ployment when the borrower is unemployed or underemployed commensurate with his education, experience, and capacities for a substantial period. The borrower must, however, be actively seeking employment and his situation must be due to factors beyond his control.

It is unfortunate that legislation of this purpose is necessary, but it obviously is. I am requesting the serious attention of the Congress and the committees to the following bill:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 205(a)(2)(A) of the National Defense Education Act of 1958 is amended by redesignating clause (iii) as clause (iv) and by inserting after clause (ii) the following new clause: "(iii) during any period the borrower is determined under subsection (e) to be unemployed or underemployed,".

SEC. 2. Section 205 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) The Commissioner shall prescribe by regulations criteria for determining when a borrower is unemployed or underemployed for purposes of subsection (a)(2)(A)(iii). Such regulations shall prescribe that a borrower shall be deemed to be unemployed or underemployed when (1) he has been unemployed or without employment commensurate with his education, experience, and capacities for a substantial period, (2) he is actively seeking employment, and (3) his unemployment or underemployment is due to factors beyond his control."

# SENATE—*Monday, August 2, 1971*

The Senate met at 11 a.m. and was called to order by the President pro tempore (Mr. ELLENDER).

## PRAYER

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

O Thou Shepherd of our souls, who has watched over our going out and our coming in and hast brought us to this place and the tasks of a new week, may we shut out the busy world until we find Thee anew within, until our thoughts are reverent, our work is hallowed, and faith reconsecrates all common things as sacraments of love. Pour in upon our consciousness the sense of Thy nearness not only when we pray but moment by moment while we work.

Teach us the meaning of true greatness—that it is not in getting but in giving, not in being served but in serving, that it is in giving self to find a new self, that it is in walking in the way of the Man of Nazareth.

Lead us beside the still waters and through the green pastures of divine truth. May Thy rod and staff comfort and strengthen us. When evening comes may we lie down in safety and rest in the peace of those whose work is well done and whose souls are at peace with Thee. Amen.

## THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Saturday, July 31, 1971, be dispensed with.

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

## WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

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

## COMMITTEE MEETINGS DURING SENATE SESSION

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

## THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of, first, Calendar Nos. 312, 313, and 317; and then Calendar Nos. 322 through 327.

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

## PEACE CORPS AUTHORIZATIONS, 1972

The Senate proceeded to consider the bill (S. 2260) to amend further the Peace Corps Act (75 Stat. 612), as amended, together with minority views, which had been reported from the Committee on Foreign Relations with an amendment, at the beginning of line 7, strike out "$82,200,000" and insert "$77,200,000"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)), which authorizes appropriations to carry out the purposes of that Act, is amended by striking out "1971" and "$98,800,000" and inserting in lieu thereof "1972" and "$77,200,000", respectively.

The amendment was agreed to.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-318), 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 S. 2260, as proposed to be amended, is to authorize an appropriation of not to exceed $77,200,000 for the fiscal year 1972 operations of the Peace Corps. This compares with a fiscal year 1971 authorization of $98,800,000 and appropriation of $90 million of which $4,900,000 was estimated to be unobligated as of June 30, 1971. No other amendments to the Peace Corps Act are proposed.

### BACKGROUND

On April 13, the Peace Corps submitted an authorization request for $72,300,000, which was introduced by Senator Fulbright (by request) on May 5 (S. 1711). Subsequently, on June 9, the revised request for $82,200,000 was submitted because "the recruiting program has been most successful" and a higher training input was anticipated. This proposal likewise was introduced (by request) as S. 2260.

On June 30, 1971, by Executive Order 11603, the Peace Corps was transferred to Action, an agency created by Reorganization Plan No. 1 of 1971, which in the absence of congressional disapproval became effective on July 1, 1971. At the same time, Joseph H. Blatchford, Director of the Peace Corps, was designated acting Director of Action and his nomination to be Director of Action was submitted to the Senate. While all the details of the reorganization are not completely agreed upon, the committee was told that the Deputy Director of the Peace Corps will also be the Deputy Director of Action in charge of international operations. The Peace Corps name and organization overseas will be kept according to assurances given to the committee. Certain offices and functions of the Peace Corps headquarters in Washington, on the other hand, have been combined with those of domestic voluntary programs—such as those of the General Counsel, public, minority, and congressional affairs, recruiting, training, placement, finance and accounting.

Appropriations made pursuant to the Peace Corps Act, which are subject to an annual authorization, are allocated to the Director of Action but available only for the purposes of the Peace Corps Act. The Committee on Foreign Relations expects strict accountability for these funds, especially in the administrative overhead categories.

### COMMITTEE ACTION

Hearings on S. 2260 were announced on July 12 and took place on July 16. Mr. Joseph H. Blatchford, Director of the Peace Corps, accompanied by senior officials from the Peace Corps, was the principal Government witness on behalf of the bill. Thomas J. Scanlon, a former Peace Corps volunteer, testified not in opposition to S. 2260, but in opposition to the merger of the Peace Corps with Action. The hearings have been printed for the information of the Senate and the general public. On July 21, by voice vote, the committee ordered S. 2260 reported favorably to the Senate, with the amendment.

Mr. MANSFIELD subsequently said: Mr. President, I move to reconsider the vote by which S. 2260, a bill to amend further the Peace Corps Act, was agreed to.

Mr. SCOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

## ASSISTANCE TO RADIO FREE EUROPE AND RADIO LIBERTY

The Senate proceeded to consider the bill (S. 18) to amend the U.S. Information and Educational Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty, which had been reported from the Committee on Foreign Relations with an amendment, on page 1, line 9, after the word "department", strike out "$30,000,000" and insert "$35,000,000"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the United States Information and Educational Exchange Act of 1948 is amended by inserting after section 702 the following new section:

"AUTHORIZATION FOR GRANTS TO RADIO FREE EUROPE AND RADIO LIBERTY

"SEC. 703. There are authorized to be appropriated to the department $35,000,000 for fiscal year 1972 to provide grants, under such terms and conditions as the Secretary considers appropriate, to Radio Free Europe and Radio Liberty. Except for funds appropriated under this section, no funds appropriated after the date of enactment of this section for any fiscal year, under this or any other provision of law, may be made available to or for the use of Radio Free Europe or Radio Liberty."

The amendment was agreed to.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–319), explaining the purposes of the measure.

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

WHAT THE BILL DOES

As reported by the Committee on Foreign Relations, Senate bill 18 amends the United States Information and Educational Exchange Act of 1948 to authorize for fiscal year 1972 a $35 million appropriation to the Department of State for grants to Radio Free Europe and Radio Liberty. The Secretary of State is given the authority to determine the terms and conditions of the grants. The bill prohibits any other appropriated funds from being used to finance these radio operations.

BACKGROUND

Senator Case introduced S. 18 on January 25, 1971. In his introductory remarks, he stated the bill's principal objective was "* * * to bring Radio Free Europe and Radio Liberty under the authorization and appropriation process of the Congress."

By way of background, Senator Case pointed out.

During the last 20 years, several hundred million dollars in U.S. Government funds have been expended from secret CIA budgets to pay almost totally for the costs of these two radio stations' broadcasting to Eastern Europe. In the last fiscal year alone, over $30 million was provided by CIA as a direct Government subsidy; yet at no time was Congress asked or permitted to carry out its traditional constitutional role of approving the expenditure.

The full text of Senator Case's statement is contained in the appendix to this report.

Radio Free Europe (RFE) was established in 1950 and Radio Liberty (RL) in 1951. The former operates under the auspices of the Free Europe Committee, Inc., and the latter under the auspices of the American Committee for Freedom for the Peoples of the U.S.S.R., Inc. RFE broadcasts to five Soviet Bloc countries: Bulgaria, Czechoslovakia, Hungary, Poland and Rumania. RL's broadcasts are limited to the Soviet Union.

The Department of State describes the two Radios as "private broadcasters" which "report and comment extensively on internal developments in their target areas and do so in an objective fashion."

The cost of doing this, according to the State Department, is "approximately" $36.2 million annually. Of this amount, the Department says, less than $2 million comes from private contributions, almost entirely U.S. corporations. (See appendix.)

The gap between private contributions and actual budget expenditures—some $34 million in this instance—has been filled by funds from the Central Intelligence Agency, although Executive Branch officials refuse publicly to acknowledge the Agency's participation or role in maintaining and operating the two Radios. Following this policy, the Department declined to supply additional financial data for this report on Government funding of RFE and RL.

From the current budget of $36.2 million, the two Radios employ a staff of 2,614 with RFE employing 1,652 and RL, 962. (See appendix for further breakdown.)

Both Radios maintain separate broadcast headquarters and research facilities in Munich, Germany. In addition, Radio Free Europe has offices, studios, or other facilities in the following cities: New York, Athens, Berlin, Bonn, Brussels, Geneva, London, Paris, Rome, Stockholm, Vienna and Lisbon. In a similar fashion, Radio Liberty is located in New York, Barcelona, Lampertheim, London, Madrid, Paris, Playa del Pals and Taipei.

RFE's and RL's combined budget of $36.2 million may be compared to the Voice of America's budget of $41 million for its worldwide operations during FY 1971. For further comparison, an estimated $37 million was spent in FY 1971 on official educational and cultural exchange programs. By way of comparison with domestic programs, the FY 1972 budget request for educational T.V. and radio was $31 million.

On July 1, 1971, Congress approved H.J. Res. 742 providing continuing appropriations for Federal agencies and programs through August 6, 1971. As a result of action taken by the Senate Appropriations Committee, which was approved by the Congress as a whole, the authority to fund Radio Free Europe and Radio Liberty was shifted and restricted to the United States Information and Educational Exchange Act of 1948.

In its report (No. 92–240) on H.J. Res. 742 the Senate Appropriations Committee stated,

"The Committee recommends the inclusion of a provision to provide interim funding for the support of Radio Free Europe and Radio Liberty pending the enactment of legislation to provide for open funding of these organizations."

COMMITTEE ACTION

On February 1, 1971, the Committee forwarded copies of S. 18 to the Department of State and requested "coordinated Executive Branch comments * * * at an early date." On March 12, the Committee wrote again to the Department stating tentative hearings on the bill had been scheduled for April 28. The State Department responded on April 22 requesting a delay in the hearings until the "latter part of May."

In an effort to accommodate the Department, the Committee agreed to change the hearing date from April 28 to May 24. A public hearing was held at that time and the Committee heard from three witnesses: the Honorable Congressman Ogden R. Reid, who introduced a similar bill in the House of Representatives; the Honorable Martin J. Hillenbrand, Assistant Secretary of State for European Affairs; and Mr. Paul C. Bartlett, former President of Radio New York Worldwide, Inc.

In place of commenting on S. 18, Assistant Secretary Hillenbrand presented the Administration's views on a substitute bill, S. 1936. Senator Case introduced this bill on the day of the hearing. (See appendix.)

This alternative would establish an American Council for Private International Communications, Inc. Although publicly funded, the Council would be a "non-governmental, private, non-profit corporation" with headquarters in the District of Columbia. While the primary purpose of the corporation would be to channel Government funds to Radio Free Europe and Radio Liberty, the Administration's bill would also make eligible for financing any "private American organizations with established programs of broadcasting to other countries, or other . . . selected activities in the international mass media field * * *"

S. 1936 contained an open-ended authorization and provided that sums appropriated shall remain available until expended. In addition to this funding flexibility, the bill did not specify an agency or department to which the funds would be appropriated.

The Committee first considered both of these proposals in Executive Session on June 8, at which time it decided that, before making any definitive, long-term decisions on future funding of the Radios, the Committee should have available some in-depth, background studies on them. Following this decision, the Chairman of the Committee wrote to the Library of Congress and the General Accounting Office requesting separate studies from each of them on the two Radios. Senator Fulbright's letters are included in the appendix to this report.

The Committee considered these bills again in Executive Session on July 21, at which time it rejected, by voice vote, a slightly modified version of S. 1936 (see appendix) and then adopted S. 18 with an amendment increasing the authorization level from $30 to $35 million for fiscal year 1972.

COMMITTEE COMMENTS

The Committee on Foreign Relations views Senate bill 18 as stop-gap legislation—designed primarily to bring into the open the Government's role in financing both Radio Free Europe and Radio Liberty.

The Committee deplores the fact that this financing—covering some 20 years—has been kept secret from the American people and their elected representatives. It is indeed regrettable that the Executive Branch of Government under five administrations deceived the taxpayers with respect to the expenditure of these public funds. Indeed, as one of the witnesses who testified during the Committee's hearing of May 24 reminded the Members, we "* * * had been led to believe that Radio Free Europe was financed by dimes from school children and voluntary gifts from concerned citizens anxious to keep truth alive behind the Iron Curtain."

The connivance of both public and private officials to lead the American public to believe this fantasy is to be regretted. Not only did the government officials and others involved in these radio stations mislead the American public but they also deceived those who listened to the Radios and relied on them as the products of private enterprise. How ironical and tragic it is that such practices have been used in the name of getting "the truth through to the peoples behind the Iron Curtain!" And, even at this late date, Executive Branch officials refuse to discuss

this matter openly or to disclose to the American public how many of its tax dollars have been used in this highly questionable activity.

Senate bill 18 is intended to terminate this deception; it is intended to let the people know what they are paying for and how much.

This assumes, of course, that both Radio Free Europe and Radio Liberty perform useful broadcast services and, although the Committee is divided in its thinking on this point, a majority of the Members believe that the Radios should be given the benefit of the doubt—a serious doubt indeed in view of the public's repeated reluctance to provide through private contributions the amount of financial support the Radios say they need. But, in adopting S. 18, the Committee indicated its unwillingness to give the Radios the benefit of the doubt beyond the current fiscal year or to give them the kind of organizational and financial flexibility contained in S. 1936, the Administration-approved bill.

The background studies on Radio Free Europe and Radio Liberty being prepared by the Library of Congress and the General Accounting Office will be available to the Committee some time this Fall. Hopefully, these studies will provide the kind of analysis that will permit the Committee to make a more informed judgment as to whether or not these radio stations are in the public interest.

*Estimated program costs*

The following information in provided pursuant to section 252 of the Legislative Reorganization Act of 1946, as amended: For the current fiscal year, the executive branch estimates the Radio Free Europe and Radio Liberty programs will cost $36.2 million. Over the next 5 fiscal years, the executive branch estimates the total cost of these programs to be $200–$210 million.

For the reasons which are obvious in this report, the committee is unable to evaluate these estimates. In the final analysis, of course, the Congress could fund these programs in accordance with the executive branch estimates or it could, at any point, terminate them.

## PARALYZED VETERANS OF AMERICA

The bill (H.R. 2894) to incorporate the Paralyzed Veterans of America was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–323), 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 H.R. 2894 is to grant a Federal charter of incorporation to the Paralyzed Veterans of America.

HISTORY

The bill passed the House on April 27, 1971, and was referred to the District Committee on April 29, 1971. Hearings were held by the Subcommittee on Business, Commerce, and Judiciary on June 11, 1971, receiving favorable testimony from representatives of the District of Columbia Government and the Paralyzed Veterans of America. No testimony was received in opposition to the bill and the Committee has not received any objection to the proposal.

BACKGROUND

Founded in Chicago in February of 1947, the Paralyzed Veterans of America is an organization consisting of some 5,500 active members from every State in the Union, who comprise 21 chapters located in various parts of the United States. The organization is nonpolitical and nonsectarian, with the sole qualification for membership being that the individual be a service veteran and that he have a spinal cord injury or disease. There are presently 12,000 to 15,000 veterans suffering from this type of disability, including those from Vietnam. Hence, the membership of the Paralyzed Veterans of America includes 40 to 50 percent of its total potential. Its national headquarters is located at 3636 16th Street NW., in Washington, D.C.

Prior to World War II, few persons afflicted with paraplegia lived beyond 6 months. The advent of the so-called miracle drugs, however, accompanied by newly discovered medical techniques, gave the paraplegic limited health and increased his lifespan. Thus, medical science had devised the means to prepare him physically for the outside world, but more was needed. For the paraplegic was a new kind of human being. Few realized the appalling extent of his injury or the many problems he must conquer to again become a part of the mainstream of our society. Many customs, laws, and usages were at variance to the paraplegic's way of life. Ways had to be found to modify, to liberalize, and to acclimate this new way of living so that these men could become a useful part of our society.

In 1946, the 2,500 living paraplegics and quadriplegics were grouped in Veterans' Administration hospitals located in Boston, Mass., New York, N.Y., Chicago, Ill., Richmond, Va., Memphis, Tenn., and Van Nuys, Calif. They were quick to recognize the new problems their presence created in the physical, social, and industrial worlds. For this reason, these groups formed local organizations to face these problems as best they could.

This was the situation which led to the meeting of representatives of these local groups the following year, and the founding of the Paralyzed Veterans of America.

WORK OF THE ORGANIZATION

The principal aim of the Paralyzed Veterans of America is to promote research in the area of paraplegia and its rehabilitative problems. During the 21 years of its life, this organization has accomplished an outstanding record of service in this area, both to its members and to civilian paraplegics. A few examples are the following:

1. Created the National Paraplegia Foundation, a separate and independent organization to promote medical research in the several fields connected with injuries and diseases of the spinal cord.

2. Contributed over $200,000 from its meager resources to that organization for spinal cord research, and for the development, printing, and distribution of several publications designed to inform, assist, and educate all those persons afflicted with similar disabilities.

3. Provided the funds necessary to conduct a joint study, under the administration of the National Paraplegia Foundation and the then Vocational Rehabilitation Administration, on the service needs of paraplegics and quadriplegics.

4. Established in 1961 a national service program for its members, and has served them at an annual cost averaging $30,000. This year, the organization's budget for the service program amounts to $28,000.

In addition, the Paralyzed Veterans of America has cooperated with the President's Committee in its program of employment of the handicapped. It has conducted its own intensive program, in cooperation with the National Commission on Architectural Barriers, in the elimination on architectural barriers to the handicapped. They are an active member of the United States Council of the World Veterans Federation, the mission of which is to assist the veterans of other nations and to promote international peace and security through support of the United Nations Charter. Also, they have cooperated with many other Federal and private agencies on problems of the handicapped.

As a means of raising funds, as well as providing a needed recreational outlet for its members, the Paralyzed Veterans of America promotes wheelchair basketball teams. The team in Boston, known as the New England Clippers, is now in its 20th year of continuous play, and three of its members are paraplegic veterans of World War II.

In short, this organization has been unstinting in its efforts to assist in and promote programs on both the national and the international level, in an earnest desire to serve these most seriously disabled veterans who have fought to preserve our national heritage.

NEED FOR LEGISLATION

The Federal charter which H.R. 2894 will grant to the Paralyzed Veterans of America will accredit that organization with the Veterans' Administration and enable their national service officers to represent their members before that agency. The organization will also acquire the respect and stature which accrue only to organizations with congressional recognition.

## THE PINE MOUNTAIN WILDERNESS, PRESCOTT AND TONTO NATIONAL FORESTS IN ARIZONA

The bill (S. 959) to designate the Pine Mountain Wilderness, Prescott and Tonto National Forests, in the State of Arizona was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in accordance with subsection 3(b) of the Wilderness Act of September 3, 1964 (78 Stat. 891), the area classified as the Pine Mountain Primitive Area, with the proposed additions thereto and deletions therefrom, as generally depicted on a map entitled "Proposed Pine Mountain Wilderness," dated April 1, 1966, which is on file and available for public inspection in the office of the Chief, Forest Service, Department of Agriculture, is hereby designated as the Pine Mountain Wilderness within and as a part of the Prescott and Tonto National Forests, comprising an area of approximately nineteen thousand five hundred acres.

SEC. 2. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map and a legal description of the Pine Mountain Wilderness with the Interior and Insular Affairs Committees of the United States Senate and the House of Representatives, and such description shall have the same force and effect as if included in this Act: *Provided, however,* That correction of clerical and typographical errors in such legal description and map may be made.

SEC. 3. The Pine Mountain Wilderness shall be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness areas, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

SEC. 4. The previous classification of the Pine Mountain Primitive Area is hereby abolished.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–329), explaining the purposes of the measure.

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

PURPOSE

This bill would establish the Pine Mountain Wilderness in Arizona embracing an area of 19,569 acres. The proposal is one submitted to the Congress pursuant to the provisions of the Wilderness Act.

LEGISLATIVE HISTORY

The Pine Mountain Primitive Area would have been designated a wilderness area by S. 710 of the 91st Congress, which was approved by the committee and the Senate, but the area was left out when the House passed S. 3014, an omnibus wilderness bill.

DESCRIPTION

The proposed Pine Mountain Wilderness would encompass 19,569 acres, including most of the Pine Mountain Primitive Area and some contiguous national forest lands. There is no mining production and no known deposits which could be mined profitably. Located near the center of Arizona, the area is generally rugged and mountainous, and ranged by elk, antelope, desert bighorn sheep and mountain lion, with fishing for black bass and rainbow trout. During hearings on S. 710, the Forest Service was asked to provide additional data regarding water yield improvement opportunities within the proposed wilderness as it might affect the Maricopa Water Conservation District. This was subsequently provided, indicating that the proposed wilderness would include only 2.6 percent of the district's watershed, that conversion for water yield would contribute only 185 acre-feet per year, and that conversion outside the wilderness would be more favorable.

RECOMMENDATION

The Senate Committee on Interior and Insular Affairs unanimously reports S. 959 and urges early enactment.

## SYCAMORE CANYON WILDERNESS, COCONINO, KAIBAB, AND PRESCOTT NATIONAL FORESTS IN ARIZONA

The bill (S. 960) to designate the Sycamore Canyon Wilderness, Coconino, Kaibab, and Prescott National Forests, State of Arizona was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress asembled,* That, in accordance with subsection 3(b) of the Wilderness Act of September 3, 1964 (78 Stat. 891), the area classified as the Sycamore Canyon Primitive Area, with the proposed additions thereto and deletions therefrom, as generally depicted on a map entitled "Proposed Sycamore Canyon Wilderness," dated April 15, 1966, which is on file and available for public inspection in the office of the Chief, Forest Service, Department of Agriculture, is hereby designated as the Sycamore Canyon Wilderness within and as a part of the Coconino, Kaibab, and Prescott National Forests, comprising an area of approximately forty-six thousand five hundred acres.

SEC. 2. As soon as practicable after this Act takes effect, the Secretary of Agriculture shall file a map and a legal description of the Sycamore Canyon Wilderness with the Interior and Insular Affairs Committees of the United States Senate and the House of Representatives, and such description shall have the same force and effect as if included in this Act: *Provided, however,* That correction of clerical and typographical errors in such legal description and map may be made.

SEC. 3. The Sycamore Canyon Wilderness shall be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act governing areas designated by that Act as wilderness areas, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

SEC. 4. The previous classification of the Sycamore Canyon Primitive Area is hereby abolished.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–330), explaining the purposes of the measure.

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

PURPOSE

This bill would designate 46,500 acres as the Sycamore Canyon Wilderness under provisions of the Wilderness Act of September 3, 1964 (78 Stat. 890).

LEGISLATIVE HISTORY

The Sycamore Canyon Primitive Area would have been designated a wilderness area by S. 710 of the 91st Congress, which was approved by the Committee and the Senate, but the area was left out when the House passed S. 3014, an omnibus wilderness bill.

DESCRIPTION

This is a deep and colorful canyon on the south edge of the Colorado Plateau. It is located 20 miles southwest of Flagstaff. Elevations range from 7,000 feet on the highest part of the canyon rim to 3,600 feet on Sycamore Creek, 2 miles north of the Verde River. Geologic forces that carved the canyon left massive formations of red and white sedimentary rock. The canyon winds for 20 miles along Sycamore Creek and spreads as much as 7 miles from rim to rim.

The proposed wilderness includes 45,492 acres of the existing Syracuse Canyon Primitive Area and 1,050 acres in the three adjacent areas not now in the Primitive Area. Also within the proposed boundary is a 15-acre portion of a privately owned tract. The Forest Service hopes to acquire this by exchange or purchase.

RECOMMENDATION

The Senate Committee on Interior and Insular Affairs unanimously reports S. 960 and recommends early enactment.

## CONVEYING CERTAIN REAL PROPERTY OF THE UNITED STATES TO UNIVERSITY OF NORTH DAKOTA, STATE OF NORTH DAKOTA

The bill (S. 74) to provide for the conveyance of certain real property of the United States to the University of North Dakota, State of North Dakota, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior is authorized and directed to convey to the University of North Dakota, State of North Dakota, that tract of land situated on the campus of the University of North Dakota at Grand Forks, North Dakota, which is a portion of a tract of land which was heretofore deeded to the United States by the University Memorial Corporation. The tract being hereby conveyed is more particularly described as follows:

That part of the south half of the southwest quarter of section 4 township 151 range 50 bounded as follows: Commencing at a point on the north boundary line of the Great Northern Railway right-of-way which is 913 feet east of the west line of said southwest quarter, thence east along said north boundary line a distance of 150 feet; thence north and parallel to the west line of said southwest quarter a distance of 376.10 feet thence east a distance of 107 feet; thence north and parallel to the west line of said southwest quarter a distance of 350 feet; thence west a distance of 257 feet to a point 913 feet east of the west line of said southwest quarter and 726.10 feet north of the point of beginning; thence south to the true point of beginning.

The north boundary of the above described tract lies along a line which commences at the northeast corner of lot 20 in block 2 of the University Park Addition, Grand Forks City, according to the plat on file in the Office of the Register of Deeds, Grand Forks County, North Dakota, and recorded in book 87 of deeds, page 12, and which continues west along the south line of the alley in said block 2, extending to a point described above as the northwest corner of the tract.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–328), explaining the purposes of the measure.

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

PURPOSE

This bill would transfer a strip of land from the U.S. Bureau of Mines to the University of North Dakota for the construction of a winter sports arena.

DESCRIPTION

A square of land amounting to 11.7 acres was deeded to the Federal Government in 1940 by the university at no cost for use by the Bureau of Mines as a buffer zone to protect existing coal research facilities against overexpansion in that vicinity. The land in question is 3.6 acres which is now greatly needed for expansion of the university's education and recreation program. It is no longer needed by the Federal Government.

COST

No Federal expenditure will result from the enactment of this bill.

COMMITTEE RECOMMENDATION

The Senate Interior and Insular Affairs Committee unanimously reports S. 74 and recommends early enactment.

## AUTHORIZATION OF DISPOSITION AND DISTRIBUTION OF JUDGMENTS FOR CLAIMS OF CONFEDERATED SALISH AND KOOTENAI TRIBES OF THE FLATHEAD RESERVATION, MONT.

The Senate proceeded to consider the bill (S. 602) to provide for the disposition of judgments, when appropriated, recovered by the Confederated Salish

and Kootenai Tribes of the Flathead Reservation, Mont., in paragraphs 7 and 10, docket No. 50233, U.S. Court of Claims, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 2, after line 8, insert a new section, as follows:

SEC. 3. Sums payable under this Act to enrollees or their heirs or legatees who are less than eighteen years of age or who are under a legal disability shall be paid in accordance with such procedures, including the establishment of trusts, as the Secretary of the Interior determines appropriate to protect the best interests of such persons.

So as to make the bill read:

S. 602

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the funds appropriated to the credit of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, in satisfaction of judgments awarded in paragraphs 7 and 10 in docket numbered 50233, United States Court of Claims, including interest thereon, after payment of attorneys fees and other litigation expenses, may be advanced, expended, invested, or reinvested for any purposes that are authorized by the tribal governing body and approved by the Secretary of the Interior.

SEC. 2. Any part of such funds that may be distributed to members of the tribes shall not be subject to Federal or State income tax.

SEC. 3. Sums payable under this Act to enrollees or their heirs or legatees who are less than eighteen years of age or who are under a legal disability shall be paid in accordance with such procedures, including the establishment of trusts, as the Secretary of the Interior determines appropriate to protect the best interests of such persons.

The amendment was agreed to.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-334), 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 S. 602, introduced by Senators Mansfield and Metcalf, is to authorize disposition and distribution of judgments, when appropriated, for claims of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont. The two judgments were awarded in paragraphs 7 and 10 in docket No. 50233 U.S. Court of Claims.

On March 8, 1971, the Court of Claims entered a net final judgment of $6 million in paragraph 7 of docket No. 50233. This paragraph is a general accounting claim for all tribal lands of the Confederated Salish and Kootenai Tribes which the United States has handled. Funds to cover the award were appropriated by Public Law 92-18, May 25, 1971 (85 Stat. 55); the net appropriated funds, after attorneys' fees, have been invested at the highest possible rate in 90-day Federal Treasury notes.

The claim in paragraph 10 is for damages resulting from the sale and other disposition of reservation land pursuant to the act of April 23, 1904. In a decision of January 22, 1971, the Court of Claims settled the claim in paragraph 10 by awarding the tribes $5,626,451, plus interest of 5 percent per annum from January 1, 1912, to January 1, 1934, and at 4 percent per annum thereafter until paid. The time within which the United States could have sought review of the court's opinion by a petition for a writ of certiorari to the Supreme Court expired on July 22, 1971, and therefore the case is final and conclusive and subject to appropriation in the next supplemental appropriation bill. The amount involved in this judgment, computing interest today is approximately $21.7 million.

NEED

The judgments, when appropriated, may not be used until the purpose has been approved and authorized by Congress.

The Confederated Tribes are organized under the act of June 18, 1934. Their constitution was approved on October 28, 1935. The tribal governing body is a council of 10 members who elect a chairman and a vice chairman from within its membership. It is estimated that the membership of the tribe is 5,600.

In view of the size of the judgments, and the current economic needs and individual requirements of tribal members, the tribal council adopted on January 22, 1971, Resolution No. 4027, requesting authorization for a 90-percent distribution of the judgment funds to tribal members and retention of 10 percent for use in the tribal credit, land acquisition, and educational programs of the tribes.

The tribal council adopted Resolution No. 4104 on July 20, 1971, and modified the position set forth in Resolution No. 4027. As modified, the tribes request authorization for a per capita distribution of 80 percent of the net funds available, with 20 percent retained for land acquisition, credit education, industrial development, hydroelectric development, and other related tribal projects, subject to approval by the Department of the Interior or the Bureau of Indian Affairs.

Through a formal resolution, the tribes requested authority to distribute to each tribal member who is 18 years of age and over his per capita share direct, unless he is certified incompetent. Ordinarily, such payments are limited to those members 21 years of age and over unless they are incompetent. The administration supports the tribes' request and offered an amendment to S. 602 to protect the per capita shares of those under 18 years of age.

At the hearing on S. 602 held by the Subcommittee on Indian Affairs on March 24, 1971, two enrolled members of the tribes testified in support of a current movement on the Flathead Reservation for the optional withdrawal of those members who desire their pro rata shares of tribal assets and a full per capita distribution of the judgment funds.

AMENDMENTS

The committee adopted the technical amendment recommended by the Department of the Interior to protect any sums payable to minors or those under legal disability.

COST

Enactment of S. 602 will involve no additional appropriation of funds.

COMMITTEE RECOMMENDATIONS

The Committee on Interior and Insular Affairs unanimously recommends that S. 602 be enacted.

## BILL PASSED OVER

The bill S. 447, to modify the boundaries of the Sante Fe, Gila, Cibola, and Carson National Forests in the State of New Mexico, and for other purposes, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The PRESIDENT pro tempore. The bill will be passed over.

## NATIONAL ADVISORY COMMITTEE ON THE OCEANS AND ATMOSPHERE

The Senate proceeded to consider the bill (H.R. 2587) to establish the National Advisory Committee on the Oceans and Atmosphere which had been reported from the Committee on Commerce with amendments on page 1, line 3, after the word "of", strike out "twenty-one" and insert "twenty-five"; in line 5, after the word "on", strike out "the"; on page 2, line 8, after "(1)", strike out "seven" and insert "nine"; in line 10, after "(2)", strike out "seven" and insert "eight"; in line 12, after "(3)", strike out "seven" and insert "eight"; on page 3, line 19, after the word "recommendations.", insert "The comprehensive annual report required herein shall be submitted on or before June 30 of each year, beginning June 30, 1972."; on page 4, after line 6, strike out:

SEC. 6. The Secretary of Commerce shall make available to the Advisory Committee such staff, information, personnel and administrative services and other expenses and assistance as it may reasonably require to carry out its activities.

And, in lieu thereof, insert:

SEC. 6. The Secretary of Commerce shall make available to the Advisory Committee such staff, information, personnel and administrative services and assistance as it may reasonably require to carry out its activities. The Advisory Committee is authorized to request from any department, agency, or independent instrumentality of the Federal Government any information and assistance it deems necessary to carry out its functions under this Act and each such department, agency, and instrumentality is authorized to cooperate with the Advisory Committee and, to the extent permitted by law, to furnish such information and assistance to the Advisory Committee upon request made by its Chairman, without reimbursement for such services and assistance.

And, after line 23, insert a new section, as follows:

SEC. 7. There is hereby authorized to be appropriated to the Secretary of Commerce $200,000 for the fiscal year ending June 30, 1972, and each succeeding fiscal year to carry out the purposes of this Act.

H.R. 2587

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* There is hereby established a committee of twenty-five members to be known as the National Advisory Committee on Oceans and Atmosphere (hereafter referred to in this Act as the "Advisory Committee").

SEC. 2. (a) The members of the Advisory Committee, who may not be full-time officers or employees of the United States, shall be appointed by the President and shall be drawn from State and local government, industry, science, and other appropriate areas.

(b) Except as provided in subsections (c) and (d), members shall be appointed for terms of three years.

(c) Of the members first appointed, as designated by the President at the time of appointment—

(1) nine shall be appointed for a term of one year,

(2) eight shall be appointed for a term of two years, and

(3) eight shall be appointed for a term of three years.

(d) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office.

(e) The President shall designate one of the members of the Advisory Committee as the Chairman and one of the members as the Vice Chairman. The Vice Chairman shall act as Chairman in the absence or incapacity of, or in the event of a vacancy in the office of, the Chairman.

SEC. 3. Each department and agency of the Federal Government concerned with marine and atmospheric matters shall designate a senior policy official to participate as observer in the work of the Advisory Committee and to offer necessary assistance.

SEC. 4. The Advisory Committee shall (1) undertake a continuing review of the progress of the marine and atmospheric science and service programs of the United States, and (2) advise the Secretary of Commerce with respect to the carrying out of the purposes of the National Oceanic and Atmospheric Administration. The Advisory Committee shall submit a comprehensive annual report to the President and to the Congress setting forth an overall assessment of the status of the Nation's marine and atmospheric activities and shall submit such other reports as may from time to time be requested by the President. Each such report shall be submitted to the Secretary of Commerce who shall, within 90 days after receipt thereof, transmit copies to the President and to the Congress, with his comments and recommendations. The comprehensive annual report required herein shall be submitted on or before June 30 of each year, beginning June 30, 1972.

SEC. 5. Members of the Advisory Committee shall, while serving on business of the Committee, be entitled to receive compensation at rates not to exceed $100 per diem, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703(b) of title 5, United States Code, for persons in Government service employed intermittently.

SEC. 6. The Secretary of Commerce shall make available to the Advisory Committee such staff, information, personnel and administrative services and assistance as it may reasonably require to carry out its activities. The Advisory Committee is authorized to request from any department, agency, or independent instrumentality of the Federal Government any information and assistance it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized to cooperate with the Advisory Committee and, to the extent permitted by law, to furnish such information and assistance to the Advisory Committee upon request made by its Chairman, without reimbursement for such services and assistance,

SEC. 7. There is hereby authorized to be appropriated to the Secretary of Commerce $200,000 for the fiscal year ending June 30, 1972, and each succeeding fiscal year to carry out the purposes of this Act.

The amendments were agreed to.

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

Mr. MANSFIELD. Mr. President, that concludes the call of the Calendar.

## ORDER OF BUSINESS

Mr. SCOTT. Mr. President, I yield back my time under the previous order.

## ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond 12 o'clock noon today, with each Senator having 3 minutes.

Is there any morning business?

## QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. SCOTT. 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.

## TENTATIVE SETTLEMENT OF THE RAILROAD STRIKE

Mr. SCOTT. Mr. President, I seek recognition for the purpose of announcing that the Secretary of Labor, in about 5 minutes, is expected to hold a press conference to announce a tentative settlement of the rail strike.

Mr. President, following hard upon the settlement of the steel strike, it would appear that the economy is enjoying some good news, which is surely welcome, and that the efforts of the administration have been useful and helpful.

I am delighted that these developments have occurred so hard upon each other. And I welcome this announcement.

## QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

## THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Order Nos. 314, 315, 316, 318, 319, and 326.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

## FARE SUBSIDY FOR SCHOOLCHILDREN

The bill (H.R. 6638) to amend the act of August 3, 1955, relating to school fare subsidy for transportation of schoolchildren within the District of Columbia was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–320), 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 sole purpose of H.R. 6638 is to extend the present subsidy for transportation of school children in the District of Columbia, established by an Act of Congress approved October 18, 1968 (Public Law 90–605, 82 Stat. 1187), which will expire in August of this year, for a period of three years to August, 1974.

BACKGROUND

For many years, transit companies operating in the District of Columbia have been required by law to carry school children at a fare not exceeding one-half the established adult fare. The Regulatory Commission having jurisdiction over such carriers in the city is responsible for determining the amount of such reduced fares for school children. This reduced rate has never been sufficient to cover the cost of carrying the school children, and up until three years ago, the Regulatory Commission was compelled to set the adult fare at a level which was high enough to cover the entire cost of the carrier's operation, including the cost of transportation of school children in excess of the receipts from their reduced fares. Thus, the economic effect was that the adult bus-riding public had to make up the uncovered cost resulting from the reduced fares for transportation of the school children.

In 1968, however, the Congress enacted Public Law 90–605, which made it possible for the cost of carrying school children in the District to be borne by the community as a whole. Under the provisions of this Act of 1968, the Washington Metropolitan Area Transit Commission is required to certify to the Commissioner of the District of Columbia for each calendar month, with respect to each bus company transporting school children in the city, an amount representing the difference between the total of all reduced fares paid to such carrier by school children and the amount which would have been paid if such fares had been at the lowest adult fare set by the Commission for regular route transportation. Upon receipt of such certification, the Commissioner of the District of Columbia is required to pay each carrier the amount so certified by the Transit Commission.

At the time of enactment of this law, in October 1968, the reduced fare for school children was 10 cents, and has remained at that level to the present time. The lowest adult fare in 1968 was 25 cents, and since that time has increased to the present level of 40 cents.

The following table, submitted to your Committee by the Washington Metropolitan Area Transit Commission, shows the amount of this subsidy paid to the carriers affected, during the three-year period since the enactment of Public Law 90–605. It will be seen from these figures that whereas a total of 7,686,711 school passenger rides were subsidized during the first year under this system, at a certified subsidy amount of $1,402,552.33, during the third such year, ending August of 1971, it is estimated that 10,041,741 school passenger rides will have been certified, at a total subsidy cost of $3,010,052.00. The increase in the cost shown is attributable not only to the increase in the number of school passenger rides, of course, but also to the increases in the adult fares which have accrued since 1968.

TABLE 1.—SCHOOL FARE SUBSIDY PAID UNDER PUBLIC LAW 90-605

| Month | D.C. Transit System, Inc. | | WMA Transit Co. | |
|---|---|---|---|---|
| | School passengers | School subsidy certified | School passengers | School subsidy certified |
| September 1968 | 640,825 | $96,123.75 | 17,614 | $2,642.10 |
| October 1968 | 934,545 | 141,234.82 | 23,413 | 3,511.95 |
| November 1968 | 751,954 | 122,192.53 | 17,799 | 2,669.85 |
| December 1968 | 600,842 | 97,676.73 | 10,142 | 1,521.30 |
| January 1969 | 822,608 | 164,512.60 | 18,019 | 2,702.85 |
| February 1969 | 789,920 | 157,984.00 | 18,082 | 2,712.30 |
| March 1969 | 854,555 | 170,911.00 | 19,689 | 2,953.35 |
| April 1969 | 672,860 | 134,572.00 | 15,640 | 2,981.40 |
| May 1969 | 791,341 | 158,268.20 | 16,392 | 3,278.40 |
| June 1969 | 350,918 | 70,183.60 | 5,965 | 1,193.00 |
| July 1969 | 267,898 | 53,579.60 | 2,348 | 469.60 |
| August 1969 | 43,112 | 8,622.40 | 230 | 46.00 |
| Total Sept. 1, 1968, through Aug. 31, 1969 | 7,521,378 | 1,375,870.23 | 165,333 | 26,682.10 |
| September 1969 | 654,522 | 130,904.40 | 17,339 | 3,467.80 |
| October 1969 | 999,623 | 204,442.24 | 21,374 | 4,274.80 |
| November 1969 | 759,379 | 167,063.38 | 12,330 | 2,466.00 |
| December 1969 | 779,601 | 171,512.22 | 11,573 | 2,314.60 |
| January 1970 | 903,422 | 198,752.84 | 13,714 | 2,742.80 |
| February 1970 | 897,486 | 197,446.92 | 16,516 | 3,303.20 |
| March 1970 | 937,607 | 206,273.54 | 16,256 | 3,251.20 |
| April 1970 | 904,065 | 198,894.30 | 15,957 | 3,191.40 |
| May 1970 | 914,376 | $210,162.72 | 14,848 | $2,969.60 |
| June 1970 | 462,331 | 101,712.82 | 6,620 | 1,382.05 |
| July 1970 | 437,998 | 120,959.08 | 3,817 | 954.25 |
| August 1970 | 144,376 | 43,312.80 | 570 | 142.50 |
| Total Sept. 1, 1969, through Aug. 31, 1970 | 8,794,786 | 1,942 437.26 | 150,914 | 30,460.20 |
| September 1970 | 701,627 | 210,488.10 | 15,023 | 3,755.75 |
| October 1970 | 1,182,114 | 354,634.20 | 21,796 | 5,449.00 |
| November 1970 | 1,044,342 | 313,302.60 | 14,121 | 3,530.25 |
| December 1970 | 797,097 | 239,129.10 | 12,803 | 3,200.75 |
| January 1971 | 1,008,709 | 302,612.70 | 13,495 | 3,373.75 |
| February 1971 | 1,022,897 | 306,869.10 | 13,980 | 3,495.00 |
| March 1971 | 1,272,523 | 381,756.90 | [1] 16,256 | [1] 4,876.80 |
| April 1971 | 904,065 | [1] 271,219.50 | [1] 15,957 | [1] 5,584.95 |
| May 1971 | [1] 914,376 | [1] 274,312.80 | [1] 14,848 | 5,196.80 |
| June 1971 | [1] 462,331 | [1] 138,699.30 | [1] 6,620 | [1] 2,317.00 |
| July 1971 | [1] 437,998 | [1] 131,399.40 | [1] 3,817 | [1] 1,335.95 |
| August 1971 | [1] 144,376 | [1] 43,312.80 | [1] 570 | [1] 199.50 |
| Total, Sept. 1, 1970, through Aug. 31, 1971 | 9,892,455 | 2,967,736.50 | 149,286 | 42,315.50 |

[1] Estimate—based on 1970 passenger figure for month.

SCHOOL TICKET SYSTEM

Your Committee is advised that each school child who requires bus transportation gets a form signed by his teacher, stating that he is a bona fide pupil. He must present that form in order to buy a book of school bus tickets, either ten tickets for one dollar or twenty rides for two dollars. These ticket books can be purchased either from the D.C. Transit office or from certain banks in the city; or in some instances, they may be obtained at the schools themselves. The child deposits one such ticket in the fare box, of course, when he gets on the bus.

These tickets are counted as they pass through the fare box, and that count is audited by personnel of the Washington Area Transit Commission. There are two such auditors on the premises of the D.C. Transit Company each day, who conduct at least a spot check on the fare box tallies each day and also check the procedures by which the company keeps track of the school tickets. The school tickets themselves are turned over to the Transit Commission once each month.

Your Committee is further informed that the D.C. Public School System provides these school bus tickets free of charge, to high school students less than 18 years of age who reside more than one and one-half miles from the school but within the school zone, and whose parents have corresponded with the high school principal indicating their financial need for such help.

We are advised that the costs per year of these free ticket distributions have been as follows:

| School year: | *Cost of tickets distributed* |
|---|---|
| 1968–69 | $60,048 |
| 1969–70 | 287,632 |
| 1970–71 | [1] 250,375 |

[1] As of April 8, 1971.

In addition, the Public School System provides transportation for some 950 special education students, in 53 vehicles owned and operated by the School System. The cost of this operation, however, is in no way involved in the school bus fare subsidy which is the subject of this proposed legislation.

PROVISIONS OF THE BILL

The bill, H.R. 6683, provides a three year extension to the provisions of the Act of August 9, 1955 (69 Stat. 616) as amended by the Act of October 18, 1968 (82 Stat. 1186). The bill amends present law (D.C. Code, Sec. 44–1214a) by extending the expiration date of the provisions of the section to the year 1974. The Washington Metropolitan Transit Commission will continue, under the proposed extension, to certify each month to the Commissioner of the District of Columbia the number of school fares on which the District of Columbia is to reimburse the D.C. Transit Company the difference between the school fare paid and the lowest adult fare.

CONCLUSION

On the basis of the experience during the past three years and the testimony received at the public hearings, your Committee concurs with the views favoring extension of the subsidy expressed by the District of Columbia Commissioner and the Transit Commission. The Chairman of the Transit Commission summed up the agency's position as follows:

"Philosophically, we at the Commission believe that the 1968 law places the burden of providing transportation for school children where it properly belongs, on the community at large rather than on only those members of the community who happen to ride the bus. Speaking from the standpoint of the practical result, we can report that the shift of that burden has resulted in substantial benefit to the city's bus riders and to the city itself."

The basic desire of all parties is that the citizens of the District of Columbia continue to receive the best possible transportation service at the lowest possible cost to the user of that service. This bill is designed toward that purpose.

## ADMINISTRATION OF SMALL ESTATES

The bill (H.R. 7931) to amend the District of Columbia Code with respect to the administration of small estates, and for other purposes was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–321), explaining the purposes of the measure.

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

PURPOSES OF THE BILL

The purposes of the bill, H.R. 7931 (which if enacted will be cited as the "District of Columbia Administration of Estates Act") are to amend the District of Columbia Code to increase the jurisdictional amount for the administration of small estates, to increase the family allowance, to provide simplified procedures for the settlement of estates, and to eliminate provisions which discriminate against women in administering estates.

The bill is the embodiment of legislation which was proposed by the Commissioner of the District of Columbia and recommended for approval by the Congress.

HISTORY

On January 28, 1971, the Commissioner of the District of Columbia wrote a letter to the President of the Senate, transmitting and recommending the proposed legislation. S. 1369, the Senate companion bill to H.R. 7931, was introduced in the Senate on March 24, 1971. Hearings were held by the Subcommittee on Business Commerce, and Judiciary of the District Committee on June 11, 1971, on S. 1369 and H.R. 7931, the latter of which passed the House of Representatives on May 10, 1971. A representative of the District of Columbia Government, the Register of Wills, and the Bar Association of the District of Columbia testified in support of the legislation. No testimony was received in opposition to the bills, nor has any expression of opposition to the legislation been received by the Committee.

SMALL ESTATES ACT

Under existing law dealing with the settlement of small estates in the District of Columbia (D.C. Code, Title 20, sec. 2101, *et seq.*), the surviving spouse or minor children of a person who dies leaving an estate consisting only of personal property of a value not to exceed $500, may petition the Probate Court for an order which, among other provisions, eliminates the necessity of a formal administration of the estate or the probate of a will.

Also under existing law, the person entitled to be preferred in the appointment of an administrator may, in the case of a person who dies intestate leaving an estate consisting only of personal property of a value not in excess of $500, and there is no surviving spouse or minor child, similarly petition the Probate Court for an order waiving formal administration and permitting the expeditious settlement of the estate.

For some time, the Register of Wills of the District of Columbia, and the Bar Association of the District of Columbia, have considered proposals to increase the size of the estate which might be processed as a small estate, thus saving formality, time and money. After prolonged consideration of the problem, they jointly agreed that $3,000 would be a reasonable amount to fix as the

size of an estate which could be handled as a small estate under the Small Estate Act. However, the Commissioner of the District of Columbia, after reviewing the matter, recommended to the Congress that the limit for small estates be increased from $500 to only $2,500, and that is the figure contained in Section 2 of the reported bill.

Such increase, the Committee is advised, is in conformity with the trend of other states; for example, the limit for small estates in some other jurisdictions is as follows: $5,000 in Illinois; $3,000 in Ohio; $3,000 in New York; $2,500 in Pennsylvania; $2,500 in Virginia; and $2,000 in Maryland.

FAMILY ALLOWANCE

Present law (D.C. Code, Title 19, sec. 101) fixes $500 as the amount of the family allowance to which a surviving spouse is entitled out of the personal estate of a decedent for the personal use of such spouse and any minor children. This same provision also provides $200 as the maximum amount to which the family allowance may be subjected for the payment of funeral expenses. Also, at present the family allowance is exempt from all other debts and obligations of the decedent.

Since the family allowance is interrelated with the Small Estates Act, both the D.C. Commissioner and the Bar Association recommend that the family allowance be increased to the same amount as the top limit for small estates, namely, from $500 to $2,500, and Section 5 of the bill so provides. In addition, it is recommended by them, and Section 5 of the bill so provides, that the liability of the exempted family allowance for funeral expenses be raised from $200 to $600.

The small estates and family allowance provisions were enacted into law by the Act approved June 24, 1949 (63 Stat. 269). The Committee agrees with the D.C. government that changes in economic conditions since that time have acted to make the present amounts of $500 unrealistic in terms of present-day values and requirements.

Further, it is the view of the Committee that the proposed increase in these jurisdictional amounts to $2,500 would materially aid in relieving the Probate Court as well as the Office of Register of Wills of the detailed procedures and time-consuming processes now required in administering estates having assets of more than $500. Thus, if the reported bill is enacted into law, a greater number of persons will be able to use the relatively inexpensive and expeditious method of winding up the affairs in a decedent's estate, and the increase to $2,500 should prove to be of significant benefit not only to the surviving spouse but to the dependent children whose needs are most immediate and pressing.

As indicated, the maximum amounts as fixed in this reported bill, namely, $2,500 for both small estates and family allowances, are in line with the maximum amounts in other jurisdictions.

TRANSFER OF MOTOR VEHICLES WITHOUT ADMINISTRATION

Section 6 of the reported bill also permits the transfer of title to not more than two automobiles registered in the name of a decedent, without the necessity of formal administration of an estate in cases where the automobiles are the only assets of the estate requiring administration. The bill provides, however, for the submission of satisfactory proof that all debts and taxes owed by the decedent have been paid or provided for prior to the transfer of title to such motor vehicles, and for the protection of the rights of a minor who may be entitled to the transfer of title.

Similar legislation is already in effect in the neighboring jurisdictions of Maryland and Virginia.

NO PREFERENCES IN APPOINTMENT OF ADMINISTRATOR

The law at the present time (D.C. Code Tit. 20, Sec. 334) prefers a male over a female and a femme sole over a married woman, within the same class, whenever the court is required to appoint an administrator of an estate of a person dying intestate. The reported bill provides for the elimination of this preference and creates equality among the sexes in this regard.

SALE OF DECEDENT'S REALTY FOR PAYMENT OF DEBTS

Existing law (D.C. Code, Tit. 20, Sec. 1106) authorized the Probate Court to require the sale of the realty of a decedent whenever necessary for the payment of funeral expenses, debts, costs of administration, taxes, and legacies. Prior to the approval of the sale of such realty, however, the auditor of the court must have ascertained and reported the debts and legacies, the deficiency of personal assets, and the real estate necessary to be sold for the payment of such charges and legacies.

Sections 8 and 9 of the reported bill eliminates the necessity of a reference to the auditor in those cases where it is satisfactorily shown to the court that there is a deficiency of personal estate to pay debts, expenses, taxes, and legacies. Thus, if a proper showing is made by the fiduciary of the need of such sale, and consents to the sale are obtained from all interested parties (and such interested parties must be *sui juris*), such sale may be had.

The proposed amendment to existing law is permissive, and should the court or the Register of Wills entertain any question as to the allegations of the parties involved, reference to the auditor would be required in accordance with the present law.

DISCRETIONARY APPOINTMENT OF GUARDIAN AD LITEM

Under existing law (D.C. Code, Tit. 18, Sec. 511) the appointment of a guardian ad litem (who must be an attorney) is mandatory when an infant or a person of unsound mind is an interested party to the proceedings. The function of the guardian ad litem, of course, is to protect the interest of his ward and to contest the will if he deems it necessary and proper.

Often the appointment of guardians ad litem are not only burdensome and time-consuming but expensive as well to the estates involved, and it is desirable that the appointment of a guardian be made only when the court finds that it is necessary to protect the interest of a ward, rather than in all cases.

Section 10 of the bill as reported amends existing laws to authorize the court, in its discretion, to appoint a guardian ad litem to represent an infant or a person of unsound mind when a will is offered for probate.

By thus permitting the exercise of the court's discretion, the appointment of a guardian may be avoided in cases where it is unnecessary. Examples would be where it is obvious that the interest of the ward is protected by admitting the will, such as (1) where a minor or incompetent is the sole beneficiary and hence takes the entire estate and whereas, by intestacy, he would take either less than the entire estate or nothing; or (2) where a minor or incompetent takes the same or a greater share by will than he would by intestacy. In such cases, the appointment of a guardian ad litem to advise the court that it would not benefit the ward to contest the will is unnecessary. The estate would thereby save the expense of a fee for the guardian ad litem and the time required by him to file his report to the court.

## CRIMINAL PENALTIES FOR ASSAULT ON POLICEMEN AND FIREMEN

The bill (H.R. 5638) to extend the penalty for assault on a police officer in the District of Columbia to assaults on firemen, to provide criminal penalties for interfering with firemen in the performance of their duties, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92-322), 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 H.R. 5638, which was requested by the District of Columbia government, is to provide the same criminal penalties for assaults on firemen in the District of Columbia, and for interfering with such firemen in the performance of their official duties, as are presently provided by law for assaults on and interference with police officers in the city.

HISTORY

The substance of this legislation was included in S. 3749, which passed the Senate on October 13, 1970, during the Second Session of the 91st Congress. Hearings were also held on the legislation on July 27, 1970, during the 91st Congress.

On May 10, 1971, H.R. 5638 passed the House and was referred to the District Committee on May 11, 1971. Hearings were held by the Subcommittee on Business, Commerce, and Judiciary of the District Committee on June 11, 1971, on the House bill. Testimony in favor of the measure was heard from a representative of the D.C. Government, the D.C. Fire Department and subsequent support was transmitted by the District of Columbia Fire Fighters Association. No testimony was received in opposition to the bill, nor has any expression of opposition been received by the Committee.

PROVISIONS OF THE BILL

The bill amends subsection (a) of section 432 of the Revised Statutes relating to the District of Columbia (D.C. Code, section 22-505), presently applying to assaults and other interference with police officers and employees of penal and correctional institutions, so as to extend the penalties provided in this subsection to cover such assaults on officers and members of the Fire Department of the District of Columbia and any other fire department operating in the District of Columbia. These penalties are a fine of not more than $5,000, imprisonment for not more than five years, or both.

NEED FOR LEGISLATION

The harassment of firefighters in the District of Columbia, and the deteriorating climate between the firefighter and the citizen in this city, has become a very real and menacing problem in recent years, and is steadily growing more serious.

In 1965, for example, there were 4,000 false alarms sounded in the District of Columbia; and in 1970, this number rose to 17,000. The Committee is advised that drastic measures are being considered to combat this situation, including the recommended discontinuance of fire alarm boxes in areas of the city which have proved to be particularly perilous to the firemen, and which boxes have been used in recent years almost exclusively for the sounding of false alarms.

At the present time, there is no law in the District of Columbia making it a crime to as-

sault or otherwise interfere with a fireman while he is performing his official duties. For this reason, any prosecution for such an offense would presently have to be made under the general statutes relating to assault, disorderly conduct, or rioting. The Committee is advised that these statutes not only do not provide sufficiently severe penalties for assaults on firemen engaged in their hazardous work, but also they are not broad enough to permit adequate prosecution for this most serious offense. For example, the existing statutes referred to would require a direct assault by a person upon a fireman, whereas the provisions of H.R. 5638 would facilitate prosecution also for resisting, opposing, impeding, and interfering with a fireman while in the performance of his duties.

Thus, the problem existing in this area at the present time is not the subject of a specific statute, a condition which the enactment of this proposed legislation would alleviate.

## MINOR'S SHARE IN PERSONAL ESTATE

The bill (H.R. 2594) to amend chapter 19 of title 20 of the District of Columbia Code to provide for distribution of a minor's share in a decedent's personal estate where the share does not exceed the value of $1,000 was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–324), explaining the purposes of the measure.

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

PURPOSE OF BILL

The purpose of this bill (H.R. 2594) is to facilitate the distribution of a minor's share in the personal property of an estate, whenever such share is of the value of $1,000 or less, and the minor is not otherwise under a legal disability and does not have a duly appointed and qualified guardian.

Distribution under the provisions of the bill, would be made directly to the minor if he is 18 years of age or older, or to his custodian if he is under 18 years of age.

HISTORY

H.R. 2594 passed the House of Representatives on May 10, 1971. Hearings were held by the Subcommittee on Business, Commerce, and Judiciary of the Senate District of Columbia Committee on June 11, 1971, on the legislation. A representative of the District of Columbia Government, the Register of Wills, and the Bar Association of the District of Columbia testified in support of the bill. No testimony was received in opposition to the bill, nor has any expression of opposition to the legislation been received by the Committee.

REASON FOR LEGISLATION

The reason for the proposed change in law made by H.R. 2594 is to avoid the necessity of creating a guardianship estate for the minor where his inheritance is not more than $1,000. Experience has shown that the creation of a guardianship for property of this modest value is impractical and expensive. The expenses incurred in opening the estate and administering the estate through the years of minority, together with the attendant formalities of a court-supervised estate, indicate a need for the expeditious and less expensive distribution and management of an interest having a value of $1,000 or less.

PRESENT LAW

Under existing law in the District of Columbia, if at the end of the administration of a decedent's estate any assets remain which are due and payable to a distributee who is under the age of 21, such assets must be paid or delivered to a duly appointed and qualified guardian. This means that the decedent's personal representative must go to court and secure the appointment of a guardian of the minor's estate. In the case of small estates, the cost involved may exceed any ultimate benefit that the minor receives.

Guardianships in the District of Columbia are initiated by the filing of a petition and order. Since most persons are unable to prepare the documents, it is necessary to engage the services of an attorney. Upon appointment, the guardian must qualify by posting a bond. Thereafter, a 60-day report is required, followed by annual accounts until the minor attains the age of 21 years. Any disbursement for the care of the minor can only be made upon order of the court, after a petition therefor has been filed by the guardian. Not only must the surety of the guardian be approved by the court, but the guardian must file an annual report with the court and retain all assets intact until the minor reaches his majority, at which time a final account is filed and distribution is made to the minor.

Under the present procedure in the District of Columbia, the Committee is advised, the costs incurred in the case of a $1,000 guardianship would be approximately as follows: original court costs, $10–$12; initial bond premium, $10; attorney's fees, $50; and expenses of travel to the court house. Any additional court costs and fees, if incurred, as for petitions for expenditures or other relief, of course, would be deductible. Finally, court costs for auditing the usual accounts would be between $5 and $10, plus the annual renewal bond premium of $10.

EFFECT OF THE BILL

H.R. 2594 is intended to eliminate the need for the protracted and expensive procedures referred to above in the cases of personal property in the amount of not more than $1,000, distributable to a minor. The Committee is well aware that the court costs and other fees referred to could easily render the guardianship estate less valuable at termination than at its inception, despite constant court supervision. Likewise, in many cases, the minor may be either socially, economically, or physically much more in need of his funds during his minority than when he reaches the age of 21.

## NATURAL GAS PIPELINE SAFETY

The bill (H.R. 2591) to amend section 8 of the act approved March 4, 1913 (37 Stat. 974), as amended, to standardize procedures for the testing of utility meters; to add a penalty provision in order to enable certification under section 5(a) of the Natural Gas Pipeline Safety Act of 1968, and to authorize cooperative action with State and Federal regulatory bodies on matters of joint interest was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–325), explaining the purposes of the measure.

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

PURPOSES OF THE BILL

The purposes of H.R. 2591, which amends section 8 of the Act approved March 4, 1913 (37 Stat. 974; D.C. Code, Title 43, section 603), as amended, are as follows:

(1) It standardizes procedures for the testing of utility meters.

(2) It adds a penalty provision in order to enable certification to meet the requirements of the Natural Gas Pipeline Safety Act of 1968.

(3) It authorizes joint cooperative action by the District of Columbia Public Service Commission with State and Federal regulatory bodies on matters of joint interest.

The bill is similar to draft legislation submitted to the Congress in the last session by the Public Service Commission of the District of Columbia, but which was not reached for action at that time.

HISTORY

On February 17, 1971, the Chairman of the Public Service Commission of the District of Columbia wrote a letter to the Senate transmitting and recommending the proposed legislation, S. 1370, the Senate companion bill to H.R. 2591, was introduced in the Senate on March 24, 1971, and hearings were held by the Subcommittee on Business, Commerce, and Judiciary of the District Committee on June 11, 1971, on the bill. Representatives of the Public Service Commission of the District of Columbia testified in support of the bill and the Washington Gas Light Company submitted supporting testimony. No testimony was offered in opposition thereto, nor has any communication been received by the Committee in opposition to the bill. H.R. 2591 subsequently passed the House on June 14, 1971, and was referred to the District Committee on June 15, 1971.

PROVISIONS OF THE BILL

*(1) Meters*

Section 1(a) of H.R. 2591 eliminates costly and unecessary procedures under present law, which now requires that every gas meter in the District of Columbia shall be inspected, proved and "sealed" by an inspector of the Public Service Commission before being placed into service.

The proposed amendment retains the present law requirement that a meter shall be inspected and proved for accuracy before being set or put into use and places those duties directly on the utility in question, but at the same time eliminates the requirements that these procedures be performed by an inspector and deletes the requirement of sealing meters.

Neither Maryland nor Virginia requires gas meter sealing, and the District of Columbia does not require inspection and sealing of electrical meters.

The Committee was advised that the seal required by present law serves no particular useful purpose; it is merely attached to gas meters which are used for measuring gas furnished within the District of Columbia; and the elimination of the requirement that an inspection be performed by a Commission inspector who must seal the meter after such inspection, would allow inspectors to better utilize their time in checking apparatus used by utilities in the physical testing of the gas meters and in spot-checking meters in accordance with accepted practice.

Elimination of this sealing requirement, the testimony brought out, would result in a substantial savings of approximately $20,000 per year to the utility in question.

The bill was recommended for approval by the Chairman and by a Member of the District of Columbia Public Service Commission, who testified that the elimination of the seal requirement on gas meters would result in a more efficient operation, a substantial savings in expenses, and the same protection would still be afforded the public under Commission regulations.

Meters would continue to be tested, as at present, by company personnel at the company's meter shop, and the company keeps permanent records of the test on each meter, repairs made thereto, and the results of the accuracy tests of all meters likewise will continue to be made and recorded on the Meter History Card kept on file with the company.

(2) *Penalty provisions*

A civil penalty for violation of safety regulations is required by the Natural Gas Pipeline Safety Act of 1968 (Public Law 90–481; 49 U.S.C. 1674(a)), in order that the District of Columbia may be certified. Certification cannot be granted by the Federal government unless civil and injunctive penalties are authorized by local law. The District of Columbia already has injunctive powers but no civil penalty provisions.

Hence, there is included in the bill section 1(b) which would impose a civil penalty on any person who violates any Commission regulation governing safety of pipeline facilities and the transportation of gas. The penalty would be up to $1,000 for each such violation for each day that such violation persists, with the maximum penalty not to exceed $200,000 for any related series of violations. The Commission would be authorized to compromise any such civil penalty.

Both Maryland and Virginia already have local enforcement of the Natural Gas Pipeline Safety Act of 1968, and the adoption of section 1(b) would create a uniform policy of local enforcement in the three jurisdictions served by the utility.

(3) *Joint action*

The gas and electric utilities regulated by the Public Service Commission of the District of Columbia cross State lines and serve other jurisdictions, such as Maryland and Virginia. However, the Public Service Commission has jurisdiction over these utilities only with respect to their operation within the District of Columbia. Testimony on behalf of the Public Service Commission pointed to the need, especially with respect to electric service within the Washington Metropolitan Area, for interconnection and interchange of energy with other sources of power, and hence the necessity for cooperative arrangements with the regulatory commission in adjacent and nearby States, in order to insure long-range planning and adequate service to residents of the District as well as to the other jurisdictions concerned.

Section 1(c) of the bill thus authorizes the Public Service Commission to act jointly or concurrently with any official Board or Commission of the United States or of any State in any proceeding relating to the regulation of any public service company. This language is substantially the same as that contained in Maryland law (Annotated Code of Maryland, 1957, Article 78, Section 59), which authorizes the Maryland Commission to participate in joint action with other regulatory agencies.

(4) *Effective date*

Section 2 of the bill makes it effective upon the date of enactment.

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## SANTA FE, GILA, CIBOLA, AND CARSON NATIONAL FORESTS, NEW MEXICO

The Senate proceeded to consider the bill (S. 447) to modify the boundaries of the Santa Fe, Gila, Cibola, and Carson National Forests in the State of New Mexico, and for other purposes which had been reported from the Committee on Interior and Insular Affairs with amendments.

On page 2, line 12, after the word "through", strike out "4, inclusive, west half northeast quarter, and east half northwest quarter" and insert "8, inclusive"; on page 3, line 10, after the word "southwest", strike out "quarter" and insert "quarter,"; on page 4, line 10, after "18", strike out "1964" and insert "1894"; on page 5, after line 23, insert:

Section 5, all.

After line 24, insert:

Section 8, all.

And, on page 9, after line 6, insert:

SEC. 5. Funds appropriated and available for acquisition of lands, waters, and interests therein, in the National Forest System pursuant to section 6 of the Act of September 3, 1964 (78 Stat. 903), shall be available for the acquisition of any lands, waters, and interests therein, within the area described in section 1 of this Act.

So as to make the bill read:

S. 447

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the exterior boundaries of the Santa Fe, Gila, Cibola, and Carson National Forests, in New Mexico, respectively, are modified to include the following described lands:

SANTA FE NATIONAL FOREST, NEW MEXICO PRINCIPAL MERIDIAN

1. The Sandon de San Diego Grant, situated in townships 16, 17, 18, and 19 north, ranges 1, 2, and 3 east, and known in the Office of the United States Surveyor General as Report numbered 36, confirmed by Congress of the United States of America on the 21st day of June 1861, and patented by the United States of America in accordance with said Act of Confirmation of the 21st day of October 1881.

2. Township 18 north, range 1 east.
Section 6, lots 1 through 8, inclusive.
Township 18 north, range 1 west.
Section 1, lots 1 through 4, inclusive, west half northeast quarter, and east half northwest quarter.

3. Township 17 north, range 2 east.
Section 25, lot 1.
Section 36, lots 1, 2, and 4.
Township 17 north, range 3 east.
Section 19, lots 1 and 2 in accordance with G.L.O. plot approved April 28, 1919.
Section 30, lots 1 through 4, inclusive.
Section 31, lots 1 through 3, inclusive and lots 5 to 9, inclusive.
Section 32, lots 1 through 4, inclusive.
Township 16 north, range 3 east.
Sections 5, 6, 7, and 8.

4. Township 15 north, range 12 east.
Section 29, lots 3, 4, and 5, southwest quarter southeast quarter.
Section 33, lots 1, 2, 3, and 4, southwest quarter southwest quarter.

5. Township 15 north, range 12 east.
Section 12 east half southwest quarter, southeast quarter.
Township 15 north, range 13 east.
Section 5, all.
Section 6, all.
Section 7, all.
Section 8, all.
Section 9, west half southwest quarter.
Section 16, west half west half.
Section 17, east half east half.
Section 20, east half northeast quarter.
Section 21, west half west half.
Section 28, west half.
Section 32, all.
Section 33, all.

6. A tract or parcel of land situated in the counties of Sandoval and Santa Fe in the State of New Mexico, known as the Caja del Rio Grant, as shown upon the plat of said grant on file in the United States Public Survey Office in Santa Fe, New Mexico, which plat was approved by the United States Surveyor General of New Mexico on November 23, 1894, and approved by the Court of Private Land Claims, through its Deputy Clerk Irene L. Chavez, on April 15, 1895, and representing a survey of said grant as made by Sherrard Coleman, United States Deputy Surveyor, May 8 to 18, 1894, under Contract Numbered 280, dated March 26, 1894, which tract of land is intended to include all that portion of the said grant extending westward to the Rio Grande, but exclusive of the conflict with the Cochiti Pueblo Grant and which was more particularly described in a deed from the General American Life Insurance Company to the United States of America dated November 13, 1935, and recorded in Sandoval County in book 4, DR, pages 503–515, on December 20, 1935.

7. A tract or parcel of land situated in the Counties of Sandoval and Santa Fe in the State of New Mexico, known as the La Majada Grant, as shown upon the plat of the grant on file in the United States Public Survey Office in Santa Fe, New Mexico, which plat was approved by the United States Surveyor General of New Mexico on January 23, 1896, and approved by the Court of Private Land Claims, through its Deputy Clerk Irene L. Chavez, on March 25, 1896; and representing a survey of said Grant as made by Albert F. Easley, United States Deputy Surveyor, June 28 through July 7, 1895, under Contract numbered 292, April 29, 1895, which tract of land is intended to include all of that portion of the said grant exclusive of the conflicts with the Cochiti Pueblo Grant, the Mesita de Juana Lopez Grant, and the Caja del Rio Grant, and a portion of the said La Majada Grant lying south of the Corps of Engineers' Road numbered 90, more particularly described as a line beginning at a point on the south boundary of the Cochiti Pueblo Grant which lies south 89 degrees 54 minutes west 18.35 chains from the half mile corner; thence south 44 degrees 15 minutes west 125.65 chains; thence south 51 degrees 50 minutes east 14.59 chains; thence south 43 degrees 50 minutes east 101.91 chains; thence south 49 degrees 35 minutes east 24.35 chains to a point on the south boundary of the La Majada Grant which lies north 73 degrees 48 minutes west 18.18 chains from the 4½-mile corner on the south boundary of the said grant.

8. Township 14 north range 13 east.
Section 35, north half.

9. Township 16 north range 14 east.
Section 5, all.
Section 8, all.
Section 27, lot 5, east half southeast quarter.
Section 34, east half east half.

GILA NATIONAL FOREST, NEW MEXICO PRINCIPAL MERIDIAN

A tract or parcel of land situated in Grant County, New Mexico, in township 17 south, ranges 12 and 13 west, as shown in the office of the United States Surveyor General on Supplemental Plat of Retracements and Resurveys, approved by the Surveyor General on July 7, 1908, excepting that portion of the said military reservation lying south of a line described as follows: Beginning at a point which is the intersection of the north right-of-way line for State Highway 180 with the east boundary of the reservation; thence southwesterly along the highway right-of-way to the south line of section 25; thence westerly along the section line between sections 25 and 36 to a point lying 735 feet west of the quarter corner between said sections; thence north 47 degrees 03 minutes east 585 feet; thence north 18 degrees 18 minutes west 2,380 feet; thence west 4,110.34 feet; thence south 01 degree 43 minutes east 2,661.24 feet to the quarter corner between sections 26 and 35; thence

westerly along the section line to the west boundary of the said military reservation.

CARSON NATIONAL FOREST, NEW MEXICO
PRINCIPAL MERIDIAN

1. Township 25 north, range 13 east.
Section 28, lots 4 and 12.

CIBOLA NATIONAL FOREST, NEW MEXICO
PRINCIPAL MERIDIAN

1. Township 10 north, range 11 west.
Sections 1 through 3, inclusive.
Sections 10 through 15, inclusive.
Township 11 north, range 11 west.
Sections 1 through 3, inclusive.
Sections 10 through 15, inclusive.
Sections 22 through 27, inclusive.
Sections 34 through 36, inclusive.
Township 12 north, range 11 west.
Sections 31 through 36, inclusive.

2. A tract of land in township 14 north range 16 west which was originally a portion of the Fort Wingate Military Reservation as established by Executive order of February 18, 1870, more particularly described as: Beginning at a point which is the quarter corner common to section 2 of township 14 north range 16 west and section 35, township 15 north range 16 west; thence southerly along the Cibola National Forest boundary approximately 3 miles to the quarter corner common to sections 14 and 23 in unsurveyed township 14 north range 16 west; thence westerly along the Cibola National Forest boundary approximately 4½ miles to a point on the east boundary of the Fort Wingate Ordnance Depot, designated 361+00 south and 20+00 east Wingate Ordnance Depot coordinating system; thence northerly along the Wingate Ordnance Depot east fence approximately 10,285 feet to a point designated 258+15 south and 20+00 east Wingate Depot coordinating system; thence in a random northeasterly direction along the Wingate Depot fence system approximately 8,500 feet to a brass cap set in concrete which is the northwest corner of the Navajo Indian School tract; thence due south 6,293.84 feet to a brass cap set in concrete which is the southwest corner of the school tract; thence due east 7,728.15 feet to a 3-inch pipe which is the southeast corner of the school tract; thence due north 6,716.00 feet to a brass cap set in concrete which is the northeast corner of the school tract; thence easterly approximately 1⅜ miles to the point of beginning, containing 6,810 acres, more or less.

SEC. 2. The exterior boundaries of the Carson National Forest in New Mexico are modified to exclude section 16, township 24, north, range 11 east, New Mexico principal meridian.

SEC. 3. The lands proposed to be added to the Gila National Forest, in section 1 above of this Act, will not be subject to appropriation under any of the public land laws including the mining laws unless specifically authorized by the Secretaries of Agriculture and Interior.

SEC. 4. Subject to valid claims so long as these are maintained, all lands owned by the United States in the area described in section 1 of this Act are hereby added to the national forests as listed in that said section, and shall be administered in accordance with the laws, rules, and regulations applicable thereto, except as provided in section 3 of this Act with respect to appropriation under the public land laws.

SEC. 5. Funds appropriated and available for acquisition of lands, waters, and interests therein, in the National Forest System pursuant to section 6 of the Act of September 3, 1964 (78 Stat. 903), shall be available for the acquisition of any lands, water, and interests therein, within the areas described in section 1 of this Act.

The amendments were agreed to.

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

The PRESIDENT pro tempore. The Chair recognizes the Senator from Oklahoma.

(The remarks of Mr. BELLMON when he introduced S. 2388 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

## QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

## COMMENDATION FOR THE PRESIDENT

Mr. MANSFIELD. Mr. President, on behalf of the distinguished minority leader and myself, I call up Calendar No. 329, Senate Concurrent Resolution 38, and ask for its immediate consideration.

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

The legislative clerk read as follows:

S. Con. Res. 38, a concurrent resolution commending the President for initiating a proposed "journey for peace".

The PRESIDENT pro tempore. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 38) was considered and agreed to as follows:

S. CON. RES. 38

*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*, That the Congress offer and does hereby offer its full support to the President in seeking the normalization of relations with the People's Republic of China.

Mr. SCOTT. Mr. President, will the distinguished majority leader yield?

Mr. MANSFIELD. I yield.

Mr. SCOTT. Mr. President, I am particularly grateful to the distinguished majority leader for having proposed this resolution, and I was very pleased to be the original cosponsor with him.

We believe the resolution expresses the full sense of the Senate, and I am very hopeful that it expresses the full sense of the other body. It is the hope of all mankind that peace may be brought nearer by this "journey for peace," and this bold, daring, and incisive decision of the President. We are all very glad the decision has been made. Our hopes go with him. We wish for him the very best of success. We are well aware of the risk involved and the difficulty. The passion and understanding of the American people are obvious in this situation where, after some 22 years, there has been little movement in this regard and now there is movement and from movement we hope will come action.

At noon today, I believe, the Secretary of State will have an announcement to make regarding the posture of the United States with relation to the position of the Republic of China and the United Nations, and the People's Republic of China and the United Nations. I make no further reference to that at this time. A statement will be made by the Secretary and it will be a definitive statement.

I thank the Senator for yielding.

Mr. MANSFIELD. Mr. President, I wish to join with the distinguished Senator in what he has just had to say. To my way of thinking the initiative of President Nixon in respect to his desire to attempt to establish a normalization of relations with the People's Republic of China is one of the outstanding initiatives undertaken by any President in this century. It may well mark the end of an old era based on hatred and distrust. It may possibly begin the opening of a new era based on a normalization of relations between the two countries.

As the President said in Iowa last week, you just cannot ignore a country of 800 million people, which has an increase in population of approximately 12 million or 15 million people a year, which is one of the largest countries in the world, and which is a great nation in its own way and certainly the dominant power on the continent of Asia.

As the Distinguished minority leader has pointed out, there will be many difficulties and many obstacles. Our hopes should not be raised too high, but at least the President has made a start, and the least any of us can do, Republicans and Democrats alike, is to give him our full support on this hazardous journey which he will undertake some time between now and the first of May 1972.

So we wish him well. With him go our best wishes for good luck.

Mr. SCOTT. Indeed, we do. I thank the distinguished majority leader.

Mr. President, I wish to announce that former Gov. Alf M. Landon announced today the backing of 11 leaders of business, labor, education and State government for his statement strongly supporting President Nixon's planned visit to Communist China.

The statement, written by Landon, 1936 Republican presidential nominee, specifically supports a resolution introduced in the U.S. Senate by Majority Leader MIKE MANSFIELD of Montana and concurred in by minority leader HUGH SCOTT of Pennsylvania.

In making the statement public, Landon said it had received the endorsement of Gov. John Love of Colorado; James A. McCain, President of Kansas State University; David Rockefeller, chairman of Chase Manhattan Corp., New York; Leonard Woodcock, president of the United Auto Workers; Oscar Stauffer, chairman of Stauffer Publications, Inc., Topeka.

John Cowles, Sr., chairman of the Minneapolis Star and Tribune and the Des Moines Register and Tribune; Norman Cousins, editor of the Saturday Review;

W. W. Baker, editor and executive vice president of the Kansas City Star; Preston Wolfe, president of the Columbus, Ohio Dispatch and Director of Banc Ohio Corp.; Tony Dechant, president of the National Farmers Union, and John Scott, national master of the Grange.

Landon, 83, has long advocated U.S. recognition of Communist China and its admission to the United Nations.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. SCOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MONTOYA, from the Committee on Public Works, without amendment:

S. 2393. A bill to amend the Disaster Relief Act of 1970 to make areas suffering from economic disasters eligible for emergency Federal aid, to improve the aid which could become available to economic disaster areas, and for other purposes (together with individual views) (Rept. No. 92-337).

## EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. HRUSKA, from the Committee on the Judiciary:

David Luke Norman, of the District of Columbia, to be an Assistant Attorney General.

## 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. BYRD of West Virginia:

S. 2387. A bill to exempt from taxation by the District of Columbia certain property in the District of Columbia which is owned by the Supreme Council (Mother Council of the World) of the Inspectors General Knights Commanders of the House of the Temple of Solomon of the Thirty-third Degree of the Ancient and Accepted Scottish Rite of Free Masonry of the Southern Jurisdiction of the United States of America. Referred to the Committee on the District of Columbia.

By Mr. BELLMON:

S. 2388. A bill to amend the Soil Conservation and Domestic Allotment Act, as amended, to authorize long-term cost-sharing agreements. Referred to the Committee on Agriculture and Forestry.

By Mr. SCOTT:

S. 2389. A bill for the relief of Jean-Patrice Courtauld. Referred to the Committee on the Judiciary.

By Mr. CHURCH (for himself and Mr. METCALF):

S. 2390. A bill to designate the Upper Selway Wilderness in the State of Idaho. Referred to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON:

S. 2391. A bill for the relief of Maria Alicia Tinoco Cahue. Referred to the Committee on the Judiciary.

By Mr. BROCK (for himself and Mr. BAKER):

S. 2392. A bill for the relief of Leticia Ramos. Referred to the Committee on the Judiciary.

By Mr. MONTOYA (for himself, Mr. BAKER, Mr. BAYH, Mr. BENTSEN, Mr. BROOKE, Mr. COOK, Mr. EAGLETON, Mr. GRAVEL, Mr. HART, Mr. JACKSON, Mr. JORDAN of North Carolina, Mr. KENNEDY, Mr. MAGNUSON, Mr. MUSKIE, Mr. PEARSON, Mr. RANDOLPH, Mr. RIBICOFF, Mr. TUNNEY, and Mr. WEICKER):

S. 2393. A bill to amend the Disaster Relief Act of 1970 to make areas suffering from economic disasters eligible for emergency Federal aid, to improve the aid which would become available to economic disaster areas, and for other purposes. Referred to the Committee on Public Works.

By Mr. BROCK (for himself, Mr. SCHWEIKER, Mr. HUMPHREY, and Mr. STEVENS):

S. 2394. A bill to establish an improved international economic policy structure in the Federal Government, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MILLER (for himself and Mr. TOWER):

S. 2395. A bill to amend the Act of February 28, 1947, as amended, to authorize the Secretary of Agriculture to cooperate with the Republic of Mexico in the control and/or eradication of any communicable disease of animals in order to protect the livestock and poultry industries of the United States; and

S. 2396. A bill to amend the Act of July 6, 1968, to authorize the Secretary of Agriculture to cooperate with Central American countries in the control and/or eradication of any communicable disease of animals in order to protect the livestock and poultry industries of the United States. Referred to the Committee on Agriculture and Forestry.

By Mr. COOK:

S. 2397. A bill to amend the Airport and Airway Development Act of 1970 in order to provide that the Federal share shall not exceed 70 per centum of allowable project costs except with respect to landing aids. Referred to the Committee on Commerce.

By Mr. BROOKE:

S. 2398. A bill to amend the Airport and Airway Development Act of 1970 in order to provide for more effective control of aircraft noise. Referred to the Committee on Commerce.

By Mr. WILLIAMS:

S. 2399. A bill to require under the supervision of the Federal Trade Commission a full and fair disclosure of the nature of interests in business franchises, to provide increased protection in the public interest for franchises in the sale of business franchises and to provide for fair competitive practices in the operation of franchise businesses and the termination of franchise agreements. Referred to the Committee on Commerce.

By Mr. MAGNUSON:

S. 2400. A bill for the relief of Arnold J. Follett and his wife, Elsie M. Follett. Referred to the Committee on the Judiciary.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BELLMON:

S. 2388. A bill to amend the Soil Conservaton and Domestic Allotment Act, as amended, to authorize long-term cost-sharing agreements. Referred to the Committee on Agriculture and Forestry.

Mr. BELLMON. Mr. President, this morning I introduce a bill to amend the Soil Conservation and Domestic Allotment Act, as amended, to provide cost-sharing agreements between the United States Department of Agriculture and cooperating farmers. The purpose of the act is to give more continuity to the present annual agreements that are worked out between cooperators and the agencies of the United States Department of Agriculture.

I should like to make it possible for farmers to take a long range approach to the problems they have concerning soil erosion and generally improving the rural environment. This act will not increase the cost of the programs, but will decrease their costs and make it possible for farmers to approach the problems in a more orderly and constructive manner.

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

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

S. 2388

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (b) of section 8 of the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 163, 16 U.S.C. 590a), is further amended by adding a new paragraph at the end thereof as follows:

"In carrying out the purposes of subsection (a) of section 7, the Secretary may enter into agreements with agricultural producers for periods not to exceed ten years, on such terms and conditions as the Secretary deems desirable, creating obligations in advance of appropriations not to exceed such amounts as may be specified in annual appropriation acts. Such agreements may be modified or terminated by mutual consent if the Secretary determines such action would be in the public interest. The Secretary also may terminate agreements if he determines such action to be in the national interest and provides public notice in ample time to give producers a reasonable opportunity to make arrangements for appropriate changes in the use of their land."

By Mr. CHURCH (for himself and Mr. METCALF):

S. 2390. A bill to designate the Upper Selway Wilderness in the State of Idaho. Referred to the Committee on Interior and Insular Affairs.

THE MAGRUDER CORRIDOR

Mr. CHURCH. Mr. President, on behalf of myself and my colleague from Montana (Mr. METCALF), I introduce for appropriate reference, a bill to designate the Upper Selway Wilderness in north-central Idaho. This bill is designed to protect a key wilderness area in the United States, the area known as the Magruder Corridor.

This remote and beautiful mountain area is the upper watershed of the Selway River in Idaho, one of the rivers designated by the National Wild and Scenic Rivers Act for immediate, or instant, inclusion in the wild and scenic river system. This corridor, still in wilderness condition, separates two major established wilderness areas, the Selway Bitterroot Wilderness containing most of the Selway River and the Salmon River Breaks Primitive Area.

In 1963, then Secretary of Agriculture Orville Freeman by administrative decree designated the 1,243,659-acre Selway Bitterroot Area as part of the wilderness system. He excluded from this designa-

tion, however, 240,000 acres of the primitive area, known as the Magruder Corridor, which contains the Upper Selway watershed, Upper Bargamin Creek and other tracts of land shown on the Forest Service map of the area as "Area E." The Forest Service subsequently revealed plans to build roads and permit logging in the Magruder Corridor. The justification for the exclusion of the corridor from the Selway-Bitterroot Wilderness was based on the contention that a road running from Darby, Mont., through Magruder, Idaho, to Elk City, Idaho, had altered the wilderness character of this area.

Many individuals and groups, including local, regional, and national conservation organizations opposed Secretary Freeman's decision to exclude the Magruder Corridor from the Selway Bitterroot Wilderness. They organized and submitted petitions urging the inclusion of the Magruder Corridor in the Wilderness area. They asked that the road from Darby to Elk City be treated as the boundary between the Selway Bitterroot Wilderness Area and a new Upper Selway Wilderness Area—comprised of what is now the Magruder Corridor—to the south of the road. They further asked that any development for visitors and hunters be limited to about 2,000 to 3,000 acres along the Elk City-Darby Road.

Aside from the wilderness values inherent in the Magruder Corridor by itself, there are two main reasons for including this tract of land in the Wilderness System. The corridor is the heart of a major block of wilderness area and if excluded from the wilderness system would detract from the surrounding wilderness. The corridor also contains the upper watershed of the Selway River, one of the last wild, unspoiled watersheds in the Columbia River Basin. Logging and road building would lead to the pollution of the Upper Selway with silt endangering the spawning beds of the salmon in the Selway, an important fishery resource, and change the character of the area.

The Magruder Corridor is the heart of a large block of wilderness area, possibly the largest single block of national forest land in the United States, excluding Alaska. The corridor forms the southern boundary of the Selway Bitterroot Wilderness. Flowing through this 1,243,659 acre wilderness area is the Selway River. This river casts a spell upon those who visit it, being one of the last wild, unspoiled rivers in the Columbia River Basin. It sings its way through this vast wilderness to its junction with the Lochsa, also a river in the wild river system. Evergreen forests gird the shorelines of the Selway, sheltering large herds of deer and elk. At its headwaters. the Selway flows out of the Selway Bitterroot Wilderness and through the Magruder Corridor, excluded from wilderness designation at present.

The Magruder Corridor also forms the northern boundary of the 200,000 acre Salmon River Breaks Primitive Area which in turn borders on the north edge of the 1.2 million acre Idaho Primitive Area.

The eastern border of these areas is marked by the peaks of the Bitterroot Range, forming here the Continental Divide. On the northern edge of the Selway Bitterroot Wilderness, the Lewis and Clark expedition crossed the divide at Lolo Pass in the year 1805. Most of these wilderness areas have not changed since Lewis and Clark passed through almost two centuries ago. In this wilderness, we can discover anew the natural heritage that we first explored under President Jefferson. In this wilderness, we can see the West as Lewis and Clark saw it on their daring expedition.

The Magruder Corridor, originally the trail of the Nez Perce Indians on their treks from western Idaho over the Rockies to the buffalo country in Montana, is the core of this Idaho wilderness.

