give meaning to formal studies, education which exposes the volunteer to future career opportunities, and education which breaks down the separation of school from community. The uses of society are learned by serving it. Academic credit at all times, from elementary school through college, is awarded in recognition of learning which takes place during service and in preparation for it.

Federal support can help launch these programs. But they can then be carried on by local schools and communities. The Task Force on Draft, National Service and Alternatives therefore believes strongly that national service should be voluntary and supports the following recommendations:

We reject compulsory national service. We also reject those national service proposals which would utilize service as an alternative to the draft.

We believe that all young people who want to serve their fellow men have an opportunity to do so. We believe that programs of service have much to offer both to those who are served and to those who serve. Accordingly, we recommend the following:

This task force endorses the creation of Action Corps to bring together volunteer service agencies (Peace Corps, VISTA, Teacher Corps, and other volunteer offices) to (a) expand opportunities available for full-time service and (b) to serve as an agency designed to further utilize part-time, nonpaid volunteers.

We further endorse an expansion of service-learning and work-study opportunities in high schools and colleges. Specifically, we call for programs of part-time or temporary service which have precise learning objectives and for which appropriate academic credit can be given.

After considerable debate about the need for an additional administrative body, and by a narrow margin, the task force adopted the following resolution:

We believe that service activities should be directed and financed at the local level to the extent permitted by available resources, and should include projects organized and directed by young people. Service activities should be underwritten by a public foundation at the national level. This public foundation should be able to receive public and private funds and be governed by a board of directors with a majority of private citizens, including representatives from those who serve and from local communities, and be ultimately responsible to Congress.

In order to provide support for the initial start up of local projects of service-learning and in order to assess the effectiveness of service-learning as a means of education which might in time offer opportunities for service to almost half of all Americans from the elementary years through and beyond college age, we supported the following:

That the President call for appropriations under existing Action Corps legislation sufficient to provide training for approximately 195,000 part-time volunteers and 5,000 full-time supervisors in order to test, over a two-year period, the feasibility of greater Federal assistance to locally designed and administered programs of work-study and service-learning. There should be several projects during this period with sufficient concentration of volunteers to test the ability of the projects to provide solutions to local problems such as delinquency, health services training and delivery, early childhood education, or comparable needs. Further, we recommend that the Director of the Action Corps undertake a program of research and evaluation to begin at the start of the above mentioned two-year trial program on June 30, 1971, and submit his recommendations regarding the feasibility of expanded Federal support for work-study and service-learning programs by June 30, 1973.

We are concerned that programs supported by the Action Corps be responsive to local needs and desires and we therefore advocated that the people who participate in projects and representatives from local communities served by Action Corps share in establishing the policies and procedures of the Action Corps and in the development administration and evaluation of local projects.

And we advocated that service-learning projects, including those for which Federal support is already available, such as the College Work Study and the Neighborhood Youth Corps programs, should serve the needs of local communities, particularly those in low-income areas.

3.3 STUDY EMPLOYMENT AND THE ACADEMIC YEAR CYCLE: TASK FORCE OR ECONOMY AND EMPLOYMENT

Every high school and college student should have the full opportunity for meaningful employment during the periods when he is not in the classroom. The benefits of practical work experience as an integral part of the educational process are recognized

and accepted. Academic subjects become more relevant. Career planning and the development of realistic vocational aspirations become easier. Dropout rates decrease. Student income is supplemented. The development of individual responsibility and self-discipline is enhanced.

The principal obstacle to offering maximum student employment opportunities is the current academic year cycle resulting in the traditional "summer vacation." This places virtually all students on the job market during the same three month period.

Employers, both public and private, generally offer as many student jobs as possible during the summer months; massive organizational efforts are pursued in metropolitan areas and most large employers have developed special student employment programs. In other than the summer months, there are limited part-time and week-end employment opportunities.

The current academic year cycle must be changed to spread out the job opportunities. This change is a basic one, which would result in only one-fourth of the students in secondary schools and colleges being on extended vacation periods of three months at any given time. The change need not be universal; students in agricultural areas, as a practical example, would probably not benefit. But the vast majority of students in the United States would benefit, as would educational institutions and employers.

The best way to illustrate the proposed change is to take the example of a single high school; the example is applicable to a nationwide system, both in secondary and post-secondary schools: (1) Divide the calendar year into four equal quarters of 13 weeks each. (2) Design all academic courses to be of 13 weeks duration. Hence for the traditional 4 years of English, instead of 4 academic courses of 36–29 weeks each (or 8 semesters), the student would take 12 academic course of 13 weeks each. Decisions would have to be made for the single course offerings of ½ year duration, they would be reconstituted to either one course of 13 weeks or two courses of 13 weeks each. (3) Offer every academic subject each quarter throughout the calendar year. (4) The academic year for a student would be any three quarters, with vacation the remaining quarter. Students in each grade level would be divided into four equal groups, with each group scheduled to take vacations in different quarters. Special considerations such as members of the same family, sports and other organized extra-curricular activities, job opportunities, etc., would be given in scheduling. (5) Faculty staff would also teach 3 quarters and be off one quarter as a general practice, on a staggered basis.

The advantages to the change are many. All students off-campus during a particular quarter should have the full opportunity for employment. In addition: (1) The utilization of the school plant would be increased one-third. (2) The economy would benefit with a more even load on transportation and recreation facilities and further development of recreational resources and related services for tourists. (3) Employers could plan better job opportunities for students. Instead of extra jobs during the summers, permanent student positions would be created, with each one occupied by 4 students during the year. (4) Once families adjusted to the change better vacations could be planned; summer would no longer be prime vacation time. (5) There would be a requirement for additional faculty, the costs of which would be offset by maximum utilization of administrative and support staff, as well as a ⅓ increase in the use of existing school plants. (6) If colleges adopted the new system, it would greatly enhance the very desirable expansion of cooperative education programs. Arrangements between school authorities and employers for work-study and cooperative education agreements are now seriously inhibited by academic schedules.

Implementation:

The President endorse.

The Secretary, Health, Education, and Welfare activity plan, promote and assist.

The U.S. Office of Education through Congressional action, provide financial assistance to states for cost in implementation, which would not be great.

Governors of each State be encouraged to endorse.

Organizations representing the Presidents of Colleges and Universities, State Superintendents of Education, and other educators, such as the National Education Association, be encouraged to endorse.

4.5 COMMUNITY LEARNING CENTERS; TASK FORCE ON EDUCATION

The American elementary and secondary education systems have traditionally favored students intent on pursuing higher education rather than providing for the true needs of the individual. This traditional system was functional at one time because societal and economic needs required a large labor force and a small educated class. Also, in pre-technological times the labor force served as an alternative to formal education—allowing people to learn on the job and grow into positions of greater responsibility.

Today, education is a requirement for entry into the labor force, yet our educational institutions have largely failed to recognize and adjust to this change. However, there are examples of our nation mobilizing its human resources to meet new needs. In the past these mobilizations have occurred in the face of external threat, real or imagined. The crisis today resides within, yet demands the same total response. Our defense establishment has been able to train every individual to his maximum capacity and need. We have supplied soldiers with literacy training, therapeutic and preventive health care, and job skills. We must do the same with all of our citizenry. If we undertake to meet these specific needs, not only will American society benefit, but it will also permit the individual to grow in stature and to strengthen his self-image. These individual human concerns are of utmost importance to us.

We recommend the establishment of a new type of community learning center, a center that would marshal the services and make available the cultural (including those of the barrio and ghetto), educational, and business and industry resources of the total community. The community learning centers would help any learner obtain the kind of relevant education that is required by that learner at that time. We conceive of these community learning centers providing education for the world of work, continuing academic studies or for personal development and fulfillment.

Implementation:

Equality of education for all people does not mean that everyone should receive the same education.

Each student's educational program, at any time in his life, should be created to meet his individual needs. This necessitates creating more options than the present system provides, including utilization of non-school community resources.

Within a learning center credit should be granted for work experience—jobs, volunteer activities—that contribute to career choices. Work experience provides a chance to become oriented toward several kinds of work, to gain employability and socialization skills, to assume responsibilities and specific job skills. In addition, it allows everyone of every age to make a contribution to society.

Work experience also enables students to take advantage of facilities and equipment already existing within a community, thus reducing, in many instances, the cost of education.

These work experiences can be an important component in community involvement. Employers have a stake in assuring that their workers are receiving a relevant education. Additionally, community involvement is assured because there is no terminal point in public education—everyone can go to school to get whatever he needs at any time in his life.

Such a learning center should take advantage of the innovative, operational and administrative efficiencies and advantages which the comprehensive application of technological systems can make possible. The future of education lies in the expanded use of instructional technology which not only allows for individualization of instruction but frees the teacher to interact with each student.

Thus, educational media centers should be established which have community-wide responsibility for the planning, design, production and acquisition of teaching materials. These materials should be disseminated by a variety of delivery systems (radio and TV broadcasting films, cable TV, audio, video and film cassettes) and made available to learners. To achieve such a delivery system, the administration and Congress must provide additional funds.

Such a communications system built as an integral part of these learning centers could make the cultural and educational resources of the community available to support and strengthen existing educational institutions and training centers. These systems would also make teaching materials available to individuals or groups in the home, also the neighborhood.

Because the system is open to everyone at any time in his life, the learning centers should make available extensive counseling service by trained professionals to help all community residents determine their life choices.

5.2 NATIONAL ENVIRONMENTAL CORPS; TASK FORCE ON ENVIRONMENT

We recommend the establishment of a National Environmental Corps and support the introduction into Congress of the attached draft legislation (here omitted), but with the unanimous proviso that the Corps should be administered only by the Environmental Protection Agency. If the National Environmental Corps is to be made a component of the proposed Voluntary Service Organization, then it should be rejected.

The Corps shall consist of men and women who are permanent residents of the United States, its territories, or possessions, and who have attained age eighteen.

Corpsmen shall be selected for their potential contribution to environmental service, regardless of previous technical training or attained educational level; provided however that preference shall be given to disadvantaged youth.

Corpsmen shall serve for two years after completion of training.

The Corps, in order to achieve the greatest national good with respect to environmental action programs, shall be a component of and administered by the Environmental Protection Agency.

The Corps will:

provide manpower, other resources and opportunities for constructive involvement of the young people in local communities;

work with residents to organize educa-

tional programs with media coverage relating to the environment;

help groups of community residents to organize themselves and to share experiences across neighborhoods;

organize community debates on major legislative or executive programs that affect the environment of the community.

S.6 YOUTH SERVICE—LEARNING PROGRAM; TASK FORCE ON POVERTY

Manpower programs in the past have not adequately dealt with the employment problems of poor youth. Poor youth have been trained for irrelevant jobs which do not offer them opportunities for upward mobility. They have not been given the training and education necessary for securing self-satisfying jobs in their own communities. Therefore, we recommend that the following program be implemented.

A National service learning program should be established to serve all poor youth between the ages of 14 and 24.

Participants in this program should receive, in payment for their services, a salary of no less than the minimum wage with provisions for fringe benefits and salary increase on the basis of merit.

Participants should be trained for development of specific skills suited to their need for upward mobility. They should receive academic credit and also documentation of their skills which could be used as a job qualification.

Adequate supportive services should be provided, including counseling, health services, and provision for transportation to work.

Length of participation in the program should vary with individual skill and needs.

A follow-up progam should be established to ensure placement in an open job market after participation in this program.

Implementation:

A national body, separate from any existing body, should be established and authorized to administer this program and all existing youth manpower programs. It would contract and make grants to local public and private agencies which would conduct service learning programs, and it would develop and encourage greater participation by state and local institutions and agencies.

An advisory board, composed of 51 percent youth, would be established on a national and local level to advise and make recommendations to the national and local administering bodies in the areas of program planning and coordination.

Education and training of youth participants should take priority over administrative costs when determining economic allocations.

In areas where the local economy cannot support this program, such as Indian reservations, Appalachia, migrant camps and rural areas, funds should be allocated by the Federal government to develop and implement this program.

COMMUNITY SERVICE STIPENDS, A PROGRAM OF GRANTS TO SUPERVISORS

John A. Marlin, Assistant Professor of Economics, Baruch College, The City University of New York, suggests that faculty members and other well situated supervisors might be given funds to support the cost-of-living and program expenses of students working on short-term projects in areas of community need. He is conducting a study of the Budget Bureau of the City of New York and has received a small allowance for a student aide from Councilman Carter Burden. He suggests that a general program to provide this kind of assistant might allow many other faculty members to participate constructively in community service, while assigning students in finding socially meaningful short-term study opportunities.

The administration of such a program should be designed to confer maximum discretion on the supervisor. The funding agency would provide funds for a stated number of stipends, not review proposals from individuals or monitor their assignments, and receive a report from each student or a sample of the actual work completed. Supervisors who aided students in securing excellent results would become eligible for expanded support in years following. Such a program would allow faculty members to direct social service activities without having to rely on students able to absorb their own living costs. Comments are invited, as well as expressions of interest in participating in such a program.

JOHN A. MARLIN.

BOX 174, BARUCH COLLEGE, 17 LEXINGTON AVENUE, NEW YORK, N.Y. 10010.

OPPORTUNITIES FOR YOUTH PROGRAM, GOVERNMENT OF CANADA

The Opportunities for Youth program of $14.7 million (later increased to $24.7 million) was officially announced 15 March 71. Considerable planning on the part of a very small group had taken place in advance of that and Cabinet decisions setting up the program were taken toward the end of February. Basically the program sets out to fund projects proposed by, developed by, and planned by young people. The emphasis is on post-secondary students but that is not an exclusive emphasis by any means. In the short run the objective has been to provide as many jobs as possible in worthwhile activities. In the long run of course what we are attempting to do is provide young people with an opportunity to develop the capacity to plan, manage, and evaluate their own programs and activities.

The structure is simple. Projects are proposed by formal organizations, voluntary agencies, youth groups, citizen groups, and other non-governmental bodies. They are considered on the following criteria: the involvement of young people in the development, management, and evaluation of the project; the potential benefits to the communities in which projects take place; the development of new activities rather than simply extension of existing programs and services; and the cost per job, generally set at $1,000 for a three-month period. We received over 13,000 applications and the total amount of requests was over $200 million.

We rely on a variety of networks around the country to provide us with sufficient supporting information on projects proposed. These include volunteer organizations, service groups, and other government agencies. We have established a staff of 100.

Our projects fall into four categories. The first is research and environmental study. The second is social services: camps for handicapped youngsters, service to the elderly, and others. The third category is cultural programs such as music and theatre groups. A final category includes arts and crafts, development of recreation facilities, and sports.

About 70 per cent of our projects cost less than $10,000. These may receive up to half of their total approved budget in advance and must claim the balance based on statements of expenditures for approved items. A detailed evaluation that will embody much of our thinking and planning will be prepared and should be available this fall. A copy of the program leaflet, "Opportunities for Youth" "Perspective Jeunesse," is available.

P. C. MACKIE,

Coordinator, Opportunities for Youth, 130 Slater Street, Secretary of State Department, Ottawa, Ontario

A NATIONAL YOUTH SERVICE PROGRAM

(Proposed by Dr. Philip Handler, President, National Academy of Sciences, before the Subcommittee on Science, Research, and Development, U.S. House of Representatives, 21 July 70.)

Allow me to propose a National Youth Service Program which would offer stipend and tuition support to all students in good standing engaged in advanced education beyond the baccalaureate regardless of field, be it the natural or social sciences, the humanities, medicine, law, engineering, etc. In exchange, upon completion of their advanced educations, all would be committed to two, three, or more years of national service. I can think of no program which would find a warmer welcome among the highly motivated young people of our time. Those in the humanities, for example, might undertake teaching assignments in junior colleges or high schools, particularly in disadvantaged areas. Social scientists could be apprenticed to federal agencies or teach, much as would graduates in the humanities. Lawyers could serve two or three years in legal aid clinics or local government. Physicians could serve in a modernized Public Health Service, assigned to clinics across the country or to experimental health teams assessing new mechanisms for delivery of health care. Natural scientists and engineers could serve in federal laboratories or the multidisciplinary laboratories on campus of which I spoke earlier. The impact of this flow of motivated, highly trained young men and women throughout the diverse elements of our national life would be profound, exhilirating, and undoubtedly effective—a domestic Peace Corps, if you will—but of individuals thoroughly trained for their jobs. And it would surely more than compensate for the cost of their graduate educations.

I know that this would be a major change in our national life, and I appreciate the unlikelihood of such legislation in the very near future. But if we open such discussions today, we shorten the time until this becomes "an idea whose time has come"—the next extension of the historic process which began with publicly funded primary school education for all.

(From Prometheus, Volume One, number two (July, 1971), pp. 39–49. Published by the Archives of Institutional Change, 3233 P Street, N.W., Washington, D.C. 20007.)

CREDIT NEEDS OF YOUNG FARMERS

Mr. HUMPHREY. Mr. President, one sad result of the continuing inflation during a period of falling farm income and increasing unemployment is the almost insurmountable barrier that is placed before young farm couples just beginning on life's journey.

The cost of acquiring and equipping an adequate family farm has been going up year by year. At the same time the number of openings to go into farming on an adequate basis has been steadily decreasing. For the young farm couple of modest means the opportunity is rapidly disappearing, unless they are lucky enough to be in line to inherit, almost outright, a going adequate family farm.

At the same time with high unemployment rates for young persons, particularly in rural areas, the chances of making a start in life on an adequate basis outside of farming is also bleak.

There is every indication that our existing farm credit institutions are not meeting the need of providing secure credit for transferring farms between generations; beginning farmers are largely being forced to depend upon installment land contracts, which usually are of short term duration with harsh terms of repossession in case of tempo-

rary delinquency. Surely our young farming couples deserve better.

And unless the Nation wants to set up an inherited farming elite, we must open the way of opportunity for the educated but enrich young couple to join the ranks of our farming structure in the years ahead.

Dr. Walter Wilcox of the Congressional Research Service of the Library of Congress has brought to my attention a compilation of facts on this situation that deserve the thoughtful attention of the Senate.

Dr. Wilcox further indicates that there will be about 17,000 openings a year on the average over the next 15 years for beginning farmers to acquire adequate family farms. It would not be good for our Nation if all of these were reserved for those fortunate few whose parents are wealthy enough to set them up in a $150,000 to $200,000 business, which farming has become today.

I ask unanimous consent to have the Wilcox statement printed in the RECORD, so that we may all have an opportunity to study the facts of the grim situation facing young farmers today.

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

CREDIT REQUIREMENTS FOR BEGINNING FARMERS

There were about 106,000 voluntary transfers of farm real estate in 1969. Of these, only 27,500 were complete farm units that would provide an opportunity for beginning farmers. However, probably 10 to 15 percent were bought by farmers who were selling one farm and replacing it with another. Thus, there were about 25,000 farms that could have provided an opportunity for a new farm owner.

The major fraction of all land transfers in recent years involve the purchase of smaller farms, and unimproved tracts of land for the expansion of existing farms. In 1969, the number of such add-on purchases was estimated at 63,500, or 60 percent of all transfers and 58 percent of the acreage of all farmland sold. An additional 15,000 small farms and parcels of land were purchased for part-time and retirement farms. Such places would not provide sufficient land resources for full-time farming operations, and are acquired chiefly by nonfarm workers as rural residences, or by others approaching retirement.

The total market value of all farm real estate transferred in 1969 is estimated at $6,147 million, of which $2,405 million was spent for complete farm units, and $3,286 million for farm enlargement purchases. Part-time and retirement farms were valued at $1,628 million.

Sellers extended a total of $1,815 million in credit, or 58 percent of the total credit of $3,111 million associated with all farm real estate transactions. Most (82 percent) of the credit extended by sellers was in the form of installment land contract sales, for which the downpayment averaged 25 percent of the purchase price. Thus, a substantial amount of credit is extended by sellers, on terms that closely approximate those available to purchasers of urban residences from conventional lending sources. About half of the purchases of complete farms were financed by sellers under such terms in 1969.

COMMERCIAL LENDERS

In addition to sellers, commercial banks extended 9 percent of the credit used to finance farm real estate transfers in 1969, insurance companies, 8 percent, the Federal land banks, 12 percent, and other lenders, including the Farmers Home Administration, 10 percent. Downpayment requirements of all of these lenders, except the FHA, are typically 35 percent of the purchase price. Substantially more than half of the credit extended by such lenders (except FHA) is used to refinance existing loans to purchase additional land or for permanent improvements, rather than for the initial purchase of a complete farm unit. Thus, sellers, often related to the buyer, are the chief source of low-equity financing for beginning farmers. Such financing arrangements have worked out well for both sellers and buyers as foreclosures and defaults on contracts have remained at historically low levels in recent years.

NEED FOR NEW OPERATORS

Most of the over-all decline in numbers of farms in recent decades has been centered in that group of farms with annual gross sales of farm products of less than $10,000. An estimate for a recent year indicated that nearly 30,000 farms disappeared as a result of being purchased by other farmers for enlargement. Probably an equal number are merged with existing farms by means of rental arrangements. These are long-term trends reflecting the need for smaller farmers to expand in order to better utilize new farming techniques, to specialize in one or two products in order to compete more effectively for market outlets, and the widening opportunities for off-farm employment. In many regions of the country, a farm must be able to produce at least $20,000 in gross sales to provide full-time employment and reasonable labor and capital returns to the operator. Capital requirements for such farms range upward from $50,000.

Another basis for estimating the number of new operators that will be needed for "bonafide" commercial farms grossing $10,000 or more is to examine the present age distribution of these farmers, and to project the number who will be retiring 10 to 15 years from now. Such estimates for the period 1965 to 1980 indicate that about 15,000 new operators under 35 years of age will be needed annually to replace operators who will be reaching retirement age. There is an over-supply of operators who are now 35 to 45 years of age who are now operating farms grossing less than $10,000 who will be unable to obtain sufficient land by purchase or rental to make more efficient farming units. Finding off-farm employment opportunities for such middle-aged operators represents a more serious problem than attracting the entry of new operators.

CONCLUSION

Existing financing arrangements permit a sufficient number of beginning farmers to enter farming to provide the replacements required as a result of the aging of present operators. Because of the strong demand for land for farm expansion, there is little prospect in the foreseeable future that productive land will remain idle for the lack of someone to farm it.

REFERENCE SOURCES FOR RURAL DEVELOPMENT

Mr. HUMPHREY. Mr. President, many of the finest young men of rural America are making rural community development the main interest of their fine organization—the Future Farmers of America. I am presenting here for the RECORD a short list of some of the major references that may be useful for those who want to look into the subject of rural development and balanced national growth more deeply than daily newspapers allow.

We hope that these printed volumes of the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry will also be useful.

I ask unanimous consent that the list of references be printed at this point in the RECORD.

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

REFERENCE SOURCES FOR RURAL DEVELOPMENT

1. *A New Life for the Country,* The Report of the President's Task Force on Rural Development, Washington, March 1970.

2. *The Economic and Social Condition of Rural America in the 1970's,* Prepared by the Economic Development Division, Economic Research Service U.S.D.A. for the Committee on Government Operations, U.S. Senate, 92d Cong., 1st Sess., May 1971.

3. *The People Left Behind,* A Report by the President's National Advisory Commission on Rural Poverty, May 1968.

4. *Urban and Rural America: Policies for Future Growth,* Report of the Advisory Commission on Intergovernmental Relations, Washington, April 1968.

5. *People of Rural America,* Dale Hathaway, J. Allan Beegle, and W. Keith Bryant. Prepared in cooperation with the Social Science Research Council, U.S. Department of Commerce, August 1968.

6. *Regional Economic Development,* The Federal Role, Gordon Cameron. Resources for the Future, Inc., May 1970.

7. *Strategy for Community and Area Development,* Gene McMurtry. Agricultural Policy Institute, School of Agriculture and Life Sciences, North Carolina State University, March 1970.

8. *Rural Development, Problems and Advantages of Rural Locations for Industrial Plants,* Agricultural Policy Institute, North Carolina State University, July 1970.

9. *Where Shall They Live?* James Sundquist. The Brookings Institution, Washington, February 1970.

10. *Guide to Federal Programs for Rural Development,* Sue and John A. Baker. Independent Bankers Association of America, Sauk Centre, Minn. 1970.

JOBS, THE REAL CRISIS

Mr. CHURCH. Mr. President, since January 1969 approximately 2.8 million persons have been added to the Nation's unemployment rolls.

Today nearly 5.5 million individuals are unemployed, 1.2 million have been out of work for 15 weeks or longer.

Especially hard-pressed during this economic slowdown have been middle-aged and older workers. According to the latest data available more than 1 million persons 45 and older have lost their jobs. This represents a 72 percent increase compared with their jobless level in January 1969.

Yet, this age group continues to be underrepresented in our Nation's work and training programs, accounting for only about 4 percent of all enrollees. In addition, they encounter other serious problems in locating new employment once they have lost their jobs. Many experience the bitter rebuke of bias on account of age, although we have a law prohibiting such practices. Technological advances have outdistanced the skills of others. Yet, suitable training or retraining is unavailable. And for those who are employed in a "deadend" type job, occupational mobility is quite frequently limited.

In a few days, the Senate Labor and Public Welfare Subcommittee on Aging, under the capable leadership of the distinguished Senator from Missouri (Mr. EAGLETON), will conduct hearings on two measures designed to help older persons to move from the unemployment rolls to the payrolls.

The first measure is S. 1307—the Middle-Aged and Older Worker Employment Act—which I have sponsored with the Senator from West Virginia (Mr. RANDOLPH). This proposal would establish a mid-career development services program in the Department of Labor to provide training, counseling and supportive services directed at the unique and growing employment problems of persons 45 and older. Additionally, this bill would authorize strike forces to provide recruitment and placement services in communities with substantial unemployment because of a plant shutdown or other large permanent reduction in the work force.

A second measure—the Older American Community Service Employment Act—will also be considered by the Subcommittee on Aging. This proposal, which I have sponsored with the Senator from Massachusetts (Mr. KENNEDY), would provide new opportunities for community service employment for low-income persons 55 and older. Moreover, it would provide a basis for converting some of the existing pilot programs—such as Green Thumb, Green Light, Senior AIDES, and the Senior Community Service programs—into permanent, ongoing national programs.

A recent article appearing in the Washington Post describes in very human terms the employment problems encountered by middle-aged and older persons. In addition, this account provides cogent reasons for support of the legislation which will soon be considered by the Subcommittee on Aging.

Mr. President, I commend this article, entitled "Jobs, the Real Crisis," to my colleagues, and ask unanimous consent that it be printed at this point in the RECORD.

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

JOBS, THE REAL CRISIS

(By Keith Bose)

I am unemployed. I am not part of an ethnic minority. My great-grandfather voted for Abraham Lincoln and wore Union blue. I am part of an increasing number of so-called "middle-class" unemployed who are now viewing the splendor of the nation's economy from its soft under belly. Our numbers will increase in this new decade. We are only the vanguard of future legions as 20 million more workers come of age in the next 10 years.

Many of Richard Nixon's Silent Majority are discovering that only the thickness of a regular paychecks separates Middle America from the slum. In our preoccupation with the superfluous glitter of the affluent society, we have failed to discover that true affluence must be backed by ownership. Middle America does not hold title to its affluence.

We are not true bourgeois, for we are unproperties. We buy precarious status on time payments. Our chattels become worn-out and obsolete when title passes to us. Our "affluent" consumer economy is a vast parasite feeding on our earnings and neither frugality nor industry will help us escape.

There is a creeping sensation of futility which follows the white-collar worker to his job these days . . . a feeling of being an expendable pawn in an economic system which does not, in fact, include human service in the tenuous fiction of the Gross National Product. The white-collar worker suffers from a pitiful lack of bargaining power. If Black America is crying for recognition, White Middle America is praying that the myth of indispensability will endure.

HUMAN SURPLUS

Behind the facade of white stability lurks the haunting realization that the economy as presently constituted has a tragic surplus of white-collar workers. It is finally becoming possible to garner bland statistics to support facts which the Middle American has felt in his bones for a long while—that more and more workers are becoming surplus and therefore fall under the control of Parkinson's Law: Trivial, superfluous work expands as more and more people become available to do it.

Those who want to understand Middle America must understand that the maintenance of uninterrupted regular wages is mandatory to our very existence. If we appear uninterested in the politics of government, it is because we are consumed by the politics of keeping our job. Without our regular paycheck, we become indigent wards. We know that the constitutional guarantee of life, liberty and the pursuit of happiness has a hollow sound when our income may be unaccountably destroyed without the intercession of judge or jury. Lawyers are not willing to defend WASPs who have been fired.

An unemployed middle-aged former department head of an electronics firm tells it this way:

"At 4:30 on Friday I was called into the conference room. Charlie and Phil were sitting there with a small pile of papers. I sat down. My hands were sweaty.

"Charlie began the conversation, 'As you know, business is off. We are going to have to terminate you effective today . . .'

"I didn't have any witnesses with me, and they had each other covered. They gave me papers to sign. I asked to be allowed to take them home first to look them over.

Phil said, 'You will have to sign them now so we can clear you by 5 o'clock.'

"And that's how it was. After 25 years—the bastards terminated me in 15 minutes."

"MIDDLE-CLASS WELFARE"

The psychological pressure on us is soul-destroying. Soon in our careers we trade ethical and professional judgment for a regular salary. We were compromised. Buried in the trivia of our "career," we drifted without protection along a debt-ridden path to nowhere. For many of us, outstanding skill and moral judgment were a hindrance.

There is a satisfying notion that employment is related to education. We have been told that any number of jobs are available if only people with education and experience could be found to fill them. For many of the unemployed and underemployed, these assumptions have become a cruel hoax.

The honest need for mechanical, electronic and other specialists was met long ago.

Some sections of the United States, have been shocked by unemployment in the aerospace industry. We had forgotten that government-sponsored industry sparked earlier growth.

World War II and Korea thrust manufacturing into the peaceful potato fields. During the '40s and '50s military aircraft poured from runways. But as the 1960s dawned, large-scale production of military hardware faded. To get contracts, firms doing business with the government pushed for glamor products framed in the mystique of "systems design," which featured large proportions of engineering personnel with fewer blue-collar production types.

On the surface it would appear that the "defense worker" is well-paid for trivial work, hence more fortunate than those burdened by the competition of a free marketplace. Unfortunately, the defense worker was not as well off as it seemed even before the present massive cutbacks. Many jobs in Pentagon-sponsored work do not exist in ordinary commercial entrprises. Once a worker accepts this line of endeavor, he is forever doomed to depend upon the vagaries of Pentagon contracting for his lifework.

A few days ago, one unemployed systems engineer, sitting in his tastefully furnished living room, exploded: "The aerospace industry is middle-class welfare in disguise." These are bitter words, and many would like to dismiss them as sour grapes.

But it would be interesting for someone to examine the curious process whereby millions of middle-class Americans are able to find a job in the first place. Examination of the "help wanted" section finds many exotic specialties. A recent newspaper lists:

Manpower development specialist
Production traffic analyst
Quality assurance supervisor
Logistic control engineer
Financial aide
Planning analyst

All of these positions stipulate graduate degrees coupled with ponderously described past experience. Sometimes these jobs disappear when business sags—a process which appears in the financial pages as "trimming the fat." And few businesses are immune from fat-trimming. Edward Booher, a vice president at McGraw-Hill Inc., told The New York Times:

"We've reduced our staff five per cent across the board, or about 250 people, since last fall . . . I wouldn't say it was just because of the recession. We've grown so fast we found that we had to stop for a while and start eliminating some duplicate functions."

In such a way we describe 250 human tragedies. Now there are 250 souls adrift among the statistics, none of whom can become "manpower development specialists," "planning analysts" or God knows what because a vast, coercive mechanism has been erected that is weighted heavily toward the employer with jobs to offer.

BUYING SLAVES

A familiar psychological ploy is to capture the loyalty of the mediocre professional by paying him far more than he can earn anywhere else. This ancient technique is always good for a faithful slave. It is a characteristic of Pentagon-sponsored firms, since the government picks up salary tabs. Yet it is dangerous to assume that unemployed professional workers are dolts who may be neglected by politicians.

Figures presented by the shamans of the Bureau of Labor Statistics are being called a fraud by a loosely organized group of unemployed professionals who spend time between job-hunting in research. One unemployed engineer has discovered that 67,000 engineers have disappeared from the government count over the past year. "When an engineer becomes a taxi driver, and gets laid off, he is no longer an engineer but an unemployed taxi driver, according to the government. I never had much confidence in bureaucracy, but now I am losing confidence in government itself," he says.

Unemployment percentages are a political device. Such figures as '7.9 per cent' imply great accuracy, but the statistical sampling processes are never questioned," says another. Employment in Pentagon-sponsored industry is down by 30 per cent. It does not seem possible for this many specialists to have found re-employment in the depressed civilian economy. It would be more logical to

assume that these men are unemployed or partially employed, and have disappeared from the population count of the Bureau of Labor Statistics.

The key to Middle America is silence. When Richard Nixon pandered to his Silent Majority, we responded with the smug assumption that we were silent out of inherent dignity. Now we are unemployed, and we are agonizing with introspection. Richard Nixon insults us by calling attention to our silence. Did he know that we were silent out of laziness, stupidity and fear?

Laziness is unpleasant to admit. We have basked in the fiction that Americans are ambitious. But for the hundreds of thousands of middle-aged men now unemployed, we cannot look back upon evidence of ambition. Our adult lives began when we were drafted for military service. The furor of the media over Vietnam hides the fact that the life of an American serviceman is easy by international standards, and disgracefully few soldiers ever really fight. Even in the fury of World War II fighting, only a handful of soldiers were in actual contact with the enemy and therefore in any amount of real danger. For those serving in Germany or Japan after World War II, life could be absolutely idyllic.

After brief military service, as new adults we became eligible for subsidized college attendance under the GI Bill. College during the '50s was more an exercise in conformity than an intellectual experience. That was the beginning of our stupidity, in the days of the organization men who passed psychological tests and believed that the world cried for their services in vague contributions which still remain undefined. That was the decade when 2,400,000 of us accepted "professional" and technical jobs.

Professional life for us became an exercise in trivia, relieved only by the pleasures of split-level materialism. Buried in a job characterized more by jargon than the discipline of honest technology, we took little interest in politics, and we are baffled by the political gimmickry of today's campus.

But millions more workers have come of age, and gradually, over the past decade, competition for jobs has grown vicious. At some point in the life of every idealist comes the discovery that the virtuous worker is not necessarly rewarded. There was probably a time in a pristine economic order when lower-level workers could find a small measure of security simply by doing their job. Today craftsmanship and excellence are nostalgic relics.

As the economy exploded during the 1950s, garrulous young personnel officers circulated pleasant rules for management-employee relations. The cult of "professionalism" guaranteed civil and amenable relationships. It was by and large a happy time for Middle America.

Now much has changed. We were seduced by the glittering marketplace, and now we have been left alone and helpless to contemplate the birth of the bastard conceived in a drunken liaison when we fancied ourselves a legitimate part of the relentless economic power structure which now mocks us.

A MASSIVE IGNORANCE

Few of us read well and our ability to communicate in written English is a travesty, highlighting the fraudulent educational process which produced us. Aside from the elusive requirements of our daily tasks, we have added nothing to our knowledge which cannot be presented on a 19-inch screen.

Vaguely we realized that we had no trade skills in the accepted sense. At some point in our careers we became conscious that we had no profession at all, and we hungered for a secret jargon to protect us, as hippies devise secret words.

Our political naivete is appalling. We have no idea who the men are who finance our local congressmen, and many of us do not even know the name of our congressman. We have been taught that power itself is in bad taste, and we shy away from coalitions, workers' unions and meaningful community relationships. We are dimly able to perceive that politics is a power game based upon the art of careful lies, but remain so ignorant as to fall for the most superficial falsehoods.

Our burgeoning suburban neighborhoods are unlike the immigrant neighborhoods of an earlier day, whence we allegedly came. We lack the organization of family ties, parishes and clubs of those early days, and cannot even call upon the paternalism of a local political boss when circumstances crush us. We men haven't even the good sense to congregate in a corner bar to exchange homely wisdom.

Being unemployed forces us to become amateur politicians and economists. In the pursuit of this new interest, we unemployed people know that credit manipulation and Federal Reserve currency maneuvers are a long way from producing jobs in an economy which will be joined by 20,000,000 new workers in the next 10 years. Black Muslims are closer to reality when they propound the religious tenet that America will never be able to furnish enough jobs for the millions of white unemployed, let alone 20,000,000 blacks.

So much for our laziness and stupidity, but what about fear? Imagine us in our black hornrims, clad in wrinkled Bond suit, clutching our briefcase of miserable trivia, hurrying through our bureaucratic halls. What do we fear? Maybe it is our own ignorance.

THE ISSUE IS JOBS

By now my plaintive theme should emerge: that the tragic issue of the United States is not even being debated. The population of America has increased by 26,000,000 in the past 10 years. Each day industry learns to produce more by using less people in honest work. The pressure is being felt throughout the working force. Nothing in economic theory will give these surplus citizens power to bargain in the marketplace for their existence as human beings, let alone defend constitutional rights. We are coolies, hiding in the tinsel of suburbia. Civil laws are a means of pious bargaining for power, from which we are excluded. Outworn class codes of conduct have only allowed us to be manipulated.

The largest, most powerful institutions of America are those which administer to our surplus population. That explains the enormous growth of colleges and our military establishment. The inherent characteristic of any military establishment is that it provides the means of occupying the services of legions of men. In World War II, we mobilized 13,000,000, although at the peak of the fighting in Europe only 250,000 were in contact with the enemy.

Incidentally, with all these removed from the labor force, we still outproduced the world. The fatuous argument that modern warfare requires vast numbers of rear-area troops explains nothing. Vast legions of support troops are a peculiarly American characteristic.

Looking back on my life so far, I am impressed with the tragic waste of human potential in our system, and this is a terrifying paradox. Our unemployment rate is the greatest in the Western nations, yet so much is dying with neglect. We have become a nation of mythmakers. We do not have a racial problem—we have a problem of unemployment. We are feeding the black man with the cruel lie that through education he will become a productive worker. Then we spend billions on glamorous electronic computers when we have millions of wasted human brains with inherent properties of reprogramming and memory recall far beyond those of any computer.

In the history of civilization, America has now added a new face—the throwaway, pop-top culture. Among the billions of tons of nonreturn bottles and sad hulks of automobiles, we have now added the middle-class worker. Experienced technical workers and middle management are added as layoffs continue.

I entered adult life just as World War II erupted. That was the beginning of the economic orgy which is now sputtering to an end, even though the President of the United States has finally discovered Keynes.

During the early 1940s, I watched men who would make good peacetime lieutenants or majors become bungling division commanders. After the war came the freeloaders. The freeloaders sprang from nowhere as polywogs in a casual puddle become hopping, croaking frogs. The rapid expansion of an artificial money supply puts freeloaders everywhere. They come from business, the scholarly professions, military life. You find them advising the President, milling about a bloated campus, working for the Chamber of Commerce, choosing target for supersonic bombers. Many have now climbed onto the kiddie bandwagon, cheering campus idiots and finding profound meaning in the half-baked mouthings of bored kids. These are the men who claw to the top by trafficking in cruel myths . . . ambitious dullards who manage to extract tenure from tenuous fiction.

A HOPELESS CASE?

As the 1970s progress, I am sadly looking into the bleak premature end to my productive life. I am the vanguard of surplus humanity, cast aside when an artificial money supply would no longer reward us for remaining silent in the face of moral, ethical and institutional decay brought on by the overproduction of trivia. Now that I have lost my meager salary, I have little more to lose. Now I speak freely about the feelings that I was paid to suppress throughout 25 years of service to a grotesque machinery that brought me nothing.

And as Montaigne, "I speak truth, not so much as I would, but as much as I dare; and I dare more as I grow older." I cheered when Spiro Agnew castigated his "corps of effete snobs," not from glee, but from bitter sadness. I am an American without voice. My thoughts find no value in the marketplace.

I am compelled to conclude my plaintive remarks by noting that they are not aimed at the so-called Establishment, or any contrived group. I am only pointing out a problem of great magnitude, an insidious, creeping, treacherous problem that those who are victims cannot voice.

America has a dangerous problem of unemployment, and it is growing. The highly visible presence of theoretically disenfranchised minorities is only the manifestation of an economic fact: the United States has always had the highest unemployment rate in the Western world.

For those who would fondly retreat into the verbiage of worn-out ideologies, I would point out that the tired cliches of the Left—the dogma Karl Marx propounded on the kitchen table of his London apartment more than a century ago—have run their course. Apple-pie Americanism is a grotesque cotillion of the selfishly conservative right wing. From Marx to Keynes, the assumption has been that the intelligent and educated will always find their services of value in the human marketplace. This notion is reaching an ignominious end.

When we focus on the bare skeleton of any economic scheme of things, we must admit that compensation for useful labor is a classic form of legally recognized distribution of money to the populace. The system is breaking down because we have contrived a socio-economic system which denies the vast bulk of society the right to perform economically useful services.

Maybe it is time for us to redefine work . . . then get back to work.

THE SALT NEGOTIATIONS

Mr. CRANSTON. Mr. President, the SALT negotiations, scheduled to resume in Helsinki next month, represent renewed hope that a mutual reduction of nuclear arms may be in the offing. Humanity cannot function effectively with the tensions that have been so heavily thrust upon us in this—the nuclear age. It is vital that proper steps be taken to break the deadlock of previous discussions without endangering our own security at home and in the free world.

That is why I have joined in cosponsoring Senator HUMPHREY's proposed amendment—No. 244 to S. 939—to the military procurement authorization bill. This important legislation would place in escrow all funds currently assigned to the MIRV program—about $1.3 billion. If it is ever deemed necessary by both the President and the Congress that our Nation's security demands the testing and deployment of the MIRV's, the money would be readily available in a special account.

I have further cosponsored Senate Resolution 151 which would call upon the Governments of the United States and the Soviet Union to enter into a mutual freeze on both defensive and offensive nuclear weapons for the duration of the SALT negotiations. I feel that this, too, would greatly contribute to a successful meeting in Helsinki.

Mr. President, the time has never been riper for these negotiations. The time has also never been more appropriate. It is my firm belief that these two pieces of legislation will contribute greatly to the substantive success of these talks which is so vitally needed to preserve peace in the world.

UNITARIAN UNIVERSALIST RESOLUTIONS

Mr. GRAVEL. Mr. President, a little over a month ago the 10th General Assembly of the Unitarian Universalist Association was held here in the Nation's Capital.

At that time the assembly adopted a series of resolutions on some of the issues facing the Congress and the Nation.

I was privileged to meet with members of the general assembly at their United Nations dinner and was impressed by their sincerity and desire to work for a solution to our many problems.

Mr. President, I ask unanimous consent that the text of the general resolutions on public policy be printed at this point in the RECORD so that all of us may be aware of their concerns and ideas.

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

NATIONAL HEALTH PLAN

Convinced that a federally sponsored health insurance plan has become mandatory in view of the fact that the health care costs have continued to soar;

Be it resolved: The Tenth General Assembly of the Unitarian Universalist Association urges all member societies to support a National Health Act to be acted upon by the 92nd Congress of the United States, under which the federal government would provide the legislative and administrative machinery whose provisions would be identical throughout all fifty states of the Union, to make certain that hospitalization and medical services and materials be made available to all;

That specifically:

1. Adequate pre-natal, hospital and post-natal care be provided every mother and child.

2. Family planning, birth control, abortion services and information be made available to everyone wanting them free of charge without regard to age or marital status.

3. Pediatric care, inclusive of all immunization necessary, be made available to every child.

4. Mandatory physical examinations be made of every child before entering school.

5. Adequate health care for the physical, mental and social well being of the elderly be made available including provisions for custodial and terminal care.

6. All medical, psychiatric, psychological, dental, ophthalmic and other care and/or devices be provided to every person requiring them.

7. Medical research be provided for the purpose of extending the life span of men. (According to the 1970 Census, there are 74 men to every 100 women over the age of 65. We feel that medical research should investigate the reasons and possibilities of prevention of the early death of our male population.)

8. Out patient Family Health (medical and mental) Clinics be available in both rural and urban areas.

And that the Federal government, in collaboration with competent medical, sociological, and educational authorities, establish a greatly expanded program of medical education, so that an adequate number of people are prepared for the medical and paramedical professions to adequately take care of the future medical needs of all of our people;

And that this all inclusive health plan be financed by major Federal contribution but with participation by local government units, the private sector, and, where possible, by the individual consumer.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

AMNESTY AND REPATRIATION FOR WAR RESISTERS

Because: the Canadian Council of Churches' 1969 estimate of the number of United States military refugees and draft resisters was 60,000 with projections of 20,000 per year together with substantial numbers of similar expatriates in other countries; and

Because: most of these young men left the United States after a decision of conscience over the prospect of assisting in an illegal, immoral Vietnam War; and

Because: Unitarian Universalists respect such demonstrated allegiance to personal conscience and to the affirmation of life;

Be it resolved: The 1971 General Assembly of the Unitarian Universalist Association direct its continental offices in Boston to use its power of advocacy to bring about enactment of United States legislation which grants amnesty and repatriation to those men who are in prison or in self exile by reason of refusal to serve in the Vietnam War; and

Be it therefore resolved: That the 1971 General Assembly of the Unitarian Universalist Association affirms its support of the efforts of the Canadian Unitarian Council to raise funds from Unitarian Universalist societies and individuals to aid in ministering to the needs (physical and spiritual) of American expatriates.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

ENVIRONMENT

In view of the widespread and serious problem of pollution of our land, air and water;

In view of the rapid depletion of many of our non-renewable natural resources and the dangerous exploitation of our renewable resources; and

In view of the declining quality of life in our towns and cities, with ever increasing noise, crowding, and crime rates.

Be it resolved: The delegates at the General Assembly of the Unitarian Universalist Association, gathered in Washington, D.C.:

Urge all Unitarian Universalists individually and collectively to inform themselves about the hazards of overpopulation and pollution and to act in their personal and public lives to counteract those hazards in every way possible, and to influence others to act in the same manner;

Urge all Unitarian Universalist societies which have not already done so to establish and sustain environmental protection committees, including political action groups to influence public officials and others to act in environmentally responsible ways; and

Urge all Unitarian Universalists as individuals, as members of groups and as a continental denomination to press for legislation at all levels to diminish the level of pollution and to ameliorate the population problem in the hope that we may bequeath to the next generation a world ecologically stable and ethically sane.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

PEACE IN SOUTHEAST ASIA

Be it resolved: The Tenth General Assembly of the Unitarian Universalist Association urges the President of the United States:

1. To order the Joint Chiefs of Staff to issue a cease-fire to all American troops in Southeast Asia immediately; also, to announce and plan a complete and immediate withdrawal which in no way will be contingent upon the progress of peace negotiations.

2. To cease all aid by the State Department, and all other agencies of government which contribute to the military buildup of the countries of Southeast Asia.

3. To promote creation of an interim coalition government for South Vietnam which will include representatives of all factions of any appreciable size in the country.

4. In recognition of our basic responsibility for much of the destruction in Southeast Asia, to do two things:

a. Create an emergency relief agency charged with the responsibility for providing hospitals, medical care, food, sanitation facilities and housing.

b. Request an immediate appropriation in the amount of six billion dollars to the United Nations Development Program, earmarking it for the development of industrial and agricultural productivity, education, public utilities, public health and social services in the countries of Vietnam, Laos and Cambodia.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

PENAL REFORM

Recognizing that the rapid increase of violent crime accompanies a vast public ignorance and prejudice about its causes and methods of correction as seen by modern experts;

Noting that the majority of persons arrested are males between 10–30 years, suffering such social injustices as poverty, racism, poor education;

Further noting that public pressure for punishment has resulted in barbaric prison and jail systems productive of more crime;

Be it resolved: The General Assembly urges its members and member societies undertake programs to: (1) educate members and non-members on the failure and inhumanity of punishment and on existing local, State and Federal detention facilities and prisons; (2) stimulate reforms of the present systems of criminal law and justice, giving emphasis to all rehabilitative services; (3) reform practices of pre-trial justice, including Bail Bond programs or others where local efforts can have substantial effect.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

CIVIL LIBERTIES

Whereas, the Unitarian Universalist Association opposes any kind of surveillance of private citizens or government employees; and

Whereas, we feel that such surveillance leads to a potential for control and intimidation that is alien to our form of government and foreign to a society of free men and women; and

Whereas our society has progressively become more information-oriented, creating a potentiality for abuse and misuse of validly gathered information; and

Whereas, the U.S. Army Intelligence and others have had at least a few of our Unitarian Univeralist churches under surveillance;

Be it resolved: The Unitarian Universalist Association go on record as opposing any governmental abuse of surveillance whether by means of professional data gathering systems, census forms, federal questionnaires, interviews, Army investigations, wire tapping, or data banks; and

Be it further resolved: The General Assembly of the Unitarian Universalist Association urges:

1. The President to exercise the moral leadership of his office as recommended by the Scranton Report on campus unrest.

2. Support of Congressional hearings to consider the total impact of data collection programs on the preservation of individual rights.

3. Congress to uphold the constitutional protection of individual rights to privacy and the right of an individual to remain silent about himself and herself.

4. That the federal government inform the recipients of these questionnaires of their rights with regard to these forms, including the fact that the forms are voluntary, and the reason for the collection of the information.

5. Citizens should have the right to examine any governmental files concerning themselves. The President and the Congress are urged to issue appropriate executive orders and to pass legislation to effectuate this objective.

6. Urges our members to join and support the American Civil Liberties Union.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

CHILD CARE CENTERS

Recognizing that there is widespread need for child care centers, that millions of children in North America are receiving either substandard supervision or no supervision;

Aware that growing numbers of mothers take jobs because of economic necessity, desire for job training, and continuing education; that child care centers are needed for other reasons, such as illness in the family, special problems of handicapped children, or for other compelling causes;

Acknowledging that the needs of children, our best resources for the future, must receive immediate and special attention;

Be it therefore resolved: The 1971 General Assembly of the Unitarian Universalist Association

1. Urges that highest priority be given in the United States and Canada at all levels of government to funding and activating quality, professional child care centers with effective standards, licensing, inspection and enforcement.

2. Urges that funding be accomplished additionally through private grants and fees from parents where feasible.

3. Asks that member UU societies initiate study programs so that they can intelligently participate in the structuring of quality centers.

4. Asks that societies of this denomination consider use of their facilities for weekday child care centers.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

RIGHTS OF THE POOR

Believing that the rights of human beings include the rights to minimum income, adequate housing and legal services and dignity in old age; and

Believing that it is the responsibility of government to secure, protect and defend these rights, and to provide appropriate services to implement them;

Therefore be it resolved: The 1971 General Assembly of the Unitarian Universalist Association urges that the United States Government and the Government of Canada:

1. Provide family income through a program of income maintenance adequate to meet needs for food, clothing and housing; and

2. Commit whatever resources are necessary to provide a decent home for every American and Canadian family; and

3. Enact legislation to achieve equity in tenant-landlord relationships, protecting the rights of both tenants and landlords; and

4. Enlarge legal services for the poor and disenfranchised throughout the United States and Canada, with appropriate funding, without political harrassment, manipulation and intimidation.

Adopted by the Tenth General Assembly of the Unitarian Universalist Association, held in Washington, D.C., June 11, 1971.

THE SITUATION IN EAST PAKISTAN

Mr. McGOVERN. Mr. President, the present situation of bloodshed and repression in East Pakistan should concern us all. After the cyclone disaster of last year, this devastated land has been victimized by official violence. One need only read the report of the mission of the World Bank to be moved by the sufferings of the Bengalis. For example, in the town of Jessore, where 80,000 lived a few months ago, only 15,000 to 20,000 people remained; 20,000 have been killed and the rest of the population has fled into the countryside.

As we have learned in Southeast Asia, however, this Nation should maintain official neutrality during internal conflict and civil strife. But neutrality does not mean we must support the unjust policies of West Pakistan with further shipments of aid.

At this time, American aid to Pakistan, which goes to West Pakistan, is continuing. This month the Pakistani freighter *Padma* is carrying $2 million of American military equipment back to Karachi. This Nation cannot afford the luxury of subsidizing a government which holds power through the use of force to suppress the majority of its population.

In addition, as the World Bank mission reported earlier this month, the economic disruption in East Pakistan has been such that economic assistance to this region is bound to be ineffective. This Nation should follow the lead of the Bank and discontinue aid payments until the situation is stabilized. The damage wrought in East Pakistan by civil war cannot be healed by financial aid which will be diverted to the West.

However, two emergency situations in the area demand immediate attention. The present chaotic state of East Pakistan, where much of the population is in hiding in the countryside and where over 7 million people have fled the country, raises the very real possibility of famine. Crops have been left untended and the commercial life of the nation has been devastated. Communications and transportation are haphazard. The most appropriate American response would be shipments of medical supplies, grain and other foodstuffs to the Bengalis under the auspices of the Red Cross, or some other international organization, not a continuation of financial aid. This would guarantee that American assistance would only be granted to those suffering under the heel of Pakistani repression, and would hopefully avert at least one tragedy for the Bengalis.