If the Magruder Corridor is not designated as wilderness, the recently prepared Forest Service management plan indicates that logging and related road building will be permitted in the area. Although the Forest Service recommends that logging be delayed for 5 years in order to determine its possible effects on the Selway fishery, the danger of logging to the Selway seems clear to me. The likelihood of siltation and other forms of pollution pose a real threat to the river. As the Forest Service management plan states it:

> Considering the apparently small margin of safety and the economic and intrinsic value of the anadromous fisheries, the development program for the Corridor should be delayed until more data are available.

The Selway River is an important part of the Nation's fisheries. The Idaho Fish and Game Department, in cooperation with the Federal Government, has been conducting a program of restoring runs of spring and summer chinook salmon in the Selway and more than a million dollars have been invested in this successful project.

I, for one, do not want to gamble on the future of the fishery in the Selway River. The river is now included in the wild river system and under the terms of the act, Congress shall take any necessary steps to prevent the pollution of wild rivers. If there is a "narrow margin of safety" as indicated in the management plan, we should act now to insure the purity and preserve the fish runs of the Selway River by placing its watershed in the national wilderness preservation system.

In reviewing the potential for the Magruder Corridor, I found that the management plan prepared by the Forest Service shows that the long term recreational use and the wild and scenic values of the Magruder Corridor, if designated as the Upper Selway wilderness, far outweigh the negligible returns that might be obtained from logging in the area. The Forest Service estimates that the annual allowable cut of timber would only be 6.4 million board feet per year, most if not all to be milled in Montana. I understand that this amounts to a 4-month supply of logs for one small western Montana lumber mill. So modest a cut cannot possibly justify altering the character of the Magruder Corridor, endangering the Upper Selway and its fishery. In my judgment a comparision of the values argues conclusively for the designation of the Magruder Corridor as the Upper Selway wilderness, making it a permanent part of our wilderness system.

Mr. METCALF. Mr. President, I am pleased to join the distinguished senior Senator from Idaho (Mr. CHURCH) in sponsorship of legislation to place the Upper Selway watershed in the national wilderness system.

This area is referred to as the Magruder Corridor. It is located in Idaho. There are, however, principal points of access to the area from Montana.

Citizens of Montana and Idaho have worked tirelessly for this important addition to the wilderness system. They have challenged opponents, met arguments, and done their homework.

As Senator CHURCH has pointed out, the most recent Forest Service studies show that logging this area would not produce much in the way of revenue or jobs. It could, however, cause serious ecological damage, and diminish the value of a great recreation resource.

I join Senator CHURCH in urging prompt consideration of this legislation which will provide a significant addition to our wilderness system

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By Mr. MONTOYA (for himself, Mr. BAKER, Mr. BAYH, Mr. BENTSEN, Mr. BROOKE, Mr. COOK, Mr. EAGLETON, Mr. GRAVEL, Mr. HART, Mr. JACKSON, Mr. JORDAN of North Carolina, Mr. KENNEDY, Mr. MAGNUSON, Mr. MUSKIE, Mr. PEARSON, Mr. RANDOLPH, Mr. RIBICOFF, Mr. TUNNEY, and Mr. WEICKER):

S. 2393. A bill to amend the Disaster Relief Act of 1970 to make areas suffering from economic disasters eligible for emergency Federal aid, to improve the aid which would become available to economic disaster areas, and for other purposes. Referred to the Committee on Public Works.

ECONOMIC DISASTER AREA RELIEF ACT OF 1971

Mr. MONTOYA. Mr. President, today I report for the Committee on Public Works a bill intended to alleviate one of the most persistent and serious problems facing the people of our country.

This legislation will establish the legal authority for aiding the far too many people who are suffering from the continuing unemployment that is undermining our once strong and healthy economy.

I am pleased to be joined in sponsorship of this bill by Senator HOWARD BAKER, the ranking minority member of the Subcommittee on Economic Development, which I chair, and by other Members of the Senate.

The bill we report today would amend the Disaster Relief Act of 1970 by expanding the authority of the Federal Government so that it can deal expeditiously and effectively with economic as well as natural disasters.

This bill would provide stopgap measures to directly assist people in those areas of the United States where unemployment has reached high levels. Following the pattern established for assistance resulting from natural disasters, it would authorize such necessities and food and medical care, rent and mortage

payment assistance, and expanded unemployment compensation. Communities would be provided with funds to continue essential public services in the face of reduced revenues.

The Committee on Public Works intends later this year to begin development of comprehensive new legislation relating to economic improvement in all areas of the country.

There are, however, situations so serious that they require approaches outside the normal scope of long-term economic development which is aimed at avoiding or at the very least, minimizing the impact of economic disasters.

The situations—which exist today in communities like Los Angeles, Seattle, Detroit, Wichita, and others—demand immediate attention. The legislation which I report today is designed to provide that immediate attention to the immediate and pressing needs of individuals and families who are without jobs.

Mr. MONTOYA subsequently said: Mr. President, I ask unanimous consent that the bill which I previously introduced today dealing with the Disaster Relief Act of 1970 and the amendments thereto be referred to the Committee on Public Works.

The PRESIDING OFFICER (Mr. BUCKLEY). Without objection, it is so ordered.

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By Mr. BROCK (for himself, Mr. SCHWEIKER, Mr. HUMPHREY, and Mr. STEVENS):

S. 2394. A bill to establish an improved international economic policy structure in the Federal Government, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

INTERNATIONAL ECONOMIC POLICY ACT OF 1971

Mr. BROCK. Mr. President, last Wednesday I addressed this Chamber at length concerning the international financial position of the United States. I also suggested some possible solutions.

Regardless of the specific remedies used to solve our payments problem, our Government will need organizational reform and expert help in establishing and coordinating international economic policy. Through the systematic development of long-term U.S. Government policies, the strength of the dollar can be maintained and expert evaluation of various monetary mechanisms can be completed.

To maintain the strength of the dollar, to improve our economic policy structure and to provide for a coordinated Federal policy on matters affecting the U.S. balance of payments, I introduce today, on behalf of myself and the Senator from Alaska (Mr. STEVENS) and the Senator from Pennsylvania (Mr. SCHWEIKER), the International Economic Policy Act of 1971.

Title I of this act gives the short title, International Economic Policy Act of 1971 and a statement of purpose. Among these purposes are to assist in the better coordination and long-range development of all Government actions and policies affecting the balance of payments, trade, investment, and aid; and to provide the President with long-term analyses and expert advice on areas relating to the balance of payments.

Title II establishes by statute what the President has already done by administrative action. It establishes the Council on International Economic Policy in the Executive Office of the President. The Council's function is to be the same as contained in the President's announcement of January 19, 1971; namely, to aid in the coordination of all federally adopted policies dealing with the international economic policy of the United States.

Title III establishes the Foreign Economic Policy Board in the Executive Office of the President. This Board is to be made up of five individuals of professional excellence appointed for 7-year terms with no more than three from the same political party. This would assure the vital elements of continuity and bipartisanship. These experts will be under the direction of the President, with each President being able to choose his own chairman from among the members of the Board. The Board shall analyze all matters relating to the international economic policies of the United States. It will assist and advise the President on these matters and shall help the President in the preparation of the International Economic Report called for in title IV of this bill. In essence, this Board shall be the President's "Council of Economic Advisor's" in the international field generally, and specifically where the U.S. balance of payments is concerned.

To assure maximum coordination with the Council of Economic Advisers and their objectives as outlined in the Employment Act of 1946, the Board will be required to maintain close contact with the Council of Economic Advisers. In addition, the Board is required to maintain close contact with the Federal Reserve Board and the National Security Council. The chairman, and one other member of the Board designated by the President, shall be ex officio members of the Council on International Economic Policy, thus assuring maximum cooperation between the Board and the coordinating Council.

A certain degree of presidential control is maintained over the Board by means of the Chairman who is appointed by the President. Yet, it is hoped that professional, academic, and business experience, of a bipartisan nature, will exist on the Board by virtue of its 7-year tenure. Lest this feature detract from this legislation, calculations show that all Presidents to the year 2036 would appoint at least three members of the Board except the Presidents taking office in 1977, 2005, and 2033, who would appoint only two new members during their term.

The purpose of this bill is to move the complicated international economic policy structure of the U.S. Government partly out of the political arena. We need an expert, analytical discussion of the problems facing the United States. Too often, one agency indicates one policy while another agency goes off on another track. Internationally, we must have one track on which all the "cars" of Government ride. The Board is to help the President lay the foundation—the track—while the Council will help the President keep the "cars" on the track as an intergovernmental coordinating mechanism.

The Board is required to file an annual report with the President by January 15 of each year.

Title IV requires the President to transmit to Congress, no later than March 1 of each year, an International Economic Report. This report is structured along the lines of the report required in H.R. 8180 and is intended to act as a guide for the Federal Government and the Congress in establishing a measure of the demands on U.S. foreign exchange. It seeks honesty in the presentation of U.S. trade figures by requiring statistics both including and excluding Government-financed exports. In addition, it requires a review of foreign economic developments and actions by trading blocs and nations which might affect U.S. international receipts. The President retains the authority to classify, for national security reasons, certain information requested provided that he notifies the Congress of his reasons for doing so.

Finally, the President is given the option to use this report as a vehicle for his report to the Congress on U.S. foreign policy.

The International Economic Report is to be referred to the Joint Economic Committee for review. This committee is required to report to the Congress on its findings—a report similar to their review of the President's Economic Report—by May 1 of each year. In addition, the International Economic Report is to be referred to the banking committees of both Houses for further study of any recommendations affecting the value and stability of the dollar including any monetary mechanisms that may be developed.

Mr. President, after World War II we applied the lessons of the past to the challenges of the future by unifying—more or less—our Armed Forces and creating a National Security Council. The bill I am introducing is intended to apply the implications of the future to the organizations of today. Those implications add up to the preponderance of economic issues on the scales of national survival—and indeed, of the survival for the free world. We can do no less than to adapt our governmental structure to reflect this reality.

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

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

S. 2394

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

TITLE I—SHORT TITLE; STATEMENT OF PURPOSE

SHORT TITLE

SEC. 101. This Act may be cited as the "International Economic Policy Act of 1971."

STATEMENT OF PURPOSE

SEC. 102. (a) The purpose of this Act is to strengthen the machinery of the Federal Government in order to—

(1) assist in better coordination and long-range development of all Government actions

and policies affecting United States international trade, investment, and aid;

(2) assist in the establishment of priorities in the expenditure of United States foreign exchange or dollars abroad for all purposes; and

(3) provide for the orderly, long-term analyses and development, on the basis of independent, expert advice, of all Federal policies related to the international economic position of the United States, including, but not limited to, policies relating to trade, foreign aid, United States direct investment abroad, the balance of payments, monetary policy, foreign tax treaties, international tourism and aviation, and international agreement affecting any such policy.

(b) The objectives of such policies should include, but not be limited to—

(1) strengthening the competitive position of the United States in world trade;

(2) balancing the international payment accounts;

(3) increasing exports of goods and services;

(4) protecting and improving the earnings of foreign investments, and

(5) achieving the free movement of people, goods, capital, information and technology on a reciprocal and worldwide basis.

## TITLE II—COUNCIL ON INTERNATIONAL ECONOMIC POLICY

### ESTABLISHMENT OF COUNCIL

SEC. 201. There is established in the Executive Office of the President a Council on International Economic Policy (hereinafter referred to as the "Council") whose function shall be to assure coordination in the development and executive of all Presidentially-approved Federal policies affecting the international economic relations of the United States. The Council shall operate at the pleasure of the President and under such rules as he shall prescribe and shall be composed of such members as the President deems necessary, except that the Chairman and at least one other member designated by the President of the Foreign Economic Policy Board established under title III of this Act shall be an ex officio member of the Council.

### EXECUTIVE DIRECTOR AND STAFF

SEC. 202. (a) The Council shall have a staff to be headed by an Executive Director who shall be appointed by the President. His duties shall be prescribed by the President.

(b) The Executive Director, subject to the direction of the Council, is hereby authorized to appoint and fix the compensation of such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

(c) Section 5314 of title 5, United States Code (relating to level III of the Executive Schedule), is amended by adding at the end thereof the following new item:

"(58) Executive Director, Council on International Economic Policy."

### APPROPRIATION OF FUNDS

SEC. 203. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

## TITLE III—FOREIGN ECONOMIC POLICY BOARD

### ESTABLISHMENT OF BOARD

SEC. 301. There is established in the Executive Office of the President a Foreign Economic Policy Board (hereinafter referred to as the "Board"). The Board shall be composed of five members who shall be appointed by the President, by and with the advice and consent of the Senate, each of whom shall be a person who, as a result of his training, experience and attainments, is exceptionally qualified to analyze and interpret international economic developments, to appraise programs and activities of the Federal Government related to foreign economic policy, and to formulate and recommend foreign economic policy to strengthen the international financial and economic position of the United States with respect to those purposes enumerated in section 102(a) of this Act not more than three members shall be from the same political party. The President shall, from time to time, designate one of the members to serve as Chairman.

### TERMS OF MEMBERS AND SALARY LEVELS

SEC. 302. (a) The members of the Board first appointed under section 301 shall be appointed for terms as follows:

(1) one for a term of two years;
(2) one for a term of three years;
(3) one for a term of four years;
(4) one for a term of six years; and
(5) one for a term of seven years.

Each member thereafter appointed shall be appointed for a term of seven years commencing on the day after the expiration of the preceding term, except that a member appointed to an unexpired term shall be appointed for the remainder of that term.

(b) The Board shall meet at the call and under the direction of the Chairman.

(c) A quorum of the Board shall consist of three members. A vacancy shall not affect the power of the Board and shall be filled in the manner provided by section 301(d)(1). Section 5312 of title 5, United States Code (relating to level I of the Executive Schedule), is amended by adding at the end thereof the following new item:

"(13) Chairman, Foreign Economic Policy Board."

(2) Section 5313 of such title (relating to level II of such schedule) is amended by adding at the end thereof the following new item:

"(21) Members, Foreign Economic Policy Board."

### EMPLOYMENT OF PERSONNEL

SEC. 303. The Board is authorized—

(1) to appoint and fix the compensation of such specialists and other experts as may be necessary to assist the Board in carrying out its functions under this title, 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 subchapters III and VI of chapter 53 of such title relating to classification and General Schedule pay rates, except that no rate of compensation may exceed the rate of basic pay received by an individual paid under level IV of the Executive Schedule contained in section 5315 of such title; and

(2) to appoint and fix the compensation of such other personnel as may be necessary to assist the Board in carrying out its functions under this title.

### FUNCTIONS

SEC. 304. It shall be the function of the Board, under the direction of the President—

(1) to assist and advise the President in the preparation of the International Economic Report provided for under title IV of this Act;

(2) to gather timely and authoritative information concerning international economic developments and international economic trends, both current and prospective; to analyze and interpret such information for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the United States foreign trade, travel, and investments, and other policies enumerated in section 102(a) of this Act; and to compile and submit to the President studies relating to such developments and trends;

(3) to establish priorities on the use of United States foreign exchange earnings consistent with a policy to maintain the strength of the dollar by increasing such earnings through recommended actions;

(4) to appraise the various programs and activities of the Federal Government for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing, to the achievement of the objectives set forth in section 102(b) of this Act, and to make recommendations to the President with respect thereto;

(5) to develop and recommend to the President international economic policies to foster and promote United States international trade and investment; to further the purposes of the International Travel Act of 1961; to maintain the strength of the dollar through positive actions which will increase the United States foreign exchange earnings; and to further the objectives set forth in section 102(b) of this Act; and

(6) to make and furnish such studies, reports and recommendations with respect to matters of Federal international economic policy and legislation as the President may request.

### ANNUAL REPORT

SEC. 305. The Board shall make an annual report to the President by January 15th of each year concerning its activities during the preceding year.

### CONSULTATION WITH OTHER GROUPS AND AGENCIES: UTILIZATION OF GOVERNMENT SERVICES PRIVATE RESEARCH AGENCIES, ACCESS TO INFORMATION

SEC. 306. (a) The Board may establish such advisory committees and may consult with such representatives of industry, agriculture, labor, consumers, State and local governments, and other groups, as it deems advisable.

(b) The Board shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies as well as of private research agencies, in order that duplication of effort and expense may be avoided.

(c) The Board shall have access to all information of the Federal agencies related to United States foreign trade and investment, and national employment related thereto, and to all information relating to the expenditure of foreign exchange or expenditure abroad of dollars by the Federal Government.

(d) The Board shall consult with all agencies of the Federal Government and any other individual or organization it deems necessary in the consideration of its recommendations to the President.

(e) The Board shall consult regularly with the National Security Council, the Council of Economic Advisors, the Federal Reserve Board, and the Council on International Economic Policy.

(f) The Board shall have access to all information of the Federal Government relating to the international monetary position of the United States including actions of the exchange stabilization fund and any information relating to any obligations of the Federal Government which involves guarantees or repayments in gold, foreign exchange, or the expenditure of dollars abroad.

### SAFEGUARDING OFFICIAL INFORMATION

SEC. 307. The Board shall take all appropriate steps to safeguard confidential information as outlined in Executive Order 10501 (Nov. 5, 1953, 18 F.R. 7049), as amended, or as may from time to time be provided by the President.

### AUTHORIZATION OF FUNDS

SEC. 308. To enable the Board to exercise its powers and functions under this title, there are hereby authorized to be appropriated such sums as may be necessary.

## TITLE IV—INTERNATIONAL ECONOMIC REPORT

### REPORT BY THE PRESIDENT

SEC. 401. The President shall transmit to Congress not later than March 1 of each year a report on the international economic position of the United States during the preced-

ing year (hereafter referred to as the "International Economic Report").

The Report shall set forth the following—

(1) a comprehensive foreign exchange budget for the Federal Government which shall include all foreign exchange received and expended during the previous year and all expected foreign exchange receipts and expenditures in the coming year divided so as to delineate separately all commercial transactions (as opposed to government transactions) and all special financing transactions engaged in by the Federal Government which have the effect of reducing or increasing any measure of the balance of payments surplus or deficit. Such foreign exchange budget shall in no way limit the Federal Government in its expenditures abroad but shall be used for information purposes in establishing United States priorities in the use of foreign exchange and dollars abroad. In addition, the foreign exchange budget shall include, but not be limited to, a separate breakdown of the receipts and expenditures involved in United States aid to foreign countries and organizations (bilateral and multilateral), the actual dollar outflows and all income of United States direct private investment abroad, the receipts and expenditures on the United States international trade account (both excluding and including government-financed exports), the receipts and expenditures on the tourism account, and the receipts and expenditures on the service and capital accounts, so as to indicate the United States balance of payments position;

(2) a review of the priorities involved in the projected uses of United States foreign exchange and dollars abroad in all sectors, both government and private;

(3) a review of significant matters affecting the balance of payments and the international trade and investment position of the United States including, but not limited to, matters discussed and actions taken by international institutions and assemblies such as the United Nations, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the Organization for Economic Cooperation and Development, and under the General Agreements on Tariffs and Trade;

(4) a review of foreign economic developments and actions by trading blocs and individual nations which appreciably affect the United States balance of payments, international trade and investment;

(5) a review of international monetary matters affecting the United States balance of payments and the strength of the dollar;

(6) a review of all significant matters affecting, or likely to affect, the United States balance of payments or the strength of the United States dollar abroad, including, but not limited to, the balance of payments effect of United States bilateral and multilateral aid (including any loss or gain in United States exports resulting from the use of any United States aid monies for procurement outside of the United States), international commodity agreements, and restrictions of trading blocs or nations on United States trade (including United States agricultural exports) and investments;

(7) a review of the net expenditure of foreign exchange or dollars abroad (exclusive of any special financial transactions) for the cost of United States peaceful defense forces and establishments and a review of any burden sharing provided by host nations to the foreign exchange costs involved.

(8) recommendations as to the positive actions, if any, that need to be taken to increase the foreign exchange earnings or foreign dollar earnings of the United States; and

(9) at the discretion of the President, a statement on the foreign policy of the United States. For national security reasons, the President may classify any information requested in paragraphs (2) through (8), but shall notify the Congress of his reasons for doing so.

SUPPLEMENTAL REPORTS

SEC. 402. The President may transmit from time to time to the Congress supplementary reports to the International Economic Report, each of which shall include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the purposes and objectives declared in section 102 of this Act.

REFERRAL TO COMMITTEES

SEC. 403. The International Economic Report, and all supplementary reports transmitted under section 402 of this Act, shall, when transmitted to Congress, be referred to the Joint Economic Committee, the Banking and Currency Committee of the House of Representatives, and the Banking, Housing and Urban Affairs Committee of the Senate. Such committees shall make a continuing study of matters relating to the International Economic Report and such supplementary reports.

REPORT BY JOINT ECONOMIC COMMITTEE

SEC. 404. As a guide to the committees of the Congress considering legislation relating to the International Economic Report, the Joint Economic Committee shall, not later than May 1 of each year (beginning with the year 1972), file a report with the Senate and House of Representatives containing its findings and recommendations with respect to each of the main recommendations made by the President in the International Economic Report, and from time to time make such other reports and recommendations to the Senate and House of Representatives as it deems advisable.

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By Mr. MILLER (for himself and Mr. TOWER):

S. 2395. A bill to amend the Act of February 28, 1947, as amended, to authorize the Secretary of Agriculture to cooperate with the Republic of Mexico in the control and/or eradication of any communicable disease of animals in order to protect the livestock and poultry industries of the United States; and

S. 2396. A bill to amend the Act of July 6, 1968, to authorize the Secretary of Agriculture to cooperate with Central American countries in the control and/or eradication of any communicable disease of animals in order to protect the livestock and poultry industries of the United States. Referred to the Committee on Agriculture and Forestry.

Mr. MILLER. Mr. President, I introduce for myself and the senior Senator from Texas (Mr. TOWER) two bills to amend various provisions of existing law in order to authorize the Secretary of Agriculture to cooperate with Mexico and the Central American countries in the control and eradication of any communicable disease of animals in order to protect livestock and poultry industries in the United States.

All of us are very much aware of the outbreak of Venezuelan equine encephalomyelitis. Since the first case of this disease was confirmed on July 9, over 1,300 horses have died and over 1,800 have been reported sick with the suspected VEE since the disease moved across the border from Mexico. Presently horses in 11 States from California to Florida are being vaccinated to establish a coast-to-coast barrier against the northward spread of this disease. Also, extensive mosquito spraying is being carried out to try to contain the spread of the disease.

Another disturbing piece of information to the livestock producers is that African swine fever has recently been found to be present in Cuba. This is a highly contagious animal disease for which there is no known vaccine or cure.

Under present law the Secretary of Agriculture has the authority to cooperate with Mexico and the Central American countries in carrying out measures to eradicate or control certain animal diseases, but VEE and African swine fever are not included. It seems to me that the Department should have the authority to do all it can to prevent the spread of these diseases to the United States once they are detected in Mexico or Central America. The two bills I am introducing today would give the Department that authority. No effort should be spared to prevent the spread of the very dangerous African swine fever and hopefully cooperative programs with Mexico and Central America can accomplish this objective.

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By Mr. COOK:

S. 2397. A bill to amend the Airport and Airway Development Act of 1970 in order to provide that the Federal share shall not exceed 70 percent of allowable project costs except with respect to landing aids. Referred to the Committee on Commerce.

Mr. COOK. Mr. President, the 91st Congress enacted H.R. 14465, the Airport and Airway Development Act of 1970 (Public Law 91–258). In the declaration of policy, the Congress stated—

That the Nation's airport and airways system is inadequate to meet the current and pojected growth in aviation.

The Congress further declared—

That substantial expansion and improvement of the airport and airway system is required to meet the demands of interstate commerce, the postal service, and national defense.

These statements are as true today as they were a year ago. Under current law they will be just as valid, 5, 10 or even 20 years from now. The reason is simple—the States and municipalities cannot match the Federal funds available under this act on a 50–50 formula.

However, the act itself does provide exceptions to the 50–50 Federal-State matching formula. Projects in the Virgin Islands and in those States where the Federal Government owns at least 5 percent of the land may qualify for up to 75 percent of Federal funds. All States—and rightly so, I believe—are eligible to receive up to 82 percent of allowable costs for landing aids, such as land acquisition for the installation of approach light systems, centerline runway lighting and high density lighting. These Federal benefits should be extended.

Mr. President, today I am introducing a bill which would allow all States to receive up to 75 percent of Federal matching funds on approved airport development projects. This puts the primary burden of financial responsibility where it should be—on the Federal Government.

Aviation is not a State or local problem; it is truly a Federal one. Through the instrumentalities of the Federal Aviation Administration and the Civil Aeronautics Board, Air Transport is one of the most federally regulated industries in the country.

Also, the present matching fund formula makes even less sense when viewed in terms of other Federal programs. The Interstate Highway System is constructed with 90 percent of Federal funds. Only last year the Congress increased the Federal share of noninterstate Federal highways to 70 percent. Our Nation's airways deserve no less.

Another factor in favor of my bill is the Federal Government's usurpation of air-related revenue sources. Under the 1970 act, the Federal government levies a tax on gasoline and aviation fuel. A domestic and international passenger tax, an air freight and cargo tax, and a year fee on certain civil aircraft. This further contributes to the unfavorable tax situation that local authorities are increasingly confronted with.

When the Airport and Airway Development Act was under consideration by the Senate, I proposed an amendment which would have increased the Federal share to 75 percent. At the request of the distinguished manager of the bill, Senator CANNON, I withdrew the proposal. At that time he felt that additional time would be required in order to give the States an opportunity to submit detailed views of their needs.

I ask unanimous consent that my remarks of February 26, 1970 and the colloquy with Senator CANNON be printed in the RECORD at the conclusion of my statement.

The PRESIDING OFFICER (Mr. BUCKLEY). Without objection, it is so ordered.

(See exhibit 1.)

Mr. COOK. Mr. President, under section 51 of the 1970 Act, the FAA is authorized to issue operating certificates to airports serving air carriers and to establish minimum safety standards for the operation of these airports. Pursuant to this authority the FAA recently issued a notice of proposed rulemaking which dramatically illustrates not only the need for this bill, but possibly further corrective legislation as well.

Mr. B. E. Ashby, airport manager at Barkley Field in Paducah, Ky., has responded to the proposed rules in a very direct, dollars and cents manner. Without going into the merits of the rules, I would like to summarize the improvements necessary, the costs thereof, and the financial condition of the Paducah Airport Corp.

Improvements necessary under the rule are: Pavement overlay; emergency lighting; firefighting service equipment; hiring of firefighting personnel; and fencing of airport perimeter.

The hardware cost, excluding the pavement, is estimated at $115,000 plus $36,000 per year for personnel. Also, the airport has a ADAP project request for $213,000 and a general 5-year improvement plan—which includes pavement overlay—of $2 million.

Juxtaposed against these figures and 1970 operating revenues of $71,000 is a projected indebtedness of $126,000 for 1971 which will increase to $200,000 by 1972.

The local governments contribute over $20,000 per year. As with most communities an increase is unlikely. Moreover, the airport does not generate enough revenue to utilize municipal bonds.

I ask unanimous consent that Mr. Ashby's letter to me and his response to the proposed rules be printed at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. COOK. Mr. President, this small "non-hub" airport in the far western part of Kentucky is merely illustrative of the problems that airports across the Nation are experiencing. The American Association of Airport executives in a letter to the Federal Aviation Administration, said in regard to the proposed rule—

> It is important we believe that all concerned appreciate the fact that out of the approximate 540 air carrier airports, only 25 are in large hubs, 38 in medium; 88 in small, and some 375 in the non hubs. These 375 make up 70 percent of all airports receiving air line service yet combined enplane only about 4 percent of the entire passenger enplanements in the country. Many of these airports have an operating budget below $150,000.

Mr. President, a national problem, which is federally regulated and federally taxed should be primarily federally financed.

I urge my colleagues to actively support this measure.

EXHIBIT 1

AMENDMENTS NO. 530

Mr. COOK. Mr. President, I call up my amendments No. 530.

The PRESIDING OFFICER. The clerk will state the amendments.

The assistant legislative clerk read the amendments (No. 530), as follows:

"On page 72, line 10, strike '50' and insert in lieu thereof '75'.

"On page 72, line 18, strike '25' and insert in lieu thereof '10'."

Mr. COOK. Mr. President, let me very simply state what the amendment does. It proposes to increase the program from a 50–50 basis to a 75–25 basis. As we all know, the Federal highway program operates on a basis of 9–1 or 90–10.

The reason I feel this way is that the bill itself almost usurps all the sources of revenue. So we will find local airports and local agencies really without the wherewithal to participate on a 50–50 basis. We will have the revenue within the agency, but we will not be able to share it on that basis, because of a lack of local funds.

For a few minutes I will read the position this would put my State in. Then I want my colleagues to consider the position their States may be in.

On an area-population ratio, Kentucky's share would be $1.213 million per year.

Under the hub-enplanement ratio, Kentucky's share will be $.648 million, of this Lexington-Frankfort will receive $.072 million and Louisville will receive $.576 million. No prediction for the discretionary fund share but using the foregoing figures as a yardstick Kentucky might receive an additional $600,000 according to the Department of Aeronautics.

What that means is that as a total for the year, we would receive $2.461 million. These figures are derived from pages 29 and 30 of the Senate committee report on S. 3108.

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until order is restored.

Mr. COOK. The Greater Cincinnati Airport is apparently not listed under the Kentucky figures, although it is in the commonwealth. On page 31 of the committee report, Cincinnati, Ohio, is given $846,000 under the hub-enplanement ratio. The figures are not broken down as to what the Greater Cincinnati will receive on the area-population formula. Roughly speaking, Kentucky's total may be increased by the Greater Cincinnati Airport's share by approximately $1.5 million—this is a rough guess—according to the Department of Aeronautics.

As to the needs of our State, according to the Kentucky Department of Aeronautics, estimates for the total funds needed for the next decade total $462,816,250. Of that amount, $233 million is eligible under the present Senate bill for matching funds. The remainder, $239 million, is for terminal facilities and other items such as access roads, parking lots which are ineligible for Federal matching funds under this Senate bill.

However, the local airports are going to have to raise and spend this money, besides having to raise about $117 million so that they can be on a matching basis.

I asked the respective airports in our area just exactly what the impact on them would be, and received the following replies.

Mr. Dicky says the Greater Cincinnati Airport, which is located in Boone County, Ky., will require, for land acquisition, new taxiways, runway extension, ramps, and terminal facilities. Cincinnati has a $11.5 million bond indebtedness, and, as we all know, the bond market right now is so tight that they probably could not sell any more.

This is another point I wish to stress, because these funds will have to be raised, and if the funds are not raised through local efforts or as a result of activities at the State level, any bond issues in the near future will find it difficult to find a buyer.

For the Lexington airport, Mr. Gray says the need is for overlaying and improving runways and ramps. The terminals handles one-quarter million people a year, whereas it was built to handle 75,000 a year. They will need approximately $1.5 million for a new terminal, and will have no way to get any money from the bill.

Louisville, in the near future, will need $8 million for expansion and repair and overlaying of existing runways to bring it up to Boeing 747 standards, and for the C–5A, which the Department tells us will have to come into Louisville because of the situation at Fort Knox.

By 1975 Standiford Field will reach a saturation point and new jetport will be needed. The Department of Aeronautics estimates that another $120 million will be needed by 1990 in addition to the $316 million already estimated.

At the moment Louisville has no bonded indebtedness, but has outstanding notes of over a half million dollars.

As to the Owensboro-Davies County airport, although not listed under major projects, Mr Adams informs me that they will need approximately $2.2 million over the next 10 years. Of that amount, $1.3 million—for land acquisition. runway extension, ramp extension, and navigational aids—will be eligible. A balance of $900,000 for terminal facilities will not be eligible.

At Paducah-Barkley Field they say that they can use $3 million in 10 years for land acquisition, runway extension, ramps, and navigational aids. All of this eligible for Federal matching funds.

I am proud to say that our State legisature, in its budget just passed, appropriated for airport and airway development, for fiscal year 1970–71, $875,000, and for fiscal year 1971–72, $1,575 million. This amount is

to be matched on the local level, with 25 percent State and 50 percent Federal participation.

So in conclusion, Mr. President, over the next 10 years the State of Kentucky will be eligible to receive approximately $2.4 to $3.9 million—depending on whether the Cincinnati figures in the Senate report are correct—per year for the next 10 years. Total 10-year Federal aid will be approximately $24 to $39 million. Kentucky needs a total of $462 million, of which $239 million is eligible for Federal matching funds.

So, Mr. President, if we talk about this and make up our minds that we should be on a 50–50 basis, I am only saying that when you create an agency and set up a trust fund, and usurp all the basic sources of revenue, you are not likely to find very much participation on a 50–50 basis. For Senators who think they can sell this bill as a panacea for the total airport facilities situation throughout the country, I am afraid it is not going to be that way at all.

I ask unanimous consent to have printed in the RECORD at this point a table showing the estimated financial needs for airport and airways development in the Commonwealth of Kentucky during the next decade.

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

FINANCIAL NEEDS OF AIRPORT/AIRWAYS DEVELOPMENT IN KENTUCKY DURING THE NEXT DECADE
KENTUCKY DEPARTMENT OF AERONAUTICS

| | Eligible for Federal aid under H.R. 14465 | Ineligible for Federal aid | Total |
|---|---|---|---|
| I. Major projects: | | | |
| 1. Greater Cincinnati | $32,000,000 | $55,000,000 | $87,000,000 |
| 2. Lexington, Blue Grass Field | 9,025,000 | 2,310,000 | 11,335,000 |
| 3. Louisville: | | | |
| (a) Standiford Field | 3,000,000 | 12,000,000 | 15,000,000 |
| (b) Bowman Field | None | 500,000 | 5,000 |
| (c) Proposed jetport | 168,824,916 | 147,390,000 | 316,214,916 |
| 4. Pikeville | 7,743,000 | 580,500 | 8,323,500 |
| Subtotal | 220,592,960 | 217,780,500 | 438,373,460 |
| II. All other projects | 18,850,190 | 5,592,600 | 24,442,790 |
| III. Total Kentucky project needs | 239,443,150 | 223,373,100 | 462,816,250 |
| IV. (1) | | | |

[1] Of the total financial needs which are ineligible ($223,373,100), approximately 90 percent are for terminal facilities and 10 percent for access and miscellaneous.

Mr. COOK. Mr. President, this is the reason for my amendment. Perhaps many Senators feel that something may be accomplished in their States on a 50–50 ratio. But I think Senators need to understand that the major airports are in a position, right now, where they are bonded up to the hilt, or have borrowed every dime they can borrow, and they are not in any position to participate on a 50–50 basis.

The end result will be that they will not be able to raise the funds, because, while they are raising 50 percent of the matching funds, they also have to raise 100 percent of all funds for terminal facilities, parking facilities, and all other facilities necessary to go along with the airport, where no Federal aid will be available in any way, shape, or form.

Mr. President, I yield the floor.

Mr. CANNON. Mr. President, I yield myself 3 minutes.

The distinguished Senator from Kentucky does make a very persuasive case, and certainly well states the plight of many airport authorities around the country today.

As he stated, this bill is not a panacea. It will not solve everyone's problems. But it will get us started along the road at taking some long overdue action, and that will hopefully help us catch up by the end of this 10-year period. It certainly will not catch us up in 1, 2, or 3 years.

The Senator points up the very serious problem among the local authorities. They have to go to their various concessionaires to try to raise revenues from their concessions, or go to bonding to try to raise the funds to carry out their part of the improvements.

But I think it would be very ill advised for us, at this time, on the floor of the Senate tonight, to try to change a formula we have had in effect for a long period of time. We have had no hearings on your amendment or the impact of it, and I think we would be much better advised to pass the bill in its present form, and get the wheels in motion, and then come along with a hearing to determine whether or not the sponsors are getting a fair share of the pie, let us say, under this 50-percent Federal matching formula.

I, for one, would be perfectly willing, as a member, and in fact vice chairman, of the Aviation Subcommittee, to say that we could schedule hearings to go into the problem, explore it with the various airport authorities, States, and communities around the Nation, study the findings, and then come up with a considered judgment on the matter.

Mr. COOK. Mr. President, will the Senator yield?

Mr. CANNON. I am happy to yield.

Mr. COOK. Is the Senator saying he would be willing to have hearings during this fiscal year on the matter, before his subcommittee?

Mr. CANNON. I think this fiscal year is just about over. That means between now and July 1.

Mr. COOK. What I am really talking about is between now and adjournment.

Mr. CANNON. I would be willing to assure the Senator we would make every effort to try to get a hearing in this calendar year on the subject he is so concerned about, that is, the proper Federal share of the matching formula. This is something that will require study. We are going to have to get some reports, and give some of these States and communities the opportunity to prepare and come up with some kind of a recommendation.

Mr. COOK. I might say to the distinguished Senator that I know that probably, under normal circumstances, and the hour being what it is, a vote on this amendment would probably not be successful. I believe in it firmly, because I believe we are starting off on something we will find will be far less attractive to the aviation industry as a whole, the airports, and the airport authorities, than we really think.

But under the circumstances, if the Senator will agree to do everything in his power to have hearings in this calendar year, I think I would be willing to withdraw the amendment, purely and simply because the hour is late, and I would hate to have such a thing considered and voted on with no more than a 12-minute debate, because I think it is far more serious than that. If that is the agreement of the distinguished Senator——

Mr. CANNON. Mr. President, as I have said, I am willing to give that assurance. The chairman of our committee is in the Chamber, and I am sure he can speak for himself, but I am sure that he would agree that we will try to make every effort possible to give the Senator a hearing sometime during this calendar year on this matter.

Mr. COOK. Mr. President, under the circumstances, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

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EXHIBIT 2

PADUCAH AIRPORT CORP.,
*Paducah, Ky., July 1, 1971.*

Senator MARLOW COOK,
*Old Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR COOK: As you know, Congress recently enacted into law the Airport and Airway Development Act of 1970. Section 51 of this Act added a new Section 612 to the Federal Aviation Act of 1958 which authorizes the Administrator to issue airport operating certificates to airports serving air carriers and to establish *minimum* safety standards for the operation of these airports.

The Administrator of the Federal Aviation Administration has just issued a Notice of Proposed Rule Making for airport certification which, if adopted unchanged, will impose unrealistic, unjustified and financially impossible burdens on small "non-hub" type airports such as ours.

Please study the attached correspondence and, if you feel as we do, lend your support to providing some measure of relief. I can not believe that Congress intended to inflict these requirements on small airports.

Very respectfully,

B. E. ASHBY,
*Commander, U.S. Navy (Retired),*
*Airport Manager.*

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PADUCAH, KY., *July 1, 1971.*

Subject: Docket No. 10607, Notice 71–14, Airport Operating Certification.

To: Federal Aviation Administration, attention: Rules Docket, GC–24, Office of General Counsel, Washington, D.C.

GENTLEMEN: 1. *Purpose.* To respond to the Notice of Proposed Rule Making for Airport Certification.

2. *Background.* The subject Notice has been reviewed, its provisions applied to this airport and its impact thereon evaluated. Barkley Field was constructed (landing area) in World War II. The primary runway is 6,500 feet in length with 5,000 feet of this being original concrete 6 inches in thickness. The airport serves Ozark and Delta Air Lines who operate FH–227 and DC–9 aircraft. Currently Delta has 2 DC–9–14 and Ozark 2 DC–9–30 departures daily except that one Ozark DC–9 does not operate on Sundays. There are 8 FH–227 departures in addition daily. Barkley Field is a "non-hub" airport, enplaning approximately 39,000 passengers annually. The airpot is City/County owned and leased to a non-profit, non-stock corporation which operates and maintains it. The airport board members serve without pay and all revenues generated are used in airport development and operation. Since air carrier service was initiated in 1946 there have been no fire or animal on the runway incidents. There was 1 incident involving hydroplaning. Additional Ozark Air Line DC–9–30 operations are expected to start prior to May 1972.

3. *Factors Considered.* The following factors were considered in reviewing and evaluating the proposed safety standards:

a. *Present Deficiencies Under Proposed Standards.*

(1) *Pavement Areas.* Will not meet standards imposed. The pavement is breaking up on all old concrete areas where DC–9 aircraft are slow moving and in the touchdown area. These stressed areas require frequent repair. An overlay is needed now but funds

are not yet available. A 3 inch overlay could be funded in Fiscal Year 1973 if no new and unavoidable expenditures are encountered. There is no equipment or service known for measuring runway friction coefficient. Cost for this requirement is not available.

(2) *Lighting.* No emergency lighting for the primary runway exists. Equipment would have to be purchased.

(3) *Firefighting Service and Equipment.* Current requirement would be for Index I airport with the "fewer than an average of 5 departures per day of Index II aircraft" exception. However, by May 1972, Index II equipment and service is anticipated. With the elimination of volunteer personnel and Index II items the airport must hire a minimum of 6 additional men and purchase 1 more vehicle. Note: this is a very conservative estimate. There have been no fire incdents involving air carrier aircraft at this airport. If 1 vehicle became inoperative for a period in excess of 72 hours the airport would lose all DC–9 service or 50%.

(4) *Public Protection.* Three sides of the airport perimeter will require fencing. There have been no incidents of animals on the operating areas involving air carrier aircraft.

b. *Cost to Correct Deficiencies.* Excluding the pavement overlay, hardware cost is estimated at $115,000. Personnel costs estimate is $36,000 annually with an additional annual increase of approximatey $10,000 in operating expense.

c. *Safety Record of Airport.* There have been:

No fire incidents involving air carriers

No animals on the runway incidents involving air carriers

1 hydroplanning incident involving air carriers

d. *Airport Development Underway with Funds Committed.* An ADAP Project has been requested in the amount of $213,000 to acquire land and prepare sites for ILS/MALS installation this fall.

e. *High Priority Airport Development Projects Planned.* The following items of improvement are needed now or will be in the next 5 years:

Pavement overlay

Taxiway overlay, widening, lighting, marking.

Taxiway extension to end of primary runway (1500 ft short)

Ramp extension

Terminal expansion

Land acquisition for clear zones

Estimated cost for these items is $2,000,000.

f. *Current and Projected Revenues.* Revenue (operating) for 1970 was $71,000. Projected revenue for next 5 years will average $75,000 annually. Operating expenses in 1970 were $50,000 with the excess revenue used to reduce indebtedness and pay interest costs.

g. *Current and Projected Indebtedness.* Current indebtedness is $86,000. Projected indebtedness for 1971 is $126,000—1972 and future is $200,000 continuously since this is limit to line of credit. The airport does not generate enough revenue to utilize bonds. The City/County each contribute $10,000 annually until the FAAP projects of 1969–70 are paid. A continuation of this source of revenue is hoped for but an increase is considered most unlikely.

h. *Benefits Deriving from Compliance with Proposed Standards.* None—considering past safety record and expenditures required.

4. *Comments and Opinions.* The following comments and opinions are offered for possible action regarding the establishment of safety standards:

a. Part 139.3. Deadline of May 1972 can not be met. Assuming standards are published for compliance in August, there will be insufficient time to identify, estimate costs, and process ADAP requests and get approval much less have hardware in place.

b. Part 139.43. Right angle to centerline measurement is least critical and should be assigned a more tolerant variance.

c. Part 139.47(b). Considering cost to acquire equipment, time factor in placing fixtures after failure, frequency of night operations and history of lighting failure this requirement is unrealistic. Aircraft would overfly and by morning failure could be corrected.

d. Part 139.49. This entire section on firefighting equipment and service should be eliminated from any proposed safety standards for the following reasons:

(1) Statistics reveal 1 fire incident per every 850,000 operations. (This airport has 8,000 air carrier operations per year)

(2) Very few airports have ever experienced a fire incident

(3) Crash/fire equipment is never needed until an aircraft suffers a mechanical failure or the pilot is guilty of error. Neither of these causes is a factor subject to airport operator control.

(4) Crash site is inaccessible to equipment because crash usually occurs off pavement or off airport. Response time and vehicle capability off pavement prevents effective life saving. Crash is survivorable and occupants walk out or it is not and some or all perish.

This problem of aircraft accidents and life saving needs a completely new approach. Relying on conventional techniques and equipment is not, can not and will not produce the desired results. Funds should be expended to correct the factors causing the accidents which are pilot error and aircraft mechanical failure. If life saving capability is desired at the crash site and in time to be effective than fire suppressant equipment should be installed on the aircraft. Crash resistant fuel cells (long required in military aircraft) should be installed also. More intensive pilot training, more frequent check rides, and more stringent penalties imposed on the carrier and pilot guilty of pilot error, better maintenance and inspection with emphasis on safety of flight items are some of the areas where expenditure of funds could be better justified.

e. Part 139.49(1). If Part 139.49 is adopted there appears to be no reason (at this time) for eliminating volunteer firefighters. Substantial training investments have been made and these personnel should be retained in the system until proven by experience evaluation to be ineffective.

f. Part 139.67. Fencing is not justified where there is no problem.

g. Part 139.83(b). Statistics reflect 16 aircarrier (in U.S.) incidents in 1969 attributable to runway slipperiness. Requirement not justified for friction coefficient measurements.

h. *Part 139.89(a)(3).* Maintenance on these specialized vehicles is not available in some areas and once a vehicle becomes inoperative repair will not be effected within 72 hours.

5. *Recommendations.* The following recommendations are submitted for consideration:

a. Go to Congress for relief on the May 1972 deadline.

b. Re-define the mandate given FAA by Congress—that is establish *minimum* safety standards. These appear to be Utopia.

c. Consider airport size and revenue generating ability and individual airport needs vs. deficiencies and tailor any safety standards to these criteria. The FAA and airport operators, working together, could establish minimum safety standards for each airport and stay within the airport's funding limits.

d. Be more realistic in establishing safety standards. Compliance with any standards is senseless if such compliance siphons funds from other needed projects. A runway overlay project is more important than purchasing fire fighting equipment.

e. Provide for flexibility in establishing a deadline for compliance. A fixed date, arbitrarily set, without consideration for funding ability or other planning factors operates to the detriment of the airport and the public. Each airport should be assigned a date for compliance only after a joint FAA and operator review of safety standards needed, cost involved and revenue generating ability considered. F & EP items are funded by FAA. These items are as important to airport safety as the proposed standards yet no deadline date is set for their installation. FAA places this equipment on the airports *when funds become available.* Arport operators should be accorded this safe flexibility.

f. Eliminate firefighting service and equipment from the proposed safety standards.

6. *Conclusion.* The establishment of any safety standards will have very significant effects on the operators of airports. Most operators are extremely safety conscious and impatiently await funds for airport improvement. FAA can, by a more realistic, human and practical approach to the problems, render a lasting and appreciated service to the public. An approach which incorporates a joint FAA and operator effort to establish safety standards, list deficiencies, program corrections within funding limits, and set flexible deadlines for compliance will best benefit all concerned. Other needed airport development must be fitted into all planning around safety standards. All of this *can* be accomplished without the public criticism and outcry which will result when airports cease operations because they cannot comply with unreasonable, and arbitrarily imposed FAA safety standards.

Very respectfully,

B. E. ASHBY,
*Airport Manager.*

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By Mr. BROOKE:

S. 2398. A bill to amend the Airport and Airway Development Act of 1970 in order to provide for more effective control of aircraft noise. Referred to the Committee on Commerce.

AIRCRAFT NOISE ABATEMENT ACT OF 1971

Mr. BROOKE. Mr. President, anyone of the many millions of people living near our Nation's major commercial airports can readily testify to the fact that the advances of the jet age of aviation have brought with them some very serious discomforts. Constant bombardment by the intolerable noise given off by arriving and departing aircraft has plagued many neighborhoods located close to our larger airports.

Almost every major commercial airport has encountered steadfast and vociferous citizen opposition to further expansion of airport runways, terminal buildings, and other facilities. Nowhere is airport noise louder or the citizen-airport confrontation more acrimonious than at Logan International Airport in Boston. Recent attempts by the Massachusetts Port Authority, the operator of this facility, to gain approval of its application to build additional runways have met with bitter opposition from local citizens' groups who find themselves already detrimentally affected by airport noise. I have joined with many people in opposing the port authority's application, because I felt that its objective of expanding the airport's operating capacity could not be accomplished without dramatically increasing the already unbearable noise that suffuses local neighborhoods.

Even though the port authority has withdrawn its application pending further study and the immediate battle over the expansion of the airport has somewhat subsided, jets still land and take off with the same frequency as before the

expansion of the airport was enjoined, and sideline, landing, and takeoff noise is felt in undiminished intensity in nearby neighborhoods. It is obvious that present aircraft noise abatement procedures simply are not working. Greater frequency of landings and takeoffs over water, as well as reductions in power by pilots following initial takeoff and climbing, have not provided the desired noise reduction. Such noise reduction cannot be accomplished until existing jet fleets, the most egregious source of noise, can be adequately soundproof.

The purpose of the Aircraft Noise Abatement Act of 1971 and of the Airport and Airway Revenue Amendments of 1971 is to evidence a national commitment to modification or replacement of existing jet aircraft so as to decrease the noise levels of the existing jet fleet to the extent possible under existing technology. The bill also accepts the principle that a significant portion of the cost of modifications and some portion of the cost of replacements should be borne by users of the aircraft through an increase in the excises laid upon tickets for domestic air travel, international air travel beginning in the United States, the transportation of property by air within the United States, and the use of jet aircraft.

While the Federal Aviation Administration is presently authorized to promulgate noise standards for existing aircraft, the economic burden which would be placed on air carriers by stringent standards will pose a serious deterrent to the imposition of strict requirements. In these circumstances it is appropriate that existing law be changed to make noise abatement modifications or replacement of existing aircraft economically feasible.

To this end, this bill would increase the excises upon domestic air travel, international air travel beginning in the United States, the transportation of property by air within the United States, and the use of jet aircraft. The excise upon general aviation fuel—general aviation has not contributed significantly to increased noise levels surrounding metropolitan airports—and the excise upon tires and tubes—which does not produce substantial revenue—would not be increased.

This bill will authorize expenditures from the trust fund created by the Airport and Airway Development Act of 1970 for the purpose of retrofitting the existing fleet with available equipment designed to decrease existing noise levels. The expenditures for this purpose would take the form of grants of up to two-thirds of the expenditures made by domestic air carriers for noise abatement modifications. Such modifications might include acoustic treatment of nacelles, replacement of engines, installation of sonic inlets, or installation of devices to permit use of steeper glide paths.

In addition, this bill would authorize grants to encourage the replacement of existing aircraft with less noisy aircraft. Such grants would not exceed two-thirds of the unamortized cost of the aircraft retired. They could be made only if the aircraft replaced are retired before the end of their then remaining useful lives, and only if the probable use of the aircraft retired will significantly decrease the exposure of citizens to the noise generated by the aircraft. In addition, any grant to encourage the replacement of an existing aircraft would not exceed the grant which would have been made to retrofit it. To implement the bill, the Secretary of the Department of Transportation could require air carriers to file and comply with comprehensive plans with respect to the modification or replacement of the existing fleet so as to decrease present noise levels. The bill also provides that any expenditure attributable to such a grant may not be deducted for Federal tax purposes or increase the adjusted basis of property acquired with the grant.

The FAA presently has power to promulgate noise standards under Public Law 90–411 with respect to existing aircraft. It would be expected that in view of the grant program, the FAA would either use this authority to promulgate stringent standards applicable to the existing fleet, combine a program of standards with a program of incentives to replace existing aircraft, or concentrate its efforts on the program of incentives. To insure that a program is rapidly and effectively implemented, the bill requires annual reports to Congress concerning progress under the program.

The proposed bill does not require any particular program of modifications or replacements, since changing technology may give rise to more effective or more economical noise abatement methods and a broad range of options should be open to the Secretary. To estimate revenue requirements, however, it has been assumed that a program of modifying or providing suitable incentives for the replacement of the existing domestic fleet of approximately 2,000 turbine-powered jet aircraft would cost approximately $550,000 per aircraft. While this amount is less than the maximum estimates of the cost of retrofitting the existing fleet, it takes into account hoped for economies. The aggregate estimated cost of the program would thus be approximately $1,200,000,000.

To fund a program of grants equal to approximately two-thirds of this amount over a 4-year period, the proposed bill would increase the existing 8-percent excise tax upon domestic air travel by 2 percent, the $3 excise tax upon international air travel beginning in the United States by 75 cents, the 5-percent excise tax upon the transportation of property by air by 1.25 percent, and the $25 plus 3½ cents per pound of maximum certificated takeoff weight excise tax upon the use of turbine-powered jet aircraft by 1 cent per pound of maximum certificated takeoff weight. The increases other than the increase of the tax on the use of jet aircraft would take effect on October 1, 1971, and would remain in force through June 30, 1975. As a consequence, the present and proposed rates for the foregoing excises would be as follows:

| | Present law | Proposed bill |
|---|---|---|
| Domestic ticket | 8 percent | 10 percent from Oct. 1, 1971, through June 30, 1975, 8 percent thereafter. |
| International departure | $3 | $3.75 from Oct. 1, 1971, through June 30, 1975. |
| Cargo | 5 percent | 6.25 percent from Oct. 1, 1971, through June 30, 1975, 5 percent thereafter. |
| Registration | $25 plus 3½ cents per pound maximum certified takeoff weight. | $25 plus 5 cents per pound maximum certified takeoff weight from July 1, 1972, through June 30, 1975. $25 plus 3½ cents per pound maximum certified takeoff weight thereafter. |

It is estimated that the foregoing increases would yield $726.2 million of revenue over the 4-year period as follows:

REVENUES FROM INCREASED AVIATION USER TAXES

[Dollars in millions]

| Additional user tax | 1972 | 1973 | 1974 | 1975 | Total |
|---|---|---|---|---|---|
| 2 percent ticket | $105.9 | $155.6 | $170.0 | $184.0 | $615.5 |
| 75 cents international departure | 5.6 | 8.4 | 9.2 | 9.9 | 56.9 |
| 1.25 percent cargo | 9.4 | 14.2 | 15.8 | 17.5 | 103.1 |
| 1.5 cents registration | | 6.6 | 6.9 | 7.2 | 20.7 |
| Total | 120.9 | 184.8 | 201.9 | 218.6 | 726.2 |

The revenue thus developed would approximately equal the estimated revenue requirements for the program. The revenue would be paid into the trust fund created under the Airport and Airway Development Act of 1970 and would, as under present law, be available under appropriation acts for use as authorized in this bill.

Mr. President, it is my hope that with an aggressive program controlling aircraft engine noise at its source, we can make substantial strides toward improving the environment of all citizens living near our major airports.

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

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

S. 2398

A bill to amend the Airport and Airway Development Act of 1970 in order to provide for more effective control of aircraft noise

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

TITLE I—AIRCRAFT NOISE ABATEMENT ACT OF 1971

SECTION 101. This title may be cited as the "Aircraft Noise Abatement Act of 1971".

SEC. 102. Section 3 of the Airport and Airway Development Act of 1970 is hereby amended by adding at the end thereof the following new subsection:

"(c) Special Report on Noise Abatement to President and Congress.—One year from the date of enactment of this subsection, and each year thereafter until such time as the application of noise abatement regulations to existing aircraft has been completed, the Secretary shall submit to the President and to the Congress a special report on the progress of the program to control and abate aircraft noise initiated under section 611 of the Federal Aviation Act of 1958, and on the expenditure of funds allocated thereto under section 14 (d) of this Act."

SEC. 103. Section 14 of the Airport and Airway Development Act of 1970 is hereby amended by redesignating subsection (d) as subsection (e), and by inserting before such subsection the following new subsection:

"(d) Aircraft Noise Abatement—

"(1) In order to achieve a rapid reduction of noise resulting from transport category aircraft operating in flight paths near public airports, and in order to abate and alleviate the disturbance and annoyance of citizens exposed to such aircraft-generated noise, the Secretary, after consultation with the Administrator of the Federal Aviation Administration, is authorized within the limits established in appropriation Acts—

"(A) to make grants to air carriers for such sums as he may deem appropriate up to two-thirds of the direct costs required for the modification of existing transport aircraft, including the replacement of engines, to meet the noise abatement standards, rules, and regulations issued pursuant to section 611 of the Federal Aviation Act of 1958; and

"(B) to make grants to air carriers to encourage the replacement, before the end of their then remaining useful life, as determined by the Secretary, of existing transport aircraft by transport aircraft which meet more stringent noise abatement standards, rules, and regulations issued pursuant to section 611 of the Federal Aviation Act of 1958 than those applicable to the aircraft replaced, except that (i) said grants shall not exceed two-thirds of the unamortized cost, as of the date of its retirement from service, of the existing transport aircraft which is replaced, (ii) any air carrier seeking such a grant shall satisfy the Secretary that the probable use, if any, of the existing transport aircraft which is replaced will significantly lessen the exposure of citizens to noise generated by such aircraft, and (iii) any such grant shall not exceed the amount of the grant in respect of that aircraft to which the carrier would have been entitled under clause (A) if the aircraft were not replaced.

As a condition of making grants under this section, the Secretary may require any air carrier to file, and thereafter to comply with, a comprehensive plan, satisfactory to the Secretary, demonstrating a workable program for the modification or replacement of the existing transport aircraft of the carrier to meet the standards, rules, and regulations promulgated under section 611 of the Federal Aviation Act of 1958. The Secretary is authorized to make grants to domestic air carriers under this section for the fiscal year ending June 30, 1972, and the succeeding four fiscal years in a total amount not to exceed $725,000,000, except that such total shall not exceed two-thirds of the anticipated direct costs required for the modification contemplated by clause (A) of all existing transport aircraft which the Secretary anticipates will, but for the award of grants authorized by clause (B), be owned by air carriers and be in service in the United States and its territories on April 30, 1975.

"(2) As used in this subsection—

"(A) the term "existing transport aircraft" means (i) subsonic transport aircraft powered by turbojet engines with bypass ratios of less than two, for which an application for type certification was made pursuant to section 603 of the Federal Aviation Act of 1958 before December 1, 1969, and (ii) subsonic transport aircraft powered by turbojet engines with bypass ratios of two or more for which original application for type certification was made before January 1, 1967, and

"(B) the term "air carrier" has the same meaning as in the Federal Aviation Act of 1958.

"(3) The Secretary, after consultation with the Administrator of the Federal Aviation Administration, may prescribe such regulations as he deems necessary to carry out the purposes of this subsection."

## TITLE II—AIRPORT AND AIRWAY REVENUE AMENDMENTS OF 1971

### SHORT TITLE, ETC.

SEC. 201. (a) SHORT TITLE.—This title may be cited as the "Airport and Airway Revenue Amendments of 1971".

(b) AMENDMENTS OF 1954 CODE.—Except as otherwise expressly provided, whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

### GRANTS FOR AIRCRAFT NOISE ABATEMENT

SEC. 202. (a) EXCLUSION FROM GROSS INCOME.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by renumbering section 124 as 125, and by inserting after section 123 the following new section:

### GRANTS FOR AIRCRAFT NOISE ABATEMENT

"SEC. 124. "(a) GENERAL RULE.—Gross income does not include any amount received pursuant to a grant made under section 14 (d) of the Airport and Airway Development Act of 1970.

"(b) TREATMENT OF EXPENDITURES.—For purposes of this title, expenditures paid or incurred to meet the noise abatement standards, rules, and regulations issued pursuant to section 611 of the Federal Aviation Act of 1958, to the extent defrayed with amounts excluded from gross income under subsection (a) as determined under regulations prescribed by the Secretary or his delegate, shall not be taken into account."

(b) CONFORMING AMENDMENT.—The table of the sections for part III of subchapter B of chapter 1 is amended by striking out the last item and inserting in lieu thereof the following:

"SEC. 123. Grants for aircraft noise abatement.

"SEC. 124. Cross-references to other Acts."

### TAX ON TRANSPORTATION OF PERSONS BY AIR

SEC. 203. Section 4261 (relating to imposition of tax on transportation of persons by air) is amended by adding at the end thereof the following new subsection:

"(f) TEMPORARY INCREASES IN RATES.—Effective with respect to transportation which begins after September 30, 1971, and before July 1, 1975—

"(1) the rate of the taxes imposed by subsections (a) and (b) shall be 10 percent in lieu of 8 percent, and

"(2) the rate of the tax imposed by subsection (c) shall be $3.75 in lieu of $3."

### TAX ON TRANSPORTATION OF PROPERTY BY AIR

SEC. 204. Section 4271 (relating to imposition of tax on transportation of property by air) is amended by adding at the end thereof the following new subsection:

"(c) TEMPORARY INCREASE IN RATE.—Effective with respect to transportation which begins after September 30, 1971, and before July 1, 1975, the rate of the tax imposed by subsection (a) shall be 6.25 percent in lieu of 5 percent."

### TAX ON USE OF AIRCRAFT

SEC. 205. Section 4491 (relating to tax on use of aircraft) is amended by adding at the end thereof the following new subsection:

"(f) TEMPORARY INCREASE IN RATE.—Effective with respect to the period which begins on July 1, 1972, and ends on June 30, 1975, the rate of the tax imposed by subsection (a) (2) (B) shall be 5 cents a pound in lieu of 3½ cents a pound."

### AIRPORT AND AIRWAY TRUST FUND

SEC. 206. Section 208(f) (1) of the Airport and Airway Revenue Act of 1970 is amended—

(1) by striking out subparagraph (A) and inserting in lieu thereof the following:

"(A) incurred under the Airport and Airway Development Act of 1970, as amended by the Aircraft Noise Abatement Act of 1971, or incurred at any time before July 1, 1970, under the Federal Airport Act (49 U.S.C., sec. 1101 et seq.);", and

(2) by inserting "and research" before "expenses" in subparagraph (C).

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By Mr. WILLIAMS:

S. 2399. A bill to require under the supervision of the Federal Trade Commission a full and a fair disclosure of the nature of interests in business franchises, to provide increased protection in the public interest for franchises in the sale of business franchises and to provide for fair competitive practices in the operation of franchise businesses and the termination of franchise agreements. Referred to the Committee on Commerce.

### THE FRANCHISE FAIR PRACTICES ACT

Mr. WILLIAMS. Mr. President, as its sheer size and spectacular growth amply attest, franchising is one of the most important factors in our economy. If franchising is defined to include automobile dealers, service stations, tire dealers, and soft drink bottlers, it contains roughly 20 percent of our Nation's small businessmen and accounts for over 12 percent of our gross national product.

Franchisees have been going into new or established systems at the rate of 40,000 per year and the number of companies offering franchises has more than tripled during the past 5 years. This industry which has been experiencing an annual growth rate of about 15 percent now accounts for 25 percent of all retail sales.

Last year, in hearings before the Subcommittee on Urban and Rural Economic Development of the Senate Select Committee on Small Business we explored franchising and its problems in depth. In our report—Senate Report No. 91–1344—on those hearings, we described franchishing as a dynamic and rapidly growing feature of our business economy. With respect to legislative needs in this field, we stated:

The rapid growth of franchising in recent years has left the way open to unscrupulous utilization of this marketing concept. Franchise abuses of a fraudulent and deceptive character are significant enough to warrant Federal legislation designed to eliminate them.

There may be need for a Federal full disclosure regulation to safeguard the franchise method of doing business. Legislation now pending in the U.S. Senate, S. 3844 . . . was an outgrowth of the franchise hearings and was intended to remedy some basic franchise abuses. The franchise marketing concept has grown to the extent that it is unwieldy and

without firm ethical standards. Accordingly, Federal regulation would bring stability and a sense of fairplay to franchising.

No action was taken on S. 3844 during the 91st Congress, but the need for a workable, practical Federal standard in franchising remains clear. In the absence of Federal action a number of States are now considering the enactment of varying legislative proposals. The possibility that multi-State regulation will result in a crazy quilt of franchise regulation looms very large on the horizon.

The legislation which I introduced in the last Congress would have required a franchisor to file business information with the Securities and Exchange Commission—SEC—prior to the lawful sale of any franchise. The sale of a franchise could have been canceled at the option of the franchisee if he was not given a copy of the registered information at least 2 days prior to the time he signed the contract. The bill would also have made it unlawful for a franchisor to make false and misleading statements in attempting to sell a franchise and would have required the disclosure of any financial arrangements made with a celebrity or public figure for the use of his name.

In addition, that legislation would have provided a private right of action to any person acquiring a franchise where the registration statement contained an untrue statement of a material fact or omitted to state required material facts. It would have allowed franchisees to recover up to three times the cost of the franchise, including attorney's fees and reasonable court costs.

Although this legislation specifically disclaimed any intent to preempt State or local regulation of franchising, I believe it was a step in the right direction. It seems reasonable to assume that if the Federal Government enacts a workable standard governing franchising, the incentive for the States to enter the regulatory arena will be reduced, if not eliminated.

Mr. President, I have not reintroduced S. 3844 in this Congress since I am not convinced that this particular bill is the most expeditious way to proceed.

Currently the Federal Trade Commission is completing regulations in the franchise field which could eliminate many of the abuses to which S. 3844 was directed. I have met with individual Commissioners of the Federal Trade Commission and a member of their senior staff officials, and I have coordinated my legislative efforts with the regulatory efforts of the Commission. In my opinion, this approach is in the best interests of both franchisors and franchisees. Such coordination will lessen any possible confusion in this area which could have resulted from an ongoing Federal Trade Commission trade regulation rule proceeding and contemporaneous hearings in the Congress on a varying legislative proposal.

Mr. President. I am, therefore, introducing legislation which compliments the efforts now being made by the FTC. This proposal will provide needed regulation of franchising and at the same time insure its growth and success. Under my bill, it would become an unfair or deceptive act or practice under the Federal Trade Commission Act for any franchisor to sell or offer for sale any franchise unless a disclosure statement with respect to that franchise complied with rules and regulations promulgated by the Federal Trade Commission. Under the bill, a prospective franchisee would have to be furnished such a disclosure statement at the inception of the negotiations or discussions for the sale of that franchise.

The bill provides that the disclosure statement shall contain such information as the Commission may by rules and regulations require, and indicates that it may include such things as:

First. The name of the franchisor, the trade name(s) or trademark(s) under which he intends or is doing business, and the name of any parent or affiliated company that will engage in transactions with franchisees;

Second. The name of the State or other sovereign power under which the franchisor is organized and the location of the franchisor's principal place of business;

Third. The names and addresses, educational and business background, and biographical data, stated individually, of the directors, or persons performing similar functions, the chief executive, and the financial, accounting, and principal executive officers, chosen or to be chosen, if the franchisor is a corporation, association, or other entity, of all partners, if the franchisor is a partnership, and of the franchisor if the franchisor is an individual;

Fourth. A statement as to whether the franchisor or any of its directors, stockholders owning more than 10 percent of the stock, or chief executive officers:

Has been convicted of a felony, or pleaded nolo contendere to a felony, or has been held liable in a civil action which involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or

Is subject to any currently effective injunctive or restrictive order or ruling relating to business activity as a result of action by any public agency or department; or

Has filed bankruptcy or been associated with management of any company that has been involved in bankruptcy or reorganization proceedings;

Fifth. The business experience of the franchisor, including the length of time the franchisor has conducted a business of the type to be operated by the franchisee; has granted franchises for such business; and has granted franchises in other lines of business;

Sixth. Recent financial statements of the franchisor. The Commission may by rule or regulation prescribe the form and content of financial statements required under this act, the circumstances under which consolidated financial statements may be filed, and the circumstances under which financial statements shall be certified by the independent certified public accountants or public accountants;

Seventh. A description of the franchise offered or to be sold, and a general description of the franchise business.

Eighth. A copy of the franchise agreement proposed to be used;

Ninth. A statement of the franchise fee charged, the proposed application of the proceeds of such fee by the franchisor, and the formula by which the amount of the fee is determined if the fee is not the same in all cases;

Tenth. A statement describing any payments or fees other than franchise fees that the franchisee or subfranchisor is required to pay to the franchisor, including royalties and payments or fees which the franchisor collects in whole or in part on behalf of third parties, markups on land, buildings, leases, signs, equipment or supplies and all other terms of the offer for sale, including a full disclosure of the total investment to be made by the franchisee;

Eleventh. A statement of those fees which may be refunded in full or in part, and the circumstances under which such refunds may be made;

Twelfth. A statement of the conditions under which the franchise agreement may be terminated or renewal refused, or repurchased at the option of the franchiser, and any limitations as to the right to sell, transfer, move, renew, or terminate the franchise;

Thirteenth. A statement as to whether, by the terms of the franchise agreement or by other device or practice, the franchisee or subfranchisor is required to purchase from the franchiser or his designee services, supplies, products, fixtures, or other goods relating to the establishment or operation of the franchise business, together with a description thereof, including the cost;

Fourteenth. A statement as to the goods, products, services, training programs, supervision, advertising, promotion, and other management services to be provided by the franchiser;

Fifteenth. A statement of the length of time it will take to obtain the franchise, and the average length of time between the signing of a franchise agreement and the opening of the franchisee's outlet;

Sixteenth. A statement as to whether, by the terms of the franchise agreement or other device or practice, the franchisee is limited in the goods or services offered by him to his customers;

Seventeenth. A statement whether the franchiser requires the franchisee to participate personally in the direct operation of the franchise;

Eighteenth. A statement of the terms and conditions of any financial arrangements when offered directly or indirectly by the franchiser or his agent;

Nineteenth. A statement of any past or present practice or of any intent of the franchiser to sell, assign, or discount to a third party any note, contract, or other obligation of the franchisee in whole or in part;

Twentieth. A statement of the number of franchises presently operating and the number proposed to be sold, indicating which franchises, if any, can be owned and their addresses;

Twenty-first. A statement of the number of franchisees, if any, that operated at a loss during the previous year;

Twenty-second. A list of at least 10 representative operating franchisees, with

their addresses and telephone numbers, situated similarly to the franchise being offered and located, to the extent possible, in the same geographic area;

Twenty-third. Subject to any limitations imposed by the Commission, a statement of available earnings of past and present franchises and a fair analysis of their performance, including records of failures, and resales to the franchisor;

Twenty-fourth. A statement as to whether franchisees and subfranchisors receive an exclusive area or territory;

Twenty-fifth. A statement as to the methods and responsibilities of the parties in determining the site for the franchisee's outlet;

Twenty-sixth. A statement setting forth such other information as the Commission may require;

Twenty-seventh. A statement setting forth such information as the franchisor may desire to present, subject to any rules as to format as the Commission may prescribe;

Twenty-eighth. A statement of any compensation or other benefit given or promised to a public figure arising, in whole or in part, from the use of the public figure in the name or symbol of the franchise;

Twenty-ninth. When the person filing the disclosure statement is a subfranchisor, the statement shall include the same information concerning the subfranchisor as is required from the franchisor pursuant to this schedule.

The disclosures which may be required under my proposal are extensive and will go a long way toward eliminating many of the abuses that now exist in the franchising field. In addition, the bill would authorize private action for treble damages, including attorney's fees and reasonable court costs, for those who are injured as a result of a failure to comply with the rules and regulations promulgated by the Commission.

Mr. President, I believe that my proposal provides a timely and thoughtful solution to many of the problems which now exist in the franchising field. I urge the Congress to give it expeditious consideration. The time for action is now, if franchising, an unparalleled marketing tool and opportunity for small businessmen throughout our country, is to be preserved.

## ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 674

At the request of Mr. EAGLETON, the Senator from Texas (Mr. TOWER) was added as a cosponsor of S. 674, a bill to control amphetamines and other stimulant substances.

S. 2135

At the request of Mr. KENNEDY, the Senator from New Hampshire (Mr. McINTYRE) was added as a cosponsor of S. 2135, to amend title V of the Social Security Act.

S. 2258

At the request of Mr. GRIFFIN, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 2258, the Motor Vehicle Air Pollution Control Acceleration Act of 1971.

S. 2266 AND S. 2267

At the request of Mr. Moss, the Senator from Kansas (Mr. PEARSON) was added as a cosponsor of S. 2266 and S. 2267, bills relating to the use of recycled paper by the Public Printer.

## FEDERAL ELECTION CAMPAIGN ACT OF 1971—AMENDMENTS

AMENDMENT NO. 357

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

Mr. CHILES submitted an amendment intended to be proposed by him to amendment No. 308 proposed by Mr. PASTORE (for himself and others) to the bill (S. 382) to promote fair practices in the conduct of election campaigns for Federal political offices, and for other purposes.

AMENDMENT NO. 358

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

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

AMENDMENT NO. 359

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

Mr. SCOTT (for himself and Mr. BAYH) submitted an amendment intended to be proposed by them, jointly, to amendment No. 340 intended to be proposed to the bill (S. 382), supra.

AMENDMENTS NOS. 360 AND 361

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

Mr. BELLMON submitted two amendments intended to be proposed by him to the bill (S. 382), supra.

## ADDITIONAL COSPONSORS OF AMENDMENT

AMENDMENT NO. 337

At the request of Mr. HUMPHREY, the Senator from Alaska (Mr. STEVENS) and the Senator from Alaska (Mr. GRAVEL) were added as cosponsors of amendment No. 337 to S. 659, a bill to amend the Higher Education Act of 1965, the Vocational Education Act of 1963, and related acts, and for other purposes.

## ANNOUNCEMENT OF HEARINGS ON POPULATION STABILIZATION

Mr. CRANSTON. Mr. President, for the information of my colleagues, I wish to announce that the Special Subcommittee on Human Resources of the Labor and Public Welfare Committee has scheduled an open hearing on Thursday, August 5, 1971, in room 4232 of the New Senate Office Building, at 9:30 a.m. on Senate Joint Resolution 108, a joint resolution to declare a U.S. policy of achieving population stabilization by voluntary means.

Among those testifying will be former Senator Joseph Tydings; Congressman JOHN CONYERS of Michigan; David Brower, president, Friends of the Earth; Rufus Miles, president of the Population Reference Bureau of Washington, D.C.; and Cynthia Epstein, sociologist, of Columbia University.

Senate Joint Resolution 108, which I introduced on June 2, 1971, has the bipartisan cosponsorship of 33 Members of the Senate. Because I feel we should proceed promptly with this vitally important issue, I have called this hearing before the recess. Subsequent hearings will be scheduled in the fall.

## EXECUTIVE SESSION OF CONSTITUTIONAL AMENDMENTS SUBCOMMITTEE TO CONSIDER EQUAL RIGHTS AMENDMENT THURSDAY, AUGUST 5, 1971

Mr. BAYH. Mr. President, I want to take this opportunity to inform my colleagues once again that on Thursday of this week we will be making another try to obtain a quorum of the Constitutional Amendments Subcommittee, to consider the equal rights amendment. Every member of the subcommittee knows how extraordinarily difficult getting a quorum can be. In the past only two or three members have appeared. Last week five members—out of the necessary six—showed up.

As I announced at that meeting, I intend to try once more. Last Thursday I checked with each member's office and was told that there would be no conflicts on Thursday, August 5, 1971, at 10 a.m. Therefore, as I informed each member's office last Thursday, I have scheduled a meeting for that date and time in room 457 of the Old Senate Office Building. I do hope to see every subcommittee member there so that at long last we can consider—and hopefully report out—this most important proposal.

## ADDITIONAL STATEMENTS

### REVITALIZATION OF SMALL TOWNS

Mr. TALMADGE. Mr. President, it is an unfortunate fact that small towns around the Nation are dying. In all too many small towns there is a loss of economic activity, an absence of hope for the future. This is unfortunate for America, not only because the people who leave these small towns are being pushed into the urban congestion of our metropolitan areas; it is unfortunate because the loss of the Nation's small towns means a loss of balance with nature. A prosperous small town is in ecological balance with nature. It has such ecological balance because in small towns there is still an element of serenity, of neighborliness, and of closeness to the earth. In a small town one is able to enjoy the benefits of open spaces and the advantage of air and water that is relatively free of pollution.

In the Committee on Agriculture and Forestry, of which I am chairman, we are attempting to find ways to revitalize the Nation's small towns. The Rural Development Subcommittee is attempting to give Americans a choice—a real choice between living in urban congestion or in

small town America. Clayton C. Denman in his article "Ecology of Towns" which appears in the August edition of the publication Not Man Apart points out the benefits of small town living, as well as the problems that many small towns are facing.

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

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

AN ECOLOGY OF TOWNS

(By Clayton C. Denman)

Near the center of Kansas is a decaying town that would fail to catch the eye of most tourists or travelers who pass along the highway. Its tree-shaded streets remain unpaved, and most of the platted lots show only traces of houses long razed or burned, their silent gardens a strange tangle of dead trees and green bushes.

It's hard to make a census there because the edges of town blend raggedly into the last remains of poor subsistence farms, and man-made boundaries are outlined only by the skeletons of fences and the remnants of quiet lanes. Perhaps 50 people live there: maybe only 30 now, as when I last visited it two years ago many were old, others too poor to survive there long. Few families have children, and those who do know nothing of birth control or family planning. An eroded yard, the playground of a dozen human badgers, seemed out of place among the quiet houses of the elderly.

A single wooden building stands on Main Street, its sides flanked by lean-to sheds and its porch strewn with the merchandise of a dying way of life. A gas station fronts on a crescent of dirt road, a long -abandoned curve of the relocated highway. It is seldom open now, and serves local residents only when the owner can find money to buy a small supply of gasoline.

A junk dealer occupies a field along a side street, his house fully hidden from view by a tangle of saplings, vines, and bedsprings, all decorated with the blossoms of entwining morning glory. The son of a prosperous farmer of homestead days, he did not make his escape before Education became the gatekeeper. Down the same street ending at the junkyard stands a six-room house identified only by a small red and black sign partly curled among the dead files in the front window. The house is "for sale by owner," and he is asking $500. The nearest school is 10 miles, likewise stores for food and clothing.

Everything in this town is on a smaller scale than in the urban centers; yet there are reminders of the decay of a civilization—the kind of decay described in books on European history. A house of hand-cut stone stands monument to the permanence so valued in the past, a permanence that was surely intended to be the foundation of the future; its stony sanctity is now guarded by a cow peering importantly through a shattered window still arched in stone. Elsewhere, in a brick-strewn field, a eulogy to a long-forgotten college is inscribed on polished granite quarried for a tombstone.

Compared to much of expanding suburban America, this dying Kansas town is not an ugly place. In one sense, its ecology is returning to that of the prairie river valley of the last century (though there are no longer herds of bison to winter there). Perhaps the conservationists of the past would let it revert, but that impulse denies man a place in the balance of life. The buffalo are dead. The men who built this town and produced children to succeed them have gone elsewhere. They have gone to the cities and the suburbs, to urban slums and retirement towns, where they may exploit the land for profit and convenience, where they consume and pollute the resources of the rural landscape, but where, as individuals, they can contribute very little to maintaining these resources for future generations.

Dying towns are everywhere from Kansas to the coastal valleys of America. And even as the seaside is carved into urban lots as a fringe is cut on leather, there are fishing towns that die because fewer men can make from the sea a living that matches the models that mass media set for them.

A dying town is not ecologically balanced because it has lost its human resources. This is not because men no longer have an ecological niche there (as is so often said of the family farmer), but because men have been seduced by the plastic gold whose mother lode is somewhere in the city. This is not a rhetorical analogy, for men of the nineteenth century left the city to find gold in the wilderness, and always with the dream of returning home or building a mining town into a vital city. Thus it is not strange that as many as 86 out of every 100 city dwellers express a hope that someday they might live comfortably in a small town; meanwhile, they try to capture the spirit of rural life on a large suburban lot. But the dream of retirement to the past, like the intention of the immigrant to return in wealth to his native village, is seldom fulfilled. There is only one way to build a town, and that is with the process of living an active life there.

Not all small towns are dying, even in Kansas; but most are headed for illness, or aging into tiny urban failures. For the small town is not an embryonic city, though the popularity of that assumption has led many rural villages on a psychedelic trip (complete with flashing neons of prosperity), only to face later the reality that the urban systems can withhold the drugs of continuity. The scars of dependency are not beautiful.

Many kinds of towns are bewitched by the prospects of economic growth. In some, it is possible to predict that the wages of growth will be a devastating collapse of the local economy. Sometimes this will happen when the city-dominated system turns downward, as it did when urban population began to disperse in the 1950's. Urban political representatives from these most populous areas have expended all available tax funds to shore up the sagging city. They have been doing this for 20 years, and billions have been spent on city programs with only leftovers for small towns. In some ways, this has allowed the sense of comunity to survive in rural villages. For federal programs of the past have not stressed building on what has already been accomplished but have used the bulldozer approach, destroying both the foundations of social community and the foundations of old buildings (which are a storehouse of human energy of past generations) in a single cut of the blade.

Other towns do not react rapidly to national crises because they are insulated by the stored wealth of past generations—not a bad condition by either economic or ecological standards, but such towns die rapidly if the functions of old instiutions are not continued in the actions of younger people. These are towns whose populations invest in material and economic comforts, then die without encouraging others to take over.

All these kinds of towns can avoid the perils to which they have thus far been blind if they will only look at what is happening to them. Most do not.

Cornsmith is this kind of town. (Its residents call it by a different name, but it is a real town that today lies in painted prosperity in the corn and sorghum country of the midwest prairies.) It is an active, growing town, bulging with an affluent population far beyond its capacity to provide housing or public services for. More than 600 people moved there from 1955 to 1965, and Cornsmith now boasts 2800 people.

I don't remember the prairie states when the countryside was dotted with farmsteads and schoolhouses as well as towns. Old people tell me that the farmland around Cornsmith was once settled with at least two houses for every section of land. By 1950, that population was cut in half; today, the visitor driving along the sun-cracked concrete leading eastward into Cornsmith rarely passes houses at all, though most of the land is still in sorghum or corn and grain elevators rise from the oases of deciduous trees that are evidence of the region's small towns. Most of these communities have been bypased by modern high-speed roads, even by those narrow two-lane highways built more than 20 years ago.

The first time I passed through Cornsmith was a late summer evening in 1965, and the town seemed like a reasonable waystation before a distant destination. In many prairie towns, the main highway gives the traveler the impression that there is nothing more than residential blocks behind the trees; and among outsiders, it is only the curious or the historian who discovers that the highway facilities are a special province of the traveler, offering higher prices than the farmer's co-op on Railroad Street or the dining room behind the chamber of commerce office at the hotel. Cornsmith was no exception; its highway businesses were established in recent years by regional investors stretching their facilities from town to town like a trap line along a meandering stream. Fur trappers of another century, these investors come from distant cities and remove their green-back pelts with litle benefit to the community.

There are five blocks of quiet old houses and well-tended lawns between the highway and the main business district. It is a heavily shaded street, widened to match the breadth between the high concrete curbs that front the nineteenth-century buildings. The blocks between the highway and downtown were deserted in spite of their width; there is little local traffic between the old town and the highway since nearby farms and other outskirts could more readily be reached by older roads than by the passing highway.

There are only three short blocks of old, two-story, brick business buildings, then a large feed store, a lumber yard, and a string of grain elevators along the railroad switchyard. South of the tracks, the road narrows into highway and becomes a black ribbon of asphalt arching convexly over the wide plain to bundle Cornsmith with the prairie river villages three townships away.

The ground floors of most of the downtown buildings are occupied, giving an illusion of prosperity that is reflected in the rows of angle-parked cars with their bumpers crunched against the high concrete curbs like a rainbow of hogs waiting to consume some strange synthetic food. A turreted corner building dominates the first block, its upper floors inhabited by pigeons and sparrows who have a private entrance in the corner of a broken window. A rusted cornice, still clinging to eroding brick, reveals itself as iron and not the stone whose texture is stamped on its plates. In a windstorm, patent shingles fall from the turret dome and expose stavelike sheeting, which, until it weathers, will still prevent the frequent early-summer rains from disturbing the shops below.

In spite of this description of decay, there are neither vacant stores nor empty lots on the main street now. But more buildings, like the turreted corner, are neglected showpieces of an older and unappreciated technology. These buildings were originally designed for use both as living quarters and as commercial establishments. It is strange

to realize now that a hundred years ago, when open space abounded, men found this crowding to be both financially rewarding and convenient. Towns differed from one another, but often one-fourth of the population lived in such central districts where shopping meant merely going down a flight of stairs to the street. Land use in small towns was compact and efficient because even those who lived in surrounding houses were well within walking distance of both stores and recreation facilities. It was not unusual for a town of 2500 population to have five or six social halls in downtown buildings in addition to apartments and hotel rooms.

Some of Cornsmith's finest examples of nineteenth century brick architecture are its lodge halls and public meetings facilities. One is tempted to say that social institutions of the past, unrestricted by dreams of infinite profits, could put their surpulus into beauty and technological creativity—into harmonious combinations of brick and stone, iron and steel, most of which could be fabricated to local tastes in nearby brickyards or foundries. At least the little businesses in the little towns contributed in ways that indicate that part of the profits were taken in pride and integrity. For no one could be part of such a community then and cheat his neighbors with false advertising and shoddy goods merely to brag of a profit donated to the cure of mental illness or to feed the poor (who had been persuaded to consume beyond their means). Somehow, today, men have separated their business and community contributions; too often they felt justified in deceiving their neighbors in business so that they can amass profits and use them to make the world a better place.

But we have drifted too far into the realities of the past. Cornsmith today can never be the same as it was then because its people have changed. They now want their town to grow at all costs. They want their town to become an urban metropolis and still retain the good things of the small town of the past. They begin by covering the town with an urban facade. They have faced many of the old brick buildings with corrugated aluminum in gaudy colors that hide the integrity of vertical styling and make rows of adjacent buildings look as if they were built to stand alone in a shopping center. Flashing signs are hung, vying with each other like rows of giant lighted semaphores, each flying a conflicting signal. The Parthenon, with a different lighted sign projecting from each gracefully fluted column, would be akin to this scene.

A block north of the IOOF hall is the Cornsmith State Bank. It occupies a newer building, probably constructed in the late 1940's when rising land values followed agribusinesses (which now have bought most of the family farms for 50 miles around). The bank is curiously conservative and cautious in little things, perhaps because its major ventures are so blatantly foolish. The Cornsmith banks have financed new businesses and buildings to accommodate the 600 farmers who recently sold their land to corporate owners and retired to towns. This influx of retired farmers, each with $25,000 to $75,000 in cash, has stimulated Cornsmith to unexpected prosperity. It gave the banks money to lend and encouraged promoters to open new subdivisions on the eastern edge of town. Within a few years, 200 houses were built, a new supermarket took the half block behind the old turreted building, vacant storefronts vanished from Main Street, a new post office and a new addition to the hotel were built, and more old buildings were shrouded in aluminum. Cornsmith was growing!

But so was the number of its citizens past 65 years of age. There are few young people in town, and consequently, few demands for even a mediocre school system. The town had been caught with only a small hospital-clinic whose single aging doctor has no special training in treating the elderly. The nearest nursing home is in Bricktown, some 38 miles away.

While medical facilities might still be a good investment for Cornsmith banks, they seem to have exhausted their liquid resources and their enthusiasm on projects that served the social needs of bygone years. Neither banks nor citizens have looked ahead to contemplate their town as it will be only 10 years from now; a place one-fifth of the population will be over 80, where deaths and out-migration have *already* reduced the maximum population of 1965, where most of the older people will live (without transportation or delivery services) in subdivisions more than a mile away from stores, where there is still no nursing home or adequate hospital, where the present doctor will also be 80, and where none of the expansion of the 1960's will yet have been fully paid for.

Two years ago, I returned to Cornsmith. I was anxious to observe the town more closely and try to understand why decline and death seemed to haunt such serene and often beautiful places, no matter how diligently local residents (or even expert consulants) tried to save them.

Approaching from the west, I followed the railroad line that parallels the highway until it cuts obtusely through the rectangular blocks of Cornsmith's south side. Entering the town by this road gives one a quite different perspective from that of the highway approach. An older section of town, it houses the poor and some of the retired who have failed to prosper throughout their lives. Some live in shacks, others in larger, run-down houses, which, during less populous days before the influx of farmers, had at one time been abandoned and empty. I talked with some of these people during my stay. They are neither very old nor very young; neither are they minorities, or a social class. They are merely failures, for the most part, victims of an economic system that failed to appreciate the harmony of the land and the way of life than man can successfully live on it if he but takes a portion of his profit in serenity and beauty and neighborliness instead of first expending the energy and years to accumulate enough money to buy serenity and beauty and neighborliness.

Perhaps the poor in Cornsmith are different from the poor in other towns. Perhaps the life-long poor or the victims of discrimination have long ago moved to urban bondage. But these people of Cornsmith had all tried to farm, to operate a business, to do those things which are supposed to bring prosperity and reward hard work. I wonder what the merchants of today will think when their turn at trying is ended by their failure to plan for such an obvious and natural occurrence as an aging population?

Cornsmith is a town surviving in an accumulation from the past, but it will soon enter the kind of senility it started into after World War II. It has lost its ecological balance with the countryside around it. Cornsmith has neither industry nor farms to bring a steady income to many people. The agrofactories around it employ few people and do not buy locally. And new industries would need a much younger population as a stimulus to locate there.

The social ingredient missing amid the new prosperity of towns like Cornsmith is continuity—continuity built into their social order. This continuity seems to be vital to the survival of small towns, whether prosperous or already on the decline. Such continuity should imply neither change nor stagnation, but an on-going process whereby the future is built on the social and material resources of both the past and the present. For the ecology of towns, or of any community, is a recycling of the human and natural resources that are basic to each social order. Human resources are a part of this recycling because human efforts can be stored in the lasting and worthwhile products of man's creativity. There is no continuity when towns decay into bleached and windswept skeletons. Nor is there continuity for towns like Cornsmith whose young people have left to make their way in the maze of urbia, whose elderly reject the traditional life style of the town they helped to build (instead creating a weird illusion of surburban estates on its outskirts), and whose businessmen work to make their town a bad copy of the city instead of an ecologically sound town.

The ecologically balanced town is one that is able to adapt to modern conditions in order to survive; but in doing so, it must neither copy those conditions nor depend upon what was adaptive in the past. Ultimately, adaptation is very much an individual responsibility. The small businessman must learn to draw patronage from other towns and to relate his management to the goals of the community he serves. Local governments must begin to cooperate with one another so that competition does not undercut and make mediocre the efforts of each. Some towns may be excellent sites for industry. But neighboring towns may not, and efforts there should discourage anything that would disturb their serenity; for here are potential sites for hospitals, nursing homes, schools, or purely residential communities.

Towns should not strive to become alike. If they do, all become vulnerable to plagues that periodically afflict the economy and the social order. To survive in an era when it is popular to praise unbounded growth and to decry limitations on development, the small town must place its community values first and size up the consequences of becoming a part of mass culture. The bare ground of what was once a Kansas town is an example of the result of failure to do so. Its most important assets have become a part of the mirage created by the city for the small town to follow. Its people have gone, its sense of community has been obliterated, and even its physical remnants are fading. Cornsmith is not far behind.

Conservationists are sooner or later asked to explain why they are attempting to save those parts of our world that others find it profitable to destroy. There is always someone to condemn the sentiment of those who would save the wilderness, or to question the motives of those who would ban the noise and belching of technology. So it is not unexpected for the Modern Citizen to challenge the efforts of those few of us who praise small towns, branding our efforts to revitalize the countryside community as "silly sentimentality in the face of hard facts." Most Americans have been led to believe that the future of mankind is urban, and that the countryside will be transformed into one continuous agrifactory for the production of food, timber, minerals, and other consumable resources. Most of us are apt to believe that what *is* is an expression of the inevitable.

I will readily admit to a great measure of sentiment in my feeling for small towns, but not because I long for some vanished glory of my youth. I was born and reared in a great city, and there experienced the reciprocity between city and countryside. If anything, it is the city of my youth that has vanished, having changed from an orderly, convenient, hospitable environment into one overcrowded and unpredictable. Small towns have not yet changed that much. They still have many of the values implicit in a true community; they still value many of the treasures of a less demanding technology; they are still free from many of the disorders that have plagued cities in recent decades.

Small towns in Kansas, or anywhere else

should not be left to die; the Cornsmiths, the Coal Valleys, and the Oakdales should be given every opportunity to retain their vitality as communities. To the many critics who ask "Why oppose the inevitable death of small towns?" I can always answer, "Why believe in the inevitable?"

But scientifically, it is not a philosophical choice between the survival of small towns and the future dominance of cities. Too many studies have already shown that cities and small towns are functionally linked into an interdependent ecological system. Just as great cities are dependent upon farms for food, so are they dependent upon small countryside towns for many of their most creative and innovative citizens. It is likely that if small towns continue to decline as viable communities, cities will fall into decay also. For cities, small towns, farmlands, and wilderness are all parts of a single ecological system. Although we have not yet proved the extent of the linkages between town and city functions, we should be increasingly concerned to discover whether it is only a coincidence that the inner city and the small town should be losing, simultaneously, both their sense of community and their economic viability.

## TRIBUTE TO THOMAS FRANKLIN WATKINS

Mr. THURMOND. Mr. President, today, August 2, 1971, a distinguished American, Thomas Franklin Watkins, of Anderson, S.C., is observing his 90th birthday anniversary, and I want to pay tribute to him now for his years of outstanding service.

A lawyer, Mr. Watkins has practiced his profession with honor and distinction since 1904. During that period he served 4 years as a State senator and several times as a special circuit judge and once as a special justice of the South Carolina Supreme Court.

In addition to a number of community interests, this distinguished man also has served as president of the Anderson County Democratic Convention and was president of the South Carolina State Democratic Convention in 1928.

Active for years in the American Bar Association and the South Carolina Bar Association which he served as president, he is also a Fellow of the American College of Trial Lawyers.

Mr. President, the interests of Thomas Franklin Watkins have run deeply into the fiber of South Carolina. He served for many years as a member of the board of trustees of the Anderson, S.C., School District and as its chairman. Mr. Watkins also served as a trustee of Presbyterian College and of Anderson Memorial Hospital in his home city.

A graduate of Wofford College, in Spartanburg, S.C., in the class of 1902, Mr. Watkins received his LL.B. degree from the University of Virginia in 1904. From that year until his retirement from active practice in 1966, Mr. Watkins was a lawyer in Anderson. He remains today as counsel to the firm of Watkins, Vandiver, Kirven, Long & Gable.

Mr. President, Thomas Franklin Watkins has served his State and Nation well, and today, at 90, still provides his wise counsel in a broad array of projects. A lawyer of extensive interests, he has been a public official, a jurist, and a policymaker in the fields of health and education.

The example of Mr. Watkins' long and distinguished life and career is one worthy of emulation by all citizens.

Mr. President, I commend this outstanding American and pay special tribute to him in observance of his 90th birthday anniversary.

## MENTAL RETARDATION AMONG DISADVANTAGED SLUM CHILDREN

Mr. CRANSTON. Mr. President, the July issue of American Education magazine, published by the U.S. Office of Education, has a very important and timely article that explodes some of the myths of so-called mental retardation among disadvantaged slum children.

The article describes a research project by a group under the direction of Prof. Rick Heber at the University of Wisconsin which has been working with infants and children for 5 years in a slum section of Milwaukee.

The project shows that children of mentally retarded parents need not themselves become mentally retarded, although there has always been a close relationship between the two.

Heber's group, through intensive work with infants and children, raised IQ's of disadvantaged children by more than 50 percent and in some cases as high at 135.

What may be even more important, they found that the children they taught retained their abilities and continued to advance at a faster rate than their peers.

The Heber study shows that we must intensify our efforts to reach children in the ghettos at a very early age and that we must continue to reexamine our concepts of education and learning abilities of all children.

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

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

CAN SLUM CHILDREN LEARN?

(By Stephen P. Strickland)

Disadvantaged children may be capable of educational achievements far beyond anything heretofore imagined if a remarkable project in Milwaukee is the guide it clearly seems to be.

In the project, now in its fifth year, children from poor, illiterate parents living in the city's most depressed section have shown sustained high performance on a variety of tests administered from infancy through their fourth year. During that period the youngsters' intelligence quotients jumped by better than 50 percent, with some of them achieving as high as 135.

This and other evidence gathered during the project seems to demonstrate that while early environmental circumstances have a powerful impact on a child's intellectual growth, the slum environment in and of itself does not necessarily form a lifetime trap for the disadvantaged.

Taken alone, that finding may not seem novel—although convictions about the success of various educational "intervention strategies" sometimes have appeared to be based more on hope and sympathy than on scientific evidence. The Milwaukee Project provides hard data to support the belief that, under the right circumstances, intervention can be successful even in the most difficult situations. Beyond that, the project suggests that some factors affecting learning capability and intelligence quotients which at first glance could be interpreted as matters of inheritance are instead matters of environment.

The implication of the latter finding is one of the things that makes the Milwaukee Project important. In fact, the project's implications relate to several educational concerns from compensatory education to mental retardation. Broadly, they justify our paying greater attention to the availability, the kind, and the quality of education programs for the very young child.

The Milwaukee Project was launched in 1964 when a multidisciplinary team from the University of Wisconsin under the direction of Rick Heber, Professor of Education and Child Psychology, began a series of surveys designed to learn more about the relationship of poverty to mental retardation. The team included professionals from the fields of psychology, psychiatry, sociology, and speech therapy as well as education.

The Wisconsin group knew that by some estimates more than six million persons in the United States are considered to be mentally retarded and that, although the great majority of them have no identifiable pathology of the nervous system, all have exceptionally low I.Q.'s and are functionally if not physiologically retarded. They also knew that mentally retarded persons are found in particularly large numbers among the populations of economically distressed urban and rural areas. What had not been documented was a view that was nevertheless gaining increasing acceptance: that the retardation so frequently encountered in the slum was produced by the overall environment characteristically found there—a combination of ignorance, illiteracy, malnutrition, and economic, mental, and psychological depression.

That view overlooked two rather obvious facts: by far the great majority of disadvantaged persons living in slum areas are not retarded, and the majority of children reared by economically disadvantaged families develop and learn in a relatively normal fashion. These facts suggested that the heavy concentrations of mentally retarded persons in slum areas were related to certain specific factors rather than the general environment, and the Wisconsin group set out to find them.

The area selected for the surveys was that residential section of Milwaukee which, according to census data, had the lowest median family income, the greatest population density per housing unit, and the most dilapidated housing in the city. It was, in short, a classic urban slum. And predictably, it yielded a much higher rate of mental retardation among school children than any other area of the city.

The first survey was conducted in 1964, with all families in the area whose children included a newborn child being invited to participate. The most important finding to emerge from that initial study was that maternal intelligence was the most reliable single indicator of the level and character of intellectual development of the children. Although mothers with an I.Q. below 80 made up less than half the total group of mothers in the study, they accounted for about four-fifths of the children with I.Q.'s below 80. The survey data further showed that the lower the mother's I.Q., the greater the possibility of their children's scoring low on intelligence tests.

Fathers were not evaluated in the first survey. In a second survey, focused on 519 newborn infants in the area, intelligence tests were given to fathers, mothers, and

children over two years of age. While the results showed that the father's intelligence level tended to be strikingly close to that of the mother, members of the team felt that the constant proximity of infant and mother and the fact that often the father did not reside in the home made maternal I.Q. a more dependable gauge.

As a result of their surveys and analysis, the University of Wisconsin group became convinced that the exceptional prevalence of mental retardation in the slums of American cities is not randomly distributed or randomly caused. Rather, it is concentrated within individual families that can be identified on the basis of maternal intelligence. In other words, the reason for the unusually high concentration of mental retardation in slum areas is not the slum environment generally, but the retarded parent residing in that environment.

Examined superficially, the population survey data from the Milwaukee study could be taken as suggestive evidence that "cultural-familial" mental retardation is more a matter of heredity than of environment. But what the team of educator-scholars actually observed in their repeated visits with hundreds of families was that the mentally retarded mother creates a social environment for her offspring that is distinctly different from that created by her neighbor of normal intelligence level.

Challenged by that observation, Heber and his associates determined to discover whether the kind of retardation that perpetuates itself from parent to child in the slum-dwelling family could be prevented, and if so, how.

Under the auspices of the university and with grant support from the Social and Rehabilitation Service of the U.S. Department of Health, Education, and Welfare, the multidisciplinary team established an Infant Education Center in 1966 in the area where their surveys had been conducted. Knowing that only children of mothers with I.Q.'s less than 80 show a progressive decline in mean intelligence as they grow older, the Wisconsin group decided to focus their attention and their efforts on such youngsters. They wanted to work with children who, according to the record, were virtually certain to show characteristics of mental retardation as they grew older.

The challenge was to see whether intellectual deficiency might be prevented—as opposed to cured or remediated later—by introducing an array of positive factors in the children's early life, displacing factors that appeared to be negative or adverse. The Wisconsin team knew that any sound conclusions would have to be based on data developed over a peirod of years and for a relatively stable population group.

The teachers in the Milwaukee Project are both men and women and come from many different backgrounds. Not all of them are teachers by training. Indeed, not all of them have college degrees. They are chosen by the project directors from many applicants on the basis of personal interviews as well as comprehensive written information. What is sought is an ability for sensitive interaction with infants and small children and an ability to work within a system of special instruction that is both structured and flexible, requiring both discipline and initiative. Each teacher undergoes eight months of training before beginning work at the Infant Education Center. At present, six of the nine teachers teaching the two-to-four-year-olds have been with the program from its early days.

For the last four years some 40 mothers with I.Q.'s of less than 70 have, with their newborn children, participated in the Infant Education Center Project. When asked if they wished to have their children take part in such a program, all mothers who were offered the opportunity seized it quickly. The newborn babies of these mothers were divided into two groups, with two-thirds of them being placed in the experimental program and the remaining one-third in a control group. Beginning in the first few weeks of life, the project team launched a comprehensive "intervention" into the lives of those infants in the experimental program.

Shortly after the mother returned from the hospital, teachers began visiting the home for several hours each day, focusing most of their attention on the baby. Some weeks later, as soon as the mother and the teacher together decided that the time was right, mother and child joined programs at the Infant Education Center. The infant child, usually three to four months old, was exposed to mental stimulation of a wide variety for several hours each day under a one-to-one ratio with trained adults. Meanwhile the mother was encouraged—but not required—to take part in a center program designed to teach her improved homemaking and baby-care techniques and in some cases to provide basic occupational training.

The oldest children are now moving toward their fifth birthdays. For the last four-and-a-half years they have been picked up early each morning at their homes and brought to the Infant Education Center. Each child in the school has his own teacher until he is 24 months old. At that point small group learning begins, with two-year-olds being placed in a class with five other youngsters. When the children are three years old, the size of the class is increased to eight; when they are four, it's increased to 11. Throughout, three teachers are assigned to each class. This formula enables every teacher to specialize in a given area—reading, language development and expression, or mathematics—while providing a constant relationship between each child and several adults and constant relationship among the children.

ACTIVITIES ARE STRUCTURED

The education program is made up of a series of activities including important aspects of sensory and language stimulation. These activities are precisely structured though the setting is arranged to encourage flexibility and initiative by both the infant and the teacher.

The schedule during four days of each week is firmly set for the children two years old and older. They arrive at the center by 9:00 a.m., and after they are given breakfast, they begin their classes at 9:30. Each of the three teachers engages a third of the pupils in learning activities in his or her special areas, using both standard equipment and techniques, materials, and methods that have been developed at the center. For example, the Peabody Language Development Kit for primary level is used for children two, three, and four years old in their afternoon group language class. In the more individualized morning language class, the teacher usually uses equipment and methods developed over the last several years by Heber and his colleagues, and she may occasionally adapt variations from standard methods and equipment for particular purposes.

In his language class, which lasts a half hour, a child is guided by the teacher for 20 minutes of stimulatory exercises; in the remaining 10 minutes he may use the equipment or materials or continue in any way he wishes the activity the teacher began. His second class, also of a half-hour's duration, is likewise divided into 20 minutes of structured activity and 10 minutes of unstructured continuation of that activity. After a half-hour of free play, a third half-hour class brings the children to 11:30, when they decide whether they wish to watch "Sesame Street" on television—which the Milwaukee Project professionals rate highly—or to continue one of the activities begun previously that morning.

After lunch and a nap, there are two additional classes in the afternoon, once more of a half-hour each. For these two classes, each age group is divided into two sections with one teacher working with three to six children. The group language class emphasizes communication and problem-solving. The teacher might ask, for example, "What if you woke up in the morning and could find only one shoe?" The point is to stir the children's imagination and encourage free verbalization of thought.

A second teacher engages her section in lessons on topics that vary from week to week and include science, art, and music. As in the morning classes, there are 20 minutes of free use of equipment or free exploration of topics introduced earlier. Meanwhile, the third teacher uses this period to work individually with any child needing special help in any subject.

Both the morning and afternoon class groupings are based on a combination of ability and behavior. Hence there is, once more, flexibility within the structure. A child may have his language class at 9:30 on some days and at 11 on other days. For children less than two years old, the day's activities are not as structured as they are for the older youngsters. And on Fridays, the day is less structured for all the children, often allowing for such special occasions as field trips.

The program for mothers continues after the children have begun their classes at the center. Following the initial emphasis on child care and homemaking, the program offers opportunities for vocational training and has assisted a number of mothers to secure steady employment for the first time. The center does not employ any of the mothers but supports an active parents organization in which the majority of them participate.

From the very beginning of their participation in the infant education program the youngsters have been tested as well as taught. At given intervals a number of experimental measures of learning and performance—in language development and motor skills, among other areas—have been applied and standardized tests of intelligence and intellectual development administered.

DIFFERENCES IN PERFORMANCES

Starting when they were 18 months old and continuing at six-week intervals thereafter, the children have been given a series of language performance tests, including both "free speech samples" (recordings of their conversations made at random intervals) and formal language tests. Over a period of three years, striking differences have developed in the performances of children in the experimental group and those in the control group. When the children in the experimental group reached 19 to 25 months of age, their vocabulary production began to accelerate rapidly. For those in the control group, vocabulary production did not begin in any instance until the child was 28 months old, and a number of the control group children still could not speak at that age.

On interesting phenomenon the University of Wisconsin team observed was that at approximately 28 months the children in the experimental group seemed to reach a vocabulary plateau lasting for one to two months. At that stage, as the children began to concentrate on grammatical structure, they produced fewer new words. Three or four months later, however, the children in the active program were able to express themselves in full sentences, some relatively complex, while most of the children in the control group were for the most part still producing unconnected words.

The children in the active stimulation program advanced rapidly not only in ex-

pression but in comprehension as well. A test given first at 36 months and thereafter at three-month intervals measured the children's comprehension of 16 different grammatical features or rules of the English language. At every point, the children in the experimental group showed significantly superior performance.

Indeed, on a whole range of tests—from simply matching and sorting to comprehension and motor skills to tests of intellectual development and intelligence quotient—the children who have been exposed since infancy to the daily routine of mental stimulation have shown remarkable development in contrast with the children in the control group. This holds true even when the performance of the experimental group is measured against the norms established by age peers generally.

Naturally it was hoped and expected that the concentrated, carefully constructed program of stimulation of which one group of children was to be exposed would result in some noticeable differences. But the original specific goal was to test ways of preventing decline in intellectual development in children for whom such decline was predictable on a variety of grounds. What was not anticipated by Heber and his colleagues was the marked acceleration in a range of intellectual skills that has in fact occurred over the last four years on the part of the children in the experimental program.

Those differences are dramatized in the finding that at 42 months of age, the children in the active stimulation program measured an average of 33 I.Q. points higher than the children in the control group, with some of them registering I.Q.'s as high as 135. Equally remarkable, the children in the experimental program are learning at a rate that is in excess of the norm for their age peers generally.

The results of four years of effort and analysis that have gone into the Milwaukee Project obviously are extremely promising. The professional educators, social scientists, and teachers involved are nevertheless cautious in their interpretation of those results. For one thing, they want to collect and analyze data on the children participating in the project for another two years or more.

Further, the children have doubtless become "test wise," and the project team would like more time to assess the possible effect of this kind of sophistication. Nevertheless, the children in the control group have been tested as often as those in the experimental porgram, and so the difference in their performance obviously results from differences in their educational environment.

Whatever their caution, members of the University of Wisconsin group do say that, as far as they know, the intellectual stimulation and training given the children in the Milwaukee Project have been more comprehensive and intensive than that to which any comparable groups of infants have ever been exposed. In the course of their efforts, members of the team have developed particular techniques—especially in the area of verbal skill development and reading comprehension—that seem to have affected the progress of the children, though team members are reluctant to suggest that those techniques and approaches are unique or even completely novel. They are, in any case, planning a series of instructional materials based on their research and teaching experience in infant education.

Despite the scientific caution and personal modesty of the Wisconsin group, their excitement at the possibilities they have developed shows through.

"We have seen a capacity for learning on the part of extremely young children that previously I would not have believed possible," says Heber. "While the results are by no means fully conclusive and must continue to be tested, the least that I am willing to say is that it is difficult to conceive of the children in the experimental program ever falling back to the level of their age peers in the lagging control group."

In any case, the trend of the data being developed in the Milwaukee Project engenders real hope that mental retardation of the kind that occurs in children whose parents are poor and of poor ability can be prevented. If the effort is begun early and remains constant in the early years, even very serious kinds of mental and intellectual disadvantage can possibly be forestalled.

## GRIEVANCE PROCEDURES IN THE FOREIGN SERVICE

Mr. HUMPHREY. Mr. President, last month I introduced, along with Senators BAYH, COOPER, and SCOTT, a bill to establish a formalized grievance procedure in the State Department similar to what already exists in other departments of our Federal Government. It is my understanding that the Committee on Foreign Relations intends to hold hearings on the bill, S. 2023.

I sincerely hope that plans for such hearings will not be delayed unnecessarily, because the longer we wait, the more risk is involved in the breakdown of management-employee relations within the Foreign Service. The basic rights of employees within this most important service of our Government, which is supposed to serve as an exemplary institution of American society both at home and abroad, must not be neglected. These rights must be insured, and they will be if S. 2023 is passed.

I have received since the time the bill was introduced numerous letters of support and encouragement from members of the Foreign Service. The American Foreign Service Association, which is the representative organ of employees within that service, has endorsed S. 2023 in the form of a resolution adopted at a meeting of the association's board of directors. I ask unanimous consent that the resolution and an article by Mike Causey be printed in the RECORD. The resolution represents the concerted opinion of the association and many others who have called attention to the startling lack of individual protection and justice within the Foreign Service.

An example of the bureaucratic bungling at the sacrifice of devoted and talented employees of the Foreign Service is the case of FSO Miss Allison Palmer. The Senator from New Jersey (Mr. CASE) has helped to bring Miss Palmer's case before the public. I think Mike Causey's article in the Washington Post explains very well the incredible situation involving Miss Palmer and the larger issues involved.

I for one would prefer not to read about these cases but would like to prevent them from ever occurring. I think the bill I am cosponsoring with Senators BAYH, COOPER, and SCOTT would do just that. I, therefore, ask Senators to join us in having the bill passed.

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

RESOLUTION ADOPTED AT MEETING OF THE BOARD OF DIRECTORS, JUNE 15, 1971

Whereas, the American Foreign Service Association has as one of its principal purposes the promotion of the welfare of members of the Foreign Service of the United States; and,

Whereas, the absence of due process for Foreign Service employees to obtain protection from injustice, unfair treatment, career damage, reprisals, or arbitrary administrative actions must be rectified; and,

Whereas, S. 2023 embodies the basic principles the Board of Directors of the American Foreign Service Association believes necessary for a fair and impartial system of grievances and appeals;

Now, therefore, be it resolved that the American Foreign Service Association Board of Directors, on behalf of the more than six thousand actively employed members of this Association, express their deep appreciation to Senators Bayh, Humphrey, Cooper and Scott for sponsoring S. 2023, and pledge their firm support for its enactment at the earliest possible date.

[From the Washington Post, July 31, 1971]

FOREIGN SERVICE OFFERS A SURPRISE

(By Mike Causey)

It may be just a coincidence, but last Tuesday the State Department offered a surprise, immediate job transfer to a post 9,000 miles away in Africa to a woman Foreign Service officer who has charged department officials with sex discrimination.

Tuesday, it happens, was also the day this column outlined details of a speech Sen. Clifford Case (R-N.J.) was about to deliver on the Hill. In it, Case roasted the State Department for unfair treatment of FS Officer Allison Palmer.

State personnel people who made the transfer offer to Africa told Miss Palmer they had seen the column and knew all about Case's forthcoming blast. They deny, however, that the transfer was made for any reason other than that she was needed overseas.

Miss Palmer was called into State's personnel section, and asked how she felt about taking a job in the Malagasy Republic. She was told her reporting time, if she were to accept, would be within two weeks. Miss Palmer turned down the offer, saying she had only been back in this country for about a year.

Earlier, the personnel section called the Office of Intelligence and Research, where Miss Palmer now works, and asked if it would agree to the transfer. The office told personnel it wanted to keep her.

Miss Palmer told this column that she has served in various posts—from Vietnam to Ethiopia—but that she was normally given six months' notice of a new assignment. State generally does this, although it can and does assign FS officers on shorter notice in emergency situations. A "normal" tour of duty here after overseas service is from two to four years.

Miss Palmer, an FS 4 officer ($17,761 to $21,313) joined the Service in 1960. State officials replying to her grievance complaint, said her promotion progress has been better than average. Her last promotion came in 1968.

Her complaint alleges that she was denied better jobs and assignments in some posts because several ambassadors didn't think a woman could handle the work. A finding by the department's legal office said there was "evidence" of past discrimination in her case.

Officials have told interested congressmen that Miss Palmer would probably come out the victor in a grievance hearing. But before that, she was advised by the equal op-

portunity office at the State Department that her career might be damaged if she pressed the charges.

Meanwhile, she apparently isn't going to the Malagasy Republic. And the State Department apparently ought to take some lessons in diplomatic timing.

## THE DEPARTMENT OF STATE AT SEA

Mr. CHURCH. Mr. President, the conclusion of the recent meeting of the International Whaling Commission in Washington has left our Department of State, so to speak, at sea. Although the Senate has passed Senate Resolution 115 proposing a 10-year moratorium on the killing of whales, our Department of State came away from the meeting having accomplished, according to one observer, nothing. The result will be 1 more year of the destruction of these magnificent ocean mammals and perhaps the extinction of some species of whales.

Although we have adopted regulations in the United States that prohibit American fishing vessels from taking whales, we have not been able to gain agreement from the other major whaling countries, Russia and Japan, on the need for greatly restricting the harvest of whales. The result, according to the experts, is that the very existence of many species of whales is threatened.

This is a situation which requires active, firm pressure on those countries that continue a destructive whale harvest. It requires an active, firm diplomatic policy on the part of the United States. It requires that we put the control of whaling high on our international priority list. It is my impression that the Department of State has not done this to date. I would hope that we might see the Department of State take a much more forceful role in pursuing limitations on the whale harvest than it has in the past.

Lucia Mouat, of the Christian Science Monitor, has written an excellent article summarizing the latest developments concerning the killing of whales. I ask unanimous consent that her article, dated Friday, July 30, 1971, be printed in the RECORD.

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

### BLUNTING THE WHALING INDUSTRY'S HARPOON

(By Lucia Mouat)

WASHINGTON.—The romantic whaling days of Melville's "Moby Dick" are no more. The whaling industry has combed the world's seas with such efficiency that several species of the giant mammal are close to extinction.

A vivid case in point is the now-rare blue whale, largest member of the whale family. While 30,000 were killed in a single year some 40 years ago, today only an estimated 600 to 3,000 of the creatures still exist.

The problem has intensified in recent years. In the 1960's more whales were killed—for oil and meat processed into pet food, cosmetics, candles, and fertilizer—than in any decade in the history of the world.

So scarce are they becoming that whale hunters can barely fill the generous quotas the industry is allowed. While hunters snared 30,000 large fin whales for instance, from the Antarctic in 1961, taking nearly three times the sustainable yield, they now catch closer to 2,500 fins a year because there are far fewer to be found. They could have taken 10,000 to 12,000 a year in the early 1960's indefinitely without depleting the stocks.

#### ALTERNATIVE CATCH

As alternatives, younger whales, and smaller species, such as sei, minke, dolphins, and porpoises, are being sought. Any semblance of sport in the venture (if ever there was any) is long gone since whale hunters use such sophisticated aids as helicopters, radar, noise devices to scare the mammals, and explosive harpons.

"It's a hideous triumph of efficiency—the whales don't stand a chance," says Mrs. Christine Stevens, president of the Animal Welfare Institute.

While some whale protection measures have been taken, most conservation groups feel the action to date falls far short of the need.

Main regulatory body for the whaling industry is the International Whaling Commission (IWC), founded in 1946 by 17 interested nations. Though charged with conservation of whales, it is—in the eyes of environmentalists—noticeably more interested in the short-term profit of the industry.

I. Fujiat, head of industrial fishing interests in Japan, has been chairman of the IWC for the past three years. Many of the other member governments are represented by fishery or agricultural officials.

#### QUOTAS SET HIGH

Although the group sets annual quotas on whale catches, they are generally much higher than its own scientific advisory committee recommends in the interests of preserving the various species. IWC meetings, held every June and most recently here in Washington, are conducted in secret though a handful of international-environmental-group representatives are allowed to sit in as observers (but only if they keep mum about details of proceedings).

This year the United States took a strong conservationist stand at the IWC meetings. U.S. Commissioner Dr. J. L. McHugh, a professor of marine resources at the State University of New York and the man elected as IWC's chairman for the next three-year term, forcefully urged reforms which the commission had talked about in a casual way for years.

Top on his agenda was agreement to an international observer scheme (to ensure that whalers stick honestly to allotted quotas, spare protected species and adhere to other IWC regulations) and to abolition of the so-called blue-whale unit, a measurement system devised in 1937 which sets quotas on the basis of whale oil rather than by species. Today a unit is considered the equivalent of two fin or six sei or six Bryde's whales.

#### LITTLE ACCOMPLISHED

In the end, by most assessments, the U.S. put on an impressive show but accomplished little. Although an international-observer plan was agreed to in principle, the all-important details have yet to be worked out. These are due to be discussed soon and the possibility for agreement prior to the next Antarctic season still exists.

The commission also agreed that next year it would consider abolition of the blue-whale unit. In setting quotas the IWC cut last year's allowance in the North Pacific by 20 percent but approved Norway's proposal for a substantial 2,300 blue-whale units (the U.S. had recommended 1,800) in the Antarctic. With this quota, the fin-whale population will be further reduced.

"There were some encouraging signs but there's still a long way to go," says a spokesman for the U.S. Department of the Interior on the subject of this year's IWC meeting. "We're cautiously hopeful to the point where we're going to stick with the Commission for at least another year."

#### IWC ON TRIAL

At the opening plenary session U. Alexis Johnson, Undersecretary of State for Political Affairs, had observed that the very concept of the IWC as an effective way of dealing with conservation of whales was on trial.

Mrs. Joan McIntyre, representative of the Friends of the Earth who sat in on most of the commission's deliberations, was less generous than the government in her appraisal: "Essentially the commission accomplished nothing. It promised to do more next year, and that's about it."

The United States, which has virtually no whaling industry of its own but has been importing 25 to 30 percent of the world's whale products has recently taken the lead in a number of strong whale-conservation moves.

Despite the objections of furriers and other commercial interests, Congress in 1969 managed to pass into law an endangered-species bill. With this as his backstop, former Interior Secretary Walter J. Hickel late last fall put eight whale species (including the sperm and major baleen whales) on the "endangered" list, thus effectively barring any imports with those ingredients. Criticized by commercial interests, he held firm on grounds that the law charged him with "preventing conditions" that lead to extinction.

#### EARLY POSITIVE ACTION

"We're not going to wait until all these species are on the brink of extinction before we take positive action," he insisted.

Secretary of Commerce Maurice H. Stans followed up the Hickel action a few months ago by taking steps to end the last whaling in the United States. San Francisco's Del Monte fishing company, which takes in about 100 whales a year in addition to its main fishing activity, will lose its whaling license at the end of December.

Currently there is a widespread move in this country to secure a 10-year moratorium on all whaling. A joint resolution requesting the Secretary of State to call for such action passed the Senate without debate June 29 and is under consideration in the House. In introducing the bill there, Rep. William S. Broomfield (R) of Michigan, observing that "the whale has no lobby," termed the ban "the only possible solution" to the problem.

Such groups as the Environmental Defense Fund, New York Zoological Society, Friends of the Earth, and the Society for Animal Protection Legislation have been working hard to build public pressure for such a moratorium.

Supporters point to the return of the gray whale (on the IWC protected list) to the California coast as an example of what a moratorium might accomplish. They also point out that female whales only produce calves once every four or five years and usually one at a time. Moratorium advocates also stress that research into whale intelligence and social behavior has only begun to be tapped.

Dr. Roger S. Payne of the Institute for Animal Behavior, whose research into whale sounds recently has led to a remarkable record titled "Songs of the Humpback Whale," calls the animals the "most beguiling, gentle creatures on earth."

Much of the research data to date, including census figures, are based on whale carcasses. Biologists are eager to study them as living creatures in their natural habitat. A moratorium would give them that opportunity.

"We've been killing whales much faster than we've been learning about them," says Mrs. McIntyre.

#### KEYS TO CONSERVATION

In the final analysis, those concerned with whale conservation consider public opinion and the pocketbook key turning points in their effort. Unilateral U.S. moves, they know,

are not enough. Observers are encouraged that at least the awareness of growing public concern is there to act as a pressure agent. They point to the precedent set by the Soviet Union's ban on killing polar bears (1956), and dolphins (1966).

Also when Sen. Fred Harris (D) of Oklahoma, author of a sweeping ocean-mammal protection bill, visited recently with a Russian fishery official in Moscow, he was told that the Soviet Union wouldn't stop killing whales until other nations did. (Together Japan and the Soviet Union account for 85 percent of all whales killed.) Compared to the usual retort of whaling nations that there are plenty of whales still in the seas, this comment cuts to the heart of the matter and points up anew the need for international accord.

Economically, whaling is considered a small business. In all, it may bring in $150 million for all nations taking part in it. Substitutes for all whale products are available. If these facts in addition to the U.S. move to have a moratorium do not encourage whalers to turn to other more profitable ventures, some observers suggest a boycott of other goods from whaling nations may suffice as the extra prod needed.

## NATIONAL ASSOCIATION FOR MENTAL HEALTH

Mr. HUMPHREY. Mr. President, I invite the Senate to take note of the opening on August 2 of the new headquarters of the National Association for Mental Health in the Washington area.

The association is moving its headquarters from New York to Washington. It has made great strides since its beginning in 1908 in promoting improved programs in health care for persons suffering from mental illness. I ask unanimous consent that a brief history and background of this organization be printed in the RECORD, together with other noteworthy information about the association's program.

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

### A BRIEF HISTORY AND BACKGROUND

#### ORIGIN AND PURPOSE

The primary function of the National Association for Mental Health is to promote citizen interest and activity on behalf of the mentally ill and for the cause of mental health. The Association dates its origin from 1909 when Clifford Beers, an ex-mental patient and author of *A Mind That Found Itself*, founded the National Committee for Mental Hygiene. In 1950 the Committee merged with two other organizations, The National Mental Health Foundation and The Psychiatric Foundation, to form a united front as The National Association for Mental Health. The original and continuing purposes of the Association are:

(1) to improve attitude toward mental illness and the mentally ill;

(2) to improve services for the mentally ill;

(3) to work for the prevention of mental illness and to promote mental health.

#### PROGRAM

Soon after the merger of the three organizations in 1950, the Association defined broad functions designed to move the Association more quickly toward the fulfillment of its goals.

It was determined that the Association's resources and energy would be devoted to these basic programs.

Research into the causes, prevention, treatment and cure of mental illness;

Social action to bring about humane legislation, sound administrative policies, adequate facilities and sufficient financing to offer the best possible prevention detection, treatment and rehabilitation programs;

Education aimed at both the general public and professional groups about mental illness and mental health and what can be done about it;

Service to patients and the community.

Early in the decade of the 60's, the Association selected specific activities within these broad programs to be given special emphasis:

Improved care and treatment for mental hospital patients

Aftercare and rehabilitation

Treatment, education and special services for mentally ill children

Community mental health services.

#### STRUCTURE AND FINANCING

The Association is comprised of 950 Chapters serving a city, county, metropolitan area, or combination of counties, 49 Divisions (forty-eight State Associations and the District of Columbia), and a National headquarters.

The gross income of the Association at all levels in recent years has been in excess of $9,000,000, but less than $10,000,000. About one-half of the income is derived, from United Fund allocations, and one-half from independent sources. The National Program and Operational budget is $1,300,000 of which 70% is derived from State Divisions and Local Chapters. A complete financial statement is available from the National Office.

#### RESEARCH

The National Association for Mental Health supports important research studies on the causes, treatment and prevention of mental illness. Seed money is granted for projects in their initial and exploratory stages—projects not sufficiently developed to receive major grants. Investments are made in projects directed by young, promising research scientists concerned as much with the training value of the project as with specific findings. Interim grants are made to research projects seeking larger and longer term grants from governmental and other sources. Since its beginning in 1960, the national research program has invested more than one million dollars in studies aimed at finding causes, new treatments, cures and means of preventing mental illness.

#### SCOTTISH RITE

The NAMH research program is essentially an extension of the significant studies sponsored and funded by the Supreme Council 33° Scottish Rite Northern Masonic Jurisdiction, U.S.A., and administered by the national office of NAMH or its predecessor since 1933. This research group, probably the most prestigious in the field of mental illness, has been a pioneer in funding important studies in the field of schizophrenia. Concentrating on schizophrenia since its inception, it has an important focus on biological work. It has had a hand in most of the important discoveries made in the field in the last three decades. Nearly $2,500,000 has gone into this research program. For many years, until the Federal Government began to take an active role in psychiatric research, this was the major source of funds for studies in schizophrenia. It still fills an important niche as the oldest and the most highly effective funding agency devoted entirely to schizophrenia.

The national research program renders a unique service meeting several special conditions and needs:

1. Diversification of research support.

2. Making "seed money" grants for projects in their initial exploratory stages.

3. Making small investments in projects directed by young, promising research scientists, ensuring their continuation in the field.

4. Involvement of additional scientists in the allocation of research funds, thus stimulating the exchange of research information and the wider identification of fruitful areas of research.

In keeping with our policy of adaptability to meet immediate needs, the Association is exploring greater dissemination of information about research achievements toward the goal of greater use of these achievements to benefit the mentally ill.

#### IMPROVED CARE IN HOSPITALS

State hospitals for the mentally ill continue to provide essential services to large numbers of patients, and new and imaginative treatment programs are reducing the patient population of these hospitals.

However, the shortage of trained personnel and the lack of adequate treatment facilities continue to be major, haunting problems in many of our states. Consequently, many State Divisions of the National Association for Mental Health still devote much effort toward the resolution of the critical issues underlying the problems—insufficient staff, inadequate funds, and persistent public apathy.

In addition, to protect patients from infringement on their rights during admission and discharge procedures, the Association has continued to emphatically urge the adoption of the "Interstate Compact on Mental Health." The Compact, a uniform code, provides for patient treatment in the area requested by the patient, regardless of legal residence, and for hospitalization near relatives and friends whenever possible.

A number of Chapters give assistance to patients and families during court procedures relative to admissions, and returning patients are often aided by local Association volunteers to make certain their rights are protected.

Thousands of volunteers provide numerous services to patients across the nation. These include person-to-person recreation, personal services, and many imaginative activities created by volunteers—fashion therapy programs, patient art and drama programs, trips to town, attendance at sporting events, holiday gifts and programs, sports participation, creative writing, music therapy, and other forms of activity which bring contact with out-of-the-hospital life to the hospitalized patients.

Aid is provided to families also through transportation, information and education services. A classic publication for families and for all concerned with an individual patient and his hospital progress is the NAMH publication "Mental Illness—A Guide for the Family." The book was rewritten in 1967 by the author, Edith Stern, and now includes a chapter on community mental health and community mental health centers, and on psychiatric facilities in a general hospital. This publication and others regarding the hospitalized patient and his treatment are given wide distribution by the Association.

#### AFTERCARE AND REHABILITATION

The percentage of patients who return to hospitals because of inadequate aftercare and rehabilitation services in the communities to which they return continues to challenge the Association. In cooperation with vocational rehabilitation agencies and other appropriate communitiy agencies, NAMH Divisions and Chapters assist returning patients in their adjustment to the social life of communities and in finding appropriate employment and living opportunities.

Some of the programs developed to meet these needs are sheltered workshops offering re-training opportunities, social clubs where returning patients can comfortably

regain social confidence and participate in group activities, re-employment programs aimed at finding employment appropriate to the skills of the patients, and halfway houses designed to provide the patient with a living and learning experience that bridges the gap between hospital and community.

Divisions and Chapters tailor their aftercare and rehabilitation services to fit local community and hospital situations. Among such personalized services are the "Adopt-A-Patient," "First Friends," and "Homecoming" programs. Through programs like these, volunteers bring patients back to normal community life and experience.

Successful program experiences are shared throughout the Association so those programs which have proved most effective may be extended to as many patients as possible.

COMMUNITY MENTAL HEALTH SERVICES

Following the report to Congress and to the country by the Joint Commission on Mental Illness and Health in 1961, governmental and private agencies began planning a "bold new approach" to provide treatment for the mentally ill. At that time, the National Association for Mental Health began to encourage the establishment of psychiatric services in general hospitals so more and more patients could be successfully treated without going to state hospitals—hospitals that are all too frequently located in isolated areas, and which are generally overcrowded and understaffed. The new approach, formulated by the National Institute of Mental Health and supported by funds appropriated by Congress, is designed to provide early treatment at the first signs of break-down, without the patient having to leave family or community.

In recent years, Association volunteers and other interested citizens have served on statewide planning and information-gathering committees to develop plans for providing these new services in each of the fifty states. During the planning period which ended June 1965, Congress acted to provide funds for the construction and staffing of community mental health centers. The regulations governing the distribution of these funds were written in such a way as to guarantee the right and opportunity of every citizen to receive the type of care he needed when he needed it. All levels of NAMH began serious and careful study of the regulations and proceeded to work on the community organization, education, and social action needed to plan for such services and to apply for funds to develop them.

Planning for a cooperative community mental health service mandated the involvement of many public and private agencies. In most instances, Divisions and Chapters of the National Association for Mental Health provided the vehicles for these exchanges. In those areas of the country where centers are now established, Divisions and Chapters continue to work with the centers to help refine their programs and overcome unexpected problems in the development of the full spectrum of services for the community. One of the more serious handicaps to the growth of the number of centers is the need to provide local matching funds in order to qualify for federal aid. Divisions and chapters are consequently deeply involved in planning and seeking ways to provide tax support for the matching funds.

CHILDHOOD MENTAL ILLNESS

Children are the hope of the future. They will be tomorrow's leaders. They will be the educators, the scientists, the industrialists and the factory workers.

An important part of this future is the mentally ill child who is too often forgotten. A few facts that point up the critical need for better services for the mentally ill child include:

10% of all school age children have emotional problems requiring psychiatric help.

About 473,000 children under 18 years of age received some service in a psychiatric facility in the United States last year.

Suicide is the second leading cause of death among college students.

The number of boys ages 10 to 14 in mental hospitals has increased six-fold since 1950 compared with a two-fold increase in this population group.

CURRENT ACTIVITIES

Through efforts at Chapter, Division and National levels, the Association is striving to insure these basic services:

Developmental and psycho-educational assessment of each child's special treatment and educational needs.

Treatment for the child and his family when indicated. Psychiatric, psychological, social work and other support services should be available as needed.

Special education programs in the schools.

Special day care (and treatment services) in the schools and in the community.

Special residential facilities for emotionally disturbed children and adolescents.

Separate facilities and treatment programs for children in general and mental hospitals.

Utilization of community resources to keep families of the mentally ill intact.

Rehabilitation facilities including special education, vocational training, and organized recreational and social experiences.

Treatment resources to meet the inability of one family's, the school, and the community to provide essential supportive services such as partial hospitalization care, halfway houses, and social habitation programs.

## NITROGEN SUPERSATURATION

Mr. HATFIELD. Mr. President, last year an estimated 75 percent of the seaward migration of juvenile salmon and steelhead from the upper basin of the Columbia and Snake Rivers were killed. The major cause of this devastating loss of fish was nitrogen supersaturation.

Nitrogen supersaturation is caused by water picking up air as it plunges over the spillway of a dam into the basin below. The nitrogen creates gas bubbles in the blood vessels of fish, impairing or destroying them. If the level of nitrogen supersaturation is about 110 percent, it kills the fish, young and adult, whether they are upstream or downstream migrants. During the peak runs last May and June, these levels were over 130 percent.

These facts have spelled disaster for my State of Oregon as well as for Washington and Idaho.

Because of the urgency of the problem, I appeared before the Senate Appropriations Subcommittee on Public Works to propose emergency measures to alleviate the nitrogen supersaturation problem. The U.S. Army Corps of Engineers has designed a slotted bulkhead, which is a gate full of rectangular holes, that is installed in the intake gate of the skeleton powerhouse bays in the dams designed for future turbine-generator units. The slotted gate allows water to pass through, rather than over, the dam, thereby decreasing the volume of water exposed to the air to pick up nitrogen.

This plan was developed after the fiscal 1972 budget program was formulated, so no funds were included in the President's 1972 budget requests for construction and installation of the slotted bulkheads. That is why I asked the committee for emergency measures. Under the normal process of appropriations additions for unbudgeted items are not usually allocated until late fall. This would not have allowed sufficient time to complete installation of the slotted bulkheads in the three Snake River dams before next year's fish runs.

I am extremely grateful to the members of the Senate Appropriations Committee, including the Senator from Mississippi (Mr. STENNIS), chairman of the Subcommittee on Public Works, the Senator from Louisiana (Mr. ELLENDER), chairman of the full committee, and the Senator from North Dakota (Mr. YOUNG), who serves as the ranking Republican on the committee. I know that I reflect the views of my fellow Oregonians in thanking the committee for including the emergency measures necessary for the installation of the slotted bulkheads at the Ice Harbor, Little Goose, and Lower Monumental Dams.

I would also like to reiterate my support for the continuation of a highly intensified research and development program to provide the best possible long-term solution to the nitrogen supersaturation problem as soon as practicable.

## IS LEISURE A THREAT?

Mr. FULBRIGHT. Mr. President, the New York Times of August 2 contains an interesting article from Moscow about the views of Dr. Pyotr Kapitsa, one of the finest minds in Russia.

His news about the modern society are worthy of our most serious considerations.

I commend the article to my colleagues and ask unanimous consent it be printed in the RECORD.

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

RUSSIAN SEES THREAT IN LEISURE

(By Bernard Gwertzman)

Moscow, August 1.—Dr. Pyotr L. Kapitsa, the Soviet physicist, says civilization is threatened by the increase in wealth and leisure time in advanced industrial countries. He advocates a more liberal education that would turn out independent-minded, creative thinkers able to cope with the new life style of the future.

In an article in the monthly journal Voprosy Filosofii (Questions of Philosophy), Dr. Kapitsa warns that the technological revolution already has produced signs of social decay among youth in highly developed capitalist countries and he suggests, by implication, that the Soviet Union will not be immune to similar social problems.

He finds that the gloomy prognosis of Aldous Huxley in "Brave New World" is coming true in some capitalist countries. People, with free time and secured financial situations, have turned, he said to sex, narcotics and cheap entertainment to keep busy.

YOUTH LACKS INCENTIVE

"Young people, not having to fear for tomorrow, lack the necessity to fight for their existence and this gives rise to a situation in which they face no problems that requires their strength and will," he says. "All this,

taken together, deprives the life of young people of any permanent inner substance.

"Different forms of narcotics, which are more and more common among young people as a way of escaping reality, of course, provide only temporary escape. But, as is known, they lead to breakdown in the nervous system and deepend spiritual depression. Crime is on the rise among young people."

Dr. Kapitsa, who is 77, has been regarded as a liberal intellectual, who has objected to narrow aspects of Soviet ideology. He has publicly supported the views of his colleagues, Andrei D. Sakharov, who has called for closer cooperation between the United States and the Soviet Union to solve the world's problems.

COMMON PROBLEMS SEEN

The latest article by Dr. Kapitsa, originally read as a speech in Hungary last year, is unusual in the Soviet context because it does not contend that the problems faced by the United States are unique. In effect, he endorses the view of many scientists that all developed industrial societies have common problems, regardless of social system. This is loosely known as the "theory of convergence."

It turns out that society is still not prepared to make profitable use of the material wealth and leisure time with which it has been endowed by the scientific-technological revolution." he said.

He added that some Western sociologists already find signs of "social decay" in developed capitalist countries, see no way out of the situation and have come to the conclusion that mankind is in "the final cycle of modern civilization."

"It is stated that an inability to make use of wealth and leisure time can become no less of a danger to man than death from a nuclear world war," he said.

He called such conclusions "exaggerated and premature," and he suggested that the way out was to give people, especially young people, a "sense of existence," to instill in them an interest in solving social problems, to educate them with spiritual qualities necessary for an understanding science and art."

Dr. Kapista said the crucial problem in education was to bring out the creative instinct in man. Everything he does, would then be more interesting and better for society, he adds, criticizing the utilitarian approach to education aimed at making a person effectively only in a particular area of activity.

"I think, and life demonstrates, that people who are most pleased with their work are those in creative endeavors, such as scientists, writers, artists, actors, directors, etc," he said. "It is well known that people in these occupations do not usually divide their time into working and nonworking segments. They live for their occupation and find their 'sense of existence' in their work.

"We have observed that any kind of work can be made exciting and interesting if there is an element of creativity in it," he said.

He said that work on modern production lines was "boring and uninteresting," and the problem was therefore to make leisure time as creative as possible so that man "will enjoy it and make wise use of it."

USEFULNESS OF HISTORY

Dr. Kapitsa urged that a higher education be made universal because only with sufficient background can people sufficiently understand what is going on around them.

As an example, he noted that many people spend their leisure time traveling. But, he added, this can be made more interesting if the traveler is trained, say, in history.

"He deserves much greater pleasure if he can independently interpret what he sees and compare it with the history of other countries," Dr. Kapitsa said.

"The problem before education is therefore not only to provide man with the broad knowledge necessary to become a useful citizen, but to develop the independence of thought needed to develop a creative understanding of the world around him."

Dr. Kapitsa's view on the need for universal higher education contrasts with the conservative opinion that too many Soviet children are seeking higher education for prestige and too few are prepared to study the skills needed for industrial work.

The physicist suggested reforms in education, with more emphasis on problem-solving to develop independent thought and more use of prominent scholars on high-school instructors.

## DETERIORATION OF EVENTS IN EAST PAKISTAN

Mr. SAXBE. Mr. President, the rapidly deteriorating events in East Pakistan are continuing their downward spiral to epidemics, communal violence, and war. Refugees are pouring across the border at a rate of 40,000 to 50,000 a day with an imminent total of 7,350,00 refugees in India.

Yahya Khan, President of Pakistan, says:

We are very near to war with India. Let me warn them (India) and the world, it means total war.

Indeed, this may be correct. C. L. Sulzeburger wrote in the New York Times on July 18:

The Kissinger trip produced an impression that the greatest immediate danger to peace lies in steadily worsening India-Pakistan relations and a possibility that war might explode between these South Asian neighbors, respectively supported by Russia and China. This would destroy Washington's effort to create a new international equilibrium improving relations with Moscow while developing fresh contact with Peking.

Yet, why should Yahya threaten war? Abulmaal A. Muhita, economic adviser to the Pakistan Embassy and former deputy secretary to the Yahya cabinet, defected here in New York maintaining that the Yahya regime has "lost all claim to legitimacy." He predicted that up to 15 million East Pakistanis might die of starvation in the next 3 months. India has accepted 7 million refugees from Yahya's reign of terror. Yet, Yahya says there is a limit to his patience." What patience?

I am pleased that the United Nations may send to East Pakistan a team of 156 civilian relief and rehabilitation experts and that the United Nations Children's Fund is opening 1,000 centers in Eastern India on August 15 to distribute high protein foods.

The New York Times editorial yesterday stated:

It is time all American aid to the Yahya regime, excepting relief assistance, was unequivocally stopped. The reported American-backed plan to station United Nations observers in East Pakistan could help ease the plight of the Bengalis, but it falls far short of the political accommodation that is needed to head off an explosion on the Indian subcontinent that could precipitate an American-Chinese-Soviet confrontation in the Himalayas.

Now is the time to turn our policy around. I urge the House to approve the language of its Committee on Foreign Affairs suspending aid to Pakistan and the Senate to adopt the Saxbe-Church amendment of a similar nature.

Mr. President, I ask unanimous consent that a number of articles on Pakistan be printed in the RECORD.

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

WHY THEY FLED PAKISTAN—AND WON'T GO BACK

(By Khushwant Singh)

*"It is going to be hell for us."*—INDIRA GANDHI.

CALCUTTA.—This is my third visit to the India-Pakistan border 60 miles east of Calcutta. The countryside has not changed. It is the same lush, emerald green of the paddy and the darker green of the jute, the stretches of swamp with snow-white egrets hunting for frogs and the limpid ponds encircled with hyacinth or bright with pink water lilies. It is the same avenue, flanked on either side by massive banyan and rain trees loud with the chatter of mynas and the dulcet notes of magpie robins. The only evidence of conflict on this peaceful, drowsy landscape is slogans painted on tree trunks: "Long Live Mao," read some, and "Long Live Indira," the others.

Then there is the almost unbroken succession of thatched huts, tents and shelters made of bricks and canvas that line the road on either side. Every town and village I pass through is crammed with people. Schools, colleges and other public buildings have been turned into reception offices, ration depots, clinics or homes for a large number of the seven million refugees from East Pakistan who have streamed into the country in the last four months. The monsoon season normally brings material benefits to India. This year it brings tides of hungry newcomers—and with them the threat of epidemics, communal violence and war.

I ask the cab driver to pull up at a small encampment near the village of Mandalpara. As soon as I step out of the car a crowd collects around me. They tell me they are about a thousand families of fisherfolk and thatchmakers from the Jessore and Khulna Districts of East Pakistan. I start with the question I had put to the refugees when I came this way in 1957 and 1964: "Why did you leave Pakistan?"

They are very eager to tell of their experiences. "Yahya's soldiers raided our village, killed many young men and burned our huts . . . Biharis [people from the Indian state of Bihar who migrated to Pakistan] looted our homes and took our cattle. . . . My daughter was raped in front of me and I was told if I did not get out they would rape my wife and mother as well."

My eye falls on a fair, doe-eyed girl being pushed toward me by an old woman. "What happened to you?" I ask her. The girl continues to gape at me without replying. "This is my daughter-in law, Tarabala Dasi," said the old woman behind her. "We are from Village Murari Kalbi, Police Station Kalarua, District Khulna." One of their fellow villagers takes up her tale. "It was on a Sunday afternoon when the Pakistani soldiers came for her. When we heard the sound of jeeps approaching, we told our daughters to run away and hide in the fields. The soldiers surrounded our village and ordered us out of our huts. 'Where are all the girls?' they asked. 'Where is that Terabala?'

"You see, they had heard of her. How could we suffer them to dishonor any one of our daughters? We told them that Tarabala had gone out with her friends into the fields.

They did not believe us. They beat us with the butts of their guns. They stuck bayonets into our chests. They set fire to our huts. They picked six of our boys, including Tarabala's husband, Anil, tied their hands behind their backs and made them stand in a line. Then they mowed them down with their guns.

Tarabala Dasi, who has listened without showing a trace of emotion, begins to tear her hair and beat her breast. "I did it! I did it!" she screams. "It was all because of me." Her mother-in-law soothes the girl in her arms. The crowd pushes them back.

A young Moslem, sprouting a goatee, steps in front. He is Anees Mian, a brickmaker from the village of Bhukti in Jessore. He shows me a gash across his chest inflicted, he says, by the bayonet of a Pakistani soldier. "'*Shala*! [a term of abuse insinuating that a man has had sex with his sister] You voted for Mujibur Rahman!' the soldier shouted. 'You are a *namak haram* [a person false to his salt] and *haram jada* [bastard].' With each insult he slapped me. I said I had not voted for *Banga Bandhu* [Bengal's friend, a term of affection for the captive East Pakistan leader, Sheik Mujibur Rahman]. That made him mad. 'This is for your *Banga Bandhu*!' And he cut me with his bayonet."

A Hindu lad of 11 from the same village holds up a crooked arm that he says has been fractured by the butt end of a gun. Mandhari Dasi, also from the village of Bhukti, sobs as she tells me how the soldiers first raped her in front of her husband and then killed him. She holds up her 1-year-old child and asks, "Who will look after her now?" Women cover their faces when they are unable to talk of what happened to them. Some say they have been ravished by four or five men; some have had their nipples bitten off. Almost every one has been beaten, punched and spat upon. Those who escaped manhandling were terror-stricken. When they saw what the soldiers and their Bihari collaborators had done to the others, they fled because of *bhoy*—fear. In the four days I am with the refugees, I hear that one word, *bhoy*, a thousand times.

As we proceed along the road toward Petrapole, we pass truckloads of Sikh soldiers going in the same direction. At many places there are military encampments, with their eastern approaches guarded by trenches. Armored cars and antiaircraft guns are concealed under camouflage nettings.

The car pulls up at a barricade. A sentry in the uniform of the Indian Border Security Force walks up to us. "You can't go any further. That's Pakistan," he says, pointing the muzzle of his Sten gun toward a yellow building a couple of hundred yards away. "The border is sealed."

I step out of the car and look over a scene that is as lush green and peaceful as the one I had passed. No barbed-wire fences separate the two countries which have waged cold war (and twice hot ones) for the 24 years of their existence as independent states. I cannot detect any sign of troop movements on the other side, only bulbous clouds floating in a blue sky and the monotonous crying of barbets in banyan trees. A peasant is driving his cattle along the road toward Pakistan. "Where is he going?" I ask the sentry.

"His home. His land is on our side of the partition line. Nothing is very clear here. People come and go as they please."

Similar confusion prevails all along India's border with East Pakistan, which is 1,750 miles long and touches on five Indian states—West Bengal, Bihar, Assam, Megnalaya and Tripura. At some places, it is demarcated by rivers, but, for the most part only stones mark a paddy or jute field in one country from cropland next to it in the other. The boundary crosses dense tropical jungles, swamps and mountains, and runs through the habitations of aboriginal tribesmen who are more conscious of tribal loyalties than of being Indian or Pakistani. On the Indian side, the only guardians of the frontier are the 70 battalions (about 70,000 men) of the Border Security Force, a paramilitary organization equipped with small arms. The B.S.F. not only guards this frontier but the entire stretch of more than 9,000 miles of India's borders, extending from Sind and the Junjab in the west, Kashmir and Chinese-occupied Tibet in the north, to East Pakistan and Burma in the east.

Petrapole and Hasnabad, a village a few miles away, are on the most favored routes taken by refugees fleeing from East Pakistan, because they are the shortest way to Calcutta. I had been told that on certain days more than 100,000 people had come by these routes. This day there is not a soul to be seen anywhere; only the peasant driving his cattle toward Pakistan.

"The Pakistani Army has blocked the roads," the sentry explains. "But they come all the same—over fields and across the rivers. I don't know how many have come. The radio first said 70 lacs [7 million], then 50 lacs; now it says 60 lacs. You work out how many that makes per day, spread out over four months."

Surveying the tranquil landscape again, I note: "The papers say you have been trading shots with the Pakistanis. It looks very peaceful."

"It flares up suddenly and as suddenly dies down. But something goes on every day. Yesterday we had quite a *tamasha* [show]. Bombs fell right across that field," he says, pointing to a spot not far from where we stand. The *Mukti Fauj* [literally, Salvation Army of the Bangla Liberation Movement] tickles Yahya's Pakistanis and the trouble begins. The Pakistanis have tanks and automatic weapons; the Banglas only have small arms they have captured. Pakistanis chase the Banglas to our border and, when they can't get them, they start firing at us. They shoot. We shoot. A bullet is the only answer to a bullet, isn't it? You look like an educated man. You tell me what else one can do with a man who shoots at you."

I parry his question. "One bullet for one may be all right. But a hundred bullets for a hundred becomes a battle. You think there will be a war?"

"How should I know?" he replies truculently. "I am only a sentry. And I am not supposed to talk to strangers. You come back when the *tamasha* begins in right earnest."

"When will that be?"

"That is known only to Yahya Khan and Indiraji." Pointing to the sky, he suggests that another consideration is Indradev, the rain god. "When the monsoon breaks right and proper, and the Pakistanis are asleep in their tents and their tanks can't move, these Banglas will fix them. It rains a lot here, you know."

We adjourn for tea to the shed of the ubiquitous *chaiwala*. Sant Ranjan Ghosh has had his tea stall on the border post for the last 24 years. He has made enough money serving cups of tea for a little over a cent apiece to the B.S.F. boys and the incoming refugees to buy a small house and half an acre of land, on which he grows bananas and vegetables.

"I can't recall a day since partition when there weren't some refugees coming out of Pakistan," he recalls. "At first they came, saw conditions here and went back. But for the last 20 years it has been one-way traffic—from Pakistan into India. One autumn, I think it was in 1952, more than a thousand came by this route every day. I know because I am the first *chaiwala* on the Indian side."

"Good business!"

He points to the thatched roof above him. "*Bhagwan* [God] gives. I only take money from those who have money to give. I never refuse a cup of tea to anyone—money or no money. And I have never refused shelter to anyone who asks for it. In 1955 there was another big influx of refugees. I had whole families squatting on my land. I have three families staying with me now—one of them is Moslem. And I am a *baidya* [one of the upper Hindu castes, who would normally shun contact with Moslems].

Other men take up the theme. "No difference between Hindus and Moslems this time," says one. "We are Bengalis; they are one of us."

This is new to me: All previous migrations had been triggered by Hindu-Moslem conflicts. I recall that from 1949 to 1957 more than four million Bengali Hindus had fled East Pakistan—each wave following discriminatory action or agitation against Hindus, or actual violence. In 1955, for example, the exodus was due to the imposition of Urdu, which few Bengali Hindus can speak, as the national language of Pakistan, followed by the adoption of a Constitution declaring Pakistan an Islamic state. In 1964, Pakistani Moslems were agitated over the theft of the Prophet's hair from a shrine in Srinagar, India. Once more, there were rioting and forcible evictions. This time the migrants who crossed into the Indian State of Assam included large numbers of Christians and Buddhists.

Likewise, anti-Moslem riots in several cities of India, chiefly Calcutta and Ranchi in Bihar and some towns in Madhya Pradesh, forced thousands of Indian Moslems to flee to the eastern wing of Pakistan, which was nearer to them than the western wing. But, beginning last March, for the first time in the history of Indo-Pakistan refugee movements, migration was taking place not because of riots between Hindus and Moslems but because of the violent suppression of a democratic movement by the Pakistani Army. And thousands of Moslems from the Islamic state of Pakistan were seeking sanctuary in predominantly Hindu India.

What made the Moslems and Hindus of East Pakistan overcome their traditional religious animosity toward each other was exploitation by West Pakistan. Although East Pakistan had a larger population—72 million against West Pakistan's 58 million—and earned most of the country's foreign exchange, West Pakistan pre-empted 70 per cent of the foreign-aid imports and 80 per cent of the funds set aside for development. Consequently, the Westerner, who was always richer than the Easterner, more than doubled the income gap in two decades: His per capita income, which was 17.9 per cent higher than an East Pakistani's in 1949–50, was 37.9 per cent higher by 1969–70. West Pakistanis controlled all the big industries and held most of the senior executive posts in business and the bureaucracy. The army was almost entirely drawn from the West; the Bengali was considered fit only to serve in the armed constabulary or the police (both of which eventually went over to the Bangla Desh revolutionaries). A strong factor in the unification of East Pakistani Moslems and Hindus was their common language, Bengali. Sheik Mujib's fervent support of Bengali against Urdu as the language of East Pakistan was an important factor in his emergence as leader of the movement for Bangla Desh, a Bengali homeland.

Grievance over language and the economic exploitation thus gave birth to East Pakistani nationalism, which soon crystallized as a demand for a autonomous homeland. Once when Mujibur Rahman was asked why he wanted to break away from a Moslem state, he is reported to have replied: "If the only reason for our continuing to be with West

Pakistan is that we are both Moslem, why shouldn't we join some other Moslem state, like Kuwait, from which we might get more money?"

Bangla Desh nationalism isolated non-Bengali residents of East Pakistan. Indian Moslems who had fled from Indian in the wake of anti-Moslem riots in Calcutta and towns in Bihar and Central Indian found themselves living in separate colonies in big cities such as Dacca, Chittagong and Khulna. Their language was Urdu, and they never bothered to learn Bengali. In their new country they threw in their lot with such linguistic minorities as the Punjabis, Pathans, Sindhis and Indian Moslems from Uttar Pradesh, groups that were well established in businesses, the civil service and senior echelons of the police. All these non-Bengali minorities were lumped together and described as "Biharis." (Their total number is hard to determine, though estimates range from about half a million to around two million.)

The "Biharis" did not participate in the movement for an autonomous Bangla Desh. They did not support Sheik Mujib's Awami League, which demanded an end to the economic exploitation of East Pakistan and the loosening of its relationship to West Pakistan. After a sweeping victory of the Awami League in last December's general elections (it won 167 of the 169 seats assigned to East Pakistan in the National Assembly), tension between Biharis and Bengalis exploded into violence in many cities. The Biharis took a terrible beating. Not until the army took full control of the situation and the Awami League was outlawed did the Biharis come out in the streets to settle their scores. While the West Pakistan army cracked down on the Awami League's leaders and Bengali intellectuals, the chief target of the Biharis were Hindus—who had enthusiastically supported the Awami League.

The Bengalis considered their grievances mainly political, but the Pakistani Army was soon giving the rebellion a religious twist. The military began concentrating on ridding the country of only Hindu Bengalis (Hindus make up 90 per cent of the seven million refugees.)

Will the refugees ever return to East Pakistan? Most of those I met were landless peasants, shopkeepers, fisherfolk, thatch-makers, potters, weavers, cobblers, ironsmiths or just unskilled laborers. The holdings of those who had land was seldom more than one acre. And this they know has been acquired by the Pakistani Army and given away to Moslem peasants to win their support. I asked all those I interviewed whether they would go back to Pakistan. The Moslems replied, "Yes, when Bangla Desh is liberated." Hardly any of the Hindus thought of returning. They have nothing to return to. India's promise of one square meal a day and a tent over their heads is more than they expect to get in Pakistan. Even if Bangla Desh comes into being, it will take a lot to persuade the locals to part with properties grabbed by them, and for the Hindus to feel secure enough to return. "Why should we go back?" many replied. "This is our country." To the Pakistani Hindu, India has always been *Amar Desh*—"my homeland."

Eventually, it is estimated, the refugee migration will add a total of nine million to India's teeming population. Mrs. Gandhi was right when she said in Parliament: "It is going to be hell for us." But she was being wishful when she added, "We are not going to allow them to stay here."

On the way back to Calcutta we stop at many refugee camps and hear he tales of violence, rape, killing, looting and vandalism. Most people seem to be in a daze, not knowing what the future holds for them. Men spend many hours a day queuing up for the family ration of a few handfuls of coarse rice and vegetables; women cook, feed their families and brood; children play as if on an endless vacation from school and homework. But in every camp the most common sight is men and women sitting on their haunches in groups, looking vacantly into space and sighing.

We stop on the outskirts of Barasat, 12 miles short of Calcutta. It is a warm afternoon and a passing monsoon shower has washed everything clean. At the roadside, three fishermen sit hunched under broad-brimmed straw hats, their lines suspended motionless in a pond. In the same pond are a couple of water buffaloes eying the fishermen. I ask the men if they have had a bit. One looks up and dolefully wags his head in a negative gesture. I watch them for a while. Suddenly the silence is broken by the muezzin's call to prayer, *"Allah-ho-Akbar*—God is great." A heron raises its head in alarm and flies away, the fishermen rouse themselves, wind their reels and pick up baskets to go to the mosque. They are Moslems. I accost them:

"Are you from Barasat? I heard there was some trouble there last week."

They eye me suspiciously; on the subject of religious confrontations, Moslems distrust Sikhs like me as much as they distrust Hindus. I encourage them:

"Hindu refugees occupied your mosque?"

"It is the house of God. It's meant for prayer," answers one.

"If they had been Moslem refugees, would you have let them stay?"

They fidget uneasily. Then one answers:

"It was not like this at all. These fellows forced their way in and told us to get out and go to Pakistan. Why should we go to Pakistan? We are Indians. They should go back to wherever they come from. Besides, how can we be sure they won't defile our mosque by cooking unclean food? If they had come and like gentlemen asked for shelter, do you think we would refuse them?"

Barasat is one town where an ugly situation was averted by the police. This very week newspapers have reported outbreaks of communal violence between locals and refugees in towns in Assam and Meghalaya. Many Hindus of the right-wing Jan Sangh party have begun to say openly that they will not let the refugee migration be a one-way traffic. "If Pakistan dumps nine million Hindus on us, we should dump nine million Moslems on them," said one party member. "We have 50 million Moslems in India. What right have they to stay here if Pakistan throws out all its Hindus, Christians and Buddhists?" Communal tensions will be yet another legacy of the refugee influx.

The next morning I visit a hospital with a maximum capacity of 230 patients that has been stretched to more than 600. Every bed has one patient on top and at least two lying on the floor underneath. All verandas are crammed with the sick. Those who have died of cholera in the morning are laid in a corner with only their faces covered. In the clinic I see a doctor pour the remains of white powder from a bottle marked "cholera" into the open mouth of a woman. A few minutes later I see her throw up and collapse in her husband's arms. She is laid alongside the corpses, which by now include a dead child with his eyes open. The morning papers give the official figure of cholera deaths as 5,000. Another thousand or two have died of dysentery or typhoid or fatigue. As I leave the encampment, a three-wheeled minitruck called a "tempo" is being loaded with the corpses of three adults and three children, piled on top of one another.

Shahara Camp next to Calcutta's Dum Dum Airport has more than 40,000 refugees under tarpaulin, tent, thatch and open sky. The camp, which is well below the level of the road, is known to turn into a lake after a heavy downpour. I see men and women defecating in the open and ask the social worker on duty why he has not forbidden this. "How can I?" he pleads. "The pit latrines are full. One smart shower and all the night soil will be floating into the tents." He covers his nose with his handkerchief. "When the monsoon breaks, there will be real disaster."

On the last day of my visit, I call on officials in the Bengal state government who are entrusted with the handling of the refugees. Nirmal Sen Gupta, chief secretary of the government, exclaims: "Our tragedy is that as soon as we begin to make headway in any direction, we are pulled back by some catastrophe or other. No sooner have we made plans to supply villages with drinking water and more schools than we have to put them in cold storage and make arrangements for refugees. For the last four months we have done nothing except feed, clothe and house these refugees. The refugees are costing us more than $13-million a day. We have no money left for anything else.

"In 8 of our 16 border districts the number of refugees is higher than that of local inhabitants. It is the same in the border districts of Assam; the Assamese don't like Bengalis. And in Meghalaya the tribals don't like any outsiders. Tripura has doubled its population in two months. This creates a real law-and-order problem. You must have read of the trouble we had in Barasat and with the tribals in Assam and Meghalaya. When the monsoon forces the refugees to seek shelter in temples, mosques and churches, there will be more trouble. For the first time, pray that there be no rain."

"How long do you think we will be able to go on like this? Do you think it will lead to war?"

He waves his hand in despair. "War is a luxury we cannot afford. Our best bet is a political solution which will force Pakistan to take back these people. That only the big powers can do. You think Pakistan could last a single day if the United States and the United Kingdom withdrew their support?"

A few rooms away in the secretariat building of the state government is Dr. Zainul Abedin, until recently Minister in Charge of Relief and Rehabilitation. A Moslem, he is, like most Indian Moslems, inclined to express his loyalty to India through verbal abuse of Pakistan: "Barbarous savages, uncivilized brutes who spared neither Moslem nor Christian, neither Buddhist nor Hindu. Never, never, has the world seen such *bonyata* [the Bengali word for savagery]."

He draws a graph of the refugee exodus, rising from 25,000 in March to 200,000 a day in the last week of May. "It is difficult to explain why," he admits. "It is like a river. When the summer comes, snow melts on the mountains. It takes a few days before the flood gets to the lower reaches of the river. People living in the interior were subjected to violence. As they trekked toward the frontiers, other villages joined them. By the time they crossed to India, it was like the bursting of a dam."

"What do you think will happen? Will there be a war?"

Dr. Abedin is a doctor but has a lawyer's habit of listing his points: "First, we must remember that except for a mild protest from Soviet Russia, the world has remained indifferent to our plight. Second, we Indians were so scared of world opinion that we failed to interfere when we could have done so in the earlier stages. Third, knowing that China will support West Pakistan, how can we now use force on them and risk a world war?" And he too ends with a note of warning: "India has not yet seen the last of the refugees; the worst is yet to come."

In the afternoon, I call on Mr. Hossein Ali, who defected from the Pakistan Government and is now the chief representative of

Bangla Desh in India. He is ensconced in a massive, three-story mansion which was once the office of the Deputy High Commissioner of Pakistan. The green-and-gold flag of Bangla Desh now flies from the mast.

"*Joy Bangla*—victory to Bangla Desh," I say upon meeting him. He gracefully acknowledges the greeting. "It will be so soon, *Inshallah*—if Allah wills. We are giving our liberation forces extensive military training. We'll throw out the Pakistani Army," he says with confidence. He is discreet and does not tell me how many are being trained, where and by whom. But I have picked up the information from my journalist friends, who report that 15,000 are undergoing regular army training and many more are being put through a three-week course in guerrilla tactics—how to dynamite bridges and roads, how to throw hand grenades, and so on. The target is a force of 50,000 in a few months.

"When will your forces go into action,"

"They harry the Pakistanis all the time. Go to any point of the border and you'll hear sounds of rifle and mortar fire. Now the monsoon is on and Pakistani tanks are immobilized. Our liberation forces have stepped up their operations. It won't be too long—*Inshallah*."

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[From the Baltimore (Md.) Sun, July 31, 1971]

40,000 Refugees a Day Are Swarming Into India

(By Pran Sabharwal)

New Delhi.—India's serious problem of how to accommodate Bengali refugees grows graver as they continue to pour across the border at the rate of 40,000 to 50,000 a day.

There are over 100,000 recent arrivals, trudging from camp to camp in the monsoon rains in search of shelter and food, and the number is swelling rapidly.

With an imminent total of more than 7,350,000 refugees, there is not enough high land left in the Gamses plain of West Bengal, where most of them are staying.

DAMAGE TO CROPS

And in eight of the 17 districts of West Bengal, heavy rains followed by floods have caused widespread damage to crops, property and livestock.

For the weary and exhausted refugees from the interior of East Pakistan the present ordeal—after their 10-to-12 day trek—has added to their misery.

If the refugees do not find shelter soon, there is a danger of more severe outbreaks of bronchitis and pneumonia, which are already on the increase.

While food has not yet become a problem in the states of West Bengal, Assam and Meghalaya, it is a major problem for landlocked Tripura, where the refugee population is 1,170,000 and the local population 1,556,882.

This isolated area needs about 8,000 metric tons of food a month to feed the refugees. The United States airlift in four weeks flew 23,165 refugees out of the state and brought in 1,758 tons of food. Now that the American airlift has ended, the state administration is using all available transport but still remains short of essential supplies.

ON THE LOW SIDE

In New Delhi, the Indian minister of relief and rehabilitation, R. K. Khadilkar, told Parliament yesterday that the entire refugee budgetary allocation of $86 million has been spent. He admitted the government calculation that there would be only 6 million refugees and these would go back home in six months has proved false.

Now the government expects there will be 8 to 10 million refugees by the end of the year and they will stay longer, Mr. Khadilkar said.

To meet the increased cost, the government will seek next week additional funds for the refugees, he added.

Like Prime Minister Indira Gandhi, Mr. Khadilkar also complained that international aid for refugee relief "is very, very meager."

NO OBSERVERS

Of the total estimated cost of $400 million for 6 million refugees for six months a little over $133 million has come from abroad. Of this, $73 million is the United States contribution.

According to an Indian government decision, foreign relief workers are to be replaced by local people tomorrow. This step is being taken because "India has sufficient members of medical personnel."

Last night, the Indian government again reiterated that it will not be pressured by any one, including the United Nations, to accept U.N. observers on Indian soil.

The suggestion was proposed by the United Nations high commissioner for refugees, Prince Sadruddin Agha Khan, and was supported by the United States. Later, U Thant, the Secretary General, in a letter to the president of the Security Council, supported the measure and asked for Indian and Pakistani co-operation.

U Thant's fear is that the war in East Pakistan is having international consequences, and hence it is no longer an internal matter.

India's opposition to the proposal is backed by the East Pakistan Bengali Liberation force which fears that the presence of the 60 observers, proposed by the United Nations would demoralize the Bengali population in East Pakistan.

Liberation force commanders threaten physical liquidation of "any foreigner daring to come on behalf of" General A. M. Yahya Khan's regime. He is the president of Pakistan.

They charge that the flurry of activity in the United Nations now is designed to contain the liberation forces, who, they claim, are achieving success in their fight against the Pakistani Army.

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Army Hunts for Rebels Near Dacca

Sharikar, East Pakistan. — Plodding through monsoon rains, muck and paddyfields 18 inches underwater, the Pakistani Army is searching this heavily Hindu countryside south of Dacca for the elusive Bengali "freedom fighters."

Far from dampening the spirits of the peasants who backed the banned Awami League and its jailed leader, Sheik Mujibur Rahman, the Army action seems to be fueling rebellion.

Sharikar is a cluster of tinroofed houses inhabited by family groups on high ground among the paddyfields. The area is in Barisol district about 150 road miles from Dacca, to the east of a predominantly Hindu area from which a renewed exodus of refugees recently has started toward the Indian border, about 80 miles away.

5 DEATHS REPORTED

An Army sweep July 24 killed five men, villagers said, and left hardly any baris, or houses, without a charred timber skeleton, and scorched pile of corrugated tin sheets.

Attacks have been going on since the Army arrived in the area around the end of April, about one month after the military cracked down in Dacca against the Awami League and Sheikh Mujib.

Villagers said the attacks intensified after a band believed to be Mukhti Banini—freedom fighters—attacked the nearby village of Mahilara and killed a former soldier named Kadam Ali Akan and seven of eight members of his family. He was suspected of collaborating with the Army.

ATROCITIES TOLD

At one flattened square of red slate and charred wood, the widow and the wrinkled mother of Mr. Akan mourned a Muslem killed 48 hours earlier. His son said four soldiers came to the bari, beat his father and held his head in the mud with their boots while they bayonetted him.

Not far from Mr. Akan's house was the scorched home of a Hindu victim, Probat Mistri, a contractor. His son Deban said the father was ill and unable to flee with the rest of the family at the approach of troops. The son said soldiers piled bedclothes over his father and burned him to death with the rest of the house.

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Yahya To Visit East Pakistan

Karachi, Pakistan (Reuter)—President A. M. Yahya Khan indicated that he would visit East Pakistan in the next few days when he was interviewed by television teams from six countries at the president's house here yesterday.

The president invited the television teams informally to accompany him to East Pakistan. When pressed for dates, he replied cryptically "stick around a day or two."

President Yahya has not returned to Dacca, the East Pakistan capital, since leaving the province unannounced March 25 after the breakdown of talks with Sheik Mujibur Rahman, the Awami League leader.

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[From the New York Times, Aug. 1, 1971]

U.N. To Send Team to East Pakistan

(By Benjamin Welles)

Washington, July 31.—The United States, working behind the scenes, has won the agreement of both Pakistan and the United Nations to station an international group of 156 civilian relief and rehabilitation experts under United Nations sponsorship in East Pakistan, officials said today.

Moreover, they said, the United States has notified U Thant, Secretary General of the United Nations, that it will contribute $1-million at once as an initial payment to help the group organize and fly necessary equipment to Dacca.

Among the United Nations staff will be 73 monitors, who will be stationed at four area offices in Dacca, Chittagong, Rajshahi and Khulna and at 69 other locations. Each monitor will be linked by radio with a United Nations headquarters in Dacca, qualified informants said.

"The presence of 73 U.N. monitors, each reporting on conditions in his area, may cool off passions and damp down military reprisals," one informant said. "It's not the U.N. function to do this—but it will be an important side effect."

On March 25, President Agha Mohammad Yahya Khan ordered the Pakistani Army—predominantly composed of troops from West Pakistan—to intervene in predominantly Bengali East Pakistan and suppress widespread demands for political autonomy. Since then, the army's actions have led to the widespread loss of life, property damage and economic dislocation and the flight of some seven million refugees into adjoining India.

One official today described the agreement of Mr. Thant and of President Yahya to the proposals for a United Nations group, in East Pakistan as "the only ray of sunshine in an otherwise gloomy situation."

Pakistan's agreement to the United Nations force is said to have been inspired largely by unremitting but unpublicized United States pressure. In recent years the United States has contributed about $200-million out of the $450-million a year in economic aid to Pakistan by an international consortium headed by the World Bank.

REQUEST FROM PAKISTAN

On May 24, President Yahya asked the United Nations for recommendations. His formal approval to the plan is expected momentarily.

World Bank and other sources said today that recruiting for the new group has been under way for several weeks. According to these sources, the first contingent will comprise 38 members of a headquarters staff to be sent to Dacca.

A second contingent will comprise 45 members of specialized agencies. Unicef, the United Nations children's agency, for example, will send 18; the food and agriculture organization, 2; the World Food Program will send 13 and the world health organization 12.

The third contingent—the radio-equipped monitors—will be made up of what are being being called the United Nations "field Personnel."

Ismet Kittani, an Iraqi national who is Assistant Secretary General for Inter-Agency Affairs, is Mr. Thant's deputy in charge of recruiting and dispatching the new force from United Nations headquarters in New York. Baghat el-Tawil, an Egyptian who is Mr. Thant's personal representative in Dacca, will direct the operations in East Pakistan.

THANT "OUT ON A LIMB"

The U.N. has no formal machinery and no budget for international disaster relief operations," one source said: "U Thant has gone out on a limb. That's why the U.S. has agreed to contribute an initial $1-million to get this thing moving."

Other sources said that the expenses for the group might reach $3-million to $4-million in its first six months of operation. The United States is hoping that other nations will contribute.

The Agency for International Development was said to have radios and other equipment on hand for dispatch by air once the Pakistani Government's formal approval is received. The agency has six staff members based in Dacca and is also reported ready to contribute technical assistance to the United Nations force.

Informants stressed that the United Nations force would concern itself primarily with helping the Pakistani authorities alleviate the threat of starvation and disease and with rehabilitating homes and shelter for millions who have either fled into the countryside to escape the army's reprisals or whose homes have been wrecked.

They will also help Pakistan restore communications and remobilize the province's private fleet of 40,000 river boats and 10,000 trucks.

"The U.N. itself won't operate anything, but it will provide coaching and technical assistance and help restore confidence in the East Pakistani administration," one informant said.

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UNICEF To Give Food to Refugees in India

CALCUTTA, INDIA, July 31.—To stave off the threat of widespread deaths from malnutrition among refugee children from East Pakistan, the United Nations Children's Fund is opening 1,000 centers in eastern India on Aug. 15 to dispense high-protein foods.

"The situation is very serious," said J. Gullmar Andersson, the Swedish director of a new emergency section set up by UNICEF.

Mr. Andersson, who is 35 year old, said two million refugees—children below 9 and expectant mothers—would be given about 3½ ounces of high-protein food a day, including food made from milk powder, a special high-protein flour preparation and soya milk.

Called Operation Life Line, the program will be administered by the Indian Red Cross. UNICEF and the World Food Program will provide the food and equipment.

Mr. Andersson stressed that the new feeding centers by themselves could not save about 300,000 children who already have acute malnutrition. He said they require special medicines and infusions. Plans are being worked out to set up special "sick bays" near refugee camps to treat the children.

[From the New York Times, Aug. 1, 1971]

HIMALAYAN CONFRONTATIONS

Pakistan's role as the jumping off point for Dr. Henry Kissinger's recent secret flight to Peking may help to explain—though not to excuse—the Administration's shocking support for the Yahya Khan Government during the first few months of the vicious military crackdown in East Pakistan. But now that the door to China has been opened, it is impossible to excuse or explain Washington's continuing supply of arms to Islamabad and its persisting ambiguity in the face of a deepening tragedy that threatens to erupt before the year is out into a major international conflict.

Reports from Pakistan indicate that President Yahya and his military supporters are still determined to pursue their policy of military repression in the East, having failed to rally any significant number of Bengali politicians to their side. President Yahya has threatened to try in a secret military court and possibly execute Sheikh Mujibar Rahman, the imprisoned Bengali leader who remains the best hope for a political settlement of the civil conflict.

Meanwhile, there is imminent threat of widespread famine in the stricken eastern province, where planting has been neglected and shattered communications lines hamper the movement of available food stocks. Refugees continue to pour over the Indian border by the tens of thousands daily, creating problems that a Red Cross official has described as catastrophic.

Resistance in East Pakistan continues, with bombings a daily occurrence in the capital of Dacca and communications throughout the province seriously disrupted. The Bengalis are said to be training tens of thousands of guerrilla fighters in camps along the Indian border in preparation for a major effort in the fall when the monsoon rains end. If this should occur, the guerrilla activity almost certainly would lead to a confrontation between India and Pakistan, even if Indian Prime Minister Indira Gandhi succeeded in the meantime in resisting rising pressures for immediate military intervention.

It is not necessary to agree wholly with India's over-righteous attitude to recognize that President Yahya's ruthless policies in Bengal are putting New Delhi in an increasingly difficult position. India simply cannot support—economically, socially or politically—a flow of refugees from Pakistan that already exceed seven million. Even more serious, the systematic slaughter, rape and expulsion of Hindus from East Pakistan could touch off communal violence throughout India, with its substantial Moslem minority. It is no wonder that Indians are appalled and angry over United States Government policies that give aid and comfort to the Yahya regime while seeming to disregard the horrible implications of events in East Pakistan.

Under persistent prodding of members of Congress, the Administration appears to be altering its position somewhat. There have been vague assurances that no new arms or economic aid will be granted to Islamabad for the present. The planned dispatch of an American police adviser to Dacca has reportedly been canceled. But American arms continue to flow to Yahya's troops under old licensing agreements and the exact Washington position on other aid is by no means clear.

It is time all American aid to the Yahya regime, excepting relief assistance, was unequivocally stopped. The reported American-backed plan to station United Nations observers in East Pakistan could help ease the plight of the Bengalis but it falls far short of the political accommodation that is needed to head off an explosion on the Indian subcontinent that could precipitate an American-Chinese-Soviet confrontation in the Himalayas.

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[From the Washington Star, Aug. 1, 1971]

INDIA'S AMBIGUOUS VIEW OF PAKISTAN'S TROUBLES

The Indians, who are easily irritated by American policy at the best of times, are reported to be hopping mad over the continuing flow of arms aid and economic support for the government of West Pakistan.

Since the disclosure that new shipments were on the way, the tide of anti-Americanism in India has risen to an almost hysterical pitch. There have been almost daily denunciations of the Nixon administration in the press and the parliament, calls from the government opposition for a break in diplomatic relations, demands for the confiscation of American assets in India.

The government of Prime Minister Indira Gandhi, while not going along with the more extreme critics, has made no secret of its extreme displeasure. According to Foreign Minister Swaran Singh, Washington's policy "amounts to condonation of genocide," since the aid helps West Pakistan in its savage repression of its rebellious eastern province.

With this, a good many Americans, including this writer, might be inclined to sympathize. It is, to say the least, a little strange for the United States to be helping a government which has killed hundreds of thousands of its own people and driven more than 7 million more out of the country. And yet one suspects that the Indians may not be wholly horrified by what is happening—and what is likely to happen—across their borders.

The Indians, to be sure, have plenty to complain about in the immediate situation. The millions of Pakistani refugees who have poured into West Bengal create an enormous and potentially very dangerous human problem.

The cost of simply feeding them comes to more than $1 million a day, of which two-thirds at present is being supplied by India. In some parts of Bengal, the influx of a huge new labor force has cut wages in half in a province which already is desperately poor and politically unstable. Communal tensions between Moslems and Hindus are rising, and a potential for serious trouble exists.