The refugee situation in neighboring India also requires action by this country. The large-scale influx of refugees has sorely taxed the resources of India. We should extend support to India for her humanitarian efforts to assist the fleeting Bengalis. We must maintain our neutrality in an internal conflict of this sort, but neutrality can never bar assistance to the victims of repression and exploitation. Food and medical shipments and funds earmarked for refugee relief should be granted the Indians to deal with the grave situation they face.

Mr. President, I ask unanimous consent that the excerpts from the report of the World Bank mission, which were published in the New York Times of July 13, be printed in the RECORD.

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

EXCERPTS FROM WORLD BANK GROUP'S REPORT ON EAST PAKISTAN

MISSION'S REPORT

The situation is very far indeed from normal; nor are there any signs that normality is being approached or that matters are even moving in that direction. For this picture to be changed it appears that, as a minimum, two formidable constraints must be removed or overcome.

1

The general sense of fear and lack of confidence on the part of most of the population.

The immediate manifestations of this fear and absence of confidence are the persistent failure or refusal to report for duty, which is particularly prevalent among the lower grades of civil servants and workers but is far from absent at the higher levels, and the general hesitation of those who have returned to expose themselves either physically or in the realm of policies and ideas. Few are functioning properly. The effects are evi-

dent throughout the administration and the private sector, as well as in the (lack of) interaction between the two; and the result is recorded in the nonresumption of normal activity throughout the economy.

Furthermore, there are no signs that the situation will improve significantly or rapidly. Two dates—April 21 and June 15—were set by the Government for all workers to return to their jobs without prejudice. The second date has now passed, and still the calls and professions of "normalcy fast returning to complete normalcy" are going out. But people remain afraid and untrusting, and it is most unlikely that economic pressures can or will be generated which are sufficiently strong to overcome this reserve.

If the condition of fear in the countryside should come to exceed that in the cities or if there should be a general failure to solve the food problem, resulting in wide spread starvation, workers and people generally might be forced back into the cities and towns in large numbers. But neither of these solutions is in any way desirable.

2

The complete dislocation of the communications system.

Its major manifestation is almost complete absence of movement of people (except within towns) and of the exchange of goods between regions and sectors anywhere within the province. So long as it continues, this situation will exert a strong negative effect upon all efforts to revive the economy and to meet the basic needs of the population—including, in particular, their requirements.

Minimum conditions for normalization

In the present political circumstance, it is impossible to predict what might constitute a sufficient set of conditions for a normalization process to begin. There are, however, a number of necessary conditions.

First, it is most unlikely that any significant movement in the direction of normality will occur until there is a drastic reduction in the visibility—and, preferably, even the presence—of the military and a re-establishment of normal civilian administration in East Pakistan. Secondly, the food problem must be solved. For the present, this means programing the massive imports which will be required over the next 12 months—and re-establishing—by some combination of permanent and temporary measures—an adequate transport and distribution system. Thirdly, any remaining available resources must be directed first to rehabilitation and reconstruction and to breaking the most important and most persistent physical and organizational bottlenecks impeding efforts to get the economy going again.

One implication of this set of priorities is that the development effort will have to remain in a state of suspension for at least the next year or so. On the whole, this is certainly inevitable; however, there are some areas of extremely high priority where development programs should be resumed at their previous—or even higher—levels at the earliest opportunity. A list of such areas would include as a minimum: rice research, jute research (market) and promotion, seed production and improvement (rice and jute), food storage and distribution and rural infrastructure—including the rural works, irrigation and integrated rural development programs.

ECONOMIST'S REPORT

Jessore

Approaching Jessore, it became soon clear that this was the area where the army punitive action had been very severe: From the air, totally destroyed villages were clearly visible, a building was still on fire, and to the eastern side of the runway a good many houses had been destroyed. The airport was heavily guarded by armed forces, who also controlled access to the airport.

The authorities estimate that the population of Jessore itself is down from 80,000 to 15,000-20,000. Some 20,000 people were killed in Jessore. The city's center has been destroyed; commerce has come to a standstill. More than 50 per cent of the shops have been destroyed.

Damage to housing in Jessore district is so severe that the authorities estimate that some 450,000 people have been affected out of a total district population of 2.5 million. Half a million people have fled to India.

The Jessore area is by no means secure. Government officers cannot any more easily enter the villages as they run the risk of being shot by the "miscreants." A number of these incidents took place in the week before I arrived, and the army is reacting to these incidents by burning down the villages from which these shots are being fired. Generally, the army terrorizes the population, particularly aiming at the Hindus and suspected members of the Awami League.

Khulna

Khulna City has been substantially damaged. Very heavy destruction was observed in the areas alongside the road and along the river leading up to the newsprint factory and the Platinum Jubilee jute mill. As a result of the disturbances, the destruction of houses and the continuing uncertainty regarding life and property. The population of greater Khulna is down from 400,000 to 150,000.

The administration of Khulna district was back to 80 per cent of its original strength. There are serious police shortages, but the situation is improving. Some senior police officers have been recruited from West Pakistan. The road to Jessore and Kushtia is generally unsafe, particularly at night. Schools are open, but attendance is very poor. The Polytechnic institute, as well as colleges, however, have not yet started.

The main problem affecting Khulna is communications: The telephone system works but mail service is very irregular. There is only marginal truck traffic on the roads: Less than 5 per cent of normal. The army has requested many vehicles and launches, including Government vehicles, and many have been taken to India. Rail service is off by 50 per cent. There are very few buses on the road. Spare parts are a problem. Shortages of kerosene, edible oil and diesel oil exist in the villages.

The area surrounding the Platinum Jubilee jute mill has undergone very substantial damage. In fact, the destruction of houses and buildings reminds of Arnhem in 1944. Also, many workers' houses destroyed. The area is deserted now. Less than 7 per cent of the mill's permanent labor force had returned to the job.

The Khulna thermal power station was supposed to have been completed by mid-1971. However, there is now a six months' delay in commissioning the plant; the Czech consultants have left, as have the Czech erection supervisory staff. Forty-five per cent of the staff has not yet returned to the job.

Mungla

The city of Mungla, the town where the labor for Chalna Anchorage lived, have been virtually obliterated by naval shelling. The population, therefore, is down from 22,000 to 1,000. Damage was extensive: Houses, the market place, the telephone exchange, power distribution lines, etc. are all totally destroyed.

Phultala

Perhaps the most impressive visit I made was to Phultala. Fifty per cent of the population of this thana has fled (some 20,000 out of a total of 42,000), mostly Hindus, leaving behind unattended plots of land, houses, etc. Everything had been disrupted there: The livestock officer had been killed, the whole administration was in chaos, the people bewildered. It is doubtful whether any Government can effectively deal with these people in the near future. It is at the thana level where the shock waves of the army action hit the hardest. It was at this level where the hope for agricultural development was. It has been set back by at least five years.

Kushtia

It was only April (some 20 days after the army moved into Dacca), that the army moved north from Jenidah and into Kushtia. There must have been very strong resistance. When the insurgents withdrew the army punitive action started. It lasted 12 days and left Kushtia virtually deserted and destroyed. The population was down from 40,000 to 5,000. Ninety per cent of the houses, shops, banks and other buildings were totally destroyed. People were sitting around dazed. When we moved around, everyone fled. It was like the morning after a nuclear attack. The people were terrified and still shocked and dazed. I asked them to show me a shop where food was being sold: It was in the next ninety minutes impossible to find one.

VIETNAM VETERANS UNEMPLOYMENT STATISTICS

Mr. HUMPHREY. Mr. President, I continue to be very distressed about the high unemployment among veterans returning from service in the last few years. These men deserve every possible assistance in achieving employment opportunity.

But I am pleased to report that the U.S. Department of Labor has agreed to begin publishing each month the employment status of male veterans of the Vietnam era and male nonveterans for the overall age group 20 to 29. A further breakdown by age and by race will be issued on a quarterly average basis.

In May, I called to the attention of the Senate the failure of the Department of Labor to make regular reports on unemployment statistics of veterans of the Vietnam era, and by letter urged the Secretary to do so.

At that time I indicated that the absence of such figures from regular disclosures on unemployment clouded the picture of the job market.

With statistics now available, I believe it is much easier for the Senate to understand the acute problem of unemployment among veterans. We know exactly what the figures are and can address ourselves to the problem rather than dealing in vague terms.

I recently received a copy of the employment situation of Vietnam era veterans.

I ask unanimous consent that the report be printed in the RECORD along with a letter from Deputy Labor Commissioner Ben Burdetsky announcing the department's plan to make monthly figures of unemployed veterans available to the public.

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

U.S. DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D.C., July 21, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: In Commissioner Moore's letter of June 2 to you, he indicated that we were planning to issue a quarterly release on the employment situation of veterans. I am enclosing the first of these quarterly releases.

We have also decided to show monthly figures for the overall age group 20 to 29. The monthly data are included in this release.

Sincerely yours,

BEN BURDETSKY,
Deputy Commissioner.

EMPLOYMENT SITUATION OF VIETNAM ERA VETERANS, JUNE 1971

About 3.7 million Vietnam Era veterans 20 to 29 years old were in the civilian labor force in June 1971, according to the U.S. Department of Labor's Bureau of Labor Statistics. Some 3.4 million of these men held jobs, an increase of 390,000, or 13 percent, since June 1970. During the same period the number in the labor force increased by a half million. Unemployed veterans numbered 300,000 and their unemployment rate was 8.1 percent compared with 6.1 percent a year ago (table 1). (None of the data cited in this release is seasonally adjusted.)

Unlike earlier months this year, the unemployment rate for veterans in June was not significantly higher than the rate of 7.8 percent for nonveterans of the same age. The nonveteran rate rose in June as it did in earlier years, largely as a result of end-of-semester increases in jobseeking among students and recent graduates. The increased summer job activity, which mostly affects the nonveteran group, also raised the labor force participation rate of nonveterans closer to the rate of veterans.

Since the winter months of 1971, the unemployment rates for veterans and nonveterans have declined, but because the series are new, it is not yet possible to compute seasonal adjustment factors which would measure how much of each month's change is due to usual seasonal patterns.

QUARTERLY AVERAGES

About 1.9 million veterans 25 to 29 years old and 1.7 million 20 to 24 years old were in the civilian labor force in the second quarter 1971 (table 2). The change in employment over the year for older veterans was quite different from that of the younger men. The number of veterans 25 to 29 in the labor force increased by 400,000 over the year and the gain was largely in employment. In the younger group, on the other hand, almost all of the 100,000 increase in the labor force was in unemployment.

The jobless rate for younger veterans (20 to 24) has been considerably higher than the rate for veterans 25 to 29, reflecting the usual labor market problems of young adults. Inexperience and shopping around for suitable full- or part-time jobs are problems shared by all young persons. In the second quarter of 1971, the unemployment rate for Vietnam Era veterans 20 to 24 averaged 12.4 percent compared with 5.1 percent for the 25-to-29 year-old veterans. Among nonveterans, too, the average unemployment rate was higher for the younger men, but it was significantly lower than for veterans—9.5 percent in the age group 20 to 24, and 4.0 percent for the older age group. Accounting for some of the difference between the jobless rates of veterans and nonveterans is the fact that since the end of 1970, the newly separated GI's found themselves in a loose job market in which many nonveterans already had jobs.

Unemployment rates for veterans of Negro and other races have been higher than for white veterans. In the second quarter of 1971, the jobless rate for Negro veterans was 12.1 percent, compared with 8.1 percent for white veterans 20 to 29 years of age. It is not possible to estimate precisely the Negro-white differences by age because the unemployment data for them are based on very small sample numbers and are subject to large sampling errors. Nonetheless the differences for the younger group (20 to 24) have generally been greater than for men 25 to 29.

TABLE 1.—EMPLOYMENT STATUS OF MALE VIETNAM ERA VETERANS AND NONVETERANS 20 TO 29 YEARS OLD, JANUARY 1969 TO JUNE 1971

[Numbers in thousands]

Year and month	Civilian noninstitutional population	Civilian labor force					Not in labor force
					Unemployed		
		Number	Percent of population	Employed	Number	Percent of civilian labor force	
WAR VETERANS [1]							
1969:							
January	2,406	2,204	91.6	2,082	122	5.5	202
February	2,458	2,257	91.8	2,139	118	5.2	201
March	2,503	2,313	92.4	2,195	118	5.1	190
April	2,541	2,339	92.0	2,254	85	3.6	202
May	2,594	2,419	93.3	2,334	85	3.5	175
June	2,656	2,527	95.1	2,428	99	3.9	129
July	2,715	2,573	94.8	2,468	105	4.1	142
August	2,775	2,647	95.4	2,532	115	4.3	128
September	2,844	2,615	91.9	2,494	121	4.6	229
October	2,925	2,689	91.9	2,552	137	5.1	236
November	2,990	2,740	91.6	2,617	123	4.5	250
December	3,054	2,826	92.5	2,695	131	4.6	228
1970:							
January	3,113	2,886	92.7	2,710	176	6.1	227
February	3,174	2,926	92.2	2,698	228	7.8	248
March	3,234	2,997	92.7	2,803	194	6.5	237
April	3,302	3,066	92.9	2,868	198	6.5	236
May	3,352	3,111	92.8	2,915	196	6.3	241
June	3,409	3,204	94.0	3,009	195	6.1	205
July	3,458	3,291	95.2	3,055	236	7.2	167
August	3,523	3,295	93.5	3,090	205	6.2	228
September	3,584	3,322	92.7	3,124	198	6.0	262
October	3,633	3,312	91.2	3,104	208	6.3	321
November	3,702	3,401	91.9	3,110	291	8.6	301
December	3,752	3,437	91.6	3,130	307	8.9	315
1971:							
January	3,752	3,416	91.0	3,050	366	10.7	336
February	3,807	3,472	91.2	3,091	381	11.0	335
March	3,867	3,490	90.2	3,120	370	10.6	377
April	3,929	3,563	90.7	3,248	315	8.8	366
May	3,983	3,608	90.6	3,297	311	8.6	375
June	4,032	3,699	91.7	3,399	300	8.1	333

Year and month	Civilian noninstitutional population	Civilian labor force					Not in labor force
					Unemployed		
		Number	Percent of population	Employed	Number	Percent of civilian labor force	
NONVETERANS							
1969:							
January	8,414	7,075	84.1	6,789	286	4.0	1,339
February	8,449	7,171	84.9	6,861	310	4.3	1,278
March	8,470	7,171	84.7	6,909	262	3.7	1,299
April	8,508	7,270	85.4	7,035	235	3.2	1,238
May	8,520	7,255	85.2	7,039	216	3.0	1,265
June	8,541	7,766	90.9	7,441	325	4.2	775
July	8,515	7,838	92.0	7,548	290	3.7	677
August	8,539	7,834	91.7	7,599	235	3.0	705
September	8,541	7,472	87.5	7,199	273	3.7	1,069
October	8,551	7,366	86.1	7,127	239	3.2	1,185
November	8,588	7,335	85.4	7,099	236	3.2	1,253
December	8,628	7,301	84.6	7,041	260	3.6	1,327
1970:							
January	8,680	7,320	84.3	6,937	383	5.2	1,360
February	8,722	7,427	85.2	6,976	451	6.1	1,295
March	8,740	7,445	85.2	7,059	386	5.2	1,295
April	8,764	7,491	85.5	7,102	389	5.2	1,273
May	8,818	7,520	85.3	7,146	374	5.0	1,298
June	8,862	7,998	90.2	7,475	523	6.5	864
July	8,905	8,159	91.6	7,672	487	6.0	746
August	8,933	8,158	91.3	7,667	491	6.0	775
September	8,992	7,885	87.7	7,352	533	6.8	1,107
October	9,033	7,792	86.3	7,272	520	6.7	1,241
November	9,066	7,819	86.2	7,318	501	6.4	1,247
December	9,106	7,818	85.9	7,252	566	7.2	1,288
1971:							
January	9,179	7,846	85.5	7,160	686	8.7	1,333
February	9,209	7,821	84.9	7,139	682	8.7	1,388
March	9,240	7,864	85.1	7,264	600	7.6	1,376
April	9,280	7,905	85.2	7,383	522	6.6	1,375
May	9,317	7,944	85.3	7,420	524	6.6	1,373
June	9,405	8,430	89.6	7,770	660	7.8	975

[1] War veterans are defined by the dates of the service in the U.S. Armed Forces. War veterans 20 to 29 years old are all veterans of the Vietnam era (service at any time after Aug. 4, 1964), and they account for about 85 percent of the Vietnam era veterans of all ages. About 700,000 post-Korean-peacetime veterans 20 to 29 years old are not included in this table.

Note: Data are subject to sampling variablity which may be relatively large in cases where numbers are small. Therefore, differences between numbers or percents based on them may not be significant. Because of rounding, sums of individual items may not equal totals. Rates are based on unrounded numbers.

Source: U.S. Department of Labor, Bureau of Labor Statistics, and Veterans' Administration, Office of Controller July 1971.

TABLE 2.—EMPLOYMENT STATUS OF MALE VIETNAM ERA VETERANS AND NONVETERANS 20 TO 29 YEARS OLD, BY AGE AND RACE, 2D QUARTER AVERAGES, 1970 AND 1971

[Numbers in thousands]

Employment status	20 to 29 years		20 to 24 years		25 to 29 years	
	1971	1970	1971	1970	1971	1970
ALL MEN						
War veterans: [1]						
Civilian noninstitutional population	3,981	3,354	1,947	1,774	2,035	1,580
Labor force	3,623	3,127	1,711	1,615	1,912	1,512
Employed	3,314	2,931	1,499	1,481	1,815	1,450
Unemployed	309	196	212	134	97	62
Unemployment rate	8.5	6.3	12.4	8.3	5.1	4.1
Nonveterans:						
Civilian noninstitutional population	9,334	8,815	5,468	4,947	3,866	3,867
Labor force	8,093	7,670	4,439	3,982	3,654	3,688
Employed	7,524	7,241	4,016	3,688	3,508	3,553
Unemployed	569	429	423	294	146	135
Unemployment rate	7.0	5.6	9.5	7.4	4.0	3.7
WHITE						
War veterans [1]:						
Civilian noninstitutional population	3,596	3,061	1,737	1,610	1,859	1,451
Labor force	3,274	2,854	1,527	1,464	1,747	1,390
Employed	3,008	2,686	1,347	1,349	1,661	1,337
Unemployed	266	168	180	115	86	53
Unemployment rate	8.1	5.9	11.8	7.8	4.9	3.9
Nonveterans:						
Civilian noninstitutional population	8,072	7,580	4,739	4,247	3,333	3,333
Labor force	7,020	6,612	3,850	3,414	3,170	3,198
Employed	6,567	6,281	3,519	3,184	3,048	3,096
Unemployed	453	331	331	230	122	102
Unemployment rate	6.5	5.0	8.6	6.7	3.8	3.2
NEGRO AND OTHER RACES						
War veterans [1]:						
Civilian noninstitutional population	386	293	210	164	176	129
Labor force	350	273	184	151	165	122
Unemployed	308	245	153	131	154	113
Unemployed	42	28	31	19	11	9
Unemployment rate	12.1	10.3	17.0	12.8	6.7	7.1
Nonveterans:						
Civilian noninstitutional population	1,262	1,234	729	700	533	534
Labor force	1,073	1,058	589	568	484	490
Employed	958	961	497	504	460	457
Unemployed	115	97	92	64	24	33
Unemployment rate	10.7	9.2	15.6	11.3	4.9	6.8

[1] War veterans are defined by the dates of their service in the U.S. Armed Forces. War veterans 20 to 29 years old are all veterans of the Vietnam era (service at any time after Aug. 4, 1964), and they account for about 85 percent of the Vietnam era veterans of all ages. About 700,000 post-Korean-peacetime veterans 20 to 29 years old are not included in this table.

Note: Data are subject to sampling variability which may be relatively large in cases where numbers are small. Therefore, differences between numbers or percents based on them may not be significant. Because of rounding, sums of individual items may not equal totals. Rates are based on unrounded numbers.

Source: U.S. Department of Labor, Bureau of Labor Statistics, and Veterans Administration, Office of Controller July 1971.

FOREIGN TRADE

Mr. FANNIN. Mr. President, politicians can spend weeks, months, and even years debating issues such as our foreign trade situation.

Yet a skilled editorial writer can sum up the situation forcefully in relatively few words. The Phoenix Gazette, in an editorial on July 6, 1971, went to the heart of the issue in translating just what the danger of increased foreign competition means to our citizens.

I ask that this editorial be included in the RECORD at this point.

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

SOMEBODY'S GAINING ON UNCLE

Instead of discussing the nation's deteriorating position in world trade as a dollar matter, Washington probably should translate those figures into jobs lost to Americans.

The Commerce Department reported recently that imports from foreign countries exceeded exports by U.S. business by more than $200 million in April and May. A lot of people, including perhaps quite a few Phoenicians, are out of work because of those figures.

Uncle Sam is being played for a sucker in the international market. The European Economic Community is not only granting trade advantages to other nations, in open defiance of agreements with the U.S., but it is also refusing to import Japanese goods as promised. Japan isn't concerned, however, because it simply dumps its products on the American market—all the while keeping out most American products.

This trade arrangement has created a lot of prosperity around the world, at Americans' expense. Whole industries in this country have all but closed down because they can't compete at home or abroad; foreign companies have all the advantages, for all the lip service paid "free trade" by other countries and trading blocs.

The United States nevertheless has managed to enjoy a favorable trade balance—in terms of dollars, not jobs—because of two industries: aerospace and heavy machinery. Significantly, however, the recent trade deficits came in part because of falling exports in heavy machinery, being manufactured now by more and more overseas competitors.

Uncle Sam had better look over his shoulder; somebody is gaining on him and more of his nephews and nieces are going to be out of work if the foreign competitor wins the competition.

THE DOCTORED DOCUMENTARY

Mr. FANNIN. Mr. President, the common, initial reaction of a bureaucracy, or a politician, or an industry, or an individual firm, is to throw up a smokescreen when it comes under attack. We had had a lot of smoke drifting around Washington in recent months.

There has been some valid questions raised about practices of television networks in their reporting and their processing of documentary films.

Instead of replying to the criticism, the network officials have tried to throw up a smokescreen by charging that freedom of the press is under attack.

Mr. President, I think that freedom to question and to criticize the press is part and parcel of freedom of the press. A responsible press has a duty to listen to this criticism, and a responsibility to publicly correct the record when mistakes have been made. I would hope that men and women who claim the maturity to report on national and international affairs would have the maturity to admit to an occasional error in either judgment or fact.

In connection with the current controversy, I find the comments of Charles L. Gould, publisher of the San Francisco Examiner, especially interesting. I ask that this column by Mr. Gould be included in the RECORD:

There being no objection, the article 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 are 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.

PERMISSIVENESS

Mr. FANNIN. Mr. President, I am one who believes that permissiveness is a major cause of many of the ills in our world today. Young people are turning their backs on American institutions and traditions because we have failed to instill in them the necessary self-discipline and devotion to duty.

In an editorial July 14, 1971, the Casa Grande Dispatch related a story demonstrating the necessity for adults to provide a good model for their children. Youngsters raised amidst dishonesty and hyprocrisy are most likely to be dishonest and hypocritical.

I ask that this excellent editorial be included in the RECORD:

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

WHO IS WRONG?

Why does a good boy or good girl from a decent family go wrong?

It's an age-old question, and one well worth exploring in a day and age when youth is looking for leadership and direction.

Chances are some cases of so-called good kids going wrong could be attributed to any number of reasons, but we've come across a chronicled-type story formulated by Lolo Serrano, principal of Hayden High School, and feel it should be pondered for the inherent value.

When Johnny X was eight, he was permitted at a family council, presided over by Uncle George, on the surest means to shave points off the income tax return.

"It's OK son," his uncle said. "Everybody does it."

When he was nine, his mother took him to his first theater production. The box office man couldn't find any seats until his mother discovered an extra $2 in her purse, "It's OK son," she said. "Everybody does it."

When he was 12, he broke his glasses on the way to school. His Aunt Francine persuaded the insurance company that they had been stolen and they collected $27.

"It's OK son," she said, "Everybody does it."

When he was 15, he made right guard on the high school football team. His coach showed him how to block and at the same time grab the opposing end by the shirt so the official could not see it.

"It's OK kid," he said. "Everybody does it."

When he was 19, he was approached by an upperclassman who offered the test questions for $3.

"It's OK kid," he said. "Everybody does it."

Johnny was caught and sent home in disgrace. "How could you do this to your mother and me?" his father asked. "You never learned anything like this at home." His aunt and uncle were equally shocked.

If there's one thing that the adult world can't stand, it's a kid who cheats.

DEFENSE DEPARTMENT REPORT ON MAY RAILROAD STRIKE

Mr. WILLIAMS. Mr. President, in the past 15 months, Congress has been called upon by the President to enact emergency legislation to terminate a nationwide strike or lockout in the railroad industry three times. Understandably, this has generated concern among many people about the vitality of the laws on the books covering collective bargaining. One of the major problems in the recent past, as I have seen it, has been the nationwide scope of strikes and lockouts which have occurred in the railroad industry.

However, since July 16, 1971, a work stoppage has existed on two railroads—the Southern Railway System and the Union Pacific Railroad. This selective strike was undertaken pursuant to a decision earlier this year of the Circuit Court of Appeals for the District of Columbia in Delaware & Hudson Railroad Co. against United Transportation Union. It is the kind of selective strike which would be authorized by the bill I have introduced, along with Chairman STAGGERS of the House Committee on Interstate and Foreign Commerce. I hope that we will be witnessing the effective settlement of this labor dispute within the framework contemplated by the free collective bargaining process and without undergoing another national emergency. I trust that the joint efforts of the parties coupled with the administration's mediation efforts will resolve this dispute without the President calling upon Congress for action. I trust that the announced settlement of the dispute involving the Chicago Northwestern reflects well on the potential for eventual settlement throughout the country.

The last time Congress was called upon to enact an emergency measure for dealing with a railroad dispute, Congress included in the legislation my amendment calling for a report by the Secretaries of Defense, Labor, and Transportation on the impact of the 2- to 3-day nationwide rail shutdown. This was one of the few opportunities to obtain solid factual data on the nature of the emergency. Until then, Congress almost always had to rely on best guesses and statisticians' projections. Pursuant to my amendment, the Deputy Secretary of Defense, David Packard, has filed with Congress the Pentagon's report of "The Impact on the Department of Defense of the May 1971 Railroad Work Stoppage." This vital report is extremely useful reading. I shall quote only one relevant paragraph from the text of the report:

The overall-general impact on the Department of Defense of the recent two-day strike against the Nation's railroads by the Brotherhood of Railroad Signalmen is characterized as minimal. This conclusion is attributed to several factors including the short duration of the strike, the advance notice and the preparatory measures taken by defense shippers to minimize the impact. Post-strike evaluation substantiates a pre-strike evaluation with respect to the conclusion of minimum impact. While the finding of minimum impact in the recent strike does not assure a similar finding in future situations, it is reasonable to assume, based on past evaluation, that given adequate advance notice of two weeks or more the Department of Defense can effectively minimize the impact of a short duration strike on defense shipments.

I hope that this report from the Department of Defense will serve to pierce the veil of emotion that covers the country at the time of a railroad work stoppage. More importantly, it will provide Congress and the public with a sharper understanding of the precise impact such shutdowns have on the national defense.

This report is vital to congressional deliberations and understanding. I, therefore, ask unanimous consent that the report be printed, in the RECORD at this point.

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

REPORT TO CONGRESS CONCERNING THE IMPACT OF THE CURRENT RAIL STRIKE ON THE MOVEMENT OF GOODS VITAL TO THE NATIONAL DEFENSE

INTRODUCTION

This report is prepared in accordance with section 3 of Public Law 92–17 entitled "To Provide for an Extension of Section 10 of the Railway Labor Act with Respect to the Current Railway Labor-Management Dispute, and for other Purposes."

Section 3 of Public Law 92–17 requires that the Secretary of Defense submit to Congress not later than 31 July 1971 "as full and comprehensive a report as feasible on the impact of the current stoppage on movement of goods vital to the national defense; the extent to which rail traffic was diverted to other means of transportation and the status of plans to provide for the movement of defense articles in the event of a railroad work stoppage or lockout."

1. *Background*—The Brotherhood of Railroad Signalmen represents 13,000 employees who install, maintain, test and repair signal equipment and system that control railroad operations. On 1 October 1969, the Signalmen's union presented its proposed pay and benefits to the bargaining representatives for the rail carrier industry. An inability to achieve a settlement through subsequent conference under procedures outlined in the Railway Labor Act resulted in using the services of the National Mediation Board. The National Mediation Board was established as an independent agency in the Executive Branch of the Government to mediate disputes in the railroad and airline industry when agreement could not be reached between the disputing parties in conference. In pursuing its responsibility, the Board attempted to mediate the dispute and arrive at an amicable agreement.

The National Mediation Board formally ceased its mediation attempts on 28 January 1971. This closing of the books followed rejection by the Brotherhood of Railroad Signalmen of a proposal for final and binding arbitration. On 3 February 1971, Mr. Charles J. Chamberlain, President of the Union, ordered a strike against the rail carriers for 0600 hours, 5 March 1971. Chairman George S. Ives of the National Mediation Board thereupon summoned Mr. Chamberlain to Washington on 2 March 1971 in a final attempt to get the Brotherhood of Railroad Signalmen to voluntarily cancel the strike order.

Following unsuccessful attempts to secure a voluntary extension of the strike date, the President established Emergency Board No. 179 on 4 March 1971 to investigate the facts of the dispute and to make a report with recommendations within 30 days. On 29 March 1971, the parties gave the emergency board eleven additional days to arrive at a solution to the rail dispute. The addition of eleven days for report submission prohibited the Signalmen from striking until 14 May 1971. The emergency board's nonbinding recommendation was issued on 14 April 1971, and subsequently rejected by the Brotherhood of Railroad Signalmen. This action exhausted the dispute resolving procedures of the Railway Labor Act and left

both labor and management with freedom to resort to self-help.

The Brotherhood of Railroad Signalmen announced on 10 May 1971 that its membership would strike all of the nation's major railroads at 0600 hours, 17 May 1971. Numerous attempts by Federal officials to resolve the dispute or delay the strike were unsuccessful and on 17 May 1971 at 0600 hours, the Brotherhood of Railroad Signalmen struck the nation's railroads.

Congress, through the enactment of emergency legislation on 18 May 1971, which extended the provisions of Section 10 of the Railway Labor Act, decreed that the Brotherhood of Railroad Signalmen return to work until 1 October 1971.

2. *Policy and Procedure*—Policy and procedural guidelines for the handling of situations likely to result in an interruption to commercial rail freight service within the Continental United States are outlined in Appendix 1, Annex A to the Military Traffic Management and Terminal Service Transportation Strike Plan (MTMTS–TSP) (Annex 1). Labor-management situations likely to disrupt defense transportation are monitored by the Military Traffic Management and Terminal Service (MTMTS), Department of the Army. MTMTS is the Single Manager Operating Agency for Military traffic, land transportation, and common-user ocean terminals. Primary sources of information for monitoring labor-management situations include the public news media, labor-management publications, and normal contacts with labor-management, carrier associations, federal agencies, the military services and other defense components. Information acquired as a result of this monitoring is distributed to activities within the defense structure which plan, control or move defense traffic within the Continental United States. General or specific guidance accompanies the distribution of information gathered in the above manner. Copies of all information and guidance messages issued by Headquarters, MTMTS, concerning the May 1971 Signalmen strike are included in Annex 2 of this report. Each message and its content is also summarized in the appropriate portion of this report.

The MTMTS-TSP guidance serves to prevent or minimize any adverse impact on the movement of defense commodities occasioned by labor-management disputes, natural disasters or civil disturbances. Concerning labor-management disputes, the guidance specifies that it will be a policy of the Department of Defense to remain impartial, neither taking a position on the merits of a labor dispute nor undertaking the mediation of such a dispute.

In the execution of procedures outlined by the MTMTS–TSP, labor-management disputes have been divided into four distinct time periods (phases) for planned action. Phase I, or the Preparatory Period is that segment of time which begins when the possibility of disrupted service is first made known until 30 days before an impending shutdown. Phase II, the Alert Period, begins 30 days before shutdown and ends with actual service termination. Phase III, Emergency Period, begins with service disruption and ends upon the resumption of normal service. The final time period, identified as Phase IV, Restoration Period, begins from the resumption of service until frustrated or delayed cargo has been delivered. Because of the uncertainties surrounding transportation disruptions, it is often unlikely that all circumstances will conform to the time-phased periods outlined in the MTMTS–TSP. Defense activities occurring during the recent rail strike will be addressed to the Pre-Strike, Strike and Post-Strike portions of this report.

3. *Pre-Strike Activity*—Pre-strike activity of the Department of Defense in rail labor matters embraces Phases I and II of the MTMTS–TSP. In keeping with the general time frames outlined therein, a telegraphic message was dispatched 5 February 1971, advising that the Brotherhood of Railroad (ANNEX 3) that the Brotherhood of Railroad Signalmen had ordered its membership to strike the nation's railroads over wage and benefit issues at 0600 hours, 5 March 1971, following a rejection of arbitration and case closing by the National Mediation Board. No specific guidance requiring action by the addressees was included in this message as a prior message advising of a strike by four rail unions on 1 March 1971 had included these recommendations. The second message, Report No. 2, was dispatched on 5 March 1971 and advised that President Nixon had halted the threatened strike by appointing an emergency board to study the dispute thereby forestalling any strike action for 60 days.

On 7 May 1971, the Military Traffic Management and Terminal Service dispatched Report No. 3. This report provided general and specific recommendations concerning rail shipments not expected to arrive at destination prior to 15 May 1971. These recommendations included extensive use of the Military Traffic Expediting (MTX) Service (see ANNEX 4) for specific groups and types of commodities; the stockpiling of selected items; curtailment of arms, ammunition, and explosives shipments; and the use of modes other than rail for shipments which could not be delayed enroute. Other information included in Report No. 3 was of an administrative nature in the event a strike occurred. Report No. 4, issued 10 May 1971, advised of the Signalmen's threat to strike the rail carriers on 17 May 1971 and requested from addressees an evaluation of the impact a nationwide loss of rail service would have on essential defense programs. The final pre-strike advisory notice, Report No. 5 was issued by MTMTS on 14 May 1971. This notice reiterated the 17 May 1971 strike threat and provided specific instructions for the alleviation of any passenger problems caused by the pending rail strike.

Pre-strike advisory notices issued by MTMTS resulted in further implementing instructions being issued by the military shipper services and other preparatory measures being taken to minimize the strike. Rail carload shipments were expedited during the two-week period prior to the strike. During the shipment planning process, consignees were contacted to determine firm delivery requirements for shipments that normally would have moved by rail. Special consideration given to critical shipments resulted in the diversion of these shipments to other modes of transportation. Alternate motor routings were issued to shippers for critical shipments which could not be frustrated. The full impact of actions taken as a result of pre-strike planning is discussed in the impact section of this report.

4. *Strike Activity*—Round-the-clock rail strike monitoring operations were initiated by 0600 hours, 17 May 1971, when it appeared that the rail strike was imminent. Picketing by the Brotherhood Signalmen was confirmed at 0615 hours, 17 May 1971. MTMTS Report No. 6 issued 17 May 1971 advised that scheduled service was disrupted at 0600 hours following a cessation of negotiations at 0115 hours. Additional information was provided concerning the Interstate Commerce Commission's issuance of General Temporary Order No. 6 and the scheduling of Congressional hearings.

Primary emphasis for the duration of the strike was on locating shipments which had been enroute at the time of the strike and taking action to ensure that firearms, ammunition, explosives and other sensitive items were adequately protected from pilferage. ANNEX 5 provides a listing of enroute cargo placed in MTX service in accordance with pre-strike instructions. A detailed discussion of security measures taken to ensure the safety of shipments enroute during the strike is provided in the impact portion of this report.

Parcel post disruption emergency plans were partially implemented by defense shippers on 17 May 1971. Domestic parcel post packages were coded by geographic area to facilitate consolidation and movement by alternate methods. Because of the short duration of the postal embargo, complete implementation of and movement of this cargo via other means was not required.

5. *Post-Strike Activity*—Congress, by enacting Public Law 92–17 on 18 May 1971 directed that the Signalmen return to work until 1 October 1971. This information was passed to the military services by MTMTS Report No. 7 on 18 May 1971. Twenty-four hour strike monitoring operations ceased 19 May 1971 with the issuance of MTMTS Report No. 8 and the recommendation that routing via rail be returned to normal.

Activity following the strike consisted of assistance to shippers in expediting the delivery of frustrated cargo and the preparation of after-action reports which will serve to improve emergency procedures in future similar circumstances.

6. *Impact*—The overall-general impact on the Department of Defense of the recent two-day strike against the nation's railroads by the Brotherhood of Railroad Signalmen is characterized as minimal. This conclusion is attributed to several factors including the short duration of the strike, the advance notice and the preparatory measures taken by defense shippers to minimize the impact. Post-strike evaluation substantiates a pre-strike evaluation with respect to the conclusion of minimum impact. While the finding of minimum impact in the recent strike does not assure a similar finding in future situations, it is reasonable to assume, based on past evaluation, that given adequate advance notice of two weeks or more the Department of Defense can effectively minimize the impact of a short duration strike on defense shipments.

While a short duration strike of one week or less would impact the Defense Department very little, a prolonged strike lasting beyond seven to ten days would begin to seriously affect the Department as the strike duration increased. Primary impact would be evidenced by a shutting-down of TNT production plants. This impact would be compounded with shortages of aviation fuel, coal and fuel oil as a rail strike approached 30 to 45 days. Major projects and/or programs susceptible to disruption, delay and/or increased cost in a prolonged strike would include weapon and vehicle production and deployment; naval fleet support, defense housing, training, ecological undertakings and construction within the United States and overseas.

Although military traffic is included on the list of essential traffic to be accorded preference and priority by Executive Order and ICC General Emergency Transport Order, diversion of defense traffic normally moving by rail to other modes would be only marginally effective in a prolonged strike. (The Office of Emergency Preparedness in an "Action Plan in Response to a Nationwide Rail Work Stoppage," drafted on 14 November 1970, has estimated that the remaining modes could absorb only 10 percent of normal rail volume).

The specific impact of the two-day rail strike was the diversion of 11,152 tons of defense traffic to alternate modes of transportation at an additional cost of $91,508. Ninety-four military passengers scheduled for movement via rail were rerouted by bus and air. Withheld from the railroads, but tendered upon settlement of the strike were 2,978 tons of freight. In addition to the traffic identified in ANNEX 5 as being on the rails as of the strike date, it is estimated that approximately 300 carloads of other defense commodities were delayed to some extent by the strike.

Commodities included in this estimate consist primarily of vehicles, bulk liquids, coal and lumber. There were no reported instance of difficulties encountered by defense contractors. This also was attributed to the short-lived duration of the strike.

To provide security for shipments of explosives, firearms or ammunition frustrated by the railroad strike, predesignated security focal points within the Army and Navy were notified of the location of shipments which had been placed in MTX service. Specific action directed that security forces, in conjunction with local law enforcement officials, determine the exact location of cars and assess the vulnerability of cargo to theft. Where civil police were unable to provide security for the cargo, military security personnel were to be used. This action resulted in 15 military personnel expending 480 man-hours to secure shipments in the hands of the rail carriers. Temporary duty expense associated with security was $448.60. No incidents of theft or vandalism of weapons, ammunition, explosives or other sensitive items were reported.

7. An Evaluation of the Ability of the Department of Defense to Move its Traffic in the Event of a Widespread and Extended Railroad Strike.

a. Use of Military-owned transportation resources.

(1) The Department of Defense has plans for the use of military-owned highway and airlift resources when commercial carrier capability is not able to satisfy DOD movement requirements. These plans are:

(a) The MTMTS Military-Owned Vehicle Plan (MTMTS-MOVP), and

(b) The Military Airlift Command (MAC) Special Plan 177 (COLD CARRIER).

While neither of these plans has been used in the course of a nationwide rail strike, there is a small military capability for supplementing remaining commercial transportation service during a cessation of rail operations. It must be recognized that diversion of military-owned resources in support of these plans will curtail essential military training and operations for which the equipment is maintained and used. The military-owned motor transport vehicles available for service are distributed CONUS-wide (ANNEX 6). The military aircraft available for service are under the jurisdiction of the USAF (MAC).

(2) There are many limiting factors to be recognized in any projection of military-owned highway transport capability to provide a CONUS line-haul operation. The military-owned resources of all the military services, which include the operating, maintenance and administrative personnel, would have to be organized into a CONUS-wide integrated highway service to provide line-haul service for long-distance movements of critical freight on many varied routes. The geographical distribution of military transport resources may be at considerable variance with origins and destinations between which DOD essential traffic must be moved. This would result in much time and effort being required to reposition transport equipment with resultant loss of effectiveness in accomplishing the movement of critical shipments.

(3) If most or all of the DOD organic motor and air transport capability were used, this department could only move a small portion of its required cargo movements without the operation of the railroads. Approximately ten per cent of the required DOD cargo normally moving via rail service could be transported by the organic capability of this department for a short period of time if essential military training and operations were curtailed.

(4) Although there are measures that could be taken to minimize the loss of rail service they would not prevent a most serious impact upon the DOD and the national security. It is considered that the consequences of a shut-down of our national rail system would be of such a magnitude that it should be avoided if at all possible.

b. *DOD Operation of Railroad Systems.* There is no existing authority for Federal seizure and operation of the rail transportation system except in time of war. In the past, and during the last time in 1950–52, when the CONUS railroad systems were seized by the Federal Government under wartime authority, the Army served as an Executive Agency with a small managerial organization superimposed over the rail industry with existing corporate management and labor forces continuing to operate the railroads. The DOD does not have the capability within either the active or reserve military forces to physically man or operate trains or other facilities of the Nation's railroads.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. If there be no further morning business, morning business is concluded.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announcing that the House had passed a bill—H.R. 9844—to authorize certain construction at military installations, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution—House Concurrent Resolution 373—to extend greetings and commendations to the people of Pensacola, Fla., on the occasion of the 150th anniversary of the transfer of sovereignty of Florida from Spain to the United States, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill—H.R. 9844—to authorize certain construction at military installations, and for other purposes, was read twice by its title and referred to the Committee on Armed Services.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution—House Concurrent Resolution 373—to extend greetings and commendations to the people of Pensacola, Fla., on the occasion of the 150th anniversary of the transfer of sovereignty of Florida from Spain to the United States, was referred to the Committee on the Judiciary.

EMERGENCY LOAN GUARANTEE ACT

The PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to consider S. 2308, which the Chair now lays before the Senate.

The bill will be read by title.

The assistant 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. WEICKER obtained the floor.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield with the understanding that he not lose his right to the floor?

Mr. WEICKER. I yield with that understanding.

QUALIFYING AMENDMENTS UNDER RULE XXII

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that all amendments to the pending business which have been submitted at the desk prior to 3 p.m. on Monday next be considered as having been read for the purpose of qualifying under paragraph 2, rule XXII.

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

Mr. BYRD of West Virginia. Mr. President, would the able Senator from Connecticut yield for a brief quorum call, with the understanding that he not lose his right to the floor?

Mr. WEICKER. I yield under those circumstances.

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

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. TOWER. 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. The Senator from Connecticut is recognized.

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

The PRESIDENT pro tempore. The Senator from Connecticut has the floor.

Mr. TOWER. Will the Senator yield for the purpose of submitting a cloture motion?

Mr. WEICKER. I yield to the Senator from Texas.

Mr. TOWER. Mr. President, pursuant to rule XXII of the Standing Rules of the Senate, I submit a cloture motion.

The PRESIDENT pro tempore. The cloture motion having been submitted, the clerk is directed to read it to the Senate.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill (S. 2308) to authorize emergency loan guarantees to major business enterprises.

John Tower, Hugh Scott, Robert Dole, Wallace Bennett, Alan Cranston, Jacob Javits.

Richard Schweiker, Charles Percy, John Tunney, Marlow W. Cook, Charles Mathias.

Bill Brock, Gordon Allott, William Saxbe David Gambrell, Howard Baker.

Mr. WEICKER. Mr. President, might the clerk read again the names of those who have signed the petition? I believe, unless I misunderstood, that my name was read, and that certainly is not correct.

Mr. TOWER. The name is "Schweiker."

Mr. WEICKER. Was it Senator SCHWEIKER? I thank the Senator.

The PRESIDENT pro tempore. The Senator may proceed.

Mr. WEICKER. Mr. President, continuing with the debate——

Mr. TOWER. Mr. President, will the Senator yield to me briefly, without losing his right to the floor?

Mr. WEICKER. I yield.

Mr. TOWER. Mr. President, for the benefit of Senators, I serve notice that another cloture motion will be submitted tomorrow.

The PRESIDENT pro tempore. The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, in effect this is a commentary on what is being attempted through the guise of a piece of legislation: The closing off of debate, when in fact, we have had only 2 days of debate—today will be the third—and then we will go to the business of voting, on Monday, as to whether or not that is adequate time to debate the lending of $250 million by the taxpayers of the Nation to the Lockheed Corp.

Yesterday I tried to give a review of the history of that corporation, as to whether or not, on the basis of their past performance, they would be considered a good risk. For in fact this body is sitting now much as the loan committee of a bank sits. It is not our $250 million to dispense as we see fit without any criteria whatsoever. Each of us represents depositors in the bank. I represent the citizens of the State of Connecticut, who are among the depositors who may now see their money lost to the Lockheed Corp.; so I believe I have a right to inquire, on behalf of the people of my State, as to whether or not the proposed recipient of the proposed loan guarantee is a good risk.

What are the factors that enter into such a decision on the part of the loan committee of a bank? Certainly, in the case of a corporation, one would be its track record; and the track record of the Lockheed Corp., were it the track record of any other business in the United States, would automatically disqualify it for the loan, never mind taking up the time of the Senate of the United States and getting a loan to boot.

Yesterday we reviewed very briefly what that track record consists of. We touched upon the SRAM missile program and upon the Cheyenne program, and I should like to complete the last phase of the operation, wherein I quoted testimony by Secretary Packard on SRAM and on the Cheyenne helicopter. I should like to conclude with his testimony on the C–5A, testimony given before the House Banking and Currency Committee.

I quote Secretary Packard on the C–5A:

> Lockheed was awarded the C–5A contract October 1, 1965 after intensive competition with Douglas and Boeing, principally because its bid was some $390 million lower than that of The Boeing Company.
>
> Lockheed's contract was for engineering development, including five test aircraft, and the production of 53 operational aircraft. Furthermore, the contract contained an option for the production of up to 57 additional aircraft. In the event that option was exercised, the contract contained a complex formula for redetermining target price of the second lot based on the ratio of the first lot actual cost to its target cost.
>
> Because of the increased costs being incurred and projected to continue and also in light of budgetary constraints and reassessment of airlift requirements, the Air Force decided to procure only 23 of the 57 aircraft in the second lot, limiting its total procurement to 81 of the C–5A aircraft. Lockheed contended that by exercising a portion of the option for the second production lot, the Government became obligated to reprice the entire contract according to the formula, on the basis of the full second lot option of 57 aircraft; the Air Force did not agree. The issue was very complex and there were strongly held views on both sides.
>
> There were issues on both sides that had merit and substance. The total package procurement type of contract is unworkable for this type of a program. The specifications called for some unnecessary requirements. At the same time the company clearly had bid in, probably hoping the repricing formula would save them from substantial loss. There was ample evidence of poor management on the part of Lockheed. Faced with the need to obtain the C–5A aircraft, something had to be done.
>
> I was convinced that a program beset with charges and countercharges, bogged down in litigation quagmire, could not be brought to a successful conclusion technically and under better cost control without an understandable and a workable contractual arrangement.
>
> After thorough and careful consideration of all the factors, I recommended that we complete the program under a cost reimbursement contract with tight management control by the Air Force, and that Lockheed accept a $200 million loss on the total C–5A program.
>
> On June 7, 1971, the Air Force and Lockheed signed the restructured C–5A contract converting it to a cost reimbursement instrument.

Mr. President, I submit to the Senate that the track record, as evidenced by Lockheed in its mismanagement, in its inability to produce, and in its cost overruns, makes it ineligible to receive the confidence and the backing of the American people, as evidenced now by its request for this $250 million loan guarantee.

Let me reiterate that although some suggest that the Government's settlement of the disputed claims over the C–5A contract is too harsh, it would be a harsh oversight to forget that nearly a billion dollars of that overrun will never be seen again by the taxpayers who footed the bill.

The testimony of Mr. Packard raises, for still another time, the question of whether we, the Members of the Senate, are willing at this point in our Nation's history to concede the downfall of the free market system, which is exactly the proposal before us today. I say that because it is my belief that this debate must, in the end, boil down to that question. Either we are willing, as men and as representatives of the people of our States, to stand firm against this subtle kind of governmental encroachment, or we must be willing to return home in August and tell those who elected us that they must foot the bill for the inefficiency and waste of those whom they have never seen, because the Senate has condoned in law what this Nation's success has always decried in practice—inefficiency and managerial incompetence.

I understand the employment problem. Let us be candid on the floor of the Senate today: Were we not in a period of economic difficulty, there would be no question in the mind of any Senator that a measure such as this should pass—no question at all. Under any set of criteria, Lockheed does not qualify. It does not even qualify to its own bankers. But the question is, Are we willing to give up, at a time of employment difficulties, a basic part of the system that has made this country great, in order to achieve some temporary advantage?

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

Mr. WEICKER. For what purpose does the Senator from Alabama request that I yield?

Mr. SPARKMAN. For a question.

Mr. WEICKER. I yield to the Senator from Alabama for the purpose of asking a question, without losing my right to the floor.

Mr. SPARKMAN. As I understand it, if the Senator yields for a question, he does not lose his right to the floor.

I note with interest the statement the Senator has just made: Shall we, in time of economic distress, give up, as the Senator puts it, some of the private enterprise functioning that has made this country great?

Back in 1931, President Hoover recommended to Congress the institution of the Reconstruction Finance Corporation, which did much good along this line during that depressed time. Would the Senator feel that that was giving up private enterprise?

Mr. WEICKER. I am delighted to respond to the Senator from Alabama, because, again, in the case of the Reconstruction Finance Corporation, we were talking about generic legislation.

Mr. SPARKMAN. Talking about what?

Mr. WEICKER. Generic legislation, in the broad scope.

Mr. SPARKMAN. Yes.

Mr. WEICKER. I respond to the Senator from Alabama by saying that, regardless of how the bill is written, this is not generic legislation. If the Senator from Alabama would be willing, for instance, to remove the date October 1, 1971, from the bill—which in effect makes Lockheed an exception—then perhaps we might have that; but I do not think this is the same as the RFC.

Mr. SPARKMAN. I say to the Senator that I respect his views. Nevertheless, this is generic legislation, because it authorizes a general guarantee authority of as much as $2 billion.

All the way through our hearings—I believe I brought it out when the Senator testified before the committee—I favored generic legislation.

In the first part of this year, I introduced S. 580, which often has been referred to as an effort to establish a smaller RFC. I admit it is broader than this bill. Its authorization, that I proposed, is greater than this bill contains, but it was generic legislation.

The Senator has no way of knowing this—unless he has read the hearings—but in the committee I repeated time after time, as did the Senator from Texas and other members of the committee, that we would go along with either bill—the single shot for Lockheed or generic

legislation. Some of the Senators who today are arguing that we ought to make it just for Lockheed opposed it at that time. We had an executive session, and the committee, by a very large majority, voted in favor of generic legislation along the line that had been suggested by Dr. Arthur Burns and had been urged before our committee. So this is generic legislation.

Now let me go further. We have never tried to conceal the fact that under it, it was our hope, our desire, and our purpose that Lockheed might qualify. The Treasury Department gave notice to the committee that certainly that was its intention, and if this became law it would take up immediately the Lockheed proposition and consider whether it qualifies under the bill, and if so, that the guarantee would be made.

I want to stress that word "guarantee" because from time to time reference has been made to a loan. The Government is not loaning any money or advancing one single dime. The Government offers, under what we consider to be absolutely safe collateralization to guarantee, for a fee, just as in all Government guarantee programs, a loan which the banks will make.

I hope that we will keep that in mind.

Even though this is generic legislation, it is the hope that Lockheed will qualify and will be approved for the guarantee of a loan from the banks to Lockheed, with the banks transferring to the Government all of their, what we might call, prior rights.

I thank the Senator from Connecticut very much for yielding.