But though the war in East Pakistan is a large problem for India, it is a much larger one for the government of General Agha Mohammed Yahya Khan in West Pakistan. And whatever is bad for India's bitterest enemies in Asia may not seem wholly bad for the Indians over the longer range.

For the fact is that in the view of most observers in Asia, this is a war which West Pakistan cannot win in the long run. The resources of the country already are strained to the breaking point to maintain an army of some 60,000 in the eastern wing of the country, separated from West Pakistan by over 1,000 miles of Indian territory. To hold down an embittered population of 75 million against growing guerrilla resistance is, on the face of it, well-nigh impossible.

India, furthermore, is openly supporting the guerrilla cause and providing a haven where the resistance forces can be recruited, armed and trained. Although the effort still is somewhat disorganized, it could make the position of West Pakistan's army untenable in time.

Nor is there any reasonable prospect at this stage that the West Pakistan government will throw in the sponge and try to reach some kind of political compromise with the rebel leadership. On the contrary, with the passage of time and the growth of resistance, Yahya Khan's determination to crush the rebellion by force has grown stronger.

Recently he has been threatening "general war" if India supplies the guerrillas with arms. Sheikh Mujibur Rahman, the East Pakistani leader who headed the move toward autonomy, is in jail awaiting trial for treason. On both sides, the possibility of reconciliation can be virtually ruled out.

At the same time, Yahya's own position is not as solid as it might be. The leadership of the military establishment that he represents is under challenge by disgruntled civilian political leaders. There are clear signs of unrest in three provinces of West Pakistan against the domination of Punjab, and the political cohesion of the country is showing signs of disintegration.

In these circumstances, the leaders in New Delhi may not be quite as gloomy as they sound in reading the long-term prospects for India. Granted all of the problems and dangers that exist today, some Indians may not be too distressed by the possibility that their principal enemy may be in the process of falling apart. Indeed, they may be expected to do what they can to hasten the trend. Which may explain their extreme indignation over continuing American aid to Pakistan.

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[From the New York Times, Aug. 1, 1971]

SHADES OF THE VIETNAM WAR

DACCA, PAKISTAN.—The Government's army is largely confined to the towns and roads. The guerrilla rebels in the countryside get help from across the border. A clandestine radio transmitter reports "liberation army" successes and predicts eventual victory.

A visitor to East Pakistan can drive through much of the region without observing anything abnormal. Yet many foreign diplomatic observers have been tempted to compare the Bengali situation with the opening phase of the Vietnam war, and some of the parallels—such as those listed above—are unmistakable.

Neighboring India from the outset has provided a haven, training and material support for the Bengali rebels, as North Vietnam did for the Vietcong. Even the lush, rice-growing terrain of the Ganges River Delta, making up most of East Pakistan, is similar to that of the Mekong River delta in Vietnam. Rebel posters blossom briefly in Dacca and other towns, warning civilians to leave before the Liberation Army Mukti Bahini opens a bloody new offensive.

But if a guerrilla war in East Pakistan is under way, it has a long way to go before reaching the level of effectiveness seen in East Asia during the past few decades. Behind the volume of propaganda on all sides, not very much seems to be happening.

Some kind of war is unfolding in East Pakistan. At least a few people are getting killed and many others are suffering. But in this passion-wrenched land it is as difficult to verify a fact as it is to find a dry place to stand in the current monsoon rains.

Along East Pakistan's eastern border, Pakistani and Indian artillery thunder away at each other, and both sides have augmented their forces in the region during the past week. Military men and ordinary people expect a surge in violence during the next few weeks, possibly timed to coincide with Pakistan's national day of Aug. 15.

The 60-mile road between Dacca and the important frontier garrison of Comilla is open. There is little to show that the Government is having any difficulty maintaining this strategic link. One mine was planted on the road recently, and the rebels dynamited a key bridge on the road, but traffic was detoured over a rickety wooden bridge a few hundred yards away.

In Dacca, guerrillas have made their presence felt during the past two weeks by knocking out the city gas supply and damaging the electricity supply badly enough so that there are frequent blackouts. There are nightly sounds of explosions and gunfire. Neighborhoods that were blasted and burned out in March are still flat. But Dacca is again full of people, rickshaws and commerce and looks as though it is nearly back to normal.

In many populous areas in the countryside crops are growing, and if there are serious food shortages they are not evident.

The political background to this strife is easy enough to trace. East and West Pakistan, separated from each other by 900 miles of Indian territory, share a belief in the Muslim faith but little else. The Bengalis of the east speak a different language from the Urdu of the west; they have different cultural and social traditions and even look different. The Bengalis have long regarded the Bunjabi of West Pakistan as economic exploiters of the eastern region.

Latent Bengali yearning for autonomy from West Pakistan came to a head last March and some Bengali leaders called for outright secession and the creation of a new Bengali nation, Bangla Desh. On March 25, West Pakistan's army—East Pakistani military units had joined the rebels—moved into Bengal as an invasion force. They have applied an iron hand to the administration of the region ever since.

Just how many persons were killed in the process remains one of the many persisting controversies. The Government forces have never disclosed their own estimates, saying only that "enemy dead are not counted, they are thrown into the river." Estimates range all the way from 10,000 to several hundred thousand killed. In any case, West Pakistan's three regular divisions now control every aspect of life in East Pakistan, apart from hinterland zones they do not take the trouble to occupy.

And the prevailing impression remains one of despair on the part of the Bengalis rather than challenge. For many observers here, the saddest and most significant fact is that somewhere near seven million people have fled to India, and the refugee flood continues.

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[From the Washington Post, July 31, 1971]

INDIA TELLS FOREIGNERS TO STOP REFUGEE WORK

The Indian government has started ordering foreign volunteers to quit their work among East Pakistani refugees within 48 hours, official sources in New Delhi said yesterday.

"The least possible number of foreign volunteers should be permitted for a variety of reasons," said one high-ranking Indian official familiar with the relief program. "If none at all are there, that would be the best possible alternative."

The first foreign volunteers affected—six from Britain and one from Canada—were those working for "War on Want," a British social service organization operating a hospital that treats 300 refugees a day near Calcutta's airport.

The Indian government said last week it does not want foreign relief workers, unless specifically requested, because it reported the number of Indian volunteers was sufficient.

It said foreign workers also added to administrative burdens, such as the need to arrange translators for them and to find housing.

In New York, U.N. Secretary General U Thant appealed to India and Pakistan to permit U.N. agencies to facilitate the return of an estimated seven million East Pakistani refugees who fled to India after the outbreak of civil strife in East Pakistan last March.

Thant also urged the U.N. Security Council to take up the India-Pakistan dispute, warning that the U.N. can no longer ignore "the potential threat to peace and security."

Meanwhile in Karachi, Pakistan President Yahya Khan accused India of continued shelling of East Pakistan and warned war could soon erupt in the Indian subcontinent.

"We are very near to war with India," Yahya told newsmen of six foreign television teams invited to Karachi for an interview.

"I am watching the situation. If the Indians have the idea of taking a chunk out of East Pakistan, it would mean war," the president said.

"Let me warn them (the Indians) and the world, it means total war," he said.

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[From the Washington Star, July 31, 1971]

"VERY NEAR WAR WITH INDIA," PAKISTAN'S PRESIDENT SAYS

KARACHI.—President Agha Mohammad Yahya Khan of Pakistan today accused neighboring India of continued artillery attacks along the border with rebellious East Pakistan and said: "We are very near to war with India."

Yahya told newsmen of six foreign television teams invited to Karachi for a 2½ hour interview, "I am watching the situation. If the Indians have the idea of taking a chunk out of East Pakistan, it would mean war.

"We are very near to war with India," he said. "Let me warn them (India) and the world, it means total war."

"I am not looking for war and am trying to avoid it," he said. "But there is a limit to my patience."

Yahya referred to the five-month-old civil war in which the rebels in East Pakistan, separated from West Pakistan by more than 1,000 miles of Indian territory, have established the so-called government of Bangla Desh.

Yahya said India, whose northeastern section has been the refuge of some 7.5 million Bengalis fleeing from an army crackdown in East Pakistan, is continuing to shell the borders of East Pakistan.

Yahya said he will not be pressured by nations threatening to cut aid to Pakistan to force a political settlement in East Pakistan.

He said the cutting or slowing down of economic aid would affect 70 million East Pakistanis for the "sake of a few millions who had been used as political pawns."

Yahya charged foreign countries which had offered aid but are now withholding it have done so for ulterior and not humanitarian motives.

Yahya said there still is food for three months to feed East Pakistan but transportation is needed to move it to needy areas.

Although the United Nations has promised aid, Yahya said, Pakistan is still waiting for it to come.

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THANT WARNS COUNCIL ON WAR

UNITED NATIONS.—Secretary General U Than has warned the Security Council in a secret memorandum that the festering border situation between India and Pakistan could lead to a war beyond the subcontinent, it was disclosed yesterday.

The memorandum was sent July 20 to Ambassador Jacques Kosciuskio-Morizet of France, this month's council president, for circulation to the other members.

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[From the Washington Star, Aug. 1, 1971]

INDIA BEGINS TO TACKLE THE SLUMS OF CALCUTTA

(By Henry Bradsher)

CALCUTTA, INDIA.—Municipal toilets and a bath house were recently built in one of Calcutta's worst slum shanty areas. It was part of a program to provide small improvements on the slum problem that is too big to be tackled with new housing.

But toilets did not work. It turned out that sewage connections had not been made. Sewage lines were supposed to run through

one of the most violently lawless areas of this crime-ridden city but no contractor was willing to build them.

The fact that money is now available for such programs, much of it from the Indian government in New Delhi, means the long neglected problems of India's largest city and one of its leading industrial states are being tackled. But many obstacles to overcoming these problems still remain. Seven million East Pakistani refugees who have come into this state of West Bengal in the last four months are not yet a direct problem for Calcutta or most of the state. The national government is trying to take care of them.

PRESSURE MAY BUILD

But the pressure of so many people in border areas could build up into a major problem.

Some refugees have settled on reclaimed land which had been earmarked for Calcutta municipal housing.

The Bengal Chamber of Commerce and industry recently published a study of city and state problems of "This sprawling slum that is the city of Calcutta today." Summarized, they were an "inadequate and polluted water supply, garbage heaps strewn all over, stagnant pools of effluent overflowing streets, potholed roads, overcrowded transport, congested and unsanitary housing conditions" and others.

In the state as a whole problems include, the study said, deterioration of the river system on which the port of Calcutta depends, survival of "inequitable and unproductive agrarian framework, growing unemployment . . . and the near collapse of the education system." To this may be added the law and order problem, political instability, bureaucratic inefficiency, and general economic decline.

VITAL TO ECONOMY

Calcutta, a city of more than 7 million and West Bengal remain vital to India's economy.

The state contains 15 percent of the nation's factories and produces 21 percent of the total factory output. Its coal and steel are the basis of all heavy industry and its port, although declining, is the hub of eastern India.

While the state's population increased 27.4 percent in the last decade, job opportunities failed to keep pace. The percentage of population engaged in work slipped by 3 percent.

Every year there are another 7-800,000 new job seekers in the Calcutta area.

But industry is offering fewer jobs. Many factories have closed because of both economic and labor problems. Few industrialists are willing to make new investments here; most are investing profits earned here in other parts of India.

EASTERN RAILWAYS

One of the most appalling examples of trouble is the condition of India's Eastern Railways. It is the essential mainstay of the industrial transport system and it is unable to handle traffic.

Thefts of electrified overhead wires, theft from freight cars and even major pieces of cars themselves, and loss of other railroad property have severely hampered traffic.

Thievery from the railroad is only part of the lawlessness. Much of it is political.

According to conservative calculations of the national government there were 1,124 murders in West Bengal in the first five months this year and 451 of them were politically motivated.

POLITICAL MURDERS

Murder, usually by stabbing, has become the weapon of many political parties after the Maoist splinter of India's divided Communist parties started it on a large scale in recent years.

The leader of the largest political party in the State, the Communist party of India (Marxist), which stands between Moscow and Maoists, charges that 500 of his workers have been murdered since the party lost state government power last October.

The leader, Jyoti Basu says murders are by a Maoist group called Naxalites, but they are encouraged by ostensibly peaceful and legal political parties. These include, he says, the Congress party of Prime Minister Indira Gandhi.

Basu's party increased its share of state votes from 20 percent in 1969 to 34 percent in March.

But it lost power to a coalition led by Mrs. Gandhi's Congress party even though its vote percentage dropped from 41 to 29.

The coalition lasted only a few months and now West Bengal is back under direct rule from New Delhi.

One of the central governments major efforts is to check lawlessness. It has a long way to go before the confidence of citizens in public security can be restored.

Calcutta police have been bolstered by Central Reserve Police. They are noted for toughness.

There are persistent reports of reserve police beating up criminals—both political and ordinary kinds—before they turn them over to ordinary police, who the reserves feel are too politically infiltrated to punish troublemakers adequately.

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[From the Washington Post, Aug. 1, 1971]

PAKISTANI ENVOY HERE DEFECTS

NEW YORK, July 31.—A Pakistani embassy official in Washington, maintaining that his country's ruling regime has "lost all claim to legitimacy," says he has defected from the government of President Yahya Khan to join the secessionist forces of Bangla Desh, the National Broadcasting Co. reported today.

In a statement taped for broadcast at 2 p.m. Sunday on the NBC television program "Comment," Abulmaal A. Muhith, economic adviser to the Pakistan Embassy and former deputy secretary to the Yahya cabinet, predicted that up to 15 million East Pakistanis might die of starvation in the next three months.

Muhith said the famine would kill three times as many Pakistanis as died in the famine of 1943. That famine claimed 2.5 million to 5 million lives.

"The government of Pakistan has made the fact of staying alive the greatest luxury in East Pakistan," Muhith said.

Muhith continued: "In East Pakistan today, the extent of human misery is simply incomprehensible, leaving aside the death toll and destruction of property on account of armed strife. The specter of famine is horrifying. Total disruption of the communication network coupled with the gripping sense of terror, has virtually halted all economic activities and movement of food, grains and other necessities."

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FLOODS SWAMP FIVE STATES IN INDIA, 25 ARE KILLED

Floods inundated sections of five states in India yesterday, causing at least 25 deaths, loss of more than $30 million worth of crops and making thousands of persons homeless.

According to official reports reaching New Delhi, the heaviest flooding was in West Bengel, Bihar and Uttar Pradesh states in northern and eastern India along the course of the rain-swollen Ganges river and its tributaries. Most of the seven million East Pakistan refugees are in these three states.

Officials in Patna, capital of Bihar state reported that the level of the Ganges had reached more than 32 inches, the highest point ever recorded and that flood waters had entered the city's outskirts through several gaps in protective levels. The city has a population of about 364,000.

In Karachi, Pakistan—President Yahya Khan has accused neighboring India of continued artillery attacks along the border with rebellious East Pakistan and said: "We are very near to war with India."

Yahya told six foreign television teams: "I am watching the situation. If the Indians have the idea of taking a chunk out of East Pakistan, it would mean war.

"I am not looking for war and am trying to avoid it, but there is a limit to my "patience."

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[From the Washington Post, Aug. 2, 1971]

UNITED STATES IS HOPING PAKISTAN WILL ADMIT DISASTER RELIEF TEAM FROM U.N.

(By Michael Getler)

U.S. officials said yesterday they were hopeful—but not certain—that Pakistan President Yahya Khan would soon agree to let a team of United Nations disaster relief workers into war-ravaged East Pakistan.

Both United Nations Secretary General U Thant and U.S. officials from the State Department and the Agency for International Development have been pressing the Pakistani central government to accept such help to alleviate widespread famine and disease.

Since March 25, when government troops moved into East Pakistan to crush an alleged secessionist movement, reports from the scene have told of widespread loss of life and property, and some seven million refugees have fled into India.

President Yahya had previously expressed a willingness to accept an earlier U.N. proposal by Thant for setting up a United Nations "presence" along the India-Pakistan border, but that plan was turned down by the Indians who said they refused to be "equated" with Pakistan in the way that country was handling its internal problems.

Under the proposal which U.S. and U.N. officials now hope to consummate with President Khan, a team of civilian relief workers—mostly food distribution experts and medical teams—would be set up within East Pakistan.

U.S. officials say they expect the most the Pakistanis would probably agree to let in would be "a couple of dozen" workers, all operating under United Nations auspices.

Some U.S. officials believe that the presence even of a small group of U.N. workers inside East Pakistan would also help reduce the remaining military activity in the area.

The U.S. has considerable economic leverage on Pakistan, providing by far the largest amount of economic aid that comes to that nation annually. Nevertheless, U.S. officials said yesterday that agreement by Yahya to a U.S.-backed U.N. aid plan still could not be taken for granted.

In a related development yesterday, a Pakistani diplomat in Washington formally disassociated himself from his government for its actions in East Pakistan.

Appearing on the NBC News television program Comment, Abulmaal Muhith, who has been serving as an economic counsellor in the embassy here, said it had become "impossible to go on working for a self-destructive government."

Predicting that 15 million East Pakistanis may die within the next three months, Muhith accused his government of "desperately trying to establish a colony in East Pakistan through a reign of terror and a massive transfer of officials and laborers from the West."

The central government, he charged, "is bleeding East Pakistan white, and at the same time ruining the economy of West Pakistan."

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40,000 CHEER TWO BEATLES IN DUAL BENEFIT FOR PAKISTANIS

(By Grace Lichtenstein)

Two of the four Beatles, the rock group that came out of Liverpool to make musical history in the nineteen-sixties, were reunited

on stage for the first time in more than four years yesterday at two sold-out benefit concerts in Madison Square Garden.

Performing some of the hit songs they had never played before a live audience, George Harrison and Ringo Starr thrilled more than 20,000 cheering, well-behaved fans at the afternoon concert when they brought out an unannounced guest: Bob Dylan.

Those who had hoped for an appearance by a third Beatle, John Lennon, were disappointed. But most of the concertgoers seemed more than satisfied by the 2-hour 15-minute show, which featured some of the most famous musicians on the pop music scene.

"I'm shaking like a leaf; it's the thrill of a lifetime," said a 17-year-old girl in the uppermost reaches of the Garden balcony who identified herself only as Debby of James Madison High School in Brooklyn.

Like an unknown number of others at the afternoon show, Debby was a gatecrasher. She and two of her friends had paid $18 each to an unidentified official who sneaked them past the ticketakers.

"I've waited 8 years for this," she said, adding that she had been "too young" to see the Beatles when they last appeared in August, 1966, at Shea Stadium.

The performers, all of whom donated their services, hoped to raise at least $250,000 from the concerts for the benefit of refugees from East Pakistan. Mr. Harrison and Allen Klein, manager of the Beatles, had organized the concert at the suggestion of Ravi Shankar, the sitar player, who opened the shows with a set of Indian music.

* * * had waited in line overnight at the Garden nine days before in order to buy tickets, showed up in droves early yesterday for the shows. Dressed for the most part in dungarees and T-shirts, they seemed a few years older than the screeching Beatles fans of old who had often drowned out the group when it played.

Although the overflow crowd cheered wildly when Mr. Harrison appeared to introduce Mr. Shanker at the show's opening, it was quiet and almost reverent during the musical numbers themselves.

The police and Garden security guards, who were out in force, had no trouble and there were no arrests. "No incidents at all," said Inspector Irving Roth, who has covered many rock concerts. "They look entranced."

When Mr. Harrison, Mr. Starr and the band took the stage at 3:37 P.M., the crowd jumped to its feet with a roaring, stomping ovation.

Mr. Harrison, slender, bearded and dressed in a luminous white suit, then led the band right into "Wah-Wah" a number from his three-record solo album that has sold a reported total of 3 million copies.

The band, which included such stars as Leon Russell on piano and Eric Clapton on guitar, next did "Something," a Beatles number written by Mr. Harrison, which had been recorded on the album "Abbey Road" but never done in live concert.

As their fans shoved and clapped its approval Mr. Starr, in a black suit and beard, took the microphone beside his band of drums for "It Ain't Easy," a hit he recorded after the Beatles broke up in 1970.

Garden security guards were kept busy keeping a swarm of amateur photographers away from the area directly in front of the elevated stage at the east end of the hall. Mr. Harrison asked the crowd between numbers to give the band a hand because "some people even canceled a few gigs to make it," and the audience responded warmly.

Then, at 4:24 P.M., after Leon Russell had led the group through a pounding version of the Rolling Stones' hit "jumping Jack Flash," and Mr. Harrison had done an acoustic-guitar rendition of the Beatles' "Here Comes the Sun," a slight, curly-headed young man wearing a dungaree jacket wandered out to join Mr. Harrison and Mr. Russell at the front of the stage.

"I'd like you to meet Bob Dylan," Mr. Harrison said with a grin, as the audience went wild.

Mr. Dylan had not appeared in concert since his date on the Isle of Wight two years ago and he had never performed live with any of the Beatles. The audience buzzed about the historic significance of the moment, but Sal Prevete, a Garden security guard was mystified.

"Who is that guy? he asked a reporter, "Is he one of the original Beatles or something?"

With Mr. Harrison and Mr. Russell as his back up guitars and later with Mr. Starr providing some tambourine rhythm, Mr. Dylan sang and played some of his most famous songs, including "A Hard Rain Is Gonna Fall," "Blowing in the Wind" and "Just Like a Woman," during a 23-minute set.

Then, he wandered off with a little wave at the crowd, the full band returned, and the group did several of Mr. Harrison's big solo hits, finishing with his plea for East Pakistan, "Bengala Desh."

As the crowd struggled out into the rain, there were murmurs of "fantastic," "wonderful," and "oh wow."

"It was so terrific to see Bob Dylan there. He was cool—right? I mean, no one really expected him," said 23-year-old Carmella Caridi.

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[From the Washington Post, Aug. 2, 1971]

GEORGE, RINGO, HELP FROM A FRIEND

(By Tom Zito)

NEW YORK.—One half of the Beatles turned out for two Madison Square Garden concerts yesterday, but a local boy wound up stealing the show.

"I want to introduce a friend of yours and mine," said Beatle guitarist George Harrison, and out walked Bob Dylan for his first public appearance since the Isle of Wight Festival in the fall of 1969.

Yesterday's performances—one in the afternoon and the second last evening—brought together many of the giants of rock music's superstar galaxy. They volunteered their services along with Indian musicians Ravi Shankar and Ali Akhvar Khan to raise funds for the relief of refugee children of Bangla Desh (East Pakistan), victims of the Pakistana civil war.

More than 40,000 music fans crowded into the Garden for the doubleheader concerts—mostly young people who seemed to be in search of some vestige of the Beatle magic.

"I missed them on tour in 1964, and I've been waiting ever since to make it up," said Dave Farzalo of Meadville, Pa., who had hitched 500 miles to get here.

Farzalo's main problem—and that of hundreds of others who milled around outside the Garden—was finding a ticket. He was prepared to pay $30, but scalpers were easily commanding between $50 and $100 for tickets which sold at original prices ranging from $4.50 to $10.

Penn Station-center-turned-concert-hall swarmed with thousands of long-haired, blue-jeaned, hot-pantsed, wine-drinking, dope-smoking, back-packing commuters, some of whom had come from as far as San Francisco and Seattle to relive the days of Liverpool glory.

The program itself began with Harrison introducing Shankar and Khan, both natives of the Bangla Desh region.

"This is a totally nonpolitical event," said Shanker as he, Khan, and their two accompanists seated themselves on a large red Indian carpet. "We just want you to think about what is happening in this civil war."

They began with a duet for sitar and sarod and then played a traditional Pakistani folksong. The audience responded with warm, polite applause.

But when the lights dimmed for the second set of music, 20,000 people rose to their feet as Harrison, Beatle drummer Ringo Starr, guitarists Eric Clapton and Jesse Edwin Davis, pianist Leon Russell, organist Billy Preston, bass player Klaus Voorman, second drummer Jim Keltner, as well as a chorus of back-up singers, a rhythm section of acoustic guitars, and a horn ensemble came out on stage.

The band members had arrived in New York on Saturday and practiced for the show until 3 a.m., Sunday.

Harrison, in a white suit, stood in center stage with Preston, Davis and Voorman on the left and Clapton and Russell stage right. Behind him, on an elevated platform, sat Ringto and Keltner.

The band opened with "Wah Wah" and moved through a nostalgic set of late Beatle and solo Harrison tunes—composed by him—including "Something," "Watch Out Now" and "While My guitar Gently Weeps." During "While My Guitar. . ." Clapton took a beautifully stated solo, as he had done—without credit—on the Beatle's white album.

Billy Preston sang "The Way God Planned It," and Ringo performed his recent solo hit, "It Don't Come Easy." Later Russell performed a Medley of "Jumpin' Jack Flash" and "Young Girl."

Harrison picked up an acoustic guitar to perform "Here Comes the Sun" and then introduced Dylan. The entire audience rose to its feet for a second time as Dylan began "A Hard Rain's A-Gonna Fall" and followed with four other old compositions "Blowin' in the Wind," "It Takes a Lot to Laugh; It Takes a Train to Cry," "Love Minus Zero/No Limit," and "Just Like a Woman", accompanying himself on acoustic guitar and harmonica, with Harrison on electric guitar, Russell on bass and Ringo on tambourine.

The band then returned to perform "Help Me Lord," "My Sweet Lord" and "Bangla Desh," a song Harrison had composed for the concert, which was recorded and filmed.

"Thanks very much for coming and goodbye," said Harrison as he walked offstage with the band still playing. As the other musicians left, the audience cheered wildly for an encore for at least 10 minutes, but the stars of the show were already en route to their hotels.

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[From the Washington Post, Aug. 2, 1971]

COLONIALISM COMES BACK—WITH A WEST PAKISTANI ACCENT

(By Colin Smith)

DACCA, EAST PAKISTAN—In the downstairs bar at the Intercontinental Hotel a table of West Pakistani officers in civilian dress raise their glasses and, breaking into English, solemnly drink to "Home Sweet Home."

At the other side of the room a dinner-jacketed pianist was playing "I Should Care" from a U.S. special services "hit kit" published in 1944.

Bengali waiters marched at light infantry pace from table to table, making a great show of their anxiety to serve the masters of the new Raj.

There can now be little doubt that the Pakistan government is determined to rule the secessionist eastern wing and its Bengali people in a thoroughly colonial manner.

Most of the Bengalis who held key positions in the administration before the army went into action against secessionism last March have now been replaced by West Pakistanis. These include the inspector-general of police, and the information, home and education secretaries.

At present almost all the armed police are West Pakistanis, mostly Pathans. New policemen are being trained, but as a visiting British Member of Parliament discovered recently, these are Urdu-speaking Biharis whose loyalties lie firmly with the western half of the country.

COLONIAL DAYS

The idea of Punjabis and Pathans of West Pakistan trying to pick things up where the British left off when Pakistan became independent in 1947 is as sad as it is ludicrous. Some quite well-meaning West Pakistanis are already strangely reminiscent of those last colonial Britons of the mid-1950s, who used to try and blow back the winds of change with quotes of empire-worship from their houseboy.

An officer in the Pakistani police, surrounded by admiring businessmen from the western wing, says that he thinks they've got the situation safely under control now.

"Saw an old woman on the road the other day. Stopped my jeep and asked her: 'What do you think of this Sheikh Mujibur Rahman chap?' Do you know what she said" (breathless pause.) "She said she thought he was a rotter," the policeman said.

The anyone-for-tennis English, like the mothballed songs, is all rather elegiac, but nobody can deny that some sort of love affair does exist between the big, arrogant fighting men from the northwest of the subcontinent and the people who ruled over them for 200 years.

There are constant statements of the kind that "you British knew how to handle the Bengalis" and of course it would be naive to think that the British Raj, even in its last years, was run without bayonets.

The west Bangalis who rioted in Calcutta in 1942, when the British had just been chased out of Burma by the Japanese, were quite bloodily put down. A former regular soldier in a Scottish regiment who was there at the time—he has since become a tea planter and married a Bengali girl—said there were cases in his unit of men killing Bengalis without orders to fire. "How do you think we kept India with 60,000 troops?" he added.

BRITISH RULE

But there the comparisons must end. Britain never really relied on force alone. When things were working well it was always the last resort, locked firmly away in the cantonments—as military camps on the subcontinent are still called—and hidden behind the benign smile of the Colonial Office.

The task of ruling India would probably have been impossible without the Indian Civil Service and Britain never seemed to have much difficulty in finding willing collaborators to man it, men who had taken the salt of the Raj and would work loyally against their own countrymen, if necessary.

The Pakistanis think they can do without these people. Their army's brutal, heavy-handed tactics are contrary to every known principle of counterinsurgency warfare where the good will of the local population is one of the first requirements. They do not seem to be making any real attempt to win the hearts and minds of the people.

ATROCITIES CONTINUE

Instead, repraisals are commonplace. A single sniper's bullet can mean a burning village, and for an incident in Sylhet district a tea garden worker was dragged screaming through his estate at the end of a rope tied to a jeep because it was felt that he might have known the whereabouts of guerrillas.

At best the army can expect to find apathy among the local population when they try to find out the movements of the "miscreants" as the secessionist guerrilla are officially known. The atrocities, for there is no other word for them, continue and absolutely no attempt is made to restore the confidence of the people in the government.

Even if it were possible to hold 70 million Bengalis at gunpoint, the military does not have the strength or the equipment in East Pakistan to do it. They do not have sufficient helicopters, which might compensate with mobility for what they lack in numbers, and even their motor transport is mostly a crazy hodge-podge of commandeered vehicles. (UNICEF's entire 400-vehicle fleet is missing.)

They are facing bigger and better organized bands of Mukti Bihani (East Pakistan Bengali freedom fighters) who have introduced the terror of mines to the countryside and learned that even a Punjabi soldier cannot withstand odds of ten to one. They are well organized on the eastern border with the Indian state of Tripura where a determined effort is being made to immobilize the Sylhet tea industry.

From safe bases in India the Mukti Bihani come across the border at night to attack factories and mine roads. They might never reach Vietcong standards, but then they do not have to. A fairly modest increase in guerrilla activity might stretch the army to breaking point. It just does not have the men to be everywhere at once.

There is never any sensation of civil war here, but always the feeling of invasion and an army of occupation. Even in West Pakistan the army is removed from the people. The soldiers live in their cantonments, little islands of good order and hygiene with little in common with the real Pakistan.

All around them they see chaos, corruption and filth. In the end the civilians' sloppy behavior becomes too much to bear and they decide that, for the sake of Pakistan, they must take over. Usually the first thing they do is clean the drains and order all food shops to use fly nets. Their difficulties come later when they get involved with politics.

The gap between the army—which since March 25 is almost entirely from West Pakistan—and the East Pakistanis is even more enormous.

Physically, the difference is startling. Big, fair-skinned Punjabis, Kashmiris, and Pathans with forearms as thick as the branches on a young oak ordering about small, dark-skinned, Oriental-looking Bengalis whose limbs tend to be reed-like even when they have managed to get enough food inside them.

Although most foreign observers have seen evidence of the kind of ruthless behavior the Pakistan army is capable of, Europeans and Americans tend to feel closer links with the cricket-playing colonels than with the Bengalis, who sometimes behave in an obsequious and cringing manner unless gathered in great numbers.

In return, no amount of protests by their government and threats to withdraw from the British Commonwealth seems to daunt the senior members of West Pakistan's officer corps in their determination to be as British as possible.

## DECLINING FORTUNES OF THE AIRLINE INDUSTRY

Mr. MAGNUSON. Mr. President, in recent months we have heard much about the declining fortunes of the airline industry. Through this prolonged and unfortunate period of economic recession, the air carriers have been particularly hard hit at a time when they were undergoing a vast new equipment and modernization program to meet the growth in air transport in the future.

Recently, my committee has conducted lengthy hearings on the economic problems facing the airlines and has heard much testimony on the nature of the difficulty and how to bring the airlines back to a state of better health. In that regard I have had occasion to read a recent speech of Edward E. Carlson, president of United Airlines, the Nation's largest air carrier. Mr. Carlson's remarks are of interest for several reasons, including the fact that he is the newest chief executive among the Nation's large air carriers and he comes to United after a long and successful career as the president of Western International Hotels.

Mr. Carlson's remarks provide insight into how he views the problems confronting airline management today.

I ask unanimous consent that Mr. Carlson's remarks be printed in the RECORD. I know they will be of interest to Senators.

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

STATEMENT OF EDWARD E. CARLSON, AT THE DEAUVILLE CONFERENCE, JUNE 4, 1971

Gentlemen: As a newcomer to the airline industry, I sincerely respect the professional competence and expertise of those who are assembled here. As one who has traveled extensively for many years throughout the United States and abroad, I have often said that airline service generally has to be considered one of the marvels of modern technology in business. The standards of airline service throughout the world are uniformly excellent.

Until a few months ago I had no knowledge of the airline vocabulary of ASM's—RPMs—load factors—wet leases or—WOP time. The latter really confused me. In case the term is unfamiliar to some of my other colleagues here, I can tell you that in United it means "with out pay." We were quite interested in that term a few months ago when many employees volunteered to take time off without pay as a means to relieve the necessity for reductions in force.

Another word you may be interested in which I introduced to the United Air Lines vocabulary was "NETMA." It means "Nobody ever tells me anything." The problem of communications is one that is always with us, and particularly so in our rapidly moving, rapidly changing business.

Although the vocabulary was new to me, one aspect of the airline industry was identical to that of my former business career.

For approximately 35 years I had been selling a very perishable product, "bed nights." As. Mr. Thurston, the long-time president of Western International Hotels whom I succeeded a number of years ago, told me when I was about 19 years old, "If that hotel room isn't sold tonight, the earning is lost forever," In the airline business, the same philosophy applies. So, after selling "bed nights" for so many years, I am most conscious of why it is important to sell "seat miles."

However, whether one is concerned with "bed nights" or "seat miles," the important thing is the commitment that management makes to the profit concept. A company with a poor balance sheet and inadequate earnings is no comfort to its employees—its bankers—its shareholders or its customers. Strong earnings are essential if adequate service is to be provided to the passenger, and shipper who really are why we are in this business. In other words, the same motivating factor of profit which applies to other service industries is equally essential in the operation of an airline.

While there are similarities between the airline and hotel businesses, there are also important differences. Perhaps it would be of interest to examine some of these differences while I am still new enough to the airline industry to offer what may be a relatively fresh and perhaps different point of view.

In approaching my assignment as the chief executive officer of United and in our search for profits, I often asked, "Why do we do this?" or "why do we do it this way?" Occasionally, I received the answer, "because we have always done it that way." This may be a good answer on occasion, but there are

times when a practice developed in the past and carried on by tradition flies in the face of common sense. At such times, tradition should be challenged in the light of changing conditions and made to justify itself.

In attempting to understand management's role, it is necessary to recognize our three basic relationships which must be kept in finely tuned balance. First, the customer—what does he really want? He wants to fly or ship goods on airplanes that represent the latest in technology and comfort—scheduled at times that fit his plans. He wants to receive the maximum amount of attention and amenities in cabin service. Furthermore, he wants all of these things at the lowest possible rate. In other words, he wants "all he can get."

Next, we must look to the employee who serves the customer. The airline business is a labor intensive business. United Air Lines in 1971 will pay approximately 47 percent of its total revenue for salaries and benefits which means that labor and management really are partners. But when we analyze what the employee wants, whether management or non-management, we find that the employee wants good working conditions—good pay—adequate benefits for himself and his family—excellent pass privileges—good vacation schedules—in other words, he wants "all he can get."

Now let's consider the third partner—the shareholder. In the free enterprise system it is essential to have the confidence of those with dollars to invest in common stocks. The airline industry is a great consumer of capital, both equity and long-term credit. When the shareholder approaches the marketplace to invest his money in common stocks, he is interested in a company which has a good history of earnings and is completely solvent—a company with a consistent dividend record—a company that has sustained growth over a period of years with appreciation in the value of its shares—a company that has liquidity—in other words the shareholder "wants all he can get."

This is a big order in any business. In the airline business it's even more difficult because this is a regulated industry which, I acknowledge, is essential in the public interest. However, government regulation adds important factors to the challenge of managing an airline. We must satisfy not only our shareholders, customers and employees—but an array of local, State and Federal agencies as well.

In the United States, the airline industry and government are partners. Parenthetically, I would add that in the airline industry one has many partners. The government of the United States is a senior partner. It appears to us in United Air Lines that when one has partners, it is essential that the partners work together for mutual understanding. It is also essential to respect your partner's point of view. Granted, adversary positions will be taken at times yet it does seem desirable to resolve these differences in an atmosphere of cooperation recognizing the responsibilities that both airlines and government have to those whom they represent.

United's senior management team is dedicated to good partnership. We attempt to maintain close communication with the Civil Aeronautics Board, the Department of Transportation, and the Federal Aviation Administration, as well as the United States Congress, State Legislatures, city councils, and airport commission. All of these groups have a strong interest in the service provided by United Air Lines. We have a responsibility to provide them with the information necessary to discharge their public obligations fully.

So, with all the various interests to be served—the public, the customer, the shareholder, the employee, the government official and the banker—it becomes an exciting challenge to maintain a competitive posture, to survive and, hopefully, to find time to smile.

As a freshman, I would observe that the regulated airline industry is also highly competitive. Because we must respond to government regulations, as well as the competition of the marketplace, our successes and failures are constantly being monitored by others. I was conscious of this recently when a long-time banker friend arranged a small dinner party for me in New York. When I arrived, there were approximately 16 senior executives of some of America's largest banks and insurance companies in attendance. I had known some of these men for years. Others I was meeting for the first time. My interest in the dinner was heightened just before leaving our office in Chicago when I was told by the senior financial officer of United Air Lines that he had seen the guest list and those in attendance had made available to United—through loans, leases, debentures and so forth—a total of $1.1 billion. I knew that after the pleasant amenities of cocktails, an excellent dinner and cognac—I would be asked to speak. I was not disappointed—but at the same time I was not prepared for a number of these men immediately to take out their pencils and begin making notes on my comments.

Now, this particular occasion was important to United Air Lines. However, these same banking and insurance executives work with a number of other representatives of the airline and aerospace industry as well as the business community in general. Thus, our actions as spokesmen for individual companies are monitored in the light of how our other associates and competitors perform.

As competitive as many of us are, it has also been fascinating to note the mutuality of interest among carriers in cost savings. During the past few weeks, American Airlines, TWA and United each have designated a senior officer to explore areas where through joint action cost savings can accrue to the advantage of all. It was interesting to note that this same idea of achieving savings through joint effort was advanced by our good friend, Bob Timm, who has recently been named to the C.A.B. In a speech before the association of local transport airlines, Mr. Timm suggested greater consolidation of ground operations and sharing of equipment.

We agree that anything which can be undertaken to maximize the use of common equipment and facilities is advantageous to the three primary parties noted earlier—the employee, the shareholder and the customer.

Now, I should like to comment on some facts of life which all of us in airline management face today:

1. The pressure of continuing inflation will not lessen substantially in the near future. Therefore, even if the travel growth curve once again approaches the annual increases of some 15 per cent experienced in the mid-sixties, we must remain conscious of the need for holding costs down. In the airline industry, the major cost is labor. Therefore, I should like to make a personal observation on this important element of the cost equation. I believe in the labor movement. The strength of the labor movement has created today's high standard of living. Yet there must be restraint on the part of both management and labor. Management must be sensitive to the inflationary trends which have been an agonizing problem for all employees in recent years. Labor must respect the importance of maintaining adequate profits to attain sufficient earnings to attract investors, along with a balance sheet strong enough to warrant the credit needed to finance the capital requirements of a company as large as United. Statesmanship on the part of both management and labor is necessary in the years ahead if this is to continue to be an effective partnership.

2. Public pressure for maintaining low fare levels will continue and we must recognize that this pressure is not without some justification. In a business which depends on mass travel, the lowest possible fares, consistent with good service and a reasonable profit, clearly are in the public interest. We share the public desire to widen the travel market with attractive pricing.

3. As a regulated industry, in an inflationary world economy, it is probable that we will face a continuing need for price increases. Under our regulatory system price adjustments almost always lag behind cost increases. This weakens the individual carrier. In the hotel business by comparison, we can respond immediately with price adjustments to compensate for rising costs. This is not so in the airline industry. Therefore, it is extremely important to achieve mutually satisfactory machinery for communication between airline management and our partners in government. A delicate balance must be preserved between the public interest in low fares and the national interest in maintaining a financially strong industry.

If I were asked to make one over-riding observation concerning profitability in our business, I would single out this historical pattern of playing "catch up" in our pricing policies. The past pattern is clear. In the free world, inflation is a fact of business life. Great efforts are made by government, but it is difficult to achieve control. Looking ahead, all signals point to continued inflation. We hope this trend will be more moderate in the future than in the recent past. However, salaries and benefits will increase and these increases will be reflected in the cost of all the items which we purchase.

If we accept the premise that profitability is essential, would it not be practical to develop some type of formula which would peg price adjustments to an accepted cost of living index. Such a formula could enable consideration of price adjustments provided that the carriers in question are not earning more than the prescribed rate of return at the time of an increase in the cost of living index. We might well develop a special "airline cost of living index" that would include all of those elements which determine our unit cost levels. Many labor contracts now provide that there should be an upward adjustment in salaries based upon the cost of living index. If airline management could anticipate that a cost of living index formula would apply, then the swing in earnings for our industry might be less dramatic. In the United States, the civil aeronautics board has indicated that the carriers are entitled to a 12 percent return. If we are to recognize the interests of the shareholder, employee and customer as discussed earlier, then it would seem in the best interest of the industry and the public to provide for a means of price adjustment based upon the inevitable forces of inflation subject, of course, to standards of honest, economic and efficient management. This would not alter the competitive nature of this highly competitive industry, but it would allow for better financial planning and would dampen the economic cycles that beset us.

4. Finally, it is a fact of life that we in airline management must do a better job of anticipating trends than we have done in the past. Economic planning and market forecasting deserve the concentrated attention of top management. Economic forecasts are the basis upon which long range capital commitments are made. If the traffic fails to grow at predicted levels, the industry faces serious problems.

Scheduling restraints to reduce excessive capacity will help (restraints may well be

primarily in the form of unilateral rather than industry-agreed actions), but the real cure will be a resumption of the airline-market growth, signs of which we are beginning to see.

Meanwhile, the air carriers have the dual job of prudent cost management and agressive marketing. Whatever we can do to accelerate increased air travel through better service, more effective selling, advertising and promotion will hasten the industry's recovery from its current doldrums.

Although we have temporarily fallen on bad times, we have developed the finest and most advanced system of air transportation in the world. Our system has produced the most modern machine known to man. The system has produced a safety record that could hardly have been contemplated by the pioneers in this business. We have on-time dependability that was scarcely imagined 35 years ago. We may have temporary problems of excess capacity, congested airways and airports, but these problems will be solved by the same ingenuity that produced the system of air transportation which permits people to move across the world at close to the speed of sound.

While it is not a perfect system, it is, like our governments, a system in which change can be accomplished without destroying the strong foundation upon which a government, or in this case, an air transport system, was built. We in the United States are continually working with our partners in government and our friends in other nations toward improving the present system while always keeping an open mind to new ideas for change.

## COMMERCIAL PRODUCTION OF CATFISH IN ARKANSAS

Mr. FULBRIGHT. Mr. President, the development of the commercial production of catfish in the State of Arkansas was described by Mr. Roy Reed in the New York Times of July 26.

In less than 10 years, the new industry is producing not only jobs and profit, but also an unusually succulent delicacy for our table. The Federal Government assisted this industry with research and advice, but primarily it is the result of imagination and hard work by many enterprising farmers.

In these days of even more depressing stories of overruns and waste in other industries, it is refreshing to read about an industry which really contributes to the economy and the pleasure of our people. I ask unanimous consent that an article on the subject be printed in the RECORD.

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

[From the New York Times, July 26, 1971]

THEY'RE FARMING CATFISH BY THE ACRE, BUT SUPPLY IS STILL SHORT

(By Roy Reed)

DUMAS, ARK.—On top of all its other troubles, New York is outside the catfish belt.

But help is on the way. Catfish are now being raised on the farm just like corn, wheat and potatoes, and as soon as the farmers get the kinks out of their marketing system, at least one of the city's problems will be solved.

The catfish was once despised and avoided everywhere except in the South. But during the last three or four years, thanks to the genius of American agriculture, people have learned to love it in Los Angeles, Chicago, Kansas City, Peoria and many other places where it was once considered unfit to eat because of its scavenging diet.

INADEQUATE SUPPLY

Only the formidable size of the population of New York has kept the catfish out of that city. New Yorkers may think the reason is their taste, but that is not it. Catfish farmers feel that it would be morally wrong and economically unsound to tease New York with an inadequate supply of their irresistible product.

Meanwhile, down on the farm, men like Edgar Farmer and his two sons, Harold and Kelly, are working night and day to raise enough fish to close the gap between supply and certainly demand.

"We've got about 800 acres of catfish and we're building another 300 acres of ponds this summer," the father said this week, sitting in the air-conditioned living room of his large, expensive brick house—the house that catfish built.

In speaking of catfish, farmers use the same language that they use in discussing their rice, cotton, soy beans or cattle, all of which Edgar Farmer raises on his 3,000-acre farm.

Ask a farmer how many catfish he is raising and he will reply in acres. Mr. Farmer has one pond that is populated by an estimated half a million six-inch catfish, but he refers to it as 6½ acres of fish. The fish are "fed" like chickens, "harvested" like rice, and eventually "skinned" and "dressed" like cattle. When ready for harvesting they weigh about a pound.

Mr. Farmer's acreage is part of about 50,000 acres that will produce 36 million pounds of catfish and bring $20 million to farmers in several states this year. The industry has almost doubled in size during the last five years.

Most catfish farms are in Mississippi and Arkansas, but they are moving rapidly into Louisiana, California and even beyond the nation's border.

Farmers in these warm regions are attracted to catfish farming because it can be more profitable than any other crop, if managed properly. Only the more substantial farmers can get into the business because large capital is necessary to build the ponds and buy equipment.

Once in, shrewd farmers have found that they can make up to $700 an acre in gross returns on the fish. That is about twice the return on rice.

Most don't make that much on the new crop because they have not learned to raise and market the fish efficiently. Many have tried and lost money.

Raising fish as a crop is considerably more complicated than throwing a hook into the Arkansas River, as the catfish lovers around here traditionally have done.

Mr. Farmer was one of the first to discover, in the late nineteen-fifties, that fish fed with a high-protein food, such as soy beans, would grow much more rapidly than fish left on their own to feed on smaller fish, crayfish and insects. That discovery made the industry possible.

After that, however, the farmers found that every step called for techniques they had never had to think about in raising cotton and other crops.

For example, feeding the fish by hand would have been impossible. Now there is a machine that blows soy bean pellets across a pond.

Harvesting is still a headache. One afternoon last week, when the temperature was a little more than 100 degrees and the sun was spinning vapors on the harsh, flat Delta land, Kelly Farmer and a crew of two other men and four boys waded into a six-acre pond 12 miles west of Dumas and began fishing in earnest.

First they spread a 150-foot seine in a wide semicircle across the middle of the pond. With one end tied to a tractor and the other to a pickup truck, they pulled the seine slowly to the bank. Then they went into the tightened crescent with a smaller seine, and wading in water to their armpits, pulled the trap closer to shore.

DELIVERED LIVE

Finally, a metal scoop swinging from a mechanical boom was lowered into the muddy water, and the floundering fish were lifted into a tank truck. They would be delivered live in carefully cooled tank trucks to markets around the South.

Dr. Fred P. Meyer, chief of the Interior Department's fish farming experiment station at Stuttgart, Ark., said recently that perhaps the fish farmers' major problem was marketing: Where should the major outlets be, how many sizes of fish should be sold, should they be "breaded, steaked or fileted," how can the farmers provide large quantities with every fish the size of every other fish to a tolerance of half an ounce? These and other questions may take 10 years to answer, he said.

Leaders of the new industry and their allies in the Federal Government are confident that catfish will gain in popularity not only because of its taste—which is rather delicate, if the fish has had the proper diet—but also because of the increasing attractiveness of foods low in saturated fats.

Farm-raised fish generally are less polluted with pesticides and industrial wastes than wild fish, Dr. Meyer said.

LESS POLLUTED

"The levels in farm-raised fish are far lower than in those taken from the major natural streams," he said.

Farmers have to be careful not to build ponds on land used for long periods to grow cotton because cotton for many years has been treated with long-lasting pesticides. The fish will die in such ponds, Dr. Meyer said.

The farmers are trying to get a bill through Congress to have all phases of catfish farming regulated by the Department of Agriculture. They now have to deal with Agriculture, Interior and Commerce. The farmers feel more at home with the Agriculture Department and, some say, it would be easier to get Agriculture to approve new chemicals and drugs that might be used raising the fish.

But the Agriculture Department reportedly is not keen to take on this new job with little background of personnel and expertise. And, Government sources point out, setting standards for chemicals and drugs has been removed to the new Environmental Protection Agency.

For the inevitable invasion, New Yorkers should be prepared with an elementary knowledge of how to cook and eat catfish. It can be cooked many ways, but the most popular in the South has always been frying it in deep fat after coating it with corn meal. It is often served with hush puppies, small fried corn meal sticks that used to be tossed into the yard to quiet the dogs at meal times.

The Catfish Farmers of America held a fish fry in Washington last month for members of Congress. Senator J. William Fulbright's wife, Betty, explained for the visiting Congressmen and a skeptical press the proper way to eat catfish.

"You eat them with your fingers, like a chicken leg," she said, and then demonstrated with smiles and greasy fingers that she was right.

## NATIONAL POWER GRID SYSTEM

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "National Power Grid Sounds Good," published in the Nashville Tennessean of July 25. The editorial deals with S. 2324, introduced by me and cosponsored by the Senator from South Dakota (Mr.

McGOVERN), and the House companion measure, H.R. 9970, introduced by Representative TIERNAN and cosponsored by Representatives ABOUREZK and BADILLO, which would establish a national power grid system.

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

NATIONAL POWER GRID SOUNDS GOOD

A bill has been introduced in Congress that would establish a national power grid—an interstate hookup system for electricity which sponsors say would curb pollution and reduce the danger of blackouts.

The grid—which would be financed by tax-exempt bonds and run by an independent nonprofit corporation—would connect major power systems so that when one region of the nation ran short of power it could call on regions that may be generating a surplus of power at the time.

Almost every region has a peak season of power consumption, and the peak seasons vary from region to region. With the national grid, the peaks could be evened out so that the chances of a power shortage in a certain region at any particular time of year would be reduced.

The system would also permit the location of power plants at some distance away from population centers, since a plant would not have to be near its service area.

The need for such a grid has been in the discussion stage for several years, but the idea has always been opposed by the private power industry. The industry is likely to fight the proposed legislation now.

A grid would seem to be an advantage to the private power companies since it would furnish them with electricity at periods when they are running low.

Private power companies say the grid would unfairly force them to compete directly with lower cost public power, because both public and private utilities would be connected.

How this would be unfair competition is not clear. Private companies would not need to accept any public power until all of their power was being sold at the private companies' own high prices.

It seems more likely the power companies are afraid to have their customers find out how much cheaper public power is than private power. The idea of a national grid also sounds too much like a federal power system to suit the private industry.

The proposed grid sounds like a good plan to ease some of the energy problems now plaguing the nation. It is clear the private power industry is failing to meet the needs of the consumer. The bill should be given fair and thorough consideration on its merits.

## NEED FOR A COORDINATED TRANSPORTATION POLICY

Mr. MAGNUSON. Mr. President, the harsh truths about the lack of a coordinated transportation policy in the country are showing up with increasing frequency. The scars on our landscape, the wide expanses of concrete ribbons, and the general inefficiency of transportation are glaring examples of our failure to plan, coordinate, and cooperate in this field.

In Traffic World for July 26, 1971, Mr. Carlo J. Salzano writes with considerable insight into this problem and some potential solutions.

Mr. President, I ask unanimous consent that the text of Mr. Salzano's article be printed in the RECORD.

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

U.S. NEEDS TRANSPORTATION "CONSTITUTION"

(By Carlo J. Salzano)

The formulation of a national transportation policy that could be looked on as a "constitution" embracing regulatory law and practice has been recommended by a group of lawyers and laymen charged with the responsibility of ferreting out possible legal impediments to transportation innovation.

The researchers, working through the National Academy of Sciences' Maritime Transportation Research Board, also recommended that the United States regulatory system be made the subject of a careful study that would encompass those features of the legal and regulatory structure that, in effect, embody basic transportation policies.

These and many other recommendations climaxed a year-long study sponsored and funded by the Department of Defense and the Maritime Administration. The project, titled "Study of Legal Aspects of Intermodal Transportation" and dubbed "SLAIT," was directed by H. B. Mutter, an attorney for the Federal Maritime Commission (T.W., April 4, 1970, p. 17). The title of the report is "Legal Impediments to International Intermodal Transportation."

Announcing the scope of the study group's work early in 1970, Mr. Mutter said that, in order to identify and define legal impediments to transportation innovation, it would be necessary to develop answers to three broad questions: (1) Is there a national transportation policy that guides the transportation regulatory agencies or other government entities in the solution of intermodal problems? (2) Is the current structure for regulating transportation by the federal government accommodating intermodal concepts? (3) Are prevailing anti-trust prohibitions, including those against multi-mode ownership, still valid today, or should they be relaxed to facilitate intermodal systems?

Before discussing the study group's answers to the first and second questions, it should be noted that the researchers decided that the third broad question could not be answered without additional study.

The group conducted no economic study, either to measure the potential benefits or to assess the potential dangers of intermodal common ownership. It was apparent, however, the group said, (1) that intermodal joinders could have desirable effects and (2) that the reasons for the statutory prohibitions on merger, while they may still be valid, are ripe for re-examination. In other words, the group said, the statutory barriers may be impediments to better service.

Still on the question of anti-trust prohibitions, the group recommended that the Interstate Commerce Commission, the Federal Maritime Commission and the Civil Aeronautics Board, together with the Department of Transportation and the Department of Justice, undertake a thorough study of the potential benefits and potential dangers of modifying present restrictions on common ownership of carriers of different modes.

As to a national transportation policy, the group found that the United States does not have "a sufficiently meaningful statement of policy . . . with respect to international intermodal transportation." The only available guidelines, the group said, are national transportation policies which deal separately with the various modes. As a result, the study group said, the respective regulatory agencies find themselves with "an expression of overriding congressional intent and are left to promote and preserve the particular interests left to their jurisdiction."

The problem today, the group said, remains much the same as it was prior to the 1940 transportation act which "actually has done little to improve the national transportation system."

"Despite all the legislation, all the intentions, all the studies, the U.S. transportation system is still regulated by three separate agencies, each operating independently in its own sphere of interest," the group said. ". . . There is no single, well-defined statement of national transportation policy governing the independent regulatory agencies."

Even if it is conceded that the declarations of policy in some of the statutes represent some sort of working national policy, the group said, "it cannot by any means be claimed that such policy is being uniformly followed."

"The fault is obvious," the researchers said. "No workable set of rules governs the entire transportation industry, and there is no agency or department with power to apply such a policy (if there were one) to all the various sectors of the industry. In short, granting that there are certain stated objectives (e.g. coordination of the entire transportation system), in the best interests of the nation, there are no effective means to put these objectives into practice."

"The proper role of government," the group said, "is to identify and promote the long-range national interest. A national transportation policy, the study team added, should establish unmistakably the principle of pre-eminence of the national interest."

POLICY NEEDS CLARIFICATION

Continuing, the group said that national transportation policy, as it exists today, "(1) lacks sufficient clarity and force to determine issues arising within the jurisdiction of the several regulatory agencies, and (2) has no applicability to the activities of the various executive departments such as the Departments of Defense (the nation's largest shipper), Agriculture, State, Commerce, Treasury (Customs) and Interior.

The group said a national transportation policy cannot cover every contingency but should "specify broad national objectives, providing a framework and guidelines against which specific laws and regulatory actions should be tested by legislative, regulatory, and judicial agencies at all levels of government."

"There must be, however, a realization that national policy, to be effective, must be responsive to changing conditions in a dynamic industry," the group said. "This entails a willingness to make changes promptly when justified in the national interest."

The study group said it is important that the existing regulatory structure should not, in itself, act as a barrier to innovation. The group believes that "clear statements of national transportation policy can, and should be utilized as a more effective legal tool to assist full development of better transportation systems. The group suggested that the following elements should be part of a successful policy:

Distinction between promotion and regulation, both legitimate and well-recognized objectives of national transportation policy.

Guidelines to promote international intermodal transportation, with greater emphasis on performance of transportation systems, as opposed to a modal approach.

A strong effort to anticipate, permit and encourage innovations, both technological and institutional "with careful monitoring, that can improve the efficiency of the national transportation system and enhance the position of the United States as a trading nation. Such policy should vest authority in the regulatory agencies to authorize innovations in the public interest."

Continuous review of the policy by an advisory committee appointed by the Secretary of Transportation or operated independently with funds authorized by Congress.

Discussing the difference between the pri-

mary and ancillary purposes of a national transportation system, the study group said:

"The vital role of the national transportation system, and of its component modes and industries, is well recognized. There can be little question but that the main purpose of this system is to move goods and people at the 'lowest cost that is consistent' with 'fast, safe, efficient, and convenient transportation,' and with a fair rate of return on transportation investment. However, many other objectives also are classified as being in the public interest and, since they conflict substantially with one another, it follows that any unified and coherent national transportation policy must specifically identify, weigh, and reconcile all the desirable objectives.

"In developing and applying a national policy, all the desired and conflicting benefits of the national transportation system should be identified explicitly, potential costs and benefits should be measured, and their interrelationships should be thoroughly examined. Trade-offs should be considered, including the possibilities of (1) abandoning some of the less important objectives and (2) explicitly recognizing and directly subsidizing the accomplishment of some secondary objectives."

"Particular emphasis should be placed on efficiency in allocation of transportation resources. In this regard, one criterion to be stressed is that, when unprofitable carrier services are required by the government in the public interest, their costs should be directly subsidized, explicitly recognized, and separated from charges for other carrier services." The study group declared that "failure to do so results in some degree of cross-subsidization of these services by other transportation users and, perhaps more important, may well impair the long-term financial ability of the carriers to develop and adopt innovations that would provide broader public benefits."

The study group said that changes in the basic design of economic regulation should not be undertaken lightly but that, if the U.S. is to realize its full trading potential, basic questions and new developments in transportation cannot be ignored.

The group noted that it had no mandate and made no attempt to study the broad economic effects of regulation. The group believes, however, that such a study should be made in an effort to determine:

"(1) the existing regulatory scheme's effects on the volume, variety, and facility of international trade, and on resource allocation in the economy with respect to international intermodal transportation;

"(2) the most appropriate regulatory approach to individual and group rate making, entry control, intramodal and intermodal mergers, and problems of rate discrimination in international transportation and related domestic transportation; and

"(3) what form of government administration should be provided for such regulatory standards as are recommended."

LIMITED JURISDICTION

The question of whether the current federal structure for regulating transportation is accommodating intermodal concepts drew a resounding "no" from Mr. Mutter. He pointed to sections of the study that showed that the jurisdiction of each transportation regulatory agency over international trade is limited, "though limited in a different way under each statute."

". . . When international intermodal traffic is under consideration, the three agencies, find both that their (1) individual jurisdictions are limited, and (2) that their statutory powers vary on each leg of the through movement, thus compounding the already complex problems of intermodal transportation," the study group said.

Under a section titled "Lack of Intermodal Coverage," the study group said:

"No agency does the complete intermodal job. Even the three agencies with regulatory powers, and a new Department of Transportation without such powers, do not cover the intermodal front. Each agency is actively concerned with intermodal transport, but far more actively concerned in other fields. No regulatory agency is charged with studying over-all transportation needs. The Department of Transportation may in the future fill this role.

"The mere existence of three agencies raises the question of whether one would be better. An increasing number of serious suggestions are being made for consolidation of the three. The existence of only one agency would plainly permit the solution of some, but not all, intermodal problems. Whether there should be a merger is another question, and a complex one. International intermodal transportation is by no means the principal concern of each agency. Thus, it may well be that a merger of the three agencies could create more problems for the individual transport modes than it would solve for international intermodel shippers and carriers.

"There is no dearth of suggestions for improving regulatory processes, either with the specific aim of facilitating international transportation or with the broader goal of improving transportation conditions generally. Quite often these suggestions, although possibly of great merit, are not adequately supported with data.

"As a matter of fact, even the portion of traffic which is international intermodal traffic is not known. Discussions of intermodal problems, including regulatory problems, thus take place largely in a statistical high vacuum. Within the available time and with the available resources, the study group has attempted to assemble the views of a wide variety of knowledgeable participants. Never the less, the recommendations for improving regulatory procedures . . . must be read with the understanding that hard facts are often difficult to come by."

The researchers said that they considered a wide variety of approaches to regulatory impediments, including the proposal that the three regulatory agencies increase voluntary cooperative action among themselves.

While recognizing the many views collected in the year-long study, the researchers said the "majority of the study group would concur with the FMC and the ICC conclusion that through transportation should be facilitated in international trade; that it is a benefit to shippers to permit the making of a transportation contract with the originating carriers that covers the movement through to destination at a total charge published in a single tariff and that commerce would be encouraged and our national transportation policy objectives served by encouraging the establishment of economical, integrated transport services in our foreign trade."

In its survey, the study group identified 11 types of problems relating to the adoption and use of joint international intermodal rates, and related regulatory matters. A review of the problems resulted in the following recommendations:

That the ICC, FMC and CAB adopt, publish, and employ precise common definitions of terms descriptive of all aspects of international intermodal rate arrangements.

Better coordination among the existing regulatory agencies; a program of common rule-making to resolve regulatory conflicts, under congressional directive if necessary; a merger of the three agencies into one "would clearly assist in resolution of jurisdictional conflicts among the agencies—but this is only one of many factors to be considered."

If the agencies fail to adopt a working program of interagency cooperation sufficient to resolve most questions of jurisdiction and proper forum, and if a single transportation regulatory agency is not created, Congress should enact new legislation creating mandatorily invoked joint board jurisdiction over international intermodal traffic.

New legislation to spell out common legal standards applicable to joint international intermodal route and rate arrangements. Such issues as reasonableness, unlawful discrimination, tariff adherence, control of divisions, mandatory or permissive participation in joint rates, and similar matters of substantive law must be considered.

Adoption of explicit new statutory language to require that all through transportation offered or provided in U.S. foreign commerce must be covered by tariffs filed with the appropriate agencies under uniform rules. Such legislation should require (1) that the tariffs filed specify the through charges for all such transportation as is offered or provided, including any foreign-to-foreign segments of the through movement, and (2) that the tariff must be observed. With or without enactment of such new legislation, the ICC, the FMC and the CAB should proceed at once to adopt and publish common and consistent rules for the filing and observance of through and joint internation intermodal rates, clearly specifying the intended application of these rules to foreign-to-foreign segments.

The ICC, FMC and CAB should proceed at once to agree on and publish a common tariff circular, prescribing both a common format for filing tariffs in international trade and uniform procedures for filing.

The ICC, FMC and CAB, in conjunction with the Department of Transportation and existing shipper and carrier organizations, should proceed as rapidly as possible to develop standard commodity codes to be used by carriers of all modes.

The ICC, FMC and CAB, together with the DOT and the Department of Justice, should undertake a thorough study of the potential benefits and potential dangers of modifying present restrictions on common ownership of carriers of different modes.

The ICC and the FMC should proceed at once to study the desirability of the present legal requirements governing terminal area service of ocean carriers. Their findings should be presented for congressional action with minimum delay.

DISAGREEMENT IN THREE AREAS

The study group was unable to agree on a common recommendation in three major problem areas.

As to publication of divisions of international intermodal rates, the study group said only that some members would recommend authorizing the filing of joint ocean-land international rates without any requirement that the divisions thereof be disclosed and published at the time of filing. On the other hand, other members, the study group said, would recommend strict adherence to the present requirement that each carrier's share of a joint ocean-land intermodal international rate be disclosed.

The study group also was unable to reach agreement on the extent, if any, to which domestic (Part IV) freight forwarders, non-vessel operating common carriers (NVO's), and air freight forwarders should be permitted to participate in international joint rates with underlying carriers—even on the limited question of their participation in "end-to-end" joint rates, with the forwarder or NVO providing service for a segment for which it is regulated by the ICC, FMC, or CAB, and for which it is paying the underlying carrier whatever rate is required under applicable law. On this subject, the study group recommended that:

"The ICC, the FMC, and the CAB should proceed jointly to determine whether the differences in the statutory bases and the functions of the domestic surface (Part IV) freight forwarder, the non-vessel operating common carrier by water, and the air freight

forwarder are, or are not, so great that a common rule for all three would not be justified with respect to the extent of their participation in international joint rates with the underlying carriers of the several modes.

"If such a common policy does appear justified, the ICC, and FMC, and the CAB should proceed at once to develop a joint position on the subject, and to recommend to the Congress any legislative changes necessary to implement the recommended common policy."

The third area in which the study group failed to reach a common recommendation dealt with anti-trust aspects of joint rate agreements among groups of carriers of different modes.

Under present regulatory statutes for land, sea and air carriers, groups of each mode are permitted to establish rate conferences. Within those conferences, carriers are permitted to agree to fix their rates at a common level. Such conference agreements are subject to filing with and approval by the individual agency. Agency approval of a conference agreement carries with it an exemption from operation of the anti-trust laws.

There is no explicit statutory provision that covers the filing, approval and anti-trust exemption of such conference arrangements between carriers of different modes. After considering arguments for and against extending such conference procedures to carriers of different modes, the study group could not agree on a common statement of the problem or on a common set of recommendations. The study group merely set forth the opposing views with the recommendations of each. Those favoring extension of anti-trust immunity to joint rate agreements among groups of carriers of different modes would recommend:

New statutory authority for the filing, consideration, approval, and exemption from operation of the antitrust laws of agreements among one or more of another mode (or between conferences of carriers in different modes.).

That such agreements be filed at one place, for consideration by one regulatory body, either the new single transportation regulatory agency (if one is created) or a joint board.

That agreements be filed with each regulatory agency for separate approval if only both the single agency and the joint-board approach are rejected by Congress.

Those taking the position that antitrust immunity should not be extended to joint rate agreements among groups of carriers of different modes concluded that:

". . . facilitating group rate-making would be of no benefit if the result were a rate structure higher and less related to costs regime. Conversely, if a more competitive regime could facilitate innovation in container transport, develop greater diversity of rate and service offerings, and bring rates into close relationships with costs, it would stimulate, not impede, foreign trade.

"These considerations counsel strongly against facilitating inland group-ocean group rate-making by affording additional anti-trust immunities; rather, they would suggest curtailing group rate-making. Chapter 8 of this report recommends that a major study of regulatory policies be undertaken. If such a study were to show, as some contend, that justifications for group rate-making have been overstated and that its effects have been more harmful than useful, initiatives to provide more independence of carrier rate activity might follow. Such action should not be prejudiced by recommendations for, or steps to grant, additional anti-trust immunities at this time."

PAPERWORK CITED

Discussing intermodal documentation, the study group said that the volume of paperwork now necessary to accomplish international movements of cargo "is massive."

"Requirements of statutes, regulations, and commercial practice lead to production of documents estimated to cost the shipping public 10 per cent of the gross value of international traffic," the researchers found. "The documents include ocean and inland bills of lading, customs declarations, consular documents, dock receipts, certificates of inspection and measurement, certificates and binders for insurance banking documents, forwarders' receipts, and a host of other documents, including those produced for the business uses of the carrier, such as invoice and billing forms, manifests, tracers, and the like."

The use of a through bill of lading for an international intermodal shipment, the group said, appears to offer several significant commercial advantages, such as fewer bills of lading and other documents, a single statement of charges and reduced delays in payment to shippers.

The group then went on to identify two general approaches to the development of an acceptable common form of through bill of lading. The first would be the treaty approach, such as that adopted for air transportation by the Warsaw Convention of 1929 where, by international agreement, the specific terms of the document were prescribed in detail. The second would be a permissive one, under which the regulatory agencies and affected parties could consult and develop substantive provisions (terms and conditions of carriage) for one or more standard bills of lading.

Concluding the discussion, the group made these recommendations:

One single U.S. government agency should be assigned full responsibility for coordinating government and private efforts to simplify the documentation required in international transportation, and should receive the necessary funds, authority, and cooperation required to proceed with this work.

The ICC, FMC and CAB, with the participation of the Department of Transportation and interested carrier and shipper groups and the cooperation of other interested government agencies, should proceed at once to develop and publish substantive provisions (terms and conditions of carriage) for one or more standard bills of lading for use in international intermodal transportation. By formal action of the regulatory agencies, such forms should receive approval for use, thus removing possible questions of their regulatory and legal propriety. Their use, however, should be voluntary and not be required, thus leaving sufficient flexibility to develop new forms and to adapt existing forms to specific commercial needs.

The U.S. government should use the recommended standard form or forms of international intermodal bills of lading, and the deliberations leading up to their adoption, as the basis for its participation in efforts to obtain international standardization of transportation documents.

Devoting one chapter to existing modal differences in the treatment of responsibility and liability, the study group said that an international intermodal shipment is subject to risks of loss or damage when in the custody of several carriers operating in several countries, and subject to widely varying rules as to responsibility and limits of liability.

"It is often difficult or impossible to determine when, where, or how the loss or damage occurred," the group said. "Further, while container shipments offer protection against pilferage, the use of containers can create difficult questions of fact if a shortage or damage is discovered only when the container is opened at destination."

Continuing, the study group said:

"Under the present laws governing international intermodal shipments, a shipper or consignee who has a claim for loss or damage may face problems which can be classified under three headings: burden of proof, forum, and substantive law. The extent of each problem depends upon whether the facts of when, where, and how the loss occurred are: (1) undisputed, (2) disputed but ascertainable, or (3) unascertainable (as when a shortage or concealed damage is discovered when a container is opened at destination)."

The study group said that under present laws, there is an apparent lack of simplicity, predictability and certainty in assessing responsibility and liability for international intermodal shipments. Such uncertainties, the group said, are identifiable impediments to international trade and must be resolved.

The study group was not able to agree on a common set of recommendations for future efforts to resolve questions of responsibility and liability for international intermodal shipments but did agree on these four limited propositions:

1. The traditional doctrine that, as a matter of public policy, carriers should not be permitted to contract away all liability for cargo loss or damage retains its validity and should be maintained for intermodal shipments, as well as for single-mode traffic, since this provides an incentive for safe and careful service.

2. Because available data on claim costs, insurance rates, loss experience, administrative costs, and all other aspects of cargo insurance are inadequate for the sound judgments required of government and industry, a detailed study of cargo insurance should be undertaken.

3. The ICC, the FMC, and the CAB, in cooperation with the Department of Transportation, should develop and publish one or more approved standard forms for inter-carrier agreements on apportionment of liability for intermodal shipments.

4. In any national or international efforts to restructure the rules relating to responsibility and liability, a principal goal should be to achieve settlement of claims without resort to litigation, including subrogation litigation among carriers. Litigation contributes substantially to the cost of handling claims, and savings here should result ultimately in lower rates to shippers.

## CRIME IS COMMONPLACE IN THE NATION'S CAPITAL

Mr. EASTLAND. Mr. President, the recent wave of crime on Capitol Hill is alarming to all of us. The terror of the criminal now stalks the Halls of Congress and the fear of assault and armed robbery has invaded the offices of the U.S. Senate.

The shadow of lawlessness hangs as a sickening sign of a national illness affecting all America. The specter of crime and its consequences is an ever-present danger for all citizens.

Nowhere is this more graphically documented than here in the Nation's Capital. It is a chilling sight to look at night upon the floodlit majesty of the U.S. Capitol—shining with all the glory of freedom for which it stands—while many, many uniformed police officers walk in pairs, heavily armed and escorted by police dogs. This display of police authority is not only an attempt to combat crime; it is an absolute necessity to protect the lives of those who now must stand guard over the Capitol and its occupants.

Only last week, a pair of thugs walked boldly into the office of the distinguished Senator from Arkansas (Mr. McCLELLAN), who is recognized as one of the

chief opponents of crime in this country. In his office, these two men brazenly pointed a gun into the face of the Senator's personal secretary, stole her money, threatened to take her watch and ring, bound and gagged her—and calmly walked out. This bizarre scene took place shortly after 5 o'clock in the afternoon while the Senator himself was attempting to contact his secretary from a telephone in an adjacent office. It is appalling that such an outrageous incident could take place in open daylight, in the office of a U.S. Senator, and here in the Capital of the Nation. It is appalling, but not shocking, for crime is commonplace in the Capital.

This spectacle preceded by only a day the armed holdup of a member of my own staff. This young man was returning to his apartment after a dinner engagement. Two blocks from his home—and the same distance from the Capitol—two Negroes approached him, rammed a gun in his face, demanded money, and then fled with his wallet.

Mr. President, it is fortunate that in both of these crimes no one was hurt and the amount of money involved was relatively small. But, this significance is magnified when you consider that these robberies took place within a stone's throw of the U.S. Capitol. Other victims of Capital crime have not been so lucky.

Earlier in the month, five men broke into a Capitol Hill apartment and took turns at assaulting two coeds while their two men friends were held at gunpoint. The attackers—their horrible deed done—ransacked the apartment and took whatever struck their fancy. This crime occurred within sight of the Capitol Building.

Each summer, many young Americans come to Washington to work in the offices of their home State Senators and Congressmen. They gain valuable insight into the legislative process—but this lesson in Government is too often coupled with gruesome and sometimes deadly lessons about crime in the Capital.

Only last summer, a young man working in the office of the junior Senator from Indiana (Mr. BAYH) was locked in the trunk of his own automobile while his kidnappers used his car for a holdup. It began when the young man attempted to park his car on a Capital street. His attackers struck him, jabbed a gun in his face and later forced him into the trunk where he remained for 4 hours. In the interim, a service station was held up and the youth escaped only after the car was abandoned and his shouts alerted passersby. It was a frightening experience, but not a fatal one.

This was not the case of another summer employee who came to Washington to work in the office of a Member of the House of Representatives from New York. He was opening the door of his car for his date, when three attackers attempted to take her purse. She refused to give in and they began to beat the young lady with their fists. The young man attempted to defend her and was rewarded for his heroic efforts with a fatal gunshot wound in the chest. This incident took place only blocks from the Capitol.

Shortly before that, a Member of the House stopped by a grocery store near Capitol Hill during his lunch hour—only to find himself in the midst of a holdup and caught in a crossfire between the robbers and a security guard. He followed the escape car, took down the license number, and gave it to police, who arrested those involved.

Just a few months preceding that, a relative of the former Speaker of the House was attacked leaving a Capitol Hill restaurant. This young man suffered a fractured skull when three young thugs, swinging a hatchet, struck him in the head.

Mr. President, this is only a brief account of the major incidents that have taken place in the vicinity of the Capitol—and my recounting covers only a span of less than 18 months.

I am ashamed, dismayed, and embarrassed for my country. Our own Capital City, the seat of this great Government, is not safe for visitors or for its own residents. It is a disgrace to say that no citizen is safe in the Capital of his own country, but it is the frightening truth to say when a person comes to Washington he takes his life in his hands.

No capital city in the world finds itself in such a state of lawlessness. Here are we, the great United States of America, the leader of the free world, the great bastion of freedom—yet no man is free to walk alone on our streets. To call this the land of freedom is a mockery, because we are not free—we are prisoners of crime. We must live in fear, restricting our lives, controlling our very existence. We are shackled and bound by the illegal and ungodly acts of the criminal.

The crime wave which now has reached the Halls of Congress is merely an indicator of the serious and steadily mounting problem which confronts the entire Nation. Crime is on the increase in almost every sector of America, and the spiraling statistics stagger the imagination. No citizen is immune to crime and all are victims of its frightening consequences.

I am convinced that this disregard for law and man is a direct result of the conduct of some Federal judges during the past few years. This judiciary has been afflicted with a permissive liberalism which penalizes the righteous and rewards the wicked. The decent, honest American is now a second-rate citizen, taking a backseat to the criminal and this new system of justice. The scales are heavily weighted on the side of the criminal, while the victim of his crime must bear the crushing consequences of this strange twist of the law. In our great rush to protect the rights of the accused, we have trampled underfoot the rights of the accuser.

Mr. President, no American is more dedicated than the courageous police officer who stands in the forefront of this life-and-death struggle with the criminal. Our men in blue bear the awesome burden of America's battle against crime. The professional lawman is our only hope for victory in this war with lawlessness.

Yet today, some Federal courts of this land are practicing a system of topsy-turvy justice. These judges have bound and gagged the dedicated lawman in a web of tangled and twisted legalities—so that he is better armed with a law book than a nightstick. They have stripped the policeman of his shield of authority, leaving him with a tin badge to serve as a target for every two-bit thug with a notion to take the law in his own hands.

On the other side of this two-headed coin, some misguided and miscalculating Federal judges are weaving loopholes in the Constitution. They have unlocked legal doors for the criminal—smoothing a path to easy street for the lawbreaker. They have pinned on the gangster the badge of permissiveness and handed to the criminal the sidearm of the so-called rights for the accused.

The real loser in this crazy house of justice, on this merry-go-round of lawlessness, is the American citizen. In the final analysis, the Nation itself will bear the terrible consequences of this era of crime.

Mr. President, there is one way—and only one way—to stem the crime wave in America. That is to insure swift, stern, and certain punishment for those guilty of breaking the law. The criminal must know beyond any reasonable doubt that he faces a police officer who has the unqualified support of the citizenry, the courts, and the law. The criminal must have evidence that he will stand before a judge and a court that believes in punishment as well as the eradication of crime. The criminal must be finally and firmly convinced that if he breaks the law he will surely and certainly and shortly sit in a prison cell to pay a full and complete debt to society.

All the citizens of the Nation must stand united and dedicated to a peace which begins first in our hearts and minds and our homes, then in streets of our cities and finally spreads across all the land—a peace that shall stem forever the tide of lawlessness and restore full meaning to the great and cherished phrase which laid the solid foundation of freedom in America:

> That all men . . . are endowed by their Creator with certain unalienable rights . . . among these are life, liberty, and the pursuit of happiness.

## THE PRESIDENT'S RESPONSIBILITY AT AMCHITKA

Mr. GRAVEL. Mr. President, President Nixon has the responsibility for the decision of whether or not to go ahead with this fall's Cannikin thermonuclear blast.

Many of us have expressed our concern about the blast and our dismay that it has not been postponed or canceled. A growing number of people share those concerns.

This morning's lead editorial in the New York Times urged that under the present circumstances, "the argument for postponing the test is persuasive."

I received a telegram this morning from four prominent Alaska geologists recommending that the test be halted.

I also received a plea from the Canadian Coalition To Stop the Amchitka Nuclear Blast. The coalition represents various environmental groups—whose membership includes thousands of Canadians—and they are adamantly against the blast.

Yesterday's destructive earthquake on Hokkaido Island, Japan, underscores the risk we would be taking if the blast goes ahead.

That earthquake rate 7 on the Richter scale. The AEC estimates that the proposed Cannikin test would have a similar Richter scale measurement. The Japanese have issued a sea wave warning to alert people of the Pacific rim area. There is a distinct possibility that the same damage could exist following the 5-megaton Cannikin test.

I urge President Nixon to take these warnings seriously and to initiate actions to halt the proposed test.

I ask unanimous consent that the New York Times editorial and the two telegrams urging the President to halt the blast be printed in the RECORD.

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

CHOICE ON AMCHITKA

The decision on whether to go ahead with the underground nuclear test on Amchitka Island in the Aleutians rests with President Nixon. It is very much a personal decision. His advisers are divided. Congress is uneasy but reluctant to take the responsibility.

The risks are both ecological and diplomatic—and almost equally incalculable. The test would explode a nuclear device with a force of five million tons of TNT which is 250 times larger than the bomb dropped on Hiroshima.

The ecological risks are threefold. There is the possible contamination of the surrounding waters with consequent damage to commercially valuable fisheries. If venting should occur as it has in some Nevada underground tests, radiation would escape into the atmosphere. Finally, there is the chance that an enormous explosion of this magnitude would trigger an earthquake which in turn might produce a disastrous tidal wave. Because Alaska and Hawaii have both had tragic experiences with earthquakes and tidal waves, the four Senators from those states—two Republicans, two Democrats—are united in vehement opposition to the test.

The A.E.C. naturally insists that it has taken every conceivable precaution and that the test will have none of these adverse consequences. But this will be the biggest underground nuclear test ever conducted by the United States, and Amchitka lies in a critical zone of earthquake activity.

Dr. Kenneth Pitzer, former president of Stanford University, headed a committee of scientists to investigate the safety of underground tests. The Pitzer committee report expressed "serious concern" with the problem of earthquakes resulting from large-yield nuclear tests and concluded that there is no way to eliminate the small but definite risk that "a large explosion might induce, either immediately or after a period of time, a severe earthquake of sufficiently large magnitude to cause serious damage well beyond the limits of the test site."

The purpose of the Amchitka test is to learn technical details about the large Spartan warhead which might be used as part of the antiballistic missile system to protect Minuteman missile sites. The Defense Department asserts that the Spartan is "essential" and must be tested. The Soviet Union has already exploded a device of comparable size.

But there is keen dispute among scientists as to whether it makes sense to use high-yield warheads for the ABM because they would saturate the atmosphere with radioactiviy and knock out this country's radar as well as incoming enemy missiles.

Meanwhile, there are the diplomatic imponderables. The ABM system is the subject of active negotiations with the Russians in the Strategic Arms Limitations Talks (SALT). The ABM has also been considered a "light defense" against future nuclear attack by Communist China. The President has to decide how a huge test occurring in October would affect the progress of the SALT talks and of the developing détente with China.

To examine this problem, Mr. Nixon requested seven agencies to submit their views. This so-called "committee of under-secretaries" has reportedly split 5-to-2 in favor of canceling or postponing the test. A.E.C. and Defense wish to go ahead. But the State Department, the Office of Science and Technology, the United States Information Agency, the Environmental Protection Agency and the Council of Environmental Quality raise objections.

The Office of Science and Technology believes that Spartan warhead is obsolete and not worth testing. The State Department wants to postpone the test at least until the SALT talks are concluded. The Environmental Protection Agency believes that even the small risk of a major earthquake makes the test unacceptable.

Under these circumstances, the argument for postponing the test is persuasive. A unilateral American ban on atmospheric testing helped lead the way to the partial Nuclear Test Ban Treaty of 1963. In making his decision, President Nixon has an obligation to take Congress and the public into his confidence. He has to explain fully his judgment on a weapon of disputed merit which can only be tested with accompanying ecological risks and to relate his decision to this nation's disarmament goals and diplomatic objectives.

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[Telegram]

Senator MIKE GRAVEL,
*U.S. Senate,*
*Washington, D.C.*

The Canadian coalition to stop the Amchitka nuclear blast calls upon the U.S. Senate to cancel Cannikin. The Canadian coalition consists of representatives from Vancouver and District Council of Churches, United Churches Canada, Roman Catholics, Lutheran, Anglican, Quakers, and Unitarian, YWCA Sierra Club, Amchitka Two, Don't Make a Wave Committee, British Columbia Environmental Council, SPEC Canadian Association of Human Environment, Canadian Labour Congress, media and political leaders. The Canadian coalition have the support of many thousands of Canadian citizens, teachers, scientists, conservationists, university professors and others who are concerned with the international implications of the proposed Amchitka Detonation. Our appeal is for statesmanship that seeks other alternatives for national security that do not endanger the world and its people.

C. ROBERT PEARSON,
*Chairman,*
LOIS BOYCE,
*Co-Ordinator,*
*The Canadian Coalition to Stop the Amkitka Nuclear Blast.*

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[Telegram]

ANCHORAGE, ALASKA,
*August 1, 1971.*

Senator MIKE GRAVEL,
*Senate Building,*
*Washington, D.C.:*

Because with present knowledge as reflected in impact statement. Is impossible to insure that explosion of five megaton bomb at Amchitka will not have disastrous effect with consequent result of tsunamies, earthquake, or contamination of sea and ground waters; and because the impact statement correctly reflects this doubt that makes very superficial evaluation of these extremely serious consequences; and because it is our belief setting and seismic and volcanic conditions of the region, additional research conducted at test site will never be able to fortell exactly potential damage which may result from the blast to the region, water, land, air, and sea and the magnitude of international physical damage that could result from possible large submarine land slide, displacement along faults, changed groundwater conditions, increased seismic potential and volcanic activity, the undersigned Alaska geologists urge the Congress to recommend to the President the halt of the Amchitka test project. More signatures will follow.

JERALD GANOPOLE,
Dr. LYDIA SELKRIGG,
Dr. R. SCHMIDT,
Dr. JOYCE MACBETHE.

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## NO-FAULT AUTO INSURANCE

Mr. MAGNUSON. Mr. President, as the Committee on Commerce continues its investigation of the automobile insurance system, I think it may be useful to place in the RECORD an editorial appearing in the July 19 issue of Business Insurance. The editorial addresses itself to the question of whether the public wants an automobile insurance mechanism that pays benefits without regard to fault.

The editorial reports that more than 300 corporate insurance buyers spoke out on reform of the auto victim reparation system. These buyers spend more than $2 billion annually on motor fleet insurance. Sixty-seven percent of the respondents to this survey opted for national standards set by Congress instead of a hodgepodge of State laws requiring provisions that could cause costly confusion for commercial vehicle operators as well as for private passenger car owners who cross State lines.

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

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

READER'S MANDATE

More than 300 corporate insurance buyers spoke out on reform of the auto victim reparations system in the poll conducted in *Business Insurance* and reported in our July 5 issue. Federal and state legislators as well as state insurance commissioners ought to pay close attention to the results of the poll, the most significant consumer statement yet made on what changes should be made in the way we compensate auto accident victims.

Corporate insurance buyers, who spend more than $2 billion annually on motor fleet insurance, made clear through the survey that they want federal standards for auto insurance reform. Fully 67% of respondents to the survey opted for national standards set by Congress instead of a hodgepodge of state laws with varying provisions that could cause costly confusion for commercial vehicle operators as well as for private passenger car drivers who cross state lines.

This clear call for federal standards for the auto reparations system is at odds with recent pronouncements by Transportation Sec. John Volpe and Mrs. Virginia Knauer, President Nixon's consumer affairs adviser. Mr. Volpe, in announcing the results of a $2 million study of auto insurance by the DOT, called upon the states to "experiment" with various auto reparations systems. Mrs. Knauer echoed this call but she, like Mr. Volpe, later acknowledged that federal standards might eventually become necessary.

We think that the 67% of buyers who opted for immediate enactment of federal standards are a lot wiser than the Admin-

istration officials. If the states continue to "experiment," as Mr. Volpe puts it, we can get into a gummy situation in which there are 51 sets of laws incompatible with each other and impossible to cope with for those companies and individuals who use interstate highways. Why let the states go off in all directions when federal standards will be needed eventually? Neither Mr. Volpe nor Mrs. Knauer has an adequate answer for that question.

Meanwhile, state legislators are going with consideration and adoption of at least 28 separate proposals, most of them loosely described as "modified no-fault plans." One drawback to having state legislators decide upon plans is that most of them do not understand the complexities of auto insurance reform proposals and those who do not understand are frequently plaintiff's lawyers whose vested interest is to retain the aspects of the system that provide them with lucrative legal work.

Ignorance and special interest were at work in Illinois where the legislature adopted a "modified no-fault" plan that is nothing more than a system of advance payments for injured victims with the old tort system piled on top of it. The Illinois program, adopted in response to Mr. Volpe's call for experimentation, will result in higher costs for consumers because it keeps the plaintiffs' lawyers in business while providing a weak undergirding of first-party payments.

Fifty-seven percent of *Business Insurance* survey respondents favored "a modified no-fault system with direct first-party payments to injured parties up to a certain amount, but victims would retain the right to sue." We cannot know just how far these readers would modify the no-fault concept, but we presume that they want a system quite advanced from the present tort system which was favored by only 5% of our readers. Thirty-eight percent favored adoption of a broad no-fault system similar to the Magnuson-Hart plan now pending before Congress.

We were especially encouraged that 33% of respondents to the survey favored a concept advanced by this magazine: That auto insurance reform measures embody an equalizing liability factor that would take into consideration the greater potential for damage of large commercial vehicles. No state reform law yet offered has included the concept. Rather, the laws proposed call either for absolute liability for commercial vehicles (as in New York) or make no distinction (as in Massachusetts). A majority of our readers (63%) favors making no distinction between private and commercial vehicles. But this system as proved in Massachusetts, is inherently unfair to operators of private passenger cars. We believe that an equalizing liability factor based on actuarial analyses is the only fair way to distribute the costs of auto accidents.

Everybody who bears a share of the horrendous cost of our highway carnage should get intelligently involved in the effort to reform the reparations system. Our readers have taken a strong first step by calling for national standards.

## THE SENATE'S DUTY: TO MAKE GENOCIDE ILLEGAL

Mr. PROXMIRE. Mr. President, I feel certain that all Senators are fully aware of our people's concern about law and order. In our profession we talk about law and order often, and sometimes we even do something about it.

This is not always an easy task. Discussions of law often lead to beatific visions of a Utopia which runs like a self-winding clock, without irregularities or departures from accepted norms. It is our job as lawmakers to reinforce these norms, to lend some substance to these visions by supporting them with the force of law.

Certainly if a man's property were plundered, we would want appropriate action to follow. If a man's house is burned down, it is natural human instinct to want some kind of action to redress the situation. In short, we want to see justice done. The function of law is the institutionalization of justice in such a way that justice flows in regular, predictable channels. The members of a community respect this system of justice as the price of receiving benefits from the community.

So it is with the world community, the community of nations. Offenses against a group of individuals are just as reprehensible as offenses against one individual. As with individuals, there are certain offenses which the nations recognize as punishable crimes. It is the job of the lawmakers of the world to lend substance to these common beliefs by supporting them with the force of law.

Mr. President, genocide is a crime among nations. That is why the U.S. Senate should ratify the Convention on the Prevention and Punishment of Genocide.

## AN ICEBERG OF FAILURE

Mr. BAYH. Mr. President, the problem of total and functional illiteracy in this country is staggering and from it emerges a vicious cycle of public and personal degradation.

More than 60 percent of our inmates in prisons around the country cannot read. Our schools have not been able to meet this basic need of our children. And in failing to do so, they have passed on millions of people who cannot read. This has led to more crime, and more people in jail.

The largest expenditure of tax dollars in a municipality is for local education. As a nation we spend on public education $40.6 billion annually. Yet, according to Dr. James Allen, a former U.S. Commissioner of Education, one out of every four students has a serious reading deficiency.

If one out of every four planes would crash between takeoff and landing; if one out of every four automobiles went out of control; the customers, we the public and the Government, would never tolerate it. Yet, our schools are failing drastically in the area of their professional responsibility—teaching our children their most basic educational need, the ability to read.

Mr. Kenneth Wooden, Executive Director of the Institute of Applied Politics, has known the degradation and vicious cycle that comes from the inability to read.

In the fifth grade Ken came home with 17 F's on his report card. His eighth grade teacher said he would end up in prison. In high school he stole a car and beat up a classmate. Somehow, he managed to get through 12 years of grammar and high school without ever reading a book. But two roads diverged, and Ken, unlike many young people, was rescued from his vicious cycle. He joined the Army, volunteered for a job as assistant librarian on the base, and that good fortune made all the difference.

Shortly after his stint in the Army he graduated with honors from a State College and returned as a teacher to the school where he received the 17 F's and worked with the same teacher who said that he would probably end up in prison.

His experiences and his knowledge of the incredible need to help children who like himself were unable to cope with their reading deficiencies, led to the conception of the Institute of Applied Politics.

Mr. President, I ask unanimous consent that Mr. Kenneth Wooden's report, "An Iceberg of Failure—Reading in our Public Schools," be printed in the RECORD at the conclusion of my remarks.

Without question, the country has the financial and individual resources to irradicate illiteracy. Do we have the desire? Mr. Wooden has come a long way in his personal struggle. Now he is trying desperately to come to grips with one of our Nation's core problems. He needs our support.

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

AN ICEBERG OF FAILURE—READING IN OUR PUBLIC SCHOOLS

(By Kenneth M. Wooden)

In 1647, the Commonwealth of Massachusetts passed a revolutionary law which stated:

"It is therefore ordered by this court and Authority thereof; that every township within this jurisdiction, after the Lord hath created them to the number of fifty householders, shall then forthwith appoint one within their towns, to teach such children as shall report to him to write and read. . . . that communities with 100 or more families shall, out of their own taxes, establish grammar schools to carry out the educational mandate of the state."

This Massachusetts law provided the cornerstone for American education, and, in a significant way, made it possible for thirteen small colonies to emerge as a powerful and extremely wealthy nation by the end of the 19th century.

Three hundred and twenty-two years later, however, as the United States established its unquestionable leadership in science and technology when Neil Armstrong stepped on the moon's surface, one quarter of our school children and more than one half of our adult population could not read the story of man's monumental feat!

Incredible as this statement may seem, the United States Public Educational System is rapidly appearing as a giant iceberg of failure.

The facts are these:

According to the report of the National Advisory Committee to the Secretary of Health, Education and Welfare (August 1969), "Of the 51,500,000 children in schools today, about one fourth or almost 14,000,000 are classified as having some kind of reading disability."

In the 1970 April edition of "The Reader's Digest," former United States Commissioner of Education, Dr. James E. Allen stated the following regarding the national reading problem:

"25% of our pupils suffer from significant reading deficiencies; of these, 3 in 5 have problems so severe that they cannot be corrected in today's classroom.

"Two thirds of all problem readers turn out to have average or above average intelligence.

"The shocking presence of 11 million crippled readers contaminates virtually every aspect of education. Quite obviously, it is at the heart of our nation's inability to educate the deeply deprived child of the ghetto, the backwoods or the isolated reservation. *But it also strikes hard at children of our privileged middle class.*"

The American Association of Junior Colleges observes that a "sizable percentage of our students read at a level far below what we might expect of a high school graduate. . . . We have estimated that from one third to one half of our new students, particularly in our urban colleges, need some type of remediation in order to have some reasonable probability of success in degree level courses. As many as 20% of our new students in the disadvantaged areas are unable to profit from our present remedial programs, so severe is their handicap."

David Harman, adult education expert now at Harvard, stated in a recent study that as high as "one half or more adults in the United States are functional illiterates."

The common definition of a functional illiterate is a person who cannot read above the 5th grade level, but who can function adequately in society. However, literacy has a changing meaning, and Mr. Harman is challenging the old definition of "functional illiteracy." Harman insists, "Essential reading material requires at least 10th grade education." This means that millions of Americans cannot read newspapers, driver's manuals, traffic signs, job applications, merchandise labels and prices, bank credit forms, and even applications for marriage licenses.

Just as we have found that the present problem of drug usage is not confined to the ghetto, so are we learning that illiteracy is not strictly a perplexity of the poor. Student and adult reading deficiencies plague every school district and neighborhood in the United States. From highly affluent communities to the most economically depressed areas, parents are no longer hiding the child's reading problem (as was done in years gone by) and, indeed, as the realization occurs that many, many children suffer the same deficiency, taxpayers and government officials at all levels are now questioning the credibility of our schools.

Statistics, shocking as they may be, cannot tell the whole story.

Private Donald Beistline, age 19, from the coal regions of northern Pennsylvania, mandatorally enrolled at the Fort Dix Preparatory Training Center with a reading level of grade one. Fort Dix is the smallest of eleven other army bases involved in the same program called "Project 100,000," which is hoping to teach draftees how to read. The young soldier, one of 15,029 men between April 1968 and April 1970 to take the six week remedial reading course prior to basic training at Fort Dix, was so handicapped that after a few days in the program had to shyly ask his teacher, Mrs. Marilyn Cavanaugh, to read him the love letters from his girlfriend

On the impoverished Gila River Indian Reservation in Sacaton, Arizona, Mrs. Peggy Hosteller tells of another statistic. A strong, sixteen year old boy, frustrated by his inability to read, quit public school because it "was nothing more than a white man school," thereby joining three generations of Pima Indians with an average dropout rate of 90%.

In Washington, D.C., Miss Susan Blumreich teaches sixth grade at the Monroe Elementary School and finds half her class reading at the 1st and 2nd grade level. A full time "Crisis Teacher" walks the halls breaking up the endless fist fights.

In Newark, New Jersey, a 52 year old man, unable to read street signs or instructions for taking medicine was the subject of a film by the State Department of Education for 750,000 other New Jerseyans who cannot read.

President Richard M. Nixon learned to his great surprise that his favorite All-American star quarterback from Texas University, Jim Street, postponed his final exams because he discovered, "I couldn't read a lick."

In Flint, Michigan, a 48 year old man read his first three consecutive words under the patient tutorship of Byron E. Chapman, and tearfully realized his dream to read.

Dr. Vasant Vadav of the Jefferson Medical College in Philadelphia, Pennsylvania, discovered that many of his clinic patients could not read the instructions for taking medicine only after one woman went blind from drinking medication she was to put on her skin.

Being unable to read essential material is most degrading and demoralizing to an individual. It destroys all sense of worth and leaves one crippled in spirit. For this reason, many adults hide the fact. The Greater Columbia Literary Council of South Carolina reported a story of an old man who would daily buy the newspaper, put on his glasses and read the paper. He was a total illiterate! A 35 year old hospital orderly in Mount Holly, New Jersey, took and recorded patient temperatures for years until it was discovered he could not read and was making up his temperature readings. In Baltimore, Maryland, a young lady who frequented diners would scan the menu and always order ham on rye. If the diner did not have it, she would leave because she could not read a word on the menu.

The educational profession has an amusing story concerning who is to blame for the poor performance of a student. The graduate school blames the undergraduate school; the college in turn fixes the burden on the high school; the high school accuses the junior high school and so on. Soon the charge is pushed out of the jurisdiction of the school system right into the laps of the parents, and the mother moans, "What can you expect of the poor child when you consider what he comes from on his father's side." So one must ask—where or with whom does the fault really lie?

Modern technology, specifically the television set, has felt the finger of guilt. As America enters the electronic age of centralized computer television programming, some educators believe the "tube" has alienated the child from the written word, while others question the need to teach reading at all to some children. Indeed, the TV cassette, which will soon be on the market and provide the home with its own video cartridge programming from entertainment to instructional education will, in the words of Marshall McLuhan, "affect every aspect of our lives—will give us new needs, goals, and desires, and will upset all political, educational and commercial establishment."

This, however, will not be in the very immediate future, but it is interesting how some educators are quickly ready to write off reading as a needed skill for some children. Surely these children of the electronic age should have the option to be able to master both worlds—the televised image and the printed word. TV will be explored further later in the article.

The home, contends some leading educators in private and sometimes public comments, is the real culprit for the reading problem in the United States. Giving those who espouse that theory added weight and a ring of authority was The Coleman Report, named after its chief author, Dr. James S. Coleman, a professor of social relations at Johns Hopkins University. In 1965, after surveying nearly a million pupils in 6,000 schools, the Coleman study group found that "family background and social environment were the basic determinates of how well a child did in school." The study went on to state, "That whatever the amount of money spent on a given child, the schools, as currently operated, were unable to modify significantly the intellectual patterns established in the home."

An 800 page re-evaluation of The Coleman Report by leading scholars at MIT and Harvard University, headed by Patrick Moynihan, and Frederick Mosteller, a Harvard mathematician, will soon be published and is expected to confirm the Coleman findings.

However, it is this writer's opinion that the major share of blame for such large scale failure in our schools must rest in large part squarely on the shoulders of the entire educational establishment. For too long, teacher associations, both state and national, have sought higher salaries from state legislatures and local school boards with little interest for improved instruction and/or teacher performance. School systems constantly cry for more operating money, and yet American tax expenditures totalled 65 billion dollars last year alone for our academic needs at all levels. This is more than the entire rest of the world spends for education.

In 1961, the New York City teachers made a promise to eradicate reading deficiencies if funds were doubled. Dr. James Allen, the then Commissioner of Education of New York State, responded and over the next six years expenditures were doubled. Unfortunately, New York City reading scores continued to go down. Since 1965, the Congress, through Title I of the Elementary and Secondary Education Act, has poured $4.3 billion into state and local programs to improve the educational skills of poverty stricken children. But, after conducting a study in fifteen states on the effectiveness of these efforts, a special federal survey concluded:

"The national largest Federal aid to education program has improved the school performance of some poor children dramatically, but in most cases has produced minimal or uncertain results."

At a "think tank" session held this past June in New Brunswick, New Jersey, a group of lay people and professional educators met for a day to discuss reading and its related problems. At that session, a young teacher stated, "We are all told to individualize our education—to take the kid from where he is. The trouble is, we don't know where the kid is!"

In the words of this New Jersey teacher lies the crisis of credibility now facing the educational profession. There is no systematic, intelligent plan, based on extensive research, for utilizing this great nation's material and mental wealth. President Nixon touched on this critical point when he delivered his educational message to the Congress on March 3rd.

"We must stop pretending that we understand the mystery of the learning process, or that we are significantly applying science and technology to the techniques of teaching—when we spend less than one-half of 1 per cent of our educational budget on research, compared with 5 per cent of our health budget and 10 per cent of defense."

Even if more funds were made available, would the educational profession be capable of doing meaningful research on how children learn? According to one of the leading reading experts in the country, Dr. Mary Austin, current Director of the Reading Clinic at the Universty of Hawaii, the answer is a firm "No". Dr. Austin said, "We in education do not know how to do the research and must be retrained on new research skills and techniques."

This honest and candid remark was backed fully by Francis Keppel, former United States Commissioner of Education and now Chairman of the Board for General Learning Corporation, by Professor Warren Ziegler of the Educational Policy Research Center, Syracuse University, and by Dr. Nicholas Silva-

roli, Director of the Reading Center, Arizona State University.

As a recent Harvard University Graduate School of Education study stated:

"Athough there has been extensive research in reading, it has been primarily concerned with teaching methods, and we still have much to learn about the reading process itself. In fact, we are almost entirely ignorant about the more advanced levels of reading performances. It is hoped that the work of a new and well-trained generation of researchers interested in reading problems will yield answers to some of the perplexing questions in the field."

In private conversations, the majority of leading experts in education agree with Dr. Austion, but do not want to be quoted! This silence serves only to mislead the public and compound the problem. How can educators expect public monies to continue to flow without giving the taxpayer confidence it will be spent wisely through better research?

State colleges and schools of education at the university level, which are supposedly training qualified classroom teachers, are not doing the proper job in the reading area. Trenton State College, New Jersey, the School of Education at Brooklyn College, Washington State University, Arizona State University and Sacramento State College, to name a few teacher training centers, require only one reading course (in some instances none) for their future elementary teachers. A young graduate student left Trenton State College a few years ago to teach English at Trenton Central High School. Armed with Shakespeare and an assortment of literature courses, she quickly discovered her 12th graders were between the 2nd and 5th grade reading levels. She returned to the college for assistance from the education department and got none. This is not an isolated case by any means.

A faculty committee, School of Education, New York University, headed by Dr. Josephine R. Ives documented the need for better teacher training in reading when they reported, "The average classroom teacher does not know enough about language structure (either phonological or syntactic) to teach reading intelligently. College English departments, too often, offer little or nothing in phonology and grammar. Reading courses at the undergraduate level are rare and may be taught by unqualified personnel. As a result, the average beginning teacher is hopelessly unprepared to teach reading."

Two million, two hundred thousand Spanish-speaking school children have an acute reading problem which is compounded by culturally biased school systems. Unable to understand English, they are given a sink-or-swim ultimatum and flounder badly in schools which are insensitive to their language, their culture, and finally to them, the sons and daughters of a proud ancestry. The IQ test, like a judge in a court of law, is branding untold thousands of Spanish-speaking youngsters as unteachable and defective in learning abilities. (In reality the test is geared to white, middle class, English-speaking citizenry.)

Some schools attempt to bridge the problem by "teaching English as a second language." For 45 minutes they teach in Spanish, but then return these youngsters to regular classes. Small wonder programs like these are called a "fraud" by Dr. David J. Sanchez, a member of the San Francisco Board of Education. Mr. Diego Castellanos of the New Jersey Department of Education claims it takes two to three years to master a language and 45 minutes a day is far from meaningful.

In New Jersey there are about 40,000 Puerto Rican children in the public school system where there are only 56 certified Puerto Rican teachers. There is not one Puerto Rican principal in the state. One superintendent of schools in South Jersey recently refused to hire a fully qualified Puerto Rican as principal of an elementary school with 65% Puerto Rican enrollment because "he has an accent." And so not for lack of but because of our standard American education, a people are being detained.

CORPORATIONS AND AMERICAN EDUCATION

The business world's concern and preoccupation with education can probably be best expressed in a statement published by the President's Commission on Instructional Technology which was formed under President Johnson in 1968.

"Industry has not helped. It has developed too little equipment specifically designed for education, trying instead to spin off its regular, ill-suited business prototypes at the same "what the commercial market will bear" profits. Teaching materials from television presentation to programmed instruction—have often been inferior, following in the same unsuccessful grooves as the old-fashioned textbook."

Corporation vice presidents, textbook market directors and sales representatives for education-oriented companies use key words such as "Behavior", "Developmental", "Research", and "Educational Laboratories" within their corporate titles. However, these words bear little resemblance to what is actually included in services or materials. Most of them are pure rhetoric with little substance beneath the smooth veneer of their sales pitch. Some employ public relations staffs to work with district superintendents who are clientele. Others even assist school districts in applying for the federal funds which in turn will pay their fees. In actuality, other than personally enhancing the superintendent's reputation in the community, the corporation has little, if anything to do with implementing the program it is sponsoring, once the sale is made.

For example, at the Patrick Henry School in San Francisco, Miss Lang teaches her fifth graders a well-publicized reading method. Eighty-five per cent of the class are Chicanos (Mexican-Americans), bused in from the mission district of the city. According to Miss Lang, a disturbing number of the youngsters fail because they are unable to continue on an individual basis what appeared to be success in group participation and because they cannot relate sound with word recognition.

An "educational consultant" from this particular reading firm, probably realizing the increased Chicano population in the bay area schools, assured the teachers that "if used correctly, the method would not only teach the Spanish-speaking students how to read but would indeed make them lose their accent."

"Not so," says Mrs. Susan Trout, Director of a Learning Disabilities Center which is part of the Institute of Neurological Sciences in San Francisco. According to all available research in neurology, if a child has not learned a foreign language by the age of ten, he will almost without exception, never speak it without an accent. This is but one example where a firm blatantly used the word "research" in its sales pitch, but either is not doing any or sadly lacking knowledge of new trends and/or facts.

One important executive of a large corporation deeply involved in education said privately, "Don't think for one minute that the business world bothers to conduct research in connection with our reading materials or products. Profits in the education market are too small. We rely on our salesmen completely to move our services." Could it be with this knowledge that President Nixon said in his educational reform message to Congress, "Expensive equipment may not make as much difference as its salesmen would have us believe"?

THE COST OF DOING NOTHING

The problem of total and functional illiteracy in this country is staggering and from it emerges a vicious cycle of public and personal degradation. The following statistics compile a costly social and financial ledger.

Close to one million pupils dropped out of school before graduation in 1968.

One of the best predictors of potential dropouts is retardation of two or more years in reading ability.

Approximately one-half of the unemployed youth, ages 16–21, are functionally illiterate.

In 1966, the rate of unemployment among dropouts was 17.4% while the national unemployment rate varied between 4 and 5%.

The 1962 Cook County study in Chicago revealed that 51% of the people receiving public assistance had a reading ability below 5th grade level. Cook County pays eight million dollars per month to functional illiterates.

Three-quarters of the juvenile offenders in New York City are two or more years below their normal reading level.

Juvenile delinquency is 10 times more frequent among dropouts than high school graduates.

The average national cost of keeping and teaching a pupil in a public school is under $700. Some comparisons for the year 1968 are worth noting:

Federal prison: $7,000 per juvenile delinquent per year.

Welfare: $1,500–$3,800 per family per year.

Crime: $25,000 per individual per event.

Institutionalization: $150,000–$200,000 per individual lifetime.

These statistics are made public from the Office of Education in Washington, but fail to mention or show what we lose as a nation when such a large mass of human potential is not developed to the fullest capacity. One will never know how many of these youngsters could have invented, cured, wrote or composed great works of art—the loss is immeasurable, irreversible, and tragic.

WHERE DO WE GO?

As the nation slowly begins to recognize the dilemma in which we find ourselves, there is also a growing determination to find workable solutions. Under the leadership of former United States Commissioner of Education, Dr. James E. Allen, a program called "The National Right to Read Effort" was initiated and endorsed by President Nixon. Its goal, to mobilize the country and make literacy a right and reality for all Americans by the end of the 1970's, was recently expedited when Mr. Nixon named a National Reading Council, headed by Mr. Walter W. Straley, Vice President of AT&T. Mrs. Richard Nixon is honorary chairman. The Council, composed of well-known figures from every walk of life, will work closely with public and private organizations and educators to innovate new and improved reading programs.

One new concept causing keen interest among reformers of our educational system but much apprehension within the profession is "Accountability".

ACCOUNTABILITY

A good example of accountability is a "guaranteed performance contract" between the Texarkana Public Schools and Dorsett Educational Systems, an Oklahoma teaching-machine company. Funded by the U.S. Office of Education, the program is designed to teach remedial reading and mathematics to 200 underachievers who are considered potential dropouts. Dorsett has assured student advancement to agreed levels or the school board doesn't pay the company in accordance to its contract. Though the success of this program is somewhat clouded by charges that Dorsett is teaching to the test, the U.S. agreed to refund the program and recently the San Diego School Board signed a guaranteed performance contract with the Educational Developmental Laboratories, a division of McGraw-Hill Publishing House for 1.4 million dollars. The City of Philadelphia has also entered into a guaranteed performance contract to improve reading levels at their schools.

These experiments are having an effect at the highest levels of state and federal government. Again quoting from the President's message to Congress, he said, "School administrators and school teachers alike are responsible for their performance, and it is in their interest as well as in the interest of their pupils that they be held accountable."

Shortly after a Chicago newspaper published the 1968–69 test scores of all the city's public schools, revealing that school by school the scores were not only lower than the national norms but also lower than the city's own scores two years earlier, Superintendent James F. Redmond indicated that school principals might be judged on how well their pupils learned.

The concept of accountability in public education is here to stay. But in the words of Mrs. Edith W. Jensen, Director of Education for the South Carolina League of Women Voters, "Communities and educators must establish and define educational goals on a consensus basis. Otherwise it will be impossible to hold anyone accountable or even judge his performance."

Recently, a young high school graduate, unable to pass his army induction tests, civil service employment test, or any other employment examination, filed suit against his local school officials for their failure to prepare him for the labor market. Though it is impossible to predict what action, if any, the courts will take, the Harvard University Center for Law and Education is studying the question. Mr. C. David Kirp, Director of the Harvard Center, observed, "An affirmative answer to this question requires construction of a set of criteria for such fundamental rights by drawing on earlier equal-protection and due-process cases decided by the Supreme Court. Then education can be tested against these criteria. If the criteria are found to fit education, then it is necessary to find judicially manageable standard of educational adequacy." In short, accountability—making the educator directly responsible for the failure of our children—may have a base in due process of law!

While many school districts, federal agencies, state departments of education and private educational firms are desperately searching for effective reading programs which will quickly solve the complex problems of reading deficiencies, it is fitting we mention here some of the thousands of individually dedicated teachers throughout the country who share the fine human quality of truly caring for all their students and teaching them well.

In their own diverse approach, the following "educators" are uniquely able to relate to their subjects and assist them toward better reading.

Rog Spriggs, a teacher at Eaststep, a one-room school in the Bradshaw Mountains of West Virginia, has all his pupils, from 1st to 8th Grade, at the proper reading level.

A bright-eyed first grader at the Morton Street School in Newark, is teaching his sixty-seven year old grandfather to read.

Mrs. Eunice W. Bowman, who heads up the Columbia, South Carolina Literacy Council, trains volunteers to teach reading to the non-reader on a one to one basis, commonly referred to as the "Laubach System".

Mrs. Marilyn Cavanaugh, teaching remedial reading at the Army Preparatory Training Program at Fort Dix, New Jersey, to young soldiers from the Ohio Valley, Pennsylvania, Virginia and New York, said, "No one ever took the time to break their backs caring about these men."

Mrs. Edith Schwartz tutors children who can't be taught by the other teachers at the Greenwood Elementary School in Sacramento, California. If it were not for Mrs. Schwartz, these children would be in "special classes" and retarded for life.

Miss Shirley McNeal, Director of Reading for the Detroit Public Schools, has developed a practical, no-nonsense, and extremely professional program to train and/or retrain teachers and para-professionals in the art of teaching reading effectively.

In a Philadelphia, Pennsylvania, junior high school, black students who are poor readers help teach nonreaders at the elementary schools during the summer. By fall, "the non-readers are reading and poor readers are reading better."

Mrs. Max Bard, first grade teacher at the Fisher Elementary School in Ewing Township, New Jersey, says:

"I believe in the fine arts, in music, and I love the beauty about us. I think there is so much beauty in life. For instance, I introduced children in the first grade to Carl Sandburg. They don't have to know all the words or the meaning but they get a beauty. I introduced them to Van Gogh. I asked them what they liked about these. And so they learn to like the words. They learn to speak well and they write their own stories. As far as I'm concerned, you can toss the McMillans out."

THE ARTS AND READING

Where public education has failed to stimulate black and other minority children into a positive attitude toward education, many private community schools, street academies, etc., have, through the arts, had great success in motivating students toward academic achievement.

There is no stronger force than the arts for unlocking the motivative power which must lie dormant in so many people, young and old alike.

The importance of the arts can be illustrated in Santa Fe, New Mexico, where a special boarding school for American Indians, supported by Federal funds, is engaged in blending the arts and the three R's. According to a report, the Indians usually arrive "silent, repressed, uneasy, and by accepted academic measures—retarded." But, "immersed in a curriculum rich in art work of all kinds and keyed, but not limited, to their Indian heritage, the students blossomed into individuals, developed self-esteem and pride, and gradually transferred their new-found confidence to mastering the routines of arithmetic and English and the other standard school subjects. "

With full respect for the Coleman Report, educational differences can be made in an individual if he is properly motivated, regardless of his home environment. Every person has some degree of talent which can be brought to light by concentrated use of the arts. The arts can also serve as a vehicle to make education a welcome visitor in the person's mind who heretofore has associated classrooms and teachers with failure and a sense of personal degradation. The arts can give worth to a man and with belief in that worth, man can conquer any obstacle.

LEARNING DISABILITIES

It is estimated that 10–20 per cent of all public school children with average or above average intelligence have learning disabilities. Though many children have normal intelligence, coordination, sight and hearing, they simply cannot learn as most people do. Their brain does not receive, integrate and transmit information in the usual ways. They have what is called "Learning Disabilities".

Recently, the Pacific Medical Center's Institute of Neurological Sciences in San Francisco, established a non-profit Learning Disability Center under the directorship of Mrs. Susan Trout. Its purpose is to diagnose, treat, and research specific learning disabilities. Each child referred to the center is given an extensive neurological examination to seek and/or rule out causes for his learning disorder followed by an evaluation of the findings. Standardized tests are administered which reveal the child's learning patterns—how he relates and understands. These results are then coordinated to devise a remedial teaching program tailored to meet each child's particular needs.

The center believes it can help more people by training teachers so offers them intensive seminars, workshops, and consultation along with physicians and psychologists. It also provides valuable research opportunities and facilitates new studies into the Neuro-Chemistry of learning. Dr. K. Finley, INS Director, believes that neurology has much to contribute to education and suggests it would be advantageous for all concerned to integrate teacher preparation training, professional in-service training, etc., with a comprehensive study of neurological sciences. It is too valuable to be left strictly to the medical profession and ignored by educators.

Testing for learning disabilities in children should be as common as TB testing. If we know what is wrong with a child, we can work from his strengths and not his weaknesses.

THE PARA-PROFESSIONAL

Another exciting and selfless development in the reading area is the "Para-professional." The volunteer or paid non-professional, working on a one-to-one basis with the slow reader, is perhaps best described by Mr. Glenn Hatcher, a principal of an elementary school in War, West Virginia, one of the few schools where children have made marked progress with the assistance of Federal funds (Title I). Mr. Hatcher said, "We are like old country doctors, generalists, who still makes house calls." And so in the mountains of West Virginia, para-professionals work quietly and effectively with the children of coal miners, self-assured with the knowledge that they are making a meaningful contribution toward a better life for a new generation of economically deprived citizens.

TELEVISION—A REVOLUTION?

"Seseame Street," a new program sponsored by the Children's Television Workshop, and under the capable leadership of Mrs. Joan Ganz Conney, is quickly bringing off its own revolution. As it starts its second year of programming, it has perhaps generated more excitement among pre-schoolers and their parents than any other educational endeavor to date. Preliminary test results in New York, Maine and Tennessee, show that poor children who view Sesame Street's six week, one-hour presentation, made gains two and one half times greater than those poor children who did not view the program. Other studies show that more than 5 million youngsters are steady viewers of the show.

With the exception of "Sesame Street," unfortunately, our public schools have not even begun to tap the potential of TV in the classroom. The average student graduating from high school has watched approximately 15,000 hours of television as opposed to spending 11,000 hours in the classroom. Yet, according to the President's Commission on Instructional Technology, which was started by President Johnson in 1968, "In our sixteen largest cities, instructional TV fills less than 3% of the elementary and secondary schools' total classroom hours." It also mentioned that out of the total operating budget of schools and universities, no more than 4% per pupil expenditure in the public schools is spent on instructional material of all kinds, including books, maps, charts, laboratory items as well as the new media—TV. Salaries, however, range somewhere between 60% and 70% of the total school budget. "In most school television," the panel goes on to say, "the screen time is filled with the face of the studio teacher, who is almost certain not be one of the great minds working on the frontiers of the subject."

How easily this could be remedied by visionary creativity! The combined effort of

industry and education could make giant strides toward wiping out the serious inequities of affluent suburbs, inner city ghettos and poverty stricken hinterland alike. In the words of former Secretary of Health, Education and Welfare, John Gardner, "The pieces of the education revolution are lying around unassembled."

THE JUNGLE OR THE CHALLENGE?

While leaving an elementary school in Kansas City, Mrs. Jimmie Thomas, Supervisor for Reading from K to 12, glanced toward the southern part of town with its high-rise public housing, saying almost to herself, "And there is the jungle, the Woodland Elementary School. Maybe someday we'll go over there and visit." A Trenton, New Jersey Central High School student who was directly involved in the trouble at the school last year said, "We want to be treated as human beings, not animals. We want to be addressed in the same tone of voice as Whitey, man. We want dignity and we better get it."

In schools such as these, chaos is the rule and not the exception. Here is where the battle of American education must be fought, for a school system which fails a child pays for it in many ways. Vandalism is almost consistently in proportion to the number of failures. The academic outcast, the classroom misfit, thwarted in all attempts for personal success, turns to the last alternative—violence—to express his poignant message. This is a cry for help. This is where new reading programs should be tested for merit. This is where the para-professional should be utilized in large numbers, not just for reading, but also related problems such as drug usage. This is where street academy workers should be hired by inner city school systems, for unlike most teachers and school officials, these workers who live and work on the streets, and who can relate to the community, can help youngsters suffering from those same streets.

For many Americans, our educational system is second to none, providing the greatest wealth and opportunity known in the history of man. But for far too many of our Blacks, our Spanish-Americans, our Indians, and our middle class and poor Whites, American education has only reinforced their individual and collective degradation and despair.

It is, therefore, absolutely essential that the growing problem of illiteracy in America be acknowledged. Regardless of apathetic parents, political motivated school boards or low budgets, there can be little justification for a child's inability to read after completing eight to twelve years of public instruction. Public officials and concerned people must take the initiative and inform our citizenry through the mass media, which in turn can be mobilized to force and/or encourage educators and public officials toward workable solutions. The first consideration should not be the reputation and careers of friends and colleagues in education, but rather the millions of youngsters who go out to a demanding labor market crippled in the most basic skill, reading. (Projected studies show that automation will reduce the unskilled labor market to 5% from 17% by 1975!)

As our country drifts into perpetual illiteracy for millions, while others bask in unparalleled affluency, then, in the age of instant communications, the chemistry for social unrest and revolution is inevitable. Forceful leadership is needed, not careful timidity. This is a crisis. A crisis precipitated by technology and an outdated educational system. A crisis that will not abate but will grow more severe.

Without question, this country has the financial and individual resources to eradicate illiteracy. Anyone who can read, can help another person to read. It is that simple. But do we, as a people and as a government, have the desire? If we do, millions of Americans will have a new world of opportunity and enrichment from which the whole nation will benefit immensely. If we do not, this iceberg of failure in American education may well sink the Ship of State—The Republic. For Democracy and Literacy are inseparable.

## THE NEED FOR SEPARATE LEGISLATIVE AND FISCAL SESSIONS

Mr. MAGNUSON. Mr. President, now that fiscal year 1971 is behind us and we are beginning into fiscal year 1972, we might take a look at where we stand in the appropriation process.

As has often been mentioned, in the past 2 fiscal years, fiscal year 1970 and fiscal year 1971, none of the major appropriation bills were adopted by July 1, the start of the new fiscal year. The effect that this delay has had on the effective management of Federal funds is obvious. Yet now, with fiscal year 1972 having begun, we once again witness the fact that again not a single one of the regular appropriation bills has been enacted.

Recently, an analysis was completed by the American Enterprise Institute for Public Policy Research on legislation that I have been proposing for the past 20 years. The bill, S. 1875, which creates a separate legislative and fiscal period and changes the fiscal year to coincide with the calendar year, is a necessary step if we are to rectify the existing situation.

With fiscal year 1971 starting, I could think of no better time to bring this article to the attention of Senators.

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

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

LEGISLATIVE ANALYSIS NO. 8

*June 25, 1971.*

INTRODUCTION

*Background*

Congress enacted 86 regular appropriation bills in the years 1964–1970. Only six of these bills became law before July 1st, the beginning of the government's fiscal year. All the rest, plus deficiency and supplemental appropriations failed to clear Congress until well after the June 30 deadline, some of them as late as December and January. In the last two years not a single appropriation measure has been enacted before the deadline. This pattern of delay seems likely to continue in 1971.

Every year federal departments and agencies have started the new fiscal year in the dark, budgetarily speaking, not knowing whether their programs eventually would be funded fully, reduced or eliminated altogether. "Continuing resolutions," by which Congress permits the departments and agencies affected by the appropriation delays to continue operating at the previous year's levels, have become routine stopgaps. State and local governments, and other recipients of federal grants and subsidies, have been adversely affected by the delays in annual appropriation bills. School districts and state agencies have had to borrow funds at prevailing commercial rates of interest while awaiting congressional action on appropriation legislation.[1] Construction projects dependent on federal funds have been postponed for a full year in northern areas, as funding delays dragged on into the fall and winter.

Members of the executive and legislative branches have voiced increasing concern over the problem. Groups and organizations interested in budgetary and congressional reform have suggested reforms.[2] Last January, President Nixon, in his annual budget message, gave vent to his own frustration over the situation:

Reform of the budget process is long overdue. Fifty years have passed since the federal budget system currently in use was adopted. The system was a major step forward in 1921. Because of congressional inaction, it has become a travesty a half-century later.

Enactment of appropriations six months or more after the start of the fiscal year they are supposed to cover is evidence of a major weakness. I have sent two budgets to the Congress. In each, I have had to formulate budget proposals for the year ahead without knowing what the Congress would provide in its action on the prior year's budget, which was terminated 11 months earlier. Even now, as this message is written, action on last year's appropriations request for one department has not been completed.

I have, therefore, had to act on parts of the budget without knowing the totals that would result. This is an intolerable situation, but one that the Congress seems to accept as the normal way of doing business. It completes action on appropriation bills over a 10- to 12-month period without any goal or determination of the total expenditure that will result after the last bill is passed.

Excess in the number and detail of appropriations often diverts attention to minutiae. It also impairs the ability of agency heads to manage their agencies responsibly and economically.

The budget is our principal instrument for coordinate management of federal programs and finances. Close cooperation between the executive and legislative branches is needed now to make the budget an efficient and effective instrument for this purpose. Therefore we must seek a more rational, orderly budget process. The people deserve one, and our government, the largest fiscal unit in the free world, requires it.

Senate Majority Leader Mike Mansfield (D., Mont.) spoke to the problem April 19, 1971, on the floor of the Senate:

In the end, under the constitutional tradition, the Senate does not act on appropriations legislation until the House has sent the bills here. As of April 14, two and a half months from the end of the fiscal year, only one out of 13 major appropriations bills has even reached the Senate. That is said not in criticism of the House which, I am sure, is doing its best nor even of the executive branch, but rather to emphasize that which is largely at fault in this situation—the antiquated concept of the fiscal year and the ineffective procedures in all branches which flow therefrom. It seems to me that a fiscal year which begins, out of the blue, on July 1, no longer fits the needs of a government whose costs have grown from far less than a billion at the time when the government began ending the year on June 30 to well over $200 billion a year at present. Nor does it dovetail with a 12-month Congress.

So long as this obsolete practice continues, therefore, it ought not to come as a surprise if all of the appropriations bills again do not make the fiscal year deadline and pile up for consideration in the Senate in the closing months of the year. If the Senate is to do its work conscientiously, adequate time must be available for a careful examination of these public expenditures, not only in Senate committees but on the floor of the Senate.[3]

Addressing the House during debate on the 1970 legislative reform bill, Rep. George Mahon (D., Texas), chairman of the Committee on Appropriations, appealed for careful examination of the ramifications of a new fiscal year: [4]

Before we undertake to change that fiscal year, we need to go into this question very exhaustively.

What would happen, in my judgment, if

Footnotes at end of article.

we changed the fiscal year without taking other remedial action is that we would not be completing most of our work until the last several weeks of the session. We would, I am fearful, have more and more delays, and too often we perhaps would not finish our work in the calendar year and thus would have to go over into the following year in order to finalize necessary legislation. Our interest is in trying to move the entire legislative program as rapidly as we reasonably can in the session. I would say that until substantial changes are made otherwise in our legislative system or habits, we certainly should not consider changing the fiscal year as the entire remedy to our problem of timeliness. I would think that that would be the proper stance to take at the moment if the Congress can work its will otherwise at a later date.

In 1969 testimony before the Subcommittee on Congressional Reorganization of the House Committee on Rules, Phillip S. Hughes, then deputy director of the Bureau of the Budget, said: [5]

In summary we favor a change in the fiscal year, but believe that the complexities and ramifications of such a change should be carefully explored and planned for.

Hughes told the subcommittee that a change in the fiscal year would be "one step which will help unscramble the present situation of hesitancy, confusion, and uncertainty over the government's programs and budget that characterizes the start of every fiscal year." But, he added: "A change in the fiscal year will not in itself solve all of the problems along this line, and it will create some additional problems."

HISTORY

The problems involved in preparing the budget and making appropriations to run the government are not new. Difficulties have arisen from time to time since the founding of the Republic and have been dealt with through legislation and changes in the House and Senate rules. Reform has come slowly, and only after the near-collapse of the budgetary-appropriations machinery.

As early as 1825, Secretary of the Navy Samuel L. Southard complained that "one of the most serious inconveniences under which the Department labors . . . is the time at which the appropriation bills are passed by Congress." [6] A major reform came some years later, in 1843, when Congress ceased using the calendar year as the government's fiscal year and adopted instead a July 1–June 30 fiscal year. The calendar fiscal year had been in use since 1789. For nearly a decade prior to the adoption of the new fiscal year, Congress had found it increasingly difficult to enact the necessary appropriation measures before the start of the budget year, January 1. But at that time Congress convened in December, giving itself barely a month to pass all the funding legislation.[7]

With Congress convening in December and usually adjourning in March, the adoption of a July 1–June 30 fiscal year made sense. Congress could consider, in an orderly, unhurried fashion, the appropriations for the coming year, which would not begin for two or three months after all the funding bills were enacted. The system functioned reasonably well until the adoption of the 20th Amendment in 1933, which provided for the convening of Congress in January. Thus the Congress had less time to consider the President's annual budget, hold appropriations hearings and vote on the individual funding bills.

The growth in the amount of complex federal legislation competing for congressional attention, and the spectacular expansion of the federal establishment, have also greatly complicated the appropriations process, delaying funding bills later and later into the year. Only two of the last 20 fiscal years have begun with at least half of the major appropriation measures enacted.[8] The trend in the passage of appropriation legislation is shown in the following table:

TABLE I [9]

| Fiscal year | July 1 | Oct. 1 |
|---|---|---|
| 1967 (14 bills): | | |
| Passed House | 9 | 12 |
| Passed Senate | 2 | 7 |
| Signed by President | 1 | 4 |
| 1968 (13 bills): | | |
| Passed House | 8 | 13 |
| Passed Senate | 3 | 11 |
| Signed by President | 1 | 9 |
| 1969 (13 bills): | | |
| Passed House | 3 | 7 |
| Passed Senate | 1 | 3 |
| Signed by President | 0 | 1 |
| 1970 (14 bills): | | |
| Passed House | 12 | 13 |
| Passed Senate | 3 | 9 |
| Signed by President | 0 | 7 |

PROPOSALS FOR A NEW FISCAL YEAR

For the past several years support has been growing in Congress for a proposal that would change the United States fiscal year from July 1–June 30 to one that would coincide with the calendar year. Numerous bills to accomplish this have been introduced in the House and Senate. Sen. Warren G. Magnuson (D., Wash.) has advocated such legislation since 1950, as part of a two-pronged reform of the appropriations process. The second Magnuson reform calls for splitting the annual session of Congress into two separate periods, legislative and fiscal. The adoption of a "fiscal period," during which Congress could consider appropriation measures and nothing else, would be contingent upon adoption of a new U.S. fiscal year coinciding with the calendar year. The split-session proposal is discussed in more detail in another section of this analysis.

In the House, legislation for a calendar fiscal year has gained fairly wide support. The House Committee on Rules considered including such legislation as part of the Legislative Reorganization Act of 1970, but decided against it.[10] Rep. Robert H. Michel (R., Ill.) explained why: [11]

"Basically it was felt that the present system should be given another chance—that perhaps if we made another concentrated effort to get the bills through on time, we might be able to make it work.

Congressman Michel has continued to advocate changing the fiscal year and is the chief House sponsor of legislation for this purpose. Additional support for changing the government's fiscal year to coincide with the calendar year has come in recent months from the Comptroller General of the United States and such non-government organizations as the Committee for Economic Development (CED)." [12]

*Pending bills*

On January 21, 1971, Rep. Michel introduced his bill (H.R. 1458), to provide that the fiscal year of the United States coincide with the calendar year. As of June 1, there were 110 House members listed as cosponsors of the legislation. The Michel bill has been referred to the House Committee on Government Operations.

Sen. Magnuson on May 14, 1971, re-introduced his bill (S. 1875), to have the United States fiscal year coincide with the calendar year, and to provide for separate legislative and appropriation periods during the annual sessions of Congress. The bill, as of June 1, had 53 co-sponsors. It is pending before the Senate Committee on Government Operations.

*Hearings*

The Joint Committee on Congressional Operations is now holding hearings on the appropriations process generally, with particular emphasis on the proposals by Senator Magnuson and Rep. Michel. The Joint Committee, created by the Legislative Reorganization Act of 1970, does not have the authority to report legislation. I can, however, report findings and make recommendations which may be the basis of action by the House and Senate Committees on Government Operations.

*Arguments for adopting a calendar fiscal year*

The principal arguments made for changing the government's fiscal year to coincide with the calendar year are these:

Executive departments and agencies could operate more confidently and efficiently with actual appropriated funds, rather than having to mark time after a new fiscal year has begun, while Congress still struggles at midyear with a backlog of appropriation legislation. Under current conditions, departments and agencies must begin the fiscal year not knowing when or whether Congress ultimately will provide the future operating funds that were requested in the President's annual budget.

Speaking in 1969 before the Special Subcommittee of the House Committee on Rules, Rep. Charles W. Whalen, Jr. (R., Ohio) focused on the problems caused by such delays: [13]

First, the planning of the hundreds of federal departments and agencies is virtually destroyed. Most, as yet, do not know what their final 1970 budget will be. However, they were required to present to the Bureau of the Budget their fiscal year 1971 requests two months ago.

Second, while a continuing resolution easily fulfills congressional responsibility to keep the government operating, it often creates hardships for federal agencies and their employes. For example, the Community Action Agency in my own district had to borrow money last month to finance its activities. I am sure that from time to time many of you have received urgent telephone calls from your Civil Service constituents inquiring whether they will be paid.

While withholding his own full endorsement of changing the fiscal year, House Appropriations Committee Chairman Mahon in 1965 urged the Joint Committee on Congressional Organization to examine the feasibility of such reform. He said that when appropriations are delayed past July 1, there is "lost motion and waste of time" as departments and agencies await the final passage of their funding legislation. "That," he added, "means wasted money." [14]

Rep. Odin Langen (R., Minn.) testified before the Special Subcommittee of the House Committee on Rules in 1969 on the adverse effect of the July 1 fiscal year on construction programs: [15]

Having the fiscal year begin on the first of July . . . makes programs subject to certain physical environmental factors which can cause delay in the execution of the program. Construction projects, particularly in the northern states, cannot be started in the winter months—which may last as long as from October to April. Some of these projects, such as road construction and the construction of buildings, require a substantial part of the primary construction to be completed before the winter months if the whole project is not to be started anew in the spring. In fact, they may not be started until the following spring, even if the appropriations were finalized by the first of July, since considerable advance planning is needed and sometimes the primary construction itself cannot be completed in four months. However, in all of these cooperative efforts there would be adequate time for advance planning to be completed and for construction to be started if the funds were made available on a calendar fiscal year. Seasonal problems and delays could then be avoided.

Orderly financing of state and local governments would be restored. State and local governmental units, which generally operate

Footnotes at end of article.

on a July 1-June 30 fiscal year, have increasingly found themselves well into their own budgetary year without knowing how much money they will receive from Washington under the various aid and grant programs. In fiscal 1970, federal grant-in-aid to these governmental units totaled $27.6 billion, equal to one-third of all state and local tax collections. If Congress, working on a calendar fiscal year, completed all its appropriation legislation before January 1, the state and local governments, with their July 1 fiscal years, would know several months in advance how much federal money they would have in the coming fiscal year.

The office of the Comptroller General, while pointing out[16] that "a change in the fiscal year could present problems in the transitional year in which the change takes place," concluded that "for the longer term, it could have positive advantages in providing definite forward commitment to state and local governments in connection with federal grant-in-aid programs and therefore permit better planning." The Comptroller General added:

Reviews made by this office (General Accounting Office) lead us to believe that delays of notification and allocation of funds to state and local governments and other grantees lead to poor planning, program delays and waste in the administration of grant-in-aid programs.[17]

Congress would have more time to enact authorization and appropriation legislation each year before the beginning of a new fiscal year. Theoretically Congress could devote the time necessary to study and debate the required authorization bills, and then consider in an orderly fashion the regular appropriation bills and supplementals. Congress would have a full 12 months to enact all the necessary funding bills, instead of the current six months.

A calendar fiscal year would help to reduce some of the current public confusion over government finances. Income taxes, as well as Social Security taxes and numerous other federal, state and local taxes, are now collected on a calendar year basis. The public, which pays taxes on a calendar year basis, is confused by the government's mid-year fiscal year.

*Arguments against adopting a calendar fiscal year*

The principal arguments made against changing the government's fiscal year to coincide with the calendar year are these:

Sen. Magnuson's bill[18] proposes April 15 as the date for submission of the budget, as well as the President's Economic Report, which is closely related to the budget and also is now required in January. Submitting the budget in April, however, would create new problems, as Mr. Hughes noted:

Frankly, we see problems in this. If the President retains the practice of presenting a State of the Union message shortly after the convening of Congress, some of the budget policy task may still have to be done on the present schedule.

Also, in order for Congress to act expeditiously on the renewal of expiring authorizations, as well as on new legislative proposals, it will probably be desirable for at least a portion of the administration's legislative proposals to reach Congress well ahead of the budget—perhaps in January, or February.

Thus, the character of the budget may change. At present it is one of the first presentations of much of the President's proposed legislative program, in more detail than the State of the Union message, but consistent with it. In the future, it may become more of a summing up, in the context of fiscal policy, of some program items already presented publicly and to the Congress.

Footnotes at end of article.

At another point in his testimony, Mr. Hughes said:

What the President would want to do about this State of the Union message, I just don't know at this point. But conceivably he could speak in general terms, the legislation could come forward and the budget in April could wrap up the administration's legislative proposals and its fiscal situation, and so on.

The President's budget, which already takes up to two years to prepare, would have to project government spending needs an additional six-months into the future (from January to the next January, instead of, as at present, from January to July). Charles L. Schultze, director of the Bureau of the Budget in the Johnson Administration, in 1965 opposed shifting to a calendar fiscal year largely on these grounds. Testifying before the Joint Committee on Congressional Organization, he said:[19]

In the case of going to the calendar year, it does have some advantages, but it seems to me that the disadvantages probably outweigh the advantages. Primarily because what it would do is to force even further into the future the forecasts that would have to be made in presenting a budget; in other words, what you would find is that the President was coming forward with a budget in January which had been prepared before the end of the fiscal year a whole year before the budget year. Remember, that this would then be a whole year ahead before any information on the current year could be available, so that it would make the problem of making the budget and the program choices much more difficult because you would lose at least six months of information. Instead of coming up with a budget beginning in the middle of the year, you have to shove that back. You also can think of a new President coming in, and it would be the third year of his being in office before his own budget would go into effect, which does not mean that he could not by supplementals and the like change the other, but it would make it somewhat more difficult.

Other economists and economic historians have observed that the longer the time from conception of a budget to its execution the greater the chance for miscalculation and imbalance.[20]

A change in the fiscal year will not solve the problem of delays in enactment of authorizing legislation, which, in most cases, must precede appropriation legislation. Some 30–35 percent of the federal funds portion of the budget in recent years was dependent on renewal or extension of authorization legislation.[21] There has been an increasing trend toward limiting authorizations to one year, a technique which gives the legislating committees of Congress increased oversight control of the departments, agencies and programs within their respective jurisdiction. The increase in annual authorization bills has been a major contributor to the congressional workload. Changing the fiscal year to begin in January would not affect the authorization workload.

An outgoing Congress would have influence over the government's spending policy for a full year after the November elections, rather than the six-month influence it currently has. While adjustments could be proposed and enacted, an incoming Congress, or a new Administration, would be saddled, more or less, with a budget not of its making for the first year.

Adoption of a calendar fiscal year would require amendments to existing authorization and appropriation legislation, which is now timed for the July 1–June 30 fiscal year, and cause other changes in current governmental practice that can only be guessed at. Problems, currently unanticipated, that would be created throughout government could outweigh the expected benefits of revising the fiscal year.

Forty-seven states have fiscal years that begin July 1 and end June 30. Only New York (April 1–March 31), Texas (September 1–August 31) and Alabama (October 1–September 30) have fiscal years that do not coincide with the federal fiscal year.

Proponents of changing the federal fiscal year to coincide with the calendar year express considerable uncertainty over what the total effect would be on other governmental units. Some states would be forced, perhaps, to change their fiscal year to match the new federal year, while others might find that they could keep their present fiscal year and benefit by knowing several months in advance of their budget deadlines how much in actual appropriations Congress has made available to them.

PROPOSALS FOR A "FISCAL SESSION" OF CONGRESS

Senator Magnuson and others have proposed that, in addition to changing the United States fiscal year, Congress divide its annual session into two separate periods—legislative and fiscal. Only regular legislation and authorization measures could be considered during the "legislative period" and only appropriation bills could come before the lawmakers during the "fiscal period." The split session, proponents contend, would greatly assist Congress in providing orderly and expeditious consideration of authorization and appropriation legislation.

Title I of the Magnuson bill (S. 1875) provides for changing the federal fiscal year to coincide with the calendar year.

Title II provides for separate consideration of appropriation legislation by Congress. It would create:

1. A "legislative period" beginning January 3 and ending August 15. Either House could terminate its own "legislative period," with respect to its own business, before the deadline.

2. A "fiscal period" beginning on the day after a "legislative period" has ended, and ending on December 1, or upon adjournment *sine die* of that regular session of Congress.

During a "legislative period," the House or Senate could not consider "any measure or matter making an appropriation for the support of the government." The House and Senate Committees on Appropriations could not report during the "legislative period" any appropriation legislation, but such bills could be introduced, and the committees could proceed with hearings, studies and investigations with respect to such measures. The two Houses could consider at any time supplemental or deficiency appropriation legislation for the current year only.

During a "fiscal period," the House and Senate could consider only measures and matters making appropriations for the support of the government for the next fiscal year and supplemental or deficiency appropriations for the current fiscal year. Legislation not relating to appropriations could be introduced, and legislative committees could hold hearings or conduct studies and investigations, though they could not report bills. The President, upon declaring that an emergency exists, could submit for immediate consideration any legislation, treaty or nomination affecting that emergency.

*Arguments in favor of a split congressional session*

The following arguments have been made for a split congressional session:

A legislative period of seven and one-half months would give Congress more time to pass all authorization legislation before it takes up any appropriation legislation. A neat separation of the authorization and appropriation business would help Congress to legislate more responsibly. The Committees on Appropriations could have before them all the authorization laws before they recommend the next year's funding bills. Sen. Magnuson has described the current, often chaotic, situation:[22]

Sandwiching work on money bills into

ordinary legislative business makes it almost impossible to meet (our) national responsibility. By contrast, the "fiscal session" plan will permit Congress periodically to devote its entire energies to these important matters without the pressure, haste, and confusion which has become too often associated with the consideration of money matters.

Congress would have up to three and one-half months (or longer if the "legislative period" terminated before August 15) to enact appropriation measures. Concentrating only on money matters, delays could be avoided. Also, Congress could keep the federal budget in clearer perspective and spending could be kept more in balance with revenue projections.

With more time for hearings and for study of spending requests, Congress could take a more critical look at executive needs. Some proponents predict significant savings. "I think," Sen. Magnuson said, "we would save all kinds of money with this proposal." [23]

The Committees on Appropriations, with more time in which to work, could question witnesses at greater length and could even conduct hearings outside of Washington to "learn what the people think." [24] The need for more time to study appropriations requests was illustrated in this 1965 colloquy between Sen. Magnuson and then Sen. A. S. Mike Monroney (D., Okla.) co-chairman of the Joint Committee on Congressional Organization:

Sen. MAGNUSON. And then the hidden amounts. I have sat in the Appropriations Committee and looked at an item and asked a question and five guys with briefcases will stand up in the back of the room and give me the answer.

Co-Chairman MONRONEY. The same answer?

Sen MAGNUSON. The same answer; yes.

Co-Chairman MONRONEY. Sometimes they are not the same.

Sen. MAGNUSON. How are we going to know? But give us a little time to let the dust settle, and we will know a lot more of what is going on. The people will have more to say about it than they have now.[25]

A split session would eliminate the current practice of appropriating money for a project or program before the required authorization legislation has been enacted. This backwards arrangement—the authorization must eventually be passed before the appropriation becomes effective—has been used, fairly frequently of late, as a time saver, particularly in funding public works, defense and foreign aid programs. In Senator Magnuson's opinion "this is not a way to run a business of the government."

The number and size of supplemental and deficiency appropriation bills, which consume congressional time and energy, would be reduced.

*Arguments against a split congressional session*

Critics of the split session proposal generally raise these arguments:

Congress would not observe the deadline dates, just as it has largely ignored the July 31 deadline for congressional adjournment on the books since 1946. A deadline fixed by one Congress is not binding on future Congresses. Rep. Robert P. Griffin (R. Mich.), now a Senator, brought up the point in a colloquy [26] with Sen. Magnuson:

Rep. GRIFFIN. I am just a little bit concerned that you set up the fiscal sessions beginning in the fall, and the legislative session will run right up to it and we would just keep on going.

Sen. MAGNUSON. Well, that could happen, but we would still have some fiscal division. Instead of appropriating at the same time that we are passing bills on the same subject, we would have a chance to legislate and take a look at it and then appropriate. I think that makes much more sense.

In an election year, a "lameduck" Congress would be voting in November and December on appropriations for the next fiscal year, and under which the incoming Congress, and perhaps an incoming administration, would have to live. It is possible that some members of the House and Senate Committees on Appropriations would have been defeated in the election, yet would retain for the two post-election months considerable power and influence over funding legislation.

The split session would tend to reflect the public mood—for economy, or for spending—during a brief period. Richard F. Fenno, professor of political science at the University of Rochester, raised this question in a letter to Sen. Magnuson.[27] Dr. Fenno wrote:

When, for example, strong economy moods strike the country they now affect only a few appropriation bills and then generally peter out as Congress and the public think about the consequences of deep cuts in spending. If the two month fiscal session happened to come at the height of an economy mood tremendous damage could be done to a great many programs in one fell swoop and without chance for a sober second thought. I'm not arguing that the fiscal session should or should not be economy-minded. I'm just arguing that a session devoted only to spending decisions could produce a spasm in either direction—a spasm that is less likely when spending decisions are more protracted in time. I assume that pressure groups would and could gird themselves pretty effectively for a brief November-December push each year—distorting the appropriations results up or down depending on the happenstance of events and mood that prevailed in those two months.

*Proposed deadline for authorization bills*

As a general rule congressional procedures do not permit action on an appropriation for a program not previously authorized by law. Thus where the law authorizing a program expires annually it must be extended each year before action can be taken on an annual appropriation for the program. In order to expedite appropriations it has been suggested that Congress set a deadline for the consideration of authorization legislation. Rep. Langen proposed in 1969 that in conjunction with a shift to a calendar fiscal year the House rules be changed to provide that "all major authorization legislation be reported to the House prior to July 1 each year." [28]

John S. Saloma III, professor of political science at Massachusetts Institute of Technology, suggested in his analysis of the congressional budget process [29] that Congress accept year-round sessions as normal and necessary, and that "on the basis of a year-round session, the congressional leadership should then project a schedule for authorization and appropriation bills. The current pattern might be regularized with major authorization bills (NASA, foreign aid, etc.) to be completed by the first of September; appropriation bills between then and adjournment. This would, in effect, shift the fiscal year back six months to coincide with the calendar year, while adding six months to the period of budget formulation and congressional review."

FOOTNOTES

[1] *Hearings of the Special Subcommittee on Legislative Reorganization of the House Committee on Rules*, 91st Congress, 1st Session, p. 194.

[2] See *Making Congress More Effective*, a statement by the Research and Policy Committee of the Committee for Economic Development, Sept. 1970, pp. 34–40.

[3] *Congressional Record*, April 19, 1971, p. 10659.

[4] *Congressional Record*, Sept. 15, 1970, vol. 116, pt. 23, p. 31858.

[5] *Ibid.*, pp. 2–20. The Office of Management and Budget said on June 1, 1971, it was reexamining the administration's position.

[6] *Ibid.*

[7] *Fiscal Year of the United States Government and Some Proposals to Change It*, a study by George K. Brite, Economics Division, Legislative Reference Service, August 1969, pp. 1–6.

[8] *Hearings of the Special Subcommittee on Legislative Reorganization of the House Committee on Rules*, 91st Congress, 1st Session, p. 287.

[9] Ibid., p. 195.

[10] See House debate on Legislative Reorganization Act of 1970, *Congressional Record*, Sept. 15, 1970, vol. 116, pt. 23, p. 31858.

[11] *Congressional Record*, April 22, 1971, p. 11599.

[12] In its statement, *Making Congress More Effective*, the Research and Policy Committee of CED said:

"We strongly urge that the federal fiscal year be changed to coincide with the calendar year and that all congressional and executive patterns be revised in conformity. Congress should establish its own deadlines for adoption of authorization and appropriation bills. After some specific date each year the House of Representatives should be free to consider appropriations for purposes recommended in the executive budget, even in the absence of any other statutory authorization. If it becomes necessary, legislation should be enacted to give automatic effect to each appropriation proposed in the annual executive budget on which Congress has taken no formal action before January 1. Pp. 39–40."

[13] *Hearings of the Special Subcommittee on Legislative Reorganization of the House Committee on Rules*, 91st Congress, 1st Session, p. 194.

[14] *Hearings of the Joint Committee on the Organization of the Congress*, 89th Congress, 1st Session, Part 11, p. 1659.

[15] *Hearings of the Special Subcommittee on Legislative Reorganization of the House Committee on Rules*, 91st Congress, 1st Session, p. 287.

[16] Letter from Elmer B. Staats, Comptroller General of the United States, to Sen. John L. McClellan, chairman of the Committee on Government Operations, April 1, 1970.

[17] Mr. Staats went on to say:

In light of this situation, we believe that whether or not the fiscal year is changed, consideration should be given to more frequent use of the practice of authorizing and making appropriations for the fiscal year next following the usual budget year. This type of advance funding has already been authorized for certain programs such as Title I–A of the Elementary and Secondary Education Act; and by the Economic Opportunity Amendments of 1969. While we believe that advance funding is particularly important for grant-in-aid programs to states and local agencies, it would also be desirable for many other types of programs and activities of the federal government where firm planning prior to the beginning of the appropriation year is a significant factor in the successful execution of such programs and activities.

[18] S. 1875.

[19] *Hearings of the Joint Committee on the Organization of the Congress*, 89th Congress, 1st Session, part 12, pp. 1813–14.

[20] *Fiscal Year of the United States Government and Some Proposals to Change It*, a study by George K. Brite, Economics Division, Legislative Reference Service, August 1969, pp. 8–9.

[21] *Hearings of the Special Subcommittee on Legislative Reorganization of the House Committee on Rules*, 91st Congress, 1st Session, p. 3.

[22] *Hearings of the Joint Committee on the Organization of the Congress*, 89th Congress, 1st Session, p. 1877.

[23] *Ibid.*, p. 1882.

[24] *Ibid.*, p. 1885.

[25] *Ibid.*, p. 1885.

[26] *Ibid.*, p. 1886.

[27] The letter, dated Feb. 4, 1971, was in response to Sen. Magnuson's invitation to comment on the bill.

[28] *Hearings of the Special Subcommittee on Legislative Reorganization of the House Committee on Rules*, 91st Congress, 1st Session, p. 287.

[29] Weidenbaum, Murray L., "Federal Budgeting: The Choice of Government Programs" and Saloma, John S. III, "The Responsible Use of Power: A Critical Analysis of the Congressional Budget Process," published jointly as *Congress and the Federal Budget* (Washington: American Enterprise Institute for Public Policy Research, 1965).

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## EXCELLENT MCPL REPORT ON NATO TROOP STRENGTH BY REPRESENTATIVES ROBERT F. DRINAN AND BILL FRENZEL

Mr. PROXMIRE. Mr. President: Members of Congress for Peace Through Law has prepared a series of research papers on a variety of military subjects this year. They have included reports on the B–1 bomber, the F–14 fighter, the Amchitka test, among others.

On Saturday, July 31, a further report on the subject of U.S. Troops in Europe was released. This research paper was prepared by two distinguished Members of Congress, the Honorable Robert F. DRINAN and BILL FRENZEL.

The report urges that the United States reduce its troop strength in NATO from 300,000 to 150,000 by June 30, 1972. It calls on our allies to bear a much fairer proportion of the burden of NATO defense. Furthermore, it proposes a number of legislative vehicles on which an amendment to achieve this goal can be added.

I commend this excellent report to both Congress and the public and ask unanimous consent that it be printed in the RECORD.

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

REPORT ON U.S. TROOPS IN EUROPE, A RESEARCH PAPER PREPARED BY CONGRESSMEN ROBERT F. DRINAN AND BILL FRENZEL

CONCLUSIONS

United States troop strength in Europe should be reduced from 300,000 to 150,000 by June 30, 1972. In addition, we should seek through consultation with our NATO allies to reduce U.S. troop strength in Europe to approximately one division by the mid-1970's.

We should not re-deploy our troops with inadequate preparation, and need not do so. In the past two years we have seen highly persuasive evidence that our government can alter its military policies and logistics abroad without giving any impression of headlong panic. What is essential is that Congress make the explicit and unreserved judgment that a quarter of a century after World War II we will not continue to spend more than $3 billion each year to sustain 300,000 American troops in an economically revived and viable Europe, each constituent nation of which has committed proportionately less of its national wealth to defense than has the United States.

Congress will have several opportunities during the balance of this year to enact legislation to scale down our military presence in Europe. Appropriate legislative vehicles include the Foreign Assistance Act, the Military Construction Authorization, and the Defense Appropriation bill. Each of these bills deals with an important aspect of our NATO commitment and could be used to help bring about the vital change in policy.

Having announced our intention to reduce our participation in NATO ground forces, we should consult with our NATO allies with respect to the precise timing of the reduction and the means for implementing it. Force reductions need not jeopardize the unity of Western Europe, our own security, or the security of the NATO nations—they can, in fact, enhance them.

The goal on which we should concentrate is a clear one: to deter aggression or the threat of aggression without unwarranted expense of national resources. This goal can be achieved through a two-step process: first, a near-term reduction of U.S. forces within the present NATO structure, accompanied by our renewed nuclear pledge and by intensified redeployment preparations; secondly, further reductions made possible through a more tightly integrated alliance.

We should undertake the first program now. The second is a longer range plan. In both, we shall be addressing the security of Western Europe in light of what United States interests require and what would be effective for our allies.

Each arrangement responds to the important changes which have occurred within the context of NATO's operations and purposes in the two decades since its birth, and each accounts for the possible military contingencies involving the West and the Soviet bloc in Europe, namely:

(1) all-out or limited thermonuclear attack or its threat by the Soviet Union against NATO or a NATO member.

(2) all-out or probing conventional attack or its threat by the Soviet Union against NATO or a NATO member.

THE COLD WAR AND THE BIRTH OF NATO

On April 4, 1949, the United States reacted to what it then perceived as a growing, indeed an imminent threat to Western Europe by the Soviet Union and the Red Army: we joined the North Atlantic Treaty Organization, declaring along with our NATO allies that "an armed attack against one or more of them in Europe or North America shall be considered an attack against them all."

A communist-engineered coup in Czechoslovakia in 1948 had catalyzed our NATO role. We were also much aroused by the unexplained death of the Czech foreign minister, Jan Masaryk, who had been known as a firm friend of the West.

The real intensity of our frightened reaction to the Czech crisis is reflected by the war scare within the government at that time and by, for instance, a CIA intelligence estimate sent tothe President five days after Masaryk's death to reassure the President that war was "not probable within sixty days."

Not all of our government's key policy makers were completely sanguine about the likely consequences of our new European stance. George Kennan, who eventually was appointed chairman of the working group which negotiated the language of the NATO pact, was the most sceptical and also the most prophetic. He has recently written of his unsuccessful efforts in 1948 to persuade his government that the threat facing the nations of Western Europe was and would remain primarily political and economic: . . . their best bet was still the struggle for economic recovery and internal political stability. Intensive rearmament represented an uneconomical and regrettable diversion of their effort—a diversion that not only threatened to proceed at the cost of economic recovery but also encouraged the impression that war was inevitable and thus distracted attention from the most important tasks.

Twenty years later, it is obvious that Western Europe is economically robust, even awesome. Politically it is stable, and well along the road toward integration. The primary threats have been effectively countered. The economic and political revitalization of Europe reinforces the criticism, now heard with increasing frequency, that this country should not, and need not, provide a military super-guarantee for Western Europe at a time when we are struggling to provide a barely minimal standard of living for millions of poor citizens and, indeed, a just and abundant life for all Americans.

The most recent outward signs of Congressional dissatisfaction with the troop levels in Europe were the May 19th vote in the United States Senate on the Mansfield amendment, which sought to limit to 150,000 the U.S. troops stationed in Europe as of December 31, 1971, and the May 26th Report of the House Armed Services Committee. The House Report pointed to the continuing presence in NATO of 300,000 U.S. troops, stated that "reexamination of the level of that contribution may be in order," and concluded:

The Committee believes, therefore, that a greater share of the burden of providing funds and personnel for NATO-committed forces must be assumed by European members of the alliance. The Committee will be prepared to examine NATO defense expenditures in more detail in the future if present trends continue.

HISTORY OF U.S. TROOP LEVELS IN EUROPE

Immediately following World War II, during the period 1946–1950, United States troop strength in Europe declined from 3.5 million men to 200,000. Then, impelled by the

North Korean attack on June 25, 1950, President Truman approved and the Senate authorized the deployment of four additional divisions in Europe.

From the 1955 level of 405,000 American troops, the number declined slightly until the 1961–1962 Berlin crisis, when it reached a peak of 434,000. Today, total United States troop strength in Europe stands at 300,000 (See Table I).

During the past ten years, Soviet deployment in Europe has increased by approximately 75,000, the additional units having been introduced in connection with the 1969 Soviet invasion of Czechoslovakia (See Table II).

OUR CURRENT POLICY DEFINED

NATO's strategy has shifted in the past ten years from reliance on conventional ground forces to greater emphasis on strategic and tactical nuclear weapons, and back again toward the current stress on conventional capability.

In 1967, NATO adopted the position that, in view of approaching nuclear parity between East and West, total nuclear war was no longer the most likely form of conflict. A new strategy, labelled "flexible response," was designed to provide NATO members with a non-nuclear "breathing space" in the event of conventional attack. Its purpose was the avoidance of what had become known as the "red or dead" choice between surrender and immediate resort to general nuclear war.

In his most recent Foreign Policy Report, the President restated the basis for the continuing large United States contribution to NATO's "flexible response" strategy:

No token presence could serve our purpose. Our substantial contributions of U.S. forces —about 25 percent of NATO's peacetime capabilities in Central Europe—insures the viability of the strategy of flexible response. It enables us to found Alliance defense on something other than reliance on the threat of strategic nuclear war. It is the basis of our Allies' confidence in us. It links European defense to a common strategy and to the nuclear power of the United States.

Those who doubt the wisdom of this policy question not so much our basic commitment to Europe as its size and apparently open-ended nature at a time when our allies are making limited defense efforts, and our needs at home are acute. General Andrew Goodpaster, the Supreme Allied Commander in Europe (SACEUR), has stated that the conventional forces now at his disposal are the minimum feasible to employ the "flexible response" strategy in the event of non-nuclear attack.

ARGUMENTS FOR PRESENT POLICY

While those who challenge the present policy maintain that our NATO partners can and should fill the breach, others believe that even if Europe might one day be prompted to do more for its own defense, this can only occur after close consultation within NATO over some unstated period of time. They argue that any "unilateral" determination on our part would be unwise and dangerous. Thus on December 3, 1970, President Nixon told NATO that the U.S. would not reduce its troop levels in Europe "unless there is reciprocal action from our adversaries."

*1. "U.S. forces in Europe protect basic American security interests there and in the Middle East."*

Some believe a major reduction in United States forces would threaten current European economic stability, brought about in large part by the American military presence in Europe over the past 22 years. They argue that substanstial forces, including the Sixth Fleet, are needed in Europe to counter the growing Soviet threat in the Middle East.

*2. "Now is the worst possible time to begin unilateral troop reductions."*

In recent weeks the Soviet leadership have expressed a willingness to discuss mutual force reductions. Some argue that these overtures, which they believe to be sincere, together with the current Berlin Talks and the SALT negotiations, would be seriously undermined if we were unilaterally to withdraw our troops without obtaining substantial concessions from the Russians in return. Our best hope, they contend, is to negotiate with the Russians from a "position of strength."

*3. "Our allies are carrying an increasing share of the burdens of their own defense."*

This argument goes as follows: There are approximately 300,000 United States troops in Europe. Other NATO countries collectively have more than 2,000,000 troops. The United States has recently persuaded its allies to undertake a $1 billion multilateral European Defense Improvement Program in addition to their normal defense expenditures. The annual United States budget cost associated with the deployment of our forces in Europe is $3 billion. The yearly cost to our allies of their men under arms is $24 billion.

Those who are reassured by these figures maintain that a United States troop decrease would not prompt the NATO nations to undertake a larger share of their own defense.

*4. "Our NATO commitments contribute only modestly to our balance of payments problem."*

The gross balance of payments cost of military expenditures in Europe for 1970 was estimated at $1.8 billion, while the total balance of payments deficit from all sources was $10 billion. $1.1 billion of the total outflow is incurred in Germany. Since 1962 the Germans have partially offset these deficits through payments to the U.S. of $6.5 billion, while other NATO allies made purchases of almost $4 billion during the same period. Further offset agreements with the Germans are possible in Fiscal Year 1972.

*5. "Unilateral reductions would divide our allies at a time when efforts are being made to encourage closer economic and political bonds."*

Europe at the moment is in the process of expanding the European Economic Community from 6 to 10 members with the full support of the United States. But there is nothing inevitable about this process, and some believe that a United States troop "shield" in Europe, together with our nuclear "sword" have provided a necessary shelter behind which the moves toward integration could mature. They feel that to reduce American troop strength at this time could undercut current moves toward European economic and political integration.

FALLACY OF THE CONVENTIONAL ARGUMENTS

Essentially then, the defenders of the *Status quo* assert that until there are fundamental changes in the European security scene or in our assessment of our security interests and perils, the time will not be right for a substantial and unilateral troop reduction.

Yet there remains much evidence to show that whatever the realities upon which NATO was founded, these have already changed. The two major phases and occasions for this change are widely known: communism has fractionalized, and the United States has both lost its nuclear exclusivity and discovered that other nations may successfully differ with us as to what constitutes an appropriate form of government.

We have also suffered the internal combustion of long unfulfilled domestic and foreign economic and social needs. Any random comparison of the relative dimensions of our military and social commitments will yield indicting results. Two examples:

1. To aid India, the only stable parliamentary democracy in Asia, a key to our hopes for peaceful development in the Eastern hemisphere a country where 15 of every 100 children born do not survive their first year—the United States will spend $400 million this year.

To maintain United States troops and facilities in Europe, with emphasis on allocations in West Germany and other highly industrialized nations, the United States will spend $3.2 billion this year.

2. In our own country during this fiscal year, the government intends to spend $22 billion on education, $14 billion on health, $5 billion on urban renewal.

To maintain United States general purpose and support forces in NATO and NATO-related forces outside Europe for use in a European emergency we spend approximately $12 billion annually.

It is against this background that we must consider again what are our "most important tasks," and this time determine to accomplish them.

FORCE REDUCTIONS WITHIN THE PRESENT NATO FRAMEWORK

Whenever troop reductions are proposed, one fully expects to see hauled into battle the familiar warhorses of the military establishment: 'the present troops in NATO are insufficient'; 'the allies will panic and go neutral'; 'Germany will slide toward a new version of the Nazi-Soviet Nonaggresssion Pact.'

In fact, what the manpower figures show is that the present conventional force alignments of Western and Eastern European nations are either in numerical balance, or, according to certain experts, substantially favor the West.

The British Institute for Strategic Studies, which is probably the most objective and authoritative observer of international military deployment, has reported that the troops in West Germany, including the United States component, total 627,000. Soviet and Eastern European troops facing them in East Germany and Czechoslovakia total 565,000.

Those who favor maintaining or even increasing our NATO troops like to portray the Alliance as being ominously outmanned by the Warsaw Pact. This is a familiar approach, but also a curious one, since if NATO is really so disadvantaged in conventional forces, why should the United States retain any but token troops in Europe?

It is true that the Pact figures are greatly increased if we include the 60 Soviet divisions which are stationed, according to the Institute for Strategic Studies, in European USSR, west of the Urals and north of the Caucasus. But a policy based on inclusion of those divisions is not coincident with a policy related to defense against limited attack. Massive reinforcement operations would be required in the former instance. Let us first, then, consider the possibilities for limited, probing conventional attacks.

Even if U.S. troop levels were reduced substantially, the remaining NATO forces in West Germany could thwart a purely conventional attack by the Soviet Union and its allies, short of a massive invasion on the scale of World War II. NATO, after all is a *defensive alliance*. It is an accepted rule of conventional warfare that the enemy needs at least a two to one advantage in forces to mount a successful offensive. The Soviet Union enjoys no such advantage by any reputable estimate.

It is misleading in any event to compare opposing forces without considering such important variables as troop morale, logistic support, and the quality of armaments.

We are considering the capability of Western Europe to resist a conventional attack, which it would defend on its own familiar ground, a key advantage. Also, as events in

Poland, Hungary, and Czechoslovakia have shown, the Soviets could not rely confidently on the contribution of their Eastern European contingents.

Warsaw Pact forces do not match NATO's qualitative strengths. This was forcefully pointed out in a recent analysis in the respected journal *Foreign Affairs*, by Alain C. Enthoven, a former Assistant Secretary of Defense for Systems Analysis, and K. Wayne Smith, of the RAND Corporation and formerly Assistant Professor at West Point. NATO's forces are superior to Warsaw Pact forces, they conclude, "both qualitatively and quantitatively in such important areas as logistic support, ammunition, weapons, vehicles, artillery and engineers." They also state that:

NATO aircraft are far better qualitatively by almost every measure of relative capability and far better suited for conventional operations than Pact aircraft. This advantage in tactical air power adds to the confidence that NATO's land forces could not be readily overwhelmed in a conventional attack.

As for the possibility of a more massive attack, the Soviet Union could increase its own forces to 840,00 and could expand this to 1,290,000 with reinforcements from Poland, Czechoslovakia and East Germany.

These mobilization advantages enjoyed by the Soviet Union are well-known and important. But do they make the case for our keeping 300,000 troops at their posts in Western Europe? No, for two reasons. First, as Enthoven clearly demonstrates, Pact advantages in terms of overall strength are not large enough to constitute a decisive force ratio. He stresses two facts in that context: "1) worldwide, the NATO countries have 30 percent more men under arms (and even slightly more men in land forces) than the Warsaw Pact, excluding U.S. increases for Viet Nam; and 2) NATO consistently has a larger defense budget than the Pact—50 percent greater in 1968 for example—measuring both in terms of U.S. price and excluding U.S. expenditures for Viet Nam."

A second factor in the weight to be accorded the Soviet reinforcement ability is that these reinforcement operations are, in the term used by a NATO publication, "elephantine." A decision to attack massively is not made in tranquil times. Political tensions, diplomatic signals precede it. There are invariably strategic warnings: submarine contacts near NATO missile launch areas, cancelled enemy troop leaves, ponderous shifting of armored divisions into forward areas.

This type of operation would become apparent to the allies well enough in advance for them to mobilize their own reserves. NATO has established and maintains large supply depots in Europe, such as the one at Kaiserslautern in Germany, to make possible the quick transfer of whole divisions from the United States. The transfers are frequently rehearsed, and a United States declaration of intention to withdraw troops from Europe might make the rehearsals even more determined and impressive to prospective enemies than in the past.

The Czech invasion gives us a classic and quite embarrassing example of warning time. In that case, the Western press reported Warsaw Pact Maneuvers of unusual size and sophistication months before the invasion. One day after the attack, the allies consulted each other. The failure of NATO to act decisively in a crisis underscores a fact relevant to NATO's present needs: given a basic troop force, the success of an action is less a matter of quantity of troops than of timing, determination and teamwork.

We should also remember that the necessity for a potentially explosive mobilization would itself be a powerful deterrent to massive invasion.

With respect to the question of nuclear deterrence, a reduction of United States troops should be accompanied by a reaffirmation of our nuclear pledge. NATO would continue to meet any nuclear threat with its own presently awesome deterrent, which includes the Polaris missile system and 7000 nuclear warheads. Our own pledged nuclear shield is independently staggering. The approximate total of deliverable United States individual warheads is 7500, according to the Institute for Strategic Studies report, *The Military Balance, 1970–1971*. For the Soviet Union, the estimated total is 5662. Approximately 2000 of the Soviet warheads are associated with vehicles having the range to strike at the continental United States. Approximately 6000 of the American warheads are fitted to vehicles capable of reaching Soviet territory.

Do we really need 300,000 troops to make all this megatonnage believable? The credibility of the NATO nuclear deterrent, to the extent that it depends at all upon the continued presence of American manpower, does so only symbolically. The stationing of a certain number of United States troops in Europe reassures some that we have a stake in European security. But it would seem certain that if the survival of Europe in a nuclear crisis with the Soviet Union, and surely therefore our own survival as well, could not by itself move the United States to action, then the presence of American troops in Europe would not make the difference. If, on the other hand, some American force is required as a hostage to nuclear bargaining, 50,000 or even 10,000 American lives ought to serve that purpose satisfactorily.

We have been talking so far about contingency requirements as though the present U.S. forces in NATO operate at top efficiency, with no manpower squandered. That is a highly vulnerable assumption. A recent series of articles by a former lieutenant colonel in the United States Army analyzing the organization of America's 1.4 million-man standing army demonstrates that a very substantial fraction of the $12 billion allocated for American troops oriented to the defense of Europe finances an extraordinarily large overhead of noncombatant, administrative, supervisory and support personnel. The author, Edward L. King, who has served with the Office of the Joint Chiefs of Staff, concludes that no more than 7500 of the 16,350 troops in an Army division are actual combat troops who might be called upon to fire on the enemy. Each division also requires another 32,700 soldiers in sustaining roles. Thus, of the 49,050 soldiers required to populate and field a United States Army division, less than 25 percent could engage in combat. International political and strategic considerations aside, the management of the United States army in Europe should be much improved.

Some have conceded the urgency of the need to reduce American troop levels in Europe, but assert that we ought not to act unilaterally, without a mutual agreement with the Soviet Union. History certainly does not justify inaction based on expectations that we and the Soviet Union will suddenly be willing to negotiate smoothly and quickly questions which have been stalemated for years.

There is a further reason why in 1971 the call to "persist" in Europe so that we may "negotiate from strength" rings hollow. Advocates of that stance try to persuade us that we should not act when we might be able to use our troops to strike a bargain with the Soviet Union. But to project every issue of United States foreign or even domestic policy as primarily another element of international game theory has been the distracting, bedeviling, and futile temptation of our cold war history. Our point in urging a stand-down is precisely that we can no longer afford this game.

As we should know from experience with our military policy in Southeast Asia, there are almost as many rationalizations for the maintenance of American troops in Europe as there are parties to the *status quo:* now as a hostage for our nuclear deterrent, now as a psychologically stabilizing "presence" in the alliance, now as one more blue chip in the bargaining of the superpowers. There is every rationale, it seems, but the essential, relevant one, that Europe could not defend itself but for the presence of 300,000 American troops. We believe it could. At present there is a compelling incentive for Europe to abdicate its defense responsibilities to the United States. Our nation provides and guarantees that incentive. The precedents of other such incentives to abandon responsibility should be highly instructive: they have often, if not invariably, become self-fulfilling prophecies.

To summarize: NATO forces including a much smaller United States component and backed by our valuable nuclear pledge will remain adequate for any conventional attack short of all-out attack. A massive invasion would compel the mounting of a reinforced army whose mobilization would give ample alert to the West.

### FORCE REDUCTIONS WITHIN A MORE FULLY INTEGRATED ALLIANCE

In considering longer range approaches to the problems of European security, we need to recall NATO's cold war origins, how the alliance arose to confront the perceived implications of Stalin's domestic policies, and the tyrannies he imposed in Eastern Europe.

The respects in which the circumstances of its birth have enthralled NATO to its institutional detriment and the detriment of its member nations are discussed at length in *The Atlantic Fantasy: The U.S., NATO, and Europe*, a recent study by David P. Calleo, Director of European Studies at the Johns Hopkins University School of Advanced International Studies. Professor Calleo describes America's and NATO's response to the Soviet threat as initially sound, but, he says, the "prudent policy of containment gradually was translated into a new world order. The soaring rhetoric of the Truman Doctrine committed the United States all around the world to 'support free people who are resisting attempted subjection of armed minorities or by outside pressures.'" Those who suggest the imperative for changes in NATO, Calleo shows, must confront the inertia of this history: "Nothing, it seems, paralyzes the imagination so much as an old and decaying success."

It is necessary for the United States to reduce its military presence in Europe, but for us to do only that is not enough.

To make NATO a more coherent and credible deterrent, we must begin to relocate the responsibility for European defense within the nations whose security is directly at stake. We must find ways to make the NATO membership less dependent on the United States and more meaningfully interdependent. The impetus of American troop reduction will help, but our political and diplomatic leadership will also be required.

The NATO treaty stresses consultation and interdependence, but in fact NATO has always been almost completely dominated by the United States:

(a) Two of the three principal NATO commands have always been held by an American; the third is British.

(b) Eleven of the thirteen subordinate commands have always been held by the United States and Britain.

(c) Seven United States officers in Europe hold four-star NATO jobs; no other country holds more than two.

General André Beaufre, who brought the nominal influence of France to bear on NATO's Military Standing Group, has described the Group as "a system of wheels without power revolving almost endlessly around questions of routine."

Anyone could predict the result of this arrangement: our NATO allies do not credit our insistence on burden-sharing. They fail to keep their force contributions at full strength and readiness.

Compared with its NATO allies, the United States has nearly twice as large a percentage of its population in the armed forces. The United States spends more than twice the percentage of its gross national product on defense than most of the other NATO nations: more than three times the percentage of Canada; more than twice that of West Germany, Belgium and Denmark; one-and-a-half times that of Britain and Greece (See Table III).

Suppose our own defense and spending efforts were scaled to a level more nearly comparable to that of our allies; and suppose theirs were increased to more closely parallel our own. Enthoven and Smith made these calculations, and they found that we would reduce our annual defense spending by more than $25 billion, and could demobilize more than a million troops. They did not endorse such a reduction, but the comparison is instructive as to what our allies are doing in the interests of their own security. Conversely, Enthoven calculated the Germans alone "could replace half of our divisions in Europe and half of our air wings besides, and still keep expenditures under 6 percent of their GNP, less than the percentage they were spending in 1963, and still less than the percentage we are spending now."

Even in these unequal circumstances, the allies express doubts about how the United States might react to a nuclear crisis in this present era of approximate Soviet-American parity. They wonder whether we would actually put our national existence on the line for their security.

We should scarcely be surprised at their misgivings. We have known in Southeast Asia many of the same difficulties with allies whose confidence has been undermined by economic and military dependence on us. In Europe, as long as NATO countries, particularly Germany, have to mount large offset costs for United States troops, they will not pool the necessary resources to manufacture their own deterrent.

To strengthen NATO, Germany and Britain must share more equitably in its strategy and decision-making. This may be effected under circumstances in which Germany would continue to have no nuclear weapons on its territory, and the United States would continue to maintain custody of the nuclear explosives stockpiled in Western Europe.

A NATO conference on joint deterrence should be held as soon as possible to work out political arrangements which would develop the roles of Germany and Britain in the alliance. We should attempt to bring France into a closer relation with this more integrated alliance. The United States should, for example, take the initiative in preparing for the appointment of a European Supreme Commander.

Would we by these measures be risking an involvement not in our interests and initiated by events we could not influence? In fact, this is a risk we have been facing in our complex of commitments in Asia and the Middle East since World War II. We believe the risk would not be measurably increased. Often we have been mistaken in thinking we could direct events in those areas. At least in Western Europe, where we have the longest standing cultural and historical ties, with allies who have stable governments and who do not pretend to empire, we ought to be most prepared to forgo the illusions of hegemony.

A more integrated European nuclear defense would encourage further steps toward European unity to a greater and more reliable extent than the present American economic and strategic umbrella ever can, and it would do this because it would be based on shared responsibilities.

The question at issue with regard to troop reductions is not whether we need to deploy American troops to keep our European allies calm and loyal. Rather, the question is whether—in view of our limited resources—the evidence of our critical domestic needs outweighs the evidence for continuing to deploy a huge American garrison in an economically revived Europe. We believe it does.