Mr. WEICKER. I would like to say this at the outset. I have enormous respect for the chairman of the committee, the Senator from Alabama (Mr. SPARKMAN). Certainly his experience in these matters is of enormous importance to the Nation at this time. He has seen other times like this, and he has dealt with things——

Mr. SPARKMAN. I have lived through them. I know the extent to which the Nation is indebted to President Herbert Hoover for having the foresight to come out with a program that did so much to rescue us from the deep depression we were in.

As I have stated before—although it is not particularly relevant here, it is something we might keep in mind—that program made it possible for the RFC to perform a remarkable record during the time we were at war. I do not know how we would have been able to do the job we did without some means of getting the materials and all of the things that were necessary to carry on the great, costly, and tremendously burdensome war that we did carry on, and won.

Mr. WEICKER. Mr. President, the point of difference I find myself in with the committee boils down to the fact that their legislation is presented to this body and to the people of the country as generic legislation, but, in fact, the specifications have been so drawn as to make it Lockheed legislation.

I have always enjoyed the sport of tennis. There is an old saying in the game, either go to the net or stay on the back line, but do not get in the middle of the court.

This legislation is not at the net or on the back line, it is in the middle of the court. It is being sold to us as generic legislation, but the specifications make it Lockheed legislation.

If Senators do not believe that this is true, then let me make an inquiry of my colleagues on the committee.

On page 10 of the bill, under the title "Congressional Review," it states:

The board—

This is an emergency board to pass on the loans given out of the $2 billion—

The Board shall not guarantee or make a commitment to guarantee any loan after October 1, 1971, unless—

Then it gives a series of criteria.

If Senators do not think this is Lockheed legislation, I would suggest to them that we remove the date, October 1, 1971, and we will find out fast that it is, because the object is to get Lockheed in, without ay provisions that will apply to future applicants for loans.

I would ask any member of the committee, Would the committee accept an amendment removing the date of October 1, 1971?

Mr. GAMBRELL. Mr. President, I cannot speak on behalf of the committee, but I can speak on behalf of myself. The provision the Senator refers to, it seems to me, would be eminently wise and reasonable. We have already tested out the Lockheed case in extensive hearings and on the Senate floor. It really would not make much sense to run Lockheed through an administrative or executive evaluation of the kind the bill calls for generically for others that have come up. In fact, Lockheed will have been through much more severe testing by the time we get through with this legislation than would be put to anyone else. So, actually, that provision the Senator refers to has nothing to do with giving Lockheed something that no one else would get.

Mr. WEICKER. It is true, is it not, I ask the Senator from Georgia, that this is generic legislation to him?

Mr. GAMBRELL. It is generic, yes.

Mr. WEICKER. It also must be true, since the board has not been set up, that there cannot be any evaluation procedure, since no board has been created; would that not be correct, inasmuch as we have not passed any law yet?

Mr. GAMBRELL. That is correct.

Mr. WEICKER. How can there be any evaluation under this "law of Lockheed"?

Mr. GAMBRELL. That obviously is true because of what Lockheed will have been put through, as this legislation has been considered by the Senate, the House, and the executive departments. The reason for that provision is that this is an emergency piece of legislation. It would not be on the Senate floor today, and it would not have been under intensive consideration by the committee for nearly 2 months, if it were not for the urgent, emergency situation.

In this country, we have a habit of waiting until a "Pearl Harbor" strikes and all of our battleships are at the bottom of the ocean, before we do anything. What this bill seeks to do is to head off the possibility of disaster and not wait until a major corporation has gotten caught in a tight credit squeeze, and in a chapter X bankruptcy, with many people out of work, so that we cannot get the defense material we need, and the Government is renegotiating the contracts and spendings millions of dollars more to get the same equipment.

What we are saying here is that, yes, Lockheed has raised a warning flag, that there is a possibility of such a situation arising not only locally but in other cases down the road; that a generic bill is being proposed that will recognize that we have a crisis at Lockheed; that we may have a crisis with other corporations; and that we should set up machinery to provide enough time so that Congress does not have to spend 2 months every time it is faced with an economic "Pearl Harbor." It seems to me eminently wise, the way the bill has been made. It is a generic bill, and the provision the Senator refers to has been put into it.

Mr. WEICKER. I think it is clear that one of the difficulties those of us who oppose this legislation have is that it flies under the flag of generic legislation but, in effect, is Lockheed legislation.

In the CONGRESSIONAL RECORD for July 22, 1971, on page 26778, Senator BENNETT is quoted as follows:

The Senator accuses proponents of this legislation of trying to disguise a Lockheed guarantee proposal behind the facade 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.

So there really is not any point at all as to congressional view as to Lockheed. However, as far as every other company is concerned, we believe that we will have congressional review.

I would like to know if we have any other applicants for loans at the present time.

Mr. GAMBRELL. Mr. President, does the Senator not think that the Lockheed request is under review at this time?

Would the mere enactment of the bill indicate congressional approval?

Mr. WEICKER. I do not have before me any recommendation of the board. This is what is required in the bill, if I am not mistaken, that the board, who are all seasoned financial men, go into the loan requests as the loan committee of a bank would do and make a recommendation which the Congress must follow, either up or down.

I have no such recommendation from the board. The actual provisions, I know, are fairly sound. They do not apply to Lockheed.

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

Mr. WEICKER. I yield.

Mr. PROXMIRE. Mr. President, the Senator from Georgia suggests that the action we take on the bill would indicate

that Congress is, in fact, at the same time acting on whether or not Lockheed should be entitled to a loan guarantee. I know of at least one Senator—and I am sure that there are others—who is for the generic bill and thinks that a generic bill is needed. I disagree with them very strongly. However, that is their view. They are not for Lockheed. They are voting for the bill. But they have told me they regret that Lockheed is in it.

It is my understanding that they will vote for an amendment that a Senator may well offer which would eliminate the October 1 date from the bill, and by doing so would require Lockheed to come before Congress if they wanted to insert a congressional veto in the law that provides that we could then have an up-and-down vote on Lockheed itself.

That would make the bill a generic bill. I think the logic of the Senator from Connecticut is unassailable. The Senator from Georgia has told us that what we are voting for in the bill is approval of the Lockheed loan. Would that make this a generic bill?

Mr. WEICKER. I think this is one thing that we see out of mythology with a moose head, a fish tail, and wings. It is neither here nor there.

Is not the Senator from Wisconsin of the opinion that the bill, when it says, "The Board shall not guarantee or make a commitment to guarantee any loan after October 1, 1971" indicates that a lot of other loans could be thrown in here in a hurry without the possibility of congressional review. Does the Senator think there is a possibility that the Boeing Corp. might get a guarantee to restarting the SST?

Mr. PROXMIRE. I think the Senator from Connecticut has raised a point that no one else has had the foresight to see. I think this is a legitimate question. If the Board wanted to they could guarantee $2 billion in loans before October 1, and we would be surrendering to the Board, the authority to take $2 billion of the taxpayers' money. They could act without any congressional review.

Mr. WEICKER. Mr. President, I thank the Senator from Wisconsin. That, of course, does raise the whole issue of congressional review. It also raises an issue that is plaguing the Senate and the House of Representatives in our role of a Congress that is to act as a representative of the people in making a determination so important to the progress of the Nation as to whether those determinations will be made for us.

This amounts to $250 million. Let us go one step further. Up until October 1, 1971, there is a $2 billion pot over which the Senate has no control whatsoever. Up until October 1 of this year, there is a $2 billion pot to be doled out by a three-man Board without any supervision, without any review by the U.S. Senate or the House of Representatives or any part of the legislative body.

Is this not what has caused us to get into some other problems, not only in the financial area, but also in the area of foreign affairs, and in certain of the domestic policies that have not succeeded.

Over the last decade in the United States, we have been witness to an overwhelming erosion of legislative power. There are those who might suggest that such erosions are a response to the necessities of modern government. I would not support that kind of reasoning.

I come from a small State which has an essence—and has always had—enormous citizen participation with representative town meetings. They still exist in Connecticut. Many times there are those who speak to me and say, "Would it not be easier to eliminate the representative town meetings and go to a two- or three-man council rather than to have several hundred people sitting and determining these things?"

I can show how interest has faded and municipalities have faded under such procedures. Believe me, in this country the more camels' noses that are under the tent, the more responsive government will be

We talk of the erosion of power. This is one act of Congress that would hand over the responsibility delegated to it by the people to a board of three people.

The Senator earlier raised the point that this is a $250 million loan. This is not a $250 million loan. This is $250 million from the taxpayers. I would hope that we would run the Government like we would run our own affairs. It is said that we are only talking about a $250 million loan that the Government would set aside in the eventuality that it would have to be paid. If we do this, we are setting aside to ourselves a responsibility that no one individual or corporation could do. This is $250 million of taxpayers' money. It is committed and gone. Hopefully, it will not have to be paid out.

We make the assumption, as any good fiscal management would, that it will have to go. That is what will be voting on.

When Congress loses this power, it loses the power of the Government which rules by the consent of the people.

It is no trifling matter. If we do this, we do not know what else might happen.

The Senator from Wisconsin has been portrayed as trying single-handedly to bring about the downfall of the Lockheed Corp. That is just rubbish. Lockheed is not any more important than the basic principles which made this Government great. I join with the Senator from Wisconsin to that extent.

That is what the Senator from Wisconsin is talking about. It is not an attempt to bring a corporation to its knees. Such comments are better directed to the managers of corporations, to the ones who are engaged in the SRAM fiasco, the Cheyenne fiasco, and the C–5A fiasco.

Now is not the time to raise that suggestion to those who are the guardians of the public money. It should have been raised to those who were the guardians of Lockheed, to those who were selected by Lockheed, and not to those who were selected by the people of Wisconsin or the people of Connecticut because the people of our States are more interested in these broad aspects that we seek to protect on the floor of the Senate.

One of the most grievous flaws in the Emergency Loan Guarantee Act is that it provides for the application of the greatest remaining power which Congress possesses—the power of the purse. This bill is, as the very able Senator from Ohio—who is unable to be with us today—said: a financial Gulf of Tonkin resolution. That is a good description by the Senator from Ohio.

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

Mr. WEICKER. I yield for a question.

Mr. TOWER. I ask that the Senator yield to me just for a brief comment on his reference to the SRAM, and I ask unanimous consent that he not lose his right to the floor.

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

Mr. TOWER. The United Press International, on July 22, stated:

> The Air Force today said it had finally successfully completed tests of a new air-to-ground missile, which was one of several programs that brought the Lockheed Aircraft Corp. near bankruptcy.
>
> The short-range attack missile (SRAM) is a 14-foot-long, supersonic, nuclear-tipped missile to be attached to bombers, allowing them to attack targets a few hundred miles distant before the planes get within range of Soviet anti-aircraft missiles such as those now ranged along the Egyptian side of the Suez Canal.
>
> The missile was built by Boeing Corp. of Seattle, Wash., but the rocket propulsion system was subcontracted to the Lockheed Propulsion Co. of Redlands, Calif., which had considerable problems making the solid-fuel engine work.
>
> The cost of each missile has grown from a 1965 estimate of $335,000 to $686,000 now. Although part of this cost overrun was due to Lockheed's development problems with the rocket, part was also due to inflation and to changes which the Air Force decided to make in the missile.
>
> Lockheed filed a claim for $54 million from the Air Force for its problems with the SRAM. Lockheed later settled for $20 million.
>
> The SRAM was one of four military programs that forced the Nation's largest defense contractor last year to bring it, hat in hand, to the Government asking for more than half a billion dollars to cover cost overruns on the SRAM, Cheyenne helicopter, several shipbuilding contracts, and the giant C–5A cargo plane.
>
> The Air Force said the SRAM has finally developed as a greater range, is more difficult for enemy radar to detect and is more accurate than the original plans called for.

I thank the Senator.

Mr. WEICKER. Mr. President, and it is much more expensive.

Mr. TOWER. Mr. President, you have to pay for quality.

Mr. WEICKER. There is no question in the mind of the Senator from Connecticut that the L–1011 will fly, but there are two important differences here: First, the L–1011 is a commercial project, not a military project. The reason why I bring in the testimony as to SRAM, Cheyenne, and C–5A is only to give the track record of the Lockheed Corp. That is its track record in the defense area.

Mr. TOWER. Will the Senator yield for a question?

Mr. WEICKER. I yield to the Senator from Texas for a question without losing my right to the floor.

Mr. TOWER. Does the Senator say that everything Lockheed has developed has not been up to speed? How did Lockheed get to be the Nation's largest de-

fense contractor if it did not produce some good systems?

Mr. WEICKER. Well, I do not doubt that there are products produced by the Lockheed Corp. that certainly are superb products, but the fact remains that in its major endeavors over the past 10 years there has been one disaster after another, and I think the record speaks very clearly on that fact.

The Lockheed Corp. now goes into the commercial end with the attempted production of the L–1011. Their last commercial venture was a plane known as the Electra, and that was neither a financial success nor an immediate flying success at the time that it came out.

I think the difference is very clear, No. 1, that if the taxpayers of the United States want to have an L–1011 that flies and is the best plane in the air, believe you me, Mr. President, they can have it. They can put up the money for it. But then I think it is probably also true that if North American Rockwell, Boeing, and Fairchild-Hiller were given a blank check, they could also produce a plane just as good.

There is no question in my mind that the capability exists from a technical point of view, so far as Lockheed is concerned. Certainly what does not exist is their managerial capability, but certainly their technical capability is there; the skills of the workers on the assembly lines are there. There is no dispute on that at all. Quite frankly, none of us would even have to be making these remarks and subjecting Lockheed to this kind of scrutiny if it were not for the fact that Lockheed now comes before the American people and asks for money to finance it. At that stage, their life and their ability become an open book.

Mr. GAMBRELL. Mr. President, will the Senator yield for a question?

Mr. WEICKER. I yield to the Senator from Georgia for a question, without giving up my right to the floor.

Mr. GAMBRELL. The Senator has raised the question as to why the American taxpayer, or let us say more specifically the American airline passenger who pays for and finances commercial airplanes ultimately, does not pay for the L–1011 if he wants it. Of course, that makes a nice rhetorical observation, but in actuality the airline passengers' wishes in this regard are expressed through the airlines; in other words, the airlines speak for the passengers in reference to what planes are wanted and what planes are not wanted.

The airlines in this particular case have spoken in a substantial way for the L–1011 by ordering some 100 or more of the L–1011 planes, and they are supported in this by the FAA and the CAB who have been testing and looking at the L–1011, and have declared it essentially to be a valuable addition to our commercial airplane inventory.

Typically, just as the Senator has indicated, the productive capacity of any concern is basically supported by orders that it gets for its products, and in this case if we had a financially strong airline industry, they could probably finance the production of the L–1011 without any Government support. In other words, if the airlines which want the L–1011 were financially strong today in this country, they could put up enough deposits and they could order enough planes for the bank to be willing to go ahead and finance it.

Is it not essentially a fact of life in this business that if the airlines were financially strong enough to do it, they could finance the L–1011 plane; but in fact because of the same economic conditions that have caused Lockheed to be in difficulty and caused a lot of other people to be in difficulty, the airlines are not able to put enough deposit or to place enough orders to sustain this plan by themselves; so they, along with the banks that finance these planes, and Lockheed, and the subcontractors, and the employees, and everybody else, have asked the bank of last resort, as the expression has been, the U.S. Government, not to put up money, not to make a loan, but simply to give an endorsement to this program and to say, in effect, "Yes, the U.S. Government feels that the L–1011 airplane is a valuable addition to the commercial aircraft industry and inventory, and because the airlines are not able to finance it themselves, we will grant the guarantee of this loan in order to see the program through, rather than to let it go down the drain."

Of course, the Government has another way of accomplishing the same result, namely, that air fares could be increased, and that airlines could be injected with new resources to enable them to order these planes. But that is not the approach that is being taken.

Would the Senator comment on the fact that the airlines might finance this proposal if they were financially healthy at this time?

Mr. WEICKER. I would be glad to discuss the Senator from Georgia's comments relative to the airlines. The key to his comment is his first statement that the airlines speak for the passengers. Unfortunately, this was not the case, and it is the very reason why the airlines right now have on their hands a great deal of equipment that they are flying at only one-third capacity. They do not speak for the passengers. Quite frankly, there is no question in my mind that the 747 is a great plane; there is no question in my mind that it has a great engine, manufactured in the State of Connecticut; and there is also no doubt in my mind that the airlines in this case got together with the Boeing Co. to produce an airplane that was not timely in its arrival on the scene.

It is one of the reasons why the airlines are in the hole in which they are today. In fact, the country was not ready for the capacity of the 747.

Quite frankly, I do not think the passengers speak for the airlines today. I think the airlines and Boeing in this particular instance got together to contrive this product, which was too far ahead of its time, and which, anyone will admit, has contributed to the weak financial picture of the airlines today.

I might add that that picture is not going to be improved by the L–1011, which is now a competitor of the 747 as a transcontinental airplane and is increasing the capacity.

The Senator from Georgia touches upon the overall problem of the airline industry, which is, in large measure, not due only to the injudiciousness of the decisions by the airlines and airframe manufacturers, but, let us be frank about it, is due also to a rather outdated point of view or misguided point of view on the part of the regulatory agencies. In other words, Government has had a part in bringing about their financial plight, just as the airlines contributed to their own financial plight with overscheduling. It is the mixing of all these facts that has put them in poor financial shape.

I suggest to the Senator from Georgia that I do not think the passengers are demanding another airbus. There are already two, the first one not flying at capacity, the 747, the other on stream in McDonnell Douglas, the DC–10, and now this would add a third.

Some way will have to be found for them to try to hold this down. As in the case of someone like me who has a weight problem, I think the airlines have to push themselves away from the table until the capacity is there. It is not there. This is one reason why the taxpayers are being asked to put up the $250 million.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. WEICKER. I yield.

Mr. PROXMIRE. The evidence is overwhelming that what the Senator has just said is correct. It is not true that TWA canceled a substantial part of its DC–10 order?

Mr. WEICKER. That is correct.

Mr. PROXMIRE. Is it not true that TWA and United both testified that they would have to mothball some of their big 747's this winter?

Mr. WEICKER. That is correct.

Mr. PROXMIRE. There is a colossal amount of money tied up in that investment. The only way that the plane can pay for itself is to fly many, many hours a day.

When TWA canceled orders for DC–10's this means a loss of their downpayment, it indicates a very bad financial situation indeed for the airlines. Now for Congress, by this guarantee, to push a new aircraft into that bleak situation is certainly not making a contribution to the soundness of either enterprise.

Mr. WEICKER. I commend the Senator from Wisconsin for his comments. He is absolutely right. Mind you this, Mr. President: I would have no objection at all to the Lockheed Corp.'s building another airbus, even understanding the tremendous overcapacity of the industry. It is a free country. They can go ahead and do whatever they want to do.

But now the Senator from Wisconsin and I and the Senator from Georgia are on the loan committee of the bank, so to speak, so we have to take a look at the situation of the United States as we invest the money of our depositors, the taxpayers. All of a sudden, when we take a look at the overcapacity of the 747, and see the new L–1011, which is going to be in competition with the DC–10, immediately we say, "Is this a good investment of our depositors' money?" That is the question involved. It is no longer Lockheed's decision in the free market sys-

tem; it is a decision of the Government to make as to whether we should guarantee a loan for that reason.

Mr. PROXMIRE. Everything the Senator has said so far is completely correct, except that, in addition to all that, we are now establishing a precedent that the Federal Government will bail out a corporation that is in difficulty and will enable that corporation to get into this production even if a market is not there. That is how unsound it is.

Mr. WEICKER. I agree with the Senator from Wisconsin.

So does not this really come down to the fact that, on an investment basis, nobody would even be asking the taxpayers to do this if it were not for the economic times? It really is a jobs situation. The question is whether we had better handle that by other legislation and other authorization.

Mr. PROXMIRE. That is what I want to bring into the RECORD later, showing the effect already on the DC–10 and showing that McDonnell Douglas has already released with respect to its employment figures if the L–1011 comes on the scene.

Mr. WEICKER. Just one question of the Senator from Wisconsin: If we had a rate of 3.5 percent unemployment nationally, does the Senator think that the bill before us would ever come up before the Senate?

Mr. PROXMIRE. I think that is an excellent point. As a matter of fact, that is the only justification, and it is on that point that I think we have to make a record, and I think we can. I think we can show that if we go ahead with the L–1011, it will reduce, not increase, employment because of the foreign labor content of the L–1011—40 percent.

Mr. GAMBRELL. Mr. President, will the Senator yield for a further question?

Mr. WEICKER. I yield for a question.

Mr. GAMBRELL. I think what the Senator from Connecticut said in reference to Boeing and the airlines getting together and doing something improvident——

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

Mr. GAMBRELL. I yield.

Mr. WEICKER. I did not say "improper." That is the Senator's word, not the word of the Senator from Connecticut.

Mr. GAMBRELL. I was not undertaking to quote the Senator. I used the word "improvident," not "improper."

Mr. WEICKER. Improvident. The Senator is correct. I misunderstood.

Mr. GAMBRELL. That being, in his opinion, improvident; but I think it was the effect, one might say, of unbridled free enterprise in a very complex market, the competition between Boeing and others, to produce a long-range, large passenger-carrying aircraft. The evidence is certainly not before us that the 747 and the L–1011 and the DC–10 are not needed. All we know is that the country in the past year or year and a half has suffered a decline throughout its economy which is reflected in air traffic and commercial air transport business.

I invite the attention of the Senator to the testimony of Secretary Volpe just this week before the House Banking and Currency Committee. That testimony, I think, supports, or tends to support, more the view that I have about the situation.

Generally speaking, it has been my observation that we have underestimated rather than overestimated the demand for facilities for air travel—airports, air traffic terminals, air traffic controls, airplanes, the whole business in the whole field of transport as a whole. We have consistently underestimated the demand.

Secretary Volpe said:

> There have been many questions raised, Mr. Chairman, over the projected market for wide-body jets, especially in light of the airlines' existing excess capacity—

to which the Senator has referred.

> There is no doubt that we are suffering through a very difficult period with our aircraft manufacturers. What is generally applicable to all of them is most graphically illustrated by Lockheed. During this period of Lockheed's urgent need for investment capital, aircraft sales have slackened, airline traffic has declined, and Lockheed's avenue to additional sources of capital—earnings—has not materialized and its military markets have softened somewhat. We must not be overwhelmed by this series of setbacks. The L–1011 program was launched in response to a market that has not disappeared. I am aware that it is not possible to precisely forecast the market for wide-body jets over the next ten years. However, a recent FAA aircraft demand forecast indicates that the demand for three-engine wide-body jets by U.S. air carriers over the next ten years is about 760 aircraft. We are also confident that the lack of growth in today's traffic is a temporary plateau related directly to present economic conditions.

I might say that in my own experience in traveling by air, I have not ridden on many empty aircraft. I have ridden, in the last couple of weeks, on planes on which they were oversold. I have waited for over an hour to get my baggage at the Atlanta air terminal. I waited for almost an hour even to drive out of the parking lot after getting my car.

I think the Senator will recognize that our experience in this country has been that when the economy of the country revives, if we do not permit it to suffer tremendous shock waves, if and when it revives—and we expect it to revive in fairly short order—air traffic demands will increase, and we will be asked, "Where are the planes that we want?"

And someone will have to say, "Well, Congress let part of them go down the drain when they were already built and ready to fly."

This is what concerns me. The entire testimony on this subject is that the L–1011 is needed, and we have it. It is not on the drawing board, it is not halfway built, it is not untested; it is an actual airplane in existence, and we are about to say that because nobody can get up enough money to go on with it at the moment, we are going to let it and all the people associated with it go on down the drain.

That frightens me, because in terms of precedents, if we are worried about precedents, if we are to tell the people of this country, the commercial airplane workers, the subcontractors, the employees, and the suppliers that the U.S. Government is going to be frightened by a lot of political clamor and a lot of talk about bailing out big corporations and small companies, as I say, it frightens me, because if this is a bailout for anything, it is a bailout for 30,000 to 60,000 people who have been conscientiously working on this program for 5, 6, or 8 years.

I think they are entitled to know that the U.S. Government is not going to turn tail and run, and say, "We are not going to give you any encouragement."

This, to me, is like saying, if the Titanic were sinking out there with 2,000 or 3,000 passengers, that because we cannot go out and save every sailboat that is sinking, we should not send the Coast Guard out to save the Titanic because the captain of the ship happened to run it on an iceberg.

We are not talking about bailing out the Titanic itself; we are talking about bailing out the people on board the Titanic, because they had faith in the U.S. Government and the other people who are associated with shipping that if it did run onto an iceberg, the Government would not turn its back and let it go down the drain.

This is not simply a weeding out of the market of inefficient producers; this is letting everybody associated with an 8-year program go down the drain.

Mr. President, I do not want that on me. I do not want someone to turn to me, a few years from now, and ask, "Where is our capacity to produce aircraft in this country?" I do not want to have to say, "Well, we let it go down the drain a few years ago, because Congress felt it could not afford to underwrite an inefficient producer."

Mr. President, we need this capacity in this country. If we leave ourselves without it, if we let these people be liquidated, and a lot of them go unemployed and others be sent to other companies, we are just creating more large corporations, it looks like to me, by liquidating Lockheed.

So I suggest to the Senator from Connecticut that if we are to be frightened by an immediate, temporary economic setback, if we are going to the people of this country and saying, "We are not going to have big air passenger demands over the next 10 years," we are not using the lessons of history as to what has happened in this country over the last 30 years.

Mr. WEICKER. Mr. President, in reply to the question of the Senator from Georgia, I would just request of him the statement which he quoted, which was made by whom?

Mr. GAMBRELL. Secretary Volpe of the Department of Transportation.

Mr. WEICKER. And he quotes a figure of 775 of this type plane?

Mr. GAMBRELL. He estimated that.

Mr. WEICKER. He estimated that that is the market.

Mr. GAMBRELL. Or 760.

Mr. WEICKER. I think he is probably fairly correct. That is the estimate today, or within recent times, by Secretary Volpe.

I have before me a copy of a magazine called "Lockheed Horizons," dated Jan-

uary 1970, wherein the estimate of the Lockheed Corp. as to the market for this type of plane is stated as 1,400.

This is the type of overoptimism which has put Lockheed in the position where it is today. This is big disparity. It is about twice the estimated market—760 against Lockheed's 1,400.

A year later, the chairman of Lockheed himself admitted that they had been overoptimistic. But why, in heaven's name, should the American people have to pay for the overoptimism? That is all I would ask. The Senator says we are, or should be, concerned about persons losing their jobs, and I agree with the Senator from Georgia. But please understand this: Under this contract, with the engine manufacture going to Rolls-Royce in Great Britain, day by day, as announced yesterday, the employees of General Electric, in their engine plants, are being laid off. The employees of United Aircraft, in their Pratt and Whitney Division, are being laid off.

As I stated yesterday, it is a little bit much to ask the fellow being laid off to take his taxes and give them to the British Government so they can build the Rolls-Royce engine.

This is the type of concern we should be showing.

I make no bones about the fact that the Lockheed Corp. is under the free enterprise system, which, as a part of it, rewards with success managerial efficiency and good products. There is no point in hiding that under the rug here today. But the other part of that free enterprise system condemns you to failure if you are managerially inefficient or have bad products.

Those are the two sides of the free enterprise system. Unless the two go hand in hand, if we try to eliminate the failure aspect of it, we are asking for nationalization of American industry, and I am not about to let that happen through what we do on the Senate floor.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Leonard, one of his secretaries.

REPORT ON FINANCIAL ASSISTANCE TO RURAL AREAS—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. McGOVERN) laid before the Senate the following message from the President of the United States, which, with the accompanying report was referred to the Committee on Agriculture and Forestry:

To the Congress of the United States:

I am transmitting today the first annual report on financial assistance to rural areas, as called for by Title 9 of the Agricultural Act of 1970.

The revitalization of rural America is one of the important objectives of my administration. For I am convinced that the growth which this Nation will inevitably experience in the coming decades will be *healthy* growth only if it is *balanced* growth—and this means growth which is distributed among both urban and rural areas. The recent trend of diminishing population and diminishing prosperity in many rural areas must be actively resisted. This report tells about some of the steps we have taken in this direction—and about some of the conclusions we have reached concerning future steps.

As the report points out, financial assistance is now available from public and private sources for agriculture, industrial development, housing, community development and other economic activities in rural areas. This document describes some of the things this administration is doing to correct deficiencies in these programs. It also provides detailed financial data for selected Federal programs for Fiscal Year 1970, most of them Federal direct and insured loan programs.

Perhaps the most important element of the report, however, is its conclusion that the most critical financial needs for achieving greater rural development are those of State and local governments. My General and Special Revenue Sharing proposals are geared to meet these needs. These proposals recognize both the steadily increasing demands for service being placed on State and local governments and the severe limitations on new and existing sources of revenue at these governmental levels.

These proposed revenue sharing funds could be used for specific services presently provided by State and local governments, or to finance new programs and services tailored to particular needs of States and localities, including rural development. One of my six Special Revenue Sharing programs, in fact, is earmarked specifically for Rural Community Development and it alone would provide a total of $1.1 billion annually for rural programs and services administered at the State and local level. In addition, substantial portions of my revenue sharing proposals for transportation, education, urban community development, manpower training, and law enforcement assistance would directly benefit rural residents. And my General Revenue Sharing proposal would provide additional funds which could be used to augment various rural efforts.

I would emphasize that revenue sharing moneys could be used not only to pay for direct governmental services but also to give credit assistance for accelerating the expansion of commercial and industrial development through locally sponsored institutions. Such institutions can be particularly useful in those specific areas where there are shortages of private investment capital, and where even the removal of existing barriers to the free movement of private capital may not entirely meet local needs.

I strongly believe that it would be better to establish a series of State and local special credit institutions than to create a nationwide federally sponsored community bank, since the former course places responsibility for decision making and action closer to the people who require assistance—and is more likely to produce decisions which are truly responsive to their needs.

This report also highlights the problems caused by the excessive proliferation and fragmentation of Federal assistance programs. Too often, the result has been an uncoordinated and piecemeal approach to rural development. Merely to increase the level of rural assistance without making basic reforms in the delivery systems will not enable us to solve the problems of rural communities.

This is why it is so important that my proposals for reorganizing the executive branch be enacted by the Congress. For only a thoroughgoing restructuring of the organizational framework can bring about a true consolidation and coordination of numerous Federal programs and with it the more effective and efficient delivery of Federal assistance. The proposed new Departments of Community Development and Economic Affairs would have particular responsibility in the rural development area.

As the report indicates, many families are presently excluded from eligibility for Federal credit assistance because of their low income. Traditional development programs can do little to give them the direct aid they need. This is another reason why I believe so strongly that my proposed family assistance program could have a major impact on the quality of life in rural America. Not only would it immediately help poor families raise their standard of living, but it would also enable many of them to take advantage of Federal credit assistance which is presently beyond their reach. Coupled with more effective delivery of federally assisted housing services, the family assistance plan would permit great strides in improving the quality of rural housing.

The problems of agricultural credit and farm debt are also taken up in this report. While the credit requirements of commercial farmers appear to have been adequately funded during the last 20 years—primarily by private lenders—the recent trend of increasing farm debt is likely to continue throughout this decade. Fortunately, the federally sponsored farm credit lending institutions—which are now entirely member-owned—have been playing an increasing role in meeting the credit needs of farmers. If private lenders and the Farm Credit System continue to expand their credit assistance at the same rate as during the 1960's, there should be adequate credit available to meet the needs of commercial agriculture during the 1970's.

For those farmers who are unable to qualify for credit from private lenders and the Farm Credit System, recently strengthened Federal credit programs administered by the Farmers Home Administration are available to meet additional needs. In my "Salute to Agriculture" speech this past May, I announced plans to increase the farm operating and farm ownership loan programs by $215 million over the level originally budgeted for 1972—an increase of nearly 50% in available loan funds. I pledge that my administration will continue to be responsive to the needs of those farmers who are unable to qualify for private credit. I also believe, however, that we should continue to rely primarily on private lenders to meet the general credit

needs of commercial agriculture, and I would point to various measures which are recommended in this report for improving the flow of private credit to agricultural borrowers.

In addition to all of these decisions and recommendations, I have also supported enactment of legislation to create a Rural Telephone Bank which will soon be able to provide substantially increased credit assistance to small rural telephone companies and cooperatives. This will mean better telephone service for our rural citizens. I have recently sent to the Congress a budget amendment requesting $30 million for the initial purchase of capital stock in this Bank. My speech last May also announced increased lending for rural sewer and water projects in both 1971 (an additional $100 million) and 1972 (an additional $111 million)—a nearly 60% increase over the level budgeted for the 1972 fiscal year.

I am confident that the actions already taken by this administration—in conjunction with the new programs which I have recommended to the Congress—can do a great deal to bring about the renewal of rural America. The achievement of this goal is essential if the growth we experience in the years ahead is to be for us not a curse but a blessing. All Americans have a high stake in the success of rural development.

RICHARD NIXON.

THE WHITE HOUSE, *July 23, 1971.*

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. MCGOVERN) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

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. PROXMIRE. Mr. President, will the Senator from Connecticut yield?

Mr. WEICKER. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Would the Senator permit me to read into the RECORD a statement from McDonnell Douglas, indicating the specific impact on the jobs of their employees by this bill we are now considering?

Mr. WEICKER. I yield to the Senator from Wisconsin for the purpose of reading the statement, without relinquishing my right to the floor.

Mr. PROXMIRE. Mr. President, I think this statement is most appropriate at this time, since the Senator from Georgia and the Senator from Connecticut have engaged in a colloquy on the impact of this legislation on the employees of the Lockheed Corp.

The Lockheed employees are wonderful people. Some of them have come to see me in just the last couple of days, and I have been most impressed by their courtesy and sincerity, and their very strong feeling about this legislation.

But, Mr. President, we have to think about the employees of other companies around the country, and not only those who work for Lockheed Corp., but those who work for McDonnell Douglas.

McDonnell Douglas yesterday made the following statement with respect to what will happen to their employees if we go ahead with this program:

McDonnell Douglas Corporation said in a statement issued today that employment generated by the DC–10 tri-jet program for the company and its three thousand suppliers could vary by as much as twenty thousand employes by March 1972, depending on whether the Lockheed L–1011 program continues.

The company statement came in response to news queries resulting from a General Electric press release issued Wednesday which projected the layoff of seven thousand of its personnel and cited, as one factor, that several airlines have not exercised options for the DC–10 while others have delayed decisions to buy pending an improvement in the depressed airline industry.

McDonnell Douglas said that changes in its DC–10 order book had forced it to restudy production planning, and that these conditions presently preclude a planned early recall and hiring program involving substantial numbers of aerospace workers now on layoff status, and may result in some additional layoffs in the future.

The company said it would reappraise the situation after it becomes clear whether the L–1011 program will continue. According to company estimates the minimum orders it might reasonably expect to receive if the L–1011 is not produced would generate for McDonnell Douglas and its three thousand suppliers a level of employment in March 1972 approximately twenty thousand personnel higher than is now anticipated, principally in California, Arizona, Texas, Oklahoma, Missouri, Minnesota, Illinois, Michigan, Ohio, Maryland, New Jersey, New York, Connecticut, Massachusetts, and to a lesser extent in many other communities.

I read this because I think that when we discuss the effect of the proposed legislation on the jobs of Lockheed employees, we should recognize that the employees of McDonnell Douglas need those jobs just as badly, and they would be affected to the extent of losing their jobs if we go ahead with the action of providing a guarantee for a company which is failing to keep itself out of bankruptcy.

I thank the distinguished Senator from Connecticut for yielding.

Mr. WEICKER. I should like to ask the Senator from Wisconsin a question.

Is it not true that another airbus, of European manufacture, uses American parts?

Mr. PROXMIRE. That is my understanding. The engines are built by General Electric.

Mr. WEICKER. So, actually, if we talk in terms of the airframe, the cost of the engine is fully almost as great—not quite, but it is a substantial part of the cost of the airplane.

So, really, we should not be talking now just about McDonnell Douglas and Lockheed. We also should be talking about Boeing, since, to a certain extent, the 747 is a competitor, and we should be talking about this European plane, because it uses American engines, and they are all in this competition together.

We get back to the point of what is so special here that warrants this type of support for the Lockheed Corp.

I am not afraid for the manufacturers of my State, so long as their products can compete in a market in which quality will be the main criterion by which they are judged. But I will tell the Senator what my corporations cannot compete against. They cannot compete against either economic subsidy of an inferior product or political subsidy—either one.

At that point in time, if I concede to that, then the one advantage I feel my corporations in Connecticut have goes down the drain, where everything is agreed to or judged on an equal basis of quality and excellence, rather than subsidized mediocrity.

Mr. PROXMIRE. If the Senator will yield further, I think the Senator's point is very telling. The problem is that we are getting into a competitive situation, and by this kind of action we are favoring one corporation over another. We are not allowing the marketplace to make the determination. We are not allowing those who provide financing—which I think is very objective, by and large—based upon the fiscal and financial outlook for a company, to make the determination. We are making it on the basis of political clout; and, as I will show later, on the basis of overwhelming pressure and lobbying from one side and almost none from the other.

It seems to me that even more telling is the fact that on the 19th of June, Lockheed presented to a Japanese government-appointed commission of representatives of the 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.

That plane would be manufactured by Japanese labor, in Japan, with Lockheed making their know-how available, and on a license basis. In other words, they transistorized, in effect, the L–1011.

At any rate, the effect of this is to provide that American jobs will not be benefited by the continuation of Lockheed in this area, but Japanese jobs and British jobs.

I thank the Senator.

Mr. WEICKER. I find that information, supplied by the Senator from Wisconsin, as bordering almost on the shocking.

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

Mr. WEICKER. I yield, with the understanding that I will not lose my right to the floor.

Mr. TOWER. I might note that this is a fairly common practice. For example,

I am certain that General Electric has plants abroad where they make some of their things.

The Japanese, by the way, manufacture an airplane in this country. The Mitsubishi MU–2 is made in San Angelo, Tex.

So it is the sort of thing that works back and forth. I think the Senator is aware that many corporations have plants abroad. I do not know whether McDonnell Douglas has, but General Electric has plants abroad.

Mr. PROXMIRE. With respect to what the Senator from Texas has said, let us boil it down.

The L–1011 foreign labor content, including parts, and so forth, is 40 percent over the life of the program. That is foreign labor content. On the other hand, the foreign labor content in the DC–10 is approximately 10 or 12 percent.

We are favoring, by the loan guarantee, a plane which is built to a large extent by foreign labor, and we are discriminating against a plane which is built overwhelmingly with American labor. That is the kind of sense that this kind of political interjection into the marketplace has given us.

The irony of it is that the principal argument, the overwhelmingly prime argument, made by those who favor the guarantee is that it would save American jobs, when the facts, if we look at them, show that it would do exactly the opposite.

Mr. GAMBRELL. Mr. President, will the Senator yield to me so that I may comment with respect to the remarks of the Senator from Wisconsin?

Mr. WEICKER. I yield to the Senator from Georgia for a comment, without losing my right to the floor.

Mr. GAMBRELL. The Senator from Wisconsin has read into the record a letter from McDonnell-Douglas that raises two question about this matter that have been of concern for me.

I do not think the halls of Congress should be a marketplace for airplanes, but, unfortunately, this has come to be the case.

The question we should deal with is whether we are going to try to prevent some irreparable harm to the national economy, not who makes what planes; because, as is obvious from the evidence, it is a complex situation of international importance.

It can be said that the fact that Rolls-Royce manufactures the engines makes the L–1011 more salable all over the world, because people are accustomed to using Rolls-Royce engines and to working with Rolls-Royce engines, and that is an important factor in the foreign market for the L–1011 plane. But it is extremely—I would say almost impossibly—difficult to evaluate the type of considerations that are being advanced.

What concerns me about the letter from McDonnell Douglas is this: They, as the principal competitor for this product, were offered an opportunity to testify before the Senate committee, and for reasons sufficient to themselves, they declined to do so.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. GAMBRELL. I yield.

Mr. PROXMIRE. I think the Senator understands the kind of ethical attitude that people in business have. There was no question about the position of McDonnell Douglas on this. McDonnell Douglas indicated that they would come if subpenaed. But I think it was perfectly clear that if they came, it would be considered by the Lockheed Corp. and the administration to be an attack on Lockheed and this is an administration which strongly favors this loan. The Defense Department would take a dim view of McDonnell Douglas appearing to testify, which is a consideration of considerable importance. That was one of the reasons I think General Electric was reluctant to testify.

I ask the Senator why it is that these corporations, that have so much at stake—and I mean hundreds of millions of dollars at stake—why it is that General Electric, to the best of my knowledge—perhaps the Senator can disabuse me on this—is engaged in no lobbying and McDonnell Douglas is engaged in no lobbying. They have issued a release or two in response to an inquiry of the newspapers, but they have not been here fighting for their jobs, even though they have so much at stake, this is because of the relationship among the industrial corporations. They simply do not want to take each other on in a head-on fight. They do not do that kind of thing.

Mr. GAMBRELL. That was the point I was trying to get into—that they do or they do not have something to say on the merits in committee. If they choose to stay out of it, that is fine. That is their decision. But the issue of press releases after the hearings are over, on laying off employees, with the implication that it has something to do with something, seems to me to be prejudicial. We have no opportunity to ask them what is behind what they have done, other than what we read in the newspapers.

I might say here that I am not anxious to criticize McDonnell Douglas, I am not anxious to criticize General Electric, and I am not anxious to make an attack on United Aircraft.

It is not pleasant for U.S. Senators, sitting in the Halls of Congress, to point the finger at private corporations to indicate who has been good and who has been bad.

But McDonnell Douglas did not issue any releases about how many Lockheed employees might lose their jobs or might be laid off when they got the V loan in 1967 from the U.S. Government in order to keep them in business.

Mr. PROXMIRE. The V loan was based on——

Mr. GAMBRELL. A generic bill.

Mr. PROXMIRE. Yes; and based on considerations of defense. It had to be.

Mr. GAMBRELL. The national economy, I would say, is probably the most critical feature of our national security.

Mr. PROXMIRE. I say it had to be essential for a national defense emphasis to make this kind of loan possible. If we included Lockheed in that, I would have no objection, but we would have to change the law to do it, and I would support that. But if we qualify it as a defense effort, it cannot be included because the plane is strictly for commercial purposes.

Mr. GAMBRELL. This is the point that I was trying to make. The Senator was talking about who was laid off because of the possibility this loan might be guaranteed, and I am saying that McDonnell Douglas, in 1967, was not concerned about Lockheed employees or who might be laid off. They were not concerned about Boeing employees or who might be laid off. The free enterprise system was not permitted to work in that case, it seems to me.

The Senator would recognize that McDonnell Douglas' difficulties did not arise out of their defense products but out of the difficulties they were having in completing the DC–8 and the DC–9.

Mr. PROXMIRE. The V loan had no effect on Lockheed's employees because Lockheed was not competing in the commercial market.

Mr. GAMBRELL. They were competing in the airframe business with McDonnell Douglas. If McDonnell Douglas had gone down the drain at that time, we would not be here discussing this matter.

Mr. PROXMIRE. That was a loan for defense purposes. This would be a loan for commercial purposes, which is entirely different.

Mr. GAMBRELL. McDonnell Douglas was building the DC–8 and the DC–9. If those programs had failed at that time as they should have done under the Senator's theory, then we would not be debating this question today. I think we need to be consistent. If we are going to have a free enterprise system, we should do this for everyone.

It did not work for American Motors. There was no concern for the employees of Ford, Chrysler, or General Motors who might have been laid off when American Motors got a subsidy from the Government.

I do not see why we should have to be concerned with employees of competitors because this individual case relating to Lockheed has come up. All of a sudden, everyone is so concerned about the free enterprise system, when we have never heard that concern expressed before in discussing this particular type of matter.

Mr. PROXMIRE. The Senator from Georgia will not recognize the fact that there was a difference in the purpose. The purpose of a V loan is to make sure that we have a defense capability. If this could be established for Lockheed, I would have no objection, but the purpose of the loan is to enable Lockheed to get into the commercial area, and I have strong objection to that.

Mr. GAMBRELL. The purpose, as expressed in the bill, is to prevent serious damage to the economy.

Mr. TOWER. Mr. President, will the Senator from Connecticut yield to me for a moment?

Mr. WEICKER. I yield.

Mr. TOWER. In a letter on May 5, 1967, from the Assistant Secretary of the Navy to the Honorable WRIGHT PATMAN, there is an interesting section concerning the V loan to Douglas. Let me quote from it:

A Certificate of Eligibility for V-loan financing and a statement of the importance or essentiality of Douglas as a defense producer was requested of each agency. In substance, the statements when evaluated showed Douglas to be an extremely important and essential producer. The loss of the productive capacity of Douglas would seriously impair various highly important defense and space programs. These programs covered the A–4E and TA–4E aircraft for the Navy; the Manned Orbiting Laboratory for the Air Force; the NIKE X system (as subcontractor to Bell Telephone Laboratories) for the Army; and the Apollo, Delta Research and Saturn Programs for NASA. Because of the vital role of Douglas in these programs it was unanimously agreed by the four agencies that financial assistance in the magnitude requested was needed to assure uninterrupted production. There were a number of conditions, however, precedent to authorizing the guarantee that were required. The most important of these conditions was that there be a total plan in being or assured of coming into being that would satisfy the total projected needs of the borrower for a year. This was necessary from the Government's standpoint because the financial problems encountered were in the commercial sector of the business and the requirements for the commercial business far outweighed the corresponding defense needs. While the Government segment of the business had not created the financial stress, nonetheless action by the Government was essential to the formulation of a workable plan. This condition for an over-all plan was negotiated and made a part of the guarantee agreement. In brief, this provision called for financial support of the commercial business through the media of an additional bank loan of not less than $75,000,000.

Thus, it was a non-defense-related aspect of the business at Douglas that got it into financial trouble.

I note that Secretary Packard has said it will reflect in an unsatisfactory way on Lockheed's ability to make this defense commitment if the loan guarantee is not made, especially that under bankruptcy it would cost more. Under bankruptcy there would be timelags. Bankruptcy would, through a chain reaction effect, financially weaken suppliers and subcontractors of the L–1011 commercial program. Many of these firms are also suppliers and subcontractors for important defense programs. Some are already in poor financial condition and may not be in a position to sustain the substantial losses which will certainly result from a failure of the L–1011 program at this time; and costs to obtain important defense equipment now under contract from the Lockheed Co. may be higher if the company goes into bankduptcy.

Mr. PROXMIRE. Mr. President, will the Senator from Connecticut permit me to respond to that?

Mr. WEICKER. Mr. President, I believe I have the floor. Does the Senator from Wisconsin wish me to yield to him?

Mr. PROXMIRE. Yes.

Mr. WEICKER. I am glad to yield to the Senator from Wisconsin, who wishes to respond to the Senator from Texas, without losing my right to the floor.

Mr. PROXMIRE. Mr. President, I appreciate very much having the Senator from Texas read into the RECORD in such detail about the "V" loan. As I understand it, what he read indicates the commercial elements of the Douglas Aircraft Corp., which are an important part of that corporation. But the fundamental justification was the defense capability. That was why the "V" loan was made. We do not have that kind of situation with respect to Lockheed. Mr. Packard has made it clear—crystal clear—that defense capability is being brought in and that, in spite of the possibility of bankruptcy, if they go into bankruptcy, defense capability in this product is not involved.

I would now like to respond to a question which the Senator from Texas raised last night, in which he challenged me to show that Mr. Packard actually opposed the pending bill. I read from the testimony which he prepared but which the administration refused to allow him to read. He therefore refused to read the statement which they gave him to read.

I read what Mr. Packard wanted to say, which was vetoed by the administration.

He said:

It is this last point which leads into the reasons I do not support extending a broad Federal loan guarantee authority to the defense industry or any other industry at this time.

This problem we face with Lockheed is the result of past procurement policies, practices, and attitudes of both the Department of Defense and the industry that develops and produces defense products. In the case of Lockheed, both the Department and the company are at fault. Past policies have encouraged defense contractors, large and small to take on programs beyond their means. That is what happened with the L–1011. Lockheed could assume ways would be found to cover large overruns which might occur on their defense programs. This had always been done in the past. This, I am sure, was the calculation the Lockheed management made in deciding whether to take on a major program such as the L–1011 which even at best would stretch the company resources to the limit. During the last two and a half years we have been trying to correct these procurement practices that have been followed in the past. Some progress has been made, but we have much more to do. For this reason, we, in the Department of Defense, do not need nor want a broad loan guarantee bill which will only encourage a continuation of these practices which have caused this trouble. We want and need your support for new policies and new approaches which will make it much less likely there will be problems of this kind and magnitude in the future.

There is another reason I believe broad legislation is unwise. A government guarantee for a particular company or a particular industry does not generate more credit for the economy. For example, this guarantee only diverts the credit the banks can offer someone else to Lockheed. We can afford to divert $250 million under the circumstances. To provide a mechanism whereby $2 billion could be diverted to firms in the defense industry or any other special industry is quite something else. The solution is to take the fundamental steps to make these industries well and healthy. A firm or an industry that is well and healthy can obtain adequate credit from these and other banks without a guarantee. We believe the steps we are already taking in the Defense Department will eventually bring Lockheed and other firms that are in trouble back to a strong, profitable, healthy condition. Then defense firms will be able to get the private credit they need without a guarantee. That is what we should seek to achieve. That will take more time. In the meantime, the Department of Defense, with my strong endorsement, urges this Committee, the House and the Senate to support a loan guarantee in the amount of $250 million for the Lockheed Company as the Administration has requested.

Mr. President, I thank the Senator from Connecticut for yielding.

Mr. TUNNEY. Mr. President, will the Senator from Connecticut yield me a few minutes for the purpose of asking a question?

Mr. WEICKER. I yield to the Senator from California for the purpose of making a comment or asking questions of me.

The PRESIDING OFFICER (Mr. McGOVERN). The Senator from California is recognized.

Mr. TUNNEY. Mr. President, the Senator from Wisconsin has, unfortunately, left the floor. However, he mentioned that in today's newspaper the McDonnell Douglas Corp. said that it would be able to place 20,000 employees by next year if the L–1011 program of Lockheed were allowed to be dropped and failed.

Mr. President, I am curious to know whether McDonnell Douglas Corp. feels this is true and that they are planning to pick up the business of three major airlines that have made advancements of $240 million for the purchase of the L–1011. Those three major airlines have put up $240 million for the purchase of the Tri-Star and are not going to be able, because of their financial condition, to shift the purchase of the Tri-Star to the DC–10 unless someone comes in from somewhere with some money and makes it available for them to make these purchases. It is quite clear that these airlines are in severe financial trouble. In the case of one airline, if a merger is not allowed within the next year or two, it is very possible that it will face bankruptcy.

So I think for the McDonnell Douglas Corp. on the eve of a vote on this program to submit a letter to the effect that they will be able to employ 20,000 more people, particularly after they were saved from bankruptcy in 1967 by a $75 million "V" loan—which is exactly the same kind of loan as we are making here—is indecent. I think that it is not only indecent, but I think they ought to have to justify where they are drawing these figures from. Until they come forward, either publicly before a Senate committee or through a press conference, and detail with specificity where those jobs are coming from, I do not think that the Senate ought to give any consideration at all to that kind of a last moment statement. I think that it is particularly noteworthy that they turned down the opportunity to testify before a Senate committee.

McDonnell Douglas Corp. is a great corporation. It has a major division in my State. The officers of the McDonnell Douglas Corp. are friends of mine. I think they have excellent management. I think they produce excellent products. But I think that they made a very serious mistake in this particular case and are acting like buzzards in starting to pick over the carcass of Lockheed before there is a carcass. If the Senate passes this legislation, there will not be any Lockheed carcass any more than there was a McDonnell Douglas carcass in 1967 when they were on the brink of bankruptcy

because of the problems they were having with their DC–9 program.

Mr. WEICKER. Mr. President, I cannot respond to the comments about the McDonnell-Douglas Corp. However, I am sure that the Senator from Wisconsin will respond when he returns to the floor.

I would like to address myself to one portion of the Senator's remarks that is relative to the airlines. They have "x" number of dollars—$124 million or thereabouts—invested in this particular project.

I do not think I have stressed strongly enough the fact that the arriving, at this point, of the fiasco of Lockheed is just as much the fault of the airlines because of some of the gambles they took as it was the fault of the gambles that Lockheed took.

The airlines received assurance from the British Government that the British Government would finance up to 90 percent of the Rolls-Royce engines and that they would finance it at 2 percentage points below the prevailing interest rates in the United States. That is a mighty tempting package.

Quite frankly, it also involved a foreign government. I think there is always an element of additional risk when one goes out of the United States to a foreign government. They chose that added risk because the interest rates on the loan looked awfully good. So they went, and they made their choice. All of a sudden this gamble with Rolls-Royce did not work out, and now the taxpayers of the United States are being asked to go ahead and take over this gamble.

This is being done after the gamble has arrived at the point of being a loss. They now want assurance that it will not be a gamble at all. Do I say that the airlines are pari delicto with Lockheed in this matter? I certainly do. There is no question about that. They also took a calculated gamble in order to get a less expensive package. Sometimes that does not turn out to be the best way. That is true in this case. It is one of the issues as we debate this measure—whether the taxpayers of this country ought to go ahead and back them up.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from Connecticut may yield to me for some remarks without losing his right to the floor.

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

PRIVILEGE OF THE FLOOR

Mr. JAVITS. Mr. President, I ask unanimous consent that Mike Gordon, of the Labor Committee staff, be permitted to be on the Senate floor to assist me while I am speaking.

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

IN SUPPORT OF THE BILL—GENERIC LOAN GUARANTEES

Mr. JAVITS. Mr. President, I favor the bill. I believe that, unhappily for all of us and for the country, the bill has been depicted to the country completely out of proportion. To my mind, the least favorable portion of the bill by far is the fact that it will be the basis for a Lockheed loan. Indeed, at the moment I am rather inclined to support an amendment which will cause the Lockheed loan to be considered as any other loan under the bill would be considered. I do not believe that the fundamental reason for passing the measure should be the Lockheed loan per se.

Mr. President, I say that because in the present economic situation, one of the real problems which face us is the problem of an erosion of confidence in the economy and its future, particularly when we have had examples of failures such as that of the Penn Central, which could have really brought the whole American economic house down if a few other corporations had gone down at the same time, joined probably by a few brokerage houses if we had not had the brokerage insurance bill.

I feel that it is dangerous to leave the country without the power and the authority which this particular measure would give it.

Mr. President, I believe that the amount which is involved here is much too small. I think we ought to be talking about at least $5 billion or $10 billion. I think that is much closer to the size of the problem which the United States faces. However, $2 billion is better than not having any authority at all. I hope very much, therefore, that the bill will pass notwithstanding its present vicissitudes.

I repeat: It is not a Lockheed bill; it should not be. I know it is in the sense that that is what is involved, but I hope very much an amendment will be agreed to which will show it is not a Lockheed bill, because that is not the point that should be involved.

My credentials for dealing with this matter may interest the Senate. First, I introduced the bill for a $5 billion general guarantee authority last year—1970. Then, I introduced a bill, S. 1641, again this year and testified with respect to it before the Committee on Banking, Housing and Urban Affairs. This was during the time an individual bill was pending to guarantee a $250 million loan to Lockheed.

I urged the Committee on Banking, Housing and Urban Affairs not to confine its action to so limited a measure as that and so special an interest measure as that, but to expand the bill into a bill required by the national economy. Subsequently it did that with the administration coming along rather reluctantly.

I think the entire country is indebted to the Senator from Alabama (Mr. SPARKMAN) and the Senator from Texas (Mr. TOWER) for having joined together on a generic bill.

Why should such a bill be passed? The reason is that the house of economy of the United States can be very heavily shaken by a failure which results in a stoppage of operations, which can be very harmful to the Nation. Indeed, such a stoppage could touch off a major recession or even a depression. We must never forget that the depression of 1932, which almost brought this country down, was touched off by a bank failure, a company called Credit Austang in Austria. Economist after economist, and no less distinguished a personality than the Chairman of the Federal Reserve Board, who testified before us this morning, testified that it is erosion of confidence which is causing unacceptable continuance of inflation and employment.

Certainly, another blow to that confidence, like some major stoppage of operation, could be the straw that breaks the camel's back and causes everyone to panic.

Therefore, Mr. President, such a stoppage must be avoided if what will bring it on is something we can control. So the danger in Lockheed, as it was in connection with Penn Central, is the fact that the corporation did not have liquid resources to continue its operations. In the Penn Central case, even in bankruptcy, no one would lend money, even on trustee certificates, and if it closed down the country could grind to a halt.

Lockheed may or may not be such a case. We can pass on that as an individual issue. The important thing is the United States should not be left naked. Again, I repeat this is nothing that affects stockholders or other creditors or management and gives them some bonanza or rescue party.

There are two things that answer all those three complaints. One is that this guarantee authority which we have before us remains operative whether the company is in or out of bankruptcy, or chapter XI proceedings, a court reorganization. That is not a criteria. There is no reason why any hard-nosed loan officer, and they do it every day, could not stipulate to throw out the management, and that would include the Secretary of the Treasury as loan officer under this bill, if he does not like it and does not think it will run the enterprise right. Those two things can be readily accomplished notwithstanding this bill.

A loan trustee can insist on any disposition of things desirable with respect to creditors. If he does not believe he can sustain the position legally because of the rules regarding preferences—prebankruptcy—he can insist the company go into bankruptcy before the United States makes the guarantee. We give him complete authority under this bill to do that.

In any region a stoppage of operations should not jeopardize the American economy. That should be the basic purpose of the legislation passed by Congress and it was the basic purpose of the bills I have already submitted.

This is elementary. We should not have to deal with these matters ad hoc. We are making the same mistake here we are making in respect of national emergency strikes.

I am the ranking minority member of the Committee on Labor and Public Welfare. Every time that a union goes out or threatens to go out, touching off the possibility of a national railroad stoppage, we deal with it by special legislation. We have been embarrassed even to the point of passing legislation very much against the feeling of working people, which they construe as compulsory arbitration, which we have to call to finality in order to finesse the point.

But action always has been on an ad hoc basis and always for one strike and this settles nothing but the certainty we will have the same trouble all over again when the current contract expires.

There is no reason why the United States should not have ample authority on the books to prevent a stoppage of operation, rather than bankruptcy of the company. That is what is important here.

The confirmation of the problem of a corporation which finds itself tight, because of lack of immediate liquid money, was the Penn Central bankruptcy. Incidentally, that was the tip of the iceberg, because we were then coming through a very tight monetary policy which, combined with the economic recession, which we are still not out of, made for a liquidity crisis threatening the ability of the Penn Central even to offer it.

I might say that before introducing my emergency loan guarantee bill last year my office and I inventoried the leading bankers in New York, San Francisco, Chicago, Atlanta, Dallas, and Winston-Salem, the major banking centers, and without exception most of these bankers warned that the peculiar mix of economic conditions last year contributed to serious cash flow problems, not only at Penn Central but with respect to many of their important customers. The hardest hit, of course, were the firms in the aerospace industry.

The repercussions of this difficult period are still with us, consisting of the elements of the unusual economic mix, which combines inflation with unemployment and the generally depressed economic confidence today. This is not to say that the liquidity or cash flow of firms which face such difficulties have not been somewhat alleviated, but widespread economic problems could seriously undermine the liquidity situation of many of our corporations producing goods and services absolutely essential to the public interest.

The virtue, even though the amount is small—2 billion with this bill—supposedly would be to change a practice, give us experience, give the Congress experience, in how this situation can operate. Then, if we get into a jam, the amount can be increased from $2 billion to whatever is needed. Then it will work smoothly, whereas, if we do it on an ad hoc, case-by-case basis, we are contributing to a crisis that we will then face and, in addition, will not do it nearly as profitably or efficiently than if we set up the machinery now, which is all we are being asked to do by the bill.

Indeed, the bill has an extra caution built into it, because it requires any guarantee to be submitted to the Congress under procedures which will not tolerate filibusters in this body, so that action, because of talk of a negative character, cannot be held up for an extended period of time, but, nonetheless, every guarantee will have to be submitted.

My own bill—and I think it is still a good idea—limited the figure for which a guarantee would be submitted to $20 million. Whether that is the best figure or not, the fact is that where we are dealing with relatively small guarantees, considering the size of the American economy, again we should not have to deal with them on a case-by-case basis for the purpose of negativing them in the Congress.

So again I shall probably favor, if the bill is open to amendment at all—and I shall deal with that in a moment—some limitation of this character.

Before I deal with that specialized question in detail, I would like to address myself to some of the popular arguments which are being used against the generic nature of this bill.

It seems to me that the arguments generally go something like this: That Lockheed, or any other major company facing bankruptcy, should not be bailed out for mismanagement and that a Government guarantee to Lockheed or any similar company amounts to socializing loans and profitizing profits and sets a dangerous and unwelcome precedent.

These are serious arguments, Mr. President, but many of these arguments miss the point. The Lockheed loan guarantee is an example being sought which its supporters say, and the Government believes, that it is the national interest which is served by keeping Lockheed operating; and that is the specific question that Congress must pass on.

If the Lockheed management made some poor business judgments, or is likely to battle unduly over the guarantee, then our main officials on this matter, to wit, the Secretary of the Treasury, the Chairman of the Federal Reserve Board, and the Chairman of the pertinent Federal Reserve bank, can make the necessary conditions to impose on the management as a condition of the guarantee. But that does not change the need for the guarantee itself.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield.

Mr. TOWER. It has been maintained that if we adopt this measure, it will set a precedent that will do grievous injury to the market-regulated economy. I would like to hear the Senator's comment on that argument.

Mr. JAVITS. If anything, it will help the market-regulated economy, just as the intelligence of the bank lending officers helps the regulation of the economy, because it takes the automatic adjusting operation of our economy in the free enterprise system and does not drive it to its ultimate conclusion, which is destruction, because our economy and our society will not accept that in situations of the size that would impact so adversely the national interest.

I suggest that because the most authoritative regulatory officials, to wit, the very high Government regulating board, rather than some bank board in the Chase Bank or the First National City Bank, do it, will, if anything, improve rather than denigrate that situation. It seems to me that is one of the strongest arguments why this is not a bad precedent, but a good precedent.

Indeed, it is very interesting to me that American business is learning that you simply cannot operate today without partnership with Government. This is a partnership. After all, there is a condition against squeezing the water out of the stock. Indeed, there is an inhibition in this bill against payment of dividends on stock. If a condition of the loan can be an inhibition upon management, if a condition of the loan can be prudent, if the setter of the condition is the United States, it seems to me we are getting to a point which is much higher in the scale of regulation in the Government in terms of major enterprises, rather than less.

I think it is very important that this concept of loan guarantee is operating throughout our governmental structure as it relates to our private enterprise, where it has been very useful.

In the first place, our experience is that our Government never loses money on guarantees, but makes money. This is because while there may be guarantees of very risky operations, because of the actuarial level, when many guarantees are provided and a few do not pan out, when all of them are taken into consideration, they do. As the Senator from Texas knows so well, when we do it in the housing field, it has proved that they are making so much money that their premium rates are higher than actuarial experience justifies. But I cannot see, on the ground of precedent, that it is anything but a continuance of precedent widespread through government and business already, and a desirable precedent in terms of a more sophisticated way of articulating the extent of the control mechanism over the private enterprise system, which, in the modern day, is essential in government.

I would like to point out that this guarantee concept is certainly used not only in the field that we are discussing now, but in the housing field, which we also have been discussing, and it is brilliantly employed, for example, in so interesting a field as hospital modernization, where, faced with the problem of a need of $1 billion for hospital modernization, we find that, by combination of the guaranteed loan plus a slight interest in venture money, we materially reduce the budgetary impact and yet carry out the responsibilities which are required in the situation.

Indeed, there is almost a theological concern, I may say to my colleagues, over the precedent-setting nature of the Lockheed case. This belongs, in my judgment, to an era long past, because the changes that are being proposed do not threaten our national freedom. In fact, they strengthen it, because if an enterprise of that character essential to the national interest that we are discussing should collapse, there is only one other alternative, and that is either to build up some other company, making it even bigger than it is, so that there would be a General Motors in the airplane business as there is in the automobile business, or have the Government do it itself, which puts Government in business more actively than ever.

For all those reasons, in my judgment—and I will yield to no one in terms of credentials which are normally considered liberal in this country in solicitude for the individual, for small business, and for the welfare of the people—I deeply believe this measure to be of a very liberal character rather than of a conservative character, which deserves the widespread support of all, and one on which we should stand.

If we are going to have an economy which will be developed in accordance with the times and still remain a private

economy, it needs precisely this kind of governmental assistance in order to remain private, rather than, by sheer stress of circumstance, have business driven more and more and more either into the public sector or into the sector of gigantic corporate capital, because we have simply shown our inability to make our system work through the willingness to make adjustments and to make provisions of this character.

EMERGENCY LOAN GUARANTEES RELATIONSHIP TO PENSION PLANS

Mr. President, there is one other aspect of this measure, before I finish, to which I would like to refer, and that is the relationship of the operations of these companies that represent the beneficiaries of loan guarantees under this bill to pension plans which they own for the protection of their employees. There are very serious questions raised with respect to this matter.

During the course of the hearings befor the committee, Senator CRANSTON, a member of the committee, asked the president of Lockheed the following question:

What would happen to the pension rights of Lockheed employees laid off in the course of bankruptcy?

Mr. Haughton indicated that he was not quite sure that those who were entitled to retire could retire, but subsequently both Senator BROCK, in behalf of the committee, and Mr. Haughton agreed that if the employees of Lockheed were laid off without having attained 10 years of service, these employees would 'lose all rights and all benefits." See hearings, part I, June 7–16, 1971, at pages 282–283.

When I testified before the committee on this matter, both the Senator from Ohio (Mr. TAFT) and the Senator from Delaware (Mr. ROTH) questioned me on this subject. Both asked whether anything could be done to protect the pension rights of employees at Lockheed, particularly if there were a serious employment retrenchment following the receipt of an emergency loan guarantee.

As I am the author of a bill to regulate pension and welfare funds, on which we are about to open hearings before the Labor and Public Welfare Committee next week, I thought that something could be done about this situation, and so my staff and I came up with an amendment to this bill which I had referred to the committee for its consideration. When the bill was reported, it did not contain the amendment. That is not necessarily anyone's fault; they had a tough enough time without it. But I think we are still confronted by the question of pensions.

THE AFFECT OF RETRENCHMENT ON PENSION RIGHT

It is not uncommon that a company in financial distress which needs or obtains additional financing may subsequently retrench in its employment policies in order to reduce operating costs.

For example, in the Penn Central case, the trustees gave notice to the union that they would reduce crew sizes to make the company financially more viable and, of course, that would result in the release from work and laying off—the firing, really—of many employees. The question is, May they be laid off under such circumstances, if we pass this bill, without qualifying for pension rights under their pension plan, and thereby lose the years of pension credits that have been built up on their behalf? In that way the employees would not only be out of a job but out of a pension as well. We have had many, many complaints of cases where exactly this happened.

The interesting thing, and it is rather ironic, is that if the same company went bankrupt and terminated its pension plan, under the procedures of the Internal Revenue Service each employee would immediately get some vested interest in that pension fund, regardless of his years of service.

It seemed to me and to my staff that the employees should be treated the same way where in effect the termination of the plan were prevented by the intercession of a government guarantee. This is a very serious matter, and happens in many cases.

I ask unanimous consent to have printed in the RECORD an article published in the Harvard Law Review, written by Prof. Merton Bernstein, which details case after case where employees unsuccessfully brought suit to obtain a judicial declaration that their pension plan was terminated in order to prevent the loss of their pension credits. Strange as it seems, these employees would have been better off if their company had gone bankrupt and terminated the pension plan. Then, at least, they would have been entitled to some share of the pension fund.

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

[From the Harvard Law Review, March 1963]

EMPLOYEE PENSION RIGHTS WHEN PLANTS SHUT DOWN: PROBLEMS AND SOME PROPOSALS

(By Merton Bernstein—Lecturer-in-Law, Yale University. A.B., Oberlin College, 1943; L.L.B., Columbia, 1948. This article is a major portion of a chapter which will appear in the author's The Future of Private Pension Plans, to be published by the Free Press of Glencoe. The entire study was made possible by a grant from the Walter E. Meyer Research Institute of Law. Technical actuarial work for the project was done by Abraham Niessen, fellow of the American Society of Actuaries.)

FOREWORD

As technological improvement and shifts in population alter the economic structure of our society, there has emerged a growing concern for the plight of the industrial worker who is displaced by this process. Mr. Bernstein addresses himself to one particular aspect of this problem: how to protect the pension expectations of employees who are separated as a result of plant shutdowns, mergers and consolidations. After having demonstrated that employer pension contributions are a form of compensation, he concludes that the courts should grant relief on a theory of unjust enrichment to employees separated in a mass shutdown, and that such a remedy would be consonant with the actuarial assumptions underlying pension plans.

When plants shut down many employees lose not only their jobs but also their pension rights. Under present court doctrines, accumulated pension credits can be lost even when the separated employees are within a few months of qualifying for retirement. Where the unit shutdown is part of the demise of the owning company, the accompanying termination [1] of the pension plan results in the vesting of all accumulated pension credits in those still employed when termination occurs. When the owning company and its plan continue in existence, however, the unit shutdown is not treated as effecting termination of the plan, and vesting of all credits does not take place. In the absence of full and literal compliance with the age and service eligibility requirements of the plan itself, employees may find their pension expectations frustrated by a plant shutdown.

Most private group pension plans are based upon employment with a single employer. Between eighteen to nineteen million employers are under such plans.[2] Only years of employment with that one employer count toward benefits under each plan. Retirement benefits are available only to employees who reach retirement age while still employed by that employer, and then only if they have accumulated the specified years of service in that one company, frequently ten, fifteen or even twenty years. Separation from the employer with a plan prior to reaching normal retirement age (usually sixty-five) or early retirement age (typically sixty, with the same or greater length of service required to qualify for benefits) obviously prevents meeting the age prerequisite for benefit eligibility. An indeterminate but substantial number of plans covering significant groups of employees also provide "vested rights" to benefits to employees separated before normal or early retirement age who meet specified length-of-service conditions.[3] As the cases to be discussed show, it often happens that even where vesting is provided few of those separated have the service and attained-age to qualify. Annuity plans prescribe that plan termination will result in the vesting of rights to benefits in accordance with credited service.[4] Trusteed plans are required to provide by Treasury ruling.[5] But these plans frequently do not specify what occurrences constitute termination. Or they may cover some of the possibilities but not deal comprehensively with other contingencies.

Uniformly the courts have declined to hold that a plan has in fact terminated before it terminates either in accordance with its specific terms or by the employer's declaration, even where large segments of a company's operations are discontinued and substantial groups of employees are separated. As a result, the pension credits of large numbers of ex-employees are rendered valueless.

I. WHAT THE COURTS DO

The litigated cases fall into three categories. In the first group, of which *Gorr v. Consolidated Foods Corp.*[6] is illustrative, employees sought a judicial declaration that an annuity plan was terminated before their separation from employment so as to precipitate the vesting of their accumulated pension credits. The Griggs Company has sold its remaining operations to defendant Consolidated in May 1953 when 580 employees were on the payroll. Substantial layoffs began two months after the sale, so that two and a half years later there were only seventy-five of Griggs' former employees still employed by Consolidated, forty-two of them participants in the plan. The appellate court refused to hold that the plan had terminated because the acquiring company had continued the plan (for former Griggs employees only) and the employment of a number of the predecessor's employees, and because none of the conditions specified in the plan for termination had occurred.[7] The court stressed that the plan detailed several conditions upon which termination would occur but did not include the mass unemployment accompanying a merger or a department shutdown or curtailment. It also reasoned

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that the inclusion of a "ten"-year vesting provision [8] meant that vesting was not intended for any separated employee who had less service.

"In no event, however," said the court, "would the employer receive back any contributions made by it under the plan." Contributions made on behalf of the former employee "must . . . be applied toward the purchase of annuities for [other] employees [whose employment was continued]." Thus, the court concluded, "The real parties in interest are the continuing employees on the one hand and the terminated employees on the other." [9]

The court's reasoning seems quite unrealistic.[10] The consequence of continuing the plan and denying benefits to the separated employees was the transfer of all the contributions already made for them to the employer's account to defray the premiums the employer was obligated to pay toward the annuities for employees continued in service ("returns applied").[11] Thus the result was to continue the plan for the remaining employees, who still had to satisfy the retirement or vesting provisions before they would receive any benefits, and to relieve the successor employer of very substantial future payments for the continuing plan.[12]

What would have been the result of declaring that the plan had terminated? The separated employees would have received vested rights to the paid-up units of annuity; so also would the employees who continued at work. So far the continuing employees would have lost nothing. The future credits for employees continuing under the plan would have been lost, but meaningfully only by those who would eventually qualify for a benefit. But it is quite possible that the continuing employees and their bargaining agent would have obtained a new plan (or some full or partial equivalent in wages or other benefits) so that the loss of future credits toward annuities might have been offset or negated. The employer would have lost the benefit of contributions made by its predecessor as part of its past wage bill. Hence, the "loss" would have been the denial of a windfall reuse of the premium payments already made as compensation for employees.

In *Bailey* v. *Rockwell Spring & Axle Co.*,[13] ex-employees formerly under an annuity plan sought a declaration that the closing of the employer's plant, comprising one division out of seventeen, constituted a termination of the plan as to employees of that plant, although the other sixteen plants continued in operation and the plan continued in effect for employees in them. Under the plan discontinuance of contributions would terminate it. But discontinuance was held to mean nonpayment of contributions for all employees. A reading of the plan shows this interpretation to be quite reasonable. The court did not discuss whether the separated employees' complete loss of pension benefits was a frustration of the plan, but did emphasize that neither of the two specific conditions of plan termination had occurred.[14] As a result of forfeitures due to separation of 120 employees, the employer received credits of $256,000 to apply against future premiums.[15]

In a second group of cases, employees sought a declaration that a trusteed plan had terminated, at least as to them, and, further, that in order to prevent defeat of the plan's purpose, equity should declare all service credits vested. In *George v. Haber*,[16] the Kaiser-Frazer Company's major plant was shut down and ninety-five per cent of the 11,000 employees were separated. Some 1,100 former employees sought a declaration that the plan was thereby terminated, but the court refused it. Because some 450 employees remained at work and the plan had not been declared at an end by company or union, the court felt that the purposes of the plan still could be fulfilled. Yet it had before it an affidavit of the plan actuary that all of the existing and potential claims of then current employees would require no more than one-third of the fund on hand.[17] There were no foreseeable claims to the uncommitted remaining amounts. Indeed, not much later, all employment ceased. Yet the plan was never declared terminated by the union or company which established it. They amended the plan to provide benefits for already separated employees whose service, including credit for layoff time, was at least five years.[18]

In *Schneider v. McKesson & Robbins, Inc.*,[19] the closed unit was but one of several dozen and employed only 172 employees, a very small fraction of the several thousand employed by the company. Only a few of the 172 employees transferred to other company jobs, and the remainder, many with substantial service and a few close to retirement age, were separated without any pension benefits. Here, too, the employees were unsuccessful in their claim that the plan had terminated partially as to them, for there was no specific provision in the plan to support their claims, and the plan and the bulk of the company's employment continued. The court was impressed by the "voluntary" nature of the plan, for the employer retained full power to terminate, reduce contributions and benefits, and amend it in any fashion.

In the third group of cases, plaintiffs, recognizing that the plan would not be judicially terminated before their separation, sought to establish that they were entitled to be considered employees despite the employer's notice of discharge. In *Local 2040, Int'l Ass'n of Machinists v. Servel, Inc.*,[20] a large plant, one of several operated by Servel, was shut down and all of its employees discharged prior to its sale. The trusteed plan, which also covered the other company plants, continued in operation. The plaintiffs, who would have achieved eligibility for benefits during the life of the collective bargaining agreement, argued that they should be deemed laid off. They also contended, unsuccessfully, that they had not been discharged for "just cause." The court did not accord them employee status;[21] hence they were disabled from attaining retirement age while still employed by Servel as required by the provisions of the plan. The reasoning and result seem unusually harsh and formalistic. The plaintiffs had in their favor contract language granting them seniority status for recall purposes lasting up to two years, depending upon length of service. Had the court declared that this put them in the category of employees on layoff rather than discharged they would have qualified for benefits within the terms of the contract. The court, without regard to the hardship imposed and the absence of other purposes to be served by declaring them not to be in layoff status, held that the right of the employer to discharge them for economic reasons took precedence over their claim to seniority status which otherwise seemed supported by the agreement.[22]

In only one case have separated employees succeeded in obtaining a judicial declaration that a discontinuance and sale of one company division effected pension plan termination as to them, thereby bringing into play the termination-vesting provisions of the plan itself.[23] The plan and an associated profit-sharing plan covered the employer's two divisions, which were held to be separate and distinct despite some elements in common. About an equal number of salaried personnel from each division participated in the plans; when the one division was sold and discontinued, almost all of its plan participants were separated without vested rights. The retirement plan had no vesting provision and the profit-sharing plan had been in operation too briefly to enable achievement of the five-year service required for vesting under it. The substantial and significant change in the employer and the large-scale separation of employees—fifty per cent of all employees, only seven of whom were under the plan—caused the court to say that the plan was "discontinued" for that division.[24]

In most of the cases just discussed, large groups of employees lost substantial pension credits; for them the purposes of the plans were frustrated. In essence, the courts refused to vary or add to the terms of plans to imply termination or to accord rights not affirmatively conferred by the plans themselves. At least in some instances, the employees' losses resulted in monetary returns to the employer which were so large that they exceeded what could have been expected from normal turnover. These cases thus raise the question whether there are more appropriate legal bases for distributing the pension burdens of shutdowns and like occurrences; and more particularly, whether there is a method of salvaging some pension values for separated employees which will not impose substantial and unexpected burdens upon employers.

II. PENSION PLAN CONTRIBUTIONS VIEWED AS LABOR COSTS AND COMPENSATION

In the early days of retirement programs, it was common for the employer merely to have a "practice" of paying benefits to superannuated employees or to have an unfunded "plan" which was expressly terminable at the will of the employer, and the benefits of which were entirely within the discretion of the employer. The courts characterized such pensions as gifts and gratuities and employees had no enforceable rights to them even after retirement. However, these practices and doctrines gave way to plans with funding, fixed benefits, and the legal status of contracts.[25] It remains for the courts to recognize in pension cases that plan contributions are a kind of compensation.

Unions and employers often are quite specific in equating employer pension plan contributions with employee wage compensation. Unions demand increases of X cents per hour in money wages and Y cents per hour in fringe benefits, including pension plan contributions.[26] Employers respond with counteroffers in precisely the same terms.[27] Factfinding boards report the bargaining proposals of both in the same fashion.[28] The bargaining of the large unions and large employers is most explicit on this point because both sides have the technical assistance to translate fringe costs, including pension plan contributions into costs per hour. This "translation" is necessary because many plans, such as those in the steel and automobile industry, are expressed in terms of benefit scales and the costs must be derived actuarially.

Of course, smaller employers and unions are less well equipped to translate pension benefit schedules into cost-per-hour-per-employee. But although they must do the job only approximately or even leave the job of translation undone, the understanding is that pension plan costs are part of the wage bill which are given and taken in lieu of direct cash wages or other items of compensation.

The basic purposes of nonbargained plans are the same as those of bargained plans. As far as employees are concerned the purposes of plans are to provide income when age forces retirement from employment. This fundamental purpose is the reason for favorable tax treatment and other protective legislation. Not infrequently nonunionized employers are "following" the patterns set by the unionized sector as a means of competing for employees, or discouraging and

Footnotes at end of article.

forestalling unionization.[29] Many companies provide plans for their nonunionized employees patterned after plans bargained for their organized units. While bargained plans probably cover somewhat less than half the employees under plans, bargaining has been a major force in building pressures for plans and shaping their characteristics. Thus, as a general proposition, nonbargained plans seem no less a part of employee compensation than bargained plans.[30]

Since the *Inland Steel* case[31] the courts and National Labor Relations Board have held pension plans to be "wages" and, in addition, "condition[s] of employment" under the Labor-Management Relations Act of 1947 and its predecessor, the Wagner Act. The doctrine of *Inland Steel* is well established but the pension cases discussed in this article do not cite it. Hence it may not be amiss to recall that *Inland Steel* was unequivocal in its statement that a pension plan is a part of the "wages" about which collective bargaining is required by section 8(a)(5) of the Taft-Hartley Act.[32] Significantly, the plan in *Inland Steel* was promulgated unilaterally by the employer several years before the union sought to bargain about it. The demand to bargain did not turn the contributions and the pension plan into "wages"; rather, it was the nature of the inducement by the company to the employees and the value of the contributions and the benefits to the employees which made them "wages."[33] In other words, not only does *Inland Steel* stand for the now well-accepted proposition that employers must bargain with unions about pensions, but the case equally stands for the frequently ignored proposition that a non-bargained plan and the contributions to it are part of "wages" and part of the consideration for services performed.

Recognition of employer contributions to pension plans as a form of employee compensation is absent from the shutdown cases discussed in this article. Had the courts taken notice of the realities of collective bargaining and the complex of statutes, regulations and decisions which are based upon the notion that employer contributions to pension plans are a form of compensation, they might have given consideration to a theory of recovery based on the principle of restitution.

III. QUASI-CONTRACT AS A THEORY OF RECOVERY

A. The restatement's formulation

No court has passed on a clear-cut allegation that, the contracts comprising the pension plans aside, there is a right of recovery on a theory of quasi-contract for the value of that part of the separated employees' services for which the plan contributions were to be compensation.[34]

Section 357 of the *Restatement of Contracts* summarizes the rule as follows:

"(1) Where the defendant fails or refuses to perform his contract and is justified therein by the plaintiff's own breach of duty or non-performance of a condition, but the plaintiff has rendered a part performance under the contract that is a net benefit to the defendant, the plaintiff can get judgment . . . for the amount of such benefit in excess of the harm that he has caused to the defendant by his own breach, in no case exceeding a ratable proportion of the agreed compensation, if

"(a) the plaintiff's breach or non-performance is not wilful and deliberate." [35]

The doctrine of unjust enrichment is rooted in cases in which building-repair or personal-service contracts are partially performed but completion becomes impossible.[36] Typically in the service cases, plaintiff or plaintiff's decedent promised to care for a relative for the remainder of the relative's life but, after many years of rendering care, became unable to continue because of extended illness or death. Although the specified condition of payment is not fulfilled and there is only partial performance, the plaintiff can recover the value of the work actually done.[37] If a plaintiff in default of a promised performance may recover for the benefit he confers, it would seem that an employee who blamelessly is separated from employment and hence cannot fulfill the age or service conditions of a plan should be entitled to compensation to the extent that his service has benefited an employer, who otherwise would have both the full benefit of the employee's service and the reuse of the pension contributions.

The contract conditions for normal retirement in a pension situation and those of life care in the life-service cases are somewhat similar. Both sets of conditions call for personal service over an extended period and both provide in terms that the benefit will be gained only by service to the end of the period specified. But, there also are differences. In the life-care cases, the purpose of the promisor is to induce lifelong service. The purposes of the pension-offering employer are not so single nor simple. Employers institute plans for a variety of reasons. During World War II and the Korean War cash wage increases were limited by law, but reasonable amounts contributed by employers to pension plans were permitted. Hence, employers instituted pension plans as one means of holding and attracting employees in a tight labor market. In *Consolidated Foods Corp.*, the employer declared that its predecessor introduced the pension plan because "it was for the best interests of the company, in competing with other businesses, to attract and retain desirable employees, to follow the then current [1954] trend of establishing a pension plan. . . ." [38] It may be of more than passing interest that the plans at issue in *Rockwell Spring* and *McKesson & Robbins* also were begun during World War II. The major benefit the employers expected to derive from those plans came to them during the early years of the plan.

The incentive to compete with other employers can and does operate in more normal times. Some employers adopt plans because, among other things, they believe it appropriate and fair to provide long-term employees with income when their earning power is diminished or past. Some employers believe that pension benefits conditioned upon long service up to retirement age provide an incentive for employees to remain with that employer. They seek to reduce turnover costs and obtain the benefits of employee experience. Often such conditions are pension cost-control devices. Many employers adopt plans because they are under union pressure to do so, and yet others adopt plans to combat or forestall union organization. And yet another major reason for plans is that they enable employers to remove employees with declining efficiency (real or fancied) from the payroll where such action would be impossible, or at least unconscionable, if the employee were cast off with no private source of income. Obviously, in such instances the plan is designed not as an inducement to long service but as an antidote for overly long service. It is for any or some combination of these reasons that employers agree to union demands for plans or install them unilaterally. In sum, age and service conditions often are not designed to encourage long service; the benefit-eligibility conditions usually are present, primarily or in part, to provide limits upon plan cost. If there can be recovery for partial performance in the life-care cases where full satisfaction of the life-service condition was the primary desire of the defendant, it would seem that in the pension situation where inducement of long service often is not the employer's motive recovery on the basis of quantum meruit is even more justifiable.

When a mass discharge takes place due to changes in the employer's structure, performance of the years-of-service condition is of no interest or value to the employer. Except where there is a contract for a definite term, and such contracts are rare among rank-and-file employees, the employer is generally free to dispense with unneeded employees. When the employer exercises that right, whether from adverse necessity or for economic advantage, it prevents the fulfillment of the condition. That is its prerogative. But it does not seem sensible or fair to say that nonperformance of the age or service conditions by the employee extinguishes all of his rights and credits under the plan when it is the employer who prevents performance because it no longer wants the fulfillment of these conditions. The *Restatement* rule in favor of quantum meruit recovery applies where the defendant had wanted or could receive performance at the time of breach. If the defaulting plaintiff in such a case can recover, it makes even more sense for a blameless plaintiff to recover despite his nonperformance of the condition where the condition has become meaningless and unwanted by the employer.

Section 468(1) of the *Restatement of Contracts* seems to state the last hurdle presented by contract conditions to a quantum meruit recovery:

"Except where a contract clearly provides otherwise, a party thereto who has rendered part performance for which there is no defined return performance fixed by the contract, and who is discharged from the duty of further performance by impossibility of rendering it, can get judgment of the value of the past performance rendered." [39]

Williston deals with the problem of nonfulfillment of conditions with these inquiries:

"Did the plaintiff take the risk of the impossibility which has occurred? Is the contract to be construed as providing not only that the plaintiff should receive pay for his performance on certain contingencies, but that except on those contingencies he should receive no pay?" [40]

Williston gives these answers:

"In the United States the right of recovery is general, whether the contract is for the sale of goods or land, or the rendering of services, unless a contrary intention clearly appears. . . . [Y]et the mere fact that there is stated in the contract a condition on which payment shall be made, and that the condition [is unfulfilled] . . . is usually not enough to preclude recovery." [41]

Pertinent to a determination of whether such an intention was clearly manifested by the parties are two considerations:

"First, and most important, did the defendant receive the benefit of the performance as it progressed? . . . [I]f the benefit is received as it progresses, as in ordinary contracts of service . . . the implication is strong that the provisions of the contract in terms making payment conditional on an event which has become impossible, were not intended to cover the situation which has arisen." [42]

Secondly, but less important, are the performance and promise equivalent? If the plaintiff did assume the risk of losing all for nonperformance of the condition, Williston says, he would have sought more than the fair value of the service as the reward for full performance.[43]

So, the first inquiry is whether the benefit of the performance is received as it progresses. As Williston points out, the benefit is normally so received in contracts of service. The arrangement of which bargained pension plans are a part would seem not to be different. The employer's pension contribution is traded for wages or some other economic benefit which is enjoyed on a current or

Footnotes at end of article.

short-term basis. In addition, the employer charges its contribution to current operations.[44] Of course, the value of any employee's service varies at different periods of employment. Many of the benefits believed to be derived from plans are not subject to accurate, or indeed any reliable, measurement. At least, that has been the experience to date in attempts to measure the influence of pension plans upon employee loyalty and adherence to the employer.[45] It certainly cannot be said that the last years of service before retirement age are necessarily the most valuable to the employer; indeed, many employers insist upon mandatory retirement even at age sixty-five because they believe older employees are less valuable and become progressively less useful. A reasonable conclusion is that in most situations the benefits of pension plans are received by employers during the whole period of employment and that, in effect, the employee and his union representative regard contributions as a form of current compensation, albeit to be enjoyed at a later time. Hence, plan benefits are popularly and technically designated as deferred compensation.

Williston's second test is: are the performance and promise of about equal value or are they so disproportionate that the transaction is like a bet? If they are equivalent it is inferable that full performance was not regarded by the parties as the *sine qua non* for recompense. From the employer's point of view, all of the employees' services in the aggregate are roughly valued as the total of the cash wages and fringe benefits they have been able to exact. When plans are bargained, there is nothing to suggest that unions regard or treat them as involving wages.

It may be argued that employees know that fulfillment of the age and length of service conditions of a plan is subject to frustration not only by their voluntary resignations or discharge for cause, but by layoff and separation in the normal course of business. The extent to which the expectation of such usual occurrences may be deemed to encompass wholesale job loss accompanying mergers and plant and unit shutdowns may be illuminated by some instances of practice in such circumstances and a review of the actuarial assumptions about employee separation upon which plans are based.

B. Actuarial considerations

A paper by an eminent actuary, Dorrance Bronson, presents situations in which plant and unit shutdowns could be treated as "partial terminations" for which separated employees would receive vested benefits.[46] The comments upon it by other actuaries report actual examples.[47] It was Bronson's experience that plans generally are silent as to these possibilities. But his analysis of various methods of according benefits to separated employees in such situations suggests that their claims have a strong measure of equity and are actuarilly manageable.[48]

Bronson states that the separations attendant upon plant and unit shutdown raise the question as to whether the mass separation is merely "a sudden high rate of termination of employment . . . (or something) more fundamental." [49] In choosing between these characterizations, he says, the competing interests are benefits for separated employees and "the employer's subsequent pension cost." [50] It is implicit in these comments that one can judge what is fair to the employees. Unfortunately, he does not make explicit the criteria for making the judgment. Perhaps a rough test could be: are the reasonable turnover assumptions underlying the plan substantially lower than the actual turnover experience? If they are, then the employer is unexpectedly recapturing funds if employees are separated without benefits.

It is appropriate then to consider the actuarial aspects of mass separations. Employee turnover is a basic variable about which assumptions are made in estimating pension plan costs and expected liabilities. But are separations due to plant and unit shutdowns, mergers and sales included in such assumptions, and if so, to what extent? Actuarial estimates for nonannuity plans contemplate that some employees will quit, be discharged for cause, die or be separated for economic reasons before achieving eligibility. A rate of separation is assumed for each age group. The rate is a composite one for all causes and is not computed from rates for each cause of separation. Based upon these assumed rates, the actuary derives the number of employees who can be expected to achieve benefits and how many in each year after the plan is in operation. From this he computes the estimated cost of any specified benefit level. When the cost is ascertained, the actuary assumes a rate of interest which the fund would earn, and thereby derives the rate of contributions needed to finance the plan. These computations enable an employer to estimate its plan costs. Indeed, benefit rates are determined only after their estimated cost is computed.

While premium costs of annuity plans are not based upon any "discount" for turnover, most employers under such plans have general or even fairly specific expectations as to how turnover will affect their net plan costs, for when employees are separated without vested rights, the employer contributions plus earnings are applied against the employer's future premium liability. Naturally, some estimates of these "gains from returns" are made.

The rates of turnover in the service table employed in the actuarial computations for a plan are supposed to average out the periods of high and low turnover over the several decades during which it is assumed the plan will operate. Periodic adjustments in deposit administration and trusteed plan assumptions are made to reflect actual experience. When turnover is somewhat heavier than expected, conditions may be reduced if those already made are deemed sufficient to substitute for later intended contributions. If turnover is lighter than anticipated, contributions may be increased.[51] In effect, insured plans work out in essentially the same way. Actuarial computations for a pension plan assume continuation of the enterprise, at least until the last retirement of present employees. Actuaries and plan consultants make no explicit assumptions as to expected or possible plant or unit shutdowns.[52] Turnover rates are based upon large populations, so that the effects of plant and unit shutdowns are averaged among the entire employee population and reflected in the table by very small increments for any given group. As a result, in many, probably most, situations in which shutdowns of relatively large units occur, the resulting turnover will be higher than the rate assumed.[53] Where this difference is palpable, it seems reasonable to conclude that the employer did not count upon reduced plan costs due to the shutdown and that similarly the employees did not assume the risk of plant and unit shutdowns.

The courts, however, read plan provisions which explicitly negate employee rights in the plan or fund prior to full satisfaction of the conditions of eligibility as indications that the employees did assume all the risk of nonconformance with those conditions. Provisions of this sort are more or less standard in plans, whether insured or trusteed; sometimes they are side by side or actually joined with declarations to the general effect that no employee has any "right, title or interest" in any contributions or any part of the plan; broader clauses declare that the employees have no interest in the fund and no right of action against it. But it is open to question whether upon otherwise proper allegations employees could not obtain an accounting in the face of such a provision. If there were indications of impropriety, courts probably would ignore the supposed limitation. The purposes of such provisions are: to keep the plan from becoming embroiled in garnishment proceedings and lawsuits; [54] to protect the employee from using his retirement income in advance of retirement; and to preclude claims by employees who quit or are involuntarily separated before achieving eligibility. But this is not to say that they were intended to be applied in extraordinary situations of mass separations. As such a time literal enforcement of the very same provisions might be palpably unfair and defeat rather than foster plan purposes.

Courts would do well, therefore, to ascertain the purpose of these provisions and interpret them in accordance with those purposes, which often are more limited than the words intimate. Many trades and callings have their specialized terminology and usages which the courts will honor if they learn what they are. The language of collective bargaining agreements and fringe benefit plans is often specialized in that manner. What appears to the outsider to be a clause of universal application will be known to practitioners of the mystery to be for limited and well understood purposes.

All that is suggested here is that these provisions, as with the eligibility provisions themselves, be subjected to the test of actual intent, which may require parol evidence.[55] All of these provisions should be assessed in the light of the whole transaction and relationship of the parties to discover whether they do represent a clearly expressed purpose of the parties to place the full risk of impossibility of performance upon the employee who has partially performed and is denied the opportunity to continue to do so.

It may be argued that the employer runs the risk of low turnover and consequently higher-than-expected pension costs, and therefore should be given the benefit of higher-than-expected turnover and consequent lower-than-expected pension cost. But in most circumstances the higher pension costs of low turnover would be more than offset by the substantial savings of the considerable costs which turnover involves—costs of separating employees, recruiting and training replacements, and the lower efficiency of unseasoned workers. Even if there is no causal relationship between the plan and low turnover, the employer's aggregate labor costs generally are lower when turnover is low even if the plan cost is greater. Moreover, in the unlikely event that total costs exceeded those expected, the employer is in a position to limit his losses by unilateral action or by subsequent bargaining.

It also might be objected that quantum meruit recoveries for employees separated in shutdowns and mergers would enable any separated employee to sue successfully for that part of his compensation purportedly consisting of the value of his earned pension credits. Such a broad application would increase the costs of plans beyond those contemplated and would make plans for units with heavy normal turnover prohibitively expensive or at least unattractive. The short and simple answer to this objection is that unjust enrichment does not result when individuals or small groups of employees are separated, because gains from such turnover are reasonably contemplated and employees do assume the risk of losing pension credits because of such common separations.

In sum, although employees may be chargeable with the risks of turnover which they and the employer could reasonably anticipate, it seems unreasonable to expect them to bear the full risk of turnover where it exceeds actual or reasonable expectations, the very expectations upon which the em-

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ployer bases its funding. The general rules governing quantum meruit call for a clear demonstration that the risk which prevents full performance was assumed by the plaintiff. There is no reason for applying a more onerous rule to employees under pension plans. The absence of a declaration in the plan expressing the assumption of that risk, under the rules stated, indicates that the risk was not assumed by the plaintiff who has performed partially. The employer receives the benefits of the employees' services each day they are rendered and this too negates the assumption of the risk of shutdown by employees. If employees lose their pension expectations to a degree not contemplated by them, by the plan or by the employer, and if the employer benefited by their partial performance, recapturing contributions or premium payments beyond its reasonable expectations, it seems reasonable to say that the employer is unjustly enriched.

C. Considerations in regard to bargained and nonbargained plans

The plans in *McKesson & Robbins, Consolidated Foods Corp.*, and *Rockwell Spring* were not bargained. In each instance satisfaction of the specified conditions of eligibility were held to be the sole basis for benefits. It does not seem appropriate to limit the employees' rights to contract terms which in fact they did not negotiate. Nor is it fitting to give broad interpretation and wide applicability to powers employers unilaterally reserve to themselves. Yet in *Consolidated Foods Corp.* the court felt the employees were parties to the agreement, making it a tripartite contract. In *McKesson & Robbins* and *Rockwell Spring* no such employee action was called for as the plans were noncontributory. In any of these situations, what alternatives do employees realistically have? They either take the plan with all the protections the employer may put in for itself, or leave it and lose the entire benefit of the plan. That is not much of a choice. But the courts have consistently found that the language of the plan is the controlling consideration in ascertaining employee rights, as if the plan were a contract whose terms were decided upon by equal dealing at arm's length. In fact, no such dealings occur. There is palpable inequality of knowledge and competence.[56]

It seems unrealistic and archaic to hold that employees are precluded from a contract recovery by details of a plan which they did not bargain, did not knowingly accept, and which they had no alternative but to accept passively. Extending such a literal approach to cases in which the unjust enrichment doctrine is invoked would be even less justifiable.

Does it follow that under a bargained plan employees should be held to its exact terms even when there is "mass" severance? What treatment is to be accorded a nonbargained plan where a union subsequently represents the employees but does nothing or is unsuccessful in its attempts to obtain changes?

Where a plan is bargained, it would seem appropriate to look at the assumptions upon which the bargain was based. The purpose of such scrutiny is not to see whether the literal meaning of the plan can be modified, but to see whether the plan assumptions preclude a noncontractual recovery on the basis of unjust enrichment.

A few questions may suggest the appropriate lines of inquiry: Did the parties discuss the assumptions for the plan, especially those for turnover? If so, what kinds of turnover were discussed? The absence of plant and unit shutdowns in the past might indicate that shutdowns were not anticipated by the parties. If there had been any, was there any evidence of how the parties meant to deal with such situations? What did the actuaries assume? And to what extent were assumptions known and considered by the parties? Of course, the evidence might be skimpy. One would suppose that the plaintiff-employees would have the burden of proving unjust enrichment and of negating any inferences to be drawn from the plan contrary to the rights asserted. If the gains to the employer from separation seem substantially in excess of what it planned for in the way of turnover, courts, especially juries, might require little proof on the question of the effect of the agreement.

But the inquiry need not end with consideration of this one element, for pensions are only one part of the whole bargain. It should be open to the employer to show that provisions of the bargaining agreement on other subjects, such as severance pay or extended supplemental unemployment benefits, were designed to provide all the compensation contemplated for separated employees. It might show how large expenditures for these benefits more than offset pension plan gains from separations; such results may be indicative of the way in which parties dealt with the possibility of mass separations.

Somewhat similar considerations might enter into a determination as to whether the bargaining by a union after establishment of the plan amounted to implied or knowing acceptance of its conditions. As with unilateral plans, the intended effects of eligibility and other conditions should be treated as questions of fact.

IV. THE CHOICE OF REMEDIES

If the case results previously described are unsatisfactory, should some remedy be contrived by the courts, written into plans by the parties, provided in some fashion by the federal or state legislatures, or by the development by some of these parties and agencies of new devices to fill in the gaps at bearable cost?

The courts do not seem very promising. Judges can master the actuarial aspects of plans but often will not have the time required to become familiar with their complexities. The case-by-case approach is not very useful to pension planners, who should know as nearly as possible at the outset of the plan what the potential liabilities are. Although other solutions to the problems posed may be more effective, the courts may contribute to the amelioration of the problems presented, especially as the other solutions are not imminent.

A. Can unjust enrichment be judicially ascertained?

Whether there have in fact been greater than estimated gains from forfeitures might be difficult to establish judicially; there could be a battle of actuarial assumptions in which juries might be less than precise in finding the "facts." Can actuarial science guide courts and juries in resolving turnover issues? If large divergencies can be judicially determined, can actuaries provide sufficiently precise information upon which to compute the amounts properly due employees?

If actuarial techniques are adaptable to the task of comparing assumptions with experience at any given point in time, the likelihood is that courts are quite competent to apply the criteria provided by the actuaries. Courts perform other tasks that are at least as complicated. It is yet another question whether the comparison of actuarial assumptions and experience is an appropriate subject for a jury where the issue is contested, for it is a common phenomenon for honest experts to give conflicting testimony. Employers and insurers may feel that they would get a very rough brand of justice rather than nice balancing of actuarial considerations. But there is a large body of law, however imperfect, under which judges may protect defendants from juries.

Actuaries may be dubious about the adaptability of their methods as a tool for litigating whether a given set of employee separations during a brief period was at a rate demonstrably higher than that of the plan's assumptions. One problem is that assumptions are subject to modification by experience under the plan. Thus, a question for resolution is what set of assumptions would provide the appropriate measure: those made when the plan was established or those adopted during its existence? The answer is not readily apparent.[57]

Despite the difficulties of formulating a rule, the disparity between the turnover reasonably associated with a plan and what actually occurs may be so readily apparent that a determination is not really difficult. For example, in *George v. Haber*,[58] the principal plant shut down and over ninety-five per cent of the company's employees were separated within the first four years of the plan. Obviously that percentage of separations in so brief a period exceeded anticipated turnover. The *Servel*[59] case, where a plant which had employed 2,500 employees shut down, would similarly seem to be a case where separations exceeded any prior reasonable estimate of turnover. *McKesson & Robbins*[60] appears to be at the other end of the scale—the shutdown of one small installation out of dozens, involving the separation, albeit in one year, of only 1.6 per cent of all participating employees. The number and percentage are so small as to make it dubious that one could measure whether that turnover exceeded the expected.

Perhaps the basic reason for doubting the propriety of comparing actuarial assumptions with experience to determine liability to separated employees is that the underlying purpose of actuarial methods—guidance for responsible financing—may be regarded as very substantially different from determining the legal liabilities assumed by the employer. And even if liability in general could be ascertained by employing actuarial methods, perhaps the range of reasonable assessments of any given occurrence is sufficiently broad to preclude a reliable measure of the precise amount due to the separated employees. Moreover, the original assumptions might be challenged as insufficiently conservative. Is the reasonableness of the original assumption an appropriate subject for court inquiry? It would seem difficult to open it to meaningful inquiry, yet impossible to close it entirely. One would suppose that the showing of unreasonableness would have to be quite clear and beyond serious dispute. It may be that the division of the experts, however reasonable, invites a less-than-expert court determination. But is less-than-expert adjudication worse than leaving the parties wherever the disrupted relationship chances to deposit them? We have not yet reached the point of despair where we believe fate to be so superior to reason.

Employers and actuaries can decide and have decided that some plant and unit shutdowns and merger situations should be treated as partial terminations so that separated employees receive rights to benefits. They should be able to make explicit some of their standards to guide courts in making similar decisions. Whether and how these jobs are to be done cannot be settled by one opinion or a majority vote on a questionnaire. The problems require ventilation and widespread consideration by the actuaries, those whose economic interests are affected, the lawyers who deal with problems of evidence and procedure and, finally, or perhaps even initially, by the courts, since otherwise the others might not get to it.

If the courts find merit in the proposition that mass terminations palpably in excess of reasonably expected turnover result in unjust enrichment of employers and a forfeiture for employees, they well may conclude that they are quite competent to assess factual situations underlying such a determination.

Footnotes at end of article.

B. The measure of relief

The determination that unjust enrichment would result implies some measurement of the difference between proper and improper recompense. But the ascertainment that such a difference exists does not mean that the difference has been measured as yet with any accuracy. Perhaps the recovery will be held to be the difference between assumed and actual cost. Or the measure may become the difference between the value of the employees' services to the employer and what they were paid. The courts can, and frequently do, ascertain the value of services in cases involving quantum meruit counts. The measure may be what other similarly situated employees were paid. This involves estimates of the value of fringe benefits, as to which opinions will differ. It will be open to argument whether the proper recovery is the equivalent of the contribution (a dubious proposition) or the discounted value of the coverage to the employee. This kind of complex issue should be left to resolution after thorough canvassing by experts—hopefully before litigation. In all likelihood, the various measures would reach approximately the same results. In any event, as section 357 of the *Restatement of Contracts* indicates, the contract price sets the upper limit of recovery.

Usually a quantum meruit recovery consists of a money judgment. If translated into vested deferred pension benefits it would be even more worthwhile. If the individual amounts are small, as they well might be, annuity contracts would not be very practical. A clearing house arrangement[61] would make it easier to translate their money judgments into future pension benefits—which is what the plan was for to begin with.

C. Possible side effects of unjust enrichment approach

Of course, possibility of recovery in such situations on a quantum meruit basis might affect turnover assumptions. To minimize their liability upon a plant or unit closing, employers might instruct their actuaries to assume a high rate of turnover because of the possibility of adverse economic conditions. This would have the additional unfortunate effect of producing a lower estimated cost and lower contributions. Other considerations, however, including the employers' desire to have a sound, properly financed plan, may well minimize such an effect.