TABLE I.—U.S. DEPARTMENT OF DEFENSE PERSONNEL IN EUCOM GEOGRAPHICAL AREA, END OF CALENDAR YEAR (DEFENSE BRIEF)

[Nearest thousand, approximate]

| | U.S. military | Civilian employees (appropriated funds) | | Dependents of U.S. military and of civilian employees (appropriated funds) |
|---|---|---|---|---|
| | | United States | Foreign | |
| End— | | | | |
| 1950 | 145 | (1) | (1) | (1) |
| 1951 | 346 | (1) | (1) | (1) |
| 1952 | 405 | (1) | (1) | (1) |
| 1953 | 427 | 9 | 144 | (1) |
| 1954 | 404 | 10 | 169 | 182 |
| 1955 | 405 | 11 | 161 | 222 |
| 1956 | 398 | 12 | 149 | 281 |
| 1957 | 393 | 11 | 146 | (1) |
| 1958 | 380 | 11 | 129 | 269 |
| 1959 | 380 | 11 | 122 | 300 |
| 1960 | 379 | 12 | 123 | 335 |
| 1961 | 417 | 12 | 122 | 341 |
| 1962 | 416 | 12 | 124 | 352 |
| 1963 | 380 | 12 | 117 | 323 |
| 1964 | 374 | 12 | 99 | 310 |
| 1965 | 363 | 13 | 94 | 326 |
| 1966 | 366 | 14 | 92 | 264 |
| 1967 | 337 | 14 | 84 | 264 |
| 1968 | 316 | 14 | 82 | 245 |
| 1969 | 300 | 15 | 70 | 225 |

[1] No data.

NOTES

Includes both EUCOM and non-EUCOM personnel and dependents.

End of year figures unavailable for civilian employees and dependents for 1953 and 1957–59; June or September figures used instead.

Large 1966 drop of dependents caused by: (1) extraordinary military personnel turnover and (2) revised accounting procedures.

TABLE II.—CONVENTIONAL FORCES IN EUROPE: NATO AND THE WARSAW PACT[1]

| Country | Total Regular Armed Forces | Army | Army forces on central front[3] | Total trained Reserves and paramilitary forces |
|---|---|---|---|---|
| NATO COUNTRIES[2] | | | | |
| Federal Republic of Germany | 466,000 | 326,000 | 326,000 | 681,500 |
| France | 506,000 | 328,000 | [4] 34,000 | 505,000 |
| Britain | 390,000 | 190,000 | 53,500 | 270,000 |
| Italy | 413,000 | 295,000 | None | 706,000 |
| Portugal | 185,500 | 150,000 | None | 515,000 |
| Greece | 159,000 | 118,000 | None | 223,000 |
| Turkey | 447,500 | 390,000 | None | 610,000 |
| Netherlands | 121,250 | 80,000 | 80,000 | 193,000 |
| Belgium | 94,900 | 70,000 | 70,000 | 37,800 |
| Canada | 93,325 | 35,350 | 3,100 | 22,900 |
| Denmark | 44,500 | 27,000 | 27,000 | 90,000 |
| Luxembourg | 550 | 550 | 550 | 350 |
| Total | 2,921,525 | 2,009,900 | 594,150 | 3,854,550 |
| United States | 3,161,000 | 1,363,000 | [5] 200,000 | 1,023,500 |
| Total | 6,082,525 | 3,372,900 | 794,150 | 4,878,050 |
| THE WARSAW PACT COUNTRIES | | | | |
| Poland | 242,000 | 195,000 | 195,000 | 495,000 |
| Czechoslovakia | 168,000 | 150,000 | 150,000 | 535,000 |
| Rumania | 181,000 | 165,000 | None | 300,000 |
| Bulgaria | 149,000 | 130,000 | None | 167,000 |
| German Democratic Republic | 129,000 | 92,000 | 92,000 | 273,500 |
| Hungary | 101,500 | 90,000 | 90,000 | 160,000 |
| Total | 970,500 | 822,000 | 527,000 | 1,930,500 |
| U.S.S.R. | 3,305,000 | 2,000,000 | [6] 400,000 | 2,330,000 |
| Total | 4,275,500 | 2,822,000 | 927,000 | 4,260,500 |

[1] Unless otherwise noted, this information was drawn from the military balance 1970–71, prepared and published by the Institute for Strategic Studies, London, 1970.

[2] These include the total forces of the NATO countries, on the assumption that an attack upon them would invoke a response from all forces and not merely from those assigned formally to NATO. Likewise for the Warsaw Pact.

[3] The central front is taken to include West Germany, Denmark, and the Benelux countries on the NATO side, and East Germany, Poland, Czechoslovakia, and Hungary on the Pact side.

[4] The military balance 1970–71 indicates that France has two mechanized divisions in Germany plus 2,000 men in West Berlin. According to the military attaché at the French Embassy in Washington, a French mechanized division normally includes 16,000 men, which suggests that France may have a total of 34,000 men stationed in Germany.

[5] There are an additional 100,000 American military personnel in Western Europe and related areas. U.S. Defense Department. Directorate of Information. Telephone conversation, Mar. 31, 1971.

[6] Military Spending Committee of Members of Congress for Peace Through Law. Report on military spending, July 9, 1970. Table I, sec. 9, pp. 4–5. According to this source, there are an additional 450,000 Soviet troops in European U.S.S.R. Figures contained in the military balance 1970–71 suggest that there are fewer than 300,000 Soviet Army forces (14 tank and 17 infantry divisions) deployed in Central and Eastern Europe. Other current sources indicate, however, that there may be as many as 520,000 Soviet "troops" stationed in Eastern Europe, but these figures probably include support and air force personnel. See Newsweek, May 31, 1971, p. 5 and the National Observer, May 24, 1971, p. 4.

TABLE III.—MILITARY BUDGET AS A PERCENTAGE OF-GNP FOR EACH OF THE NATO NATIONS—DEFENSE EXPENDITURES—NATO COUNTRIES

| Country | Military budget | Percent of GNP |
|---|---|---|
| Belgium | $721,538,000 | 3.0 |
| Canada | 1,676,000,000 | 2.0 |
| Denmark | 365,187,000 | 2.5 |
| France | 4,899,000,000 | 3.6 |
| Western Germany | 5,990,928,000 | 3.2 |
| Greece | 471,000,000 | 5.5 |
| Iceland | None | |
| Italy | 2,650,841,600 | 3.0 |
| Luxembourg | 8,592,000 | 1.0 |
| Netherlands | 1,113,304,000 | 3.6 |
| Norway | 369,400,000 | 3.7 |
| Portugal | 367,117,000 | 6.5 |
| Turkey | 429,992,363 | 3.8 |
| United Kingdom | 5,471,959,200 | 5.0 |

Note: U.S. Defense expenditures are estimated at 7.4 percent of GNP in fiscal year 1971 and 6.8 percent in fiscal year 1972.

## AID FOR EAST PAKISTANI REFUGEES

Mr. KENNEDY. Mr. President, the civil war in East Pakistan has produced a tide of human misery and death unequalled in modern times. There are currently some 7,000,000 East Pakistani refugees in India. With the number continuously mounting as tens of thousands of refugees enter India daily. The breakdown of civil administration and normal government services in East Pakistan threatens major famine for millions over the coming months.

One of the many national and international voluntary agencies assisting the Government of India in conducting relief programs for these unfortunate people is the Americans for Childrens Relief, formerly Americans for Biafran Relief. This past June, ACR announced the launching of a nationwide drive to raise money and materials to aid the refugees in India. Most recently, ACR sent 29 tons of food, materials, and medicines to Calcutta. And the drive continues.

Americans for Childrens Relief is doing a magnificent job, Mr. President, and because of the broad public and congressional interest in the human tragedy being produced by the civil war in Pakistan, I ask unanimous consent to have printed in the RECORD recent press releases of the ACR, announcing their emergency appeal.

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

ACR PRESS RELEASE

GREENWICH, CONN., July 22.—A mercy cargo of 29 tons of baby foods, shelter materials, and medicines, arrives in Calcutta today aboard a special charter relief flight co-sponsored by Americans for Childrens Relief (ACR) and Catholic Relief Services (CRS). The cargo, valued at $214,554, will provide aid to thousands of Pakistani refugees who have fled their homeland into India.

The 25,000 jars of baby food donated by ACR will feed 1,000 babies for one month. The 15 miles of polyvinyl shelter material sent by CRS can house 75,000 refugees from the monsoon rains. The 1400 pounds of injectible antibiotics provided by the Catholic Medical Mission Board total 25,000 doses.

There are currently just under 6 million Pakistani refugees in India, nearly all of whom brought with them no extra food, extra clothing or provisions to shelter them from the seasonal rains.

Monsignor Andrew P. Landi (Deputy Executive Director, CRS) and ACR sponsors Dave Brubeck (jazz pianist and composer), Dr. A. R. T. Denues (director, Old Trinity Church) and Rabbi Charles Mintz (Union of American Hebrew Congregations) led interfaith services at JFK International Airport in New York on Monday afternoon at loading time.

ACR Chairman Cliff Robertson announced ACR's nationwide appeal last month to raise funds for support of U.S. voluntary agencies, such as Catholic Relief Services, in their aid programs with refugees.

[From the Westport (Conn.) News, July 9, 1971]

AMERICANS FOR CHILDREN'S RELIEF LAUNCHES DRIVE TO AID PAKISTANIS

"Our children are all children. Our race is the human race," Cliff Robertson, Chairman of Americans for Childrens Relief told a press conference gathered in New York City as he launched the emergency drive to help refugees from East Pakistan.

Sharing the dais with Mr. Robertson was Executive Director of ACR Mrs. Candice Jordan of Quentin Road. She is organizing the nationwide appeal aimed at developing grassroots support for the voluntary agencies working in India.

"There are upwards of 6 million refugees from East Pakistan now in India, and they have just about exhausted all available supplies of food, clothing, shelter and medicines," Mr. Robertson pointed out.

"Feeding alone will cost from $2.5–$4 million monthly for just one million refugees," said Mrs. Jordan. "This does not cover the cost of medical supplies, transport of materials and most important tents for shelter during the cold monsoon season."

"While the cholera epidemic has been held in check for the moment, the monsoon rains raise the threat of widespread typhoid infection and all disease," she said.

Mrs. Jordan also pointed out that barely six months after the devastating cyclones and floods in East Pakistan, once again the vulnerable children, women and old people are exposed to the cold driving monsoon rains; drinking from contaminated pools and walking barefoot 300 miles without adequate food or water.

All funds raised in the national drive will be channeled to the field operations through Catholic Relief Services and Church World Service's ecumenical effort.

Donations should be sent to Americans for Childrens Relief, P.O. Box 4030, Church St. Station, New York, N.Y. 10049.

EMERGENCY APPEAL

DEAR FRIEND: Today children all over America are getting ready for Summer vacation. Bathing suits are coming out of closets. Camp trunks are being packed. Parents and grandparents are proudly attending graduation or wedding ceremonies.

Today, barely six months after the devastating cyclones and floods in East Pakistan, 6 million refugees are huddled along the 1,350-mile India-Pakistan border, exposed to the cold driving monsoon rains. The vultures hover over the abandoned corpse of a child, his hand reaching for an empty bowl. "There is no wood for the Hindu burial ceremony of cremation," says Newsweek.

"Cholera is rampant," says Life. "They are dying in such numbers we can't even keep count. Many have walked barefoot for 300 miles without adequate food or water. They drink from contaminated pools, and the cholera spreads. Now the wet season will create a perfect breeding ground for typhoid, small pox and polio." As always, it is the children, women and old people who are most vulnerable.

What can we do? At this moment ACR's emergency medical personnel is not needed by the World Health Organization. The priorities are:

1. Shelter—tents and tarpaulins.
2. Medical supplies and equipment.
3. Milk stations, children's food and special care.
4. Clothing and domestic utensils.

ACR is appealing for cash donations for these priorities.

When the Nigeria/Biafra war ended eighteen months ago, we fervently hoped never to see such human suffering again. At that time ACR pledged "whether children are yours or mine, black or white, Buddhist or Catholic, we will act as their advocates and bring them relief from disasters made by man or nature." We ask you now to help us keep that pledge.

We cannot speak in numbers. There is no way of knowing how many lives can be saved. But if all of us reach out together, we know we shall save *some*. You cared before . . . we ask you to care now. Reach out and give whatever you feel you can. It will make the difference between life and death for some innocent victims of this staggering human disaster.

CANDICE JORDAN,
*Executive Director.*

## GEORGE SHULTZ ADDRESSES NATIONAL URBAN LEAGUE

Mr. GRIFFIN. Mr. President, last week the Honorable George Shultz, Director of the Office of Management and Budget, delivered an important address before the National Urban League Conference in Detroit. I ask unanimous consent that the text of his remarks be printed in the RECORD.

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

FORMULA FOR PROGRESS: STEADINESS OF PURPOSE, EMPHASIS ON RESULTS

I am very pleased to have been invited to speak to you today. I come with a particularly high regard for Urban League. Yours is a tradition which has won great respect from successive national administrations. This administration is no different from those which have gone before in its esteem for your work.

The League's tradition, of course, owes a great deal to the personal style of Whitney Young. He always prided himself on speaking the truth to the mighty. And he did. Although the truth was not necessarily what policymakers wanted to hear, they always listened to Whitney Young. Why was this so? Well, I believe there are two reasons. First, the Urban League has acquired a reputation for persistent, professional application to the job on hand.

Whitney Young sought less to make news than to bring about change, and he was willing to bear the criticisim of those who valued public confrontation over quiet accomplishment.

Second, when dealing with government, Whitney Young always acknowledged a range of complex, multiple interests in the making of national policy. He didn't oversimplify, and he didn't expect Nirvana. Consequently, he was taken seriously. And, I might add, he never knew the despair of some who for a time had seemed to give way to a euphoric vision of consummated struggle, and then lost their staying-power when they discovered to their disillusion that many people today are behaving very much as they did yesterday. The Urban League now has a new Executive Director, Mr. Vernon Jordan. The President and I have met with Mr. Jordan and conveyed our warm, good wishes for the continued success of the League under his direction.

I am not here to tell you how much we in

this Administration have done, nor to present advertisements for ourselves. There is a kind of reflex that government spokesmen sometimes yield to, of approaching their audience narrowly and saying, in effect, "this is what we've done for you." It is not my purpose to give that kind of speech, for I find it both condescending and inconsistent with this Administration's philosophy of letting our performance speak for itself. I am here to talk about the functions of government in a troublesome time.

We in the national Administration must somehow chart an orderly path through an ambivalent, disorderly time. Our duty in these times is to provide leadership and purpose in the face of manifest complexity. We must acknowledge at the outset the disenchantment which people feel towards government—not, I might add, just towards the American government, for the same skepticism is felt by people throughout the world towards governments which have disappointed lofty hopes, failed to provide a sense of security, and let things get out of control. There was a time when throughout the western world there was, if anything, too much faith in government, based upon a conviction that government would smite the interests, curb selfishness and care for basic needs at no cost. Now we are perhaps reaping the whirlwind for daring to expect so much. Excessive belief in government, as Peter Drucker has pointed out, can be a romantic escape, a kind of irresponsibility.

Well, how can we best proceed from here—what are the tasks of leadership today?

The first task of leadership is to light the way. We need a combination of vision, realism, and determination not only at the top, where we have it, not only in the Urban League, where we have it, but all through the many centers of power and influence that characterize the United States.

A second task of leadership is to recognize at home, as we have in the Nixon Doctrine abroad, that our centralized government is not super-competent and that we must be selective and restrained about where we direct the energies of national government. The experience of the 1960's has taught us, for example, that there are things the Federal government can do for the cities and there are things that cities, when provided with flexible funds, can best do for themselves. When the din of crisis and the rhetoric of disaster are heard, the Federal Government is too often inclined to respond with a new bureaucracy. No sooner is a new problem discovered than a new national program is created to deal with it.

This impulse led to a tenfold increase in Federal grant programs from a total of 44 in 1960 to nearly 500 by 1970. National government should resist the temptation to devise new bureaucracies, new regulations, and more Federal controls, where money will do. This is the philosophy behind welfare reform, revenue-sharing, and contracts with an outstanding and sometimes critical organization like the Urban League.

A third task of leadership is to cut the rhetorical overkill. Of course, national affairs can become partisan and occasionally acrimonious, and it is sometimes difficult for officials—and not just Government officials—to avoid claiming too much for their efforts and proposals for making too much of their criticisms. But we in the Administration are making the attempt to keep our promises in line with the possibilities at hand and to build credibility by delivering the goods.

A fourth task of leadership is to comprehend the many interests which are affected by national policy and let all know that they are heard, considered, and, if possible, accommodated. No group interested in participating in our national life will be frozen out.

We sometimes hear it said that changes come about very slowly in the United States. Yet, who could have predicted ten or even five years ago that an American President would propose a system of income supplements designed through incentives as well as requirements to move people off welfare rolls and onto payrolls? Now, we are very close to enacting such legislation. Who could have imagined less than a decade ago, when Medicare was a burning controversy, that a consensus to complete a system of health insurance on a national scale would emerge, making it very likely to come about within the near future? Who, looking back upon an unhappy legacy of bitterness, resistance and even violence would have predicted that in the 1970–71 school year more than 4 million Southern children would make the transition from dual to unitary educational systems—largely without fanfare and without turmoil?

The American people are more open to change than many are willing to acknowledge. But they are unwilling to be ignored by their government in devising the changes *they* will have to live with. Mechanisms of change must acknowledge the pluralism of the American process, and must build in means of participation, consultation and conflict resolution. The new leadership recognizes that many people will cooperate in change if they are not angered or threatened, if they are honestly informed of objectives, and if they are assured about their own status and well-being.

In a climate of pessimism and negotiation we must concentrate on instruments of affirmation. There was a time when the language of guilt and anger was perhaps appropriate in creating the moral and emotional climate necessary to pass long overdue legislation. A sense of guilt can induce a useful catharsis and a momentarily deep commitment. However, guilt is less effective in instilling the sustained resolution necessary day in and day out to making equality an accepted fact of American life. This Administration is motivated to act forcefully in the field of civil rights not out of a feeling of guilt but from a sense of responsibility, a steady-as-you go commitment to civil rights as an enduring priority of national concern.

The Nation is committed by its laws and conscience to eliminating racial discrimination and overcoming its effects. The President fully shares this commitment. In the words of his inaugural address: "No man can be free while his neighbor is not. To go forward at all is to go forward together. This means black and white together, as one nation, not two."

We further believe that in this area, as in others, lasting success depends upon adherence to the principles of leadership I have mentioned: setting the goals, making sure the Federal programs already in place work effectively, avoiding inflammatory rhetoric, and involving all affected people in the process of building a better life.

Thus, in acting to assure equitable employment of minorities in federally financed construction, the Labor Department prefers voluntary "hometown plans," which give all parties a stake in success, to federally imposed plans of the type originally used in Philadelphia. But there must be a willingness, if the hometown solution doesn't work, to develop and implement a federal plan, as we have done in Washington, Atlanta, St. Louis, and San Francisco.

In working with the large-scale transition from dual to unitary school systems in the South last fall, the Administration encouraged local participation by establishing biracial, broadly representative State Advisory Committees in seven of the affected states. The Committees will be active again this fall and, I am sure, will continue to be helpful to all concerned—white and black, parents and teachers, but most especially students. For, as the President has emphasized many times, the students are the ones who count, the name of the game is a first-class education available to everyone.

In the area of social services, we have entered into a partnership with the Urban League involving commitments for contracts that will draw on the special talents of the men and women of the Urban League in opening up new opportunities throughout America. Your independent judgment and your impartial, constructive criticism can serve the national interest not necessarily by approving of all we do, but by objectively evaluating our performance.

We believe that for the most part we have the civil rights legislation we require. The need is not for new programs or prohibitions but for the will and the managerial strength to make the ones we have work. Where new legislation is required, the President has not hesitated to propose it, as in the case of his request for $1.5 billion to lend a helping hand to communities engaged in school desegregation, not just in the South, where progress has been remarkable, but in the North as well.

The leadership which I have described recognizes that we will not reach our national goals overnight. To do that is not within the power of government. In part because it turns away from the rhetoric of unattainable objectives, our approach seems unexciting. A posture of restraint, responsibility and quiet application to the national business is difficult to maintain in a climate charged with passion. But the President believes, as I do, that it is the only approach that will enable us to move firmly and steadily forward together.

We fully understand the scope of the challenge and the responsibilities imposed by it. We are going to carry out those responsibilities—not by exhortation, not by public relations, not by wishful thinking, but by consistent policies toward a lasting peace, toward economic growth with stability, and by a steady determination that equal opportunity be given genuine meaning in this nation.

Those of you familiar with sailing know what a telltale is—a strip of cloth tied to a mast to show which way the wind is blowing.

A captain has the choice of steering his ship by the telltale, following the prevailing winds, or to steer by the compass.

In a democracy, we must keep our eye on the telltale, but we must set our course by the compass.

In gaining new horizons of opportunity for all Americans, working closely with the people who know best how to make genuine progress, we will hear and heed the voice that says, "steady as you go."

## OPPOSITION TO THE ADMINISTRATION'S TWO-CHINA POLICY

Mr. KENNEDY. Mr. President, I am deeply disappointed by the administration's decision today to pursue a "Two China" policy with respect to the representation of the People's Republic of China in the United Nations.

This is yet another instance of "too little, too late" in our China policy. Again, we failed to recognize the reality of China in the modern world.

The government of Chiang Kai-shek on Taiwan does not represent China. Since 1949, the People's Republic of China has controlled the overwhelming bulk of China's people and territory. It is the only legitimate government of China, and it should be the exclusive representative of China in the United Nations. Surely, the United States cannot expect the People's Republic of China to enter the United Nations and sit side by side

with representatives of the government that was overthrown in the Chinese revolution a generation ago.

Now we claim to welcome Peking into the United Nations, but only on terms that are incompatible with its own obvious existence as the Government of China. I do not regard that as a genuine welcome. Neither will Peking, nor the very large number of states that have come to realize that the government that controls the world's largest population and its third largest land mass must be represented in the United Nations if that organization is to play a meaningful role on all the vast problems confronting the world community, especially in the area of nuclear arms control. Tragically, by what ever formula of dual representation today's policy is labelled—whether "Two Chinas" or "One China-One Taiwan"—it will be seen as yet another tactic designed by the United States to keep Peking out of the United Nations.

The administration's tactic of seeking to resist the departure of Taiwan from the United Nations by declaring it an "important question" will probably not prevail—at least for long. If it should prevail, it will succeed in keeping the real government of China from entering the United Nations. If the tactic fails, then Peking will take its rightful place in the U.N. against the will of the United States. We will have suffered a defeat, with all the risks that such a defeat would represent for the attitude of the American public toward the United Nations and the People's Republic of China.

In either event, the administration's decision will surely jeopardize our evolving relations with Peking, relations that the administration has been striving to improve. If this is the kind of decision we make on the relatively straightforward question of China's representation in the U.N., how can we expect a realistic solution to the much more difficult questions of normalizing our own diplomatic relations with Peking?

For more than two decades, the United States has rigidly pursued a one-China policy, but always it was the wrong China. Now, at last, when we are within reach of our goal of embracing a one-China policy that has the right China, we cannot allow ourselves to be lured astray by the illusory appeal of a two-China policy.

## REPORT ON WORLD REFUGEE PROBLEMS

Mr. KENNEDY. Mr. President, the U.S. Committee for Refugees—USCR—recently issued its annual report on world refugee problems. As in past years, the report contains a census of the homeless throughout the world, which dramatically underscores a simple fact—that the troubles of our time are taking a growing toll in the flight of people from conflict and oppression. All over the world people are on the move.

The report goes on to describe the particular problems facing refugees in different areas around the world, the many governmental and private efforts being made to solve them, and the continuing need for even greater efforts in behalf of our suffering fellow man. It also calls special attention to those national and international voluntary agencies which are devoting a major portion of their efforts to assisting these refugees.

In issuing its annual report, the USCR performs an important public service. I want to commend the organization—and its executive vice president, Dr. R. Norris Wilson—for their continuing efforts in a significant area of international concern.

I think the current report of the USCR will be of interest to Senators. I ask unanimous consent that it be printed in the RECORD.

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

WORLD REFUGE REPORT

A WORLD IN CONFLICT

Since 1945, the year when the United Nations was organized, there have been seventy-five wars. To most of us, violence and enmity have become so large a part of our daily life that we are almost unaware of it. Most of us have now forgotten most of the wars in this awful catalogue, but their victims have not forgotten.

Not counting the dead and wounded, not counting the uncountable casualties of the fighting itself, we know that there remain today 17,587,406 refugees who are, in very large part, the casualties of a world in conflict. Of course, many millions of refugees have been resettled and are no longer refugees, but from the wars' awful toll others have been forced to take their places in this grim roster of human suffering. In the last seven years since 1964, the total refugee population of the world has grown from 7,910,309 to 17,587,405.

If, because violence has become a part of our daily environment, we have forgotten most of the wars of the last twenty-five years, we now recall, even more painfully, that most of us have forgotten their victims. We believe that there is a relationship between our warring and the number of refugees in the world.

In any event, the shocking number of refugees on every continent is tragic evidence of man's inability to manage himself, his religion, his politics and his hungers with due concern for his fellow man.

THE U.S. COMMITTEE FOR REFUGEES

1. Provides through its World Refugee Report, current comprehensive and authoritative data on refugee situations throughout the world;

2. Maintains a referral service for refugees, former refugees, relatives or refugees, and citizens interested or involved in individual refugee situations;

3. Acts as an information, liaison and service agency for the more than 70 American Voluntary organizations engaged in Refugee Assistance Programs;

4. Seeks financial support for the Refugee service activities of The United Nations and the work of American non-governmental agencies;

5. Assists the United Nations refugee agencies by providing them publicity assistance in the United States;

6. Serves as an information center for the mass media;

7. Furnishes individual students, colleges, universities, and secondary schools with educational materials on the world refugee problem;

8. Makes financial grants to operating agencies according to the availability of its funds for special emergency projects proposed by the agencies.

1970 WORLD REFUGEE POPULATION

17,587,405 HOMELESS—VICTIMS OF WAR, INTOLERANCE AND SOCIAL UNREST

| Country of asylum | Country of exile | 1969 | 1970 | Source |
|---|---|---|---|---|
| East Asia: | | | | |
| Australia | Eastern Europe | 44,000 | [1] 46,000 | USCR. |
| Do | Czechoslovakia | 992 | 1,200 | USCR. |
| China | Russia | [2] 10,000 | 1,000 | ORM. |
| Hong Kong | China | 2,035,000 | 2,000,000 | ORM. |
| Do | Eastern Europe | | 1,000 | ORM. |
| Macau | China | 73,000 | 65,000 | ORM. |
| New Zealand | Eastern Europe | 3,000 | 3,000 | [4] UNHCR. |
| Territory of Papua and New Guinea | West Irian | [3] 6,000 | | |
| Southeast Asia: | | | | |
| Bhutan | Tibet | 6,000 | 6,000 | Office of Tibet, United States. |
| Cambodia | Nationals | | [5] 500,000 | Senate subcommittee. |
| Do | South Vietnam detainees | 20,000 | 200,000 | Do. |
| India | East Pakistan | 2,000,000 | [6] 4,450,749 | USCR. |
| Do | West Pakistan | [6] 1,000,000 | | USCR. |
| Do | Tibet | 55,000 | 56,000 | Office of Tibet, United States. |
| Indonesia (West Borneo) | China | 60,000 | 40,000 | USCR. |
| Do | Nationals | 40,000 | [5] 40,000 | USCR. |
| Laos | do | 260,000 | [5] 300,000 | Senate subcommittee. |
| Nepal | Tibet | 8,000 | 8,000 | Office of Tibet, United States. |
| Pakistan | India | 260,000 | 260,000 | ORM. |
| Sikkim | Tibet | 5,000 | 5,000 | Office of Tibet, United States. |
| South Vietnam | Nationals | 1,197,143 | [7] 3,500,000 | Senate subcommittee. |
| Do | Cambodia (repatriates) | | 200,000 | Do. |
| Thailand | Burma | 30,000 | 30,000 | USCR. |
| Do | China | 7,300 | 7,300 | ORM. |

Footnotes at end of table.

1970 WORLD REFUGEE POPULATION—Continued

17,587,405 HOMELESS—VICTIMS OF WAR, INTOLERANCE AND SOCIAL UNREST—Continued

| Country of asylum | Country of exile | 1969 | 1970 | Source |
|---|---|---|---|---|
| Southeast Asia—Continued | | | | |
| Thailand | North Vietnam | [1] 0,000 | 40,000 | ORM. |
| Various counties in Asia | Europe | 2,000 | 2,000 | USCR. |
| Total, Asia | | 7,162,435 | 11,762,249 | |
| Middle East: | | | | |
| Dubai | Zanzibar | 200 | 256 | UNHCR [4]/USCR. |
| Gaza Strip | Palestine | 307,714 | 311,814 | UNRAW. |
| Israel | Poland | [5] 2,000 | | |
| Do | Various countries | [5] 52,000 | | |
| Jordan (west bank) | Palestine | 271,796 | 272,691 | UNRWA. |
| Do | do | 489,762 | 506,038 | UNRWA. |
| Lebanon | Armenians | [6] 253 | | |
| Do | Palestine | 171,517 | 175,958 | UNRWA. |
| Do | Middle East and Europe | | 5,200 | UNHCR.[4] |
| Syrian Arab Republic | Circassians (U.S.S.R.) | 8,000 | 8,000 | USCR. |
| Do | Palestine | 154,285 | 158,717 | UNRWA. |
| Turkey | Eastern Europe | 10,000 | 10,000 | USCR. |
| Various Middle East countries | Europe | 10,000 | 10,000 | USCR. |
| Do | Various Middle East countries | 350,000 | 350,000 | USCR. |
| Total, Middle East | | 1,819,527 | 1,800,674 | |
| North Africa: | | | | |
| Morocco | | 3,000 | 3,290 | UN mission, Morocco. |
| United Arab Republic | Palestine | 45,000 | 3,000 | UNRWA. |
| Do | Middle East and Europe | 500 | 4,800 | UNHCR.[4] |
| Do | Various South African countries | 500 | 500 | USCR. |
| Northeast Africa: | | | | |
| Ethiopia | Mozambique | 11 | [10] 11 | USCR. |
| Do | Somali Republic | 70,000 | 70,000 | UN mission, Ethiopia. |
| Do | Sudan | 20,000 | 20,000 | League of Red Cross Societies. |
| Do | Southern Africa | 30 | [10] 30 | USCR. |
| Somali Republic | Ethiopia (Eritrea) | 189,000 | 189,000 | Conf. Document Addis Ababa 1967 (unconfirmed). |
| Do | French Somaliland | 12,000 | 12,000 | |
| Do | Kenya | 218,000 | 218,000 | |
| Sudan | Congo | 7,500 | 6,500 | ORM. |
| Do | Ethiopia (Eritrea) | 38,000 | 48,000 | ORM. |
| Central and East Africa: | | | | |
| Angola | Congo | 2,000 | 3,000 | ORM. |
| Do | Zambia | 4,500 | 4,500 | ORM. |
| Burundi | Congo | 20,000 | 10,000 | ORM. |
| Do | Rwanda | 72,000 | 36,000 | ORM. |
| Central African Republic | Chad | | 1,500 | ORM. |
| Do | Congo | 5,000 | 5,000 | UNHCR [4]. |
| Do | Sudan | 19,500 | 21,000 | UNHCR [4]. |
| Congo, Democratic Republic of | Angola | 475,000 | 553,000 | WCC. |
| Do | Haiti | 1,500 | 2,000 | USCR. |
| Do | Rwanda | 24,000 | 24,000 | ORM. |
| Do | Sudan | 66,000 | 75,000 | WCC. |
| Do | Zambia | 15,000 | 15,000 | IORD. |
| Kenya | Rwanda | 50 | [10] 50 | USCR. |
| Do | South Africa | 450 | [10] 450 | USCR. |
| Do | Sudan | 200 | [10] 200 | USCR. |
| Do | Uganda | | [11] 5,000 | USCR. |
| Malawi | Mozambique | 15,000 | 15,000 | ORM. |
| Do | South Africa | 30 | [10] 30 | USCR. |
| Rwanda | Burundi | 12,600 | 12,500 | CRS. |
| Tanzania | Congo | 6,000 | 2,000 | ORM. |
| Do | Kenya | 2,500 | | |
| Do | Malawi | 600 | 600 | CRS. |
| Do | Mozambique | 33,000 | 43,500 | ORM. |
| Do | Rhodesia | 20 | [10] 20 | USCR. |
| Do | Rwanda | 14,000 | 13,500 | ORM. |
| Do | Sudan | 600 | [10] 25 | USCR. |
| Uganda | Congo | 34,000 | 34,500 | ORM. |
| Do | Rwanda | 70,500 | 71,000 | UNHCR.[4] |
| Do | Sudan | 71,500 | 71,500 | UNHCR.[4] |
| Zambia | Angola | 8,000 | 10,000 | ORM. |
| Do | Congo | 300 | 500 | ORM. |
| Do | Mozambique | 3,600 | 4,000 | ORM. |
| Do | Other South African countries | 350 | [10] 350 | USCR. |
| Southern Africa: | | | | |
| Botswana | Angola | 4,000 | 4,000 | UNHCR [4]. |
| Do | South Africa; South West Africa; Rhodesia | 200 | 200 | USCR. |
| Lesotho | South Africa | 200 | 400 | UN mission, Lesotho. |
| Swaziland | South Africa; Mozambique | 90 | 92 | UN mission, Swaziland. |
| South Africa | Czechoslovakia | 612 | 612 | USCR. |
| West Africa: | | | | |
| Cameroon | Nigeria | [12] 500 | | |
| Dahomey | Ivory Coast; Senegal; Mali | 12,000 | 12,000 | USCR. |
| Do | Nigeria | [12] 700 | | |
| Equatorial Guinea | do | [12] 40,000 | | |
| Gabon | do | [12] 1,000 | | |
| Ghana | Cameroon | 50 | [10] 50 | USCR. |
| Nigeria | Nationals | [12] 3,500,000 | | |
| Senegal | Portuguese Guinea | 63,000 | 68,000 | ORM. |
| Togo | Nigeria | [12] 20 | | |
| Various African countries | South Africa | 2,500 | 2,500 | ORM. |
| Other refugees in Africa [4] | | | [13] 51,000 | UNHCR [4]. |
| Total, Africa | | 5,206,213 | 1,748,710 | |
| Europe and United Kingdom: | | | | |
| Austria | | 24,000 | 25,000 | UNHCR [4]. |
| Do | Czechoslovakia | 11,834 | 8,000 | USCR. |
| Belgium | Eastern Europe | 47,000 | 47,000 | UNHCR [4]. |
| France | Brazil | | 40 | CIMADE. |
| Do | Eastern Europe/North Africa | 187,000 | 150,000 | USCR. |
| Do | Greece | | 40 | CIMADE. |
| Do | Portugal | | 60 | CIMADE. |
| Do | Spain | 100,000 | [14] 10,000 | SRA. |
| Do | Tunisia | 23,000 | 23,000 | JDC. |

Footnote at end of table.

| Country of asylum | Country of exile | 1969 | 1970 | Source |
|---|---|---|---|---|
| Europe and United Kingdom—Continued | | | | |
| Germany | Czechoslovakia | 4,652 | 4,117 | UN observer, Germany. |
| Do | Eastern Europe | 110,000 | 110,000 | UNHCR.[4] |
| Greece | do | 8,000 | 8,000 | UNHCR.[4] |
| Italy | Czechoslovakia | 1,793 | 1,500 | USCR. |
| Do | Eastern Europe | 13,000 | 13,000 | UNHCR.[4] |
| Do | North Africa | 2,500 | 2,500 | ORM. |
| Netherlands | Eastern Europe | 8,000 | 8,000 | UNHCR.[4] |
| Norway | do | | 6,200 | UN mission, Norway. |
| Spain | Cuba | 23,740 | 15,000 | ICEM. |
| Sweden | Eastern Europe | 17,000 | 17,000 | UNHCR.[4] |
| Switzerland | Czechoslovakia | 10,000 | 12,300 | Swiss Government. |
| Do | Eastern Europe | 20,500 | 20,000 | |
| Do | Tibet | 600 | 700 | |
| U.S.S.R | China | 70,000 | (5) | |
| United Kingdom | Various countries | 161,000 | 161,000 | U.N. mission, United Kingdom. |
| Yugoslavia | Albania | 26,000 | 26,000 | UNHCR [4]. |
| Total, Europe and United Kingdom | | 869,619 | 668,457 | |
| Western Hemisphere: | | | | |
| Argentina | Chile | | 17,000 | USCR. |
| Do | Chile, Bolivia, Paraguay | 1,000,000 | (16) | |
| Bahamas | Haiti | 15,000 | 15,000 | AHC. |
| Canada | Eastern Europe | 10,000 | 15,175 | U.N. mission, Canada. |
| Do | Tibet | | 250 | Office of Tibet, United States. |
| Dominican Republic | Haiti | 5,000 | 300,000 | AHC. |
| El Salvador | Honduras | | 40,326 | U.N. mission, El Salvador. |
| Puerto Rico | Cuba | 14,938 | 7,500 | USCR. |
| Do | Haiti | 5,000 | 5,000 | IRC. |
| United States | Czechoslovakia | 1,800 | 2,000 | USCR. |
| Do | Cuba | 493,300 | [17] 457,494 | USCR. |
| Do | Hong Kong | [18] 918 | | |
| Do | Haiti | 6,000 | 50,000 | USCR. |
| Do | Tibet | 70 | 70 | Office of Tibet, United States of America. |
| Do | Various countries | 550,000 | [19] 550,000 | USCR. |
| Various Latin American countries | Cuba | 48,500 | 37,500 | ORM. |
| Do | Eastern Europe | 110,000 | 110,000 | UNHCR [4]. |
| Total, Western Hemisphere | | 2,260,528 | 1,607,315 | |
| Grand total world refugee population | | 17,318,320 | 17,587,405 | |

[1] Refugees in many countries are not distinguished from other immigrants and are, therefore, not officially known as "refugees."
[2] The figure for 1969 should have been 1,000.
[3] Refugees repatriated.
[4] These figures represent the estimated number of refugees in each country (whether resettled or not) subject to the protection and/or assistance of the Office of the United Nations High Commissioner for Refugees.
[5] Refugees in their homelands who, because they have not crossed an international border, retain citizenship.
[6] Migration from East Pakistan into India from partition in 1947 to the beginning of the fighting March 1971 was 2,450,749. New refugees March 1971 [1] to the present—2,000,000. This estimated total includes all Paikstani refugee movements into India, both East and West.
[7] U.S. State Department-AID asserts that the number of refugees in the official registeries total 500,000. There are, however, at least 3,000,000 refugees not registered who remain in camps or urban slums according to a staff report of the Senate Subcommittee on Refugees and Escapees.
[8] Data from the Israel Information Services does not distinguish between refugees and immigrants.
[9] These refugees are included with the 10,000 in various Middle East countries.
[10] These are, in the main, refugee students from South African states.
[11] It is reported (January 1971) that "in recent months thousands of refugees from Uganda have fled into Kenya." Our figure is a minimal estimate.
[12] The presumption is that with the end of fighting in Nigeria, these refugees have been repatriated and resettled.
[13] Algeria, Cameroon, Dahomey, Gabon, Ghana, Ivory Coast, Liberia, Sierra Leone, Togo, Morocco, and Tunisia.
[14] Most Spanish refugees in France are now fully integrated. There remains, however, a painful residual problem of more than 10,000 persons still needing specific assistance.
[15] No current information available.
[16] See the "Uncounted," p. 9.
[17] The total refugee migration from Cuba to the United States is now nearly 500,000. Most of this group since their admission as refugees have adjusted their status and are now "permanent residents" and are entitled to the privileges of all other permanent residents. The Office of Refugee and Migration Services believes that there are 175,000 whose status has not been adjusted and who are, therefore, still regarded as refugees.
[18] Included in the total of 550,000 from various countries.
[19] Strictly speaking, a refugee remains a refugee until he becomes a citizen in his country of asylum. However, most of the persons included in this total have now become permanent residents—if not citizens—and are fully integrated into their American communities. This note would also apply to the United Kingdom and to most Western European countries.

KEY TO ABBREVIATIONS

AHC—American Haitian Committee.
CIMADE—Comité des Intermouvements aupres des Evacués.
CRS-USCC—Catholic Relief Services, United States Catholic Conference.
ICEM—Intergovernmental Committee for European Migration.
IORD—International Organization for Rural Development.
IRC—International Rescue Committee.
JDC—Joint Distribution Committee.
ORM—Office of Refugee and Migration Affairs, Department of State, U.S. Government.
SRA—Spanish Refugee Aid.
UNHCR—Office of the United Nations High Commissioner for Refugees.
UNRWA—United Nations Relief and Works Agency for Palestine Refugees.
USCR—United States Committee for Refugees.
WCC—World Council of Churches.

AFRICA—1969: 5,206,213—1970: 1,748,710

During the fighting in Nigeria, responsible officials said that there were 3,500,000 persons displaced from their homes and fields—in other words refugees, within Nigeria. It was also true that large numbers of persons fled or were transported to neighboring states where they sought asylum.

Now the fighting is over. Strictly speaking, these people are no longer refugees and the total number of refugees in Africa in the 1971 Report is reduced by this number. We do not assume that all of those displaced by the fighting are now resettled. There continues to be wide-spread need for relief and rehabilitation services. The Nigerian Government, together with church organizations and others within Nigeria and from abroad, are maintaining a wide range program of *emergency* nutritional, and medical as well as *long range* reconstruction.

As to the Sudan, a strong effort on the part of the Sudanese Government to encourage and effect the repatriation of Southern Sudanese to their former homes remains ineffective. The flow of refugees out of the Southern Sudan into Ethiopia, Uganda, Congo and the Central African Republic has radically decreased but continues.

Elsewhere in this Report ("The Uncounted," page 9), we have referred to the new forced exodus of non-Ugandian urban workers from Kenya to Uganda. The deportation of non-nationals from Ghana is also noted.

Southern African student migrants, many of them in the capital cities of East Africa, while their numbers are small, are increasingly demoralized. Strong efforts are being made to meet the needs of these young men and women in such a way as to prevent an increasing flow from Southern Africa.

It is a source of deep satisfaction that the programs of the United Nations High Commissioner for Refugees in rural resettlement continue to provide homes and self-support for many thousands of rural refugees. Detailed information about these programs is available from both the United States Committee for Refugees and the Office of the United Nations High Commissioner for Refugees, United Nations Plaza, New York, N.Y. 10017.

The marked and tragic increase in the number of refugees in Asia is due to the new fighting in Laos and Cambodia. We also have a more accurate appraisal of the war's effect on the entire civil population in South Vietnam. We all now have some solid reasons for hope that peace may come to Indochina, and the disruption of life in the countries of that area may cease.

When the fighting stops, there will be immense need for relief and reconstruction services of all kinds—needs now estimated to involve an expenditure of, perhaps, two billion dollars a year.

Another major factor in the increase of refugee population in Asia is the terrible tragedy in East Pakistan. Within the period under review, a typhoon in the Bay of Bengal took 300,000 lives and left 3,000,000 homeless. Civil war, which began in March 1971, has so far resulted in the flight of more than 2,000,000 into Eastern India.

EUROPE—1969: 869,619—1970: 668,457

During the period under review, we note some increases in the flow of refugees from Eastern Europe to the West, particularly from Hungary.

France, according to our reports, is now receiving refugees from Brazil, Argentina and Greece. Refugees from these countries have also found asylum in other countries of Western Europe. A special problem in France, which has always been hospitable to refugees and now has a total of 150,000,

is the arrival of very young Portugese (16 years of age) who migrate in order to avoid conscription in the Portuguese forces.

A major factor in the reduction of the total number of refugees reported in Europe is our adjustment in the number of Spaniards in France who were refugees from the fighting in 1937. Other adjustments downward reflect the integration and resettlement of refugees during the past year.

MIDDLE EAST—1969: 1,819,527—1970: 1,800,674

The change in numbers of refugees in the Middle East while not marked, does show a continuing increase in the numbers of Palestinian refugees reported by the United Nations Relief & Works Agency. These figures however, do not show the tragic fact that in East Jordan, many refugees have become refugees for the third and fourth time.

The fighting in Jordan, which is the reason for this tragic fact, is a new factor in the Middle East scene. It was a frustrated effort to gain recognition of the fact that the Palestinians are a people whose right to self determination has been ignored.

The refugee problem is a Palestinian problem and the Palestinians are trying to establish the right and propriety of speaking for themselves. The effort was rooted in despair and its effect mostly nullified by the shock tactics employed. Attention was focused on the hijacking and not on the substance of the message. The unheard message was simply that the Palestinians regard themselves as a people with a historic identity, which is neither Jordanian, Egyptian, Syrian or Lebanese, and that their right to speak for themselves and share responsibility and honorably in the determination of their future had been denied them.

Israel continues to receive migrants from many parts of the world. The Israeli Government's yearbook for 1969 and 1970 states that there were, between January and September 1969, 27,021 migrants from all continents. The yearbook does not refer to these persons as refugees. On the other hand, we know that many of them have migrated to Israel as a result of persecution and the loss of civil rights in their former homelands.

We know also that there are a good many persons of Jewish descent, who are in the process of migration to countries other than Israel.

WESTERN HEMISPHERE—1969; 2,260,526—1970: 1,607,315

The total refugee population in the Western Hemisphere in this Report, is the result of our judgment in respect to urban migrants in the Argentine (see "The Uncounted," page 9). It is also affected by new information in regard to the number and location of refugees from Haiti.

The 40,326 refugees reported by the Government of El Salvador are of El Salvadorean ethnic origin. They had lived in Honduras for years, if not generations, and they recently have been driven out of that Country as a result of civil strife.

There are reported to be approximately 15,000 young American men who have been accorded "landed immigrant" status in Canada. We do not list these persons as refugees because we believe the reason for their migration is not recognized in any definition of refugee status of which we are aware.

"THE UNCOUNTED"

The statistical review of refugees in all parts of the world takes no account of several groups of people whose plight and need is as grievous as the plight of the refugees enumerated. The private voluntary agencies in the United States and around the world, as well as governmental and intergovernmental organizations, are engaged in meeting human need arising from whatever cause. In addition to the refugees listed in the report, relief services are extended to the following groups:

*Disaster relief victims*

The current and most useful definition of refugees includes persons who are out of their "usual place of abode" and cannot or will not return thereto. The victim of an earthquake, flood or other natural disaster is, therefore, just as much a refugee as is the person who has fled from his homeland because of military operations or persecution.

Refugees from natural disasters are not included in the statistical tabulation. One reason for this is that their dispossession from their homes is less permanent, and they have not lost their citizenship. Nevertheless, their need for emergency relief services is urgent, and the same agencies concerned with the long range problem of resettling political refugees are deeply involved in meeting the needs of refugees from natural disasters.

In 1970, the Disaster Relief Division of the Agency for International Development (U.S. State Dept.) and the private agencies were involved in fifty-one major disasters—earthquakes, floods, droughts. There were a total of 72,915 persons killed in these disasters and 11,743,000 victims needing emergency relief. The earthquake in Peru alone killed 66,794 and left 3,139,703 homeless or otherwise in need of emergency help. These figures do not include that East Pakistan typhoon which left over 300,000 dead and 3,300,000 victims homeless and in need.

*Returnees*

There is an increasing number of persons who are being deported to the countries of their ethnic origin. Indians who have lived in Burma—some for several generations—or have lived in Ceylon or the countries in East Africa, are being returned to India. Often their properties are confiscated before their deportation and they arrive in great need. The question of their citizenship is not involved, but their relocation and integration is a difficult and painful process in view of their economic hardship.

India, which has probably the most complicated refugee problem in the world, does what it can to be helpful to these returnees, but India is a poor country which has opened its hand and heart to many thousands of refugees from Tibet and East Pakistan in spite of the poverty of its own people. We believe that the number of persons in this return migration for India alone is probably close to one-half million.

In Africa a similar problem exists. It is reported that many thousands have been expelled in recent months from Uganda into Kenya. They are persons who may have lived for generations in Uganda and now come into Kenya as forced repatriates. The Ugandan nation has been very generous and accommodating to many thousands of refugees. The country has ample unsettled land and has welcomed refugees for rural resettlement. For example, there are almost 70,000 Rwandese of the Watusi Tribe, who fled from tribal wars in their own nation some years ago. Uganda has also welcomed Sudanese refugees into rural resettlement projects. They are an agricultural people and have become quickly self-sufficient. But the persons of Kenyan descent now being forced out of Uganda are competitors in the struggle for urban employment. Uganda has a population of 8,000,000 and an urban work force of only 300,000, so that competition for jobs is severe.

Before the anti-foreigner campaign began last fall, Kenyans held approximately ten percent of the available jobs in industry and construction—jobs which are envied by the thousands of unemployed Ugandians.

Our nations in Africa because of economic necessity, or perhaps more important, because of a new feeling of national consciousness, have been expelling non-nationals. Ghana has been making forceful efforts to expel 1,500,000 black foreigners living in that country. According to reports, hundreds of thousands have already been forced to depart to homelands in Nigeria, Dahomey, Ivory Coast and elsewhere. The Government of Ghana justifies this policy by pointing out that one in every four Ghanians is out of work.

Mr. Ray Vicker, staff reporter for the Wall Street Journal, who has surveyed this problem in Africa, has recently described the plight of these deportees in poignant terms. Their need, for the most part, is surely as serious as that of many political refugees.

MIGRANTS

All over the world there is movement of rural population to the cities. They are attracted by the hope of economic improvement and opportunity for a better life. Other reasons for their migration often run very deep. The lure of the city is, perhaps both cause and effect of the breakdown of the family system in many countries. In any event, in Latin America, Africa and Asia the great cities have been flooded by people for whom, in many cases, there was no employment, and the extent of great and terrible poverty and need is a common fact of modern life. No one can reckon the number of millions of persons and the human waste involved in this migration, but these people—men, women and children—have become in many countries a problem of gigantic proportions.

The World Refugee Report last year included one million persons who had moved from Chile, Bolivia and Paraguay to the outskirts of Buenos Aires in Argentina. We called them refugees because they had no proper documents, had moved across international borders and were, and are, needing most of the services normally thought appropriate and necessary for refugees. Because the problem of urban migration is so common all over the world, and because of the impossibility of estimating its size and seriousness, we no longer note it in our statistics, but we stress that the millions of persons involved in this movement are a part of the immense burden of need to which the voluntary agencies and governments are addressing themselves.

WHO IS A REFUGEE?

This survey is, at most, a fragment of the story of over 17,587,405 refugees. They are on every continent and in more than 80 countries. We need to remember that they became refugees one by one. Statistics are a useful if sometimes misleading convenience—and we must not let our statistics blind us. A refugee is a homeless, hopeless and hungry person.

Whether man, woman or child, the refugee is the tragic result of the violent pace and ferment that characterizes our time. Wherever the refugee is—whether Africa, Europe, Asia, Latin America, or in our own country—he, by his rootlessness and need personifies modern man's inability to cope with his personal life, his religion, his ambitions and his hungers, with due concern for his fellow man.

Each refugee group, while it bears some similarities to other groups, is unique. The reasons for their flight differ in each case; the circumstances of their asylum differ in each case; the opportunity for and/or rate of resettlement and integration differ in each case. Moreover, while the human situation for the refugee is always grievous, the political significance of the refugees' predicament varies in importance according to a host of circumstances.

Taking into account the many varied legal, political, economic and religious considerations which bear upon his status as a refugee, we think the most comprehensive and precise definition is that formulated by the Committee on Migration and Refugee Problems of the American Council of Voluntary Agencies for Foreign Service:

"A refugee is a person who—

"(a) on account of persecution or fear of persecution because of race, religion, nation-

ality, or membership of a particular social group or political opinion or belief, or as a result of military operations or natural calamity, is outside of his usual place of abode; and

"(b) cannot return thereto or will not return thereto because of such persecution or fear of persecution or military operations or natural calamity;

"(c) provided, however, that a national who is out of his usual place of abode and has found refuge in the country of which he was technically a national and cannot or will not return to his usual place of abode for fear of persecution, on account of race, religion, nationality, membership of a particular social group or political opinion or belief, or as a result of military operations or natural calamity, shall not be precluded from consideration as a refugee.

"(d) notwithstanding any other provisions of law."

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WHEN PEACE COMES TO INDOCHINA . . . WHO WILL BE OUR PEACEMAKERS?

Our statistical review of refugee problems in the countries of Indochina give ample evidence of the deep seated and far-ranging disruption of civilian life in these countries. No facet of human life is untouched. The whole fabric of society—economic, religious, educational—has been crippled by the awful to-and-fro of the incessant fighting.

Now we judge, in the Spring of 1971, that it is not foolish to hope that the fighting will end. We cannot really assess the meaning of the phrases "winding down," "getting out" and so on, but the avowed purpose of the United States and of its President cannot be gainsaid.

So we foresee the day when the immense task of reconstruction can be begun, and on that day we believe that millions of Americans will raise their prayers of thanksgiving for the end of this venture and the beginning of a new and more peaceful life for the people of Indochina. Because it is our way, we will seek immediately ways in which we can help in the huge and long task of reconstruction.

When that moment arrives, we should remember that all during the war a great and untold story was being written by the representatives of more than thirty American charitable organizations working in Vietnam. Through it all, they did their work "under the gun" so to speak. It is heroic work, unsung.

We should remember these organizations in the day of peace because they will still be there doing our job and representing the humane spirit of the American public.

*We will not have to create new organizations and find new personnel to minister to the needs of the people in Indochina. We already have them and they will, then as now, be seeking our support, our money, for the much larger task which they will then be able to undertake.*

With this in mind, we are publishing a directory of the agencies representing the interest of American private citizens which are now at work in Vietnam. They have been there working for us through the days and years of bloodshed, and they will be there working with and for us, and in our names, in the days of peace.

VIETNAM SERVICE DIRECTORY

Agricultural Cooperative Development International, 1430 K Street, N.W., Washington, D.C. 20005: Program initiated May 1967, *Farm Organization Development.*

AMA Vietnam Medical School Project, American Medical Association, 535 North Dearborn Street, Chicago, Illinois 60610: Program initiated July 1966, *Medical Education.*

AMA Volunteer Physicians for Vietnam, American Medical Association, 535 North Dearborn Street, Chicago, Illinois 60610: Program initiated June 1965, *Medicine and Public Health.*

American Dental Association, 211 E. Chicago Avenue, Chicago, Illinois 60611: Program initiated March 1967, *Dental Education.*

*†American Friends Service Committee, Inc., 160 North 15th Street, Philadelphia, Pa. 19102: Program initiated June 1966, *Child Welfare, Medical Rehabilitation, Social Welfare.*

American National Red Cross, 18th and D Streets, N.W., Washington, D.C. 20006: Program initiated July 1966, *Social Welfare.*

The Asia Foundation, P.O. Box 3223, San Francisco, California 94119: Resident program initiated 1956, *Education, Law, Public Administration, Social Welfare.*

Asian-American Free Labor Institute, Inc., 1775 K Street, N.W., Washington, D.C. 20006: Program initiated February 1968, *Cooperatives, Material Aid & Relief, Vocational Training, Union Leadership.*

*†CARE—Cooperative for American Relief Everywhere, Inc., 660 First Avenue, New York, N.Y. 10016: Program initiated 1954, *Construction, Cooperatives, Credit Unions & Loans, Education, Equipment & Material Aid, Medicine & Public Health, Population & Family Planning.*

*†Catholic Relief Services—U.S. Catholic Conference, Inc., 350 Fifth Avenue, New York, N.Y. 10001: Program initiated 1954 *Communications, Education, Material Aid, Medicine, Social Welfare.*

Children's Medical Relief International Inc., 228 E. 48th Street, New York, N.Y. 10017: Program initiated 1967 *Medicine and Public Health.*

Christian and Missionary Alliance, 260 W. 44th Street, New York, N.Y. 10036: First Mission established in 1911 *Child Welfare, Cooperatives, Education, Material Aid, Medicine and Public Health.*

*Christian Children's Fund, Inc., 203 E. Cary Street, Richmond Virginia 23204: Program initiated 1953 *Social Welfare.*

Committee of Responsibility, Inc., 1621 Connecticut Ave., N.W., Washington, D.C. 20009: Program initiated October 1967 *Child Medical Care.*

*†Community Development Foundation, Inc., Boston Post Road, Norwalk, Conn. 06852: Program initiated November 1966 *Social Welfare.*

Eastern Mennonite Board of Missions and Charities, Oak Lane and Brandt Boulevard, Salunga, Pa. 17538: Program initiated 1957 *Social Welfare.*

*Foster Parents Plan, Inc., 352 Park Avenue South, New York, N.Y. 10010: Program initiated 1957 *Child Welfare/Social Welfare, Medical Aid.*

*International Educational Development, Inc., 924 West End Avenue, New York, N.Y. 10025; Program initiated 1969, *Communications.*

*†International Rescue Committee, Inc., 386 Park Avenue South, New York, N.Y. 10016: Program initiated 1965, *Child Care, Community Development, Food for Peace, Medical Services.*

International Voluntary Services, Inc., 1555 Connecticut Ave. N.W., Washington, D.C. 20038: Program initiated 1957, *Agriculture, Education.*

*†Project Concern, Inc., 440 West B Street, P.O. Box 2468, San Diego, Calif. 92112: Program initiated 1964, *Medicine & Public Health.*

*†Salvation Army, The, 120–130 W. 14th Street, New York, N.Y. 10011: Program initiated 1968, *Education, Material Aid, Medicine & Public Health, Social Welfare.*

*†Save the Children Federation, Inc., Boston Post Road, Norwalk, Conn. 06852: Program initiated July 1966, *Family Welfare-Community Development, Medicine & Public Health.*

*†Seventh-Day Adventist Welfare Service, Inc., 6840 Eastern Avenue, N.W., Washington, D.C. 20012: Program initiated 1955 (Mission established 1937), *Education, Medicine & Public Health, Social Welfare.*

*Summer Institute of Linguistics, Inc., P.O. Box 1960, Santa Ana, California 92702: Program initiated 1957, *Research/Education & Public Health.*

*†Unitarian Universalist Service Committee, Inc., 78 Beacon Street, Boston, Mass. 02108: Program initiated December 1968, *Social Work Education.*

†United Seamen's Service, 17 Battery Place, New York, N.Y. 10004: Program initiated 1966, *Education, Social Welfare.*

United World Mission—United Welfare & Relief Services, P.O. Box 8000, St. Petersburg, Florida 33738: Program initiated 1934, *Child Welfare, Education, Medicine & Public Health.*

Vietnam Assistance Program, Dept. of Health Affairs, U.S.C.C., 1312 Massachusetts Avenue, N.W., Washington, D.C. 20005: Program initiated June 1968, *Medical Services.*

Vietnam Christian Service (Administered by Church World Service), 475 Riverside Drive, New York, N.Y. 10027: Program initiated 1954, *Child & Social Welfare, Community Development, Equipment & Material Aid, Housing, Medicine & Public Health.*

World Rehabilitation Fund, Inc., 400 E. 14th Street, New York, N.Y. 10016: Program initiated 1965, *Medicine & Public Health.*

•†World Relief Commission, Inc., P.O. Box 44, Valley Forge, Pennsylvania 19481; Program initiated 1961, *Education, Material Aid, Public Health, Social Welfare.*

World Vision Relief Organization, Inc., 919 West Huntington Drive, Monrovia, Calif. 91016: Program initiated 1965, *Child Welfare, Education, Medical Aid, Social Welfare.*

A more detailed description of the programs, budget and personnel of these organizations is available by writing to the United States Committee for Refugees or the American Council of Voluntary Agencies for Foreign Service, Inc., 200 Park Avenue South, New York, N.Y. 10003.

GIVING FOR FOREIGN AID

The Advisory Committee on Voluntary Foreign Aid lists 82 voluntary agencies registered to send food, clothing, medical supplies and other products around the world. Of these agencies, 72 reported income estimated at over $557 million in cash and gifts in kind for 1970, about the same as for 1969.

Nearly $467.7 million of this was distributed in approximately 129 countries. Most of this aid—over 56 percent—went to the Near East and South Asia.

Five voluntary agencies receiving the largest contributions of cash and gift in kind during 1970 distributed 71 percent of the supplies and equipment sent overseas: United Israel Appeal, $129 million, up from $107 million; Catholic Relief Services-USCC, $125 million, down from $133 million; CARE, $90 million, down from $107 million; Church World Service, $32 million, down from $37 million; and American Jewish Joint Distribution Committee, $24 million.

EAST PAKISTAN REFUGEES: 3,500,000 PEOPLE IN 335 CAMPS . . . PLUS CHOLERA

As this issue of the World Refugee Report goes to press, revised figures as to the number of East Pakistan refugees in India come to hand. There are now reported to be a total of 3.5 million. The most perilous concentration appears to be in the Tripura area due east of Dacca on the frontier. It is estimated that there are 500,000 there facing serious shortages of food, shelter and medical supplies.

In response to an Indian request to the

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•The agency's program in Vietnam has been registered with the Advisory Committee on Voluntary Foreign Aid.

†Member of the American Council of Voluntary Agencies for Foreign Service, Inc.

United Nations, the American Government has organized an airlift to help move 50,000 persons from this overcrowded area to camps in Assam in the extreme northeast corner of India.

The Government has established 335 refugee camps, and in a coordinated effort United Nations agencies, together with American and other voluntary organizations, are arranging emergency food distribution, housing and medical services. An indication of the staggering size of this problem is the reported continued daily flow into India from Pakistan of 60,000 persons.

India has appealed to the international community for assistance, and it is reported that the United States, Great Britain, Germany and the Netherlands have made initial contributions totaling 7 million dollars. It is estimated that just keeping the current total of refugees alive for three months, disregarding added numbers, may cost nearly 40 million dollars.

The Office of the United Nations High Commissioner for Refugees is the coordinating point for the world-wide appeal made on May 19 by Secretary-General U Thant. Representatives of the High Commissioner's office have returned from a six day survey of West Bengal and Assam where they visited the camps, hospitals, schools and other public places where the refugees are temporarily accommodated.

The Mission reports that food is supplied to those under the direct care of the authorities, either in the form of cooked meals or of dry rations distributed periodically. Others are being temporarily lodged and fed by friends and relatives among the local population, but it is presumed that many of these may soon have to turn to public relief. Foodstuffs have been procured from buffer stocks which will need to be replenished.

However, a most urgent problem is arising in respect of transportation of food and other supplies to remote areas, especially in view of the imminence of the monsoon season. Weather conditions also make it imperative that shelter facilities be provided for all those who have none, and for those who will have to vacate the schools and public buildings where they are accommodated at present.

News reports in early June brought word of further tragedy—Cholera had broken out in epidemic proportions. On June 2, it was reported that more than 1,000 refugees had died in the last six days in the Nadia District of West Bengal state. Reports of further deaths, according to officials, were still coming in.

If you want to help—American voluntary agencies working with refugees in East Pakistan and in India are:

CARE: 660 First Avenue, New York, N.Y. 10016.

Catholic Relief Services, U.S. Catholic Conference, 350 Fifth Avenue, New York, N.Y. 10001.

Church World Service, 475 Riverside Drive, New York, N.Y. 10027.

Lutheran World Relief, Inc., 315 Park Avenue South, New York, N.Y. 10010.

Funds are urgently needed. Contributions to these organizations are tax deductible.

REFUGEE SERVICE AND RELIEF ORGANIZATIONS

77 Agencies are joined in a cooperative effort extending a helping hand around the world.

Agencies working with refugees all have distinctive forms of service. The Voluntary Agencies are at work in 119 countries and on every continent, often in active partnership with Governmental and Intergovernmental bodies. All agencies invite the reader's further inquiry.

*I. Intergovernmental agencies*

Office of the United Nations High Commissioner for Refugees, United Nations Plaza, New York, N.Y. 10017 (212) 754–1234.

United Nations Relief and Works Agency for Palestine Refugees, United Nations Plaza, New York, N.Y. 10017 (212) 754–1234.

Intergovernmental Committee for European Migration, 370 Lexington Avenue, New York, N.Y. 10017 (212) 689–8930.

*II. U.S. Government*

Department of Health, Education and Welfare, Welfare Administration, Washington, D.C. 20201 (202) 963–1110.

Department of State, Office of Refugee and Migration Affairs, Washington, D.C. 20520 (202) 737–5600.

Department of State, Agency for International Development, Voluntary Foreign Aid Service, Washington, D.C. 20503 (202) 737–5600.

*III. Voluntary agencies*

American Baptist Convention, Valley Forge, Pennsylvania 19481; Matthew R. Giuffrida, Refugee Resettlement Officer (215) 768–2000.

American Council for Emigres in the Professions, Inc., 345 East 46th Street, New York, N.Y. 10017, Mrs. Lenore Parker, Executive Director (212) 687–0520.

American Council for Judaism Philanthropic Fund, 386 Park Avenue South, New York, N.Y. 10016, Mrs. Anna Walling Matson, Executive Director (212) 684–1525.

American Council for Nationalities Service, 20 West 40th Street, New York, N.Y. 10018, Harry W. Morgan, Executive Director (212) 279–2715.

American Council of Voluntary Agencies for Foreign Service, Inc., 200 Park Avenue South, New York, N.Y. 10003 (212) 777–8210.

American Federation of Labor and Congress of Industrial Organizations, 815 16th Street, N.W., Washington, D.C. 20006, George Meany, President (202) 628–3870.

American Foundation for Overseas Blind, Inc., 22 West 17th Street, New York, N.Y. 10011, Robert M. Barnett, Executive Director (212) 924–0420.

American Friends of the Middle East, Inc., 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036, Orin D. Parker, Executive Vice President (202) 234–7500.

American Friends Service Committee, 112 South 16th Street, Philadelphia, Pa. 19102, Roger G. Frederickson, Director—Overseas Refugee Program (215) 563–9372.

American Fund for Czechoslovakia Refugees, Inc., 1790 Broadway, New York, N.Y. 10019, Dr. Jan Papenek, President (212) 265-1919.

American Immigration & Citizenship Conference, 509 Madison Avenue, New York, N.Y. 10022, Mrs. Ruth Murphy, Executive Vice President (212) 688–0084.

American Jewish Joint Distribution Committee, 60 East 42d Street, New York, N.Y. 10017, Samuel L. Haber, Executive Vice-Chairman (212) 687–6200.

American Korean Foundation, Inc., 345 East 46th Street, New York, N.Y. 10017, Miss Dorothy L. Irvine, Executive Director (212) 697–1960.

AMA Volunteer Physicians for Vietnam—American Medical Association, 535 North Dearborn Street, Chicago, Illinois 60610, Dr. Charles Moseley, Director (312) 527–1500.

American Middle East Rehabilitation, Inc., 777 United Nations Plaza, New York, N.Y. 10017, Mary Ann Kolidas, Director (212) 661–0178.

American National Red Cross, 17th and D Streets, N.W., Washington, D.C. 20006, Meyer Mathis, Director (202) 737–8300.

American Near East Refugee Aid, Inc., 900 Woodward Building, 733 15th Street, N.W., Washington, D.C. 20005, John P. Richardson, Executive Director (202) 347–2558.

American ORT Federation, 222 Park Avenue South, New York, N.Y. 10003, Paul Bernick, Executive Director (212) 677–4400.

Baptist World Alliance, 1628 16th Street, N.W., Washington, D.C. 20009, Dr. Robert S. Denny, Acting General Secretary (202) 265–5027.

Catholic Relief Services—United States Catholic Conference, 350 Fifth Avenue, New York, N.Y. 10001, Most Rev. Edward E. Swanstrom, Executive Director (212) 594–9300.

Christian Children's Fund, Inc., Richmond, Virginia 23204, Dr. Verent J. Mills, Executive Director (703) 644–4654.

Church World Service, 475 Riverside Drive, New York, N.Y. 10027, James MacCracken, Executive Director (212) 870–2257.

John Schauer, Director, Immigration & Refugee Program (212) 870–2078.

Committee on Resettlement Services, 475 Riverside Drive, Room 1062, New York, N.Y. 10027, Mrs. Margaret G. Shackford, Executive Secretary (212) 870–2104.

Community Development Foundation, 49 Boston Post Road, Norwalk, Conn. 06852, Glenn Leet, Executive Director (203) 847–4524.

Cooperative for American Relief Everywhere, Inc. (CARE), 660 First Avenue, New York, N.Y. 10016, Frank Goffio, Executive Director (212) 686–3110.

Direct Relief Foundation, 27 East Canon Perdido Street, Santa Barbara, Calif. 93101, Dennis G. Karzag, Executive Secretary (805) 966–9149.

The Thomas A. Dooley Foundation, 422 Post Street, San Francisco, Calif. 94102, Verne Chaney, M.D., President (415) 397–0244.

Foreign Service Committee, General Council, Assemblies of God, 1445 Boonville Avenue, Springfield, Mo. 65802, J. Philip Hogan, Executive Director (417) 862–2781.

Foster Parents' Plan, Inc., 352 Park Avenue South, New York, N.Y. 10010, Gloria C. Matthews, Executive Director (212) 685–0700.

Hadassah, 65 East 52nd Street, New York, N.Y. 10022, Miss Hannah L. Goldberg, Executive Director (212) 355–7900.

Heifer Project, Inc., 45 Ashby Road, P.O. Box 278, Upper Darby, Pa. 19084, Dale Barnard, Director of Operations (215) 352–6750.

Industrial Union Dept. AFL–CIO, 815 16th Street NW., Washington, D.C. 20006, Jacob Clayman, Administrative Director (202) 628–3870.

International Rescue Committee, 386 Park Avenue South, New York, N.Y. 10016, Charles Sternberg, Executive Director (212) 679–0010.

International Social Service, American Branch, Inc., 345 East 46th Street, New York, N.Y. 10017, Wells Klein, General Director (212) 687–2747.

International Voluntary Services, Inc., 1555 Connecticut Avenue, N.W., Washington, D.C. 20036, Richard Peters, Executive Director (202) 387–5533.

Iuliu Maniu American Romanian Relief Foundation, Inc., 55 West 42nd Street, New York, N.Y. 10036, Mrs. Veturia Manuila, Executive Secretary (212) 244–8266.

Lutheran Immigration & Refugee Services, 315 Park Avenue South, New York, N.Y. 10010, Donald E. Anderson, Secretary (212) 677–3950.

Lutheran World Relief, Inc., 315 Park Avenue South, New York, N.Y. 10010, Bernard A. Confer, Executive Secretary (212) 677–3950.

Meals for Millions Foundation, 1800 Olympic Boulevard, Santa Monica, Calif. 90406, Neal J. O'Donnell, Acting Executive Director (213) 451–0777.

Mennonite Central Committee, 21 South 12th Street, Akron, Pennsylvania 17501, William T. Snyder, Executive Secretary (717) 859–1151.

Migration and Refugee Services—United States Catholic Conference, 1312 Massachusetts Avenue, N.W., Washington, D.C. 20005, John McCarthy, Director (202) 659–6625.

National Council of Catholic Women, 1312 Massachusetts Avenue, N.W., Washington, D.C. 20005, Margaret Mealey, Executive Director (202) 659–6810.

National Council of Jewish Women, 1 West 47th Street, New York, N.Y. 10019, Mrs. Leonard H. Weiner, National President (212) 246–3175.

Nationalities Service Center of Philadelphia, 1300 Spruce Street, Philadelphia, Pennsylvania 19050, Mrs. Melba Hyde, Executive Director (212) 545–6800.

New York Association for New Americans, Inc., 15 Park Row, New York, N.Y. 10038, Philip Soskis, Executive Director, (212) 964–0800.

Polish American Immigration & Relief Committee, Inc., 17 Irving Place, New York, N.Y. 10003, Hilronim Wyszynski, Executive Director, (212) 254–2240.

Project Concern, Inc., 440 West "B" Street, San Diego, Calif. 92112, James A. Skidmore, Jr., President, (714) 235–6411.

Project Hope, 2233 Wisconsin Avenue, N.W., Washington, D.C. 20007, William B. Walsh, M.D., President and Medical Director, (202) 338–6110.

Refugee Immigration Service, Home Mission Board/SBC, 1350 Spring Street, N.W., Atlanta, Ga. 30309, Dr. L. D. Wood, (404) 873–4041.

Salvation Army, The, 120 West 14th Street, New York, N.Y. 10011, Commissioner Edward Carey, National Commander, (212) 243–8700.

Save the Children Federation, Inc., Boston Post Road, Norwalk, Conn. 06852, Melvin Frarey, Program Director, (203) 847–4524.

Seventh-Day Adventists Welfare Service, Inc., 6840 Eastern Avenue, N.W., Takoma Park, Washington, D.C. 20012, Rev. Theodore Carcich, President, (202) 723–0800.

Spanish Refugee Aid, Inc, 80 East 11th Street, New York, N.Y. 10003, Mrs. Nancy Macdonald, Executive Secretary, (212) 674–7451.

The Office of Tibet, 801 Second Avenue, New York, N.Y. 10017, Phintso Thonden, Permanent Representative of His Holiness, the Dalai Lama, (212) 686–7294.

The Tibet Society, Inc., Goodbody Hall 101, Indiana University, Bloomington, Indiana 47401, Thubten Jigme Norbu, Executive Director (812) 337–4339.

Tolstoy Foundation, Inc. 250 West 57th Street, New York, N.Y. 10019, Miss Alexandra Tolstoy, President, (212) 247–2922.

Unitarian Universalist Service Committee, Inc., 78 Beacon Street, Boston, Massachusetts 02108, Harold J. Bejeck, Executive Director (617) 742–2100.

United Church Board for World Ministries—United Church of Christ, 475 Riverside Drive, New York, N.Y. 10027, Rev. B. Kenneth Anthony, General Secretary, Division of World Services, (212) 870–2704.

United Hias Services, Inc., 200 Park Avenue South, New York, N.Y. 10003, Gaynor I. Jacobson, Executive Vice President, (212) 674–6800.

United Lithuanian Relief Fund of America, Inc., 105 Grand Street, Brooklyn, N.Y. 11211, Rev. Francis Geisciunas, Executive Director, (212) 387–1422.

United Methodist Committee for Overseas Relief, 475 Riverside Drive, New York, N.Y. 10027, Dr. James Thomas, Secretary for Specialized Ministries (212) 749–0700.

United States Committee for Refugees, 20 West 40th Street, New York, N.Y. 10018, R. Norris Wilson, Executive Vice President, (212) 564–3272.

United Ukrainian American Relief Committee, Inc., 5020 Old York Road, Philadelphia, Pa. 19141, Dr. Walter Gallan, President (215) 455–3774.

Volunteers for International Technical Assistance, Inc. (VITA), College Campus, Schenectady, N.Y. 12308, Lloyd J. Hughlett, President (518) 374–3581.

World Ministries Commission, Church of the Brethren General Offices, 1451 Dundee Avenue, Elgin, Ill. 60120, H. Lamar Gibble, Peace & International Affairs Consultant (312) 742–5100.

World Rehabilitation Fund, Inc., The, 400 East 34th Street, New York, N.Y. 10016, Howard A. Rusk, M.D., President (212) 679–3200.

World Relief Commission, Inc.—N.A.E., P.O. Box 44, Valley Forge, Pa. 19481, Everett S. Graffam, Executive Vice President (215) 265–4479.

World University Service, 20 West 40th Street, New York, N.Y. 10018, Leon O. Marion, Executive Secretary (212) 563–1736.

World Vision International, 919 West Huntington, Monrovia, Calif. 91016, Dr. W. Stanley Mooneyham, President (213) 357–1111.

Young Men's Christian Association's International Committee of the United States and Canada, 291 Broadway, New York, N.Y. 10007, James F. Bunting, Executive Director (212) 349–0700.

Young Women's Christian Association, 600 Lexington Avenue, New York, N.Y. 10022, Edith M. Lerrigo, Executive Director (212) 753–4700.

NO ONE WANTS TO BE A REFUGEE

The United States Committee for Refugees issues this annual compilation of information about the numbers and whereabouts of refugees around the world because we feel strongly that this world-wide problem—so easily forgotten—should be kept in view.

We try to be as accurate and comprehensive as we can, but we know that in a very real sense the problem is immeasurable.

It is immeasurable because *only those who suffer it really know it.* So our statistical analysis is mainly symbolic. It has the merit of indicating something of the size and complexity of the world's refugee problems, and *that* we think is important as one symptom of the malaise of our time.

No refugee wants to be a refugee. Every refugee everywhere became a refugee as the end, and perhaps, the unforeseen result of political decisions or indecision. *His* decision to leave his home and seek asylum, with all the pain and courage which that involves for himself and his family—his decision was his response to something that happened, something that was decided outside himself which frightened or repelled him irrevocably. He may be in flight from a fire bombing of his village in Vietnam or Cambodia or Laos or the Sudan, and is running in mortal fear of his very life. His decision may be more measured because of a prolonged harassment of his spirit, as in Eastern Europe or China or Haiti. In either case, he has been violated as a person and has the right to asylum and to any help he can get.

Tragically, he cannot assert this right for himself in any persuasive way. Refugees do not vote, except with their feet. Also tragically, we who try to assert his right for him are painfully aware that we are involved in the decision or indecision which caused his flight. The Indochina refugee and war victim is the most obvious case in point. The Palestinians, the Haitians, the Tibetans, the Hungarians and Sudanese if less obviously, are also victims of decision and indecision in which responsibility—perhaps remote but nonetheless real—belongs to us all.

It is our world—troubled and wounded as it is. God put us here, all of us, to enjoy and to mend and heal it as need be. We don't need to "establish" guilt—it is there, but guilt is not the point.

The point is that beneath the statistics and arguments about cause and effect there are people—children and men and women who eat and breathe and pray and hope like us, and their right to our help in their circumstances can only be denied, if we deny the God who gave us life and embrothered them to us.

What can we do about it? What power have we? Given the size and complexity of such a problem, given the endless shuffling ambiguities of time and distance and purpose what *can* we do?

The first, and perhaps most important consideration, is a negative one. We must *not* be *discouraged or intimidated* by the size of the problem. Many refugee problems have been, and are being solved.

The Office of the United Nations High Commissioner for Refugees observes its 20th Anniversary this year. Since 1951, with increasing effectiveness and international support, this office has offered protection to, and facilitated the resettlement of many thousands of refugees in Europe, Africa, Asia and Latin America.

Last year, 1970, American religious and non-sectarian agencies were at work in nearly one hundred countries in co-operation with government and intergovernmental groups, meeting the needs of refugees and others.

Their programs involved contributions in cash and kind of over half a billion dollars, and the devoted face-to-face and hand-to-hand service of many thousands of workers. It is a great story of generous, loving, if unspectacular, service to people in need.

We are all a part of that story and gratefully so, because we have learned that we can help—that we *do help*—with our sympathy, our prayers and our contributions. We need only be reminded that it is a continuing story—and that we must continue to share in it as faithfully and generously as we can.

## QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

## RECESS

Mr. BYRD of West Virginia. Mr. President, I move that the Senate stand in recess, subject to the call of the Chair, with the understanding that the recess not extend beyond 11:15 a.m. today.

The motion was agreed to; and at 11:33 a.m. the Senate took a recess subject to the call of the Chair.

The Senate reassembled at 11:53 a.m. when called to order by the Presiding Officer (Mr. GAMBRELL).

## THE STATE OF THE ECONOMY

Mr. MANSFIELD. Mr. President, as the distinguished minority leader announced a few moments ago, it appears that a tentative agreement—if not a final agreement—has been reached in the railroad strike.

As we all know, an agreement was reached late last evening or early this morning which precluded the possibility of a strike.

I noted on the ticker, however, that one of the results—the immediate results—of the steel settlement is the announcement by the steel companies that there will be an 8-percent increase in steel prices.

It appears to me that what we are doing is, in effect, pricing ourselves out of not only the world's markets but also the domestic markets. We know that shipments have been made into this country of high-type grade steel products, at a reasonable price, from Japan, West Germany, South Africa, and perhaps other nations. I mention that only

to indicate that the inflationary situation is not getting any better but is, in effect getting worse.

It appears to me, based on the figures of the last 2 months, that we are in what is approximately a 6-percent inflation period. The dollar is going down in value in Western Europe. I think what has been happening in Vietnam, likewise, has been responsible for the decline in the value of the dollar.

The present unemployment figure is around 6 percent, and I would hazard the guess that the total unemployment figure quantitatively is in the vicinity of 5 million, if we include the returning servicemen and the students who graduated from high school and college this summer and did not find jobs available.

For the past fiscal year, we are faced with a $23.2 billion deficit, the second highest in history, the highest having been under the previous Democratic administration, which I believe amounted to between $26 billion and $28 billion. No one can laugh off this $23.2 billion deficit by referring it to as a "full employment surplus" of $2.5 billion. The figures just do not add up.

Furthermore, we have been informed by Secretary of Commerce Stans that we will have a trade deficit for this year, unless conditions change for the better, for the first time since 1893.

It has been bandied about that 4 percent is the figure at which "full employment" is technically possible, but I would disagree with that statement and hope that this Government will as such be content with unemployment of anyone seeking work. The stock market is going down. Steel imports are increasing. Hog prices are down 25 percent. Parity is below 70 percent. Interest rates are up. The increase in social security payments, the decrease in the income tax by the end of the tax surcharge, and the wage increases obtained through collective bargaining have not kept up with the inflationary process. The faster we run the further we fall behind.

Particularly tragic are the citizens of this Nation who live on fixed incomes, fixed salaries, and fixed annuities. We make an effort to increase social security payments, but there are many who live on fixed income other than social security that keep falling behind.

What about the strikes, not those which have just been averted or settled, but those which are still in existence? What are we to do? I am afraid it is too late for jawboning—2½ years too late. Letting the participants work it out neglects the largest interest—the public interest—in these negotiations. The Federal Government has an essential responsibility to assure a settlement fair to the parties and the consumer.

So I would suggest once again, most respectfully, that the President call in the chairmen and the ranking Republican members of the Labor Committees of both Houses and of the Banking and Currency Committees of both Houses and formulate an incomes policy; that he give consideration to the proposal made by Arthur Burns, the chairman of the Federal Reserve Board, to create a wage-price review board and to institute a temporary wage-price freeze, on the basis of the congressional authority granted to the President not once but twice, and granted to him unanimously.

The times call for drastic action. Otherwise, the economic situation will get further out of control.

Mr. SCOTT. Mr. President, I am not going to discuss the economy generally. There will be time for that. A UPI dispatch says that I will have some statements to make later, but that is not in itself correct. I have no plans for any formal speech on the economy.

I rise only to make several points. One is, whether it be temporary or not, the stock market is, today, going up, and we hope it will continue to go up, rather than go down.

We also hope that unemployment will decrease, and that this raging monster of inflation will be brought under control. That is what the President is trying hard to do. However, if we are going to keep unemployment down, we should not add to unemployment. In my judgment, a vote against the loan guarantee program for Lockheed will do just this. It will not cost the Federal Government 1 cent. The Federal Government simply lays its credit alongside the credit of the banks and the company, thereby enabling Lockheed to continue to employ people.

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## EMERGENCY LOAN GUARANTEE ACT

The PRESIDING OFFICER (Mr. GAMBRELL). The hour of 12 o'clock having arrived, and under the previous order, the Chair now lays before the Senate Calendar No. 330, H.R. 8432, an act to authorize emergency loan guarantees to major business enterprises, which the clerk will report.

The second assistant legislative clerk read as follows:

H.R. 8432, an act to authorize emergency loan guarantees to major business enterprises.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. On this bill time is limited to 2 hours, to be equally divided between the distinguished Senator from Texas (Mr. TOWER) and the distinguished Senator from Wisconsin (Mr. PROXMIRE).

Mr. TOWER. Mr. President, I yield 5 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 5 minutes.

Mr. SCOTT. I thank the Senator from Texas very much for yielding me this time.

Mr. President, I believe that those who want the unemployment rate to come down will want to vote for the Lockheed loan guarantee so that we can prevent additional and severe unemployment.

I think that the true tragedy in the so-called Lockheed case is the threatened loss of 60,000 jobs.

Now I refer to a statement by Bill McGruder, director of the SST development of the Department of Transportation. He stated this morning that—

> The unemployment caused by the termination of the SST program is worse than was anticipated. All of the people whom we thought would be unemployed are unemployed. In addition, Boeing was forced to fire an additional 2,000 people in order to keep its overhead competitive with the rest of the industry and GE not only had to lay off additional people but also had to raise the prices on some of its military projects. In Boeing's case, unemployment occurred within three days and in GE's case within two weeks.
>
> The figures used for the unemployment derived from the termination of the TriStar are not only defensive but are quite conservative based on our prior experience with unemployment in the aerospace industry.

The true tragedy in the Lockheed case is the loss of 60,000 jobs.

This is unnecessary unemployment. All of these people can be gainfully employed if the Tri-Star program remains healthy. Most importantly the families dependent upon such a program—over 200,000 persons—will not be thrown into economic despair, but may continue in their normal style of life.

It is also significant that these jobs are not mere labor hours but are a real and significant contribution to our economy. They are not marginal jobs barely able to pay their own way, but rather these jobs will convert otherwise worthless material into a useful product—in fact, a product which in terms of our international balance of trade is one of our most significant products.

Of course, unemployment of any variety should be discouraged; but unnecessary unemployment due to the neglect of the Senate is unjustifiable.

A few people would suggest that there is no market for this airbus and thus that these jobs serve no useful purpose. They contend that society and economics dictate that these vast resources be allocated elsewhere. I do not support this view. I think that a worthwhile market exists and that these people's labor has not been in vain.

However, I do recognize that perhaps someday, maybe even after the Tri-Star, the talents of the aerospace industry may need to be deployed elsewhere. But this should not be done under panic conditions, but rather it should be accomplished in an orderly and systematic manner. A reallocation of effort of this magnitude, if it is to be in the best interest of the Nation and the economy, requires well-researched and well-thought-out decisions. These decisions should be made from a position of strength—from an ongoing concern, not from a position of weakness or bankruptcy.

If these jobs are saved, if an avoidable bankruptcy is staved off, and if these otherwise huge capital losses, useless losses, are avoided, then a reallocation of jobs and capital can be accomplished in an organized manner.

I do not believe that such realinement is demanded at this time. The resources already invested, both human hours and money, can be productively employed in the airbus market. To allow such a re-

structuring, a needless restructuring, through planned neglect is not defensible.

If given the choice between, first, unnecessarily paying unemployment compensation, and, second, granting a loan guarantee, I choose the guarantee.

If given the choice between, first, a panic-struck industry desperately searching for ways to utilize its talents, and, second, an industry systematically moving into new areas from a position of strength, I choose the orderly process.

If given the choice between, first, idly accepting the inadequacies of the capital markets where large amounts of risk capital are required, and, second, facilitating the capital markets in extending worthwhile credit, I choose the latter.

Unnecessary bankruptcy serves no useful purpose to our society or to economy.

This is our choice today—it is left up to us.

Do nothing and witness an untimely and unnecessary bankruptcy.

Assist a fundamentally sound company, its employees, and its suppliers regain their strength and continue to be productive members of our economy and our society.

This is our choice—I choose to vote for the positive approach. I shall vote yes.

In concluding, Mr. President, let me say that the executive department has succeeded, through its interposition, to play a great part in helping avoid the steel strike and, immediately thereafter and within 24 hours, in helping to avoid the rail strike, either of which would have had an impact on the economy and would have been doubly so in the case of both. It would have caused increased unemployment.

The executive department has been responsible. It is time now for the legislative department also to be responsible, and avoid the adverse effect on the economy, by action of the Executive, in refusing to take a position which, I repeat, will not cause the Federal Government any expenditure of money, but is merely laying alongside the credit of the company and the banks the credit of the Federal Government, so that employment can continue and additional unemployment will be avoided.

I would suggest that the legislative branch would do well to follow the lead of the executive branch in this regard this week where so much of importance to the economy has been affected and where so much more will be affected by action on the bill.

Mr. YOUNG. Mr. President, will the Senator from Pennsylvania yield?

Mr. SCOTT. I yield.

Mr. YOUNG. I should like to support further the position the distinguished Senator from Pennsylvania has taken.

There is something far more important that I have not even heard mentioned, that 80 percent of Lockheed's business is in defense. It has many contracts, such as the Poseidon missile, which we have to have. If the company went into receivership, this and other contracts could be subject to renegotiation again, which could cost the Department of Defense much more money if the company goes broke and into the hands of a receiver. This is only one of many defense contracts that Lockheed has which could be subject to renegotiation and far more costly in the future. The C–5A airplane would be another example should we need more of these planes.