If courts begin to award restitution to employees on the basis of unjust enrichment, can it not be expected that employers will explicitly provide in plans that upon plant and unit shutdowns there will be no benefits. Perhaps so, although if they do some of the expected advantages, vis-à-vis unions and other employers would be cancelled out. And if they do so, courts should at the least require that the employees be made fully aware that the plan contains such a provision.[62] In nonbargained plans, for the reasons already canvassed, the courts might well question the fairness of such provisions. Conceivably some courts might decline to enforce them.

If plant and unit shutdowns are deemed by the courts, in the absence of a specific plan provision on the subject, to give employees a right to some or all of the plan contributions up to the value of their services, a union is in a strong bargaining position to refuse to change the plan to include an explicit provision on the subject unless it gets something of value in exchange, such as a general vesting provision or a vesting provision covering such occurrences. For this reason, employers might prefer to risk liability in the event of a plant or unit shutdown rather than incur the greater risk of precipitating a demand for liberal vesting provisions. Indeed, an employer who demands a plan provision negating liability to employees in shutdown situations will run the risk of counterproposals for limiting its right to relocate, for severance pay, for transfer rights and other protective devices which equal or exceed the costs of vesting in mass separations.

In sum, there is no certainty that employers will adopt or seek plan provisions declaring their freedom from liability to employees separated in mergers and plant and unit shutdowns.

D. Possible contract provisions governing unusually large separations

Plan provisions to give vested rights upon such occurrences clearly are rather desirable for employees. They could be quite expensive; but upper limits on liability can be set by agreement, as they are in supplementary unemployment benefit plans. Of course, the limit may render some valid claims unenforceable; but that would seem preferable to no recovery at all. Whether some limit may be developed which would be demonstrably fair for nonbargained plans remains to be seen.

It would seem thoroughly desirable for the parties to provide specifically in plans for the treatment to be accorded employees separated in unusually large numbers because of plant and unit shutdowns or mergers. Such arrangements, so long as they deal fairly with the differing interests of employer and employees, would be far preferable to court-imposed *ad hoc* determinations. From the point of view of the separated employees, they would receive some recompense for their lost pension credits without the delay, expense and uncertainty of litigation, and they might more readily receive it in a form translatable into potential pension benefits with the advantages of group coverage. An agreement could provide with specificity the conditions upon which separated employees would be recompensed so as to cover what under court-developed rules would be marginal and dubious situations.

From the employer's point of view, it is preferable to have participated in the formulation of what benefits are to be payable and under what conditions, than to have both imposed by court or jury. In the absence of potential liability, however, there is no direct economic incentive for the employer to accede to provisions for benefits in mass separations other than the motives which lead employers to install and improve plans, especially those with vesting. The fact that such provisions are not uncommon means that plan protection may be extended openhandedly to shutdowns when such occurrences come to be regarded as a real hazard.

From the point of view of the remaining, generally longer-service, employees, plan provisions might better protect their interests than an *ad hoc* court determination. As with vesting in general, where an enterprise's fortunes are declining, vesting for those separated in a unit shutdown may favor the separated employees over those retained if the fund would not be equal to all claims were plan termination to follow. This may be particularly so in the early years, when a plan is immature and service credits for the more senior employees are only partially funded. Under an agreement, benefits for separated employees might vary according to the condition of the funding. Or provision might be made for meeting the liability to separated employees over a period of time. In this way a larger fund would be retained giving greater protection to the remaining employees and a larger portion of the payments for separated employees would be met from fund earnings.

Employers might be apprehensive about the interpretation of such plan provisions by a jury, or even a judge, who could not be expected to apply actuarial concepts with the reliability of experts. The solution to that problem—and indeed the similar difficulty with a noncontractual recovery—seems relatively simple: provide for arbitration in which one or several experts conversant with the actuarial structure of plans participate.

If plans specified what is to be regarded as termination, union, employees and employer would know where they stand. And if "termination" occurred, separated employees would have something to show for having been under the plan, employers would have manageable liability, and remaining employees would have their interests protected as well. In effect, there would be a special, limited form of vesting. This might conceivably have length-of-service conditions or priorities; but to perform their intended function, such conditions would have to be less stringent than present vesting provisions generally are.

Until something better comes along, some amelioration of the separated employees' plight by courts and plan provisions is desirable. But for a broad solution to what may well be a growing problem, some new not-too-costly device may be preferable. If a new pension institution could be fashioned under which employees could obtain credit for all or almost all of their employment by practically any employer, the cost for each unit of service to any one employer could be reduced very substantially below what it is now. The cost of giving what amounts to full vesting after brief service might be reduced to the point at which many or almost all employers would be willing to accord pension credits to most separated employees, including those who lose their jobs in unit shutdowns or transfers.[63]

If improving technology, shifts in population, changes in the age profile of the population, and defense accelerations and cutbacks scramble industry and commerce more and more vigorously and thoroughly, as seems possible, the problem of separations due to shutdowns, mergers and transfers could become formidable for would-be pensioners. It is difficult to conclude that the present pattern of single employer pension plans will afford adequate security to tens of thousands of employees who could be affected. And it is difficult to conclude that the courts presently are sufficiently solicitous for the interests of employees when their pension expectations are put in jeopardy by plant and unit shutdowns.

FOOTNOTES

[1] In its broadest signification "termination" means the ending of the plan. One form is the achievement of the plan's purpose by retirement of the last eligible employee. As used most often here, "termination" means the ending of the plan before that point, often substantially before the fulfillment of the plan.

[2] An estimated 21.6 million employees, excluding retirees, were under plans in 1960. Skolnik, *Employee-Benefit Plans, 1954-60*, 25 Soc. Sec. Bull. 5, 7 (No. 4, 1962). Multiemployer plans accounted for approximately 3.3 million employees; under such plans employment by any participating employer results in plan credits. United States Dep't of Labor, Multi-Employer Pension Plans Under Collective Bargaining, Spring 1960, at 1 (B.L.S. Bull. No. 1326, 1962). Eligibility conditions for retirement benefits under multiemployer plans often are more exacting than for single employer plans; twenty or twenty-five years of covered service, not necessarily continuous, is a common requirement. United States Dep't of Labor, Digest of One-Hundred Selected Pension Plans Under Collective Bargaining, Spring 1961, at 14, 16, 60, 66, 68, 76 (B.L.S. Bull. No. 1307, 1962).

[3] The length-of-service requirement may vary from ten to fifteen or more years of unbroken employment, and is frequently coupled with an age requirement, typically forty or forty-five. Vesting involves only the employer's contributions. A minority of plans

are "contributory," *i.e.*, both the employee and employer contribute. Almost universally, when an employee under a contributory plan is separated without a vested right to some or all of the employer's contributions, the employee's own contribution is returned to him, usually with interest. "Vesting" usually entitles the qualifying employee to benefits when (but only when) he reaches retirement age; the amount of the benefit usually is computed according to his service credits. If the vesting is "full" (the most usual form), the employee gets the full benefit of his service, and hence the full benefit of the employer's contribution. If the vesting is "graded," his benefit is some percentage of a full benefit. Some plans condition vesting upon involuntary separation or other specified causes.

[4] "Group annuities of the conventional deferred annuity type covered 2.5 million persons at the close of 1959, or 48% of all persons covered by insured plans." 1960 LIFE INSURANCE FACT BOOK 35. Insured plans of all types accounted for about one quarter of the employees under private pension plans in 1960.

[5] Rev. Rul. 61–157, pt. 5(c)(2), 1961–2 CUM. BULL. 67, 87. Eligibility requirements, such as retiring in the employ of the employer and age and service requirements of a plan's vesting provision, need not be met—the fact of termination removes those conditions.

[6] 253 Minn. 375, 91 N.W.2d 772 (1958).

[7] The contract provided three bases for termination: (1) on default of contributions by the employer; (2) at the election of the company (this was not a bargained plan); and (3) at the election of the insurer whenever the participants were fewer than fifty or less than 75% of those eligible. 253 Minn. at 383–84, 19 N.W.2d at 777–78. Although the number of participants had fallen to forty-two, the insurer had not chosen to terminate. 253 Minn. at 379, 91 N.W.2d at 775.

[8] The "ten years" required were ten years of service under the plan, participation in which required five years of service and attainment of age thirty-five. So an employee needed fifteen years of service and could be no younger than forty-five in order to qualify for a vested right. None of the plaintiffs met the vesting requirements; through the life of the plan up to the time of litigation, four employees had qualified for vesting. Letter From Plan Insurer to Author, July 28, 1960.

[9] 253 Minn. at 385, 91 N.W.2d at 778–79.

[10] Another commentator, however, seemingly agrees with the court's analysis. See AARON, LEGAL STATUS OF EMPLOYEE BENEFIT RIGHTS UNDER PRIVATE PENSION PLANS 70–72 (1961).

[11] "Returns applied" are those sums (plus interest) the employer had in the past contributed on behalf of employees separated without benefits, which are applied to defray the employer's liability for premium payments.

[12] The discharge between 1953 (the year of acquisition) and 1955 of 85% of the former Griggs employees resulted in the transfer of the value of paid-up annuities purchased on behalf of the separated employees to the premium account of Consolidated as follows:

Year	Employee payments	Total payments due from employer to insurer	Returns applied	Net amount due from employer
1951	$23,499.08	$117,185.54	$9,197.89	$107,987.65
1952	23,830.20	106,338.54	2,641.31	103,697.83
1953	22,504.90	123,975.16	53,131.74	70,843.42
1954	11,785.40	45,697.98	46,247.78	(549.80)
1955	5,868.90	23,698.49	19,579.31	4,119.18

In addition, there were unapplied credits. In sum, the successor company obtained about $170,000 in premium credits as a result of the cancellation of the separated employees' annuity credits. Derived from Record, pp. 151–53, Exhibit F.

[13] 13 Misc. 2d, 175 N.Y.S.2d 104 (Sup. Ct. 1958).

[14] In addition to the causes of action based upon a termination theory, the court also rejected one based upon the theory that the employer prevented the employees from meeting the length-of-service conditions of the plan.

[15] File Affidavit of Attorney for Plaintiffs, Exhibit B. Some of the plaintiffs were written a few months of achieving ten years of service, the minimum for a vested benefit, but none actually qualified.

[16] 343 Mich. 218, 72 N.W.2d 121 (1955); see Amended Bill of Complaint, Settled Record on Appeal, p. 6.

[17] Affidavit of Plan Actuary, Settled Record on Appeal, pp. 20–21.

[18] Letter From Plan Actuary, Murray Latimer, to Author, October 30, 1961.

[19] 254 F.2d 827 (2d Cir. 1958).

[20] 268 F. 2d 692 (7th Cir.), *cert. denied*, 361 U.S. 884 (1959).

[21] See Karcz v. Luther Mfg. Co., 338 Mass. 313, 155 N.E.2d 441 (1959). In *Karcz* the employer had shut down the mill at which plaintiffs had been employed only a few weeks before they would have reached retirement age. They too failed in their arguments that they had been discharged without cause. 9 Records & Briefs for Vol. 338 Mass. Reports 13–14.

[22] At least two arbitrators have reached different results in plant-closing cases. See A. D. Julliard & Co., 22 Lab. Arb. 266 (1954); Premier Worsted Mill, 13 Lab. Arb. 804 (1949); Hudson Mohair Co., 11 Lab. Arb. 42 (1948). The same arbitrator served in the latter two cases. A similar situation, with one important variation, occurred in Alexander Smith, Inc., 24 Lab. Arb. 165 (1955). There the plant was shut down and the grievants were admittedly on layoff. All seventy-six employees had at least twenty years of service but were not yet age sixty, as required for retirement under the plan. They would have reached age sixty during the pension agreement's term within a few months after being laid off. However, they failed to establish eligibility because they were not "employees" when they reached the requisite age. "Employee" as defined in the plan required the current receipt of compensation. Without inquiring into the reason for the provision, the arbitrator denied all benefits under a literal reading of the plan language.

[23] Fernekes v. CMP Industries, Inc., 15 App. Div. 2d 128, 222 N.Y.S.2d 582 (1961).

[24] The court cited Longhine v. Bilson, 159 Misc. 111, 287 N.Y. Supp. 281 (Sup. Ct. 1936). There a welfare plan to which the employees contributed covered some 400 employees in three corporations under common ownership. In 1935, one of the companies closed its plant and discharged all 126 employees; the corporation and plan continued in operation. The court declined to declare the plan terminated but held that the provision calling for forfeiture of all plan rights upon separation from employment did not contemplate mass separations and hence was inapplicable to the plaintiffs. *Longhine* and *Fernekes* may be related in spirit, but their legal theories are different. *McKessom & Robbins* and *Rockwell Spring* were distinguished, apparently on the ground that in each the shutdowns involved only one of several divisions and smaller percentages of employees.

[25] See, *e.g.*, Comment, *Consideration for the Employer's Promise of a Voluntary Pension Plan*, 23 U. CHI. L. REV. 96 (1955); Comment, *Insulating Pension Benefits From Creditors*, 3 STAN. L. REV. 270 (1951). Under the bilateral or tripartite theory, the express terms of the plan are deemed agreed to by the employee and binding upon him. Under the unilateral theory, the contract does not come into force until the employee "accepts" by full performance of the age and/or service conditions.

[26] See, *e.g.*, Steel Industry, 33 Lab. Arb. 236, 243, 245–46 (1959).

[27] See Somers & Schwartz, *Pension and Welfare Plans: Gratuities or Compensation?*, 4 IND. & LAB. REV. 77, 82 (1950).

[28] See Basic Steel Industry, 13 Lab. Arb. 46, 97–98 (1949).

[29] See Sandler, *Legitimate Ways To Resist a Union Drive*, 34 PERSONNEL 38, 39–40 (1958).

[30] Major provisions and the legislative histories of the Welfare & Pension Plans Disclosure Act, 72 Stat. 997 (1958), 29 U.S.C. §§ 301–09 (1958), the INTERNAL REVENUE CODE OF 1954, §§ 401–04, and the Labor-Management Relations Act, 61 Stat. 136 (1947), 29 U.S.C. §§ 158(a)(5), 159(a), 186(c),(5) 1958), reflect the concept of such funds and the contributions to them as compensation to employees and part of the wage bill of employers. In 1956 the Senate Subcommittee on Welfare & Pension Funds declared:

"These employer-employee plans, whether or not collectively bargained, or whether contributed to solely by management, or on a joint management-employee basis, actually, and under existing law, proceed on the basis that the contributions to them by management are in the nature of employees' compensation for employment or, stated in another way, '. . . that the cost of an employee's service is greater than the amount currently paid him as wages.'"

S. REP. No. 1734, 84th Cong., 2d Sess. 3 (1956). To the same effect see the Subcommittee's "Conclusions and Recommendations" 1(d) and 2(e), *id.* at 6–7. The investigation and report led to enactment of the Welfare & Pension Plans Disclosure Act. In reporting the bill which was to become Welfare & Pension Plans Disclosure Act, the Senate Committee on Labor & Public Welfare stated: "Regardless of the form they take, the employers' share of the cost of these plans or the benefits the employers provide are a form of compensation," S. REP. No. 1440, 85th Cong., 2d Sess. 4 (1958).

[31] Inland Steel Co. v. NLRB, 170 F.2d 247 (7th Cir. 1948), *cert. denied*, 336 U.S. 960 *cert. granted on another point and aff'd*, 338 U.S. 382 (1949).

[32] 170 F.2d at 251, 253. *But see* Comment, 23 U. CHI. L. REV. 96, 102, n.25 (1955).

[33] The sole holding apparently to the contrary as to contributions is in Sylvania Elec. Prods., Inc. v. NLRB, 291 F.2d 128 (1st Cir.), *cert. denied*, 368 U.S. 926 (1961). Here the company had refused to provide the union with cost data about its noncontributory group health insurance plan. The NLRB held that the "costs" as well as the benefits were wages. The court of appeals refused enforcement of the order, holding that only the "benefits" were wages, citing W. W. Cross & Co. v. NLRB, 174 F.2d 875 (1st Cir. 1949). There it had held that health and welfare insurance were "wages." A reading of that case will not support the court's belief in 1961 that it read "wages" to include only "benefits." To the contrary, it said that it was not setting any limits upon the term "wages," but that whatever the limits are, group insurance surely comes within them. *Id.* at 878. *Cross* was an expansive reading of the term and does not support *Sylvania*'s narrow reading or result.

The Supreme Court's holding in United States v. Embassy Restaurant, Inc., 359 U.S. 29 (1959), that contributions to a welfare fund are not "wages . . . due to workmen" under the Bankruptcy Act may seem to indicate that contributions to a pension plan similarly are not wages. However, the majority carefully limited its opinion to the bankruptcy statute. Apparently pension benefits were not among the fund's purposes. *Id.* at 30. The most convincing of the Court's dubious justifications for its holding, however, is that the purpose of the priority was to give employees funds "with some prompt-

ness . . . to alleviate in some degree the hardship that unemployment usually brings . . ." and hence that only cash wages were contemplated. *Id.* at 32.

The Court had held a few years earlier in United States v. Carter, 353 U.S. 210 (1957), that a surety under a payment bond in favor of those supplying "labor" was obligated for the defaulting contractor's health and welfare fund contributions. The collective agreement in that case specifically declared that the contributions were not "wages." Nonetheless, the Court described the employer's agreed contributions to the health and welfare fund as "part of the compensation for the work to be done by . . . [the] employees." *Id.* at 217–18. *Carter* is not a precedent for the proposition that all fund contributions are compensation for all purposes, just as *Embassy* is not a precedent for the proposition that such contributions are not wages for any purpose. *Carter* faces in the direction of a quantum meruit recovery and shows how limited *Embassy* is.

[34] The complaints and briefs of the parties in the cases already discussed have been search for quasi-contract allegations and arguments. Unjust enrichment was suggested as a basis for the plaintiff's claims in *Consolidated Foods Corp.*, but only in the brief on appeal. In *Rockwell Spring* this cause of action was not dismissed and, perhaps significantly, the case was settled.

[35] RESTATEMENT, CONTRACTS § 357 (1932). Comment *c* of § 357(I) makes it clear that the rule covers unfulfilled conditions as well as unperformed duties:

The plaintiff may have made no promise to do what he has not performed; or he may have been excused from performing his promise by reason of impossibility or by the defendant's own consent. In such cases the defendant is not permitted to retain the benefit of a part performance without paying for it.

[36] See RESTATEMENT, CONTRACTS § 357, at 627–29 (1932).

[37] See 6 WILLISTON, CONTRACTS § 1973 (1938); 6 CORBIN, CONTRACTS §§ 1369–72 (1962).

[38] Record, p. 28, Gorr v. Consolidated Foods Corp., 253 Minn. 375, 91 N.W.2d 772 (1958).

[39] RESTATEMENT, CONTRACTS § 468(1) (1932).

[40] 6 WILLISTON, CONTRACTS § 1972A (1938).

[41] *Id.* at 5539–40.

[42] *Id.* at 5541.

[43] *Id.* at 5541.

[44] The funding of current service cost starts out by recognizing that the cost of an employee's service is greater than the amount currently paid to him as wages because, as he works, he concurrently establishes a possible claim to a pension. In a sense this is a claim to more pay for the same work; it is therefore deemed to be a part of the cost of that work and hence a part of the cost of the product resulting from that work.

Hearings on Welfare & Pension Plans Before the Subcommittee on Welfare & Pension Funds of the Senate Committee on Labor & Public Welfare, 84th Cong., 1st Sess., pt. 3, at 1160 (1956) (testimony of Robert Tyson, Vice-Chairman of the Finance Committee of the United Steel Corporation).

[45] Three commentators using completely different bases have concluded that pension plans are a negligible factor in inducing employee adherence to the covered job. TILOVE, PENSION FUNDS AND ECONOMIC FREEDOM 23–25 (1959); ROSS, *Do We Have a New Industrial Feudalism?*, 48 AM. ECON. REV. 903 (1958); and an as yet unpublished study of Herbert Parnes. However, we will have much to learn on the subject.

[46] Bronson, *Pension Plans—Provisions for Termination of Plan*, 7 TRANSACTIONS, SOCIETY OF ACTUARIES 242–46 (1955). A concept of "partial termination" might avoid the result of vesting in all participating employees the full value of their credits thereby depriving the employer of the benefit of reasonable turnover. In addition, it would avoid the possibility of a plan's being fully terminated before sufficient funds had been accumulated to meet the claims of all employees. It would seem easy enough for a court to devise appropriate relief to match the determination that a plan is partially terminated. Such a result requires the implication of plan termination where the plan does not specify what is to constitute termination, or it does so but the definition does not reach situations which realistically viewed are tantamount to termination. Once this conclusion is reached, however, the courts would be hard put conceptually to substitute a new set of plan terms as to what rights and results such partial termination precipitates. Courts may not be overly wary about the exercise of their equity powers, especially as the plaintiffs would be in a poor position to complain that the court lacked power to prescribe the new terms and the defendant, who would contest judicial power to imply termination, would have no incentive to insist upon the full vesting which, as described, is the usual concomitant of plan termination.

[47] *Id.* at 465, 471–72.

[48] Some district directors of the Internal Revenue Service "insist" that the pension credits of employees not hired by the successor in a merger be vested. Lurie, *Pensions After Mergers and Spin-Offs*, 10 TAX L. REV. 531, 536 (1955). The policy cited still varies from district to district. Interview With a Treasury Official, August 1961. The practice is suggestive that others in this field believe that employees who lose their jobs in merger situations should not also wholly lose their pension credits.

[50] *Id.* at 243. *But cf.* the court's characterization in *Consolidated Foods Corp.*, text accompanying note 9 *supra*.

[51] These adjustments belie the supposedly self-balancing nature of the service table, for theoretically, unnaturally low separations in the early years of a plan which would increase potential costs might be expected to be offset by high rates of employee separations during another period. The adjustments made, if any, will depend upon matters of judgment as to the degree of deviation from the range of expected variation in turnover, anticipated changes in the economy and the enterprise and their probable effect on turnover, and past and prospective earnings of the fund. Among the considerations affecting the use to which these estimates and the actuarial calculations will be put may be the desirability of a change in rate of the employer contribution.

[52] The literature on plan assumptions omits mention of plant and unit shutdowns as a cause of separations included in turnover assumptions. In addition, the statement is based upon my interviews with widely experienced actuaries.

[53] For example, it would be surprising if any actuary could have contemplated and assumed the almost total demise of the Griggs Company when establishing its plan in 1945; yet by 1953 it was a shadow of its former self. It is inconceivable that an actuary assumed rates or turnover equal to those which actually occurred under the Kaiser-Frazer plan (all 11,000 employees separated within four years of the plan's establishment).

[54] See Comment, *Insulating Pension Benefits From Creditors*, 3 STAN. L. REV. 270 (1951).

[55] See 6 WILLISTON, CONTRACTS § 1972A, at 5541 (1938).

[56] See, *e.g.*, Brief for Appellant, p. 20a, Gallo v. Howard Stores Corp., 250 F. 2d 37 (3d Cir. 1957).

[57] If the test is to be the extent of the liability the employer assumed, then it may be appropriate to refer to the liability at the time it became fixed. In a negotiated plan this may be the date of the agreement or last amendment. But the agreement may only bind the employer to make whatever contributions a designated actuary may recommend as necessary. Such an arrangement is somewhat like a unilateral plan in which the employer reserves the power to determine the level of contributions. If so, should one look to the actuarial assumptions as of the time the last adjustment in contributions was made prior to knowledge of the event in controversy? Would such a procedure provide a benchmark of the employer's "expectations" and hence, of the liability assumed? Not necessarily, although such an approach seems quite reasonable for most situations. However, it may not be applicable where the mass separation in issue is only one of a series. At what point does one decide that assumptions end and experience begins if the authority is retained by the employer to alter contributions or make plain amendments (which imply changes based upon experience)?

Is it then appropriate or fair to fix liability as of the promulgation of the plan? Does that show the "real" extent of the liability the employer assumed? Not if he expressly or impliedly reserved the right to alter the original turnover assumptions. And even if, during the early years of a plan, the original assumptions provide the proper measure of the liability undertaken, some time in the possibly long life of the plan assumptions should be subject to alteration to reflect changes in technology, market, and employee training. If the employer is saddled permanently with the original assumptions, plans adopted after the promulgation of such a rule might tend to "assume" high turnover to minimize liability.

[58] 343 Mich. 218, 72 N.W.2d 121 (1955).

[59] Local 2040, International Ass'n of Machinists v. Servel, Inc., 268 F.2d 692 (7th Cir.), *cert. denied*, 361 U.S. 884 (1959).

[60] Schneider v. McKesson & Robbins, Inc., 254 F.2d 827 (2d Cir. 1958).

[61] Possible "clearing house" arrangements under which employees could cumulate their pension credits from all employers are discussed at length and in detail in a chapter of the author's forthcoming book, *The Future of Private Pension Plans*.

[62] *Cf.* 1 CORBIN, CONTRACTS § 128 (Supp. 1962).

[63] The author in a chapter of his forthcoming book explores the possibility of various institutional arrangements for achieving such transferability. Wholly private, wholly public, and mixed private-public institutions are considered and analyzed in connection with coordinated private arrangements for the use of such institutions.

AMENDMENT NO. 323—PROTECTION OF PENSION RIGHTS

Mr. JAVITS. Mr. President, in order to protect employees against the danger to their pension rights of such retrenchment moves in the case of an emergency loan guarantee, I had contemplated proposing an amendment to make it a condition of a loan guarantee that the company receiving it must, during the period the guarantee is in effect, purchase for any employee who has worked in the enterprise 5 years or more, and who is permanently laid off, an annuity equivalent to the amount of contributions made to the plan by the employer on behalf of that particular employee, or by the employee himself if he made any contribution, or both.

A number of other Senators whose names I shall list in the RECORD propose to join me in that amendment.

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

Mr. JAVITS. I yield.

Mr. TOWER. May I suggest that the

Senator submit his amendment to be printed? He will be protected under rule XXII by a unanimous-consent agreement which provides that the amendment will be considered as having been read prior to the cloture vote on Monday.

Mr. JAVITS. I thank my colleague very much.

Mr. President, I send the amendment to the desk for printing under the rule.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

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

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

AMENDMENT No. 323

On page 7, line 8, insert the following:

"(g)(1) In any case in which an enterprise receiving a loan guarantee under this Act shall have in effect, on the date of application for such guarantee, a pension plan providing retirement benefits for such enterprise's employees, it shall be a condition of such guarantee that the enterprise file with the Board a written undertaking, in a form satisfactory to the Board, providing that, if any employee who is a participant in such pension plan and has completed 5 or more years of service with the enterprise shall have his employment with the enterprise terminated involuntarily (except by discharge for just cause) before repayment of such loan and prior to entitlement to a vested pension right, the enterprise shall purchase on a full single premium basis a deferred life annuity for such employee in an amount actuarially determined to be equivalent to—

(A) The contributions made by the enterprise to the pension plan on behalf of such employee up to the point of his involuntary termination from employment, and

(B) the employee's contributions to the pension plan, if any.

(2) This section may be implemented by regulations promulgated by the Board pursuant to the Administrative Procedure Act.

(3) The Board may waive or modify any or all of the requirements of this subsection if it determines that their application would not be feasible or would be inconsistent with the purposes of the other provisions of this Act.

Mr. JAVITS. Mr. President, as I say, I proposed to do this, but at the same time did not propose to press the amendment, because we do not know as yet whether it will be desirable to put any amendments on this bill. I appreciate the feeling of the managers of the bill that it may be possible to get the bill passed if there are no amendments, or if there are, that they are strictly technical in nature.

I am therefore disposed at this time, Mr. President, to see if it may be possible to get an agreement from the Secretary of the Treasury, who will be chairman of the Emergency Loan Guarantee Board, assuring us that where a loan guarantee is made, an agreement will be made conditioned to the particular situation, which would preserve to every extent practicable, along with equivalent funding, if that is practicable, the pension rights of individual employees who may be released or separated because of a retrenchment program incident to the making of a loan guarantee.

Mr. President, it is critically important that these pension rights should be protected, and I believe that, consistent with my own feeling, this legislation is essential, and that the way that I have described of working it out would be best.

Mr. President, I close as follows:

It is a provident government which prepares to meet eventualities which are likely, and which it is capable of meeting, before they arise. It is an improvident government which proposes to let events of a nature which could be damaging and dangerous to the national interest overtake it. It is my convinced judgment, Mr. President, that this authority is a very critical aspect of such providence on the part of the U.S. Government, and I hope very much that the Senate will act favorably upon it.

Mr. President, again I wish to point out that the important thing here, in view of the rather small amount of the authorization, is to establish the machinery, lay down the ground rules, and get experience in this operation, so that if we really find ourselves in a crunch—which we very well may—I hope all of this will have been done and that the country will be prepared to meet the emergency.

Mr. President, it is quite amazing to me that we spend half our budget for defense and all kinds of armament of the most sophisticated kind, when we know very well that our dearest hope is that we may never have to use it. We never compute the imminence of war as the criterion upon which we should base the means for defense. Yet when it comes to the economy or to the social order, we are so reluctant to act in any way with the same intelligent philosophic concept as to what the Government ought to do until we are overwhelmed by events. Many disasters and much suffering, Mr. President, have been caused as a result of this kind of improvidence.

Indeed, Mr. President, it is not a light matter that the casualties upon our roads from automobile accidents are inevitably compared with the casualties in any kind of war. It is found so very often that road fatalities exceed war fatalities by far—again because we somehow or other do not seem to be under any incentive to do the things necessary to protect ourselves until we are overwhelmed by events, except in war.

Mr. President, I think this is, as I say, one of the most improvident aspects of government. We have an opportunity to take a totally different line in respect to this particular bill, and I hope very much, in the self-interest of our Nation, that this measure, Mr. President, notwithstanding the doubts that have been evidenced about it, may become law as a result of the debate which we are now carrying on.

Mr. GAMBRELL. Mr. President, I wonder if the Senator from New York would yield to me for a question and comment on his remarks.

Mr. JAVITS. With the permission of the Senator from Connecticut.

Mr. GAMBRELL. Will the Senator from Connecticut yield for that purpose?

Mr. WEICKER. I yield to the Senator from Georgia for the purpose of comment on the remarks of the Senator from New York.

Mr. GAMBRELL. Mr. President, I congratulate the Senator from New York on his remarks covering the entire range of considerations involved in the proposed legislation.

The Senator from New York, of course, is one of our most articulate speakers and one of our most incisive thinkers. He certainly is in a position of less political concern than some others who have spoken on behalf of people, voters, constituents, and businesses located in their home States for which they have justifiable concern.

The Senator from New York came before our committee and made substantially the statement he has made here. I might say that I think it was at that point in our deliberations that the sentiment of the committee began to turn in favor of supporting legislation of the type we have before us.

I think the Senate and the public are aware that the measure started out primarily as a matter of rescuing Lockheed Aircraft Corp. from the very difficult circumstances in which it found itself. But the Senator from New York came before the committee and pointed out that this matter was illustrative of a number of situations that existed—the Penn Central and others that either did exist or might exist because of economic circumstances in the country—that he had proposed legislation of a generic nature, and explained, as he has done here today, in a very clear and dispassionate way, the reasons why such legislation is desirable.

I might say to the Senator from New York that before he came to the Chamber today I pointed out that we have a tendency in this country to wait for Pearl Harbor to strike before we do anything about it. Not only may the proposed legislation save us from some disasters, but, also, the mere fact that the legislation is on the books may give the economy enough encouragement, may create the confidence the economy needs, to go forward on its own.

As the Senator has said, this type of legislation tends to support the free enterprise system rather than to interfere with it. The Senator has put his finger on the specific problem about which we are talking. We are not talking about something to save some stockholders or to save somebody's management. We are talking about a cash flow problem that affects any number of businesses, great and small, in this country. We are trying to avoid the stoppage of operations of major business enterprises, with all the disastrous effects for persons, great and small, throughout the country, that may result. The Senator from New York is a distinguished lawyer and knows enough about bankruptcy to know that nothing in this bill puts anything in any stockholder's pocket and nothing in this bill saves any incompetent manager from being thrown out, if that situation develops.

In the Lockheed case, it is very possible that the eventual result of this will be that the entire equity, all of the interest of the stockholders, will be completely squeezed out. Some merger may be down the road; some reorganization may be down the road that is entirely voluntary on the part of the corporation. They may change management. But the enter-

prise itself—its productive capacity, its employees, its subcontractors, its suppliers throughout the country—do not go down the drain because of a temporary cash flow shortage.

All these things have been clearly and dispassionately pointed out by the Senator from New York. I believe that the sentiment of our committee was, by the very articulate statement he has made here today. I thank the Senator.

Mr. JAVITS. I am very grateful to the Senator for his comment on what I have said. I am deeply gratified, and I will be grateful if the Senate acts affirmatively.

Also, I hope very much that I did have some effect on the committee in buttressing the sentiment of which the Senator speaks, which was developing and is now epitomized in this bill, to make this a generic bill. I would have had much more difficulty supporting strictly a Lockheed bill than I have in supporting this measure, and I hope that the thrust of the debate will take account of that.

I respectfully submit—although I know that other Senators may not feel exactly that way—that even if Lockheed is thrown in with all the others subject to congressional veto, that is not the main point. The main point is that this critically important piece of power shall be on the Federal books.

I should like to close on this note. The entire Nation should be grateful to Senator SPARKMAN and Senator TOWER for picking up the cudgels in the committee, where it would do the most good, joined by such as the Senator from Georgia, in order to carry this out as a national policy rather than as an ad hoc operation relating to Lockheed alone.

Mr. GAMBRELL. Mr. President, will the Senator yield for one more observation?

Mr. WEICKER. I yield to the Senator from Georgia.

Mr. GAMBRELL. I think one other aspect of the Senator's remarks is very important and needs to be considered. The fact that this bill deals with large corporations should not be a source of alarm for anyone except someone who is motivated by rhetoric. Our committee, in the first session I attended, had before it Dr. Burns.

Several members of our committee, including myself, asked Dr. Burns at that time:

Dr. Burns, what can and should the federal government do in order to aid, to lend credit and support, to small businesses, to farmers, to the producers and manufacturers of housing, and to people who want to buy houses in this country, to avoid the disastrous effects of credit crunches such as we have seen in the last two years? How can the federal government extend its vast resources to make the free enterprise system work in these areas—small businessmen, farmers, home-builders, apartment developers, and people of this type?

Dr. Burns' answer, which in a way was satisfying, and in a way was not, was this:

We have had that under study for a couple of years, and we hope to have a report on that by the end of the summer.

I cannot say how many times since then I have gone back to my notes and said, "When are we supposed to get their report?" I have twice written Dr. Burns and said, "Let us have the report, because I am concerned and the members of our committee are concerned about this very thing."

Businessmen—I do not care whether they are great or small—are affected seriously by these credit crunches when they come, and we need to have some bulwark. The Federal Government is in control of the economy and in control of the ebb and flow of cash resources in this country. If the Federal Government, not only in reference to big businesses but also small businesses, does not erect some kind of bulwark against these ebbs and flows, we have disastrous effects. This bill is simply an emergency measure—a band-aid, one might say—to carry businesses of the type of Lockheed or others over a hump until we can establish a permanent national policy.

The Senator from New York has said that we are experimenting with how this program might be developed in the future. Again, I congratulate the Senator for his remarks.

Mr. JAVITS. Mr. President, if I may just respond very briefly—again thanking Senator WEICKER for his courtesy and consideration, especially as I take a different view of the bill—I should like to point out that Dr. Burns was asked today, at the hearing of the Joint Economic Committee, about the response to which Senator GAMBRELL has referred; and Dr. Burns said he would be ready quite soon. So, apparently, he is receiving considerable demand that this be forthcoming, and I have no doubt that he will let us have it shortly.

Mr. President, I thank the Senator from Connecticut, and I yield the floor.

Mr. WEICKER. I thank my colleague from New York.

Mr. President, I have a matter to discuss of a very serious nature relative to the bill before us.

Mr. TOWER. Mr. President, will the Senator from Connecticut yield to me briefly?

Mr. WEICKER. I yield.

Mr. TOWER. Mr. President, earlier in the day, I expressed my intention to file a cloture motion on Saturday.

After consultation, it is not this Senator's intention to file a cloture motion on Saturday, and I ask unanimous consent that my earlier remarks be withdrawn.

The PRESIDING OFFICER (Mr. MCGOVERN). Without objection, it is so ordered.

Mr. TOWER. I thank the Senator from Connecticut very much for yielding to me.

Mr. WEICKER. Mr. President, a few minutes ago, I had occasion to go out in the lobby to look at the news ticker, and the following UPI release came to my attention:

The Chairman of the Board—

I am now quoting from the UPI release.

of the Lockheed Aircraft Corporation criticized Senator William Proxmire today for filibustering against a bill designed to save his firm from bankruptcy.

"It seems to me that the tens of thousands of employees and stockholders—the subcontractors and suppliers—the airlines, and all those who have so much of their future at stake, at least deserve a chance for an up and down vote," Chairman Daniel J. Haughton said in a statement distributed to reporters.

It was unusual for a person so directly involved in legislation before Congress (sic) would comment on tactics used in debate on the bill.

Mr. President, Chairman Haughton was elected by a few thousand stockholders and probably not even by them, really, but, rather, by a board of directors, to represent his company.

We represent on the floor of this Chamber the citizens of the United States, each Senator coming from his respective State.

We are not beholden to any stockholders.

We are certainly beholden to the Constitution of the United States. We are beholden to the principles that have made this country great.

I believe that the whole process has been most unusual as to the preferential treatment afforded the Lockheed Corp.

I find it most unusual to have the chairman of this corporation direct his attack upon a Senator of the United States when, in fact, it is he and his corporation that are before this Senate and before the people of the United States requesting certain specially interest legislation.

The people of the United States are being asked for $250 million. It is not Senator PROXMIRE who created the situation at Lockheed that made it necessary to come before the people of the United States for this loan. Senator PROXMIRE was not responsible for the management of the Lockheed Corp. Yet he is the one now being attacked for validly representing the interests of his constituents in inquiring as to whether $250 million should be loaned by the taxpayers of the United States to the Lockheed Corp.

I consider this totally ironic on the part of the chairman of the board of Lockheed Corp.

The employees and technicians of Lockheed Corp. are not the ones to bear the brunt of failure here. As we go through the history of the Lockheed Corp. it is clearly seen that this is a management failure. Yet the same arrogance that was shown in keeping their figures from the public is now shown by its chairman who says to the taxpayers of the United States:

We will not give you our financial assistance data. If anyone questions that, by gosh, they are the ones who are working against the interest of my employees.

I consider that ludicrous. I consider it insulting. I consider that kind of action and that kind of statement on the part of Chairman Haughton to be indicative of the kind of thing which has led his company, by his actions, to the point where it comes before the Senate to request $250 million from the people of the United States, who elected 100 Members of this body, not 101, not 100 Senators who stand for election plus Chairman Haughton, but 100 Senators—I repeat 100 Senators.

Mr. President, I would hope that my colleague from Wisconsin (Mr. PROX-

MIRE) would now comment on his own behalf, if he cares to do so, although I realize this will put him in a tough situation; but, nevertheless, I think he should have a chance to respond to the criticism from the outside.

Before the Senator comments, let me repeat that we have before us in the Senate a generic bill, so-called, designed to set aside $2 billion worth of the taxpayers' money for emergency loans.

Let us make it very clear that, point No. 1, this was precipitated by Lockheed's being in financial trouble. No one volunteered the bill off the Senate floor. It was specifically precipitated by Lockheed, channeled through the administration, and brought to the floor by the Committee on Banking, Housing and Urban Affairs.

Point No. 2, we must understand clearly that the bill is so written, even though it is general in nature, that the specifications are drawn so that Lockheed is exempt from the congressional review called for in the bill to be applied to all other corporations that make applications for loans. But Lockheed will be exempt from this provision, the way the bill is drafted now.

Let us make clear that by any standard, the record of mismanagement of the SRAM missile, the Cheyenne helicopter, the C-5A, and now the L-1011 is the most incredible record of corporate mismanagement that we have witnessed within our free enterprise system within our lifetimes.

Let us make very clear—I repeat, very clear—the fact that, at this point in time, the architect of disaster, Chairman Haughton, says to the Senate of the United States:

We have given you two days debate on the floor—

He calls that a filibuster—

on my $250 million to cover up my mistakes. I want it now. Anyone who opposes me is against my employees.

Mr. President, I would suggest that a little more thought, care, effort, efficiency, ability, brains, and farsightedness would apply to the Lockheed Corp. by its own management.

We would not be in a position to consider the legislation, let alone the insults from the chairman of the board.

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

Mr. WEICKER. I yield.

Mr. PROXMIRE. Mr. President, I thank the distinguished Senator from Connecticut for his statement. I very deeply appreciate it. It leaves very little for me to say. I think he has said practically all of it.

Let me emphasize, as he has, that Chairman Haughton has attacked a Senator for filibustering when this legislation has been before the Senate for less than 3 days. This is the third day it has been before the Senate. A number of Senators have not had a chance to speak at all. No amendments have been called up. I understand that the Senator from South Dakota (Mr. MCGOVERN) has an amendment which he intends to call up fairly soon. The present Presiding Officer, the Senator from Illinois (Mr. STEVENSON), has an amendment that he will call up fairly soon.

Mr. Haughton accuses me of delaying action on the legislation. The fact is that on major legislation it is not exceptional for us to discuss a matter for several weeks. I can recall a great deal of legislation, on which no one was accused of filibustering, that took a month or more. This is very profound, significant, and serious legislation.

In my view, the hearings were not adequate. They were substantial hearings, but we did not probe at all into the implications of a generic bill. I had printed in the RECORD yesterday a protest by two distinguished scholars who were asked to appear. They said that they would not be able to be prepared in time; that the subject required a great deal of study.

I asked Ralph Nader when he appeared as a witness, how many days of hearings we should schedule in order to have a record on which we could act on the generic bill. Mr. Nader said that for minimal purposes, it should take 25 days of hearings. We had a total of 3 days of hearings on the so-called generic aspects of the bill.

I think that anyone who reads the hearings—and copies are on the desk of each Senator—will recognize that almost all of the testimony during that period was on Lockheed.

What especially concerns me is that the distinguished chairman of the board of the Lockheed Corp. has attacked me for engaging in a filibuster, when the only opportunity our side has is to speak on the merits of this issue at some length so that we can arouse the country and our fellow Senators as to what is at stake.

The other side has spent thousands and thousands of dollars. Many lobbyists are engaged. One has only to walk out in the outer lobby and he can see them. Some of them are in the gallery.

All of us have been called by those who were in favor of this legislation. That is not all. Virtually every daily newspaper in my State has published letters from those who work for Lockheed and are protesting the fact that I oppose the legislation.

I have here a half-page ad which appeared in the Sunday Milwaukee Journal, the largest newspaper in Wisconsin. It has a circulation of more than 500,000. It is an open letter attacking me for opposing the Lockheed guarantee and saying that this group, the National Group for the Preservation of the Aviation Industry in Marietta, Ga., intends to boycott products produced in Wisconsin. They have a list of 20 products, and they specify the firms involved and say that the 1 million people represented here will buy no Wisconsin products as long as I serve the State of Wisconsin or until I change my mind.

I understand how deeply the people in the aerospace industry feel. However, this is something that should be discussed on the merits and not on the basis of intimidation. It should not be a question of who can bring the greatest pressure to bear or who has the most money to throw into the fight or who can hire the most lobbyists.

I have talked recently with a distinguished aide of the Senate, a man who has been here for many years. That man told me that he had never seen the skids greased so completely as they have been for Lockheed. This is what we are up against.

I very deeply appreciate what the Senator from Connecticut has said. Unless we do stand up and state our position vigorously, and necessarily at some length, it will be impossible for the Senate to arrive at a decision based on the information that we certainly ought to have before we vote.

Mr. WEICKER. Mr. President, the Senator from Wisconsin has over the years since the last election established a voting record. Come election time, this record will be presented to the people of Wisconsin for their approval or disapproval.

The Senator understands, as does every other Senator, that the decisions we make will finally be scrutinized by our constituents for their approval or disapproval. We rise or fall on the basis of the decisions we make.

I wonder if Mr. Haughton would like to lay his record of the management of the Lockheed Corp. open to the public for a vote up or down and not hide behind the jobs of his employees, not hide his inability behind the jobs of his employees, but lay his record of management—not just for this project, but for all of the rest—before the American public for an up-and-down vote, just as the Senator from Wisconsin and I will have to do.

I suggest to the Senator from Wisconsin that he has made comments regarding the pressures that have been applied. There is a little skepticism involved.

I picked up a wire and saw the direct quotation from the chairman of this corporation. All it does is to stiffen my back and make me determined that that man will not speak for the people of the State of Connecticut. He is not going to get their money. Certainly he is not going to tell me what to do on the floor of the U.S. Senate.

Mr. PROXMIRE. Mr. President, if the Senator will yield for an additional minute, I would like, with the Senator's permission, to call to the attention of the Senate a letter which I have received from California. That letter indicates the kind of coercion, the kind of pressure, the kind of ruthless action on the part of this management in order to bring pressure to bear on the Members of Congress and shove this legislation through.

The letter reads in part:

DEAR SENATOR PROXMIRE: Since you have been involved in the Lockheed affair on the side of the people I wish to advise you of some local developments which doubtless you are aware of, but may strengthen your case.

I am an employee of a small subcontracting private satellite plant of Lockheed in the L.A. area. My employer picked up at Lockheed in Burbank some unsigned material advising where and how letters should be sent to the Congressional committees to pressure for the Congressional bail out of Lockheed. He then proceeded to make up some letters to the Congressional committees involved and personally presented and expected each employee to sign the letters.

Since I am in no position to openly challenge this obvious coercive move because my

livelihood depends upon it, I too had to sign and all the other employees did the same, some of whom may have been in disagreement, some not.

Since there are quite a few such firms as mine dependent on Lockheed, the captive mail if duplicated as in my case, will obviously be considerable and it should be denounced for what it is.

Mr. President, I could go into this at some length. I expect to do so a little later to show the kind of abusive letters I have received and to show the great pressure brought to bear on the people of my State on the Wisconsin Chamber of Commerce, and others.

But I think the point that the Senator from Connecticut has made is devastating. What is happening is that a great corporation with enormous power is using that power to force, coerce, and intimidate Congress to pass the legislation.

Mr. WEICKER. Mr. Haughton said:

It seems to me that the tens of thousands of employees and stockholders—the subcontractors and suppliers—the airlines—and all those who have so much of their futures at stake at least deserve a chance for an up or down vote.

As I said before, the man clearly hides behind the employees of the corporation.

Mr. PROXMIRE. What is at stake is his job.

Mr. WEICKER. That is correct.

Mr. PROXMIRE. The overwhelming majority of these employees do not have their jobs at stake. Their jobs will continue. That has been made clear in the record.

Mr. WEICKER. But if the man had the courage to do so, rather than to sit here and lambast the Senator from Wisconsin, I suggest that the bill probably would have a far greater chance of passage if he would submit his resignation as chairman of the board of Lockheed.

Mr. PROXMIRE. I thank the Senator.

AMENDMENT NO. 326

Mr. McGOVERN. Mr. President, I have the same kind of grave reservation about the emergency loan guarantee that the Senator from Connecticut and other Senators have expressed.

To me, one of the most objectionable features of this proposal is that it is so blatantly labeled as a measure to bail out big business as though that, in itself, were justification for the bill. Much of the argument made in support of this proposal is based, frankly, on the ground that Lockheed and other potential recipients of this aid are big, and, therefore, that anything that happens to them would have a greater impact on the economy.

This seems to me to be a strange line of logic, indeed, in a country that prides itself on its democratic philosophy and a long-time heritage of respect for the individual enterpreneur, for the independent businessman, and for the whole quality of individualism that comes from small business, from the independent farmer and rancher, and others, who, in their own way, underpin this economy in a more fundamental way than the huge corporate giants that are the subject of this legislation.

In that respect it seems to me that before we go any further in the consideration of guaranteed loans for the enormous corporate giants that are involved in this proposal as it now stands, it would be in order for the Senate to consider an amendment to that proposal that would extend its benefits to small businessmen, farmers, and ranchers, as well.

I introduced earlier this week a bill to provide the same amcunt of loan guarantees—in other words, $2 billion that the present bill proposes to make available to big business—for small businessmen, farmers, and ranchers.

There has been some question as to whether the wording of that amendment absolutely insured that it would be administered in such a way as to provide loan guarantees to the small businessman and the farmer.

Therefore, today I submit a modified version of the amendment to supersede the one submitted earlier.

In effect, the amendment provides that the total amount of funds that we would guarantee under the provisions of this bill would be expanded from $2 billion to $4 billion, with a specification that one-half of that money must be earmarked for small businesses, farmers, and ranchers, within the definition of section 3 of the United States Code 632. And we would require that guarantees made for big business in one calendar year would be matched by guarantees to farmers and small businessmen.

The amendment provides that the Board created by this emergency loan guarantee bill may delegate its authority to consider, grant, and deny loan guarantees under this act to the Farmers Home Administration or the Small Business Administration.

In any event, if the bill passes in this amended form, it would at least be a bill passed on economic justice insofar as we would be treating small business on the same basis as the corporate giants.

It is a fact, as near as I can determine from investigations I have made, that roughly 10,000 small businesses in this country are in just as great financial difficulty as the Lockheed Corp. In many cases the difficulties of these small businesses have probably been brought on by a combination of inflation and tight credit, which is exactly the problem the Senator from Georgia referred to earlier today—the cash flow problem, the lack of available credit. That is a problem which I am sure all Senators will recognize as an acute one for small businessmen, just as it is for farmers and ranchers. In calendar year 1970, 48,000 farm units in the country went broke and disappeared entirely.

While it might be argued that the bankruptcy of Lockheed Corp. and other corporate giants might have greater impact on the economy, no one can argue that the disappearance of 48,000 farms and the collapse of 10,000 small businesses is something to be taken lightly by those who are concerned about our economy.

So let us lay aside for the moment the questions of whether Lockheed was mismanaged or was not mismanaged, and whether other corporations are in trouble, whether they are mismanaged or not. It seems to me the larger question of economic justice is whether or not we are going to recognize that small business and farmers have the same kind of problems—lack of credit and the cost-price squeeze—that affect the economy as a whole.

I am very hopeful that the amendment will be given careful consideration by the Senate. It seems to me that any Senator who is inclined at present to support a $2 billion loan guarantee to big business, on the ground that those corporations are in need of such assistance, would argue even more strenuously for a provision for loan guarantee to the small businessman and the independent farmer.

If the bill passes in present form without the amendment that I am submitting this afternoon, or something similar to it, it worsens the credit problem of the small businessman and the farmer because it says, in effect, to the banks and other potential creditors, "The Government is willing to protect your loans if you loan money to big business but you take your chances if you make credit available to the small businessman and the farmer."

There is no question in my mind that would be one more contribution to the squeeze that now affects our merchants and our farmers across the country who are already hard pressed to find readily available sources of credit.

I would like to submit this revised amendment and ask that it be printed. As far as I am concerned, I was prepared to have an early vote on the amendment today, but I am advised that a number of Senators who are interested in it, both pro and con, are not going to be able to be present this afternoon and it is my intention now to point toward a vote on Tuesday following the cloture vote on Monday.

Mr. President, I now offer the amendment and ask that it be printed in the RECORD.

The PRESIDING OFFICER (Mr. STEVENSON). The amendment will be received and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

AMENDMENT NO. 326

On page 2, line 14, insert the following:

"In the case of guarantees of loans to farm owners or proprietors of small businesses under section 4(a)(3), the Board may delegate its authority to consider and grant or deny loan guarantees under this Act to the Farmers Home Administration or the Small Business Administration."

On page 3, line 11, insert the following new paragraph:

"(3) The requirements of clause (1) (A) of this section shall not apply in the case of a loan guarantee to a farm owner or proprieter of a small business within the definition of section 3, U.S.C. 632."

On page 7 beginning with line 23 strike out all through line 2 on page 8 and insert the following:

"SEC. 8. The maximum obligation of the Board under all outstanding loans guaranteed by it shall not exceed at any time $4,000,000,000, except that not less than $2,000,000,000 of the foregoing authorization shall be reserved for loans to farm owners and proprietors of small businesses within the definition of section 3, U.S.C. 632. In no

event shall the Board guarantee loans to any one borrower in an amount greater than $250,000,000. The maximum obligation of the Board under all loans guaranteed by it during any calendar year to farm owners and proprietors of small businesses within the definition of section 3, U.S.C. 632 shall not be less than the maximum obligation of the Board under all other loans guaranteed by it during such year."

ORDER OF BUSINESS

Mr. CURTIS obtained the floor.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield, with the understanding that he will not lose his right to the floor?

Mr. CURTIS. I yield.

Mr. BYRD of West Virginia. Mr. President, has the Pastore rule of germaneness lapsed for the day?

The PRESIDING OFFICER. It has expired.

Mr. BYRD of West Virginia. It has expired. I thank the Chair.

THE RAILROAD STRIKE

Mr. CURTIS. Mr. President, I rise once more to urge that the Congress take whatever steps necessary to end the railroad strike now. We have acted quickly before and we should do so today.

I have sent the following telegram to the President:

The current railroad strike is causing great damage and creating a situation that is most unfair. In many places the grain harvest has not been completed. If the grain elevators cannot move the grain they cannot accept it. Oftentimes there are no other storage facilities available for the farmers. This depresses the price and causes a great economic loss. A high portion of our meat products move by rail. The loss is very great in reference to perishables of all kinds. If farmers and feeders cannot market their livestock added feeding costs money as well as the livestock goes out of condition for the best possible price. Other segments of our economy including all industry are likewise adversely affected. Unless something is done the strike may spread to many other railroads. I respectfully urge that appropriate action be taken this week to bring this strike to an end. As one Member of Congress I am willing to vote for the necessary legislation.

The same telegram was sent by me today to the following:

Hon. John Volpe, Secretary of Transportation.

Senator HARRISON WILLIAMS, chairman, Senate Committee on Labor and Public Welfare.

Senator JACOB JAVITS, ranking minority member, Senate Committee on Labor and Public Welfare.

Hon. HARLEY O. STAGGERS, chairman, House Committee on Interstate and Foreign Commerce.

Hon. WILLIAM L. SPRINGER, ranking minority member, House Committee on Interstate and Foreign Commerce.

Mr. President, I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. 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. PROXMIRE. I ask unanimous consent that I may yield to the Senator from Louisiana without losing my right to the floor.

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

ORDER EXTENDING TIME FOR FILING REPORT ON H.R. 8866

Mr. LONG. Mr. President, I ask unanimous consent that the Committee on Finance have until midnight, Saturday, July 24, to file a report, together with minority views, on H.R. 8866, the Sugar Act Amendments of 1971.

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

Mr. LONG. Mr. President, the Committee on Finance has recently concluded its action on the Sugar Act Amendments of 1971. I ask unanimous consent to include at the end of my brief remarks a copy of the committee's press release announcing our actions on this bill.

Basically, the committee concurred with many provisions of the House bill involving: the expansion of the Sugar Act for a 3-year period; the allocation of 300,000 tons from the Puerto Rican and Virgin Islands deficits to the mainland cane area; the potential expansion of both the mainland cane and the beet areas by an additional 100,000 tons; and a new system to regulate sugar imports through changes in the consumption estimate based on price fluctuations.

With respect to the foreign quotas, the committee generally adopted a formula under which quotas would be distributed on the basis of foreign countries' performance in supplying this country with sugar over the past 5 years, in accordance with the general distribution of the previous act, and the allocation of deficits. There is no scientific method of allocating sugar quotas and we feel that the committee's approach of basing the quotas on performance, rather than subjective criteria, is the best approach.

Mr. President, I ask unanimous consent to have printed in the RECORD a press release explaining the purpose of the bill.

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

COMMITTEE AMENDMENTS TO THE SUGAR ACT

The Honorable Russell B. Long (D., La.), Chairman of the Committee on Finance, announced today that the Committee on Finance concluded its action on the Sugar Act Amendments of 1971. The Committee generally agreed with the principal features of the House bill. These involve an extension of the Sugar Act for an additional period until December 31, 1974; the reallocation of 300,000 tons from the Puerto Rican and Virgin Islands deficits to the mainland cane area; the potential expansion of both the domestic cane area and the beet sugar area by an additional 100,000 tons (the beet expansion to come from the growth of the beet quota and the cane to come from reallocation of foreign quotas); the institution of a new system to regulate sugar imports through changes in the consumption estimates based upon price changes. The following paragraphs describe the Committee action on domestic and foreign quota provisions of the Act.

I. AMENDMENTS DEALING WITH DOMESTIC ALLOCATIONS

The quotas for the domestic sugar areas under existing law, the House bill, and the Committee amendment are shown in the following table:

SUGAR QUOTAS, DOMESTIC PRODUCING AREAS

[Short tons, raw value]

Area	Present law	House bill	Finance Committee bill
Domestic beet sugar	3,406,333	3,406,000	3,406,000
Mainland cane sugar	1,238,667	1,539,000	1,539,000
Hawaii	1,110,000	1,110,000	1,110,000
Puerto Rico	1,140,000	855,000	855,000
Virgin Islands	15,000	0	0
Total	6,910,000	6,910,000	6,910,000

This table reflects the Committee concurrence with the House provisions transferring 100,000 tons of sugar from the Puerto Rican and Virgin Islands deficits to the domestic cane growers. In addition, the Committee adopted a number of relatively minor amendments dealing with the operation of the program. These amendments are described below:

(a) *Consumption estimate.*—The House bill provided that future consumption estimates will be determined solely by reference to the price objectives of the bill. The Committee concurred with this, but approved a technical change omitting unnecessary language in the present law which had been overruled and superseded by the price objectives of the House bill.

(b) *Virgin Islands and Puerto Rican quota.*—Since the Virgin Islands has ceased the production of sugar, its quota of 15,000 tons would be terminated and reallocated to the mainland cane area. In addition, 285,000 tons of the Puerto Rican quota would similarly be allocated to the mainland cane area. The House bill reduced the Puerto Rican quota from 1,140,000 tons to 855,000 tons for 1972 and 1973 but raised it to 1,000,000 tons for 1974. Since there appears little likelihood that Puerto Rico would be able to meet this increase in 1974, the Committee retained the Puerto Rico quota at 855,000 tons for the period for which the Act would be extended.

(c) *Sugar refined in Puerto Rico.*—Under existing law the Puerto Rican quota includes an allowance for shipments of refined sugar. Under this provision, Puerto Rico may ship within its quota up to an amount equal to 1½ percent of the Secretary's consumption estimate. The House bill would have restricted this concession whenever the Secretary's consumption estimate exceeded 11 million tons, to an amount equal to 0.5 percent of the excess consumption estimate. The Committee bill deleted the House provision and retains the existing law provision on refined sugar from Puerto Rico.

(d) *Candy quota.*—The Committee adopted an amendment (the text of Amendment 162 by Senator Curtis) which would impose quotas on confections equal to the larger of (1) the average quantity of the various tariff categories of sweetened chocolate and confections entered into the United States during the three prior years, or (2) five percent of the quantity of the various tariff categories of sweetened chocolate and confections sold in the United States during

the most recent year for which reliable data are available.

(e) *New York and Maine sugar beet factories.*—The Committee approved an amendment which would give sugar beet processing factories in New York and Maine, which had been closed, an opportunity to reopen. In the case of the Maine factory, the Secretary of Agriculture would be given discretion to allocate sugar beet acreage required to yield 25,000 tons of beet sugar to the Maine factory *only* if he is satisfied that the venture could be successful. In the case of New York, the Committee amendment would permit the factory which closed after 1967 to reopen and would provide a sugar history for farmers supplying such factory. The House bill would have limited this privilege to those closed in 1970.

(f) *Delete priority to closed facilities.*—In determining whether a new area or an area in which a processing facility was closed during 1970 would receive the necessary allotments, the House bill provided that "priority shall be given" to the closed facility. It further provided that the Secretary in making his determination should base it upon "the proven suitability of the area for growing sugar beets and the relative qualifications of localities." Because this appears to make the priority direction superfluous, the Committee deleted the priority language of the House bill.

(g) *The Committee also approved the following changes:*

(1) Reduced from a minimum of 4,000 acres to a minimum of 2,000 acres, a test of whether a producer who has lost his market for sugar beets would be entitled to retain his farm history for a three-year period;

(2) Clarified the House bill to insure that the 100,000 ton allocation of beet sugar for new facilities or old plants, applied to the life of the extension of the Act and did not involve successive increases of 100,000 tons in each of the years for which the Act is extended;

(3) Authorized the Secretary of Agriculture to determine and administer proportionate shares in the mainland cane areas differently in Louisiana and Florida.

(4) Corrected a technical error in the House bill to make it clear that if the Secretary exercises his authority to impose quarterly quotas, this authority shall not be applied to reduce the quota of sugar to be imported for any calendar year for any country below its annual quota, including deficits allocated to it for that year;

(5) Made a technical change to require a review of deficits by December 15 preceding the beginning of the quota year. This will provide quota lead-time for supplying nations to plan production and shipment of sugar to fill deficits allocated to them;

(6) Made a technical correction to assure that deficits of Hawaii and Puerto Rico may be filled jointly by the domestic beet sugar area and the mainland cane sugar area, instead of only by either area as provided in the House bill;

(7) Approved provisions in the House bill which provide for the termination of the sugar processing tax and the sugar payments in the event limitations on payments should be enacted during the term of the Act, with technical amendments assuring that the payments would be made with respect to the crop-year immediately preceding the year of termination of the tax but not for the year in which the termination occurs;

(8) Approved an amendment permitting the continuation of the use of existing "dependent" weighmasters, but specified that in the future any additional weighmasters must be "independent" of sugar brokers or refineries.

II. FOREIGN QUOTAS OTHER THAN THE PHILIPPINES

The Committee substituted a pattern of quota distributions to foreign countries substantially different from those contained in the House bill.

Under the general procedure adopted by the Committee, countries in the Caribbean area (including Brazil which has been considered in the Caribbean area for purposes of marketing sugar) would be allocated quotas based on the higher of (a) their five-year average imports or (b) their present act distribution.

Other Latin American countries, not in the Caribbean (Peru, Ecuador, Argentina and Bolivia) would each receive their present act quota distribution less their 5-year average percent shortfall.

In the case of Eastern Hemisphere suppliers, quotas were uniformly distributed on the basis of their 5-year average shipments to the United States.

There were only two exceptions to this general rule. One was the Philippines whose allocation is described below; the other was Venezuela. Under the Committee bill, Venezuela would receive substantially the same quota allocation as Colombia.

The quota distribution under the Committee bill, the House bill, and the present Act are reflected on the following table.

COMPARISON OF SUGAR QUOTA DISTRIBUTIONS PRESENT ACT, HOUSE BILL, AND FINANCE COMMITTEE BILL

[In short tons; raw value]

Production area	Quota distribution under present act [1]	House version of H.R. 8866 [2]	Finance Committee bill [3]
Domestic beet area	3,406,333	3,406,000	3,406,000
Mainland cane area	1,538,667	1,539,000	1,539,000
Hawaii	1,110,000	1,110,000	1,110,000
Puerto Rico	355,000	355,000	230,000
Virgin Islands	0	0	0
Total, domestic areas	6,410,000	6,410,000	6,285,000
Philippines	1,362,120	1,314,020	1,300,264
Mexico	557,748	537,545	590,894
Dominican Republic	545,481	525,737	659,874
Brazil	545,481	525,737	577,905
Peru	435,087	418,982	391,839
West Indies	188,777	192,251	204,520
Ecuador	79,370	80,774	79,084
French West Indies	59,384	0	63,868
Argentina	67,102	76,050	67,062
Costa Rica	64,217	65,185	71,110
Nicaragua	64,217	65,185	64,217
Colombia	57,723	73,688	61,047
Guatemala	54,115	55,265	59,835
Panama	40,406	41,567	40,406
El Salvador	39,682	40,151	43,964
Haiti	30,305	30,704	30,305
Venezuela	27,419	36,845	61,026
British Honduras	13,752	33,537	14,874
Bolivia	6,494	17,005	6,193
Honduras	6,494	17,005	6,494
Bahamas	10,000	33,537	10,000
Paraguay	0	15,116	0
Australia	203,785	206,025	196,162
Republic of China	84,910	85,844	81,734
India	81,514	82,494	77,973
South Africa	60,003	60,003	57,745
Fiji Islands	44,719	44,806	43,034
Thailand	18,681	18,844	14,152
Mauritius	18,681	30,150	17,761
Malagasy Republic	9,623	15,075	9,223
Swaziland	7,359	30,150	7,084
Malawi	0	0	0
Uganda	0	15,075	0
Ireland	5,351	5,351	5,351
Total foreign	4,790,000	4,790,000	4,915,000
Total	11,200,000	11,200,000	11,200,000

[1] Assuming requirements of 11,200,000 tons and 300,000 tons of Puerto Rican quota transferred to the domestic cane area and domestic deficits of 500,000 tons.

[2] In 1973 at a consumption estimate of 11,200,000 tons and with deficits of 500,000 tons, the quota for Panama would be increased to 62,947 tons and a quota would be established for Malawi of 15,000 tons. Quotas for other countries except the Philippines would be reduced pro rata to accommodate those changes.

[3] Assuming requirements of 11,200,000 tons, Philippine basic quota of 1,050,000 tons; domestic area deficits of 625,000 tons shared 40.04 percent (250,264 tons) to Philippines and balance to Western Hemisphere countries.

Under the Committee bill, (a) the quota allocation to the French West Indies would be restored; (b) no new countries would be brought under the Sugar Act; (c) there would be a maximum allocation of 800,000 tons for any country except for the Philippines (and the Cuban reserve) which would be limited to a maximum of 1.5 million tons; (d) the Cuban reserve would be retained as in present law; (e) the authority of the President to distribute deficits in the Western Hemisphere without regard to the formula in the Act if he deems it to be "in the national interest" is terminated; and (f) future growth in the Cuban reserve would be allocated to Western Hemisphere countries whether or not they are members of the O.A.S. These amendments are further explained in the following paragraphs:

Philippine Quota.—Under present law, the statutory quota for the Philippines is 1,050,000 tons, plus a small allowance for growth which terminated several years ago. In addition, the Philippines are allowed 47.22 percent of all deficits. The House bill would increase the statutory quota to 1,126,000 tons and would reduce the Philippines' share of deficits to 37.6 percent. Applying the formula in the House bill (assuming a consumption estimate of 11.2 million tons and Puerto Rican deficits of 500,000 tons for allocation among foreign countries) the Philippines would be entitled to ship in 1,314,020 tons. The Committee was informed by the Department of Agriculture that the Puerto Rican deficit for 1971 will be larger than originally estimated by at least 125,000 tons.

The Committee retained the 1,050,000-ton statutory quota for the Philippines and provided it with 40 percent of all deficits. On the basis of the higher estimate of the Puerto Rican deficit (a total of at least 925,000 tons, of which 300,000 would be redirected to the mainland cane area, leaving 625,000 tons for allocation among foreign suppliers instead of 500,000 tons, as assumed by the House bill), the quota for the Philippines for 1972 would become 1,300,264 tons, approximately the same as the amount provided by the House bill.

Maximum Limitation on Sugar—All Countries.—Under present law, only the Philippines and the Cuban reserve enjoy a quota in excess of 1 million tons. Under its quota, the Philippines actually shipped 1,301,020 tons to this country in 1970. The Cuban reserve amounts to about 1.6 million tons. Mexico, the Dominican Republic and Brazil each shipped in excess of 600,000 tons to this country in 1970.

The Committee approved an amendment which would place an overall ceiling on sugar quotas for the Philippines and Cuba (in the event Cuba rejoins the free nations of the world and regains its quota) of 1.5 million tons in a year. A similar limitation (or ceiling) of 800,000 tons in a year would apply with respect to all other suppliying countries.

Under this amendment, the maximum limitation would apply to the total entitlement of the country involved; that is, its basic quota plus its share of the Cuban reserve and of deficits. The limitation would not apply, however, with respect to the discretionary authority provided by the present law, enabling the President to seek sugar from whatever source available in times of emergency. Under the amendment, in the event any country's entitlement exceeded its maximum limitation, the excess amount would be considered a deficit and would be allocated in the same manner as deficits are allocated under present law.

The Cuban Reserve.—Under existing law, 50 percent of the imported sugar from foreign countries other than the Philippines comes from the temporary allocation of the so-called Cuban reserve. This amount (somewhat in excess of 1.5 million tons) has been reserved for Cuba in the event it should rejoin the family of free and friendly foreign nations. The House bill would have reduced the Cuban reserve from the 50 percent ratio to U.S. requirements to 23.74 percent and would have allocated the remainder per-

manently to other supplying nations. The Committee amendment retains the full flexibility which is provided by the Cuban reserve by deleting the permanent allocation suggested by the House bill.

The OAS Amendment.—Under existing law, whenever consumption estimates exceed 10 million tons, the increase in quota involved in the Cuban reserve is required to be prorated to Western Hemisphere countries which are members of the Organization of American States. The House bill would eliminate this feature and allocate future growth in the Cuban reserve to all supplying nations. The Committee amendment would delete the House provision and would substitute for the existing law a new requirement that future growth in the Cuban reserve be allocated to countries in the Western Hemisphere, regardless of whether or not they are members of the Organization of American States.

French West Indies.—Under present law, in the event the French West Indies should not fill their quota in the European Economic Community but sells the sugar in this country, the preferential U.S. price serves to subsidize the common agriculture policy of the the ECC.

The Committee approved an amendment to assess a fee against so much of the sugar imported from the French West Indies as would be required to fill its quota in the EEC, the fee being an amount equal to the U.S. premium. The effect of the amendment would be to recapture for the Federal treasury the amount by which the U.S. sugar program subsidizes the common agriculture policy of the ECC. There would be no loss to the French West Indies farmer, since the common agriculture policy guarantees him a fixed price for his sugar up to the amount of the EEC quota.

Discretionary Distribution of Deficits.—Under present law, the President is provided with authority to distribute deficits to foreign countries in the Western Hemisphere without regard to the formula in the Act if he deems it to be "in the national interest." This feature was written into the law in 1965 for the purpose of aiding the Dominican Republic. It has been used only with respect to the Dominican Republic. The Committee approved an amendment which would eliminate this authority to distribute deficits in a discretionary manner. The prior discretionary distributions to the Dominican Republic have been taken into account in connection with the formula worked out by the Committee, and the Dominicans now have a permanent quota which reflects the discretionary deficits, thereby making this special provision no longer necessary.

Expropriation Amendment.—Under present law, whenever a foreign country expropriates U.S.-owned property without paying adequate compensation for the taking, the President is directed to suspend its sugar quota. Despite the mandatory nature of existing law, it has not been applied in instances where foreign countries have expropriated U.S. property without payment of adequate compensation.

The House bill made a number of changes in the expropriation statute. The Committee amendment encompasses most of these, but modifies others. In addition, the Committee amendment limits the existing law (and the House amendments) to takings occurring on or before July 20, 1971, and proposes a new expropriation procedure to apply to takings occurring after July 20, 1971.

House Bill.—The House bill would modify the existing law to eliminate the mandatory aspects and to authorize the President at his discretion to suspend all or part of a quota, and further at his discretion in those instances where he has not terminated a quota, to impose a fee of up to $20 a ton on sugar imported from the offending nation. Under the House bill, this fee would be used to compensate U.S. citizens whose property was taken after January 1, 1969.

The Committee made several changes in the House bill. First, it would require the President to impose a fee of up to $20 a ton (rather than allow him to do so) if he suspends none (or only part) of a foreign country's sugar quota because of an expropriation. Second, the Committee amendment would permit the President to assess sugar fees to compensate for expropriations occurring on or after January 1, 1962, the effective date of the original expropriation amendment. Third, the President would be given authority by the Committee amendment to apply similar relief with respect to takings which occurred in 1961.

THE COMMITTEE'S NEW EXPROPRIATION PROCEDURE

The Committee approved a new expropriation procedure to replace the inadequate provisions of present law. It contains the following new features which will be applicable to expropriation cases occurring after July 20, 1971.

United States Tariff Commission Finding.—In order to determine whether or not there has been an expropriation or nationalization of American-owned property without adequate compensation, the aggrieved parties, i. e., U.S. citizens who control and substantially own the property in question, or either of the Committees of Congress having jurisdiction over the sugar program (the Committee on Agriculture of the House of Representatives and the Committee on Finance of the Senate), would by petition (in the case of the aggrieved parties) or Committee resolution bring a case of expropriation without payment of compensation to the U.S. Tariff Commission. The aggrieved parties would be required to recite the facts of the taking, alleging that adequate compensation has not been paid or provided for, and demonstrating the fair value of the property taken.

The protest could not be filed until at least six months had elapsed after the taking in order to give time for the arbitration and conciliation provisions of present law to operate. These provisions permit the parties concerned to submit the issue to arbitration or conciliation requiring a full settlement within twelve months after the submission. Thus, in some instances as much as 18 months might elapse after an expropriation before the case is brought to the Tariff Commission.

Upon a filing of a complaint that adequate compensation has not been forthcoming, the U.S. Tariff Commission would make the necessary investigation and report its findings within six months after the filing of the protest.

If it determines within this period that there has been no taking without adequate compensation the case would be closed. If, on the other hand, the Commission finds there has been an expropriation without adequate compensation, the quota for the offending country would terminate by operation of law and, subject to the fee described below, the quota would be reallocated to other supplying nations within the same Hemisphere. The Philippine preference on deficits would not apply.

If the Commission is unable to conclude its inquiry within the six-month period, it would publish in the Federal Register the reasons why it could not reach a decision, and would continue its investigation. The quota for the offending country would not terminate at this point but would be temporarily suspended as of the end of the 6-month period and, subject to the fee described below, would be reallocated on an annual basis to other supplying nations within that Hemisphere. Should the Tariff Commission subsequently find that there has been no expropriation without adequate compensation, the country's quota would be restored to it the following year.

Expropriation Marketing Fee and Payment Procedure.—When a quota for any nation is *terminated* because of the expropriation without adequate compensation of U.S.-owned property, the Secretary of Agriculture would be directed to allocate the remaining portion of that country's quota, on a hemispheric preference basis, to other nations who agree to pay a fee for the privilege of providing the additional sugar to the U.S. market. The expropriation fee would be an amount equal to one-half of the U.S. "premium," i.e., the difference between the landed price of sugar in the United States and the world market price. The fund accumulated in this manner would be used to compensate United States persons whose property was expropriated or nationalized without the payment of adequate compensation. The expropriation marketing fee would be collected throughout the period to which the Sugar Act Amendments of 1971 apply and for such further period as subsequent legislation may provide.

There would be no provision for reinstating the quota of any country who has expropriated or nationalized American-owned property without payment of adequate compensation. If a country's quota has not been terminated, but has been *suspended* and temporarily reallocated because of the Tariff Commission's failure to conclude its investigation in the six-month period provided by the amendment a fee would also be collected, generally to be placed in a fund to be used in the payment of compensation. If the Tariff Commission subsequently determines that there was no taking without adequate compensation, the fees credited to the fund would be paid over to the general fund of the Treasury.

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. PROXMIRE. Mr. President, yesterday the distinguished Senator from Texas very properly pointed out that I was in error when I indicated that never before in the history of the Senate had a cloture motion been filed so early in the course of a debate. He is absolutely right, and as a matter of fact, it was my fault that I misspoke about the situation, because I had not reviewed the summary which I had had handed to me of a Library of Congress study on the matter.

The Library of Congress study, which I have in my hand, and I shall read a part of it, confirms exactly what the Senator from Texas said. It does indicate that there was at least one other occasion. Of course, the point is that there have been very, very, very few occasions in the history of this body on which debate has been cut off and Senators have been unable to speak further with such a very brief time allowed.

On the one occasion on which a cloture motion was filed in such a brief time, incidentally, cloture was not achieved. Moreover, the sponsor of the amendment withdrew it after the cloture vote failed.

The Senator from Texas was also correct in saying—and I am a little embarrassed by this, I must confess—that I was one of those who signed that cloture

motion. Nevertheless, that was an unusual case, and I shall try to explain.

The Library of Congress study shows that prior to the latest cloture motion on the Department of Transportation appropriation bill—that refers to the SST—25 cloture motions were voted on in the Senate since 1960.

Five of these would have limited debate on changing rule XXII.

One cloture motion was filed by Majority Leader MANSFIELD immediately after Senator Wayne Morse introduced an amendment to the Higher Education Act of 1963 to provide for Home Rule in the District of Columbia. The majority leader's action had a twofold purpose: First, a cloture vote would quickly indicate the Senate's thinking on the home rule proposal and, second, it would head off a threatened filibuster on the issue.

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

Mr. PROXMIRE. I yield to the Senator from Louisiana.

Mr. LONG. Did I understand the Senator to say that some Senators want to have an immediate cloture vote?

Mr. PROXMIRE. The Senator is correct. A motion has been submitted already today, and there will be a cloture vote on Monday at 3 o'clock.

Mr. LONG. Mr. President, if I may say so, that seems very hard on a man who has been working in his committee. We have been working as hard as we could, every moment that we had a quorum present, to get the Sugar Act reported. Now we have this enormous bill, H.R. 1, 450 pages long. It involves at least $10 billion and has a potential ultimate cost of perhaps $100 billion a year. For us to be asked to look over and do justice to a bill like H.R. 1, then to try to move ahead with the Sugar Act and do our duties in connection with that, and then to try to follow this debate, is an insurmountable obstacle for a Senator.

I might say to the Senator, I have been intrigued by his argument, but I have not been able to listen to more than 5 minutes of it because of other burdens. How can anyone justify our being able to vote on a cloture motion to make a man shut up, when some of us have not had a chance to listen but 5 minutes to him?

Mr. PROXMIRE. I think there is no answer to the question of the Senator from Louisiana. The cloture motion that was filed before was on home rule for Washington, which had been debated many times. The Senate had acted four times on similar bills to provide home rule for the District of Columbia. But this is the first time, to my knowledge, that we have had this kind of bill before the Senate.

It is an unusual bill. The Lockheed case is new and different; and, as the Senator from Louisiana says, he has not had a chance, and I am sure other Senators who have been busy working in his committee and other committees have not had a chance, to be present in the Chamber to listen to and take part in the debate. It may be that some of them would like to say something, or at least some of them would like to offer amendments, but they are being cut off. If the Senate acts favorably on the cloture motion, each Senator will have exactly 1 hour to speak on legislation which, in the view of many people, is very far reaching and could have a significant effect on the economic future of this country.

Mr. LONG. Mr. President, if I may be permitted to express my view to the Senate, as the Senator well knows, I have voted for cloture when I thought it was justified. I do not like my statement to be misconstrued; I have not made up my mind about this measure. But this is an enormously important bill, and the consequences of what it implies are far more important than the bill itself.

In other words, if we are going to do this for Lockheed, I tell the Senator quite frankly, I do not understand why we should not do it for others, possibly some of my own people. I understand that it is proposed to amend the bill now so that somebody else might get some of the crumbs that drop off the table, and to provide some money for others who might find themselves in a situation similar to Lockheed.

Frankly, the first thing I wanted to explore was that very idea—let us face it—that it is not only Lockheed, but that all the people who have put aircraft on order might be benefiting by the passage of such a measure.

What I want to know is: How can I justify to my people back home putting out of business some poor little fellow who has a little restaurant down in Baton Rouge, La., because the bank will not extend his note, while we go all out to help Lockheed, with a quarter of a billion dollars?

Mr. PROXMIRE. I agree with the Senator. Last year there were 11,000 bankruptcies. Those firms lost $1.9 billion. There were thousands of people thrown out of work, and no one talked about bailing them out. I would estimate that at least 200, perhaps 300 of those bankruptcies were in the State of Louisiana, in view of its proportionate population. But no one is talking about bailing out those 200 or 300 firms.

Mr. GAMBRELL. Mr. President, will the Senator yield.

Mr. LONG. If I might say so to the Senator, I anticipate there will be an objection that I am not asking a question, but making a speech. I intend to make a question out of the speech.

How long has the Senate been discussing the bill?

Mr. PROXMIRE. This is the third day the bill has been before the Senate. We have been on it 2 days plus today.

Mr. LONG. Are we to anticipate that we are going to have to engage in this Alphonse-and-Gaston proposition that I have to make a rhetorical question out of my statement, to make sure I will not be making a statement, even though I have not engaged in the debate for 2 minutes up to now? Is that how we are doing business in the Senate now?

Mr. PROXMIRE. I do not think Senators are going to object now. I do not think they will be blowing the whistle on us yet. The Senator knows the rules much better than I. So far, they have not made any attempt to cut us off, and I do not think they will. Especially because we are adjourning each night, we can make at least two speeches in a legislative day without a motion, so I think the Senator can engage in debate.

I would not be too concerned about being cut off if interrogation is not the means the Senator uses to make his point.

Mr. LONG. May I say to the Senator that if people want to be cruel about this matter, this Senator knows how to put his statements in terms of interrogatories. He learned that 23 years ago.

Mr. GAMBRELL. Will the Senator yield to me for a question?

Mr. PROXMIRE. The Senator from Louisiana was speaking. Did the Senator want to finish his remarks?

Mr. LONG. I am willing to suspend.

Mr. PROXMIRE. I yield.

Mr. GAMBRELL. I should like to say for the benefit of the Senator from Louisiana that there has been no question of any technicalities about procedure here, and there is no effort to limit his remarks.

Mr. PROXMIRE. That is correct.

Mr. GAMBRELL. Or require anyone to follow any specific guidelines.

It did occur to me that I might suggest to both Senators that the subject they addressed—that is, whether anyone has said or done anything for the small businessman or the restaurant owner in Baton Rouge—was covered in a colloquy which occurred in the absence of the Senator from Wisconsin, when he excused himself from the floor, earlier.

Senator JAVITS made a very comprehensive statement about his concerns about the national economy, which involves little people as well as big people, and why he supports this measure. I commend to both Senators his statement and the colloquy which followed, in which he stated that Dr. Burns testified at the Joint Economic Committee today that the report of the Federal Reserve Board, with which the Senator from Wisconsin is familiar—concerning ways and means in which the Federal Government's assistance, credit assistance, the type of assistance that is being offered to Lockheed and other large concerns, can be extended to small concerns—will be covered by this report, and it is due in a few days.

Mr. PROXMIRE. It may be covered, but let me read the criteria. The board must find that "the loan is needed to enable the borrower to continue to furnish goods or services and failure to meet this need would adversely and seriously affect the economy of or employment in the Nation or any region thereof."

One can interpret "region" as being a very small area. But I think the general interpretation by the kind of people on the board—the Secretary of the Treasury, the Chairman of the Federal Reserve Board, and the President of the Federal Reserve District, is going to be that the unemployment must be of serious nature with regard to the whole Nation.

When a Baton Rouge restaurant owner goes out of business, it is terribly serious to him and to his family and the 3, 4, or 5 employees he may have—or the 20 he may have. But I do not think anybody can argue that a region is going to suffer serious economic distress because of that

bankruptcy. So this is worthless for one small business.

There may be a report from the Federal Reserve Board that is going to be helpful in the future, if we act on it, but this bill certainly does not help small business.

Mr. LONG. Mr. President, may I say that I am not trying to make a speech. It is just that I would like to hear what is to be said. I am trying to find the time to arrange to read the RECORD and to read this report. This is a formidable proposition, just to read the hearings on this one bill. Meanwhile, I am trying to work on a 450-page bill, H.R. 1. I believe that will be the most significant bill in this Congress, and I am afraid it is a bad one.

I would like to do my duty in both respects. We are working on all that, and I am willing to work overtime. I am not talking about the injustice of making a Senator sit down and decline to permit him to express his view. What kind of justice is it to a Senator who wants to understand what this is about? If they are going to do this for Lockheed, what about Bob & Jake's Restaurant at Baton Rouge?

Mr. PROXMIRE. Somebody suggested to me, "You ought to put H.R. 1 on this bill." If it is going to be welfare for Lockheed, what is the matter with welfare for millions and millions of poor people in this country? They will not get the skids greased this way or get a cloture motion within 2 days. They are not going to get a deadline set. Lockheed, because they are big, because they have power, because they have influence, are getting this treatment.

Mr. LONG. H.R. 1 should not be added to the bill, because we in the committee handling H.R. 1 do not have the slightest idea what the controversial sections are all about. That is the same problem on this bill. I do not have the first idea of what the controversial sections of it are about. I am trying to find the time to read. How am I supposed to find time to do all this?

We have H.R. 1, and thank the Lord we have been able to obtain consent of the Senate to hold committee meetings while the Senate is in session, to try to get on with our business on what I think is the most significant bill in Congress, and we are doing the best we can. Any time we can get a quorum, we move ahead and have more votes and try to do things. But people must come to the Senate floor to try to find out what is going on, while we are trying to act in the committee, and we cannot be at both places at the same time.

Would the Senator think that the least justice that can be done is to let a Senator who has to vote on the cloture motion have some idea of what this is all about? I have not had the slightest opportunity to study all this. I am serving on a committee with a great Republican statesman, WALLACE BENNETT, and he is very much interested in this matter. He cannot listen to the welfare bill, because he has to come here and talk about the Lockheed bill on the Senate floor; and I cannot listen to the Lockheed bill because I am trying to work on the welfare bill.

Frankly, if all we are talking about is simply giving Lockheed a billion dollars or guaranteeing a loan which no banker on this green earth would make, just guaranteeing a bum loan for $250 million, or something like that, it would not bother me as much as the fact that even if it is wrong, it would not destroy the Nation. It would just be a bad mistake for $250 million. But the Senator knows as well as I do that if we do this for Lockheed, how can we refuse to do the same thing for Bob & Jake's Restaurant or if Avondale Shipyard gets into trouble?

In fact, I ask the Senator: How could I be reelected if I voted to save Lockheed when, so far as I know, they do not have 50 jobs in Louisiana and then we do lose a payroll where we have 10,000 jobs? How can I explain to my people that I saved Lockheed, which means nothing to Louisiana, thank the merciful Lord, and too bad I could not do something like that for my own people? How are we going to explain that? Why should people vote for me if I proceed to vote to save Lockheed, and when the time comes I have not been able to fix it so that we can save my biggest payroll in Louisiana?

Mr. PROXMIRE. The fact that the Senator from Louisiana asks that question indicates how hard it is to answer, because I have said many times that I do not know anybody more persuasive or politically effective than the Senator from Louisiana; and when he could not get elected if he had to explain this kind of legislation to his constituents, I do not know how anybody else could justify this.

Mr. LONG. Let us say, for the sake of argument, that my vote saves Lockheed. The next day, Avondale Shipyard goes into bankruptcy; assume that they got in trouble and need contracts, need money, need a handout; and I cannot get the money for Avondale Shipyard; so we lose 10,000 jobs in New Orleans. Why should anybody down there vote for me? I had my chance to offer the Avondale amendment, but I did not even find time to hear the argument and get in on the deal.

A politician understands what I am talking about. Bob Kerr, who was the senior member ahead of me on the Finance Committee, and who I thought would be chairman for many years, died unexpectedly. He used to say:

I'm against any combine that I ain't in on.

If I am going to vote for this for Lockheed, why should I not get Louisiana in on this, also?

Mr. PROXMIRE. That was one of the questions that arose when this bill was drafted, and that was one of the reasons why they say they went to a so-called generic bill which provides $2 billion and is available to other applicants as well as Lockheed.

They made it clear that when this Board considers the Lockheed guarantee, Lockheed is going to get the recommendation of the Treasury Department. The Secretary of the Treasury is the Chairman of this Emergency Loan Guaranty Board.

Furthermore, Lockheed will not be subject to any veto action by either the House or the Senate, but any other firm that applies is subject to a veto action by either the House or the Senate on the application.

So if Avondale comes in, and even if they can get the Treasury, the Federal Reserve Board, and the President of the Federal Reserve District to support them, they have to be subject to an up-and-down vote in either House, and either House can turn them down. But not Lockheed. Lockheed is exempt.

Mr. LONG. Of course, Avondale is not in trouble, but Bob & Jake's would like to have one note extended.

Mr. PROXMIRE. Bob and Jake are out of luck. They do not have a chance unless Bob and Jake can show that their bankruptcy would cause unemployment, cause unemployment that would seriously affect the economy of the Nation or of a region. They would be out of luck.

Mr. LONG. I believe that I am right, but if I am wrong, the Senator will correct me, because the Senator is on the committee and I am not. The best I can make out, if I am going to help someone, I would be more interested in helping Bob and Jake than Lockheed. Bob and Jake are dear friends. They have always stood by my side to help me. In fact, they have lost some good customers while standing up for me in my political campaigns. So that if I were to vote to save someone, I would much rather save Bob and Jake than Lockheed. I cannot recall what Lockheed did for Louisiana or for me. They have a good lawyer down there, and not a lot more.

The point I want to make is this, unless we pass this bill and Lockheed gets the $250 million, so far as I know, Bob and Jake might get a loan and they might not get a loan, is that not about the size of it?

Mr. PROXMIRE. If we pass this bill, Bob and Jake—what was Jake's partner's name?

Mr. LONG. Bob.

Mr. PROXMIRE. They would not be affected by this. We have enacted other legislation. They can come to Washington to the Small Business Administration. However, the Small Business Administration has not been organized to bail out small business——

Mr. LONG. Small Business Administration is broke. No money.

Mr. PROXMIRE. Even if they were not broke, this would not provide the moneys but, furthermore, as the Senator from Louisiana and the Senator from Arkansas know, the Small Business Administration does not have any money. How many loans have they provided in Wisconsin? I look at that list of loans periodically, and it is pathetic. The loans they get are for expansion and for many other purposes, but all I know is that in the 14 years I have served in the Senate, those who have gotten loans from the Small Business Administration did not get them on the basis of bankruptcy. But that is what we are doing for Lockheed here.

Mr. LONG. If the Senator from Wisconsin will yield for another question, here is one more thing that concerns me. Delta Airlines will save about $39 million under this bill. How did they get that way? The best I can figure out, they ordered airplanes and put the money up and so, if the thing goes on the fritz, then Delta will lose $39 million——

Mr. TOWER. Then Bob and Jake will not have to get out of town if Delta loses.

Mr. LONG. The Senator from Texas might be surprised at Delta. Do not blame these people for the brutal competition which goes on. Delta is in the position, along with Eastern, to crush the little guy who provides the local services in Louisiana.

My thought would be to say to the great Delta Airlines, "If you want us to save you $39 million, if you want us to save Eastern $60 million. I think the minimal condition would be that you do business one way or the other; that is, live by the law of the jungle, and then do not pass this bill, and if you do not want to live by the law of the jungle, then you should take a more generous attitude toward your smaller competitors. There is a small airline company that provides the local services to the small communities that we want to save. Quit acting like a big man stepping on a June bug and help that little fellow to survive while we are helping you to survive."

It is hard to understand how these people can engage in that kind of split personality. They are used to the idea of crushing the other guy to bits. They have done that to many; but when it comes down to them, they might be willing to see Lockheed go out of business except that it will cost them money between the two of them, about $100 million. They can write part of that off on taxes, as I am sure Uncle Sam will lose about half.

The thing I find difficult to answer: How can I vote for a situation where it is perfectly all right for Eastern and Delta to operate by the law of the jungle while I am voting to say, as far as they are concerned, that we will not do business that way. How would the Senator explain that? How would we justify that?

Mr. PROXMIRE. I do not think it is justifiable. This is the best authority—Dr. Burns was instrumental in drafting the bill. The chairman asked him to offer a provision under the bill which would be adequate to take care of small business if it should need financial aid. The original Federal Reserve bill was not the bill adopted, but similar. The thrust was the same. Dr. Burns had the answer as to whether this would take care of small business. It was in the negative. He said that the bill would not provide assistance to small enterprises. He went on to say that the Federal Reserve is studying this, as they are studying housing, but nothing that would help Bob and Jake.

Mr. LONG. If the Senator from Wisconsin will yield further, and then I shall be glad to yield to hear what the Senator from Texas thinks about this, I was in Shreveport, La., and I wanted to go to Lafayette, La., so I called out there at the airport and asked Delta how can they get me to Lafayette. They say, "You might as well forget about it. It cannot be done."

"Well," I say, "Look. I need to leave about 8 o'clock in the morning, and I would like to get to Lafayette sometime before 10. Is there anything that can be done?"

They say, "No, it is impossible. You have got to start a day in advance to get there."

All right. So, some dear friend of mine, bless his sweet heart, is willing to fly a plane from 200 miles away and pick up me and my administrative assistant. So we rush over to the airport and try to find the plane which is parked somewhere among scores of other small planes.

While we are looking around trying to find the airplane, we discover there is a commuter airline which has a plane leaving for Lafayette at 8:15 a.m.

Now, why did not Delta tell me about that? No, not on your tintype. No, sir. They would rather disserve the public than serve it, if it means no cash for them.

Why would not Delta be willing to tell me when such a plane would be leaving? Delta is the best airline in Louisiana. I do not want to be regarded as making any invidious comparisons here because they do a great job in general, but they play by the law of the jungle, as the other fellow does. They are now top dog and they feel that the law of the jungle is the best procedure. Yet, they stand to lose $39 million, because they put those planes on order. But the heck of it is, they are still proceeding to crush out the independent operator and destroy him.

It reminds me of the story about the old dog back in the barnyard. The farmer put the food out for the dog to eat. Old Mutt would turn up his nose at the food. He would not eat any of it. He probably thought it had too much cereal in it. He was not interested. But just let one of the chickens peck at the food, and he would tear the chickens to pieces, because he was not going to have any chicken peck at his food. It was not good enough for him, but too good for the chickens.

I do not understand why we should do business by this double standard. Might I say to the Senator, that I would bleed for them and try to understand these things, but for the life of me, I would not vote for this bill other than Delta and Eastern would be benefited. Lockheed does not think much of us. I have been begging them to put a payroll in Louisiana for the past 10 years, but they would not see matters our way. So far as Eastern and Delta are concerned, I would hate to see them lose $100 million, but they do not seem interested in helping the other guy to live or in helping the public have better service unless they and they alone are providing it, and even then, only to the extent that they are either making money or keeping the door closed to potential future competitors.

Can the Senator explain that to me? Can the Senator explain to me why should we have one law that applies to everyone else, and another law that applies to Delta and Eastern and to Lockheed?

Mr. PROXMIRE. We should not. That is one reason why, first, we should defeat the bill, and second, have a chance to explain the bill before we vote on it.

Mr. TOWER. Will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator.

Mr. TOWER. I should like to ask whether the Senator knows whether the Senator from Louisiana has introduced a bill that would provide cash for small business. I do not understand any bill having come before us like that. I do not think the Senator can make the assertion that we are not willing to help small business. If no one is concerned about it, will not the Senator introduce a bill giving that kind of protection to small business?

Mr. LONG. I have not been asking for any special favors, but now that the Senator asks for some favors, like $250 million for Lockheed, I would like to ask for $50,000 for Bob and Jake.

Mr. TOWER. I am satisfied that the chairman of the committee would be delighted to do that, if the Senator will introduce a bill. I cannot speak for the chairman, of course, but I think that he would. And while the Senator is bleeding for Bob and Jake, we might do some legislative work for them.

Mr. LONG. I have been around here for 23 years, which is a long time before my good friend from Texas showed up. I know a better way to help Bob and Jake and that would be to put an amendment on this bill. I understand that by doing that, I would have a better chance of getting my amendment agreed to, without cloture or with it. When we have cloture, they have you on the ground and then you cannot make them agree to anything. They table all the amendments and run roughshod over you.

Does not the Senator from Wisconsin know that is how cloture works?

Mr. PROXMIRE. The Senator is exactly right. The Senator from Louisiana has been here for a long time. He has had great experience with this. He knows that once cloture is invoked, the train is out of the station and going 100 miles an hour and if one gets in the way, he is dead.

Mr. LONG. If the proponents have 67 votes for cloture, they will be pretty arbitrary from that time on. However, that is a hard thing to muster 67 votes.

Would I not be a fool to refer a bill to the Banking and Currency Committee when I know very well that the people here are licking their chops, seeking enactment of this bill. If they do not have enough votes for cloture, they will be likely to go along with anything within reason to get cloture. Otherwise not.

Mr. PROXMIRE. The Senator is exactly right. The House reported out a bill identical to this Senate bill that was before the committee and that is pending before the House. There is not any question that they will try to prevent any amendments from being added to the bill. They want to have an identical bill with the House. That is one more obstacle that the bill will have to go through. They

have agreed on the date of October 1. If they do not have that date, Lockheed will be in trouble. Somehow, they are willing to do that and override the right to offer amendments, which is a fundamental right.

The Senator knows that after cloture is invoked amendments cannot be adequately debated and the bill cannot be debated. All each Senator has is 1 hour on amendments or on any other part of the bill. We would be in a very difficult, unfair position.

Mr. LONG. It is more than disgusting. They would then know that they have this on a downhill road. I have traveled on that downhill road, and I know what it means. I notice that the Senator from Arkansas is present in the Chamber, and he also knows what it means.

Mr. FULBRIGHT. I am not for it.

Mr. LONG. I am for it for the other guy. Suppose I could be for it, on occasion, but not for me. That is one of the most miserable ways to live that the good Lord ever dreamed up for a politician. Just to think of it, when cloture is put on a bill like this, we cannot ask simple questions as I have been asking, questions in good commonsense. The equal application of the law cannot be inquired into.

I would suggest to the Senator that he was present when we had a filibuster on Comsat. They let us talk about the matter, and we wound up with a big bunch of votes.

Mr. PROXMIRE. I recall it.

Mr. LONG. I am not angry about it. I wish the A.T. & T. all the luck in the world in outer space. However, at the same time I have seen, and so has the Senator, that the right to reason and the right for one to explain his point of view is a very important thing.

Let me ask the Senator a question. I do not want to embarrass him; but how did the Senator from Wisconsin vote when we were talking earlier this year about the 60-percent rule?

Mr. PROXMIRE. I beg the Senator's pardon. I did not hear the question.

Mr. LONG. I do not want to embarrass the Senator. However, my conscience requires me to ask this question. At the time, earlier this year, when we were talking about shutting off debate with a 60-percent vote, how did the Senator from Wisconsin vote?

Mr. PROXMIRE. I voted for it.

Mr. LONG. Does the Senator not think he made a mistake in that vote?

Mr. PROXMIRE. Every day that passes leads me to think so. When the supersonic transport matter was up for consideration, I had second thoughts. I think the Senator makes a good point.

Mr. President, to complete the matter, I have before me the total number of intervening days that that particular bill was debated before cloture was voted on the Comsat bill. It was 17 days, and not 3, as in this case.

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

Mr. PROXMIRE. I yield.

Mr. FULBRIGHT. Mr. President, this morning, the New York Times contained an editorial entitled "The Last Refuge." I assume that the Senator has read it. Has it been printed in the RECORD?

Mr. PROXMIRE. No.

Mr. FULBRIGHT. It is a very fine editorial, as I have said, is entitled 'The Last Refuge." If the Senator will permit me, I will read a part of it. It reads:

> The House Banking Committee has approved a bill that would authorize $2 billion in Government loan guarantees for companies in trouble, especially for the Lockheed Aircraft Corporation, which says it must have $250 million immediately to save it from bankruptcy.
>
> Before the House committee had acted, Deputy Defense Secretary David Packard submitted prepared testimony saying that he was firmly opposed to expanding legislation for Lockheed into a general bill for bailing out other businesses. Mr. Packard said the Defense Department "does not need nor want a broad loan guarantee bill which will only encourage continuation of these practices which have caused this trouble." On orders from the Administration, however, Mr. Packard sought to withdraw that part of his testimony opposing a broad bill, but Representative Wright Patman insisted on putting Mr. Packard's original remarks into the record.

Is the Senator from Wisconsin acquainted with that?

Mr. PROXMIRE. Yes, indeed. It was one of the most dramatic of events that had occurred in a long time. As an illustration of how deeply Under Secretary Packard feels about this, he refused to read the testimony prepared for him by the administration. Over the years, many Cabinet officers, although it was against their wishes and their preferences, have gone along with their administration, because they were part of the team. Mr. Packard felt so deeply about this matter that he refused to read the testimony that had been prepared for him by the administration. The testimony that he had prepared flatly said that he was opposed to the legislation, that it would be bad for the Defense Establishment and would increase the cost of contracts. He was opposed to it.

Mr. FULBRIGHT. Mr. President, I did not know this, not being on the committee. However, it only illustrates again, I think, the necessity for allowing adequate debate. I do not think that many Members of the Senate knew that Mr. Packard actually opposes the bill in its present form.

Mr. PROXMIRE. The reason he opposes it is clear. He appeared before the House Committee on Banking and Currency and said he favored the Lockheed loan, reluctantly, but he favored it. But if it were to be a precedent, he would be opposed. He would oppose this bill, because its cost is eight times the size of the Lockheed loan. It creates a situation in which there can easily be many guarantees. It makes it clear that this will be done again and again and that it will be done for others. It makes it clear that when a company is inefficient and cannot control its costs and cannot borrow money elsewhere, it can come to the Federal Government and be bailed out.

Mr. FULBRIGHT. I thought the RECORD ought to show that. I do not think everyone is familiar with it.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the editorial from the New York Times of this morning to which the Senator from Arkansas referred be printed at this point in the RECORD.

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

THE LAST REFUGE

The House Banking Committee has approved a bill that would authorize $2 billion in Government loan guarantees for companies in trouble, especially for the Lockheed Aircraft Corporation, which says it must have $250 million immediately to save it from bankruptcy.

Before the House committee had acted, Deputy Defense Secretary David Packard submitted prepared testimony saying that he was firmly opposed to expanding legislation for Lockheed into a general bill for bailing out other businesses. Mr. Packard said the Defense Department "does not need nor want a broad loan guarantee bill which will only encourage continuation of these practices which have caused this trouble." On orders from the Administration, however, Mr. Packard sought to withdraw that part of his testimony opposing a broad bill, but Representative Wright Patman insisted on putting Mr. Packard's original remarks into the record.

The broad loan guarantee legislation, now adopted by both Senate and House banking committees, would certainly intensify the Pentagon's already serious problem of holding private businesses up to adequate standards of performance on defense contracts. But the dangers would go beyond that. For this legislation would do much to remove the risks for other large corporations that might get into trouble as a result of management inefficiency or blunders.

Presumably if this legislation is enacted, any large corporation about to fail would be able to get help by pleading that thousands and thousands of workers would lose their jobs. Although Lockheed has based its case in part upon the preservation of competition in the aircraft manufacturing industry, this bill is essentially anticompetitive in its implications. For it would mean that a precedent and a mechanism had been established for bailing out very large and very inefficient companies.

One is forced to wonder what other candidates for loan guarantees the Administration or the Congressional committees have in mind after Lockheed gets its $250-million. Will they be airlines? Will they be steel companies? Would a loan have gone to Penn Central, if that poorly managed railroad had not gone into bankruptcy?

The birth and death of companies is essential to a healthy, dynamic and efficient economic system, not a process of Government bailouts to keep failing managements alive. The approaching end of the Vietnam war should mean a further reduction in the nation's output of helicopters, air transports and many other defense goods. If, in the name of general employment policy, unneeded defense producers are kept in business and well-supplied with orders, there will be a vast wastage of resources and a diversion of national energies of the kind that President Eisenhower foresaw in warning of the impact on national policy of the military-industrial complex.

Proponents of the loan to Lockheed insist that the L–1011 Tristar airbus is a good airplane with excellent prospects for capturing a large share of the commercial market. If this is so, why do the commercial banks that have been working closely with Lockheed not lend it the additional money? Why should Government bear the risk? Or, if Lockheed is not soundly managed and the prospects for the L–1011 are dubious, why should its management team be rescued?

Where is the evidence that the national economy stands in peril if this rescue operation is not rushed through? Are there not more serious risks to the effectiveness of the American economy if a precedent is estab-

lished for rescuing huge and inefficient corporations and substituting Government decision-making for private commercial lending decisions?

Before this loan guarantee legislation is passed, the House and Senate will do well to demand better answers to such questions in free and unencumbered debate.

Mr. FULBRIGHT. Mr. President, the editorial goes on and gives the basic reasons against the bill. Also, it is rather unusual for the New York Times. They used to favor cloture. The editorial reads:

Before this loan guarantee legislation is passed, the House and Senate will do well to demand better answers to such questions in free and unencumbered debate.

Mr. PROXMIRE. That is unusual. I do not recall the New York Times ever taking that position before. I wish they had.

Mr. FULBRIGHT. It says free and unencumbered debate. I would take that to mean debate without a cloture. There is no free debate under cloture.

I commend the Senator from Wisconsin and I remind him that he has an ever-growing company in his changing attitude on unlimited debate.

The Senator from Wisconsin need not feel that he will be left alone out on the limb. As these proposals keep coming before the Senate, it is obvious that we do need debate. I would like to commend the Senator on his position.

I do not believe the Small Business Administration has the authority to make loans simply to bail out bad management. The small business concept is that these are small businesses that do not have it within their own financial structural resources to finance things. It was never designed to bail out a company that failed, because of bad management and, wherever there was a similar situation, at least they would require a change in management.

Mr. PROXMIRE. It is obvious. As a matter of fact, 11,000 firms failed last year and no one bailed them out.