Mr. TAFT. Mr. President, will the Senator from Wisconsin yield me time to correct the impression that——

Mr. PROXMIRE. I yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 minutes.

Mr. TAFT. Mr. President, I think it is very important to correct the impression that has been given with regard to the negotiation, so far as Lockheed is concerned.

As I put in the RECORD the other day, with regard to the possible bankruptcy of Lockheed, it is not true that there is any right on the part of the trustee in bankruptcy to recommend, or the court to approve in bankruptcy, the renegotiation of a defense contract which is in existence. Beyond that, I would say that some of the difficulties which have arisen within the administration itself results from the impression that was given to that effect, an impression that somehow our Defense Establishment could not stand a reorganization in bankruptcy of the Lockheed Corp.

The reason there is some resentment by the Secretary of Defense and the Deputy Secretary of Defense is, very correctly, that part of their duty is to be able to take care of that contingency. I feel sure that any Deputy Secretary of Defense of the United States would recognize that factor and have contingency plans to go ahead and deal with the matter with or without renegotiating the contract.

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from South Dakota.

Mr. YOUNG. Mr. President, if Lockheed were to go broke, a receiver would be appointed to take care of the interest of the stockholders. If the receiver thought they were losing money on the Poseidon missile, I certainly think that the Department of Defense might well have to negotiate a new contract for this very important weapon and at far greater cost to the Government.

These are only two examples. Certainly, whoever handles it for the stockholders, he would be under the obligation to salvage as much as he could out of the assets of the corporation.

Mr. TAFT. Mr. President, I understand that $39 million was spent last year on the Poseidon missile. I wonder if the Senator heard what I said about business, about there being no right, absolutely no right, on the part of the trustee in bankruptcy to void a contract.

Mr. YOUNG. If the receiver for the Lockheed Corp. could prove they were losing money on any defense contract he might well refuse to continue production unless a price increase were granted. I know something about these contracts as ranking minority member for defense appropriations.

Mr. TAFT. Mr. President, if it is a solvent subsidiary, I am sure that is the case.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I yield 7 minutes to the Senator from Oklahoma (Mr. BELLMON).

The PRESIDING OFFICER (Mr. WEICKER). The Senator from Oklahoma is recognized for 7 minutes.

Mr. BELLMON. Mr. President, I rise to express my opposition to H.R. 8432, a bill to authorize a $250 million emergency loan guarantee for the Lockheed Corp. I take this position only after long and careful consideration.

The industrial progress of this Nation has occurred largely because of the discipline of the marketplace. This discipline requires companies to produce goods that are in demand, that are competitively priced, desirable in quality, and backed up by necessary service. When the management of a company meets these tests with its products, the investors reap a reward through dividends. When the management of a company fails to meet the requirements, the investors suffer losses and unless corrections are made, the company fails.

Over the years thousands of American businesses have disappeared. The survivors are those whose management and workers are able to compete. According to information furnished by Oklahoma bankruptcy courts, 37 Oklahoma companies have filed for bankruptcy so far this year. In every case the closing of these businesses and the loss of jobs by their employees will have an adverse effect on the economy of the communities in which they are located.

Dun & Bradstreet reports that 4,708 American firms filed bankruptcy proceedings during the first 5 months of 1971. None of these would be helped by the passage of H.R. 8432. Yet the total economic impact of these closings would exceed the effect of the end of the L–1011 project.

If the Congress is to provide a crutch for an industrial giant, how can we be less compassionate toward hundreds of smaller concerns when they run into trouble?

In the American tradition our Government has long provided a helping hand to beginning entrepreneurs through the Small Business Administration, the Farmers Home Administration, the Economic Development Administration, and other agencies. These programs I strongly support. But there is a great difference between helping a new enterprise to get on its feet and propping up a giant which has had every opportunity to grow strong but which is dying because it failed to compete.

During the debate on this measure, two arguments have been emphasized by its proponents: First, that without this loan guarantee, Lockheed will fail and substantial unemployment will result, and second, that it is in the national interest to keep Lockheed in business to promote more competition in the aerospace industry.

Neither of these arguments are valid.

In the first place, the fact is that vi-

able segments of the company will go on under new management and the bulk of the jobs will not be lost. Neither will this Nation's security suffer if the Lockheed corporate structure ceases to exist.

For the aerospace industry as a whole, there will be more jobs in this country without the L–1011 than with it. Fully 42 percent of the components of the L–1011 will be imported. Less than 20 percent of the components of competing wide-bodied trijets are imported.

Studies have shown that, for example, McDonnell Douglas and its suppliers on the DC–10 project will have 20,000 more people working within a year if the L–1011 is not built.

Mr. President, the argument that the country needs Lockheed in the air transport business is fallacious. Over the last 15 years, 97 percent of all transport planes built in this country have been built by Boeing and McDonnell Douglas. These two companies have met our country's air transport needs well and in addition have supplied 26 percent of the Nation's total export sales.

The fact is that a third company in the air transport business would likely have the result of weakening and perhaps destroying the traditional air transport builders.

Mr. President, the real question in my mind is whether the $250 million in the bill would in fact keep Lockheed alive and assure delivery of the L–1011. McDonnell Douglas and its subcontractors have already invested more than $2 billion in the DC–10. The first DC–10's were delivered, fully certified, on Thursday of last week. Early and regular deliveries are anticipated. And yet the company estimates that the infusion of another $650 million of company money will be necessary before the program becomes profitable. In the case of the L–1011, which is months or even years away from deliveries, it is absolutely certain that far more than $250 million would be needed.

Lockheed's policy of refusing to face economic realities in the past is apparently still being followed. If we took action to prop up the company now, it would almost certainly be back within a few months asking for more money.

Proponents of this legislation have stated that there is a precedent for this loan guarantee, but the facts are to the contrary. In 1966, prior to its merger with McDonnell, the Douglas Corp. received a $75 million Government loan. This was a standard V-loan to finance military work for the U.S. Government. It had nothing to do with commercial business. Also security for the loan was actually work in process by the company, and the loan was paid off in less than 4 months.

There is an even bleaker side to this picture than anyone has faced to date. This comes from the fact that because of declining passenger business airlines have reduced near-term orders for wide-bodied trijets 30 to 60 percent from previously planned levels.

Mr. President, the Lockheed story is a classic example of economic malpractice. This company has lost more than $430 million on four military contracts. It is now following the same cutthroat pricing policies in the commercial field.

For the Congress to pledge tax dollars to bail it out and thus weaken Lockheed's legitimate competitors would be an act of bad faith toward the responsible aerospace companies.

Lockheed has not earned the right to survive at the expense of the American taxpayer.

QUORUM CALL

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

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 PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I yield 10 minutes to the Senator from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

SMALL BUSINESS AND THE LOCKHEED LOAN GUARANTEE

Mr. McINTYRE. Mr. President, as we approach final decision in the matter of H.R. 8432, the bill to authorize an emergency loan guarantee of $250 million to the Lockheed Corp. I feel compelled to make some comments on the small business aspects of this emergency loan.

As chairman of the Small Business Subcommittee of the Senate Banking, Housing and Urban Affairs Committee and a member of the Senate Select Committee on Small Business I am naturally concerned about the interests of small business when we are considering action which seems, on the surface, to be so definitely directed at assistance for a giant corporation. I participated fully in the consideration of the loan guarantee in the Banking, Housing and Urban Affairs Committee. I have studied masses of material on this proposal. I have followed the debates on the floor in detail.

I believe, in this case, that small business has much at stake.

High technology companies, such as Lockheed, have a tendency to parcel out far more of their subcontracts and purchases to small businesses than do other kinds of manufacturers. This is because there are literally thousands of small businesses that design and manufacture specialty items that are high in technical content and which are badly needed by the prime contractor. These items can be made better and cheaper by small business than by the giant prime contractor.

For example, on Lockheed's total list of some 35,000 subcontractors and suppliers, on all Lockheed programs, about 70 percent are small businesses.

On the L–1011 program alone, there are 1,012 small businesses which have direct contracts with Lockheed—that is, in the first tier of L–1011 suppliers. These 1,012 small businesses are located in 24 States, and up to June 1 of this year they had received subcontracts valued at $120 million on the L–1011 program.

In the first 4 months of 1971, this first tier of small business subcontractors on the L–1011 received in direct awards from Lockheed 33 percent in dollars of all the awards made by Lockheed in that period. This 4 months 33 percent figure is not typical of all first tier subcontracts, but it is expected that about 33 percent of all L–1011 subcontract dollars eventually will flow through the various tiers to small business firms.

Much larger percentages of small businesses are represented in second, third, and lower tiers of L–1011 suppliers. It is estimated that about 22,000 small businesses are among the second, third, and lower tiers of subcontractors, performing work for the larger first and second tier subcontractors. Their contract awards are estimated to total about $400 million at this time, with more to come when and if normal production is resumed on the L–1011.

In many of these small firms, the L–1011 subcontract is by far the largest part of their business. One listing of second tier small business subcontractors described 14 small companies where 75 percent or more of their total business was attributable to L–1011 contracts. They were located in five different States. Obviously, cancellation of the L–1011 would be disastrous to these 14 firms and to the thousands of men and women who are employed by them.

These particular cases were described in testimony to the Senate Banking Committee.

We cannot be certain as to how representative such cases might be without a massive, case by case survey, and it is obvious that many of the small businesses involved have only a relatively small stake in the L–1011 program, and would only be affected in a relatively minor way.

A quick random sampling of a few first tier L–1011 small business subcontractors was made to determine how big a part of their total business was attributable to L–1011 contracts. There was a small firm in Yakima, Wash., where the percentage was 83.4 percent. One in South Pasadena, Calif., showed only a 3-percent effect. One in Chester, N.J., showed an 11.9 percent of L–1011 business. One in Compton, Calif., only showed eight-tenths of 1 percent effect but another in Culver City, Calif., showed an L–1011 impact of 33 percent of its total business.

But, simple arithmetic would indicate that in the case of the 1,000 plus small businesses which are in the first tier, the average contract with Lockheed at this time is worth about $130,000. A contract with a value of $130,000 is of very substantial importance to many small businesses. But it is when the contracts are in the high hundreds of thousands and millions of dollars that it can be critical to a small businessman, who probably has little capital, but who has substantial overhead costs to meet and has made substantial investments in his plant and his machinery.

Also, it should be remembered that these thousands of small firms are not in the consumer goods market. In all of the small companies we have described, we did not include those which sell to Lockheed and other major companies their office and factory supplies like pencils

and paper—or office equipment, furniture, and the like. They are subcontractors who contribute directly to the production of airplanes.

These thousands of small firms are not able to turn their operations easily and quickly from high technology business to other products. Their machines make excellent aircraft or electronic components, but they are useless for manufacturing shoes or furniture or kitchenware or even automobile parts.

They are fiercely proud, and rightfully so, of their competence in their chosen field of specialty. But it could be deadly if suddenly there is no demand for their product.

This is why I have chosen to speak on this subject. It is not an effort on my part to defend a big corporation, or even its stockholders, who took their gamble when they bought the stock of the big corporation.

Instead, it is to remind all of us that it is not just the big corporation that is at stake here, it also is the severe ripple effect on thousands of small businesses. They are the innocent bystanders in this game, and yet all the evidence we have shows that they are the ones who could suffer the most. It could kill some of them, and others could be damaged severely for years to come.

In fairness, and to give balance to this debate, I believe we must understand this side of the emergency loan guarantee. In my view, these facts regarding the impact of a Lockheed failure on the small business of the Nation coupled with the possible adverse effects on jobs, worker security, and the general economy call for support of this legislation.

Mr. President, I intend to vote for H.R. 8432.

Mr. PROXMIRE. Mr. President, I yield 7 minutes to the Senator from Connecticut.

The PRESIDING OFFICER (Mr. GAMBRELL). The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, almost everything has been said during the past 10 days that could be said on this subject. My comments are directed toward wrapping up my own thoughts on this matter.

First, this little poop sheet that has been placed on the desks of Senators is inaccurate. There is listed on that sheet Hamilton-Standard—which happens to be in my State—$78.7 million. That figure is inaccurate. The figure should be $36.5 million. This is on the basis of both the firm orders and the second round of options, not on some fictitious figure—of what the Lockheed Corp. thinks they can get in the airline market.

Mr. President, whether the figure is $36.5 million or $78.7 million, as listed on this sheet, it would not make any difference to me, even though the corporation is in my State. Because frankly if this legislation goes through, the price to the industries of my State will be far higher than any $36.5 million. They will lose the advantage quality has in a free market. It is not a good bargain.

When I was in Connecticut this past weekend, I had someone indicate to me that I was all wet on the subject of the Lockheed loan; that I did not know what I was talking about. I expected to be assailed on the basis of some principle, some principle on which I had somehow gone astray. But, then, the reason came out. This individual who criticized my stand said:

> I have already written up two of the contracts as between the Lockheed Corp. and several of the airlines that have been involved and, believe you me, the Senator from Connecticut is wrong in the position he takes.

It boils down to exactly what I have been saying over the past several weeks: The only people that I meet or that I hear from that are in favor of this legislation are either in Lockheed, or the airlines, or some subcontractor to Lockheed, or the banks.

That is it. No disinterested person wants anything to do with this legislation.

I did not notice the Lockheed Aircraft Corp. coming to the people of this country and asking for their advice at the time of making the decision that led us to where we are today. The people of the United States were not asked as to what kind of engines to go on the plane. The people of the United States were not asked as to the airframes, and they were not asked as to delivery dates. Nobody asked the people of the United States a single question as to the project when it was being conceived.

And yet today the people of the United States are being told what they must contribute. They are being asked to turn a calculated gamble—and it was known to be such at the time it was taken—which lost into a winning proposition.

The history of Lockheed in defense is spotty. The history of Lockheed in commercial experience is spotty. And the history of the L–1011 is so disastrous as to have it come before the Congress at this time.

I agree that sometimes the Government should break the rules. I do not think we should just go ahead and write a rule and stick to it regardless of the consequences or circumstances. But if we are going to break the rules, I suggest that perhaps it should be done on behalf of those who believe in excellence, and that we do not break them for the inefficient, for the devious, for the undercutter. If we do not make people in this Nation live with the consequences of mediocrity, then excellence becomes a forgotten standard. It becomes a forgotten standard here in the United States just as it has become in Great Britain and with Lockheed.

Again I realize there are times when we can make exceptions, except that these times happen to be exceptionally tight insofar as the money we have to allocate to other endeavors.

People who argue for this proposal say, "Well, wouldn't you rather have all the people at Lockheed working and getting paid rather than being on welfare?" May I add that the majority of the people of this country are not either on the welfare rolls or behaving like Lockheed and, quite frankly, I do not think there is any difference between those who are actually slothful and those who are using other means to try to gain through the backdoor. It is one and the same thing. I do not believe in rewards in either instance.

The fact is that at the present time the people of this country are on a treadmill both in the earnings they have to take home and in the quality of life around them.

The PRESIDING OFFICER. The Senator's 7 minutes have expired.

Mr. WEICKER. May I have 2 additional minutes?

Mr. PROXMIRE. Mr. President, I yield 2 additional minutes to the Senator from Connecticut.

Mr. WEICKER. I think that to ask the people to sacrifice and to exercise patience under those circumstances is not fair. The people of this country do not mind paying—perhaps they mind, but at least they have exercised patience in being on the treadmill as far as their earnings are concerned and their quality of life. They do not mind doing it for their country, but they certainly object—and rightfully so—to doing it on behalf of Lockheed.

Since no questions were asked of the American people at the outset as to what they wanted in this area, at least let us let the American people decide what the order to their priorities is going to be. Let us not tell them that Lockheed is high on the list and takes precedence over matters that are so in need of accomplishment around us. At least in difficult times let us emphasize the best of our national traits and principles, not the worst.

And this in effect is what the bill calls for—to go ahead and subsidize mediocrity, to go ahead and reward the inefficient, to go ahead and reward the calculated gamble. If you reward mediocrity—whoever will aspire to the standard of excellence? And this is what has separated the United States of America from the history of Great Britain and from the history of Lockheed.

The PRESIDING OFFICER. The Senator's additional 2 minutes have expired.

Who yields time?

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from New York (Mr. JAVITS).

Mr. JAVITS. Mr. President, I am grateful to the manager of the bill for yielding me this time.

Mr. President, let us remember that this is a guarantee, not an appropriation, and let us remember that the people who are fixing the priorities are the Members of the Congress of the United States, the people's representatives, if they do so.

I am minded now to state, subject to answers to some colloquies I am going to have with the managers of the bill, that I feel that the danger of not doing what we are asked to do is greater than the advisability of doing what we are told by the opponents; that is, to vote against the bill.

I have had some correspondence with the Secretary of Treasury on this matter, and I briefly report it to the Senate.

Mr. President, I ask unanimous consent that my letter to the Secretary and the two letters I have received from him be made a part of my remarks.

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

U.S. SENATE,
*Washington, D.C., July 28, 1971.*

Hon. JOHN CONNALLY,
*Secretary of the Treasury,*
*Department of the Treasury,*
*Washington, D.C.*

DEAR MR. SECRETARY: Thank you very much for responding to my request on the conditions that have already been agreed to with respect to the loan guarantee for the Lockheed Corporation if the Congress decides to act favorably on this matter.

In all except one point, your letter does reassure me that the U.S. Government has taken steps to protect the interest of the American taxpayer and the U.S. Government against the possible default on the loan repayments. This point concerns the management of Lockheed. I think that you will agree with me that the Lockheed management team is a crucial factor which will determine whether the granting of a loan guarantee to Lockheed will indeed insure that a serious blow is not dealt to our domestic economy.

My concern over such a default is precisely that which you mention in your letter of July 28—namely that a Lockheed failure could deal a serious blow to our national interest.

I therefore ask your assurance as to the Lockheed management team or whether—if you are not satisfied—how you are planning to deal with any management problems in connection with the guarantee. And since a three man Board will be involved in the making of such loan guarantee decisions, I also would appreciate your giving me a reading as far as you can of this prospective Board's view of the Lockheed management.

With best wishes,
Sincerely,

JACOB K. JAVITS.

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THE SECRETARY OF THE TREASURY,
*Washington, D.C., July 28, 1971.*

Hon. JACOB K. JAVITS,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR JAVITS: Pursuant to your request, I shall outline the terms of the loan guarantee we expect to enter into with Lockheed Aircraft Corporation and the twenty-four banks that have been financing the L-1011 (Tristar).

To date, Lockheed Aircraft Corporation has borrowed $400 million from the twenty-four banks. If the pending loan guarantee legislation is passed, these banks will loan up to $250 million more to Lockheed. The schedule of borrowings (including the $400 million already borrowed by Lockheed) will be approximately as follows:

| On or before: | *Amount* |
|---|---|
| September 30, 1971 | $450,000,000 |
| December 31, 1971 | 550,000,000 |
| March 31, 1972 | 575,000,000 |
| June 30, 1972 | 600,000,000 |
| September 30, 1972 | 650,000,000 |
| December 31, 1972 | 650,000,000 |
| June 30, 1973 | 630,000,000 |
| December 31, 1973 | 595,000,000 |
| December 31, 1974 | 470,000,000 |
| December 31, 1975 | 220,000,000 |

The banks have agreed to subordinate $400 million to that portion of the loan guaranteed by the United States. This means that any amount of the loan guaranteed by the United States up to $250 million must be paid off before the banks can collect anything on their original loan of $400 million.

It is expected that the guaranteed portion of the loan will be completely paid off before the end of the first quarter of 1975—immediately after the 101st aircraft has been delivered. In this connection, it should be noted that the portion of the loan guaranteed by the United States should be paid off long before Lockheed manufactures enough Tristars to break-even financially. In short, repayment of the amount guaranteed does not depend on Lockheed's L-1011 program being a financial success.

The original $400 million loan and any additional amount loaned under Government guarantee will be secured by a single collateral pool. It is estimated that this pool would have in it property which could be sold in case of Lockheed's bankruptcy for at least $450 million. The banks have agreed that in the event of a bankruptcy proceeding, the United States would have first call on the collateral. In short, the claim of the United States against the collateral would come ahead of that of the banks. In view of the value of the collateral, the risk to the United States in undertaking the guarantee of $250 million in loans to Lockheed is minimal.

One further point should be made. Lockheed has outstanding secured debentures in the sum of approximately $10 million. The banks have agreed to pay off these debenture holders so that their claims will not interfere with the Government's claim against the collateral.

As a result of the unique agreement which the Treasury has negotiated with Lockheed's creditor banks, the risk to the Government in undertaking to guarantee a loan to Lockheed of $250 million would be extremely small. However the benefits to this Nation would be great. Over 60,000 jobs could be saved. More than $1 billion in otherwise almost useless inventory would be converted to usable equipment. The Nation's largest defense contractor would be able to continue as a going concern. The world market for airframes, which is expected to be substantial, would benefit from additional competition, and our future export position would be strengthened.

Moreover, there would be the avoidance of the blow to confidence which a Lockheed failure would surely produce. At this stage of a promising and broad-based economic recovery, the maintenance of confidence of both investors and consumers is the highest priority.

Under these circumstances, I sincerely hope that you will strongly support the loan guarantee legislation that is pending before the Senate.

As to the specific rate of interest and guarantee fee on the contemplated loans to Lockheed, I feel strongly that the interest rate should be at a level so as not to unjustly enrich the banks and, when combined with the guarantee fee, would not provide Lockheed credit at a preferential price relative to its competitors.

You understand, of course, that the legislation reported by the Senate Committee vests final authority on the terms of loan guarantees in a Board consisting of the Chairman of the Federal Reserve Board, a President of a Federal Reserve Bank, and the Secretary of the Treasury, as Chairman. Consequently the terms I have described above must be viewed as the recommendation I now intend to make to the Board, when constituted.

Sincerely yours,

JOHN CONNALLY.

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THE SECRETARY OF THE TREASURY,
*Washington, D.C., July 30, 1971.*

Hon. JACOB K. JAVITS,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR JAVITS: This is in response to your letter of July 28 in which you ask my views concerning the adequacy of the management of Lockheed Aircraft Corporation. This question has been raised from time to time in the course of the hearings on the proposed legislation. In considering this question, I believe it most useful to look, in the first instance, to those who have had a great many business dealings with the company—in this case the banks and Lockheed's airline customers. Both the banks and the airline customers are on the record in support of the present management and, indeed, have stated that they would be troubled if the present management were replaced.

As to my own views on this subject, I have been impressed by favorable statements of the banks, the airlines and others concerning Lockheed's management. Also as I stated on July 20 before the House Committee on Banking and Currency, management's performance can be measured by the quality of the company's products. On this basis, I observed that over the years Lockheed has produced fine aircraft and has made valuable contributions to our defense establishment. In short, while I would not presume to pass final judgment on Lockheed's management efficiency and capacity, I believe on the basis of the available information that management's performance has been satisfactory.

Finally, as you know, the bill presently before the Senate would require that if the Board determines the need for a guaranteed loan stems from a failure of management to exercise reasonable prudence in the conduct of the company's affairs then the Board shall require such management changes as it deems necessary to establish a sound management base. With respect to your last question on this point, if the proposed legislation is enacted into law the Board would review management performance as required by the statute. While I will not speculate as to what the Board's decision might be, my own approach on this question would be to rely in the first instance on the judgment of those persons who have dealt extensively with management. The Board, of course, would be required to reach its own determinations and I can assure you the whole question of management's performance would be carefully reviewed.

Since S. 2308 would place the Chairman of the Board of Governors of the Federal Reserve System on the Emergency Loan Guarantee Board, you also might find it helpful to review Dr. Burns' testimony before the House and Senate Committees, particularly, his most recent testimony on July 20 in response to questions from Congressman Blackburn.

Sincerely yours,

JOHN B. CONNALLY.

Mr. JAVITS. Mr. President, the first point is that the $250 million loan guarantee by the United States, will have a priority to the $400 million owed to the banks, and that the 24 banks will agree to that subordination. I have a calendar or chart of repayment from Secretary Connally which shows that the Government should be out of the woods here by the beginning of 1975.

Second, the Board, as affirmed by its respected Chairman, John Connally, is committed to a review of management, and the legislation itself provides that the Board would have a right to insist on a management change. I shall be asking both the manager and the ranking minority member of the committee questions relating thereto.

If I may have the attention of both gentlemen, I have the following questions I would like to put them.

First, Mr. President, would my understanding be correct that the Board—and I refer to the Loan Guarantee Board—would have the authority to make recommendations to the Congress as to the need for additional loan guarantee authority to meet future economic contingencies coming within the stated objectives of the legislation?

May I state that the reason for this question is that I am committed to a generic bill, though I am not yet committed to this particular bill, which is only for Lockheed.

So the question is, Would the Board have the authority to recommend an increase of the guarantee amount if it felt that the economic situation required it?

As the language of the bill does not say so, the legislative history, in my judgment—if the manager feels that the Board could and should do that kind of thing and the occasion should call for it—should make that clear.

Would the chairman care to reply?

Mr. SPARKMAN. Mr. President, let me say that I have been impressed by the argument made by Arthur Burns, Chairman of the Federal Reserve Board, all along that we ought to have some kind of generic legislation, and the Senator knows that I introduced a generic bill.

I strongly supported the concept of the generic bill, and our committee reported one. Let me say that in connection with the present bill, the board, in my opinion, certainly has the right, and I think the obligation, to keep Congress informed as to economic conditions, particularly if they should get to the point where there would be a threat to the economic welfare of the country to such an extent that action ought to be taken. In such case, I would expect the board to make recommendation to Congress.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Texas.

Mr. TOWER. I associate myself with the remarks made by the chairman of the committee that we would expect this board to make recommendations about when additional corporations, that might be perfectly sound but yet caught in a liquidity squeeze, might require such assistance. The board would be expected to make such recommendations to Congress as they became necessary.

Mr. JAVITS. I thank the Senator.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. TOWER. I yield the Senator 2 additional minutes.

Mr. SPARKMAN. I have stated to the Senator from Texas, and he has agreed with me, that when this measure becomes law and the board is appointed—or legislated, in this case—we would write the board a letter asking them to stay in touch with the economic situation throughout the country, and be prepared to make recommendations to Congress at any time.

Mr. JAVITS. I thank the Senator from Alabama and the Senator from Texas.

The next question is this: Would the Senators not agree that the key criteria is not whether a firm is required to go into receivership or not but rather that the Congress should not allow production to be endangered that is essential to the national interest or a region thereof? Would they also agree that there is nothing in the bill which would keep a company out of reorganization or bankruptcy if the board determined that such reorganization procedures were a necessary condition of the loan guarantee?

Mr. SPARKMAN. The Senator is absolutely correct. This is a matter that must be decided by the board on a case-by-case basis, and the board must be left, and is left under the terms of this legislation, with absolute freedom to determine what conditions should be attached to the loan guarantee.

Mr. JAVITS. I thank the Senator.

I have one final question. There has been much discussion about the management of Lockheed. Would the Senators both agree that it would be within the board's authority to require management changes if the board were convinced that existing management could not adequately protect the interests of the United States in effective production and the repayment of the guaranteed loan?

Mr. SPARKMAN. Let me refer the Senator to section 6(b) of the bill, which reads:

> If the Board determines that the inability of an enterprise to obtain credit without a guarantee under this Act is the result of a failure on the part of management to exercise reasonable business prudence in the conduct of the affairs of the enterprise, the Board shall require before guaranteeing any loan to the enterprise that the enterprise make such management changes as the Board deems necessary to give the enterprise a sound managerial base.

I believe that answers the Senator's question.

Mr. JAVITS. I thank the Senator. May I ask the viewpoint of the Senator from Texas on both points?

Mr. TOWER. I agree with the chairman in both instances. I believe the board does have the power to compel a reorganization, and certainly the language read by the chairman speaks for itself, and it is my expectation that the board would be required to make such a judgment.

Mr. JAVITS. I thank my colleagues.

To bear out that the majority of the board would be able to insist on management changes, I ask unanimous consent to have printed in the RECORD the testimony of Federal Reserve Board Chairman Arthur Burns on this bill on June 20, 1971, at pages 471 and 472 of the House Banking and Currency Committee hearings record.

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

FROM HEARINGS BEFORE THE HOUSE BANKING AND CURRENCY COMMITTEE ON H.R. 8432, A BILL TO AUTHORIZE EMERGENCY LOAN GUARANTEES TO MAJOR BUSINESS ENTERPRISES, JUNE 20, 1971

The CHAIRMAN. Mr. Blackburn.

Mr. BLACKBURN. Thank you, Mr. Chairman.

Dr. Burns, it is always a privilege and pleasure to have you appear before our committee.

The term "bad management" has been used frequently and I think rather loosely as applied to Lockheed; I suspect it has been used by persons who are really not in a position to judge the management capability of Lockheed. We must take into consideration the very valuable contributions that Lockheed has made to our defense establishment; we must take into account that they have developed an airplane, the C–5A which is literally the envy of every air force in the world. These contributions have been most important to our Nation, and I think that those who loosely use the term "bad management," would do well to reconsider their terms.

I think one of the things the Board would have to consider, if you are on the Board or a member of the Federal Reserve System, is the conclusion of the reports on the airplane now under discussion, the L–1011 Tri-Star. The reports now in front of me, were submitted by the various airlines. They show that the L–1011 is competitive in price with the DC–10, show that it has certain attributes of efficiency, of quietness of operation, of nonpollution factors, which give it an advantage over the DC–10.

Now, a company that can develop an airplane that can meet these criteria obviously is not practicing bad management. I think the product is the proof of the pudding, so to speak. And these are factors that you would have to consider on that Board.

Mr. BLACKBURN. But don't you think we should distinguish between liquidity problems and problems of profitability? For example, if a firm has a continuing history of losses, it is one thing to consider subsidizing continuing losses; however, it is another factor entirely to consider solving a temporary liquidity problem. Would you elaborate on that?

Dr. BURNS. Well, I think that the distinction that you draw is a very important one. The bills that you have been considering are concerned with the liquidity problem; that is, a temporary financial difficulty on the part of a firm. I think every bill that you have before you proceeds on the explicit assumption that the firm must be credit worthy and that, of course, means that it faces not so much a profitability problem, as you so well put it, but a liquidity problem; that is, a temporary financial difficulty.

Mr. BLACKBURN. And, furthermore, shouldn't the Board take into account or the committee that considers such a loan application, should it not take into account the fact that the liquidity problem has arisen due to factors beyond the normal capacity of management to anticipate?

Dr. BURNS. When that is the case, the committee should consider it.

Mr. BLACKBURN. So that here again we are drawing a distinction between temporary crisis and continuing loss of profits on the part of a concern.

Dr. Burns, I have no further questions. Again I thank you for appearing before us.

I have no further questions, Mr. Chairman.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being taken from either side. I expect a speaker here shortly.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. 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 PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

AMENDMENT NO. 319

Mr. STEVENS. Mr. President, I call up my amendment No. 319.

The PRESIDING OFFICER. The amendment as drawn applies to S. 2308. Does the Senator wish to modify the amendment to make it applicable to the pending bill, which is H.R. 8432?

Mr. STEVENS. I ask unanimous consent that that be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

The assistant legislative clerk proceeded to read the amendment.

Mr. STEVENS. I ask unanimous consent that further reading of the amendment be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVEN'S amendment is as follows:

Amendment intended to be proposed by Mr. STEVENS to H.R. 8432, a bill to authorize emergency loan guarantees to major business enterprises, viz: The end thereof, add the following new title:

TITLE II

SHORT TITLE

SECTION 1. This title may be cited as the "Emergency Loan Guarantee Act for Small Business Enterprises".

SEC. 2. The Administrator of the Small Business Administration is hereby authorized to consider and act upon an application for guarantee of a loan to any business enterprise which qualifies as a small business concern under section 632 of the Small Business Act, as amended (15 U.S.C. 631), and regulations promulgated thereunder.

AUTHORITY

SEC. 3. The Administrator, on such terms and conditions as he deems appropriate, may guarantee, or make commitments to guarantee lenders against loss of principal or interest on loans that meet the requirements of this title.

SEC. 4. (a) A guarantee of a loan may be made under this title only if—

(1) the Administrator finds that (A) the loan is needed to enable the borrower to continue to furnish goods or services and failure to meet this need would adversely affect the economy of a particular city, locale, or other political subdivision, (B) credit is not otherwise available to the borrower under reasonable terms or conditions, and (C) the prospective earning power of the borrower, together with the character and value of the security pledged, furnish reasonable assurance that it will be able to repay the loan within the time fixed and afford reasonable protection to the United States; and

(2) the lender certifies that it would not make the loan without such guarantee.

(b) Loans guaranteed under this title shall be payable in not more than five years, but may be renewable for not more than an additional three years.

(c) Loans guaranteed under this title shall bear interest (exclusive of guarantee fees and service charges, if any) at rates not to exceed a rate determined by the Administrator to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risk assumed.

SECURITY AND LOAN GUARANTEES

SEC. 5. In negotiating a loan guarantee under this title, the Administrator shall make every effort to arrange that the payment of the principal of and interest on any loan guaranteed will be secured by sufficient property of the business enterprise to collateralize fully the amount of the loan guarantee.

REQUIREMENTS APPLICABLE TO LOAN GUARANTEES

SEC. 6. (a) A guarantee agreement made under this title with respect to an enterprise shall require that while there is any principal or interest remaining unpaid on a guaranteed loan to that enterprise the enterprise may not—

(1) declare a dividend on its common stock; or

(2) make any payment on its other indebtedness to a lender whose loan has been guaranteed under this title.

The Administrator may waive either or both of the requirements set forth in this subsection, as specified in the guarantee agreement covering a loan to any particular enterprise, if he determines that such waiver is not inconsistent with the reasonable protection of the interests of the United States under the guarantee.

(b) If the Administrator determines that the inability of an enterprise to obtain credit without a guarantee under this title is the result of a failure on the part of management to exercise reasonable business prudence in the conduct of the affairs of the enterprise, the Administrator shall require before guaranteeing any loan to the enterprise that the enterprise make such management changes as the Administrator deems necessary to give the enterprise a sound managerial base.

(c) A guarantee of a loan to any enterprise shall not be made under this title unless—

(1) the Administrator has received an audited financial statement of the enterprise; and

(2) the enterprise permits the Administrator to have the same access to its books and other documents as the Administrator would have under section 7 in the event the loan is guaranteed.

(d) No payment shall be made or become due under a guarantee entered into under this title unless the lender has exhausted any remedies which it may have under the guaranteed agreement.

(e)(1) Prior to making any guarantee under this title, the Administrator shall satisfy itself that the underlying loan agreement on which the guarantee is sought contains all the affirmative and negative covenants and other protective provisions which are usual and customary in loan agreements of a similar kind, including previous loan agreements between the lender and the borrower, and that it cannot be amended, or any provisions waived, without the Administrator's prior consent.

(2) On each occasion when the borrower seeks an advance under the loan agreement, the guarantee authorized by this title shall be in force as to the funds advanced only if—

(A) the lender gives the Administrator at least ten days' notice in writing of its intent to provide the borrower with funds pursuant to the loan agreement;

(B) the lender certifies to the Administrator before an advance is made that, as of the date of the notice provided for in subparagraph (A), the borrower is not in default under the loan agreement: *Provided*, That if a default has occurred the lender shall report the facts and circumstances relating thereto to the Administrator and the Administrator may expressly and in writing waive such default in any case where he determines that such waiver is not inconsistent with the reasonable protection of the interests of the United States under the guarantee; and

(C) the borrower provides the Administrator with a plan setting forth the expenditures for which the advance will be used and the period during which the expenditures will be made, and, upon the expiration of such period, reports to the Administrator any instances in which amounts advanced have not been expended in accordance with the plan.

(f)(1) A guarantee agreement made under this title shall contain a requirement that as between the Administrator and the lender, the Administrator shall have a priority with respect to, and to the extent of, the lender's interest in any collateral securing the loan and any earlier outstanding loans. The Administrator shall take all steps necessary to assure such priority against any other persons.

(2) As used in paragraph (1) of this subsection, the term "collateral" includes all assets pledged under loan agreements and, if appropriate in the opinion of the Administrator, all sums of the borrower on deposit with the lender and subject to offset under section 68 of the Bankruptcy Act.

INSPECTION OF DOCUMENTS: AUTHORITY TO DISAPPROVE CERTAIN TRANSACTIONS

SEC. 7. The Administrator is authorized to inspect and copy all accounts, books, records, memorandums, correspondence, and other documents of any enterprise which has received financial assistance under this title concerning any matter which may bear upon (1) the ability of such enterprise to repay the loan within the time fixed therefor; (2) the interests of the United States in the property of such enterprise; and (3) the assurance that there is reasonable protection to the United States. The Administrator is authorized to disapprove any transaction of such enterprise involving the disposition of its assets which may affect the repayment of a loan that has been guaranteed pursuant to the provisions of this title.

MAXIMUM OBLIGATION

SEC. 8. The maximum obligation of the Administrator under all outstanding loans guaranteed by it shall not exceed at any time $200,000,000 of the $2,000,000,000 authorized in title I of this Act, but in no event shall the Administrator guarantee loans to any one borrower in an amount greater than $500,000.

EMERGENCY LOAN GUARANTEE FUND

SEC. 9. (a) $200,000,000 of the Emergency Loan Guarantee Fund established in section 9(a) of title I shall be administered by the Administrator. The funds shall be used for the payment of the expenses of the Administrator and for the purpose of fulfilling the Administrator's obligations under this title. That portion of the $200,000,000 authorized for use by the Administrator which is not needed for current operations may be invested in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States or any agency therof.

(b) The Administrator shall prescribe and collect a guarantee fee in connection with each loan guaranteed by it under this title. Sums realized from such fees shall be deposited to the Administrator's credit in the Emergency Loan Guarantee Fund.

(c) Payments required to be made as a consequence of any guarantee by the Administrator shall be made from the $200,000,000 authorized to the Administrator from the Emergency Loan Guarantee Fund. In the event that moneys in the fund are insufficient to make such payments, in order to discharge his responsibilities, the Administrator is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Administrator with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations.

PROTECTION OF GOVERNMENT'S INTEREST

SEC. 10. (a) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the issuance of guarantees under

this title. Any sums recovered pursuant to this section shall be paid into the Administrator's portion of the Emergency Loan Guarantee Fund.

(b) The Administrator shall be entitled to recover from the borrower, or any other person liable therefor, the amount of any payments made pursuant to any guarantee agreement entered into under this title, and upon making any such payment, the Administrator shall be subrogated to all the rights of the recipient thereof.

REPORTS

SEC. 11. The Administrator shall submit to the Congress annually a full report of its operations under this title. In addition, the Administrator shall submit to the Congress a special report not later than June 30, 1973, which shall include a full report of the Administrator's operations under this title together with its recommendations with respect to the need to continue the guarantee program beyond the termination date specified in section 12. If the Administrator recommends that the program should be continued beyond such termination date, he shall state his recommendations with respect to the appropriate board, agency, or corporation which should administer the program.

TERMINATION

SEC. 12. The authority of the Administrator to enter into any guarantee or to make any commitment to guarantee under this title terminates on December 31, 1973. Such termination does not affect the carrying out of any contract, guarantee, commitment, or other obligation entered into pursuant to this title prior to that date, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this title.

Mr. STEVENS. Is my understanding correct that we have a 5-minute time limitation on each side?

Mr. TOWER. Ten.

The PRESIDING OFFICER. Ten minutes to a side.

Mr. STEVENS. I yield myself 5 minutes.

Mr. President, I submitted this amendment in order to address the problem of small businesses in connection with the bill as it came out of the committee, addressed to a guarantee for major business enterprises. As I now understand the situation, we are to vote on a bill that is directed solely to the Lockheed guarantee, and I will say it is not my intention to bring this amendment to a vote. I should like to discuss the matter, however, with the managers of the bill, and to ask some questions concerning the problem of small business. Knowing the distinguished background of the Senator from Alabama in connection with the Small Business Act and the total development of assistance for small business, I should like to ask him if it is possible that we might have a hearing directed toward the problems of small business in this particular area of postcrisis financing.

We have now some major strikes throughout the country, and, as a result of those strikes, small businesses in my State which have exhausted their financial capability in terms of borrowing find their supplies are waiting in a railroad car or on a dock, and they are going to face substantial financial crises unless we can find some way to put the SBA into the picture of financing or guaranteeing loans, at least of small businesses, after the crisis has arrived.

I have attempted to obtain statistics on the number of small businesses that are in this circumstance, and unfortunately I was told that the Department of Commerce stopped carrying those statistics in April of this year. So we have no way of obtaining that type of statistics. I do have the figures for the number of small businesses each year since 1961, and the number of small businesses since 1961 that have gone out of business on an annual basis, and I ask unanimous consent that those figures be printed in the RECORD at this point.

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

STATISTICS ON SMALL BUSINESS

*I. Number of small businesses*

| | |
|---|---|
| 1961 | 4,477,000 |
| 1962 | 4,517,000 |
| 1963 | 4,557,000 |
| 1964 | 4,617,000 |
| 1965 | 4,684,000 |
| 1966 | 4,750,000 |
| 1967 | ---------- |
| 1968 | 5,050,000 |
| 1969 | 5,150,000 |
| 1970 | 5,200,000 |
| 1971 | 5,280,000 |

*II. Number of small businesses to go out of business each year*

| | |
|---|---|
| 1961 | 17,075 |
| 1962 | 15,782 |
| 1963 | 14,374 |
| 1964 | 13,501 |
| 1965 | 13,514 |
| 1966 | 13,061 |
| 1967 | 12,364 |
| 1968 | 9,636 |
| 1969 | 9,154 |
| 1970 | 10,748 |
| 1971 | NA |

Mr. STEVENS. I ask the chairman of the committee, would it be possible for us to explore before his committee the total problem that small business is getting into, not unrelated to the Lockheed problem in many ways, which I think is probably the most pressing problem occurring in my State today?

I call attention to the fact, for instance, that the permit for the trans-Alaska pipeline has not been issued.

It has been delayed now for 14 months, and we have had a complete rash of bankruptcies in small businesses related to the fact that they had letters of intent from the major oil industries. They had every reason to believe that they were going to be involved in a rapidly expanding economy, and now, through no fault of their own, they are beyond the scope of their ability to finance their operations and are very much in need of assistance of some type of operation.

I wonder whether the Senator would explore pushing the SBA into this postcrisis financing some time during this Congress. Would that be possible?

Mr. SPARKMAN. I am fully aware of the problem the Senator from Alaska has presented. As a matter of fact, in previous discussions on the floor of the Senate, I have said that it would be my purpose to schedule hearings before the committee on these small business problems.

We have had some discussions with some officials, and we feel that we have the administration's commitment to double the present lending ceiling of the Small Business Administration. The problem is that many need loans.

Incidentally, practically all these loans now are guarantee loans, the same as we are working on here today. But there is a ceiling beyond which they cannot go. We propose to double that ceiling, and I believe we have the administration's support for it.

The Senator from New Hampshire (Mr. MCINTYRE) is chairman of the subcommittee. I had hoped that he might be on the floor at this time and that I could get him to say that he would be willing, but I know he will. I look forward to committee hearings in the very near future.

Senator TOWER not only is the ranking minority member of the full committee, but I believe he also is the ranking minority member of the Subcommittee on Small Business.

Mr. TOWER. No, not of the Subcommittee on Small Business. But I do have a deep and abiding interest in this matter, and I concur with the chairman's view that we should hold hearings. I appreciate the Senator from Alaska bringing this to our attention.

Mr. STEVENS. The real problem to which I should like to invite my colleagues' attention is not that the guarantee program has not worked but that it does not go far enough. It does not take the SBA into the area of postcrisis financing, and I am talking about financial crisis financing.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STEVENS. I yield myself 1 additional minute.

I believe that unless we do that, unless we go into that area, more and more small businesses will end up in the same situation that Lockheed is in today.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER (Mr. CHILES). The amendment is withdrawn.

Mr. DOMINICK. Mr. President, I cannot support the pending legislation authorizing the Federal Government to guarantee a $250 million loan to the Lockheed Aircraft Corp. as I feel deeply that the proposal violates the basic principles of free enterprise and would establish a precedent unacceptable to the economic system of our country.

It has been argued that the plight of Lockheed is special and should, therefore, be exempted from those penalties normally expected when one fails to meet the demands of the market system. But the only thing special about the Lockheed situation is that the company is very big and has a large number of defense contracts which might be injured. However, the proposed guarantee affects only loans for the commercial transport L–1011 conceived and developed wholly outside the defense perimeter.

Mr. President, if the national security of the country were at stake the pending legislation would take on new meaning. However, Secretary Packard testified that—

Continuation of existing programs (defense programs) probably could be worked

out satisfactorily with a bankruptcy receiver, or a trustee in reorganization.

So the only issue at stake is whether the size of a company should determine whether the Government steps in with remedial help. On that issue I dissent.

Mr. President, this unique legislation raises other questions. Last year it is reported that 11,000 businesses in the United States failed. A similar number may suffer the same fate this year. How then can we justify special treatment of Lockheed to these businessmen? If we want to be equitable we should not neglect this group merely because of their size. But if we should take that course we would violate our age-old concept that in a competitive system the right to succeed must have as a corollary the right to fail.

Furthermore, the financial wisdom of the proposed action is doubtful. Lockheed's current financial condition is at least tenuous. The proof of the pudding is the combined judgment of 24 banks that have, to date, loaned Lockheed a total of $400 million for the L–1011 program. This group is obviously concerned over the wisdom of this investment and state that they are not willing to assume the additional risk of another $250 million. Thus, they have insisted on the Government guarantee saying publicly that their combined judgment is that they are not willing to throw good money after bad. If they felt otherwise, the pending legislation would not be before us. So from a businessman's point of view, Lockheed's L–1011 program is a bad risk.

Mr. President, if the financial community believes the risk is too great, why then should the American taxpayer be asked to take on the risk? I find it impossible to justify that kind of recklessness with the taxpayers' money.

Mr. President, in rejecting this legislation I wish to stress I harbor no ill will toward the Lockheed Aircraft Corp. Over many, many years Lockheed has made extraordinary contributions to both civil and military aviation. It has been a giant in the aerospace industry and its overall financial position has certainly been hurt by the C–5A contract entered into Under Secretary McNamara; the financial problems of Rolls-Royce; and the British Government pressures for prompt U.S. governmental action. Despite these facts the present proposal revolves solely around a commercial transaction and on principle I cannot support it.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time not be charged against either side.

Mr. BENNETT. Mr. President, would the Senator withhold the request?

Mr. PROXMIRE. I withhold the request.

Mr. BENNETT. I yield myself 30 seconds. I should like to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BENNETT. Does the yielding of time charged to neither side have any effect on the agreement that the final vote will occur at 3 p.m.?

The PRESIDING OFFICER. No, it does not.

Mr. BENNETT. I thank the Chair.

Mr. BYRD of West Virginia. Mr. President, I do not believe that is precise, if I may suggest. It depends upon how much time is consumed without its being charged and at what point.

Mr. BENNETT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BENNETT. Whose responsibility is it to notify the Senate at the time that it is no longer possible to yield time chargeable to nobody and still vote at 3 p.m.?

The PRESIDING OFFICER. The agreement provides that the vote on final passage shall occur at 3 p.m. The Chair fails to realize how yielding time will affect that part of the agreement.

Mr. BENNETT. It also provides that each side will have 1 hour on the bill, and it could be that yielding time charged to nobody could deprive one side or the other of its time on the bill.

The PRESIDING OFFICER. The agreement provides that the time for debate shall be limited to 2 hours. That puts an outside maximum on the time, rather than a minimum requirement on the time. So it is the Chair's opinion that the agreement providing that it would be limited to 2 hours and a specific time for the vote, the yielding of time, if it exceeded a certain amount, would be cutting down that requirement, but there is an outside limit on a minimum.

Mr. BENNETT. Then, in effect, the Chair would have to reject a request to yield time for a quorum chargeable to either side or both sides if, in effect, that would reduce the time under the agreement available to each side for debate.

The PRESIDING OFFICER. The Chair does not know that it would have to reject that request, but the unanimous-consent agreement would in no way affect the previous agreement that the vote would come at 3 o'clock.

Mr. BYRD of West Virginia. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BYRD of West Virginia. Suppose an amendment is pending at 3 o'clock and, under the agreement, there is 20 minutes on any amendment. Suppose time has been yielded at that point without its being charged against either side on that amendment.

The PRESIDING OFFICER. The agreement provides, further, that debate on an amendment shall be limited to 20 minutes. That is a limitation, not a requirement that there shall be a minimum of 20 minutes.

Mr. BYRD of West Virginia. But the question is with respect to the possible impact of yielding of time without its being charged to either side. Suppose an amendment is pending at 3 o'clock together with an amendment to an amendment and a substitute amendment, 20 minutes on each, and if Senators may yield without time being charged to either side, does not this possibly create a problem, the kind of problem the Senator is contemplating?

The PRESIDING OFFICER. An amendment to an amendment is not in order until time has been yielded back on an original amendment.

Mr. BENNETT. As I see the situation, it is up to us, then, to watch the passage of time, to protect the right of each side to its hour against somebody who asks for the yielding of time to be charged to both sides or neither side.

The PRESIDING OFFICER. The Chair believes that the Senator is correct, and the Members of the Senate should take that into consideration in connection with the unanimous-consent agreement.

Mr. BYRD of West Virginia. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Who is yielding time for this discussion?

Mr. SPARKMAN. I yield the Senator 1 minute.

Mr. BYRD of West Virginia. By virtue of what rule or what section of the agreement is it required that all time on an amendment must have expired or be yielded back before an amendment to that amendment may be offered?

The PRESIDING OFFICER. In Senate Procedure, page 666:

AMENDMENTS—CONSDERATION OF, UNDER UNANIMOUS CONSENT AGREEMENTS

Under a unanimous consent agreement limiting debate and controlling time, an amendment cannot be proposed to a pending amendment until time on the latter amendment has been exhausted or relinquished, except by unanimous consent.

Mr. BYRD of West Virginia. I thank the Chair.

Mr. BENNETT. Mr. President, I yield 2 minutes to the Senator from New York.

Mr. JAVITS. I thank the Senator for yielding. The only reason I have asked him to yield is that I have just seen a chart which Senator SCOTT has distributed showing the various corporations which have an interest in the contract. I wish to disclose to the Senate that a family trust of which I am the trustee owns a small amount of stock in Northwest Industries, a public corporation, which is listed here as a beneficiary. In addition, the law firm with which I am presently connected but will no longer be connected before very long has represented a moving picture company affiliated with AVCO, and also has done real estate work for the First National City Bank of New York. I wish this statement to appear of record, but I see nothing in these peripheral connections, or in my own conscience, to prevent me from voting on the bill.

While I am on my feet, Mr. President, there are many New York banks involved in this issue which are all very anxious, naturally, to have this legislation passed. It would be foolish and unwise for a Senator to vote against what he thinks is in the best interests of the country, because there are such banks who are very much interested and are undoubtedly contacting people, including me, to vote for the bill. Similarly, it would be foolish and unwise to vote for it on that ground.

Right now, Mr. President, as I have said in my original statement, I am inclined to vote for it, but I wish all these facts to appear of record.

Mr. PASTORE. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield to the Senator from Rhode Island the time he requires.

Mr. PASTORE. Mr. President, if it is agreeable to my colleagues, I should like to suggest the absence of a quorum—this is a conference report——

Mr. PROXMIRE. Oh, I did not understand that. How long will that take?

Mr. PASTORE. I think we should have a quorum call for about 2 minutes so that Senators can be alerted as to what is coming up and then for about 5 or 10 minutes we could discuss the conference report, if there are any questions. Is that too long?

Mr. SPARKMAN. Mr. President, my only misgiving is that we can hardly control debate on a conference report of that kind.

Mr. PASTORE. The point is, if we get into debate, we will lay it aside——

Mr. PROXMIRE. Why not ask unanimous consent for a time limitation on the conference report?

Mr. SPARKMAN. Mr. President, may we get a check on time? How much time does each side have remaining on the pending bill?

The PRESIDING OFFICER (Mr. EAGLETON). Thirty-two minutes to the Senator from Texas, and 43 minutes to the Senator from Wisconsin.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. SPARKMAN. Do I correctly understand that the fixed time on debate ends at 2 o'clock, or is it permitted to go on?

The PRESIDING OFFICER. The time set for the vote is at 3 p.m.

Mr. SPARKMAN. That would include not only amendments but would also include the fixed time?

The PRESIDING OFFICER. With the exception that if an amendment is pending at 3 p.m., debate would continue on the amendment then pending.

Mr. SPARKMAN. I ask unanimous consent that we may be allowed to yield to the Senator from Rhode Island (Mr. PASTORE). For how long?

Mr. PASTORE. Ten minutes.

Mr. SPARKMAN. For 10 minutes, without the time being charged to either side, in order that he may present the conference report.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

## QUORUM CALL

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

The PRESIDING OFFICER. Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Leonard, one of his secretaries, and he announced that on July 29, 1971, the President had approved and signed the following acts and joint resolution:

S. 108. An act for the relief of Kyung Jo Min and Kyung Sook Min;

S. 145. An act for the relief of Esther Catherine Milner;

S. 161. An act for the relief of the West Fargo Pioneer and Dale C. Nesemeier;

S. 421. An act to amend title 10, United States Code, to provide special health care benefits for certain surviving dependents;

S. 566. An act for the relief of Maria Grazia Iaccarino;

S. 672. An act for the relief of Nicholaos Demitrios Apostolakis;

S. 991. An act to expand and extend the desalting program being conducted by the Secretary of the Interior, and for other purposes; and

S.J. Res. 111, Joint resolution extending for 2 years the existing authority for the erection in the District of Columbia of a memorial to Mary McLeod Bethune.

## EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer (Mr. GOODELL) laid before the Senate a message from the President of the United States submitting the nomination of James F. Campbell, of Maryland, to be an Assistant Administrator of the Agency for International Development, which was referred to the Committee on Foreign Relations.

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS, 1972—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9382) making appropriations for the Department of Housing and Urban Development; for space, science, veterans, and certain other independent executive agencies, boards, commissions, corporations, and offices, for the fiscal year ending June 30, 1972, and for other purposes.

I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. EAGLETON). Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of July 26, 1971, at page 27184.

Mr. PASTORE. Mr. President, the committee on conference has returned a bill that provides $18,339,738,000 to operate the Department of Housing and Urban Development, the National Aeronautics and Space Administration, the National Science Foundation, the Veterans' Administration, and various other independent offices and corporations for the fiscal year 1972. This amount is $882,721,000 above the budget estimates, $224,535,000 over the sum recommended by the House, and $358,780,000 under the Senate version of the bill. While on the surface it may appear that the conferees have returned a bill far in excess of the budget estimates, closer scrutiny of the items comprised in this measure reveals that the sum recommended is just barely in excess of the President's budget estimates.

The bill provides full funding for fiscal year 1972 for certain categorical grant programs of the Department of Housing and Urban Development—namely, model cities, the urban renewal programs, the rehabilitation loan fund, and the grants for neighborhood facilities. For these programs, the President requested only 6 months of funding and proposed for later transmission to the Congress a budget estimate of $850,000,000 to fund the special revenue-sharing program, which was to replace the aforesaid categorical grant programs for the latter 6 months of fiscal year 1972.

As a matter of fact, Mr. President, the special revenue sharing program has not been approved by the Congress and, as of this date, its chances of being approved are slight. Nonetheless, in order to make a true comparison, the $850 million budget estimate proposed by the President to fund the special revenue sharing program must be added to the budget estimates considered in this bill in order to obtain an adjusted budget estimate. When this is done, the amount agreed to in the conference exceeds the budget estimates by only $32,721,000—the difference between the total of $882,721,000 and the $850 million added for the special revenue sharing program to the budget estimates considered by the Congress.

In title I of the bill, which contains the items for the Department of Housing and Urban Development, the conference committee has recommended a sum of $3,274,824,000. This amount is $717,647,000 above the budget estimate; however, when the previously mentioned $850 million for special revenue sharing is added to the budget estimates for the Department of Housing and Urban Development, the conference committee recommendation will then be under the budget estimates by approximately $133 million.

For the National Aeronautics and Space Administration, the conference committee recommends a total of $3,298,035,000, which is $2,600,000 below the budget estimates.

For the National Science Foundation, $622 million is provided, which is $1,150,000 below the budget estimates.

For the interest adjustment payments of the Federal Home Loan Bank Board, the amount recommended is $62,500,000, which is $22,500,000 below the budget estimates.

In fact, Mr. President, there is only one section in the bill where the conference committee is recommending appropriations in excess of the budget estimates, and it occurs in the budget of the Veterans' Administration. For the Veterans' Administration, the Administration requested $10,744,363,000. The con-

ference committee is recommending a total of $10,935,756,000, or $191,393,000 above the budget estimates.

That is where we went over the budget. As a matter of fact, the bill was more than $130 million over the budget estimate for the Veterans' Administration when it came over from the House at the end of June. However, because of the fine claim made by the Senator from California (Mr. CRANSTON) the Senate Appropriations Committee added $100 million over the sum recommended by the House. That is where the increases are. We added funds to take care of our veterans including the paraplegics who have come back from Vietnam. We added the funds to modernize certain hospitals, and to give to the veterans what they deserve from the taxpayers of America.

In particular, the increase by the Senate included $89,000,000 for medical care of our veterans, $8,000,000 for medical and prosthetic research and $3,000,000 for the construction of hospitals and domiciliary facilities. In the conference, the Senate retained $63,00,000 of its increase in medical care; $4,000,000 of the increase for research, and the entire $3,000,000 for construction and modernization was retained in the full amount.

The conference report presently being considered by the Senate is a responsible measure. It provides funds to make available increased benefits and better medical care for our Nation's veterans; it insures decent and safe housing for the elderly and handicapped, as well as for families into the low- and moderate-income categories; it provides funds for the continuation of the basic and applied research programs of the National Science Foundation, which includes support for both institutions and education; and, finally, it permits the continuation of a modest space program.

Mr. President, I want to say that for Section 236, namely rental housing assistance, we want $25 million over the budget estimates. We did that to provide more housing for the elderly of this country. I do not think anyone can find fault with that. I think it is one of the best programs we have.

We went below the budget estimate on the National Science Foundation, but we did earmark funds for the support of institutions and education programs.

Mr. President, unless there are some questions, I urge that the conference report be adopted.

Mr. JAVITS. Mr. President, would the Senator yield for a question?

Mr. PASTORE. I yield.

Mr. JAVITS. Mr. President, on the rent supplement programs, I note that for all practical purposes the conference committee split. On the homeownership assistance program and the rental assistance programs, I gather that all of those funds were compromised in the usual bargaining between the Senate and the House.

Mr. PASTORE. But not with any damage. We did split the amount of the Senate committee recommendation and the House allowance. However, for section 236, we were able to keep $200 million which was recommended by the Senate Appropriations Committee. The House had recommended only $165 million for rental housing assistance, so the amount recommended by the committee on conference is $35 million more than the sum allowed by the House.

Mr. JAVITS. Mr. President, may I ask one last question?

The PRESIDING OFFICER. The 10 minutes have expired.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Senators might continue for 2 additional minutes under the same arrangement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I am sorry to take the time of the Senate. However, I did want to be sure that we all understand each other. With respect to revenue sharing, if it comes, we will accommodate ourselves to it. However, until it comes, we will not blow up any of the programs that we must have.

Mr. PASTORE. That is precisely the position taken by the conferees.

Mr. ALLOTT. Mr. President, I want to comment briefly on a couple of items. As the distinguished Senator from Rhode Island has said, we did add funds above the budget in the section 236 funds. When we are putting it in, as we did, and earmarking it for housing for the elderly, I think it is one of the best things we did.

I must comment and say very briefly that under the Federal Home Loan Bank, the interest adjustment payments, the budget estimate was $85 million. The House put in $40 million, and the Senate put in $85 million. That was compromised out at $62.5 million. These are for those persons in the section 235 loans and 236, who are just above the earnings limit which the Federal Government has set upon them. They might be just below $1,000 or $500 in income, and these interest adjustment payments are made. So this was to make it possible for them to receive some benefits from section 235 and 236 funds.

I sincerely hope that we have a need for this and that the Senate will give sympathetic consideration to adding the balance of this.

The PRESIDING OFFICER. The additional 2 minutes have now expired.

Mr. TOWER. Mr. President, I ask unanimous consent that I may suggest a quorum call without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PASTORE. 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. PASTORE. Mr. President, I have just been informed that the Senator from Massachusetts (Mr. BROOKE) would like to ask some questions. For that reason, I ask unanimous consent that this measure be temporarily laid aside until called up again later in the afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE subsequently said: Mr. President, previously today, I called up a conference report. We had to interrupt it because, as I understand, word came that the Senator from Massachusetts had several questions to ask. I therefore call up again the conference report on H.R. 9382, an act making appropriations for the Department of Housing and Urban Development and various independent agencies.

I yield to the Senator from Massachusetts.

Mr. BROOKE. I thank the senior Senator from Rhode Island.

Mr. President, as sponsor of the amendments in the 1969 and 1970 Housing and Urban Development Act, which extended annual contributions assistance to cover operating and maintenance costs in public housing, I would like to make clear the intent behind the passage of these amendments—and express concern over the statement in the report of the Senate Appropriations Committee of July 15, 1971, relative to these contributions. Unfortunately, I was unable to attend the appropriations committee's executive session on H.R. 9382 because of a recent illness.

The reason for the crisis in public housing operating costs is well known, and has been documented by independent research. Over the past several years, the expenses of management operations and routine expenses has increased at a greater rate than rental income. The income of low income families has not kept pace with the costs of inflation. The independent study by the urban institute covering the period from 1965 through 1968 for 23 large housing authorities concluded that four-fifths of the rise in routine operating costs was directly attributable to inflation. The impact of this fiscal crisis was further documented in the hearings of the Senate Committee on Banking, Housing, and Urban Affairs in July 1970. Local housing authorities and numerous other witnesses presented solid evidence of the need for additional Federal assistance to help maintain both solvency and adequate services in public housing in many localities.

The purposes of the 1969 HUD amendments were threefold: first, payments to make up the amount of rental loss to local housing authorities due to the establishment of the 25 percent ceiling on the amount of income a tenant could spend for rent; second, payments to cover the existing deficits of local housing authorities; and third, payments to enable housing authorities to establish and maintain adequate operating and maintenance services and reserve funds. In addition, the amendments in the 1970 act added a new definition of income relative to the 25 percent ceiling, which had the effect of reducing the rent contribution of a substantial number of existing tenant families.

While it was not possible, in 1969, to present detailed figures on the anticipated reduction in local housing authority income due to the 25 percent ceiling, it was estimated at $30 million. The change in income definition in the 1970 act was estimated to reduce local authority annual rental income by an ad-

ditional $18 million. Thus, the need for additional Federal contributions to absorb only the rent-related amendments was $48 million.

A further and important purpose of the amendments was to eliminate existing deficits of local housing authorities, restore reserve funds, and meet the backlog of deferred maintenance. The deficiency in operating reserves was estimated at $92 million, and the maintenance backlog at $178 million. While it was recognized that these problems could not be overcome in a single fiscal year, it was also recognized that some firm effort should be made in the fiscal years immediately ahead to begin these activities, so that eventually they could be completed on a 100-percent basis.

For the fiscal year 1972, it was estimated that the total operating deficit in public housing—before provision for reserves—was approximately $99 million: a total of $44 million was anticipated from the special subsidies for elderly, large and low income families, leaving a balance of $55 million to be met by the new authorization relating to annual contributions for operating and maintenance expenses. This was exclusive of restoring reserve funds, or taking action on the maintenance backlog. The estimates were also based on existing rather than adequate levels of operating and maintenance services. To raise management and operating services, including security and tenant services, to adequate levels was anticipated to cost an additional $80 million.

Congress provided contract authority in the amount of $150 million to cover operating and maintenance costs as part of the 1969 and 1970 HUD Acts. This authority was intended to be in addition to the special subsidies for elderly, large families, and very low-income families as was made completely clear on the Senate floor during the passage of the 1969 act. (See CONGRESSIONAL RECORD, Sept. 23, 1969.) The extent of the need for additional annual contributions for operating and maintenance in public housing was well in excess of the $150 million figure. It was the intent of the amendments that the Department of Housing and Urban Development, together with local housing authorities would move quickly to institute the rent changes, to eliminate deficits, to restore reserves, to take action on deferred maintenance, and to raise services to adequate levels. While some progress has been made, the full action remains a long way from completion.

I bring this background to your attention in the light of the comments in the committee report of July 15, 1971, which appear to question the need for $75 million in annual contributions for operating and maintenance, and which make no reference to the full purposes for which the $150 million was intended, including restoration of reserve funds, action on deferred maintenance and an adequate level of services. I recognize the need for some objective standard by which to judge the level of local housing authority operating services. It was the intent of 1969 and 1970 legislation that such standards of adequate services would be determined by the Department of HUD, with the assistance of local housing authorities.

I hope that the committee will make clear to the Department of HUD that the administrative controls called for in the committee report will be concerned with adequate standards of services, and reflect the full purposes of the 1969 and 1970 amendments.

Mr. PASTORE. I say to the Senator from Massachusetts that there was no intent to inhibit the force of law. We were quite disturbed about the administrative aspect of the fact that it had become an open-ended thing, and we are only asking for a study so that we will be in a better position to know the efficiency of the administration of the program.

I yield to the Senator from Colorado, who was very instrumental with respect to this language.

Mr. ALLOTT. Mr. President, the Senator from Rhode Island, the manager of the bill, is entirely correct. We have one of those anomalous situations in which the local control is at the local level, and the only thing the Federal Government does is to pick up the tab. Obviously, we cannot go on forever without looking at how efficient and how realistic the local control is.

I think the Senator will note in this language that we did appropriate the full amount of $75 million, but, because of the disparity between the control and management at the local level, plus the fact that all we could do was pick up the ultimate tab, we felt that we ought to ask HUD to take a hard look at the management and see what we could do to be sure that we were not doing more than should be done in this instance and that we were getting the kind of management and control at the local level that we should get.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. BROOKE. I am particularly grateful that the committee did not cut back the appropriation, and I am pleased with the assurances of the distinguished chairman of the subcommittee and the ranking minority member of the subcommittee that it is not their intent to change or circumvent the law at all, but that they merely want to study for controls, and I agree with that. But I was disturbed by the language. I appreciate the clarification.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

### VA MEDICAL AND HOSPITAL PROGRAM APPROPRIATION FOR 1972

Mr. CRANSTON. Mr. President, I rise to urge my colleagues to approve the conference report on H.R. 9382, the Department of Housing and Urban Development, Space, Science, Veterans, and certain other independent agencies appropriation bill, 1972. As a result of the extremely effective advocacy of the Senate position by the conferees on behalf of the Senate led by the distinguished Senator from Rhode Island (Mr. PASTORE) and his highly able counterpart, the Senator from Colorado (Mr. ALLOTT), the conference report includes $70 million of the $100 million which the Senate voted to add to the House-passed bill for the VA hospital and medical program.

As I indicated when this bill came before the Senate on July 20, the $100 million that we added was generally in accord with the recommendations that I made to the HUD, Space, Science Subcommittee of the Appropriations Committee in extensive testimony on June 29. I believed then and I continue to believe that considerably more than $100 million additional was needed, but I was delighted to have the committee's support in adding on to the level approved by the other body.

Mr. President, I want to express my deep appreciation to all of the Senate conferees, especially Senators PASTORE and ALLOTT for having prevailed upon the other body to accept 70 percent of the Senate-passed increase. I know that all of America's sick and disabled veterans and their families join me in this tribute.

The total amount which approval of this conference report will make available for the VA hospital and medical program will be $204.1 million greater than the President originally requested for the VA fiscal year 1972 appropriation for medical and hospital programs. When this amount is added to the $163 million which we were able to add last year to the President's initial request for fiscal year 1971, a 2-year total of $367.1 million results. This is more than a 20-percent increase in appropriations for VA medical care over the President's budget request 2 years ago.

Mr. President, I think all will agree that this $367 million increase is indeed a substantial one which should enable the VA hospital and medical program to move forward to provide quality care to all eligible veterans. For example, the 8,645 new VA hospital employees recently hired as a result of the $8 million we added in the VA fiscal year 1971 supplemental appropriation—an amount which is annualized for fiscal year 1972 in the funds we are adding in this conference bill—has already lead to staffing increases in the hard-pressed VA spinal cord injury units. Over 400 new health workers have been added to care for these most gravely disabled quadriplegic and paraplegic veterans, raising the staff-to-patient ratio to 1.7 to 1 right now—based in 95 percent of operating beds—an increase of 50 percent over the 1.1 to 1 ratio when we began our investigations 18 months ago.

Finally, I wish to note the language in the conference committee report as follows:

> The managers agree that both objectives, the minimum of 97,500 operating beds and the average daily patient load of 85,500, must be met and funds are to be apportioned accordingly.

This makes clear the proper construction of the minimum requirements included in the medical care item and accords with the interpretation that I pre-

sented to the Senate in my July 20 statement during consideration of this bill. In that statement I said:

The two limitations on apportionment of medical care appropriation set forth in the foregoing language, in effect, establish two separate, independent requirements—for both an operating beds minimum and an average daily census minimum—before apportionment can be made. Both minimums must be met before apportionment can be made.

The use of the word "or" between the two limitations in the bill means that, in the negative sense, there is to be no apportionment as long as either minimum is *not* maintained.

On the other hand, if we turn these limitations around and state them as two positive requirements they would be explained with an "and" between them to account for switching from the negative to the positive method of statement.

Nevertheless, the though remains the same, that they are both required to be avoided or satisfied, as the case may be.

Now the task is to move on to revise and reform the basic VA hospital and medical enabling legislation, to which end I have already introduced S. 2219, the proposed "Veterans' Administration Health Manpower Training Act of 1971," S. 2354, the proposed "Veterans Health Care Reform Act of 1971," and S. 2355, the proposed "Veterans' Administration Continuing Medical Education Act." The Health and Hospitals Subcommittee, which I am privileged to chair, of the Veterans' Affairs Committee will begin hearings on these bills and related veterans medical legislative measures on August 4 beginning at 9:00 a.m. and running through the day in room 6202, New Senate Office Building.

Mr. President, again, my personal thanks to the Appropriations Committee so ably led by the Senator from Louisiana (Mr. ELLENDER) and the Senator from North Dakota (Mr. YOUNG) and Senator PASTORE and Senator ALLOTT for their great and passionate dedication to the cause of providing high-quality medical care for our nation's ill and wounded veterans.

Mr. PASTORE. Mr. President, I move the adoption of the conference report.

The conference report was agreed to.

Mr. PASTORE. Mr. President, I ask unanimous consent that the provision of law requiring that the conference report be printed as a Senate report be waived, since the report is identical to the report of the House of Representatives which has already been printed as required by the rules of the House.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I ask unanimous consent to have incorporated by reference the comparative scale which is included in the action of the House of last Thursday and contained in the RECORD of that date.

The VICE PRESIDENT. Without objection, it is so ordered.

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## EMERGENCY LOAN GUARANTEE ACT

The Senate continued with the consideration of the bill (H.R. 8432) to authorize emergency loan guarantees to major business enterprises.

Mr. HUMPHREY. Mr. President, I call up my amendment at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. Mr. President, rather than take the time of the Senate on the amendment I send to the desk, I ask unanimous consent that further reading of the amendment be disposed with and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, reads as follows:

At the end of the bill add the following new title as follows:

TITLE II—UNEMPLOYMENT COMPENSATION

SHORT TITLE

SEC. 201. This title may be cited as the "Full Benefit Emergency Unemployment Compensation Act of 1971".

SEC. 202. (a) Section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by striking out "4.5" wherever it appears therein and inserting in lieu thereof "4".

(b) Section 204(a) of such Act is amended—

(1) by striking out, in paragraph (1), "one-half" and inserting in lieu thereof "the Federal share (as defined in paragraph (3))"; and

(2) by adding at the end thereof the following new paragraph:

"(3) For the purposes of this subsection the term 'Federal share' means—

"(1) in the case of compensation (referred to in subparagraph (A) or (B) of paragraph (1)) with respect to which amounts would not (except for the existence of a State 'on' indicator) be payable to a State under this title, 50 per centum; and

"(2) in the case of compensation (referred to in subparagraphs (A) or (B) of paragraph (1)) with respect to which amounts would (in the absence of a State 'on' indicator) be payable to a State under this title, 100 per centum.".

(c)(1)(A) Section 207(a)(1) of such Act is amended by striking out "January 1, 1972" and inserting in lieu thereof "the first day of the first calendar month which begins after the calendar month in which the Extended Unemployment Compensation Amendments of 1971 is enacted".

(D) Section 207(a)(2) of such Act is amended by striking out "December 31, 1971" and inserting in lieu thereof "the last day of the calendar month in which the Extended Unemployment Compensation Amendments of 1971 is enacted".

(2)(A) Section 207(b)(1) of such Act is amended by striking out "January 1, 1972" and inserting in lieu thereof "the day referred to in subsection (a)(1)".

(B) Section 207(b)(2) of such Act is amended by striking out "January 1, 1972" and inserting in lieu thereof "the day referred to in subsection (a)(1)".

(3) Section 207(c)(2) of such Act is amended by striking out "January 1, 1972" and inserting in lieu thereof "the first day of the first calendar month which begins after the calendar month in which the Extended Unemployment Compensation Amendments of 1971 is enacted".

(d) The amendments made by subsection (a) of the first section of this Act shall be applicable only in determining national "on" and "off" indicators under section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970 with respect to weeks which begin after the calendar month in which this Act is enacted, and the amendments made by subsection (b) of such first section shall be applicable only with respect to payments under section 204(a) of the Federal-State Extended Unemployment Compensation Act of 1970 made on account of compensation (referred to in subparagraph (A) or (B) of paragraph (1) of such section 204(a)) which is paid for weeks which begin after such calendar month.

SEC. 203. (a) Any State which desires to do so may enter into an agreement with the Secretary of Labor (hereinafter referred to as the "Secretary") under this Act, if the State law of such State contains (as of the date such agreement is entered into) a requirement that extended compensation be payable thereunder as provided by the Federal State Extended Unemployment Compensation Act of 1970.

(b) Any such agreement shall provide that the State Agency of the State will make payments of emergency compensation—

(1) to individuals who—

(A) have exhausted all rights to compensation (including both regular compensation and extended compensation) under the State law;

(B) have no rights to compensation (including both regular compensation and extended compensation) with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law; and

(C) are not receiving compensation with respect to such week under the unemployment compensation law of the Virgin Islands or Canada;

(2) for any week of unemployment which begins in—

(A) an emergency extended benefit period (as defined in subsection (c)(3)); and

(B) the individual's period of eligibility (as defined in section 5(b)).

(c)(1) For purposes of subsection (b)(1)(A), an individual shall be deemed to have exhausted his rights to regular compensation under a State law when—

(A) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to him based on employment or wages during his base period; or

(B) his rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(2) For purposes of subsection (b)(1)(B), an individual shall be deemed to have exhausted his rights to extended compensation under a State law when no payments of extended compensation under a State law can be made under such law because such individual has received all the extended compensation available to him from his extended compensation account (as established under State law in accordance with section 202(b)(1) of the Federal-State Extended Unemployment Compensation Act of 1970).

(3) (A) For purposes of subsection (b)(2)(A), in the case of any State, an emergency extended benefit period.—

(i) shall begin with the third week after a week for which there is a State "on" indicator; and

(ii) shall end with the third week after the first week for which there is a State "off" indicator.

(B) (i) For purposes of subparagraph (A), there is a State "on" indicator for a week if the rate of unemployment (including both insured and uninsured unemployment) in the State (as determined by data published monthly by the Bureau of Labor Statistics of the Department of Labor) for the period consisting of such week and the immediately preceding 12 weeks equaled or exceeded 4 per centum, and if there is a State or National "on" indicator for such week (as determined under subsections (d) and (e) of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970).

(ii) For purposes of subparagraph (A), there is a State "off" indicator for a week if, for the period consisting of such week and the immediately preceding 12 weeks, the rate of unemployment (including both insured and uninsured unemployment) in the State (as determined by data published monthly by the Bureau of Labor Statistics of the Department of Labor) is less than 4 per centum.

(d) For purposes of any agreement under this Section—

(1) the amount of the emergency compensation which shall be payable to any individual for any week of total unemployment shall be equal to the amount of the regular compensation (including dependents' allowance) which would have been payable to him under the State law if he had not exhausted his rights to regular compensation under such law; and

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall (except where inconsistent with the provisions of this section or regulations of the Secretary promulgated to carry out this section apply to claims for emergency compensation and the payment thereof.

(e) Payments of emergency compensation under an agreement entered into under this section may not be paid to any individual for more than 26 weeks.

(f) No emergency compensation shall be payable to any individual under an agreement entered into under this section for any week prior to the week after the week such agreement is entered into, or if later, the week after the week in which such agreement becomes effective.

(g) (1) There shall be paid to each State which has entered into an agreement under this section an amount equal to 100 per centum of the emergency compensation paid to individuals by the State pursuant to such agreement.

(2) No payment shall be made to any State under this section in respect of compensation for which the State is entitled to reimbursement under the provisions of any Federal law other than this section.

(3) Sums payable to any State by reason of such State having an agreement under this section shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this section for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

(h) Funds in the extended unemployment compensation account (as established by section 905 of the Social Security (Act) of the Unemployment Trust Fund shall be used by the Secretary for the making of payments to the States having agreements entered into under this section.

(i) For the purposes of this section—

(1) the terms "compensation", "regular compensation", "extended compensation", "base period", "benefit year", "State", "State agency", "State law," and "week", shall have the meanings assigned to them under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970;

(2) the term "period of eligibility" means, in the case of any individual, the weeks in his benefit year which begin in an extended benefit period or an emergency extended benefit and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period or in such emergency extended benefit period; and

(3) the term "extended benefit period" shall have the meaning assigned to such term under section 203 of the Federal-State Extended Unemployment Compensation Act of 1970.

(j) There are hereby authorized to be appropriated such sums as shall be necessary to carry out the purposes of this section.

Mr. HUMPHREY. Mr. President, this particular amendment to H.R. 8432 was introduced originally on July 24, 1971, to the bill that was then under consideration, S. 2308.

I have revised the amendment to make it apply to the House bill that is now pending before the Senate.

This amendment concisely provides for an extension for 26 weeks, and the immediate implementation of the full Federal financing, of additional unemployment compensation benefits for the 26 weeks.

I offer this amendment because I am deeply concerned about the lives of those who are out of work, cannot find employment, or are facing the possibility of being released from their jobs.

I offer this amendment also because I do not detect any improvement in the condition of our economy. And, I for one, do not believe that we can ask families to suffer for the sake of the administration's failure to act or dependence on policies that do not work.

Our Nation is faced with a dreadful and massive crisis of unemployment. In May the unemployment rate was 6.2 percent. In June the announced rate was said to have declined to 5.6 percent but an additional 1.1 million were out of work. And, it is estimated that the hidden unemployment may total as much as 1.5 percent, making a total of around 7 million American men and women unemployed, or an unemployment rate of between 7.5 and 8 percent.

Mr. President, I ask unanimous consent to have printed in the RECORD Table I entitled "Selected Measures of Unemployment and Part-Time Employment."

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

TABLE I.—SELECTED MEASURES OF UNEMPLOYMENT AND PART-TIME EMPLOYMENT

[The seasonally adjusted unemployment rate declined from 6.2 percent in May to 5.6 percent in June. The unemployment rate for married men dropped from 3.3 to 3.1 percent]

| Period | Unemployment rate (percent of civilian labor force in group) | | | Labor force time lost [1] | Persons at work in nonagricultural industries by hours worked per week [2] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Under 35 hours | | | | |
| | | | | | | | | Part time for economic reasons | | Part time for economic reasons | |
| | All workers | Experienced wage and salary workers | Married men (wife present) | | Over 40 hours | 35 to 40 hours | Total | Usually full time [3] | Usually full time [4] | Usually full time [3] | Usually full time [4] |
| | Percent | | | | Thousands of persons 16 years of age and over | | | | | | |
| 1966 | 3.8 | 3.5 | 1.9 | 4.2 | 21,334 | 32,008 | 12,034 | 871 | 793 | | |
| 1967 | 3.8 | 3.6 | 1.8 | 4.2 | 20,920 | 32,616 | 13,290 | 1,060 | 853 | | |
| 1968 | 3.6 | 3.4 | 1.6 | 4.0 | 20,600 | 32,658 | 14,785 | 895 | 820 | | |
| 1969 | 3.5 | 3.3 | 1.5 | 3.9 | 20,608 | 34,201 | 15,210 | 955 | 855 | | |
| 1970 | 4.9 | 4.8 | 2.6 | 5.4 | 18,925 | 33,537 | 18,222 | 1,201 | 995 | | |
| | Seasonally adjusted | | | | Unadjusted | | | | | Seasonally adjusted | |
| 1970: | | | | | | | | | | | |
| May | 4.9 | 4.8 | 2.5 | 5.5 | 19,928 | 35,898 | 15,737 | 1,116 | 835 | 1,235 | 993 |
| June | 4.9 | 4.6 | 2.5 | 4.9 | 19,263 | 36,354 | 14,182 | 1,321 | 1,250 | 1,145 | 979 |
| July | 5.0 | 4.9 | 2.7 | 5.4 | 18,529 | 34,686 | 13,402 | 1,204 | 1,559 | 1,248 | 1,058 |
| August | 5.1 | 5.0 | 2.8 | 5.5 | 18,459 | 34,782 | 13,004 | 1,390 | 1,307 | 1,392 | 967 |
| September | 5.4 | 5.2 | 2.9 | 5.9 | 12,872 | 17,072 | 40,209 | 1,071 | 973 | 1,005 | 1,070 |
| October | 5.5 | 5.4 | 3.0 | 6.1 | 19,639 | 34,154 | 18,177 | 1,253 | 920 | 1,347 | 1,062 |
| November | 5.9 | 5.7 | 3.2 | 6.4 | 18,647 | 31,704 | 21,993 | 1,250 | 1,103 | 1,249 | 1,164 |
| December | 6.2 | 6.1 | 3.4 | 6.4 | 20,233 | 36,249 | 16,433 | 1,309 | 1,020 | 1,382 | 1,151 |
| 1971: | | | | | | | | | | | |
| January | 6.0 | 5.8 | 3.3 | 6.4 | 19,070 | 35,687 | 16,576 | 1,442 | 973 | 1,377 | 1,107 |
| February | 5.8 | 5.6 | 3.2 | 6.3 | 18,463 | 33,881 | 18,966 | 1,267 | 1,123 | 1,227 | 1,231 |
| March | 6.0 | 5.8 | 3.2 | 6.5 | 19,448 | 35,830 | 16,267 | 1,284 | 1,093 | 1,242 | 1,213 |
| April | 6.1 | 5.7 | 3.1 | 6.4 | 18,207 | 35,767 | 16,650 | 1,242 | 988 | 1,309 | 1,185 |
| May | 6.2 | 5.8 | 3.3 | 6.8 | 19,505 | 36,540 | 16,041 | 1,102 | 1,081 | 1,219 | 1,285 |
| June | 5.6 | 5.4 | 3.1 | 5.6 | 19,069 | 36,723 | 14,646 | [5] 1,142 | [5] 1,515 | 990 | 1,186 |

[1] Man-hours lost by the unemployed and persons on part time for economic reasons as a percent of potentially available labor force man-hours.

[2] Differs from total nonagricultural employment (p. 10), which includes persons with jobs but not at work for such reasons as vacation, illness, bad weather, and industrial disputes.

[3] Includes persons who worked part time because of slack work, material shortages or repairs, new job started, or job terminated.

[4] Primarily includes persons who could find only part-time work.

[5] Average hours worked: usually full time, 24.1; usually part time, 18.4.

Source: Department of Labor.

Mr. HUMPHREY. Mr. President, table I indicates the unemployment rates since 1966. These figures show that unemployment has increased from a low of 3.8 to a high of 6.2. The 1970 figure was 1.1 percent over that of 1966. In 1970, 5.4 percent of potentially available work man-hours were lost. On a seasonally adjusted scale, this total loss in man-hours went to 6.8 percent in May of 1971 and dipped to 5.6 percent when statistical figures were rearranged for the June 1971 reporting.

Among specific groups in our population, the workless figures are appalling. For construction workers—and we hear much about construction workers these days, the wages they are paid and their working conditions—the unemployment rate is 11.2 percent. Among blacks, the jobless rate reached 10.5 percent. Vietnam veterans faced a similar no-job situation with 14.6 percent looking for work. Youth unemployment is alarming; in some areas of the country, the rate reaches 40 percent.

These are the latest statistics I have been able to get from the Department of Labor.

In addition, these same unemployed workers face reduced purchasing power. Recent Bureau of Labor Statistics figures indicate that during June the consumer price index rose 0.6 percent or an annual rate of more than 7 percent—the sharpest increase in 14 months.

The biggest increase was in the food sector—showing a 0.8 percent upward movement. Other consumer goods prices increased also: Home ownership, 1.1 percent; gasoline, 0.9 percent; public transportation, 1.9 percent.

So we have continuing inflation with little or no sign of its abatement; continuing high unemployment with little or no sign it will be reduced.

Mr. President, there are about 65 million persons covered and protected by the unemployment insurance program. The 1970 amendments added some 2.3 million employees of nonprofit organizations, some 1.1 million workers who hold jobs in small firms, and about 1 million employees of State hospitals and State institutions of higher learning.

These programs are designed to provide cash benefits to regularly employed members of the labor force who become involuntarily unemployed and who are able and willing to accept suitable jobs.

Federal law provides that State unemployment insurance programs must meet certain national requirements if the States are to receive the matching Federal funds. The State though, has the responsibility for the content and development of laws. The State decides for itself what the coverage and contribution rate will be, what eligibility requirements and disqualification benefits will be and what the amounts and duration of benefits will be.

Benefits are available as a matter of right to those unemployed workers who have demonstrated a specified amount of work and/or earnings in the covered employment period. In most States, the compensation formula for these unemployed workers is a fraction of the full-time week wage.

In addition to benefits paid under the previously described program, in 1970, Congress passed the Federal-State Extend Unemployment Compensation program. This new law provided for extended benefits during periods of high unemployment to workers who have exhausted their basic entitlement to regular State unemployment compensation. These benefits will be paid whenever an "extended benefit" period exists. Such a period can exist first, either after December 31, 1971, when national or State's unemployment rate goes above 4.5 percent or second, when a State legislature makes the program operative earlier as a result of the unemployment situation within that particular State.

The 1970 bill provided for a system of national and State "on and off" indicators. The national indicators go into effect if unemployment is above 4.5 percent. The State indicator goes into effect when the—

Rate or insured unemployment for the State equalled or exceeded during a moving 13 week period, 120 percent of the rate for the corresponding 13 week period in the preceding two calendar years and when such rate also equalled or exceeded 4 percent.

During the time in which there is a State or National "on" indicator in effect, the covered unemployed are eligible for additional benefits totally not more than 13 weeks, with an overall limitation of 39 weeks of benefits.

Yet, approximately 20 to 25 percent of all workers who receive benefits are not able to find employment by the time the compensation period ends. And, in recessionary periods, in periods of rapid and uncontrolled inflation, in periods of sluggish economic growth and decreasing capital investment, almost 45,000 eligibles exhaust their benefits every week. Thus, in March of 1971, the last date for complete available data from the U.S. Department of Labor, over 182,234 workers lost coverage. In Minnesota, 4,627 workers lost eligibility for the same month.

I was informed recently another 8,000 have lost their eligibility.

Other information from the Manpower Administration indicates that in the eight large States which provide preliminary weekly data 18,744 workers exhausted their unemployment insurance benefits. The totals for these States were: California, 5,153; New York, 3,644; Michigan, 2,493; Massachusetts, 1,939; Illinois, 1,628; New Jersey, 1,545; Pennsylvania, 1,446; and Indiana, 906.

Mr. President, I ask unanimous consent to have printed in the RECORD table 2 entitled "Unemployment Insurance Programs."