Mr. FULBRIGHT. The Senator is correct. It is not sound to say that we would be doing the same thing for little businesses as we do for Lockheed. At least they should let it go through the wringer, get new management, and go on their way. They need not close up the company.

Mr. PROXMIRE. The Senator from Louisiana has half humorously said that if we are going to bail out Lockheed let us bail out Bob and Jake. Once we go down that trail, once we have said that the Government will guarantee them, the efficiency of our free enterprise system is gone. The cost to the Government would be immense and it will be endless.

Mr. FULBRIGHT. That is what I wanted the Senator to emphasize because a lot of false analogies are being used. For instance, I heard someone say at lunch that they subsidize housing.

Mr. PROXMIRE. That is for people who are buying homes.

Mr. FULBRIGHT. There is no similarity in backing up a company which operates for profit and a repayable loan to a householder. I do not think those analogies stand up.

The old RFC was not created for the benefit of one company or even a half dozen companies. There was a national catastrophe. The entire Nation was temporarily on its back. All the banks had closed. There was a situation which was most unusual when we had the RFC. It was primarily designed for small companies which, not because of mismanagement or inefficiency, found themselves in capital difficulties, and that operation worked out well.

Mr. PROXMIRE. At that time the economy was flat on its back, as the Senator said.

Mr. FULBRIGHT. Yes.

Mr. PROXMIRE. For instance, Mr. President, there could be a very sound firm and they could not borrow money.

Mr. FULBRIGHT. The Senator is correct. There was no intent to bail out management.

Mr. PROXMIRE. The banks were failing and we were in the grimmest shape in our entire history.

Mr. FULBRIGHT. The Senator is correct. Those analogies do not apply here. I am sure this would be a serious precedent against the efficiency and vitality of the free enterprise system. I believe the Senate and the country should have time to debate and understand this matter, to have "unencumbered debate," as the New York Times said. I do not believe they will pass it.

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

Mr. PROXMIRE. I yield.

Mr. LONG. I am sure the Senator did not want to suggest by what he said that he is conversant with the facts involved in the loan to Bob and Jake's Restaurant. He and I know he is not. Is that correct?

Mr. PROXMIRE. No, the Senator is correct. I was saying that if you take a small firm that is going bankrupt if they do not get a guaranteed loan, once we go down the trail of bailing out all of these companies there is not enough money in the U.S. Treasury and American business will be in real trouble, big and small.

I do not know anything about Bob and Jake's Restaurant. I would like to eat there the next time I am in Baton Rouge.

Mr. LONG. The Senator will find they have very good food. From the banker's point he has to make a decision, and that decision is, "If I put more money in this business am I throwing good money after bad, or am I helping a good customer to work out his problem, to reduce his overhead and to trim off some services that might not be entirely necessary to provide a more efficient operation."

It is a banker's decision whether to stay with his customer and put more money behind the money he has loaned him or whether to decline to go further with him.

Mr. PROXMIRE. Let me interrupt to say at that point that I was discussing this matter with a very able member of the Banking Committee in the other body. He said the reason the banks are for it—and they want this in the worst way—they will get a 9-percent interest. The interest rate is supposed to be set at the risk level required, but the guarantee actually makes it risk free. The banks get 9 percent risk free loans. It is the greatest bonanza in the world to them. It is a handout to the banking industry, and the taxpayer stands behind it.

Mr. LONG. Money is loaned with a high interest rate of 9 percent or 10 percent; then often time there is a discount which means interest is being collected on money never loaned to begin with.

Mr. PROXMIRE. In effect.

Mr. LONG. Having achieved all that on the theory this is a risky loan, if they lose money the Government pays it off.

Mr. PROXMIRE. The Government would pay it off.

Mr. LONG. Good deal. I would like to ask the Senator why he and I cannot get into a business like that. Is that not a nice way to do business? They proceed on the basis of a big profit, the Government takes the risk, and if there is a loss the Government pays it off. Is that not nice?

Mr. PROXMIRE. That is all this would do.

Mr. LONG. I can understand what is in it for the backers, for Lockheed, and the airlines that place planes on order. What is in it for the Government? We appear to be making a bum loan.

Mr. PROXMIRE. The taxpayers?

Mr. LONG. What is in it for us?

Mr. PROXMIRE. Potential losses and nothing else.

Mr. LONG. Theoretically we are supposed to guarantee a bum loan and bail out a company. But if we get on the winning end what do we get out of it?

Mr. PROXMIRE. There is a guaranteed fee but the guaranteed fee would be supposedly insufficient to cover Government administrative expenses. There is no premium here. There is no requirement that the Government risk is protected. If we are on the winning end we get zero, in effect. If the Government loses, it can lose $250 million in this instance.

Mr. LONG. I would like to know the Senator's reaction to this. Some years ago we passed a bill and I helped to pass it. The Senator from Wisconsin was one of the prime advocates. The bill had a tax differential feature to make it possible for American Motors to find cash to stay in business. So far it has been good legislation for the Government. It costs us nothing. It was a good thing for the State of Wisconsin, and I think for America.

How can the Senator equate the problem involved there—I voted for it and the Senator voted for it—with the problem in the Lockheed situation?

Mr. PROXMIRE. The answer is that that was a change in the tax laws. The change enabled a corporation, which was a small factor—in this case it was the fourth automobile producer—to carry back its losses 5 years instead of 3. In doing so they would lose the capacity to carry forward losses 5 years and made it only 3 years.

It would apply to any industry where they wanted to keep the small firm alive; they would be able to make that carryback.

First, there was no risk of loss to the Government whether or not American Motors succeeded or failed. If American Motors continued in business, as it did, it would use up the tax advantage in 3 years—2 years ahead of the customary

time period. If American Motors failed, its successor company would use the tax advantage in 3 years. Either way, the amount is the same. It cost the Government nothing. A successor corporation would undoubtedly pick up a bankrupt American Motors to obtain the benefit of the tax loss carry forward.

Second, you preserve competition, where it is needed.

In this case, the situation is completely different.

The Department of Transportation and NASA last March made a study of the market for the wide bodied jet. The product this bill would underwrite. It said it will support one producer. We now already have one producer in that field, McDonnell Douglas. The study found that if there are two producers the industry would be weak and both firms would be in continuous difficulty. The situation would be unstable and they recommended against it.

We had Donald Turner, who was Assistant Attorney General in charge of antitrust a few years ago, testify before the committee on this legislation—a man whose job has been to fight for competition. Turner came to exactly the same conclusion. He said in this Lockheed case this bill would be a disservice to competition; it would be a mistake; it would be a misallocation of resources to, in effect, shove the Lockheed Corp. into this area, where it has not been, with a Government guarantee to get it in there.

The Senator from Michigan (Mr. HART), who I think is the outstanding authority in the Senate on antitrust and competition, being chairman of the Antitrust Subcommittee—and we know he is against this bill—has said it would be a serious mistake from the standpoint of competition to force production of this wide-bodied plane into the field.

The question of competition in American Motors was different. There was no dispute of the fact that we needed American Motors in the field of automobile production. We also have a very clear case developed that we do not need Lockheed in the wide-body jet aircraft field.

Mr. LONG. May I say——

Mr. PROXMIRE. Incidentally, I have a 50-page statement on that which I expect to read a little later, which develops that point fully.

Mr. LONG. I would like to study it. Let me say that, in my judgment, the Senator has made a prima facie case that the bill should not be passed. I would be happy, and I shall be glad, if I am permitted to have the time, to become acquainted with the other side of the argument. If it proves that the sponsors of the legislation have enough votes to ramrod this legislation through for no other reason except brute power, I shall be against the bill. Because of not having had the opportunity to study the argument, because I did not have the time to have that opportunity, I would have to vote "no." But I would have to say that, from what I have heard up to this point, from the scant knowledge I have of it, and from cloakroom conversations and walking down the hall talking with somebody on the way to a meeting I cannot see why the bill should be passed in such a hurry. I hope we will not be required to vote on it without having had an opportunity to hear the other side. I will say to the Senator that, if I have to vote without hearing the other side of the argument, I will have to vote "no."

Mr. PROXMIRE. I thank the Senator.

Before I yield the floor so the Senator from Minnesota (Mr. MONDALE) may speak, I would like to complete my remarks on the study made by the Library of Congress on the cloture votes. There were 25 cloture votes dating back to 1960.

Five of these would have limited debate on changing rule XXII.

One cloture motion was filed by Majority Leader MANSFIELD immediately after Senator Wayne Morse introduced an amendment to the Higher Education Act of 1963 to provide for home rule in the District of Columbia. The majority leader's action had a twofold purpose. First, a cloture vote would quickly indicate the Senate's thinking on the home rule proposal, and second, it would head off a threatened filibuster on the issue. Another cloture vote occurred on a reapportionment rider to the Foreign Aid Authorization Act of 1964.

The remaining 18 cloture votes occurred on debate related to the substance of the bill under consideration. The number of intervening days in which these 18 bills were debated ranged from a high of 55 days to a low of 4 days. Discounted in this range are second, third, and fourth cloture votes on the same bill.

An examination of cloture votes from 1917 until 1960, indicates extended debate before any cloture vote is held. The most number of days of debate prior to a vote during the period 1917–60 was 67 in 1922 during Senate consideration of the Fordney-McCumber tariff bill. The fewest number of days of debate was 2 in 1946 on an anti-poll-tax bill.

The Senate on July 31, 1946, failed to invoke cloture on H.R. 7, a bill to make unlawful the requirement for poll tax payment as a prerequisite to voting in a primary or other election for national offices. It should be noted, however, that this was the third cloture vote on an anti-poll-tax bill in 5 years, explaining, without doubt the rapidity of the cloture vote on H.R. 7.

With only few exceptions, research shows that the Senate has traditionally allowed extensive debate on controversial measures before attempting to invoke cloture.

With the exception I noted, which the Senator from Texas very properly called attention to yesterday—and as I have said, that was on a home rule amendment which had been debated many times—the record is clear that it would be most unusual action to file a cloture motion after such a very short period of time.

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

Mr. PROXMIRE. I yield.

Mr. LONG. May I say to my friend from Wisconsin, with whom I frequently disagree, in good conscience—and he in equally good conscience—I had some doubts, myself, about whether we ought to further restrict free debate in the Senate, and I thought a long time before I did what I did to keep the existing cloture rule. I felt we ought to be moving toward majority cloture, but when I see a majority, on a bill as significant and as controversial as this, moving to invoke cloture when debate has been had only—how many days?

Mr. PROXMIRE. This is the third day. Actually, we have had only 2 days of debate before today.

Mr. LONG. When I see the majority moving to put the iron fist to it and try to invoke cloture after, one might say, only 2 days of debate, I find myself compelled to actually shudder to think about imposing gag rule on the Senate. To think that Senators who are not on the committee are busy on other committees, asking unanimous consent, and getting it, to have those committees meet in order to fulfill the responsibilities assigned to them by the Senate on such committees and on other bills to be considered, and then to have it suggested that after hearing 2 days of conversation the Senate should be gagged and have this thing voted through—frankly, Senator, I shudder to think what is happening to our freedoms in this land.

Of course, when we talk about August 6 or August 8, or some such date, the Senator knows as well as I do that the bankers expect to make money by the bill the Senate passes. They are the ones who have loaned money, looking for the legislation. Lockheed expects to make money on the legislation. They are the ones who owe money. The airlines are in on the action. If the bill does not pass, they will lose some money.

The Senator and I know that, as between the lender and the borrower, it is easy enough to get together to extend the loan until the bill is passed. If the bill fails to pass by that date, the Senator and I know that the emergency will end and the loan will be extended, because they will know they have a majority of the votes and they will try again. Why should they not? How many millions do they have to win if we pass this bill?

Mr. PROXMIRE. What they are worried about is the force of public opinion. If we have a chance to discuss the bill for any length of time and if the people realize what is at stake, there will be an outraged public opinion and we will vote the bill down.

Mr. LONG. It seems to me all the people who are not interested in helping the little fellow who is being crushed and having to get out of business should not expect to have it both ways. It is true, for example, that a feeder airline operating in Louisiana, for example, after a while might ask for a route outside of Louisiana. So they do not want that kind of competition to live. But after hearing men in business who are supposedly in favor of free enterprise, who have argued that same philosophy over the years—competition, no subsidy, survival of the fittest, the advantages of free enterprise over State control—we now hear them say all that should be flushed down the drain as soon as there is a danger of losing a few "bucks." Here the same people are saying we should vote for the bill. Some of them may have been here when

President Eisenhower was President and made one of his proudest accomplishments by ending the Reconstruction Finance Corporation. By the way, it was created by Herbert Hoover—not in time to prevent one of the worst depressions in history, but one designed to help in problems such as we are talking about. But the RFC was abolished. They got rid of everybody. While they were for free enterprise, they were not so willing to doff their hats to Herbert Hoover, who was still alive at that time. They were willing to espouse free competition, the law of the jungle, free enterprise. Yet the same people are now saying that we should do exactly the opposite.

The Senator is speaking in the purest theory of the free enterprise system. I am willing to hear the argument, but I must have the time and the opportunity to do so.

I have asked the Senator from Wisconsin some embarrassing questions with reference to the American Motors situation. That is something I understand.

Mr. PROXMIRE. Mr. Hoover said when he called for the RFC that under the free enterprise system big business and the big banks can care for themselves. But is this for small business? If the SBA is the Small Business Administration, this is the BBA, Big Business Administration. It starts right off for big business, and the criteria make it clear that it is exclusively confined to big business. You have to be one of the 100 or 200 biggest enterprises to qualify.

So, it is free enterprise for small business, but socialism for big business.

Mr. LONG. Of course, I know everybody is out lobbying on this bill, and doing a good job. I respect them. They pay those people by the year, and so for the most part, these fine, nice, sweet guys lobby around the countryside, and get a year's pay for 2 weeks' work. So if they have to work an extra couple of days, I do not think we should shed too many tears. But here are these people out working, lobbying, trying to push this thing through, and I would just like to ask the Senator, how do they make all this fit in with the rest of their way of doing business?

For example, is it not true that all the big airlines wanted to abolish all the subsidies? They already had all the cream, all the distance flights, so they do not want someone else, because they are only able to sell one ticket and get a larger profit, than on a milk run. The money is in the nonstops and long distances. They hog all that up, get all the cream, and are not even willing for the other guy to have the whey. In other words, for some little guy trying to provide a flight from Crowley to Bogalusa, La., that is out, because of the fear that he might become a competitor some day.

So here these people are; they do not want any subsidies or any handouts, for the reason that they are afraid someone else might get a handout, and, having done all this to keep the other guy from competing with them, now they find they are about to get stuck on a bum loan, and the Government is asked to come bail them out.

How do they justify all this? I am not a professional economist; I just majored in that stuff in the arts and sciences school. But how do they justify it? Under what theory of capitalism? When you have come out here and fought to abolish the Reconstruction Finance Corp., and have gone for this free enterprise law of the jungle system, and put a whole bunch of little people out of business to do it, and have raised the interest rates so high you have to get on top the Washington Monument to find out how far they have gone, and, having done all that, you find out one of your boys has lost some money, and you want to bail him out, how does that square with the theory of rugged individualism, free competition, and survival of the fittest? How does all that square?

Mr. PROXMIRE. I think that would be a good question to ask some of the supporters of the bill, because I just cannot square it at all.

Mr. LONG. I am one of these welfare people. I think I could afford to vote for something like this; it would not be too difficult for me to explain why I wanted to help Lockheed. I am willing to help everybody. But I find it difficult to understand how all those people who have always stood for the Adam Smith kind of logic, in which I find a considerable amount of appeal, can justify this bill.

Mr. WEICKER. Mr. President, may I respond to the Senator from Louisiana?

Mr. PROXMIRE. I yield to the Senator from Connecticut so that he may respond to the Senator from Louisiana.

Mr. WEICKER. I believe you justify it by believing in the theory of something for nothing. Why did the airlines, which the Senator mentioned, get involved in this? Because the British Government offered them 90-percent financing at 2 percentage points below the interest rates in the United States. So, rather than giving their business to the U.S.-owned company within the United States, they saw something for nothing over in Great Britain, and they fell for it hook, line, and sinker, and now they seek to convince the American public that it ought to come along and back them up with something for nothing.

Mr. PROXMIRE. Here's how they take advantage of this: Rolls-Royce gets in trouble itself, and now they say, "You have got to bail us out." They took advantage, as the Senator from Connecticut has said so well, of that 90-percent financing, a 2-percent advantage in the interest rate and now they say the Federal Government has to come and bail them out.

They say, "It is not our fault, it is Rolls-Royce's fault."

Well, it was their choice to pick Rolls-Royce, because they got a tremendous advantage in doing it or thought they were. Rolls-Royce had had no experience whatsoever in producing this kind of engine. General Electric had. Yet they took advantage of the gamble, and it did not work out, and so they say the Federal Government has to bail them out.

Mr. LONG. May I say to the Senator, that is why I have so much difficulty falling for the family assistance plan. I am an old share-the-wealth man. I would be willing to skin it off the rich and give it to the poor, as far as I am concerned, but that is based on the theory that the rich have been skinning the poor for a long time, anyway, so why not do it in reverse for a change?

Mr. PROXMIRE. Why not modify the President's program to make it the FLAP program—the family Lockheed assistance program?

Mr. LONG. That might be a better name for it, but the best I could make of that program, the reason I would not vote for it, is because of the fact that there is cranked into the program also the fact that they want to pay people as much as a $5,000 cash subsidy to not do the decent thing.

I thought if a man had children by a woman, and spent every night with her, he ought to marry the girl and help support the children; but, no, sir, under the family assistance plan, they pay him a $5,000 cash subsidy not to marry the girl. How could he afford to marry her?

I have never felt that we ought to give him something for nothing. We ought to be able to justify it on some basis; there ought to be some logic somewhere, strained though it may be, to justify that kind of thing.

So I shall await with interest, if they permit me the opportunity, to study what is being said. About the only reason I can see to vote for that bill is that it will make money for somebody, and that is not a very good reason.

Mr. PROXMIRE. That is about right.

Mr. President, I yield back the floor to the acting majority leader.

Mr. BYRD of West Virginia. I thank the Senator.

Mr. President, I ask unanimous consent that during the remarks of the Senator from Minnesota (Mr. MONDALE), his staff member, Mr. Paul Offner, be allowed the privileges of the floor.

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

THE PUBLIC WORKS APPROPRIATION BILL: UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, I am authorized by the distinguished majority leader—after having discussed the matter with the distinguished Senator from Mississippi (Mr. STENNIS) and having cleared the matter with the distinguished minority leader and the ranking minority member (Mr. YOUNG) to propose the following unanimous-consent agreement.

I ask unanimous consent that, at such time as the Senate proceeds to the consideration of the bill making appropriations for public works, debate thereon be limited to 1 hour, the time to be equally divided between the distinguished manager of the bill, the Senator from Mississippi (Mr. STENNIS), and the distinguished ranking minority member, the Senator from North Dakota (Mr. YOUNG); and that time on any amendment—except committee amendments, on which time from the bill may be yielded—be limited to 30 minutes, to be equal-

ly divided between the mover of such amendment and the manager of the bill (Mr. STENNIS).

Mr. TOWER. Mr. President, reserving the right to object, and I have no particular objection, if I might inquire of the distinguished acting majority leader, when does he anticipate that that bill will be taken up? Will it be called up, as the majority leader is authorized by unanimous consent to do, during the consideration of S. 2308?

Mr. BYRD of West Virginia. Mr. President, the Senator from Texas has correctly anticipated the situation. It can be called up under the order entered at such time as the majority leader may wish to have it laid before the Senate.

However, it is not anticipated that the bill will be ready for floor action before Friday or Saturday of next week.

Mr. TOWER. I have no particular objection, but if it is to be brought up during the course of the consideration of S. 2308, I wonder if we might have an opportunity to alter that unanimous-consent agreement.

Mr. BYRD of West Virginia. Yes; I am sure that if there is justification for an alteration of it, the leadership on both sides would be willing to entertain proposed modifications.

The only purpose in getting this time agreement at this time is that we may be able to proceed, at such time as the bill is brought before the Senate, in an orderly fashion and more promptly complete action on the bill.

As the Senator from Texas will agree, the August recess will begin at the close of business on Friday, 2 weeks from today. There are several important bills that should be acted upon before the Senate adjourns for that recess, the public works appropriation bill being one. The chairman of the Committee on Appropriations, the Senator from Louisiana (Mr. ELLENDER), hopes to complete Senate action on the public works appropriation bill and the HEW appropriation bill before the end of next week, so that the conferences can be had on both bills and the reports brought back to the respective bodies and acted upon and the bills sent to the President for his signature prior to the recess.

Mr. TOWER. I quite understand. Certainly, I would do nothing to detain the Senate in the consideration of these important measures. The acting majority leader suggests that it probably would not be before Friday next that this proposed legislation would be available for consideration.

Mr. BYRD of West Virginia. The Senator from Texas is correct.

Mr. TOWER. I thank the Senator from West Virginia, and I do not object.

Mr. BYRD of West Virginia. I thank the able Senator from Texas.

I thank the Senator from Wisconsin for yielding.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

The Chair hears none, and it is so ordered.

The unanimous-consent agreement reads as follows:

Ordered, That when the Senate proceeds to the consideration of the Public Works Appropriation Bill, there be 1 hour of debate on passage of the bill to be equally divided and controlled by the Senator from Mississippi (Mr. STENNIS) and the Senator from North Dakota (Mr. YOUNG). *Provided*, That debate on any amendment (except committee amendments on which time from the bill may be yielded) be limited to 30 minutes to be equally divided and controlled between the mover and the manager of the bill (Mr. STENNIS). (July 22, 1971)

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. MONDALE. Mr. President, I think the bill before us today raises the most serious questions about our policies toward business, about our economic policies, and about our priorities.

In my judgment, most of these questions have not been adequately answered. Some of them are probably unanswerable. Until answers are found, I must oppose the pending legislation.

I must admit that it has sometimes been difficult to tell whether we are dealing here with a private bill for Lockheed in the clothing of a generic bill, or with a generic bill that is being justified largely on the basis of the Lockheed situation.

If it is the former—as many people have suggested—it would be more honest to say so, and have an up-or-down vote on whether the Federal Government should make a special case of Lockheed.

I would have opposed a special Lockheed bill although I felt that Lockheed had some legitimate complaints concerning its treatment by the Pentagon. My feelings about the general bill are less complicated. I think it would be a disaster.

With regard to Lockheed, there is of course one basic inconsistency in the administration position that has never been resolved. In answer to the charge that a loan guarantee would simply delay bankruptcy, Lockheed and the airlines have pointed to the enormous market for the TriStar—up to $24 billion. But this leads inexorably to the question: Why will not the banks come up with the money if the prospects are so good?

My own guess—based on the available evidence—is that the banks will come through with the money for Lockheed if the Congress turns down the guarantee.

The bankers have $400 million tied up in the Lockheed project now. The Treasury has indicated that if the company goes bankrupt, the banks could get back about $100 million out of the collateral. Thus, they stand to lose about $300 million.

If the $250 million that Lockheed is now asking for were enough to get the company back on its feet again, and if the risk were really as small as we have been told, surely the banks would come up with the money in the absence of a guarantee.

By doing so, the banks could preserve their whole investment and—if the market is as large as we have been told—make a tidy profit to boot. By refusing to do so, they would lose $300 million.

This point was raised repeatedly in the hearings. It was never answered to my satisfaction.

But the issue today is much larger than Lockheed. It is a bill that would fundamentally alter Government policy toward large business.

I think the general bill before us today is inequitable, and will seriously undermine economic efficiency.

More than 10,000 firms go bankrupt every year. Most of them are small firms, but in the aggregate they employ millions of people. The proposed legislation intentionally excludes almost all of them from consideration.

In my judgment, these small firms have a much stronger case for Government assistance than the larger firms. The small firms have much greater difficulty borrowing in the money markets, and the Government-managed credit squeeze of the last 2 years has had a much greater impact on them.

The bill before us today rewards bigness—it does for the large corporations what we never have done for the small firms. The American people will correctly conclude that to get Government assistance, you have to be big and have political clout.

But even when the firm is large enough to be eligible, there is a host of unanswerable questions:

How will the board determine whether a guarantee is required to prevent bankruptcy?

How large does a firm have to be to qualify?

How does the board determine whether the problem is management, changing demand for the product, or whatever?

Moreover, along with Secretary Packard and most businessmen, I believe that market forces contribute substantially to economic efficiency. Once large firms are encouraged to apply for their share of the $2 billion pot, this cannot help but undermine the incentives and the disciplines needed for efficiency.

The implications of the general bailout legislation for defense contractors are particularly ominous. Let me read briefly from Deputy Secretary of Defense Packard's recent testimony before the House Banking Committee:

> Past policies have encouraged contractors, large and small, to take on programs beyond their means . . . That is what happened with the L–1011. Lockheed could assume ways would be found to cover large overruns which might occur on their defense programs. This had always been done in the past. This, I am sure, was the calculation the Lockheed management made in deciding whether to take on a major program such as the L–1011 which even at best would stretch the company resources to the limit. . . . We in the Department of Defense do not need nor want a broad loan guarantee bill which will only encourage a continuation of these practices which have caused this trouble.

These are the words of the Deputy Secretary of Defense, Mr. Packard, who

I think has the admiration of virtually every Member of Congress for his mighty effort to try to deal with cost problems of the Defense Department. When one bears in mind that this statement was made by the Deputy Secretary of Defense in opposition, by implication, to the position of his own administration, one can only guess at the tremendous depths of his conviction when he felt it necessary to speak out in this way and with that strength against the Lockheed proposal. Also, one wonders whether there is not great truth in the rumors which were widely circulated that he threatened to resign if this proposal were adopted by Congress.

When the Lockheed issue first surfaced, one of the problems that most troubled me was the precedent. Secretary Connally tried to put aside this question by saying that the Lockheed situation was unique, and that a similar situation was unlikely to recur.

Mr. Packard testified in favor of Lockheed, but he gave us this warning:

> It's very desirable not to establish a precedent that the government will (aid) any company that gets into trouble.

When the administration switched its support to a general bailout bill, Mr. Packard remained consistent to his earlier testimony. He opposed the generic bill. Given the considerable pressure that was obviously brought to bear, I think Mr. Packard's consistency is admirable and I applaud him for it.

Mr. Packard is a businessman. In his views on this measure, he admirably reflects the views of most businessmen. The Business Council—composed of some of the Nation's top business leaders—is overwhelmingly against the Lockheed bill. The Wall Street Journal had this to say:

> As a precedent, it should disturb a great many people. Helping out Penn Central, Lockheed or any other corporation fuzzes the line between private and public enterprise.

As one looks back over the development of the Lockheed case, one finds the following:

At first, the administration refused to admit that a serious precedent would be set—tacitly admitting that the precedent would be undesirable;

Then it switched its support to a bill which recognizes the precedent and allocates funds for those who follow.

One other point concerning efficiency and competition. The administration has argued that Lockheed's collapse would reduce competition in the airframe industry and give McDonnell Douglas a virtual monopoly in the Tri-Jet field.

I must admit that this argument bothered me for some time—although it would be hard to argue that Lockheed's entrance into the Tri-Jet competition has appreciably lowered long-run costs.

But I was very impressed by the testimony of Donald Turner, former head of the Justice Department's Antitrust Division. Mr. Turner said:

> It is never sensible antitrust policy to attempt to maintain artificial competition.

Though undesirable, a monopoly is preferable to "competition supported by government subsidy."

As I have indicated, I would have opposed a special Lockheed bill, but a special bill would not have fundamentally changed the rules of the game.

The bill we are now considering is a much more serious departure from our past governmental policies toward business. I can see no reason to sanction such a departure—particularly after just 3 days of hearings.

I agree with the recent statement of the New York Times:

> 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.

These, then, are a few of the difficulties with the legislation that the administration is asking us to support.

No one really denies that these problems exist. But, it is alleged, whatever the problems are, they are dwarfed by the problem of unemployment—the jobs that would be lost if Lockheed—or some other corporate giant—went down the drain.

I find this argument particularly troublesome.

The administration bases much of its case on the economic situation. Secretary Connally talked about the jobs that would be lost if Lockheed went down. He talked about the effect on the economy as a whole.

The President made a similar point. He argued that aerospace jobs were needed in the depressed southern California job market. He made the statement in southern California.

Well, unemployment in Duluth has been consistently above the national average. Unemployment in Minneapolis has increased 103 percent since last year. I suppose I could argue that aerospace jobs—or some other special help—were justified in these depressed job markets also.

But I do not make that argument. I do not believe that our economic health requires bailouts of particular companies. What we need is new economic policies for the Nation.

Unemployment has now been at 5 million people for 7 months. In June, adjusted unemployment grew by 1.1 million, and jobs increased by a million less than usual.

The labor force increased 1 million less than usual. Who knows how many teenagers did not bother looking for summer jobs because they knew the search was hopeless.

Many of us in Congress have called for a more expansionary policy. We have pointed out that with the economy operating over $60 billion below its potential, with plant operating at three-quarters of capacity, there is little danger of creating increased inflationary pressures; and we are losing $20 billion in Federal revenues, $3.5 billion in State and local revenues.

A more expansionary policy would help southern California; but it would also help Duluth, Minneapolis, and all the other cities and rural areas that are in such desperate economic straits.

If the administration is serious about jobs and economic recovery, it should understand that what we need is not special legislation for Lockheed, not special legislation for failing businesses, but legislation to bring national economic recovery.

That is why the administration's recent announcement that it would not adopt stimulating measures this year was so tragic.

That is why many of us are so opposed to this legislation before us today.

As the New York Times said editorially on July 16:

> 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.

But if the administration is really concerned with jobs, how does it explain some of its recent actions?

Last fall, the Congress passed a Federal jobs program. We had to send this bill to the White House twice before public opinion convinced the President to sign it.

More recently, the President vetoed the accelerated public works bill.

This bill would have provided Federal aid for such essential projects as—

Water and sewage treatment plants;

Nursing homes; and

Hospitals and other community facilities.

According to Congressman BLATNIK, chairman of the House Public Works Committee, 6,000 projects such as these have been approved by the Federal authorities. The necessary architectural, engineering and financial arrangements have been completed, and most of them could be started in 60 to 90 days.

This bill would have created as many as 170,000 construction jobs—in an industry whose unemployment rate is well over 10 percent.

It would have created an additional 250,000 jobs in allied industries.

This adds up to 420,000 jobs—almost 10 percent of our total unemployment.

But the President vetoed that bill—even though its impact on jobs would have been much greater than that of keeping Lockheed—or other failing businesses—afloat.

And I think it is fair to ask whether our Nation has a relatively greater need for more Lockheeds or more nursing homes.

In the last analysis, it is really a matter of priorities.

The $250 million we could lose in bailing out Lockheed is:

Thirteen times what the Federal Government plans to spend in 1972 for health care for migrant children;

Two and a half times what we are requested to budget for Federal air pollution programs;

Two and a half times what the President requested for cancer research;

It is $195 million more than the request of the Federal Bureau of Narcotics and Dangerous Drugs;

Twice as much as is budgeted for highway safety.

We have been told that no Federal funds will actually be spent—after all, we are only guaranteeing loans and the likelihood is that the loans will be repaid.

But loans that are guaranteed for failing businesses are loans that are unavailable for other purposes.

The Federal Government presently guarantees loans for numerous purposes such as: Farm ownership, the merchant marine, student loans, housing, and new communities.

Do we really want to guarantee money for large failing businesses that could go to construction of additional housing or student loans?

Finally, I would say this: Congress is capable of giving the most intense scrutiny to legislation to help the workingman and the poor. The welfare bill has been debated and studied in the Congress for several years with close attention to the minutest detail. This is as it should be. But now, when the issue is bailing out business—corporate welfare if you will—we are prepared to push this bill through with minimal hearings, little debate and less deliberation.

I think that says something about our national priorities.

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

Mr. MONDALE. I am glad to yield to the Senator from Wisconsin.

Mr. PROXMIRE. I think the Senator is stressing a significant development, because in the years I have been in the Senate, I do not recall any occasion on which a Cabinet officer or a member of any administration actually refused to read a statement prepared for him by the administration, and it had to be read by someone else. I think this is the most dramatic kind of repudiation of this bill. The part of that statement was read for him, which differed from his own position, was in opposition to the bill before the Senate.

Frankly, he does favor a Lockheed loan, with reluctance, because he said that he thinks it would be a helpful action; but he does not want it to be a precedent.

I asked him in the hearings whether he would favor a loan to Lockheed if it were a precedent, and he said "No." He is against this bill because it is eight times the size of the Lockheed loan. Of course, what it does is to provide a protection against the consequences of inefficiency for defense contractors; and it means that the long, hard, tough, efficient struggle that Mr. Packard has put up in the last two and a half years against inefficiency in procurement is seriously jeopardized by it, because the great discipline, of course, is that if you do not do a good job, you go bankrupt. In this case, of course, they do not have to worry so much about it, because you can get a guaranteed loan.

Mr. MONDALE. Of course, the logic of Secretary Packard's position and the arguments he makes stand just as much in opposition to an individual loan to Lockheed as they would to the broader bill. As he points out, Lockheed made some doubtful business judgments.

Mr. PROXMIRE. That is right. Furthermore——

Mr. MONDALE. All predicated on a bail-out by the Federal Government.

Mr. PROXMIRE. That is right. The Packard testimony is the most devastating testimony before the Banking Committee against the legislation now before the Senate.

He said:

It is this last point which leads into the reasons I do not support extending a broad Federal loan guarantee authority to the defense industry or any other industry at this time.

This problem we face with Lockheed is the result of past procurement policies, practices of both the Department of Defense and the industry that develops and produces defense products. In the case of Lockheed, both the Department and the company are at fault. Past policies have encouraged defense contractors, large and small to take on programs beyond their means. That is what happened with the L–1011. Lockheed could assume ways would be found to cover large overruns which might occur on their defense programs. This had always been done in the past. This, I am sure, was the calculation the Lockheed management made in deciding whether to taken on a major program such as the L–1011 which even at best would stretch the company resources to the limit. During the last two and a half years we have been trying to correct these procurement practices that have been followed in the past. Some progress has been made, but we have much more to do. For this reason, we, in the Department of Defense, do not need nor want a broad loan guarantee bill which will only encourage a continuation of these practices which have caused this trouble. We want and need your support for new policies and new approaches which will make it much less likely there will be problems of this kind and magnitude in the future.

There is another reason I believe broad legislation is unwise. A government guarantee for a particular company or a particular industry does not generate more credit for the economy. For example, this guarantee only diverts the credit the banks can offer someone else to Lockheed. We can afford to divert $250 million under the circumstances. To provide a mechanism whereby $2 billion could be diverted to firms in the defense industry or any other special industry is quite something else. The solution is to take the fundamental steps to make these industries well and healthy. A firm or an industry that is well and healthy can obtain adequate credit from these and other banks without a guarantee. We believe the steps we are already taking in the Defense Department will eventually bring Lockheed and other firms that are in trouble back to a strong, profitable, healthy condition. Then defense firms will be able to get the private credit they need without a guarantee. That is what we should seek to achieve. That will take more time. In the meantime, the Department of Defense, with my strong endorsement, urges this Committee, the House and the Senate to support a loan guarantee in the amount of $250 million for the Lockheed Company as the Administration has requested.

Mr. MONDALE. I thank the Senator from Wisconsin. Along with so many others, we are deeply impressed by the leadership which the Senator is giving on this critical issue.

It is really a matter of priorities. Some say $250 million is not very much, but I should like to point out that that is 13 times what will be paid this year for the health of migrant children; 2½ times what this Nation is being requested to spend for air pollution programs; it is 2½ times what the President asked to cure cancer; it is $195 million more than the request for the entire Federal Bureau of Narcotics and Dangerous Drugs; and it is twice as much as we are budgeting this year for highway safety.

Mr. PROXMIRE. In giving those statistics, is the Senator talking about the $250 million?

Mr. MONDALE. That is correct.

Mr. PROXMIRE. The $2 billion which is in the bill that would be made available to other firms is eight times as large as the $250 million guarantee and therefore many times the other figures——

Mr. MONDALE. That is correct.

Mr. PROXMIRE. So it gets down, once again, to the basic question of priorities.

One factor the Senator stressed, and I do not think there is a more significant priority in the country today, and that is the fight against drugs. This concerns me and I know it concerns the Senator from Minnesota.

How much did the Senator indicate was the difference between the amount we are guaranteeing for Lockheed and the amount we are putting into the fight on drugs?

Mr. MONDALE. A $195 million difference between this year's request for the Bureau of Narcotics and the amount the administration wants above that for Lockheed.

Mr. PROXMIRE. So that if we pass this bill, there will be about $1.9 billion more available to bail out big business than we are spending on the war against drugs, to stop heroin and other drugs from destroying our people.

Mr. MONDALE. That is correct. We hear about the cutbacks in the Food Stamp Act for hungry Americans, and the administration's cutbacks on summer jobs. Meanwhile, we are fighting the administration for a new program to try to do something about children in the first 5 years of their lives. We are trying to generate adequate funds for education, to fight the tremendous issue of the environment, and to help in the problem of law enforcement. In each of these areas, we find that these programs have enormous meaning in terms of the quality of life to the average American.

The administration gives all-out, 100-percent, enthusiastic support for such things as the Lockheed bailout. It is a different set of values than I have. I believe it is a different set of values than the American people have.

I find very little support for this proposal among the people and, surprisingly, a great deal of concern in the business community. This is not an issue that divides the American public.

We find opposition by many top businessmen. The Business Council came out against it. The Wall Street Journal came out against it. Many top businessmen feel that this would establish a precedent which will rob the American economy of the basic forces contributing to economic efficiency.

Mr. PROXMIRE. If the Senator from

Minnesota will yield at that point, we heard a witness, an eminent economist and adviser to large business corporations, and a very active man in the present administration, Mr. Greenspan, one of the top economists of the country. I asked him in the hearing, how the big business community felt about this guarantee, and he said, "Well, those who are connected with Lockheed, the banks that are loaning, the airlines involved directly, the suppliers, of course they are for it. With that exception, the business community is overwhelmingly against this."

The Wall Street Journal reported, as the Senator stated accurately, that the Business Council was emphatically against this kind of bailout. I have a letter from former Secretary of Commerce Connor, who is a top businessman and is now chairman of the board of one of the largest corporations in the country, in which he said, in effect, this goes to the heart of the free enterprise system. This is a serious, tragic mistake. Anybody who really believes in free enterprise cannot support this legislation.

So, of course, while it is true that the big business community is not completely condemning this, because they have their connections with the big banks, the friendships with the people in the Lockheed Corporation, and there is a kind of ethic involved here, but there is no question about it when they state, when one asks them, that they overwhelmingly recognize that this is wrong, that it undermines the foundation of an economic system that has been the most productive in the world.

Mr. MONDALE. It was Admiral Rickover, I believe, who said:

> We have been generating a new philosophy where we privatize profits and socialize losses.

Whenever there are large profits involved, they are independent of government, but when they lose money then suddenly it becomes a public matter. We are asked to share handsomely in the risks of their bad business judgment.

Mr. PROXMIRE. Admiral Rickover did not testify before the Banking Committee but before the Joint Economic Committee on another issue, and I asked him about that loan, and he was resoundingly clear and emphatic in stating that it was a serious mistake and that it could not be justified.

Mr. MONDALE. I thank the Senator from Wisconsin.

Mr. President, I have agreed to yield to the Senator from Virginia (Mr. BYRD) to do something unique; namely, to give a short speech, so I am going to end my statement here, but before doing so, I ask unanimous consent to have printed in the RECORD an editorial published in the New York Times entitled "The Lockheed Loan," opposing this proposal; an editorial entitled "Bailing Out Lockheed", published in the Wall Street Journal, opposing the proposal; an article written by Robert J. Samuelson, entitled "Economists Hit Loan Plan," published in the Washington Post, which finds many top economists opposed to the proposal; and an article published in the June 10 Washington Post describing the grave doubts expressed by Deputy Secretary of Defense Packard.

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

THE LOCKHEED LOAN

The Administration has asked Congress to authorize a $250-million loan guarantee to save the Lockheed Aircraft Corporation and its L–1011 (TriStar) airbus program. The bill that was sent to Congress yesterday does not mention Lockheed directly but only proposes loans for major business enterprises in danger of failing. Secretary of the Treasury Connally stated, however, in a separate letter to Congress that "substantially all" of the $250-million would go to Lockheed.

The fact that the legislation is written in terms that would apply to any major business in danger of failing compels Congress to decide what broad public policy it wishes to adopt with respect to private corporations on the verge of bankruptcy.

Senator Cranston of California, who supports the $250-million loan, says that it should be accompanied by an amendment requiring a complete change in the company's present management. He quotes an unnamed businessman as saying, "Why reward bad management? If we bail out Lockheed, it will cost the Government vast sums and the signal will be out: be wasteful—it doesn't matter. Uncle Sam will come to the rescue." Many of the nation's business leaders share this view.

The alternative would be to let the company reorganize in bankruptcy without any Government loan warranty at all. This would have the advantage of permitting an outside group named by the court to come in and examine why the company failed. This procedure is proving out in the case of Penn Central—which Congress wisely decided not to rescue from bankruptcy.

Letting a company go bankrupt does not necessarily mean tens of thousands of jobs will be wiped out. That has not happened in the case of Penn Central, and it need not happen to Lockheed. The company can be operated in bankruptcy—just as the British Government has decided to do in the case of Rolls Royce.

It may be argued that the cases of Penn Central and Lockheed are really very different, because Lockheed is a big defense producer and Penn Central is not. But Lockheed is also a civilian producer, and the $250-million loan is designed specifically to bail it out on the L–1011, a carrier for the commercial airlines. The Government is certainly one of the important customers of Penn Central, which in all its operations affects the public interest. Few major businesses are without an impact on the public interest—and some direct involvement in national defense. Are they all to be regarded as eligible for bail-outs if they are on the verge of bankruptcy?

The present Administration, which likes to think of itself as the champion of free enterprise, is violating its own principles in seeking to rescue Lockheed's management by a Government-guaranteed loan.

BAILING OUT LOCKHEED

When the government last year announced a plan to help the Penn Central Transportation Co. with large loan guarantees, Senator William Proxmire suggested that more systematic procedures should be devised to consider corporate requests for aid. The new plan to assist Lockheed Aircraft Corp. points up the wisdom of the Senator's proposal.

The federal government was to some extent responsible for the plight of Penn Central, through the heavyhandedness of its regulation and in other ways. The nation, too, needs a sizable part of the service the railroad provides.

It also can probably be argued that the Defense Department, through its procurement methods and changes in specifications, contributed to Lockheed's troubles. Certainly the government, by permitting the accelerating inflation in the late 1960s, did a lot to increase the company's difficulties.

Actually, of course, the government is so large and omnipresent that it plays a role in the fortunes or misfortunes of most business ventures in the U.S., large or small. In both cases, moreover, management can hardly be held entirely blameless.

At the Business Council meeting this week, several company executives were plainly troubled by the Lockheed aid plan. "As a precedent it disturbs me," said Donald M. Kendall, president of PepsiCo Inc. and a close friend of President Nixon.

As a precedent it should disturb a great many people. Helping out Penn Central, Lockheed or any other corporation fuzzes the line between private and public enterprise. Setting up clear and understandable principles and procedures would at least make it more likely that the public would know what it was paying for.

[From the Washington (D.C.) Post, June 22, 1971]

NADER JOINS FOES: ECONOMISTS HIT LOAN PLAN

(By Robert J. Samuelson)

Three economists and consumer advocate Ralph Nader yesterday urged Congress to reject a federal loan guarantee for Lockheed Aircraft Corp., contending that the nation probably doesn't need the giant aerospace company.

"It is very difficult to construct a credible projection of military and civil aerospace requirements which can keep present capacity (of the industry) profitably employed," Alan Greenspan, president of Townsend-Greenspan & Co. and an informal adviser to the Nixon administration, told the Senate Banking and Currency Committee.

"If Lockheed is continuously propped up—and I mean more than by a 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," Greenspan said in his prepared statement.

Squeezed by simultaneous decline of government (military and space) and airline business, total aerospace sales have declined from $28.9 billion in 1968 to an estimated $24.9 billion in 1970, according to Aerospace Industries Association. Employment slipped from about 1.4 million workers to about 1 million.

But Greenspan, the two other economists, and Nader were continuously challenged by Sen. David H. Gambrell (D-Ga.), who has emerged as Lockheed's most faithful defender in the hearings before the Banking Committee.

Lockheed says it needs the guarantee to obtain $250 million in additional funds required to complete development of its L–1011 TriStar jet.

Defeating the loan guarantee—and allowing Lockheed to go bankrupt—would establish an undesirable monopoly for the new three-engine jumbo jets, Gambrell contended. The market would be left to the McDonnell Douglas Corp., which manufactures the DC–10.

Gambrell cited assurances by the Civil Aeronautics Board and the Federal Aviation Administration that the total demand for three-engine jumbo jets is large enough to sustain two competitors. Lockheed itself projects a demand for 775 aircraft (shared between the DC–10–10 and the L–1011) by 1980, but so far, the company has only 103 firm airline orders.

Nader cited a Harvard Ph.D. study by Sydney L. Carroll that contends that there are too many plane manufacturers. "If the government supports Lockheed now, it forces

continuation of over competition in a crowded market," Nader said.

The three economists—Greenspan, Robert Weintraub, professor of economics at the University of California, and Thomas Moore, professor of economics at Michigan State University—argued that bankruptcies, even of large firms, are necessary to assure efficient operation of economy.

"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," Greenspan said, "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."

[From the Washington (D.C.) Post, June 10, 1971]

PACKARD WARNS ON LOCKHEED—TELLS HILL UNIT TO DRAW LINE ON PRECEDENT

(By Robert J. Samuelson)

Deputy Secretary of Defense David Packard warned Congress yesterday to avoid setting a dangerous precedent in passing legislation to guarantee up to $250 million in private loans to the Lockheed Aircraft Corp.

Although he supported the Nixon administration's proposal, Packard admitted before the Senate Banking and Currency Committee that he has mixed feelings about the guarantee:

"It's very desirable not to establish a precedent that the government will (aid) any company that gets into trouble."

Packard maintained that Congress could draw a distinction between aiding Lockheed and creating a precedent for helping other firms. But Sen. William Proxmire (D–Wis.), a chief opponent of the loan guarantee, was skeptical:

"Once you do something like this in Congress, not matter what you say or what you feel in your heart, it's hard to prevent that from being a precedent."

Packard also said that a Lockheed bankruptcy would not disrupt deliveries of needed weapons produced by the company. He also disputed some of Lockheed's projections of future military sales and said that the firm's estimate of break-even sales on its L–1011 airbus is overly optimistic.

Packard's major reservation about the loan guarantee proposal parallel arguments made by opponents of the guarantee. Once the government supports Lockheed, they say, Congress will be in a weak position to resist appeals of other large firms that may develop serious financial problems.

Lockheed says it needs the loan guarantee to provide funds to finish development of its TriStar L–1011 commercial jet. The company is also the nation's largest defense contractor.

In his testimony, however, Packard repeatedly emphasized that a Lockheed bankruptcy, though it would cause "troublesome" problems for the Pentagon, would not be an "absolute disaster."

The Defense Department, he said, could obtain needed weapons from the company if operated by a court-appointed receiver. In the case of the giant C–5A transport, the government might have to pay an additional $100 million for 81 planes, he said.

Moreover, Packard added, Lockheed's survival is not essential to provide a reservoir of experienced prime contractors for the Pentagon.

"There is no serious problem with having enough aerospace concerns to supply the Defense Department," he said. "Right now, we don't have enough business for all of them and, under present circumstances, there are too many aerospace companies."

Packard's endorsement of the loan guarantee centered on the prospect that a Lockheed bankruptcy would aggravate already-severe aerospace unemployment, particularly in California where the jobless rate for industry workers exceeds 10 per cent. In addition, he said, there is very little risk that the government would lose any money because the loan would be secured by substantial Lockheed assets, whose sale could cover any possible default.

But over the long run, Packard said, the economic effect of a Lockheed bankruptcy would be small. Most of the airlines which have ordered the L–1011 would probably switch to the McDonnell-Douglas DC–10, thereby creating additional job opportunities, he told the committee.

Despite Packard's warnings that a Lockheed bankruptcy [and a cancellation of the TriStar program] might have a "chain reaction" impact on subcontractors for the plane, his testimony appeared damaging to Lockheed's cause.

He disputed the firm's claim that it needs to sell between only 195 and 205 L–1011s to break even—that is, recover its initial development costs plus production expenses. Citing an independent Defense Department study, Packard placed the figure at "substantially over 300 aircraft." Lockheed now has firm orders for 103 planes and options for 75 more.

Packard pointedly refrained from evaluating Lockheed's top executives, but when Proxmire questioned whether large cost overruns on four major Lockheed Pentagon projects suggested poor management, Packard quietly responded:

"I understand why some people might come to that conclusion."

Mr. PROXMIRE. If the Senator will yield at that point and I apologize to him for doing this so many times, but an interesting report came over the wires, which reads:

At the Pentagon, Secretary of Defense Melvin Laird said at a news conference that he supports the position taken by Deputy Secretary of Defense David Packard on the loan guarantee measure.

Packard, in an appearance before the House Banking Committee earlier this week, deleted at the last moment sections of his prepared testimony critical of the administration-supported measure. But then Packard said he supported the administration's position.

"I support his position 100 percent," Laird said. "I support his original as well as his amended statement."

Laird acknowledged that "there is a difference within the administration" on the issue.

Laird declined to state his own views but made it clear he favors giving help to Lockheed on what he called a no-precedent basis.

That does not mean anything unless it means that Secretary Laird himself, too, is against the generic bill that contains $2 billion for anyone who wants to get at the welfare window and ask for his handout.

Mr. MONDALE. And if this is not on a precedent basis, it must mean that there can be a single loan only, to Lockheed.

Mr. PROXMIRE. The Senator is exactly correct. The position taken by Mr. Laird is evident. The Senator from Minnesota read and interpreted it very accurately. It is that he is against this bill. He might favor a loan to Lockheed, but he is against this bill because it is a generic bill.

I think it is most interesting that the Secretary of Defense, for the first time a Cabinet officer, Mr. Packard is not a Cabinet officer; he is an Under Secretary—has taken a position against the administration. It is so remarkable, because this administration, as all administrations, requires its top officials to march almost in lock step. They must walk together. But Packard's feeling was so deep that he took this remarkable action, and Secretary Laird supported him. These are the top Defense officials of our country who have taken this same position.

Mr. MONDALE. As I understand the telegram, were Under Secretary Packard and Secretary of Defense Laird Members of the Senate, we would have two more votes against the proposal.

Mr. PROXMIRE. That is an interesting suggestion. I think that when the administration debated the matter for 2 months before they came to a decision, we certainly ought to be able to debate it for a few more days before we have cloture.

Mr. MONDALE. We ought to refer it back to the committee in view of this development so that we can find out what the position of the administration is.

Mr. PROXMIRE. That is an excellent suggestion, although I would not be too sanguine about the success of such a venture, in view of what happened to my motion of yesterday.

Mr. MONDALE. If the Secretary of Defense is against any loans that create a precedent, the very least it could mean would be that there would be only one, to Lockheed. This is a brand new bill for $2 billion of credit to bail out poor business that has poor business management. I gather he is opposed to that.

Mr. PROXMIRE. Mr. President, that is a most interesting development from the standpoint of his opposition to the guarantee since the debate began. Certainly the Secretary of Defense is our top defense official, and he takes this position in support of his Under Secretary. I cannot construe it in any other way than his being against the bill.

Mr. MONDALE. I think that is a major development.

THE FISCAL SITUATION OF THE UNITED STATES

Mr. BYRD of Virginia. Mr. President, the Government announced that the cost of living increased by six-tenths of 1 percent during the month of June. On an annualized basis that means that the cost of living would increase by 7.2 percent.

It is significant also, I think, that yesterday the Government put on the market 10-year Government bonds to be sold at a price to yield investors more than 7 percent. At the same time the Government put on the market 4 years and 3 months notes, 51-month notes, to be sold at a price to yield the investor more than 7 percent.

Mr. President, it seems obvious to me that interest rates are not coming down, but that interest rates are going up. For the U.S. Government to pay 7 percent on its bonds and 7 percent on its 51-month notes suggests to me that the cost of money is certainly on the increase.

Mr. President, the U.S. Treasury has just borrowed from the West German Bundesbank $5 billion, a sum which happens to equal almost exactly the pro-

jected cost of U.S. foreign aid for the current year. To me this dramatizes the financial policy of our Government. We borrow money from West Germany at high interest rates to finance our giveaway programs to foreign nations. On the other hand, the dollar is not a popular currency abroad, in view of our continuing inflation which is fueled by recordbreaking deficit spending—it is no small wonder.

Mr. President, we continue to pour billions of dollars into dubious foreign aid programs. The U.S. Government, since the end of World War II, has put $120 billion into foreign aid, plus $60 billion of interest on that $120 billion.

In the transaction with the West German bank which took place just this week, the U.S. Treasury sold $5 billion worth of special nonmarketable notes with interest rates ranging from just under 6 percent for 1-year issues, to 6.65 percent for 5-year issues. There again we get back to almost a 7-percent interest rate that the U.S. Government is paying for its money. And the U.S. Government, of course, has all the resources of this country behind it. Yet the confidence of the people is such that the Government has to pay 7 percent to borrow the money with which to operate the Government.

In regard to the money which it borrowed from West Germany, I do not charge that the Government has borrowed money specifically to cover its foreign aid expenditures. I understand that the reasons for the transaction were many and complex.

However, I do say this, that the United States is having to turn to so many sources, including borrowing from West Germany, so many sources, foreign and domestic, to finance the Government's huge deficit because we are pursuing foolish and inflationary spending policies.

I might say that I can think of no Government program riper for trimming than foreign aid. The administration has requested almost $5 billion for foreign aid this year. That amount should be drastically reduced, if not eliminated.

The Government will have to go on borrowing and the wage earners and housewives of this country will have to go on feeling the squeeze of inflation until the Government puts its financial house in order.

Mr. Arthur Burns, the Chairman of the Board of Governors of the Federal Reserve System, appeared today before the Joint Economic Committee of the Congress. I have the text of his statement before the Joint Economic Committee. At the appropriate time, but not now, I shall ask unanimous consent to have the text of his statement printed in the RECORD. However, prior to doing that, I want to single out certain parts of Dr. Burns' testimony.

Mr. President, I think we must bear in mind that Dr. Burns was testifying as Chairman of the Board of Governors of the Federal Reserve System, to which position he was appointed by the President. We must bear in mind, I think, that he speaks with some reluctance. I think we need to read between the lines to see what his actual words are.

I think he is speaking frankly, but not necessarily as strongly as I am inclined to think he feels. I happen to have great confidence in Arthur Burns. I have known him a long time and I think he is an outstanding man.

Let us take a few of his comments this morning. I quote this sentence from the President of the Board of Governors:

> The international balance of payments remains unsatisfactory; indeed, our fragile export surplus has disappeared in recent months.

Now, I wish to quote another statement from the Chairman of the Board of Governors of the Federal Reserve System:

> As long as inflation persists, financial investors will remain reluctant to commit funds to long-term securities unless they are compensated at a higher interest rate.

That is what we are saying today and that is what we are going to see for the next month, and 6 months from now, and a year from now unless we begin to put our financial house in order. I submit that neither the administration nor Congress—neither one—is giving any real consideration to this problem.

I wish to quote again from Dr. Burns' statement. Dr. Burns said:

> There are grounds for concern nonetheless with regard to some features of the recovery now underway. First, there is little evidence as yet of any material strengthening in consumer or business confidence.

Mr. President, it seems to me that is a fundamental point, and I agree thoroughly with the Chairman of the Federal Reserve Board. There is little evidence as yet of any material strengthening in consumer or business confidence.

I feel that the individual citizen in this country is a lot smarter than most of us politicians in Washington give him credit for being.

I think there is just reason for lack of confidence on the part of consumers and the businessmen of our Nation, and the reason for the lack of confidence—the basic reason, in my judgment—goes back to these very foolish deficit spending policies of the Federal Government.

I shall quote another statement from the Chairman of the Board of Governors of the Federal Reserve System:

> But there is a danger that hesitation and uncertainly will continue on an extensive scale unless significant progress is made in moderating inflation.

The evidence is contrary to all the rosy statements we read from time to time. The evidence is that inflation is not being reduced; inflation is accelerating. Inflation has to accelerate when we have, as we do have in 2 fiscal years—the one that ended last June, and the one we are now in—back-to-back deficits in the Federal Government of more than $55 billion for that 2-year period.

It is going to take a lot of arguing to change my mind that that is not the basic reason for the lack of confidence that people have today. Certainly it is, in my judgment, the major reason for the inflation that is hitting so heavily the wage earner's pay check and eating into the dollar of the housewife.

Dr. Burns goes on to say:

> Our international competitive situation appears to have deteriorated.

I think he is certainly accurate on that score, also.

Another statement made by the Chairman of the Federal Reserve Board is as follows:

> Even taking these factors into account, however, the Federal budget is more stimulative now than a year or two ago.

He said the "Federal budget is more stimulative now than a year or two ago." Mr. President, it surely is.

We have established a record. In no other 2-year period since the end of World War II have we had an accumulative Federal deficit of $55 billion, and that comes on the heels of many other deficits, continued deficits almost, practically continued deficits for that period of time; and continued deficits for every year for the last 12 years.

Mr. PROXMIRE. Will the Senator yield?

Mr. BYRD of Virginia. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. First, I commend the distinguished Senator from Virginia for this very, very interesting and perceptive analysis of this statement by Dr. Burns.

I am chairman of the Joint Economic Committee. I was presiding this morning when Dr. Burns presented his testimony, and I was most impressed. The Senator is hitting exactly the point that is most significant.

I felt the key to Dr. Burns' statement was that if we are going to overcome our unemployment problem, if we are going to have this economy grow as it must, it is going to be necessary, in his view, for us to get inflation under control. He was very pessimistic, I felt, about what we have been able to do to get inflation under control.

The Senator started off in his remarks by pointing out that the statistics released just today show once again that the annual rate of increase in consumer prices as of last month was very, very high, as high as it has been at any time over the last couple of years. There is no indication we are getting inflation under control. Dr. Burns pointed out until we do have some way of limiting the rise in prices, that any kind of stimulant to the economy, either by his manipulations of money supply, which he controls, or by additional spending, or by reduction in taxes, is just going to contribute to and aggravate inflation, and destroy the confidence that people have now, which is inhibiting them from fueling the economy by private spending.

I think that what the Senator is saying is most significant. I might point out that Dr. Burns has long argued for an incomes policy, for a wage-price review board, and for productivity councils. The administration has done nothing along that line—nothing.

The Secretary of the Treasury indicated to the country just a couple of weeks ago that they have just no plans at all to get this economy moving—nothing. They are not going to provide for any kind of change in the present game plan.

Therefore, I am delighted that the distinguished Senator from Virginia is making this analysis. I wish that he would

consider coming onto the Joint Economic Committee. I think it is so rare that we find Senators who take the time and effort to go into statements of this kind; it is most unusual. He would be a valued member, because he thinks deeply about subjects of this kind. I think he has an extraordinary concern, and he brings a great intelligence to it. I congratulate him on his very fine analysis.

The most significant part of what the Senator is doing is having taken the time and effort to work on this economic problem that confronts, and puzzles, and bewilders our Nation. It is so helpful to have a Senator rise, as he is doing today, and taking a very important statement by one of our top economic officials, who is Chairman of the Board of Governors of the Federal Reserve Board, and analyzing it, as he is doing, and coming to conclusions and giving the Senate and the country the benefit of his analysis.

I thank the Senator very much.

Mr. BYRD of Virginia. Mr. President, I am very grateful, indeed, for the overly generous comments of the distinguished chairman of the Joint Economic Committee.

I am pleased to receive his firsthand appraisal of Dr. Burns' testimony this morning. I was not present to hear the statement as he delivered his comments involving the statement, so I was especially glad to have the analysis and interpretation which was put upon the statement by the distinguished senior Senator from Wisconsin.

I am very grateful to him, indeed, for his very kind remarks.

And now, Mr. President, I want to quote another paragraph or two from the statement of Dr. Burns. I quote again the Chairman of the Federal Reserve Board:

> The fear of inflation appears to have been especially important in the recent behavior of our money and capital markets, and a reversal of psychology may well be required to achieve a significant downward adjustment of interest rates.

There again it seems to me that the public is ahead of us in Washington. They foresaw this increase in the cost of living which the Government has just reported for the month of May, at an annual rate of 7.2 percent. They could see what perhaps we in Washington have not been able to see—that inflation is continuing; in fact, it is accelerating. Certainly it is continuing, and certainly there is no indication that it is being reduced.

I think it is going to continue to accelerate so long as the Government—and by the Government I do not mean just the administration; by Government I mean the Congress, the President and the executive department—persists in programs of huge Government deficits.

Mr. President, not only did the Government just yesterday go into the market with 10-year-old bonds yielding more than 7 percent, and 51-month notes yielding more than 7 percent, plus $5 billion borrowed just this week from the West German Bank at a rate of almost 7 percent—6.5 percent—but within the next 6 months it will need to borrow between $20 billion and $22 billion of additional funds to finance the Government's deficit.

Just during the 4-month period which ended this past February 15, the Federal Government went into the market in short-term bonds in anticipation of bill offerings to the extent of $32 billion.

It seems to me—and I said so on the floor of the Senate on February 18 of this year—that that in itself was bound to lead to higher interest rates, that the Government could not go out and borrow all this money and take it away from the source of supply which is available to private borrowers without having an upward influence on interest rates. That is exactly what has happened.

I feel our country is in trouble. As I read the statement of Dr. Burns in his testimony given today before the Joint Economic Committee—a committee which is rendering a splendid service to the Congress and the people of our Nation—he feels it is in trouble. I may be putting words into his mouth, because he did not say exactly that, but in reading between the lines and knowing how sound have been his views in the past, I have the feeling he feels that our country is in trouble.

In any case, the Senator from Virginia is convinced that our country is in trouble and we could be heading for deep trouble.

I say again that neither the administration nor the Congress is giving any real indication of realizing the trouble which we may be headed for.

Mr. President, I realize that Government figures are dry subjects. There is no sex appeal, so to speak, in Government finance; but I say it is vitally important to the average citizen that the Government operate on a sound basis.

I say that for this reason: there is only one place from which the Government can get money to operate, and that is out of the pockets of the wage earner. There is no place else for the money to come from except out of the pockets of the wage earner. That is the only place from which the Government can get money. It can get it in only one of two ways: either by taxation—and we have high taxes in this country—or by inflation, which means that the purchasing power of the wage earner's dollar or the housewife's grocery money is reduced. One way or the other, this money is being paid for either by reduced purchasing power through inflation, or by more and more taxes.

Let me give one or two other figures. The national debt now is exactly $400 billion. Let me state that another way. What does that mean to the individual citizen? It means that of all the corporate and personal income taxes paid into the Federal Government, 17 cents of every dollar goes for one purpose, and that is to pay the interest—just the interest—on the national debt. Yet we are increasing the national debt all the time.

The debt is now up to $400 billion and we have a 2-year deficit—a back to back deficit—of $55 billion.

Personally, I think it is going to run higher than that, but being conservative, I will be somewhat conservative in my estimates and I will say that we have at least a $55 billion back to back deficit for the 2 years ending next June 30.

I am deeply concerned about the financial situation of our Government. I am deeply concerned that so few persons appear to have any interest in it. I am convinced that neither the administration nor the Congress—neither one—has given any indication that it realizes that this country is heading into trouble. In my judgment, it could be heading into very deep trouble.

Mr. President, I ask unanimous consent that the text of the statement by Arthur F. Burns, Chairman of the Board of Governors, Federal Reserve Board, given today before the Joint Economic Committee, be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. STENNIS. Mr. President, will the Senator yield to me briefly?

Mr. BYRD of Virginia. I am delighted to yield to the distinguished Senator from Mississippi.

Mr. STENNIS. Unfortunately, I did not get here in time to hear all of the Senator's remarks, but I certainly want to express my appreciation for the sentiments and for the work that went into this speech, as well as the other work the Senator does. I am proud that he is concerned, and the Senator from Virginia is a good man to be concerned in this field.

I am at least conscious of the process that is going on, which I believe the Senator has correctly described. He and I are both on a committee that has to deal with large figures, expensive programs, ever-mounting costs of necessary military weapons, and other expenses for our national security and our national defense.

As I have said, I am conscious of what is happening as I see it.

What is the remedy? I feel we have the remedy within our grasp, but that only at intervals of time are we willing that it be done. I think we must have some old-fashioned belt tightening, if I may use the word.

Mr. BYRD of Virginia. That is a very apt expression.

Mr. STENNIS. Something that is not easy to do, but most worthwhile things in life come through effort, anyway, and some self-sacrifice.

These are not just theories. I think we have to work harder. We have to require a fuller day's work, more production for a unit of pay.

I hope it is only in a very slight way, but I believe it is undermining our competitive position in world affairs, our competitive position in the production of world goods, and our competitive position with respect to the production of our own goods.

I am not an economist. All I can apply is hard, commonsense. But this condition is running away with us. We do not hear many expressions of concern about what is happening.

I notice this deficit. I see another one that is coming. There is not enough concern about it. We still continue to have everything we want. We have tried to

fight a war without raising taxes or imposing controls.

I do not blame anyone more than I blame myself. Yet this condition has existed for many, many years. It is going to require some application of the brakes to control our runaway economy. It is destroying the purchasing power of the people, it is destroying the savings of the people, it is destroying our values, as I see it.

We must make up our minds to sacrifice some of the good things we have in business and in other avenues, and return to producing more for a day's pay, both in Government and out.

I commend the Senator from Virginia; I encourage him. I commend the Senator from Wisconsin (Mr. PROXMIRE), who keeps hammering on this very subject. I am going to try to do a little better myself. I thank the Senator from Virginia highly, and commend him.

Mr. BYRD of Virginia. Mr. President, I thank the distinguished Senator from Mississippi, who is the chairman of the Committee on Armed Services. I know of the tremendous job he does in trying to keep expenditures under control. The authorizations that are approved and subsequently reported to the Senate by the committee of which he is the chairman have become stabilized. They have become stabilized despite the increases in costs. I think that not only in that field but in every other legislative field the Senator from Mississippi is doing a tremendous job in trying to protect the dollar and the purchasing power of the dollar of the American people.

It is said—and I certainly agree with the statement—that human needs are more important than dollars. I think that every Senator would agree with that assertion. Certainly I agree with it. But we must be aware of the fact that it is only because of the economic power of the Nation, it is only because of the value of the currency of the Nation, that the American people, under our free enterprise system and under our constitutional safeguards, have been able to develop the highest standard of living of any nation in the world. But we can lose that high standard of living. Other nations have had high standards of living and have lost them because they refused to do what the distinguished Senator from Mississippi indicated is necessary to be done; namely, to tighten our belts.

I think it was most unfortunate that the budget submitted to Congress last January went in exactly the opposite direction. It was an invitation to Congress—and Congress, I may say, does not need much of an invitation—to spend more and more money.

Dr. Burns, in his statement—I do not have it before me at the moment; I handed it to the Official Reporter—said that although the economy has been stimulated both by the Executive and Congress a little more than anticipated, Congress is going far beyond the budget. Both of those assertions are accurate, but I submit that with the form of Government we have, the leadership has got to come from the executive branch.

On the other hand, the legislative branch cannot say to the President, "You do it." We must act together if inflation is to be brought under control. If we are going to save the dollar for the American people, if we are going to save the purchasing power of the housewife and the wage earner, then Congress and the President must work together. We cannot work at loggerheads. We must work together. That is what I am prepared to do, along with my colleagues in Congress and those in the executive branch of Government. I am prepared to work with them in trying to cut down the Government's expenditures and get the economy under control. I would like to see us do what the Senator from Mississippi suggested—tighten our belts. That is the only way we can do it.

I may say, in that connection, that we are not tightening our belts when the Department of Health, Education, and Welfare sends to Congress a new welfare proposal which will increase the number of people on welfare from 11 million last year to 25 million or 26 million in 1973. That is not belt-tightening. How in the world can we reverse the trend toward a welfare state by doubling the number of people on welfare? It just does not make sense.

I was looking at some figures this morning. I happen to remember some of them. In my own State, as of December 31, 1970—the past December—185,000 Virginians were on welfare. If the new proposal goes into effect in 1973—which is the year after next—566,000 Virginians will be on welfare. How can that be called belt-tightening?

In the State of Mississippi, according to figures submitted by HEW—and I think the figures are low—29 percent of the population will be on welfare. In Virginia, the number should be about 11 or 12 percent, according to the new proposal

I feel that all of us in Congress, all of us in any phase of government, have a deep obligation to our fellow citizens who are physically or mentally unable to earn a living. But so far as I am concerned, I am going to be very reluctant to vote to take money out of the pockets of the hard working wage earners of the Nation and turn that money over to able bodied citizens who refuse to work. I say that there is no work incentive involved in the new welfare proposal. The work incentives are wholly inadequate. Yet the Department of Health, Education, and Welfare proposes, the administration as an administration proposes, and the House of Representatives has passed a welfare plan that will decrease the number of welfare recipients from 11 million last year to 25 million or 26 million by 1973.

It does not make sense, at a time when we have a large deficit in the Federal budget, to talk about doubling the number of people on welfare and drastically increasing the cost of welfare.

Mr. President, I close by saying that I feel that, from a financial point of view, our country is in trouble. I feel that that should be of vital concern to every citizen, because it is the individual citizen who is going to bear the brunt of the trouble which our Nation faces.

The longer the Government—Congress and the President—puts off facing this problem, the longer we put off tightening our belts, the longer we put off putting the Government on a sound financial basis, the more difficult it is going to be for everybody, the more difficult it is going to be for those of us in Congress and those in the executive branch and for our fellow citizens.

Mr. WEICKER. Mr. President, I commend the Senator from Virginia for his comments. I think that there probably is no one, either within this body or outside it, who does not associate fiscal responsibility and sound fiscal judgment with the Senator from Virginia. This has been his life, and it is good to hear his comments so eloquently expressed.

As he has said, the only misfortune is that not enough people are listening, because it takes a little thought and a little homework. But unless they do listen, I concur with his conclusion as to what will happen with the economy of this Nation.

EXHIBIT 1

STATEMENT BY ARTHUR F. BURNS, CHAIRMAN, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, BEFORE THE JOINT ECONOMIC COMMITTEE, JULY 23, 1971

I am pleased to meet with you again today to report the views of the Board of Governors of the Federal Reserve System regarding the state of the economy at mid-year.

Since I last appeared before this Committee on February 19, it has become evident that a cyclical recovery of our economy has commenced. Indicators of future business activity, which were already rising in the latter part of 1970, have strengthened further. Comprehensive measures of current activity—such as the physical volume of industrial production, total employment, retail sales adjusted for price changes, and total real output of goods and services—have shown moderate improvement as the year has progressed. We are confident that this recovery process will continue and broaden in the months to come.

Nonetheless, some of the economic problems that have troubled us as a people over the recent past are still much in evidence. Large increases in wages and prices persist in the face of extensive unemployment of labor and capital. The international balance of payments remains unsatisfactory; indeed, our fragile export surplus has disappeared in recent months. In financial markets, interest rates are responding to fears of continued high rates of inflation by moving up again despite rapid monetary expansion. And while business profits have improved somewhat, they remain exceptionally low.

The cost-push inflation we are experiencing, and the widespread concern over continued rapid inflation, are a grave obstacle to the full economic improvement we all ardently seek. As long as inflation persists, consumers are likely to remain rather conservative in their spending plans, fearing the possibility of budgetary over-commitment. As long as inflation persists, businessmen are likely to remain cautious in their investment policies, apprehensive that profit margins may erode despite higher prices. As long as inflation persists, financial investors will remain reluctant to commit funds to long-term securities unless they are compensated by a higher interest rate. Expectations of inflation thus permeate the gamut of private decisions to spend and invest, and this is restraining the private efforts needed for vigorous and sustained economic recovery.

A year or two ago it was generally expected that extensive slack in resource use, such as we have been experiencing, would lead to significant moderation in the inflationary spiral. This has not happened, either here or abroad. The rules of economics are not working in quite the way they used to.

Despite extensive unemployment in our country, wage rate increases have not moderated. Despite much idle industrial capacity, commodity prices continue to rise rapidly. And the experience of other industrial countries, particularly Canada and Great Britain, shouts warning that even a long stretch of high and rising unemployment may not suffice to check the inflationary process.

I shall return to the causes and implications of this new rigidity in our economic structure at a later point. Let me turn first, however, to a brief review of economic developments during the first year of 1971, and to the supportive role that public policy has played—and will continue to play—in the evolving economic recovery.

RECENT ECONOMIC DEVELOPMENTS

The performance of the economy during the first half of 1971 is not easy to interpret because many cross-currents are always present in the vicinity of a cyclical turning point. In addition, the rebound from the extended auto strike last fall, and the accumulation of steel inventories in anticipation of a possible strike this summer, have been distorting the underlying trend.

Abstracting from these transitory influences, the record of the first half of 1971 is one of gradual, but quickening, recovery. Late last year, only the construction industry exhibited significant strength, as the sharp recovery in residential building that began in the spring was joined by renewed expansion in the construction programs of State and local governments. Early this year consumer spending began to improve, with increases of sales spreading to a wide variety of consumer items. The sales of retailers other than automobile dealers rose at about a 10 per cent annual rate in the second quarter—considerably more than normal and well above the rise in consumer goods prices. Recently, activity in our factories has also been stepped up, especially in consumer goods lines. The index of industrial production, adjusted to exclude autos and steel, rose at a 6 per cent annual rate between March and June.

The improving trend of business is being supported by a faster rate of growth in personal incomes. During the three months from March through May, total personal income rose at an annual rate of 8 per cent, compared with a 6 per cent rate over the previous six months. Governmental transfer payments, which have been contributing to recent income growth, were particularly large during June when the retroactive increase in social security benefits was paid. The flow of private wage and salary payments has also quickened, in response to some gain in manhours worked as well as to continued large increases in wage rates. And while employers have not yet reentered the labor market for appreciable numbers of new employees, further business improvement should soon lead to faster employment growth also.

Inventory investment promises to supply an added source of economic impetus in the months ahead, after allowance for a probable rundown in steel stockpiles. Thus far in the recovery there has been little accumulation of inventories, apart from the restocking by automobile dealers and strike-hedge buying by steel merchants and users. But with business sales rising, and the ratio of inventories to output and to sales declining in many lines, we are coming closer to the time when needs for larger inventories—of raw materials, work in process, and finished goods—will begin to express themselves. The adjustment of stocks to higher levels of activity will in turn generate further increases in output, employment, and incomes. This is a common element in cyclical recoveries, and I judge that we are approaching that point in the current recovery process.

There are grounds for concern, nonetheless, with regard to some features of the recovery now underway. First, there is little evidence as yet of any material strengthening in consumer or business confidence. Recent surveys of consumer attitudes show only modest improvement, while uneasiness appears to persist among many businessmen and investors regarding the effects of continuing rapid increases in labor costs on future profitability. Confidence is likely to strengthen with the passage of time, as sales and employment conditions improve. But there is a danger that hesitation and uncertainty will continue on an extensive scale until significant progress is made in moderating inflation. Greater success in the battle against inflation is probably the most important single prerequisite of more rapid and enduring economic expansion.

Second, our international competitive position appears to have deteriorated. In the first five months of 1971, imports spurted and our normal trade surplus vanished. This is a distressingly poor performance in an economy experiencing substantial underutilization of its resources of labor and capital. The problem is dramatized by the success of foreign manufacturers in capturing a rapidly expanding share of our automobile market. In the past six months, sales of foreign models have accounted for 16 per cent of total U.S. sales and, in addition, close to one-tenth of the American models sold were produced in Canada. It may be tempting to react to foreign competition by imposing added restrictions and quotas on imports, but such a policy would not serve our national interests. The constructive course is to bring inflation under control and to stimulate our businessmen to increase their penetration of the expanding markets abroad and to compete more effectively with foreign producers in our domestic markets. I would favor consideration of new government incentives toward this end.

Third, there is as yet no evidence of resurgence in business capital spending programs. New orders for capital equipment show little—if any—recovery from the 1970 lows when allowance is made for rising prices. Construction contract footage for commercial and industrial buildings remains far below earlier highs. Official surveys of business spending plans for plant and equipment show no increase, even in dollar terms, for the remainder of this year. The hesitation in business investment may reflect the sizable amounts of unused capacity that presently exist. But it also results, I believe, from low business profits and uncertainty about the profit outlook. History indicates rather clearly that a vigorous, sustained economic recovery requires a strengthening trend in business capital investment.

We need to encourage business firms to undertake new capital investment; and I strongly supported, therefore, the liberalization of depreciation allowances recently adopted by the Treasury. I have also endorsed the general proposition that an investment tax credit be adopted permanently. At the moment, however, I am doubtful about the wisdom of restoring the investment tax credit—or of taking other stimulative fiscal actions—in view of the state of the Federal budget. In the fiscal year just ended, the budget deficit was in excess of $20 billion. It will remain very large in fiscal 1972. Many influential citizens in the business and financial community view this situation with alarm, so that these large budget deficits have become an important psychological factor contributing both to inflationary expectations and to high interest rates.

A large part of the budget deficits, of course, attributable to the shortfall in tax receipts stemming from sluggishness in the economy. Some expenditures, notably on unemployment insurance and welfare, have risen for this same reason. Even taking these factors into account, however, the Federal budget is more stimulative now than a year or two ago. The President submitted in January a moderately expansive budget for fiscal 1972, and since then the net effect of Congressional actions have been to make it more stimulative. Social security benefits have been liberalized, retroactive to the first of the year, and the scheduled increase in social security taxes postponed for a year. The public service employment bill has become law, and it appears probable that the military pay raise bill will be larger than the budget proposals. These and other actions, along with increases in the so-called uncontrollable items in the budget, as Chairman McCracken reported to you, have served to raise estimated expenditures $5 billion above those originally proposed for fiscal 1972, and to reduce estimated receipts by some $2 billion.

I would not want to rule out additional fiscal stimulus if the recovery in the economy should prove to be well below normal proportions, particularly if such a move were preceded or accompanied by a more effective incomes policy. But I would urge caution at the present time. Once confidence becomes stronger, we may find that there is enough fiscal stimulus already at work. And in any case, the fear of inflation is much too great, and its potential effect on private behavior too negative, to run the risk of taking new fiscal actions that would now seem imprudent.

MONETARY AND FINANCIAL DEVELOPMENTS

Let me turn next to monetary policy, and to the substantial contribution it has made to stimulating economic activity over the past year.

The shift toward monetary expansion early in 1970 was rather promptly followed by a resurgence in bank deposits and in the flow of funds to other financial intermediaries. As financial institutions rebuilt their liquidity, they became more eager lenders, the availability of credit increased greatly, and interest rates declined. As a result, housing starts rebounded and State and local government construction began to rise more briskly. More receptive credit markets also enabled our business corporations to issue new securities in record volume, thereby rebuilding their liquidity and putting themselves in a financial position to expand production and the capital investment that they may wish to carry forward later on.

Late last year, as this Committee knows, there was a marked decline in the rate of expansion of the narrowly defined money supply—that is, currency plus demand deposits. In these circumstances, a brief period of more rapid expansion in the money supply to compensate for the fourth quarter shortfall seemed appropriate. The System, consequently, provided bank reserves liberally over the winter months, and interest rates—partly reflecting the increased supply of reserves—declined sharply further. Expansion of the narrowly defined money supply rose to a 9 per cent annual rate during the first quarter of this year; but the average growth rate for the fourth and first quarters combined, being little more than 6 per cent, remained very close to the earlier trend in 1970.

This March and April, the Federal Reserve System faced a dilemma. Information available at that time suggested that high rates of monetary growth might well persist under existing conditions in the money market. Interest rates, however, were already displaying a tendency to rise, and vigorous action to restrain monetary growth might have raised them sharply further. In view of the delicate state of the economic recovery, which was just getting underway, it seemed desirable to prevent the possible adverse effects of sharply higher interest rates on expenditure plans and public psychology. The Federal Open Market Committee decided, therefore, to move very cautiously toward restraining the growth of the monetary aggregates.

With the benefit of hindsight, I now feel that stronger action was warranted this spring. For, as matters turned out, we experienced even faster monetary growth in the second quarter than had been anticipated, while interest rates also moved substantially higher. Present estimates indicate that the narrowly defined money supply rose at an annual rate of 11 per cent in the second quarter. However, growth in a more broadly defined money supply—that is, currency, plus demand deposits, plus commercial bank time deposits other than large denomination CD's—receded from an annual rate of 18 per cent in the first quarter to a rate of 13 per cent in the next three months. It is worth noting also that bank credit expansion has been considerably more restrained than growth in any of the measures of the money supply. Total bank credit rose at a 12 per cent annual rate during the first quarter and then dropped to a 7 per cent rate in the second.

It may be that the recent high growth rates in money balances, besides being a lagged response to the lower interest rates of this past winter, reflect some of the uncertainties of the general public about the economic situation. To the extent that this is true, the inclination to hold unusually large money balances should subside as economic recovery becomes more evident. In any event, it is clear that recent monetary growth rates are higher than is necessary or desirable over any length of time to sustain healthy economic expansion. The Federal Reserve has, therefore, already taken some steps to reduce the growth rate of bank reserves and thereby promote a more moderate rate of monetary expansion.

These actions are partly responsible for the recent rise in interest rates—particularly interest rates on very short-term market securities. But it should be kept carefully in mind that the rise in interest rates since March has occurred despite rapid rates of monetary growth and continuing large flows of savings funds to depository institutions. Factors other than monetary policy must therefore be primarily responsible for the upturn in interest rates this spring; they include in addition to indications that a business recovery is developing, the prospect of very large Treasury financing needs, deepening concern about the unrelenting character of cost-push inflation, some apprehension over international financial developments, and not a little anticipatory borrowing in the capital market on top of that currently needed. The fear of inflation appears to have been especially important in the recent behavior of our money and capital markets, and a reversal of psychology may well be required to achieve a significant downward adjustment of interest rates.

The rise in short-term interest rates during recent months had the effect of putting the Federal Reserve discount rate, which had been reduced in a series of actions to 4¾ per cent last February, well below the rates at which funds could be obtained by banks in the open market. The effect of this discrepancy in rates was to encourage member bank borrowing from the Reserve Banks—borrowing which was rising rapidly and thereby providing reserves to support continued high rates of monetary expansion.

Accordingly, as you know, the Board last week approved increases in Federal Reserve Bank discount rates to 5 per cent by a unanimous vote of the five Board members present at the meeting. I participated by telephone in the discussion leading to this action, and I want you to know that I supported it fully. Our hope is that the higher discount rate will serve to moderate the demand for discounting at the Federal Reserve, that it will help prevent excessive growth at the monetary aggregates, and also impart a degree of stability to interest rate expectations.

I continue to feel that the country needs lower interest rates, and that lower rates—especially on mortgages and State and local government securities—would contribute to a more vigorous economic recovery. *But I am not hopeful that substantially lower interest rates can be achieved, until we as a nation make steady and meaningful progress in solving our inflation problem.*

WAGES AND PRICES

The inflation we are confronted with has become deeply rooted since its beginnings in 1965. The forces of excess demand that originally led to price inflation disappeared well over a year ago. Nevertheless, strong and stubborn inflationary forces, emanating from rising costs, linger on. I wish I could report that we are making substantial progress in dampening the inflationary spiral. I cannot do so. *Neither the behavior of prices nor the pattern of wage increases as yet provides evidence of any significant moderation in the advance of costs and prices.* If growth in productivity accelerates with a quickening economy, some real moderation may well develop in the months ahead. Even so, the residual rate of inflation may well run above the characteristic level of previous cyclical upswings.

Let me cite some of the evidence that leads me to this view. Thus far in 1971, prices of newly produced goods and services in the private economy are still rising, on the average, at about a 5 per cent annual rate—or at essentially the same rate as in 1969 and 1970. The rate of advance of consumer prices did diminish conspicuously during the first five months of 1971, but most of this improvement is attributable to the decline in mortgage interest rates. The wholesale price index for all commodities has increased at an annual rate of 5 per cent thus far this year, or twice last year's rate. Wholesale prices of industrial commodities, moreover, have accelerated from a 3½ per cent increase last year to a 4 per cent rate thus far in 1971.

Much of the same picture emerges from a review of changes in wages and salaries—by far the most important component of business costs. Wages in the private nonfarm economy, adjusted for changes in industrial composition and for overtime work, rose at about a 7 per cent annual rate in the first half of 1971—slightly more than in 1970 or 1969. This sustained sharp rise in wages during a period of substantial economic slack contrasts markedly with our experience in earlier recessions, when the rate of advance in wages typically dropped sharply or actually ceased.

Nor is the picture more encouraging when one inspects the trend of new agreements reached in major collective bargaining settlements—agreements which tend to establish wage trends throughout industry. The wage increases agreed to, for example, in the automobile, can and aluminum settlements, and most recently by AT&T, amount to 12 per cent or more for the first year. The full extent of the increase contracted for later years is not yet known, since it will depend in part on the speed of future advances in the consumer price index.

It is important to inquire into the reasons for this unusual behavior of wages and salaries. The answer is doubtless complex, involving a myriad of structural, psychological, and social changes. Ironically, our national commitment to high employment and economic prosperity, and our relative success in achieving these objectives, accounts for part of the problem. For a general expectation has developed on the part of both business and labor that recessions, if they occur at all, will prove brief and mild; and this expectation has influenced both the strength of wage demands and the willingness of management to accept them.

A second factor contributing materially to the sustained character of wage rate increases in the current situation is the intensity and duration of the previous phase of excess demand. Consumer prices have been rising steadily since 1965—much of the time at an accelerating rate. Continued substantial increases are now widely anticipated over the months and years ahead. In such an environment, workers naturally seek wage increases sufficiently large to compensate for the effects of past inflation on their real incomes, and to give some protection against future price advances—besides providing for a measure of improvement in living standards. Thoughtful employers are bound to have some sympathy with these efforts, all the more so when they reckon—as they now generally do—that cost increases can probably be passed on to buyers grown accustomed to inflation.

Other factors too have been at work. The increased militancy of workers, whether union or non-union and whether in private or public service, has probably led to wider and faster diffusion of excessive wage rate increases through the economy. I cannot help but wonder, also, whether our recent experience with wage settlements in unionized industries may not reflect a gradual shift in the balance of power at the bargaining table.

Labor seems to have become more insistent, more vigorous, and more confident in pursuing its demands, while resistance of businessmen to these demands appears to have weakened—perhaps because they fear the loss of market position that would be caused by a long strike or because they believe that their competitors too will give in to similar wage demands. More recently, the balance of power—so important to the outcome of wage bargaining—may have been influenced by expansion in the public welfare programs which can be called upon to help sustain a striking employee and his family, valid though these programs may be on social grounds. And the hand of labor may have been strengthened also by the evident success that public sector employees have had in recent years in winning large wage increases, frequently with the use of illegal strikes against the government.

In my judgment, and in the judgment of the Board as a whole, the present inflation in the midst of substantial unemployment poses a problem that traditional monetary and fiscal remedies cannot solve as quickly as the national interest demands. That is what has led me, on various occasions, to urge additional governmental actions involving wages and prices—actions that would serve, by moderating the inflationary trend, to free the American economy from the hesitations that are now restraining its great energy.

There has been some progress in this area over the past year or two. The President deserves credit for his efforts to deal with the special supply-demand problems that had developed in the lumber and petroleum industries, and for bringing together labor and business leaders in the steel industry for a discussion of basic economic issues at the outset of the current wage negotiations. The Construction Industry Stabilization Committee, formed earlier this spring, appears to be having some success in moderating the staggering trend of wage settlements in that industry. The periodic Inflation Alerts serve a useful function in stimulating public discussion of areas in which wage or price decisions do not seem to conform to economic fundamentals. And the National Commission on Productivity may yet provide the basis for important improvements in the cost trends of our economy.

In the Board's judgment, these efforts need to be carried further—perhaps much further. The problem of cost-push inflation, in which escalating wages lead to escalating prices in a never-ending circle, is the most difficult economic issue of our time. It needs to be given top priority by our business and labor

leaders as well as by the government. There is much good will and statesmanship in the ranks of business and labor, and it would be wise for the government to draw upon it more fully.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

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. WEICKER. Now, Mr. President, to turn from fiscal responsibility and sound fiscal judgment to the rather irresponsible and fiscally unsound measure before the Senate, we are drawing to the end of today's proceedings, and I should like to make a few points with respect to some of the events of this day.

First, we were greeted late this morning with statements by the chairman of the board of Lockheed criticizing the Senator from Wisconsin—my only regret is that he left out the Senator from Connecticut—for engaging in debate on the Lockheed loan proposal.

Later in the day, we had a news release indicating doubt on the part of the Secretary of Defense relative to the proposed legislation. Therein lies the lesson for the chairman of Lockheed. Therein lies the lesson as to why we do not rush things through here and why debate is necessary.

I find those who are trying to sell the Lockheed loan proposal much in the same position of those who have an old engine that does not work and put rubberbands on it, hoping that if a buyer comes in, they can run it for 10 minutes; or in the position of someone who is trying to sell a boat with bubble gum in the planking, and when the buyer watches for 3 or 4 minutes, everything is all right. But if by some chance the engine has to run for a prolonged period of time or the boat has to stay in the water for a prolonged period of time, the rubberbands break and the bubble gum comes out, and the boat starts to sink.

I consider the proposed legislation in the same fashion—hastily put together, geared for a specific purpose, totally against the traditions that have made this the economically greatest nation in the world.

So this Chamber is not about ready to listen to the insults of the chairman of Lockheed and rush through its deliberations but, rather, to take the necessary time, in the hope that the defects of the measure will become abundantly clear, just as they have in many other instances.

This is not an exception. In other words, the Senator from Wisconsin and I are not asking for any exception. We do not do business in this Chamber as Lockheed does business. We do it in the same way for everybody, without exception. This is the point that the Senator from Wisconsin and I have tried to make during the course of the debate.

The danger in the proposed legislation is that it is an exception. It goes against every rule, every piece of commonsense, every bit of practice that has been engaged in over hundreds of years.

I should like to make another point with respect to the debate as it has taken place thus far.

There are those who would indicate that this is a Republican-Democratic contest. It is not. There are supporters and there are opponents who come from both political parties. This is not one party against the other. There are those who will indicate that this is a clique that is against the aerospace industry, that is against science and technology.

May I remind my colleagues that the State I represent is deeply involved with the aerospace industry.

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

Mr. WEICKER. I yield.

Mr. PROXMIRE. It is my understanding that the Senator from Connecticut, for years, has been an outstanding champion of the space industry. He has worked hard for it and has voted for it.

It is most ironic that the Senator, who is certainly a leading critic of this Lockheed loan, could be labeled as one who is soft on technology or soft on technological progress or against technological progress or soft on the aerospace industry. The record is overwhelming that the Senator from Connecticut has a very solid, strong record in favor of the space program and in favor of technology generally.

This Senator has been critical at times. I have opposed the space shuttle and the manned space program since the first moon landing. I think it should take a lower priority. I think we should have instrumented space flights instead of manned flights.

But to confuse that position by saying that we are antitechnology is monstrous. We ought to consider the effect Federal spending has on the lives of our people and on the strength of our country. We may have a different opinion on that, but to equate our opposition to some programs with opposition to all technological advance or opposed to a technologically strong country, does not make sense to me at all.

Mr. WEICKER. I thank the Senator from Wisconsin. I concur. I know that he feels as I do, that what is at issue here is the legislation itself.

We do not come into this Chamber with any particular preconceived notions but, rather, to try to judge each issue on the basis of its content, which is what I believe the Senator from Wisconsin—which I know the Senator from Wisconsin—has done in this instance.

There are those who would give the impression that this is California versus Connecticut, Ohio versus Georgia, insofar as we have companies that are not participating in this program and those States do. May I point out that, as part of the lobbying effort on behalf of the Lockheed Corp., I have made abundantly clear that there are x number of subcontracts in my State of Connecticut which are not coming to pass, should this legislation go down the drain. I have had it made abundantly clear to me by the largest subcontractor to Lockheed that it would be most advisable if I did support the legislation, because possibly other companies in my State would receive additional work. So I am quite aware economically as to what it means. It would mean some loss of jobs for the people of my State in taking the position I do.

But, Mr. President, if this principle is accepted, then, believe you me, it is not going to be a few jobs in my State that will go down the drain, it will be all the quality producers in the country that can have their products go on the market and be judged on the basis of quality, and they will find themselves in competition with inferior, subsidized products. Then we will have the job problem going even higher—we already do, at 10.1 percent—so it will be even higher than that in Connecticut.

So it is a question of having to judge on an immediate basis, as compared to the long range, what is best for the State of Connecticut.

I am not in opposition to California. I am not in opposition to Georgia.

What I am in opposition to is the general principle of subsidizing mediocrity and inferiority in this Nation. When that happens, I feel that the industries of my State do not understand the principle. That is why I am fighting against this.

One more comment. The comment has been made that this is the type of encouragement we need for the economy, that it is involved with the commercial aspect of Lockheed's business rather than the defense aspect, and that we should put more emphasis on peacetime activities within the economy.

I hasten to agree, and I know that the Senator from Wisconsin agrees, relative to our priorities, that we should put a greater emphasis on the priorities of peace, whether it is mass transportation, housing, the environment, or medicine.

Quite frankly, I have got my priorities already set. Somehow, at the top of the peacetime list, there has never appeared Lockheed.

There is mass transportation. The money being requested here is almost one-half of what is in the entire budget of the Department of Transportation for mass transportation. There is the environment. There is housing, and all the rest.

Why should I be forced, all of a sudden, to give priority at least to the Lockheed Corp.?

So far as I am concerned, I can appreciate their particular commercial endeavors, but I think the time has come not to busy ourselves with cleaning up the mess which has been created by Lockheed but, quite frankly, to take this money and put it into where it holds out hope not only to solve the problem but to create jobs.

The sooner we get to that and stop talking about these theories, and plunk

down that money, cold hard cash, into the area of mass transportation, into the area of housing, into the area of the environment, then the employment will be there, and it will be there on a solid basis if it deals with the advancement of mankind. This is not for a fleeting moment, which is the conflict between man, but it goes on and on and on.

So, Mr. President, I hope that in the days ahead we will be able to continue thoroughly to explore all the aspects of what Congress is being asked to vote upon.

Mind you, Mr. President, and I wish to close on this thought, the distinguished Senator from Virginia (Mr. BYRD), in discussing the economy, made mention of the fact that this is all paid for out of the wage earners' pockets.

Well, this $250 million loan guarantee, except insofar as Senator PROXMIRE and myself are taxpayers, is not coming from Senator PROXMIRE or me—and not from the Senate, and not from the Congress, and not from the unknown object in the air, the Federal Government. It is coming out of the wage earners' pockets—I repeat, the wage earners' pockets, no one else's.

As we go through the period of high unemployment, as I have said many times before, as our people lose their jobs, I think they will find it ironic that, at the same time they are losing their jobs, they will have to dig into their pockets to give their money to the wage earners in Great Britain to create jobs when, in fact, we have that same capacity and greater quality, greater ingenuity here with this Nation.

Mr. President, I yield the floor.

WORLD ORDER

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD a very perceptive statement by former Chief Justice Earl Warren entitled "World Order," published in the New York Times on July 23, 1971.

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

WORLD ORDER

(By Earl Warren)

BELGRADE.—Even in times of high civilization, such as classical Greece, Renaissance Italy and seventeenth-century Europe, foreign war and civil strife were almost constant. Some historians refer to the century prior to 1914 as the "long peace." But even in that relatively quiet period there occurred the Latin-American, Italian and Balkan wars of liberation, the American Civil War, the three wars of German unification, the wars in the Crimea, Balkans and the Far East arising from Russian and Japanese expansion, and countless wars in Asia and Africa resulting from European colonialism.

Despite this tragic record, the pursuit of national interests by such methods could be regarded by our fathers as being a tolerable state of affairs. But, in our lifetimes, we have brought about a fundamental change in the nature of war. In the world our children are inheriting warfare has become so destructive of man, of his works, and of his essential environment, that it is no longer either rational or tolerable.

Thus, we are faced with the necessity of considering that in the modern environment the inherent insecurity of nations is such that there may be no safety for mankind except in a fundamental reform of the nation-state system. Science has revolutionized both the physical environment and human society so substantially in such a short period of time that our attitudes, our habits, and our institutions have lagged far behind. Discontent and demands for change come not only from our youth, but from those of all ages who see the methods and institutions on which society depends unresponsive to the needs of today and grossly inadequate to the needs of tomorrow.

It is our political systems that have been most reluctant to yield to pragmatism and move toward toleration and accommodation. Happily, many of the technological facts that have been increasing economic interaction among nations are hard at work in the political field as well. The flow of international communications and contacts, for example, is increasing geometrically. The mounting efficiency and declining costs soon to be ushered in by space communication will make attempts to control the international movements of ideas not only futile but silly and self-defeating.

Even the ecological threats arising from the advance of technology provide new impetus toward political cooperation. The most rigid isolationist, the most dogmatic ideologue, now must recognize that the very air we breathe is an international resource. I am suggesting to you that the shapers of laws and the architects of institutions have been overtaken by science and technology. We have grown up in the comfortable sense that politics is the art of the possible. Few of us have faced the fact that science has transformed politics into the part of the indispensable.

Despite increasing recognition of common interests, the United States and the Soviet Union remain at odds over how the world is to be organized. They persist in placing their reliance on unilateral measures in confronting political change in areas they regard as sensitive. Yet, they are not the only ones to press narrowly defined national interests. They are only the ones with the most power to do so.

The United Nations and its system of agencies still have very little ability to shape a disorderly world.

The halting approach to world order begins with the fact that the most populous of all nations—the People's Republic of China—and three significant divided states—Germany, Korea and Vietnam—are not represented.

The early admission of mainland China, of the two Germanys, the two Koreas and the two Vietnams—regardless of what may later evolve in their internal relationships—are essential steps that must be taken to bring the real world and the international system together.

There is also a tendency [by the U.N.] to avoid difficult solutions in the absence of crisis and, when violence occurs, to go no further than to free the dangerous status quo. This is a prescription for the continuation of the tension.

QUORUM CALL

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

The PRESIDING OFFICER (Mr. BUCKLEY). 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 PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that on tomorrow, immediately following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business, for not to exceed 30 minutes, with statements therein limited to 3 minutes, following which the Senate resume consideration of the pending business, S. 2308.

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

ORDER FOR RECOGNITION OF SENATOR FULBRIGHT ON MONDAY, JULY 26

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that, on Monday next, immediately following the remarks of the distinguished Senator from Indiana (Mr. HARTKE), and prior to the period for the transaction of routine morning business, the distinguished Senator from Arkansas (Mr. FULBRIGHT) be recognized for not to exceed 15 minutes.

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, and I presume that it will be the final quorum call for the day.

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

PUBLIC WORKS APPROPRIATIONS—UNANIMOUS - CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays at any time on the appropriation bill for Public Works.

Mr. TOWER. Mr. President, reserving the right to object, would the Senator please elaborate on that?

Mr. BYRD of West Virginia. The bill making appropriations for Public Works has not yet come over from the House of Representatives.

Mr. TOWER. Is that the bill that the Senator was discussing?

Mr. BYRD of West Virginia. The Senator is correct.

Mr. TOWER. The bill will probably not be ready before Friday.

Mr. BYRD of West Virginia. The Senator is correct.

Mr. TOWER. I have no objection.

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

PROGRAM

Mr. BYRD of West Virginia. The program for tomorrow is as follows:

The Senate will convene at 11 a.m. Following the recognition of the two leaders under the standing order, 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 close of the transaction of routine morning business, the Senate will resume its consideration of the pending business, S. 2308, the emergency loan guarantee bill. No rollcall votes are expected.

The calendar will be called with respect to any measures that can be transacted by unanimous consent.

Speeches will be made.

When the Senate adjourns tomorrow, it will adjourn to meet again at 12 o'clock noon, Monday next.

There will be a vote on the motion to invoke cloture on the pending business, S. 2308, at circa 3:15 p.m. on Monday next.

ADJOURNMENT TO 11 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 11 a.m. tomorrow.

The motion was agreed to; and (at 4 o'clock and 11 minutes p.m.) the Senate adjourned until tomorrow, Saturday, July 24, 1971, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate July 23, 1971:

U.S. MARINE CORPS

The following-named officers of the Marine Corps for temporary appointment to the grade of major general:

Harry C. Olson	Ross T. Dwyer, Jr.
Ralph H. Spanjer	Joseph C. Fegan, Jr.
Fred E. Haynes, Jr.	Leslie E. Brown
Lawrence E. Snoddy, Jr.	

CONFIRMATIONS

Executive nominations confirmed by the Senate July 23, 1971:

NATIONAL COMMISSION ON MATERIALS POLICY

The following-named persons to be members of the National Commission on Materials Policy:

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 Seitz, of New York.
Maurice H. Stans, of New York.

EXTENSIONS OF REMARKS

SENATOR HENRY JACKSON SAYS LEADERS OF TOMORROW MUST LEARN OF OUR ENVIRONMENT IN ORDER TO PROTECT AND PRESERVE IT FOR THE FUTURE

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, July 23, 1971

Mr. RANDOLPH. Mr. President, 3 weeks ago it was my pleasure to accompany the distinguished Senator from Washington (Mr. JACKSON) to Camp Wood, in West Virginia's Greenbrier County, for the national dedication of the first installation of the Youth Conservation Corps.

This is an exciting new adaptation of an old idea. During the depression years in the 1930's there was created the Civilian Conservation Corps which did exceedingly constructive conservation work in the Nation's forests and parks. As a House Member, I helped to bring this effort into reality.

Today 2,200 young men and women are once again mustering their abilities and dedication to accomplish great new work in the parks and forests of America. They are there because a congressional leader saw the need—even the necessity—to capture the prevailing spirit of young people and turn their concerns into productive achievement.

Senator JACKSON sponsored the bill to establish the Youth Conservation Corps, and it was signed into law August 13, 1970. I was privileged to join the Senator from Washington as a cosponsor of this 3-year pilot program which holds much promise for the future.

Senator JACKSON's address at Camp Wood, located in the Monongahela National Forest, was a stirring charge to the young people and others assembled there. He said:

The Youth Corps program is premised on the fundamental concept that man and nature cannot be treated separately. Human resources and natural resources go together. Nature lacks meaning without man. And man's life, to be meaningful, requires contact and exposure to nature.

Among those present for launching the Youth Conservation Corps program were Edward P. Cliff, Chief of the U.S. Forest Service, and F. A. Dorrell, supervisor of the Monogahela National Forest.

They know that this vital program will succeed. They know what can be accomplished. Camp Wood, located on the site of a former CCC camp, once was situated in the midst of mountainous forest land that was badly cutover, threatened by erosion, and all the attendant forces of bad land management. Today, the area is a healthy, thriving, mature forest of more than 820,000 contiguous acres. It is a major factor in the economy of the West Virginia forest industry, and it is known nationwide for its excellent wildlife and recreational opportunities.

This example of rescuing nature from man's depredations will be duplicated in other areas in the years ahead. The Youth Conservation Corps, which recognizes that youth must be involved if we are to keep our planet livable, already is in action to assure that future.

The words spoken by Senator JACKSON provide a solid platform for the launching of this truly worthy program. I ask unanimous consent that his address be printed in the RECORD.

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

REMARKS BY SENATOR HENRY M. JACKSON

Today, with this dedication ceremony, we formally begin a program which will use the creative energies of America's young people to change the face and the character of the nation.

It is a modest beginning—60 camps throughout the country and 2200 of our nation's youth—but it offers great promise for the future.

A major purpose of the Youth Conservation Corps program is the development and education of our greatest asset—our young people. Another major purpose is the conservation of our resources and the protection of our environment.

The Youth Corps program is premised on the fundamental concept that man and nature cannot be treated separately. Human resources and natural resources go together. Nature lacks meaning without man. And man's life, to be meaningful, requires contact and exposure to nature.

The Youth Corps provides an opportunity for the leaders of tomorrow to learn more about our environment; to be involved in its protection and preservation.

More important, however, the program is educational in the best sense of the word. It is open to young men and women from *all* economic and social backgrounds. Too many Federal youth programs in the past have provided opportunity to only the economically disadvantaged. Moving young people from homes of despair to camps of despair is not the answer. Isolating the economically or socially disadvantaged in special programs isolates them from society and from sharing in the common goals and purposes of the nation.

Developing a sense of community, of responsibility, and of common purpose, by bringing together young men and women from all segments of society is important, but it is only one of the benefits to be derived from the program.

There are others:

Summer unemployment among teenagers stands at 17 per cent; among black teenagers it is 40 percent. This is intolerable in a country as wealthy as ours. The Youth Corps, if expanded, can provide new meaningful employment opportunities.

The backlog of needed conservation work in our nation's forests and parks has reached crisis proportions, but it can be reduced by the efforts of Corps members.

Young men and women can be encouraged to pursue careers in the fields of recreation, resource management and environmental protection as a result of participation in Youth Corps camps.

When I first introduced the bill to establish the Youth Conservation Corps, I saw an opportunity for this nation to meet two of its most pressing needs—to provide con-