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

TABLE II.—UNEMPLOYMENT INSURANCE PROGRAMS

| Period | All programs | | | State programs | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Weekly average (thousands) | | | Insured unemployment as percent of covered employment | | Benefits paid | |
| | Covered employment (thousands) | Insured unemployment (weekly average) (thousands) | Total benefits paid (millions) | Insured unemployment | Initial claims | Exhaustions | Unadjusted | Seasonally adjusted | Total (millions) | Average weekly check |
| 1967 | 56,342 | 1,270 | $2,220.0 | 1,205 | 226 | 17 | 2.5 | | $2,092.3 | $41.25 |
| 1968 | 57,976 | 1,187 | 2,191.0 | 1,111 | 201 | 16 | 2.2 | | 2,031.6 | 43.43 |
| 1969 | 60,003 | 1,177 | 2,298.6 | 1,101 | 200 | 16 | 2.1 | | 2,127.9 | 46.17 |
| 1970 | | 1,932 | 4,143.5 | 1,805 | 296 | 25 | 3.4 | | 3,848.5 | 50.31 |
| 1970: | | | | | | | | | | |
| May | | 1,778 | 315.5 | 1,667 | 246 | 24 | 3.2 | 3.6 | 293.6 | 49.46 |
| June | | 1,696 | 315.4 | 1,583 | 248 | 25 | 3.0 | 3.7 | 292.3 | 49.68 |
| July | | 1,897 | 340.8 | 1,761 | 333 | 24 | 3.3 | 3.5 | 314.2 | 49.57 |
| August | | 1,855 | 340.5 | 1,710 | 248 | 26 | 3.2 | 3.7 | 312.3 | 50.63 |
| September | | 1,746 | 328.5 | 1,607 | 244 | 26 | 3.0 | 4.1 | 299.2 | 50.64 |
| October | | 1,886 | 332.0 | 1,724 | 278 | 26 | 3.2 | 4.4 | 304.2 | 51.45 |
| November | | 2,233 | 372.9 | 2,017 | 335 | 30 | 3.7 | 4.5 | 342.1 | 52.24 |
| December | | 2,632 | 484.1 | 2,369 | 398 | 33 | 4.4 | 4.0 | 461.5 | 52.43 |
| 1971: | | | | | | | | | | |
| January | | 3,198 | 567.2 | 2,799 | 427 | 38 | 5.3 | 3.7 | 524.4 | 52.83 |
| February | | 3,214 | 579.5 | 2,751 | 321 | 40 | 5.2 | 3.8 | 536.1 | 53.12 |
| March | | 3,091 | 605.3 | 2,582 | 275 | 40 | 4.9 | 3.9 | 565.9 | 52.94 |
| April | | 2,756 | 599.6 | 2,283 | 257 | 42 | 4.5 | 4.0 | 559.7 | 53.37 |
| May | | 2,500 | 547.8 | 2,001 | 238 | 42 | 3.8 | 4.2 | 501.3 | 53.49 |
| June | | 2,336 | 545.2 | 1,893 | 250 | 45 | 3.6 | 4.4 | 499.7 | 53.68 |
| Week ended: | | | | | | | | | | |
| 1971: | | | | | | | | | | |
| June 5 | | 2,393 | | 1,949 | 233 | | 3.7 | | | |
| June 12 | | 2,340 | | 1,901 | 244 | | 3.6 | | | |
| June 19 | | 2,325 | | 1,884 | 250 | | 3.5 | | | |
| June 26 | | 2,310 | | 1,870 | 247 | | 3.5 | | | |
| July 3 | | 2,270 | | 1,844 | 288 | | 3.5 | | | |
| July 10 | | | | | 335 | | | | | |

Source: Department of Labor.

Note.—For definitions and coverage, see the 1967 Supplement to Economic Indicators.

Mr. HUMPHREY. Mr. President, table II indicates that the seasonally adjusted insured unemployment rate rose from 4.2 percent to 4.4 percent. In 1970, over $4.143 billion was paid in benefits. So far, in 1971, paid out benefits averaged around $550 million per month. In my home State of Minnesota, the unemployment compensation program covers some 25,086 on regular program and 8,384 on the extended program. It pays out an average of $885,000 in regular benefits a week and around $320,000 for extended.

Significant questions remain: What does a man do once his benefits have been exhausted? How does he live, how does he feed his family?

What usually happens is that his wife ends up working when she might rather stay at home, being a mother to the children. In other cases, the jobless male will take anything he can get at whatever wage is being offered. But temporary, unsatisfactory jobs are hardly the answer. They provide little income and no security for the family.

Or, the unemployed person may find that he must reorient himself toward a different life career—to work as a policeman or teacher or in local and State government.

Or, as another option, they take a salary cut—as indicated in an article recently published in the Wall Street Journal. Thus, taxicab drivers in Cleveland voted to reduce their pay by giving up a bonus of 5½ cents per trip. And 2,000 salaried and union employees of Hamilton Watch Co. in Lancaster agreed to a pay cut of 10 percent during the first half of this year in order to conserve cash. Yet, as one worker said:

> They want us to take a pay cut, and I can't see that. That is going backwards.

Or, finally, workers just give up and go on welfare. This is often a last resort, but it is becoming more and more the only resort.

This amendment to the Emergency Loan Guarantee Act adds a new title, title II, the Full Benefit Emergency Unemployment Compensation Act of 1971. It is designed to give the unemployed worker 26 additional weeks of compensation and to immediately bring these benefits into being.

Section 202 of this title reduces the automatic triggering provision of the 1970 Federal State Extended Unemployment Compensation Act from 4.5 to 4 percent. Thus, whenever the State or national unemployment equals 4 percent the "on" indicator will be operative, and benefits will be available.

This section also provides full Federal funding of both the extended and emergency compensation programs.

Section 203 of this new title allows the Secretary of Labor to enter into agreement with the States providing for the payment of additional emergency compensation benefits. It provides that whenever a national or State "on" indicator is in effect, an eligible unemployed worker who has exhausted his regular or extended benefits will be allowed an additional 26 weeks of compensation. Thus, an unemployed worker is allotted a total of 65 weeks of benefits.

Mr. President, I believe that the changes in this amendment made in our unemployment compensation system, though not as adequate as full employment for the worker, will help ease some of the burden of being without a job.

I urge the Senate to give this amendment its sympathetic attention.

At a time when we are providing guarantees for private business, it is only fitting that we provide compensation for workers who want to work, who want a job, but because of adverse economic conditions cannot find employment.

I ask the Senate to join with me, to help the 5.5 million persons unemployed.

Mr. President, I ask that an article from the Wall Street Journal, "Some Workers Accept Pay Cuts as an Alternative to Losing Their Jobs," be printed in the RECORD at this point.

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

BITTER CHOICE: SOME WORKERS ACCEPT PAY CUTS AS ALTERNATIVE TO LOSING THEIR JOBS

(By Jim Hyatt)

AKRON, OHIO.—William Yakubik's union and his boss have been talking about wages, and Mr. Yakubik doesn't like the direction the conversation is taking.

"They want us to take a pay cut and I can't see that. That's going backwards," insists Mr. Yakubik, a tire builder and a 21-year veteran at a Firestone Tire & Rubber Co. plant here.

Wage cuts? With inflation still driving prices upward? That's the theme Firestone is pushing here as the key to bringing new rubber industry jobs to town. Last month, the company wrote Local 7 of the United Rubber Workers that in order to locate a new radial truck tire plant here, a longer work week and a lower hourly wage rate would be necessary. "We can locate at any number of places at wages rates at or below Akron rates," says J. V. Cairns, Firestone's vice president-labor relations. "The union wanted to know what would have to be done to increase our capacity in Akron, so we told them."

Wage cuts are usually an explosive topic for any management and any union. But the squeeze on productivity has forced many employers these days to raise the issue openly at last as one way to save jobs and avoid layoffs. Perhaps more significantly, some unions are responding to the idea with less than absolute horror. Reluctant as they might be to consider such an idea, they figure work at a reduced wage is better than no job at all.

JOINING THE LIST

In recent months, such diverse groups as taxi drivers in Cleveland, paper mill employes in New York, and watchmakers in Pennsylvania have taken pay cuts, some on a temporary basis. Now there's talk of wage-cutting among many of the 11,000 hourly workers at General Motors Corp.'s Frigidaire division in Dayton. It's still too early to call wage-cutting a trend. But both union officials and corporate labor experts in a number of industries concede that if the economy stays in the doldrums, they may be forced to join the list of businesses that have already whittled pay checks.

Even some union officials themselves are adjusting their own wages due to financial problems. At the United Auto Workers, more than 800 international representatives have volunteered to delay until next January a 7% wage increase that would have been effective Aug. 1.

Wage cuts in industry can affect employes at all levels ranging up to the executive suite, where cuts may be felt either as outright pay reductions or as reduced bonuses as profits evaporate. Usually, in fact, it's easier to cut executive and white-collar salaries than it is production-line salaries.

In some instances, at least, the cuts are only temporary. For about four months recently, some 2,000 salaried employees of Wheeling-Pittsburgh Corp. took a 10% pay cut, a move executives said made a "significant contribution to the well-being of the corporation." The money was restored in February. In late 1970, executives and key employes at Warner & Swasey Co., the Cleveland machine tool concern, took pay cuts of up to 35%. Chairman James C. Hodge received aggregate remuneration of $100,000 in 1969, but only $86,577 in 1970, according to proxy materials.

While no less painful, achieving pay cuts for hourly workers is considerably more difficult. Hourly rates usually are set by lengthy contracts, and changes require approval by often skeptical rank-and-file union members. "The union leader who proposes a pay cut is putting his head on the block," says one corporate labor relations official.

A SUSPENDED CAB BONUS

Nonetheless, in cases where the employer pleads economic distress, such agreements can be worked out. Cleveland-taxi drivers in June voted to reduce their pay by giving up a bonus of 5½ cents a trip. The bonus had been won during 1966 negotiations. Yellow Cab Co. said it was losing money and would restore the bonus once profitable level are reached.

In Lancaster, Pa., about 2,000 salaried and union employees of Hamilton Watch Co. agreed to a 10% pay cut during the first half of this year to conserve cash. And in one widely noted instance, about 450 employees of Wear-Ever Aluminum Inc., the cookware subsidiary of Aluminum Co. of America, voted last year to forgo wage and fringe benefits increases during the third year of a contract, John S. Hamilton, president of the Chillicothe, Ohio, concern, says that partly as a result of the move, operations by year end "could be close to a profit for the first time in many years."

In Mechanicville, N.Y., a group trying to reopen a shut-down paper mill, formerly operated by Westvaco Corp. has asked workers to accept a new contract providing for a 10% pay cut and reduced benefits. The 550-man union local was "very co-operative and receptive to the plan," says an official of the new management group, called M-7 Papers Inc. The new management had argued that the mill couldn't be economically reopened unless wages were cut. The mill is slated to reopen next month.

AN UNHAPPY FACTION

Wage cuts proposed by less financially troubled concerns, however, often put union leadership on the defensive. With Firestone's wage proposal, grouses one union leader in Akron, "the company wins either way." He theorizes that if workers turn down the lower hourly wage rate for the new plant, the company can make the union the scapegoat for taking the jobs out of town. If the union accepts, of course, the company secures the lower rates without moving.

Thus one political faction of Local 7 at Firestone has been handing out leaflets labeling the wage cut, and other rubber company proposals to improve productivity, as "a nationwide conspiracy" and an effort to "break the chain of union strength."

Firestone specifically seeks to establish a new job classification called Radial Tire Assembler. The worker would be paid $5 an hour for five eight-hour days a week. At present, tire assemblers work a six-hour day for six days a week and make $6.14 an hour. The company insists that overtime under the new arrangement would bring average earnings near the present level. Because workers would put in more hours, there would be one less work turn daily.

The other major rubber companies are also seeking to change work rules and to institute the eight-hour day. Simply changing shifts four times a day loses much work time, they insist. (Some proposed changes are a little more unusual. B.F. Goodrich Co. is seeking to pay workers by check instead of cash, a practice the other tire companies abandoned several years ago. One worker explains that B.F. Goodrich employes like to be paid in cash so they can throw away the pay envelope and squirrel away a few dollars before handing the money over to the family.)

Firestone's proposed new truck fire operation is only the tip of the controversy, the union asserts. At best, only a few hundred workers would be employed at the new venture, at least in the beginning. The union worries however, that the company soon will try to spread the lower rates to other, already-existing jobs. "We can't put ourselves in a position where we'd buy a pig in a poke," says Local 7 President G. D. Gelvin. "We would insist any negotiations be pointed specifically at radial truck tires and not at the rest of the plant."

On such a limited basis, however, he says the union might consider the proposal. And some workers agree. "We want the production in Akron," says tire builder Julius Garman, 47. "Without a guarantee that the jobs will stay in Akron, it puts us behind the eight ball."

At some companies, it's difficult even to get the idea of a wage cut officially on the table. At Dayton, for instance, officials of GM's Frigidaire division have bluntly said that without vast, dramatic improvements in productivity, the appliance business' future is bleak. But in "state of the company" talks to workers, Vice President and General Manager Harold W. Campbell has stopped short of suggesting a wage cut. "GM is a proud company," says one observer close to the situation. "They aren't going to get down on their knees and beg."

Still, company officials pointedly note that Frigidaire pays electrical workers as much as $2 an hour more than competitors such as General Electric Co. and Westinghouse Electric Corp. And as a result, down on the assembly line and in the general community, prospects of a pay cut are the number one topic of conversation.

An ad hoc "Committee to Save Frigidaire for the Community" has asked in newspaper ads for suggestions on how to do so, and many of the 1,200 responses have called for a wage freeze or cut, says Frank G. Anger, head of the committee and chairman of Winters National Bank and Trust Co. "A retired man from Frigidaire wrote in saying he had just received a $22-a-month increase in his disability pension," Mr. Anger says, "and he said he'd be glad to give it up. Another person, who didn't work at Frigidaire, said he's willing to take a cut and buy a major Frigidaire appliance. A senior citizen wrote in: 'Pray, pray, pray!' "

Such talk, of course, has the union at Frigidaire, Local 801 of the International Union of Electrical Workers, on the defensive. "They've got public opinion to the point where we're the bad guys," moans Joe Shump, president. Still, he recalls, "we signed our contract last Nov. 23 and there was no indication then they couldn't choke down the package." Frigidaire pays wage rates comparable to those negotiated by the United Auto Workers at GM's auto plants.

Mr. Shump himself last Monday suggested reopening contract talks between Local 801 and Frigidaire as a way to get the situation "off dead center" after announcing that he plans to resign soon and become Ohio's state industrial relations director. Mr. Campbell of Frigidaire says, "We are willing to talk with the union" on the matter of new negotiations.

A little over half of Frigidaire's 11,000 employees in Dayton do appliance work. The others build auto air conditioning compressors. More than 3,100 appliance workers at the plant have been laid off in the last year, and another 126 are due to be laid off today.

Making a convincing case for a wage cut at Frigidaire may not be easy, despite the community uproar. The company won't say whether its appliance business is profitable, and adamantly refuses to open its books to the union. Without such information, Mr. Shump insists the union wouldn't know how big a wage cut would be needed to save jobs.

Mr. Campbell, the general manager, will only say that "our competitive problem is very serious. The other appliance manufacturers have a big competitive advantage." He admits Frigidaire has investigated such alternatives as subcontracting work outside of Dayton, moving elsewhere, and even building appliances in Japan.

Some Dayton observers are convinced GM originally planned to move Frigidaire out of town or even cease appliance manufacturing entirely until such movements as the "save Frigidaire" committee evolved. The Dayton business community is deeply concerned over the prospect of losing Frigidaire, which started work in the city more than 55 years ago and which in 1970 produced its 70-millionth product.

In any case, labor relations experts view the Frigidaire situation as highly significant. Rising imports, they assert, will put a similar wage squeeze on other manufacturers sooner or later, and the resolution of Frigidaire's wage dilemma could set a pattern for other employers.

Some Frigidaire workers already say they would consider a wage cut if one were absolutely necessary. "When another raise comes up in September, most are willing to forget about that one," says Fred McKenzie, 47. "I wouldn't mind a little cut—not more than a dollar an hour," adds Doug Limes, 29, a refrigerator assembly line worker.

Still, other union men view wage cuts as sheer "union-busting" tactics. "They're trying to put fear into the working man so he'll submit," asserts cigar-chewing Tom Miller, a union representative at Frigidaire. "They want the union to take credit for screwing up the deal," adds another Frigidaire worker, a veteran of 27 years.

Among the unions that have agreed to cuts elsewhere in the nation are construction trade unions, whose large wage settlements previously have symbolized the nation's wage spiral. Union electricians near Cleveland have agreed to trim rates for work on one and two-family dwellings by $4 an hour, or about 50%, to stimulate home building and generate jobs. In Pittsburgh, the building trades council and Mellon-Stuart Co., a large commercial builder, have agreed to a one-year, 10% wage cut and reduction of double-time and overtime provisions for some work.

"I put the cards on the table and they were totally in agreement," says P. N. Peters, executive vice president of Mellon-Stuart. "They wanted to be part of the market, and could see the writing on the wall that nonunion people were getting a larger share of the market. It's better to have a percentage of the market than none at all." Some crafts in the area are 45% unemployed, and the agreement should lead to more work, agrees an official of the building trades council. The agreement might even be extended beyond one year, he adds.

Some workers are finding they can exchange a wage cut for other job improvements. In Middletown, Ohio, the teachers association in May approved a one-year contract with no salary increase in exchange for reduced classroom sizes. The school system had tried to keep classroom sizes under 30, an official says, but wasn't always successful. Under the new contract, some classes will have as few as 18 students, and most will be in the 22 to 24 pupil range.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TOWER. Mr. President, does the Senator desire additional time?

Mr. HUMPHREY. It is not necessary. I understand that there is objection to this amendment on the basis of the rule of germaneness. I want very much that this amendment be added to this particular bill.

May I have 1 minute?

Mr. TOWER. Mr. President, on behalf of the manager of the bill, I yield 1 minute to the Senator from Minnesota.

Mr. HUMPHREY. It seems to me that if we are going to help the company—which I intend to try to do; I am going to vote for this bill because I believe that it has merit—I also believe that there is great merit in taking into consideration the needs of thousands of workers in this country who are literally out on the relief lines, their unemployment compensation benefits having been exhausted. There have been many attempts in the Senate to do something about it. It is my opinion that the particular measure before us, known as the Lockheed bill, offers an appropriate vehicle of this type of amendment, which I believe to be not only germane, but relevant and directly to the point.

Mr. TOWER. Mr. President, I yield myself 2 minutes.

Let me say that I raise an objection not based on the merits of what the Senator from Minnesota proposes, but under the order I believe it would not be considered germane and so would be out of order, without addressing myself to the merits of the amendment.

Mr. HUMPHREY. Mr. President, I understand that on Friday the germaneness rule had been applied to the unanimous-consent request. The Senator from Minnesota was necessarily absent on Saturday. I understand that there was a unanimous-consent agreement arrived at at that time. I merely state for the record that I had no previous information about it, even though I had an amendment at the desk which is identical to the amendment which I now wish to attach to the House bill which is presently before the Senate.

Mr. TOWER. Mr. President, I am sorry the interests of the Senator from Minnesota were not protected. If I had been aware of that, I would have done so myself.

Mr. HUMPHREY. I shall offer this amendment in the Senate at some other time. I do point out that I shall be here to make sure that the rule of germaneness permits me to do so.

Mr. TOWER. Does the Senator from Minnesota withdraw his amendment?

Mr. HUMPHREY. No, I do not withdraw it. If the Senator wishes to raise a point of order, that is his privilege, but I think the amendment should be adopted.

Mr. TOWER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TOWER. Is the amendment of the Senator from Minnesota in order?

The PRESIDING OFFICER. Has a point of order been raised?

Mr. TOWER. A point of order has been raised.

The PRESIDING OFFICER. Does the Senator from Texas raise it?

Mr. TOWER. Yes.

The PRESIDING OFFICER. Under the unanimous-consent agreement, all amendments offered to the bill are required to be germane. The language of the amendment proposed by the Senator from Minnesota is not germane to the bill. The Chair, therefore, sustains the point of order which has been raised by the Senator from Texas.

Mr. HUMPHREY. Mr. President, the Senator from Minnesota objects.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I yield the junior Senator from Illinois 8 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 8 minutes.

Mr. STEVENSON. Mr. President, this bill proposes to subsidize and prop up the Nation's largest and most cost-overrun prone defense contractor. Lockheed's last venture into commercial airframes ended in a multimillion dollar disaster. Its present venture is floundering because of its mistakes, the failure of Rolls Royce, and vigorous competition from McDonnell-Douglas in an industry surfeited by competition.

So far as I know, no one has contended that Lockheed should be protected from the consequences of its own bad judgment. I have heard no one contend that Lockheed should be rescued because it is the innocent victim of circumstances beyond its control. To the best of my knowledge, no one has pretended that failure of the Tri-Star project would leave the airlines without a sufficient supply of good wide-bodied airbuses. McDonnell-Douglas and its European competitor could supply the market and at such time as the market could itself support a third manufacturer, others—Boeing, North American, and General Dynamics included—could jump in. Competition would be maintained in the market for this particular aircraft.

The Defense Department has made it clear that the national security would not be adversely affected by failure of the Tri-Star project and the reorganization of Lockheed. The evidence indicates, on the contrary, that Lockheed left as any other corporation to the processes of the marketplace and the law, would emerge from reorganization a trim, better managed corporation. The reorganization procedures available under the Bankruptcy Act are for this purpose—to put corporations back on their feet. They were resorted to recently by Penn Central. That railroad is the better managed for it. And the taxpayers are the wealthier.

The stockholders, the banks, the airlines, the suppliers, and other creditors may benefit from this attempt to break with American tradition and bail out a large, failing corporation. But few if any witnesses have been so indelicate as to suggest that these interests, too, must be protected from the consequences of their business judgments.

I have followed the matter closely from its inception and I still do not know what the reason is for this extraordinary attempt to bail out a big, powerful corporation—unless, of course, that is it. It is big and powerful. I have heard all the veiled and unsubstantiated hints that air transportation would suffer from a loss of competition among its suppliers and that the whole economy would collapse if Lockheed went through reorganization. But those arguments are carefully hedged and qualified and, it would seem, not aimed so much at the observer's reason as at establishing a climate of fear and caution congenial to this extraordinary effort by the Government to rescue one big corporation.

No, Mr. President, in the end only one argument withstands the light of day. And it is the argument most frequently and loudly advanced in support of the guarantee. It is argued that at a time of high unemployment and in an industry particularly hard hit the Government must come to the rescue in order to save jobs, many of them highly skilled. That is an argument with which we can all sympathize. And, if indeed it were true that tens of thousands of jobs hung in the balance, extraordinary steps by the Government would be justified. Many of us have been ready to take extraordinary steps to save, not thousands, but millions of jobs in all parts of the country and in all walks of life. We have urged tax cuts. We have pleaded for the release of impounded funds for water and sewers, mass transit projects, highways, and model cities programs. We have voted for the accelerated public works and emergency employment programs, only to have them vetoed by Mr. Nixon—and our entreaties ignored. And now we are expected to believe that this bailout for a big and powerful corporation is intended to save jobs. One might forgive a bit of skepticism. And when one looks at the facts, the skepticism becomes amply justified. Some jobs will be lost in the politically important States of California and Texas and in Georgia. Other States will be affected. Mr. Haughton, the Lockheed chairman, admitted that many of the jobs lost at Lockheed and at its suppliers will be filled by McDonnell and at its suppliers, including its American engine manufacturer. As a matter of fact, the McDonnell-Douglas DC–10 has a smaller foreign labor component than the L–1011. Failure of the L–1011 would lose jobs in England at Rolls-Royce. It is doubtful that it would cause a net loss of jobs in this country. We never have received a firm estimate of the net loss in the United States. But it is probable that the number of jobs lost and unreplaced would be at worst very small. Mr. Charls Walker, the Under Secretary of the Treasury, stated before the Senate Banking Committee that any such net loss would be temporary. It is possible as the Senator from Wisconsin has pointed out, that the loan guarantee will cause a loss of more jobs than it would save. Production would be diminished at McDonnell-Douglas and at its suppliers, including General Electric. Credit to the tune of $250 million will be artificially diverted in the marketplace to a failing company and away from prosperous, taxpaying firms.

Credit will be effectively diverted from small businesses, farms, schools, and the construction of homes to a big, failing corporation for a commercial airplane project that is in no way vital to the Nation.

So, Mr. President, I see no real purpose, nothing to be gained, from this unusual intervention by the Government in the workings of the market place. Jobs would as likely be lost as saved. Credit put to other uses could yield more wealth, more jobs and tax revenues, and more human welfare. And I do not consider the financial interests of investors and creditors, such as the banks, sufficient to warrant this intervention on their behalf. I do not want it said that those interests have shared Lockheed's profits and let the taxpayers share its losses.

Mr. President, there is nothing to be gained and much to be lost from this ill-advised proposal.

First, it is quite clear that $250 million may not be enough to assure the success of the Tri-Star project. And if indeed that is the case will we not be asked to provide additional guarantees? If we are placed in that situation, everything that is true now—possible job losses, the reorganization of our largest defense contractor, possible loss of competition in the wide-bodied trijet market—will be true then. And in addition $250 million of the taxpayers money will be on the line. If the administration believes that the guarantee is in the public interest now, it will believe that it is in the public interest then.

This possibility is by no means remote. Secretary Connally has repeatedly emphasized that the administration does not guarantee that the $250 million will assure the survival of Lockheed.

All he will say is that the guarantee will keep Lockheed alive long enough to turn its otherwise worthless inventory into valuable airplanes, thereby reducing the loss which the banks, the airlines, the suppliers, Rolls-Royce included, would otherwise suffer.

The market for the wide-bodied trijet will develop, and it will be a large market, but the critical question for Lockheed is how soon. The airlines will not need many more trijets—and they will not be able to finance many more trijets—unless the domestic airline traffic rebounds sharply from the doldrums in which it now finds itself. The prospect of that happening soon is not bright. It is dimming with each additional fragment of information about air traffic and the economy generally.

Even if airline traffic does rebound as sharply as the Lockheed supporters hope, it is questionable whether Lockheed will be able to secure many new orders for the 1011. Expert witnesses are unanimous in their praise of both the L–1011 and McDonnell's competing plane, the DC–10. Given two good planes, competitively priced, one produced by a thriving

company and one by a company which may go under at any time, why would an airline buy from the weak company? What assurance will the customers have that Lockheed will be here 5 years from now to supply parts and know-how to them? Unless the administration has given the airlines assurances that have not been made public, it is difficult to see why any airline would gamble on Lockheed rather than going with McDonnell. If it is true that the customer buys a company as well as an airplane, Lockheed is not going to get a very large share of the trijet market.

If Lockheed does get a large share of the market, it may be that McDonnell Douglas will be faced with financial difficulty. Having subsidized a competitor, the Government might then feel obliged to bail out McDonnell and others who lose business with it. One of the most disturbing features of this proposal is that it is impossible to know how far this chain will extend, or how much of the taxpayers' money, over and above the $250 million, is on the line.

The British have demanded and received assurances from the U.S. Government that the $250 million will be enough to finance a 220-plane program, and that there are enough actual and potential orders to assure the completion of a 220-plane program. If the trijet program collapses, leaving the British with engines from planes that do not exist, is it not likely that the British will turn to us and say, "We relied on your estimates about the prospects for your plane, and we took a beating, so you have a moral obligation to help us absorb the loss"? I do not criticize the British for protecting themselves by setting a deadline for this loan and demanding assurances, but I cannot support a bill which may cause us to end up subsidizing inefficient British companies, as well as their inefficient American counterparts.

The ultimate problem with this bill is that if Lockheed is deserving—with all the allegations about mismanagement, deliberate underbidding, and the like—so is every other business which falls upon hard times. The loss of 10,000 jobs at one company—Lockheed—is not different from the loss of 10 jobs at each of 1,000 small businesses. Yet the small businesses are allowed to go under, while the big ones are bailed out. Only a very large and very well-connected corporation has the political muscle necessary to bring a special bailout bill before the Congress. In an age where the size and complexity of the American corporation—to say nothing of other institutions—may have reached the point of diminishing returns, the last thing we should do is encourage inefficient bigness—as the bill does.

It is not surprising that an administration which impounds funds for housing and mass transit; which vetoes emergency public works and manpower legislation; and which pushes the SST and the ABM would be willing to divert $250 million of credit away from deserving recipients and toward Lockheed. That $250 million could be used to build 10,000 new houses, to create 25,000 new jobs, to lift 250,000 families out of poverty or to finance hundreds of water quality projects. Instead, it is being used to shift the risk of loss from the banks to the Government, from Lockheed's stockholders and creditors to the taxpayers.

Mr. President, this bill cannot be justified on national security grounds or on economic grounds. This bailout only serves as a gesture to aerospace employees who have lost their jobs or who fear that they will lose them. The problems of these innocent people are real, but they will not be solved by empty gestures. The fact is that there is excess capacity in the aerospace industry, and that as budgetary constraints increase the squeeze will get even worse. To pass this bill is to create false hopes and false expectations. If we vote for this bill, we must in my view take some of the responsibility for the bitterness and disillusionment which will result when the hopes we create are dashed on the rocks of economic reality.

The Lockheed guarantee is opposed by economists from Milton Friedman to John Kenneth Galbraith—and with good reason. If we tamper with the free market for short-term political gains, we will pay a high price in the long term debilitation of the economy. With unemployment and inflation high, with productivity increasing slowly, and with stiff foreign competition confronting us, we simply cannot afford that price.

Mr. BUCKLEY. Mr. President, the senior Senator from California tells us that Lockheed is entitled to special help, because of certain circumstances which attended the reorganization of certain of its defense contracts. This may be so, and I shall address myself to this aspect shortly, but it does not justify the kind of assistance provided for in the legislation now before us.

My concern over the establishment of an unwise precedent involved in the Senate's emergency loan guarantee bill is not diminished by the fact the loan guarantee proposal has been reduced in scope to cover only one firm—the Lockheed Corp. If the bill is enacted, a precedent will in fact have been created which will come to haunt us.

The establishment of a Federal program to guarantee loans to business corporations—whether one, or many, is an unwise intrusion of the Federal Government into the free market mechanism. While some federally guaranteed loans may go to firms which could have been aided through free-market lenders, it is almost certain that firms which would not survive the test of free market competition would be aided to the detriment, not only of other firms, but of the entire economy because of the effect of the misuse of scarce economic resources.

As the Senator from California has suggested, there is strong, but not yet conclusive evidence, that the Federal Government does incur a moral obligation to Lockheed in some of the defense contracts negotiated with Lockheed between 1965 and 1969. The evidence suggests that Lockheed may have been induced to participate in defense contracts such as the C–5A because of an unwritten agreement or agreements which led Lockheed to believe it would be compensated for at least some kinds of cost overruns. The contracting procedure has since been dropped by the Department of Defense, but the problem for Lockheed remains. I have previously expressed my willingness to vote for a congressional appropriation to reimburse Lockheed for any moral obligation the Federal Government may have incurred in its defense contracting procedures with Lockheed.

To this end, I would support the establishment of a Board of Arbiters by the Congress to examine the nature and extent of any moral obligation which may have been incurred by the Federal Government in this regard. If the findings of such a board indicate that Lockheed is owed funds under its defense work for the Government, the Congress should support a proposal to reimburse Lockheed for its expenditures made in good faith.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. TAFT. Mr. President, I take this time merely to summarize the various arguments that have been made in connection with this project, and to attempt to lay at rest some of the representations that have been made as to the dire dangers that will occur to the country if we do not pass the legislation before us today.

Earlier the minority leader (Mr. SCOTT) talked with regard to employment and the effect upon employment. I have talked about that matter at length during the discussion on this bill, and I do not care how you slice it, it seems to me that it is perfectly clear that an aircraft made entirely or in great part in this country, rather than abroad, in the long run, if it prevails over the L–1011 program, is going to result in more employment in this country than would otherwise be the case.

However, I think that with regard to employment there are several alternatives we might talk about.

First of all, we could talk about the alternative of no bankruptcy and performance of the contract by the Lockheed Corp. Second, we could talk about bankruptcy of the Lockheed Corp. and a reorganization in bankruptcy under chapter X of the bankruptcy laws, and performance by the trustee in bankruptcy of the contract.

The third alternative seems to me to be bankruptcy and nonperformance of the contract. While I do not think this is particularly likely, let us review the various alternatives from the point of view of employment.

First, with no bankruptcy and performance of the contract, obviously there would be no effect upon employment, for no changes in employment by Lockheed would occur. I should like to point out the likelihood, in my opinion, of this circumstance occurring, because of the very real economic interest the British Government would have in coming forward with the guarantee the U.S. Government is here asked to come forward with. Since the bankruptcy, early last spring, of the Rolls-Royce Corp., the

British Government has been pouring literally millions of dollars a day into support of the engine operation of Rolls Royce, to provide engines for the L–1011. Having made that investment, and continuing to make it daily, it seems to me the prospect of their allowing the project to go under, and thus making their inventory totally worthless, is negligible and for all intents and purposes could be ignored. And if that occurred, as I have stated, it would have practically no effect upon employment.

Let us take the second alternative, bankruptcy and performance of the contract. Again, there would be no immediate impact upon employment in the United States if that occurred. Under those circumstances, the trustee in bankruptcy would merely take up where the management of the corporation left off, retain the same people in employment, with the same subcontracts for performance throughout the entire program for the building of the L–1011, and the same people would remain employed in the same areas of the United States.

I have suggested that, because of the buildup of inventory of airframes and engines that has continued to go on even with the bankruptcy of Roll-Royce, as an economic choice that is probably the decision that a trustee in reorganization of the Lockheed Corp. would make.

But let us consider the third alternative. As I have indicated, I think either of the first two alternatives is more likely. But take the third alternative: Bankruptcy and nonperformance of the contract. The trustee decides he is going to wash out the entire deal, junk the inventory, and perhaps sell it abroad—this has been suggested at times—at a fraction of its former price. Japanese concerns, for example, are reported to have offered to bid it in for as low as 5 percent of the actual book value of the inventory involved.

This is very unlikely to occur, but let us see what would happen if we should have bankruptcy and nonperformance of the contract.

Obviously, there would be many people who would lose their jobs.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PROXMIRE. Mr. President, I yield the Senator an additional minute.

Mr. TAFT. Not as many, obviously, as would be the case if the McDonnell Douglas Corp., which manufactures the DC–10, were to go under, but nevertheless a sizable number of jobs.

But let us face it from this point of view: There is just so much market for the airbus type of aircraft. It is being manufactured by McDonnell Douglas in this country. The 747, being manufactured by Boeing with Pratt and Whitney engines, also is going to be, to some degree, competitive in this market, and I feel there is no question but that, in the long run, if the present orders for the Lockheed plane involving Roll-Royce engines were canceled, those same orders, sooner or later, and I think sooner, would be replaced with orders from American manufacturers, and basically there are more American jobs covered, with more American manufacturers involved, in the case of McDonnell Douglas Aircraft than in the case of Lockheed.

The PRESIDING OFFICER. The additional minute has expired.

Mr. PROXMIRE. I yield the Senator 1 more minute.

Mr. TAFT. It is said that some of these orders might go to the European airbus, the A–300D. If that is the case—I think it is unlikely, in the first place, because the history of the purchase of foreign aircraft by American airline companies is not a very sanguine one—again we would have a question of the A–300D European airbus being built in Europe, but nevertheless using an engine propulsion system manufactured in this country, so here again we would have an offset or balancing of the jobs involved.

All in all, then, on the jobs argument that has been made, which of course is one of deep concern to all of us, I think we have to weight the scales very heavily in favor of saying that whatever we do here will not affect the employment situation to any great degree.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I yield 5 minutes to the Senator from California.

Mr. CRANSTON. Mr. President, when this issue first arose, I had deep questions about the advisability of guaranteeing a loan for Lockheed, even though Lockheed has its headquarters in my State and employs many Californians. I did not hesitate to express publicly my doubts and concerns over the issue. I particularly had concerns about the quality of Lockheed's management, and what failure by the management of Lockheed had contributed to the plight in which Lockheed found itself.

I had other questions as well. The management matter has been dealt with to some extent by an amendment I introduced, which was adopted by the committee and is now in the bill, authorizing changes in management if the board that gives or does not give loans deems a change advisable. Lockheed has also made very substantial management changes, recognizing its inadequacies. Lockheed will make more changes.

In contrast to the many failures—and there have been many failures recently at Lockheed—Lockheed does have a remarkable record of success in contrast to its failures. It produced the Poseidon and Polaris. Polaris, incidentally, is on display at the Smithsonian Institution, as is the Agena satellite and other parts that Lockheed has produced for planes. So Lockheed has played a dramatic role in the development of man in flight.

I finally came to the conclusion that we would not be setting a dangerous precedent if we granted a loan guarantee to Lockheed. The RFC granted direct loans and guarantees to companies needing help in past days. The Department of Defense, through "V" loans, has given up to $20 million in loans to defense companies in difficulty, and more can be given with the consent of Congress.

The Small Business Administration, despite many statements to the contrary on the floor of the Senate during this debate, does help companies that get into the sort of difficulty Lockheed is in. Testimony has been given by Mr. Sandoval in the House to that effect, and I have documentation, which I will submit for the RECORD following these remarks, making plain that SBA does give, in the smaller scale where SBA operates, the help that we seek to give now for troubled Lockheed.

I finally decided to support this effort basically because of several reasons. One, the U.S. Government, itself, bears considerable responsibility for the plight of Lockheed through the total procurement package contract, which was experimented with between DOD and Lockheed.

Second, Lockheed and its many employees and subcontractors responded, in effect, to a call to arms to help equip this Nation for national defense. Now that the situation is shifting, we have some responsibility for the welfare of those people.

Third, inflation stemming from the mistaken policies in Vietnam and the mistaken policies of this administration in seeking to fight inflation have helped put Lockheed in its plight.

All this adds up to a responsibility to help Lockheed in its situation.

In the matter of employment, vast numbers of people will be put out of work if Lockheed goes under. I do not believe that Lockheed's competitors will pick up enough plane orders to provide work for them or for an equivalent number of other people. Many employees of subcontractors will be put out of work.

In the matter of money, we are simply risking $250 million, and the risk is very slight if we underwrite this loan. I am utterly convinced, through the hearings and through studies, that the Government may lose more than $500 million in lost tax revenues, in renegotiated contracts, in money spent for unemployment compensation, and in other ways, if Lockheed goes under.

One other point has a considerable impact upon my thinking: We have spent a good deal of time seeking to find ways—some of them very complicated formulas that have been suggested—to help defense companies diversify so that they will be less dependent on the arms race. Those plans have not particularly worked. Government aid to defense industries for diversification into peacetime production may offend some people who vehemently oppose the war in Southeast Asia, who are against the arms race, and who do not like the influence of the so-called military-industrial complex in our society.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. TOWER. I yield 1 additional minute to the Senator.

Mr. CRANSTON. But any move to decrease dependency—and hence pressures—on behalf of defense expenditures that, however well intentioned, may actually weaken rather than strengthen us, should win wide support. No one can in good conscience, oppose providing those who are dependent on defense work another set of economic interests equally compatible with their abilities and their continued economic well-being, particularly if those interests are also

compatible with the well-being of our Nation.

The fact is that the vast defense industry, and the binding of towns and people to it in a kind of national technological serfdom, did not spring full-blown from the breasts of malefactors of great wealth hellbent on creating international crises and wars from which they could profit. Rather, it was produced by official Federal policy and by industrial advocacy believed to be truly responsive to our Nation's needs.

Lockheed is the major contractor in America working in defense. This loan guarantee would help Lockheed diversify in its production of its commercial aircraft, and it would reduce the dependency of Lockheed on the arms race in weapons contracts. It would, therefore, be a healthy move for our society, and it would be healthy for all those dependent upon Lockheed.

For these and other reasons, I urge support of this measure.

Mr. TOWER. Mr. President, I yield 5 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, I had determined after reading and listening to the arguments for and against the bill, to support the loan guarantee for Lockheed.

For myself, I prefer to vote on the straight and clear issue of the Lockheed guarantee rather than on the Senate generic bill, though I am appreciative of the purposes and work of the Committee on Banking and Currency.

I am concerned, as are many others, that the enactment of this bill would set a precedent which could cause a rash of similar applications for guarantees. But I believe this can be avoided by appropriate legislation, as I will indicate later.

Our country is afflicted with chronic unemployment which has persisted in many areas since at least 1960. But unemployment such as has recently occurred in our defense and aerospace industries has had a hard and shattering effect upon the total economy.

The senior and junior Senators from Washington, Senators MAGNUSON and JACKSON, testified a few days ago before the Senate Public Works Committee that the unemployment rate in Seattle had reached approximately 18 percent, with unemployment across the board, an increase of 100,000 in the unemployed, reaching scientists and engineers, skilled and unskilled labor.

The senior and junior Senators from California, Senators CRANSTON and TUNNEY, have spoken of the high rate of unemployment in the Los Angeles area, an increase of over 100,000 chiefly due to the problems in the aerospace and defense industries. All this has had a terrific impact and a shattering effect upon the total economy.

Under these circumstances, I think it infinitely better to vote for the guarantee, with a minimum risk to the United States being charged with payment of the loan, rather than to vote hundreds of millions, which we may be called upon to do, to provide even a welfare existence for thousands who would become unemployed. In the Lockheed case, it is said that 30,000 would be unemployed, with perhaps additional thousands of employees of Lockheed's suppliers.

Confidence is an important consideration today. It affects the willingness of industry to expand. The confidence of consumers is important. I believe the failure to act would have another adverse effect upon confidence and our economy.

I see no point in sending this company and perhaps some of its suppliers through the wringer of bankruptcy.

I voted against the SST because I saw no reasonable hope for its production, but I do not think it is comparable to this situation. The SST depended almost entirely on Federal appropriations, but it is my understanding that in this case, the banks are providing $400 million and aircraft companies are providing additional sums up to $1.4 billion. And as I have said, there is little prospect that the Government will be called on to pay this loan, unless the company fails entirely.

I return to the matter of precedent. I would hope that before any similar applications are approved, the appropriate committee would provide strict regulations to oversee and regulate, even as to management—in a very more comprehensive way—the companies which depend in great measure upon defense contracts. They may be considered, in a way, as quasi-governmental companies, as they depend largely upon defense production contracts. But our country is dependent upon them, in this world of deadly, sophisticated weapons, for national defense, and security.

Today, the managers of the bill, responding to the questions of the Senator from New York (Mr. JAVITS) indicated the measures they would take to protect this loan guarantee, insure good management, and strengthen procedures with respect to any future applications. I suggest that it is also possible, in examining the Defense Production Act, and the powers that the President has under that act, and the powers that can be conferred by Congress, that very strict measures in overseeing the companies which depend on defense contracts, can be established, even controls, which I have previously opposed, but which I think may be necessary.

My support also grows from my experience in the Public Works Committee as ranking Republican member. A few days ago, we reported to the Senate, and it was passed, the Public Works Development Act which provides a maximum of $800 million for accelerated public works, it is to help those who are unemployed.

Today, a bill will be reported to the Senate from our committee—the Economic Disaster Act, which will provide, an open-ended authorization, for areas in this country, such as those in the State of Washington, Los Angeles, Michigan, and other areas, providing certain benefits unemployed in the aerospace industry, and other industries.

Weighing the precedent, it seems to me it would be foolish to refuse to take action which may lose 30,000 jobs and perhaps additional thousands in supply companies when it will cost the Federal Government nothing whatever, and then pass bills appropriating millions of dollars to provide benefits for the same people.

I support the bill.

Mr. President, I ask unanimous consent to have printed in the RECORD a report from the Congressional Library on the Defense Production Act and the capabilities of Congress and the President under that act. It is an old report, made in 1967 and I will later bring it up to date.

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

GOVERNMENT WAGE AND PRICE CONTROL: A BACKGROUND ANALYSIS

(By Edward Knight)

The most recent time the President had wage and price control authority was during the Korean conflict. Following the sudden flare-up of hostilities in Korea in June of 1950, consumers and businessmen, fearing inflation and shortages resulting from a sharp increase in defense demand, greatly stepped up their spending for a wide range of durable and nondurable goods. Still fresh in the minds were the memories of wartime shortages and the effect that inflation during the immediate post World War II period had had on the purchasing power of their incomes. This marked acceleration in consumer and business spending placed extraordinary pressures on industrial production and forced prices (both wholesale and retail) up sharply, especially during the first nine months of hostilities. From June of 1950 through March of 1951, two consecutive waves of forward buying forced wholesale prices up by 16.2 percent (or at an annual rate of 20 percent) and consumer prices up by 8.3 percent (or at an annual rate of 10.5 percent).

With inflationary pressures mounting at an accelerating rate, Congress enacted into law the Defense Production Act of 1950 (64 Stat., 798 September 8, 1950), which gave the President explicit authority to impose wage and price controls generally over a substantial portion of the national economy, if he deemed it to be necessary. According to Section 401 of Title IV of the Act:

It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values.

Additionally, the President was given the authority to establish an independent agency for the purpose of administering such controls in the event that they were imposed.

Following the enactment of this law, the President, as provided for in the Act, initially sought to control wages and prices through voluntary action. It soon became apparent, however, that prices and wages could not be

stabilized by voluntary action or by means of selective controls. Accordingly, the President, under the authority of Section 402 of Title IV of the Defense Production Act, instructed the Director of Price Stabilization (appointed November 30, 1950) to issue a general ceiling price regulation (16 F.R. 808), on January 26, 1951.[1] This action was followed by a general wage stabilization regulation (16 F.R. 816), issued by the Wage Stabilization Board (appointed October 10, 1950) on January 29.

Immediately upon the issuance of the general ceiling price regulation, the prices of most goods and services were frozen at the highest level charged during the period from December 19, 1950, to January 25, 1951 (16 F.R. 810). In the case of wages, it was provided that:

No employer shall pay any employee and no employee shall receive "wages, salaries and other compensation" at a rate in excess of the rate at which such employee was compensated on January 25, 1951, without the prior approval or authorization of the Wage Stabilization Board. New employees shall not be compensated at rates higher than those in effect on January 25, 1951, for the jobs for which they are hired. (16 F.R. 817).

The principal agency concerned with the enforcement of price ceiling regulation was the [Office of Price Stabilization] which began operations on January 29, 1951, with 13 regional and 42 district branch offices throughout the country. Wage ceilings were administered by the Wage Stabilization Board which had been in existence since October 10, 1950. These two regulatory authorities in turn fell under the jurisdiction and supervision of the agency concerned with all matters relating to economic stabilization, the Economic Stabilization Agency (15 F.R. 6105).

Although wage and price controls no doubt played a significant role in reducing inflationary pressures in 1951 and 1952, price trends were moderated by two other influences as well: (1) restrictive monetary and fiscal policies; and (2) the economy's ability to adjust—particularly in 1951 and 1952—to the growing demands of the Korean conflict and the domestic market. Once prices showed definite signs of stabilizing, price ceilings on many types of goods sold at the retail level were suspended. However, at the wholesale level about 76 percent of the market transactions remained under active control through 1952.[2]

Authority to stabilize prices and wages under Title IV of the Defense Production Act was finally terminated April 30, 1953, pursuant to Executive Order 10434 of February 6, 1953, and provisions of the Defense Production Act Amendments of 1952 and 1953 (66 Stat. 296, 67 Stat. 131; U.S. Code App. 2166, 2071). Thus, if the President should find it necessary to impose ceilings on wages and prices in the future, he would have to request such authority from Congress.

Despite the fact that the President today does not have explicit authority to declare a freeze on wages and prices, the view is generally held that the President as Commander-in-Chief would have the authority to take such action if a national emergency should arise while Congress is out of session. Nevertheless, the President undoubtedly would call Congress into special session explicitly to authorize such controls, particularly since the Congress has the power to forbid the continuance of such action if in its view such action is deemed unnecessary. The whole question of the powers of the President in times of national emergency is subject to various interpretations among students of the Presidency. Nevertheless, the following commentary should shed some light on the matter:

In time of peace, the President performs the normal functions of chief executive in connection with defense interests and activities substantially as in relation to other government services. *It is when war comes that he rises to the full stature implicit in the sources and forms of authority above described.* Subject to restrictions by Congress (which almost certainly would not be imposed in the midst of conflict), he can send all branches of the armed forces anywhere that he chooses, and use them as he desires. He can take as much part as he likes in mapping out strategy and directing campaigns; indeed there is nothing to prevent him from taking the field in person if he so desires. Like any other supreme commander, he can terminate hostilities by agreeing to an armistice. He can set up military governments in conquered territory, and, directly or through appointed agents, exercise all legislative powers as well until Congress makes different arrangements. Meanwhile, availing himself of broad grants of emergency authority already on the statute book, or voted by Congress in response to White House requests unfailingly made, he can carry out sweeping programs of armed recruitment, civilian mobilization, and economic controls. Indeed, the object in modern war being to discover and make effective all national potentialities as speedily as possible, and at the same time to break down the enemy's power of resistance, control over the use of the armed forces inevitably broadens into the general function of taking whatever measures may be found necessary to those ends. As a former secretary of war phrased it, the commander-in-chief's duty is nothing less than to prosecute a war "to the fullest extent."[3]

Despite the fact that manpower, armament and materiel requirements of the Vietnam conflict today are somewhat in excess of those required in the Korean period, the Congress has not taken any action which would give the President statutory authority to control the level of wages and prices. Although the nation since the beginning of the Vietnam build-up has had to contend with "creeping inflation," such inflationary pressures have not been nearly of the magnitude of those experienced during the Korean build-up. During the period of greatest build-up—June 1950 to June 1951—prices increased sharply at the annual rate of 8.8 percent. In the first year of the Vietnam build-up—July 1965 to July 1966—prices increased by 2.8 percent. Likewise in the second year—July 1966 to July 1967—prices increased by the same rate. And since July of this year, prices have been increasing at a slightly higher annual rate of about 3.0 percent.

Moreover, although our involvement in Vietnam has been an unsettling influence in our economy—especially over the past year—the build-up so far has not been as much of a shock to the nation's economy as was the case during the Korean build-up. From fiscal year 1950 through fiscal year 1952, for example, total defense spending as a percentage of total gross national product increased sharply from 4.9 percent to 13.1 percent. In contrast, the ratio of such spending to GNP from fiscal year 1965 through fiscal year 1967 increased from 7.7 percent to 9.2 percent. And based on current projections, the ratio will range somewhere between 9.3 percent to 9.5 percent for fiscal year 1968.

Although currently there is deep concern over whether the economy can keep inflationary pressures within reasonable limits, no one, based on our current knowledge, is thinking in terms of a Korean type of inflation—that is, a rise in the price level in the vicinity of 8 percent (at the retail level). Most of the projections of consumer prices for next year range between 3 and 4 percent.

The Administration currently can be seen to take the position that inflationary pressures can be effectively contained and hopefully reduced by adjustments in monetary and fiscal policies (both in terms of increased taxes and reduced Federal spending). To date the Administration has consistently looked upon wage and price controls as a last resort.

Congressional activity in the area of wage and price controls has been rather limited and, therefore, does not enable one to gain an insight into the general feeling of the Congress on this matter. To date only one bill—H.R. 922—has been introduced specifically for such controls. This was introduced on January 10 by Congressman Multer of New York. This bill, cited as the "Anti-Inflation Act of 1967," would authorize the President ". . . to freeze the entire economy of the United States for a period of not to exceed ninety days in the event of an emergency during which time Congress shall have time to consider adequately the further necessity for such controls and the form they shall take." On the matter of wages and prices, the President under such circumstances would have the authority to issue a general freeze order making it unlawful for any person:

"(1) to sell or deliver or in the regular course of his business or trade to buy or receive any commodity, service, or property at a price, rental, commission, margin, rate, fee, charge, or allowance higher than that at which such person generally sold or delivered or brought or received the same or any similar or comparable commodity, service or property in any base date or dates, or base period, not more than one month prior to such order; and

"(2) to pay or receive a salary, wage, or other compensation higher than that paid by the employer for the same or comparable services in any base date or dates, or base period, not more than one month prior to such order."

At the time of this writing, the Committee to which this legislation was referred—the House Banking and Currency Committee—has taken no action on this matter. Thus, given the current economic setting, the question of wage and price control is not a pressing issue at the moment. Nevertheless, should inflationary pressures substantially exceed current expectations, and should conventional policy measures prove ineffective in containing such pressures, the Administration and the Congress may have no alternative to giving serious consideration to proposals calling for the institution of governmental controls over wages and prices.

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APPENDIX

THE FULL TEXTS OF STATUTES, EXECUTIVE ORDERS AND REGULATIONS CITED IN THIS REPORT

The Defense Production Act, September 8, 1950 (64 Stat. 798), Title IV—Price and Wage Stabilization.

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businesmen; to eliminate

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[1] Price and wage ceilings had already been established by the Office of Price Stabilization on the automobile industry in December of 1950 (15 F.R. 9061 and 15 F.R. 9326).

[2] Harold Underwood Faulkner, American Economic History. (8th ed.). 1960. p. 717.

[3] William H. Young. Ogg and Ray's Essentials of American Government. (Eighth ed.). New York, Appleton-Century-Crofts, Inc., 1961. pp. 488–489.

and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provision of this subsection.

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

(3) Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages, salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such

fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility: *Provided,* That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;

(vi) Margin requirements on any commodity exchange.

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material or service, which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising, after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evndence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunty to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest

or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on requestion by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision relating to price regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order realting to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(e)(1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409(a) or 706(a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoying or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceedings. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408(b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

SEC. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who wilfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President

may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever or such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

Mr. PROXMIRE. Mr. President, I yield myself 8 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 8 minutes.

Mr. PROXMIRE. Mr. President, at long last, the Senate is debating the real issue behind the Emergency Loan Guarantee Act. That issue is whether or not the Federal Government should bail out the Lockheed Aircraft Corp. The administration has attempted to disguise the Lockheed bailout by including it in a so-called generic bill to assist other ailing corporations. But finally, these pretenses have been stripped away and we are down to the fundamental issue of Lockheed.

Mr. President, any one who has followed the debate over the last 10 days will realize that most of the discussion has focused on the Lockheed situation. I believe all of the arguments for and against the Lockheed bailout have been adequately stated. It is difficult to add anything new to this record. Nonetheless, I believe it would be useful to summarize the main arguments for and against the Lockheed bailout.

There are two principal reasons why the Senate should reject the Lockheed loan guarantee. No. 1, the Federal Government should not tamper with our free enterprise system by rescuing large corporations from the consequences of their own mistakes; No. 2, the proposed guarantee is far too risky and it is the American taxpayer who is likely to foot the bill.

The principal arguments in favor of the Lockheed loan guarantee are that it will save jobs and preserve competition. However, I believe a convincing case can be made for just the opposite conclusion —the Lockheed loan guarantee will result in fewer U.S. jobs and will decrease competition.

Mr. President, my first reason for opposing the Lockheed rescue effort is that it runs directly counter to our system of free enterprise which has produced the highest standard of living the world has ever known. The success of our system is founded not only on the opportunity for profit but on the freedom to fail. The threat of failure is the discipline which causes firms to continually strive for efficiency and product improvement. Once we erode this principle we subvert the very foundation of our economic prosperity.

In the case of Lockheed, the proposed loan guarantee will perpetuate inept management which has led the company to an incredible string of fiscal disasters. As Fortune magazine put it—

Whenever a firm manages to lose money on four Government contracts all at the same time, one must suspect the management is to blame.

We are told that Lockheed is the innocent victim of Government procurement policies and an overly harsh settlement on its defense contracts. Other defense contractors have managed to live under these same procurement policies. Moreover, Lockheed's immediate troubles stem from its commercial plane—the L–1011 Tri-Star—and not its defense contracts.

The fact of the matter is that Lockheed has no one to blame but itself for its present predicament. It has engaged in a deliberate and calculated policy of financial brinkmanship. Time after time it has bid unrealistically low to obtain Government contracts in anticipation of a friendly Government bailout. It repeated the same pattern on the L–1011 Tri-Star by reducing the price of the plane below cost in order to capture sales.

A Government loan guarantee to help Lockheed will inevitably sanction the company's imprudent financial practices. The word will quickly get to other defense contractors—"do not worry about cost or performance. Bid low and ask for a bailout if you cannot perform."

There are those who say we cannot afford to let our largest defense contractor fail. This is nonsense. Lockheed became our largest defense contractor by deliberately underbidding other companies. Our defense procurement system will be drastically weakened if we let Lockheed off the hook. A Lockheed bankruptcy would not destroy the firm—it would merely bring in new management to run the company on a sounder basis. The recent Penn-Central bankruptcy affords an excellent example of the therapeutic effects of reorganization under the Bankruptcy Act.

The Under Secretary of Defense was clearly worried about this point when he testified. He said he would be for the Lockheed loan guarantee only if it did not constitute a precedent. He strongly opposed the $2 billion generic bill on the grounds that it would cause other firms to seek Government bailouts and thus weaken our defense procurement system.

Mr. President, with all due respect to Mr. Packard, the Lockheed bailout cannot help but constitute a precedent. If we approve this guarantee, there will be at least nine dozen large defense contractors knocking on our door demanding similar consideration. Other firms will seize upon the precedent if we pass this bill. If we vote "Yes" on Lockheed, how do we tell another firm "No"? On what basis do we single out Lockheed? Most aerospace executives would agree that of all defense contractors, Lockheed is the least deserving of Federal aid. If we bail out the least deserving, how can we say "No" to the others?

Mr. President, one of the most knowledgeable Members of Congress on defense procurement is the chairman of the House Appropriations Committee, GEORGE MAHON. He can hardly be considered to be weak on a strong American defnese. And yet he voted "No" on the Lockheed bailout. Our national security depends upon an efficient defense industry. Because of the precedent created, the Lockheed bill will not strengthen our defense; it will weaken it.

Last year, over 10,000 small business firms failed with aggregate liabilities of $1.9 billion. No one rushed a bill to Congress to save these firms even though their collective failure had a greater impact on the economy than would a Lockheed failure. Why single out Lockheed for corporate immortality? Are we to guarantee large firms from failure simply because they are large? Are we to have socialism for the big but free enterprise for the small?

Mr. President, the principles of free enterprise go well beyond the theories of Adam Smith and the somewhat arid discussions of academic economists. Free competition maximizes economic efficiency as any economist knows. But above all, free enterprise is a system of values. The notion of profit and loss is a deep-seated, moral belief of millions of Americans. Those who bear risk and produce a superior product are rewarded with profits. Those who cannot cut it, face the prospect of failure.

The belief in free enterprise keeps our economic system together by providing an ethic that spurs men to action. The Lockheed bailout will erode this ethic. It undermines the basic morality behind American business enterprise. It subverts the beliefs which have been the keystone of our economic success.

How many Senators have received mail from businessmen in their States asking "If Lockheed gets a Federal guarantee, why can't I?"

How can those who vote for the Lockheed guarantee explain to small businessmen that a Government loan guarantee is only for the big guy, but not for the little guy? How can they answer the complaints from well-managed firms who protest subsidizing bad management?

The Lockheed bailout does far more than undermine economic efficiency. It undermines the basic morality of American life. It is bad legislation and should be defeated.

Mr. President, the second reason for rejecting the Lockheed loan guarantee is that the risk is too great. Lockheed cannot possibly avoid financial disaster on its L–1011 Tri-Star commercial jetliner and when this happens, the U.S. taxpayer will wind up footing the bill.

Last year, the Defense Department estimated the breakeven point on the Lockheed Tri-Star to be 390 planes. Just last week, McDonnell-Douglas announced that its breakeven point on the

DC–10, a nearly identical plane to the Tri-Star, is 438. However, Lockheed has only 103 so-called firm orders for the Tri-Star and even these are by no means certain. If Lockheed sells as much as 250 planes, the Defense Department estimates that well over a half billion dollars will be lost by Lockheed and its suppliers.

It is perhaps no wonder that Lockheed's bankers refuse to loan the company any more money despite their current investment of $400 million. The bankers say they cannot prudently ask their stockholders to assume this risk. And yet the taxpayers of America are now being asked to bear that very same risk.

Lockheed cannot make money on the Tri-Star because there are too many firms competing for a dwindling amount of commercial jet business. Excess capacity in the airlines industry is at an all time high. Just last week, TWA announced it was mothballing some of its Boeing 747's and United canceled some of its options on the DC–10.

Lockheed has estimated a market for 775 intermediate range wide-bodied jets over the next 10 years; however, Lockheed's principal banker is only estimating a market for 400 to 500 jets. This is about 60 percent of the Lockheed estimate. A difference of this magnitude spells the difference between success and financial catastrophe. If the bankers are right in their projections, Lockheed will lose a bundle since they must share the intermediate range Tri-Jet market with McDonnell Douglas.

Because of this, $250 million guarantee is only the first step in a permanent subsidy program for Lockheed. The firm will soon be back asking for still more money if its previous inaccurate financial projections are any guide.

Rather than let Lockheed go bankrupt following a guaranteed loan, it is likely that the Federal Government will keep the company alive by rewarding it with sweetheart defense contracts. The ultimate cost to the taxpayer in noncompetitive defense contracts could far exceed the $250 million guarantee. However, this added cost will be buried in the Defense budget so that the taxpayer will never know how much it is really costing to keep Lockheed alive.

Mr. President, let us examine the main argument for the bailout of Lockheed. First, it is alleged that failure to obtain a federally guaranteed loan will bankrupt the company and throw 60,000 people out of work. That is as phony as a $3 bill.

First, there are only 16,000 men at work on the Tri-Star, not 60,000, and many of the 16,000 are working part time according to the records of the Lockheed Corp.

If the L–1011 program is as good as the administration says it is, if there is a minimum risk involved, as the Senator from California indicated earlier, then there is no assurance that Lockheed will go bankrupt without a Federal loan guarantee.

In that event, Lockheed's bankers could hardly afford to turn down the additional $250 million, because the record is clear that if Lockheed goes bankrupt, the banks will lose the $300 million or the $400 million that they have already invested.

So, if it is a matter of getting over the hump, or we can assure the taxpayers that they will not take any risk, why is it that the banks do not come up with the money themselves?

Third, even if the bankers refuse to put more money into Lockheed, thus precipitating the company's bankruptcy, it does not automatically follow that the L–1011 program would be canceled. The trustees appointed by the court to run the company would take a close look at the project. If they thought it was viable, they could continue it. The top management at Lockheed would be unemployed, but the vast majority of workers would keep their jobs. It should be emphasized that 85 percent of Lockheed's employees work on defense contracts which the Defense Department says would be continued even under bankruptcy. There has been no contrary testimony about that point.

Fourth, even if Lockheed went bankrupt and canceled the L–1011 project, unemployment would not increase. Assuming a demand for jumbo jets, any increase in unemployment at Lockheed would ultimately be offset by increased employment at McDonnell Douglas, maker of the DC–10, and at Boeing, maker of the 747.

It should be noted that because the L–1011 uses a British engine produced by Rolls-Royce, the foreign labor content of the Lockheed plane is 42 percent counting spare parts needed over the life of the plane. On the other hand, the foreign labor content of the DC–10's is about 10 percent.

By keeping Lockheed alive we are subsidizing a plane that uses only 60 percent American labor and discriminating against a firm that uses 90 percent American labor. More U.S. jobs would result if the L–1011 program were canceled and the orders given to McDonnell Douglas.

As a matter of fact, more United States jobs would result if the L–1011 project were canceled and the orders given to McDonnell Douglas. An American built DC–10 would add over $6.5 billion to our gross national product over the next 10 years compared to the L–1011.

McDonnell Douglas has announced last week that it and its subcontractors will employ a minimum of 20,000 additional firms over the next 6 to 9 months if the L–1011 program is canceled. When this figure is compared to the 16,000 L–1011 employees at Lockheed, it becomes evident that employment will actually increase if the L–1011 program is terminated. Many of the L–1011 workers could be employed by McDonnell Douglas, since both firms have their main assembly plants in the Los Angeles area. In fact, McDonnell Douglas has already begun hiring Lockheed workers who were laid off on the L–1011 program.

Admittedly, there will be some short term transitional problems in adjusting to a Lockheed failure. But in the long run, any job loss will be more than offset. Moreover, if the L–1011 program is proposed up with temporary Federal subsidies, its ultimate demise will result in the loss of still more jobs. If the L–1011 cannot pass the test of the market, a Federal loan guarantee will not save the jobs involved.

Despite all the rhetoric about jobs, the real beneficiaries of the Lockheed loan guarantee are the banks. If Lockheed can be propped up for another year or two, the banks stand a chance of collecting on their outstanding loans. Once they have their money back, it is doubtful the banks will shed many tears for the Tri-Star workers laid off because of inadequate market demand. Unless the Federal Government is prepared to provide massive additional subsidies for Lockheed, the $250 million loan guarantee cannot save jobs—it can only postpone the ultimate loss.

All the economists who testified, without exception, stated that they were against the legislation. They argued that it would not save jobs. They argued that we have a finite demand for the airbus and if we do not go ahead with the L–1011, that demand will be met by McDonnell Douglas, and the jobs will go to McDonnell Douglas.

The second argument frequently used by the bill's proponents is that we need to save Lockheed in order to preserve competition in the aircraft industry. It is alleged that Lockheed's failure would leave the field to only one company—McDonnell Douglas.

Actually, there are two companies making wide-bodied jets—Boeing and Douglas. It is true that the Boeing 747 is designed for longer flights than the DC–10 or L–1011. Nonetheless, there is a considerable overlap between the two types of planes. The 747 is now flying from Washington, D.C. to Atlanta, which indicates it is competitive in flying shorter routes. Moreover, Boeing has a short range version of the 747 which it would surely produce if Lockheed left the field.

Lockheed's failure would not reduce the number of firms already in the commercial jet field, it would merely fail to add a new one. During the 1960's Boeing and Douglas supplied 95 percent of all commercial jets sold. There is no evidence that a two firm industry has caused high prices, technological stagnation, or other detrimental effects commonly associated with monopoly, or that the market is big enough to support a three firm industry. We have had technological advances in speed and safety, and air fares have not gone up, they have gone down.

A study released by the Department of Transportation last March concludes that there are too many firms in the commercial jet field competing for a limited amount of business. Under these circumstances, no firm can sell enough planes to cover its costs. As a result, prices will have to increase and these higher prices will be passed on to the traveling public.

Moreover, there is too much financial strain placed on the airlines in attempting to absorb the cost of the new jumbo jets which are being pushed by the three airplane manufacturers.

Mr. President, any objective observer must think we are out of our minds to be pressing a new competitor into that field. Because of this financial strain, airline mergers are likely to increase thus reducing the amount of competition.

Mr. President, one can pick up the

paper and read about the fact that the airlines' orders are being canceled.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, I yield myself 2 additional minutes.

The VICE PRESIDENT. The Senator from Wisconsin is recognized for 2 additional minutes.

Mr. PROXMIRE. Mr. President, TWA has canceled a number of their DC–10 orders. They have announced that they will mothball some of their 747's this winter. This is the kind of market in which we should not by Government subsidy enable another producer to enter.

Because of the heavy investment required, it is doubtful that two firms can make any money in the intermediate range wide-bodied jet market. We do not serve the cause of competition by propping up one of the two companies with Government subsidies. This was the conclusion reached by Donald Turner, former head of the Antitrust Division and an outstanding authority on antitrust matters. Other scholars agree with Turner. In fact, the administration did not produce a single independent witness who supported the Lockheed bailout.

Mr. President, I believe an overwhelming case has been made against the Lockheed bailout. Our vote today could set a precedent for years to come. Once we adopt the principle that the Government will not permit large corporations to fail, we have lost much of our economic vitality.

A Lockheed bankruptcy does not mean the firm will disappear from the face of the earth or that all its employees will be fired. Bankruptcy is a frightening word It connotes total liquidation. But in reality, large firms are never liquidated, they are reorganized. New management is brought in and the financial structure of the company is improved.

The Penn Central is actually doing better under bankruptcy and there is no reason to assume the case would be the same for Lockheed. I urge the Senate to defeat the Lockheed bailout.

Mr. President, most of the country's small- and medium-size businessmen are looking at this case. We shall draw the line at permitting a Lockheed bailout.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. PROXMIRE. Mr. President, I yield myself 1 additional minute.

The VICE PRESIDENT. The Senator from Wisconsin is recognized for 1 additional minute.

Mr. PROXMIRE. Mr. President, here is a firm that has a missile plant unencumbered and unpledged that they can sell for $250 million. They can raise money by issuing convertible debentures. They have a substantial amount of collateral that is unpledged. Yet, we are proposing to provide a guarantee for them.

Mr. President, as I say, this would be a precedent which, it seems to me, would return to plague Congress for years to come.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "The Lockheed Fund: Rewarding Inefficiency," printed in the Washington Post on July 27, 1971, and an article entitled "Lockheed's Trijet Market Begins to Crumble," printed in Business Week of July 24, 1971.

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

THE LOCKHEED FUND: REWARDING INEFFICIENCY

Its defenders have long admitted that there were a lot of things wrong with capitalism as an economic system. But it is supposed to have one overriding virtue: it provides strong incentives for corporations to produce efficiently. The theory is that, driven by the hope of profit and the fear of failure, capitalists will compete fiercely to create the best products with the least waste. The most efficient will be rewarded with great gain and the least efficient will be weeded out through bankruptcy. It is because of these incentives to efficiency, which socialist systems seem unable to duplicate, that we are urged to pay the heavy price of capitalism—the inequalities in income, the human agony of failure, the ugly materialism, and the neglect of longer run public values like the preservation of the environment. If one removes these incentives to efficiency one removes the major argument for capitalism as a system.

It is for this reason that we have grave doubts about the wisdom of the proposed $2 billion loan guarantee fund for major corporations whose failure would "seriously and adversely affect the economy or employment in the nation or any region thereof." Such a fund would greatly weaken the incentives of major corporations to cut waste and hold down costs. Senator James Buckley gave voice to our doubts last week when he said that the proposed fund "would pioneer a form of government intervention that would erode the market disciplines required by a healthy system of free and competitive enterprise."

Government action of some sort may well be appropriate in the Lockheed situation. If it can be proved that the government misled Lockheed or that government mistakes were responsible for a portion of the corporation's cost over-runs, then some specific relief for Lockheed may be in order. If there are effective management and scientific teams within Lockheed producing items essential to the national security—such as the Poseidon program, for example—then the government should take steps to preserve these parts of the company intact. If the demise of Lockheed would produce severe local unemployment then strong efforts should be made to find jobs for the people affected.

But none of these specific problems for which there seem to be specific remedies justifies a general measure to use public resources to prevent bankruptcy among major corporations. As Senator Buckley so well put it:

"If the inefficient or mismanaged firm is insulated from the free-market pressures that other business firms must face, the result will be that scarce economic and human resources will be squandered on enterprises whose activities do not meet the standards imposed by the marketplace—standards which have assured us of the efficiency on which our industrial supremacy has been built."

It is apparent, despite the President's attempt to cover up a family quarrel, that there are strong misgivings within the administration about the wisdom of rescuing Lockheed by setting up a general fund for failing giants. Deputy Secretary of Defense David Packard, who could hardly be more versed in the ways of big corporations, evidently prefers specific help for Lockheed to the more general guarantee fund. We believe Mr. Packard's instincts are correct. Indeed, in moving from the specific to the general the administration moved in the wrong direction. A wiser course would be to return to the particular problem posed by Lockheed and devise a package of measures to (1) salvage those parts of Lockheed that are both well managed *and* important to national security and (2) reduce the unemployment effects of a Lockheed collapse. Achieving these objectives would not necessarily imply rescuing the entire Lockheed corporate entity as such. But there is no governmental obligation to do that—for Lockheed, or anybody else—and there are persuasive arguments for not taking on any such obligations as a matter of public policy. It is our hope that the defenders of free enterprise in the Congress will heed the clear call of their conservative colleague and the muffled protests of the Deputy Secretary of Defense (who seemed for a while to have the support of the Secretary of Defense as well) and reject a proposal so antithetical to basic principles which have served us pretty well for quite a long period of time.

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LOCKHEED'S TRIJET MARKET BEGINS TO CRUMBLE

Lockheed Aircraft Corp. this week was fast approaching two critical deadlines:

The Congressional recess in early August, before which the legislators must approve a loan guarantee.

An Aug. 15 date by which Trans World Airlines, a major customer for the troubled L–1011 wide-bodied trijet craft, must confirm a letter of intent with General Electric Co. for engines to power DC–10s that would replace the 44 L–1011s it has ordered.

A TWA switch to the Douglas DC–10 would sound the death knell for the L–1011 by further damaging airline confidence. One U.S. airline president is already comparing buying the financially ailing L–1011 to buying a Studebaker car. When airlines buy jets that cost $16-million, they need assurance that the plane will be built, developed, and improved for as long as 20 years. Lockheed is counting on meetings with the presidents of every major airline to sell such assurances as soon as Congress guarantees its loan.

FINDING BUYERS

Lockheed's fate as a viable company rides on the L–1011. And whether the government and Lockheed's 24 bankers ever get back the $400-million already advanced and the additional $250-million Lockheed is seeking depends on Lockheed's ability to sell at least 77 more airplanes than the 178 it has orders for. Only 103 of these are considered sold.

Finding buyers is an eye-straining job. The next big purchase is likely to be made by All-Nippon Airlines, a domestic Japanese carrier. But the order will not be placed until next year, and All-Nippon is reported to be leaning toward a short-range version of the Boeing 747 rather than either trijet.

Lockheed has high hopes that British European Airways will buy a big fleet of L–1011s because they are powered by Rolls-Royce engines and because pressure is being brought on BEA by the British government to do so. But BEA has run into the doldrums, and Chairman Henry Marking has launched a cost-cutting campaign. He says: "BEA will not reach any decision for a while on buying airbus-type aircraft."

Even if BEA were to buy the L–1011, this would not immediately represent net new orders. A British consortium, Air Holdings, Ltd., previously ordered 50 L–1011s for resale. These are included in the 178 on Lockheed's books, and only 12 of the 50 have been sold so far. If BEA were to buy 38 L–1011s or less, the planes would simply come out of the Air Holdings backlog.

Of big U.S. scheduled carriers, only Braniff, Northeast, Pan Am, and Western are uncommitted, and Braniff and Pan Am order the long-range, wide-bodied trijet that only Douglas is making at present.

MORE SNAGS

Another obstacle is that Pan Am and TWA are talking merger. Because Pan Am cannot use the L–1011, a merger could persuade TWA

to drop its orders for the L–1011. By choosing the DC–10, the resulting airline could use different versions of the same airplane for short and long hauls.

Northeast, in desperate financial trouble which it hopes merger with Delta will relieve, is not likely to buy anything, and Western's proposed merger with American, a DC–10 customer, is before the Civil Aeronautics Board. "We have only one choice now, the DC–10," Western Chairman Fred Benninger told the CAB.

Most of the major European airlines have already ordered the DC–10. Iberia and TAP are said to be leaning that way. The biggest one so far uncommitted is Air France, which appears likely to settle on a mixed fleet of Boeing 747s and a wide-bodied twin jet of European manufacture, the A–300B.

No South American airline is considered ready to buy wide-bodied trijets yet except Varig, which reportedly favors the DC–10. Among the African lines, Air Afrique has already ordered DC–10s. In Asia, Japan Air Lines has been shopping, but it does not seem disposed toward the L–1011.

DRAGGING

Without a family of airplanes, Lockheed—unlike Boeing and McDonnell Douglas—carries a severe handicap. It has only six customer airlines, excluding the two leasing companies and Air Holdings in contrast to Boeing's 29 customers for the 747 and Douglas's 19 for the DC–10. This will put it behind in the race for reorders.

In Congressional testimony, Lockheed Chairman Daniel J. Haughton earlier had upped to between 255 and 265 the number of L–1011s he figures the company would need to sell in order to break even. Many aircraft manufacturing specialists scoff at this figure. "There's no way he can break even at less than 450 planes," says one. But assuming Haughton is right, that still leaves Lockheed with at least 77 more planes to sell.

Lockheed says that it expects to sell 409 planes in all. It estimates that there is a market for 1,375 wide-bodied trijets of all types, of which about 600 would be the long-range version. Lockheed's claim that the L–1011 will get 409 of the 775 potential orders for short-range, wide-bodied trijets in competition with the DC–10 is based on projections that, in addition to 178 orders (vs. 223 for the DC–10), it will get:

New orders—61 of a total of 304 from airlines that have not yet selected such a plane.

Reorders—73 from original L–1011 customers, based on an estimated 10% annual growth rate for airlines.

"High-potential" customers—97 of a total of 125 planes to be bought by a group that includes airlines aligned with Britain, tour operators who favor the extra seats the L–1011 would offer, and airlines with a long-term customer relationship with Lockheed.

If TWA, the most pressing problem child, stays with the L–1011—and concern over angering the Administration reportedly is what has been holding the carrier in line so far—the L–1011 program will continue, assuming the loan guarantee is passed. But even then, the airline community is wondering where Lockheed will find the 77 more orders it needs just to break even.

*Lockheed's view of the trijet market, L–1011 orders*

| | |
|---|---|
| Eastern | 50 |
| TWA | 44 |
| Delta | 24 |
| Pacific Southwest | 5 |
| Air Canada | 19 |
| Air Jamaica | 2 |
| Air Holdings | 29 |
| Haas-Turner | 2* |
| Air Finance | 3* |
| Total orders | 178 |

*Lockheed's market projections*

| | |
|---|---|
| Airlines that have not yet ordered a trijet | 61 |
| *Airline reorders | 73 |
| "High-potential" customers | 97 |
| Total orders and projections | 409 |

* Purchase for resale or lease

Mr. TAFT. Mr. President, I oppose this scheme to have the American taxpayers rescue Lockheed and other large corporations from the consequences of their own misadventures. I do so for eight basic reasons:

First, this proposed legislation will not protect the jobs of Lockheed employees.

The supporters of this legislation apparently forget that there is an inelastic demand for aircraft of this type. There are only so many planes which the airlines, in their present economic state, and in view of their present load factors, can and will purchase. In March of this year the Department of Transportation and the National Aeronautics and Space Administration issued a joint study on Civil Aviation Research and Development policies in which they discussed the problems of excess capacity.

I would like to read the Senate a portion of that report:

Through 1966 and 1967, the airlines ordered enough 747's, L–1011's, and DC–10's to launch all three programs. Competitive pressures have forced many air carriers into reluctantly ordering this new generation of equipment before they adequately digested the 707's, DC–9, 727's and DC–7's. [Sic.]

The air bus market, which could probably support one manufacturer in comfort, is being shared between Lockheed and McDonnell Douglas, both of whom have such large sums at risk and are far short of a break-even level of sales.

Furthermore, there is considerable overlap in range and productivity among the wide-bodied jets on many routes, and the availability of the trijets at appreciably lower prices, $16 million versus $23 million, has contributed to a slowdown of 747 sales.

To summarize the situation, too, many manufacturers are extensively committed to aircraft which the airlines are not really ready for, either financially or in terms of capacity. The suppliers and users appear to have overstimulated each other, and the result is disruption and financial strain to both parties.

All of the loan guarantees in the world will not save these jobs if the Tri-Star cannot be sold. Either in reorganization or out, only market demand will ultimately determine how many of these aircraft employees can be kept on the job. Legislation of this type will only generate false hope on the part of Lockheed employees.

The artificial stimulation of Lockheed by the Federal Government may, however, result in a deterioration of the employment picture at McDonnell Douglas. On July 22, the McDonnell Douglas Corp., issued a statement saying that its employment and the employment of its 3,000 suppliers could vary by as much as 20,000 by March of 1972 depending on whether or not the Tri-Star program continues.

I ask unanimous consent that the news release be printed in the RECORD.

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

NEWS FROM MCDONNELL DOUGLAS CORPORATION

ST. LOUIS, 1971.—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 Ontario, Canada, and to a lesser extent in many other communities.

Mr. TAFT. Mr. President, with this legislation we may end up with two sick companies instead of one.

Let us not forget that this legislation will have the effect of subsidizing jobs of foreign workers making jet engines, at the very time when GE is laying off 7,000 of its employees in the United States and Pratt & Whitney has curtailed its employment.

This measure will help the British Government keep the Rolls workers employed in Britain while GE workers are being laid off in America. That is the employment effect of this legislation and nothing more.

The United States Steel Corp., recently shut down its Ohio Works in Youngstown, the second largest steel plant in the State of Ohio. That facility would not be eligible for these loans because the corporation itself is in sound financial condition. How ironic that we should pretend to be saving the jobs of foreign workers and workers in companies which have had poor management and do nothing for the employees of GE, United States Steel, and other corporations which are being laid off.

The plain fact is that this bailout may not be designed so much to save the jobs of Lockheed employees at all, as to save the management, stockholders, and creditors.

Second, a reorganization of Lockheed under chapter X of the Bankruptcy Act would not necessarily result in layoffs, with the possible exception of Lockheed's top management.

I think that many Senators have the impression that a reorganization of Lockheed would eliminate thousands of jobs. That assumption is just absolutely untrue. In fact, reorganization under chapter X might have a very therapeautic effect upon operations at Lockheed.

Just as the reorganization of Penn Central did not result in major unemployment, the reorganization of Lockheed would not mean the loss of jobs. It is the number of Tri-Stars which can be sold which will determine employment levels, either in reorganization or out.

The history of reorganization has shown that companies can and do emerge as viable enterprises, where there is a market demand for their goods and services. Some of America's leading corporations have emerged successfully from reorganization.

Companies which have successively undergone reorganization include RKO, Paramount, Fox, Liggett Drugs, the Erie Lackawanna Railroad, McCrory, Whelan Drugs, and United Cigar.

The free enterprise system needs both the promise of profit and the possibility of bankruptcy if we are to maintain our productivity.

We are in a race for world markets. Productivity and efficiency are the keys to that race. It is, Mr. President, a race that we will never win if we give our companies prizes for last place.

Third, this measure is not needed for our national defense. Apparently, even the most enthusiastic boosters of this legislation have abandoned that claim. Secretary Packard has testified that—

> Continuation of existing programs probably could be worked out satisfactorily with a bankruptcy receiver, or a trustee in reorganization.

No doubt he is well aware of the pressures that may be generated on the Department of Defense to keep Lockheed afloat through sweetheart contracts, so that it will have sufficient cash flow through defense procurement to pay off the guaranteed loans.

Fourth, despite protestations to the contrary, these loans will not improve the position of the banks which have already extended credit to Lockheed. Prof. Vern Countryman of the Harvard Law School, and one of the Nation's leading authorities on bankruptcy law, pointed out the difficulty of following the reasoning of these bankers. Sec. 6(f)(1) of S. 2308 provides that—

> A guarantee agreement made under this Act shall contain a requirement that as between the Board and the lender, the Board shall have a priority with respect to, and to the extent of, the lender's interest in any collateral securing the loan and any earlier outstanding loan.

If the banks are going to extend an additional $250 million in credit to Lockheed that credit will be secured by the next $250 million of Lockheed assets. The assets at the top of the priority ladder will go to the U.S. Government in the event of liquidation. This means that the banks will have to look for their protection to the lower $250 million in assets which are precisely the same assets that they would look to in the event that there were no Federal guarantee at all.

The question is thus posed as to why the banks are beating the drums for the Federal guarantee? An answer suggests itself. The banking system has advanced more than $8 billion to the aerospace and airline industries. In this context, the banks may be hoping to enlarge the Federal presence in the aerospace industry so that they can have a strong precedent for taxpayer bailout in the event that their loans prove to be shaky.

The interest and enthusiasm of the bankers is commendable from the standpoint of their own stockholders. It is of questionable wisdom from the standpoint of the American taxpayer.

Fifth, even if these guarantees are made, there is strong evidence that Lockheed will have to return to the well. The company has based its position on an estimate that it can recover its initial investment and projection costs by selling only 195 to 205 Tri-Star jets. This rosy projection is of questionable value. An independent study made in May 1970 by the Office of Systems Analysis in the Office of the Secretary of Defense concludes that Lockheed must sell at least 390 Tri-Stars before it can break even. Even more ominous, the DOD study projects that if Lockheed only sells 252 Tri-Stars, Lockheed would lose $535 million, which is over double the net worth of that corporation. In other words, the Department of Defense 1970 study concluded that if Lockheed sells 50 planes more than its own estimate, it will still face ruinous financial losses.

Let us also remember that Lockheed's estimate of the airbus market over the next decade is 60 percent greater than that of the Civil Aeronautics Board.

Mr. Willard F. Rockwell, Jr., chairman of the board of North American Rockwell Corp., has said that his company would be interested in taking over Lockheed if Lockheed were forced into bankruptcy. He added, however, that North American would not be interested in continuing the Tri-Star project which he said "has got to go down the drain."

I would like to insert at this point in the RECORD an article entitled "Rockwell Voices Interest in Takeover of Lockheed," which appeared in the June 18, 1971 issue of the Washington Post, together with an article published in the Economist.

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

[From the Washington Post, June 18, 1971]

ROCKWELL VOICES INTEREST IN TAKEOVER OF LOCKHEED

Willard F. Rockwell, Jr., chairman and chief executive officer of North American Rockwell Corp., said Wednesday that his company would be keenly interested in a takeover of the ailing Lockheed Aircraft Corp. if Lockheed were forced into bankruptcy.

However, he added that North American would not be interested in continuing the Lockheed L-1011 jumbo jet commercial airliner project, which, "has got to go down the drain," he said.

He indicated some sort of Lockheed receivership as inevitable and said that even if Lockheed got its requested $250 million loan guarantee more money would be needed later to complete the L-1011 project.

Rockwell said he had been saying for a long time that consolidations were necessary in the defense-aerospace industry and he repeatedly quoted David Packard, Deputy Secretary of Defense, in his Senate testimony last week that there were too many aerospace companies in existence.

Rockwell said that North American Rockwell held merger talks with Lockheed a year ago.

Of the $250 million loan guarantee for Lockheed, Rockwell said "the guarantee is really only the first go and they're going to need more money after that" and that they're still going to "lose their shirts," on the project. "The only way that Lockheed could conceivably break even on the project," he added, "is by getting the entire market for the airbus," estimated at 300.

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[From the Economist, June 12, 1971]

IF WE GUARANTEE THE TRISTAR, CAN YOU SELL IT?

Behind the political smokescreen, the American Congress is worried about much the same two aspects of the Lockheed company's finances that have troubled the British Government. This came out very plainly in the first few stormy days of the Senate debate over whether to guarantee the $250 million loan Lockheed needs to stay out of bankruptcy. There are real doubts about whether it is enough to see the company through. Calculations about Lockheed's cash flow, particularly if some airlines ask for deliveries to be stretched out to 1973 and 1974, suggest that it could be another four years before Lockheed starts getting in more money than it is paying out. In that case, even with another $100 million from customer airlines, the company will be back asking for more.

Some pessimistic estimates made in New York consider that Lockheed will need at least a further $500 million to see it over the hump. This is not, of course, what the Lockheed board is saying; the company has maintained all along that its needs were pitched at $350 million ($250 million guaranteed by Congress, $100 million from the airlines) in order to be quite sure that there would be no need for further financing, and the sum includes a $100 million contingency margin anyway. To which other aircraft manufacturers would answer that, if this is the case, Lockheed is a great deal cleverer than they.

Lockheed can probably talk itself out of the corner as it has talked itself out of others in the past, provided the company convinces Congress that the Tristar airliner will in the end sell in quantity and that profits will ultimately be made out of it. This is much harder to demonstrate. How many Tristars does Lockheed need to sell before the company breaks even? The company told the Senate committee "about 200." Mr. David Packard, deputy defence secretary, said 300. The auditors who prepared a paper for the Securities and Exchange Commission merely said that "orders for a substantial number of additional aircraft are required to cover all programme costs."

Nationally, Lockheed has sold 139 Tristars (but 34 of these are booked to Air Holdings, and have yet to be bought by any airline) with options on another 39. This compares with 126 firm orders and 88 options for the competing, and so far trouble-free, McDonnell-Douglas DC 10. But the market has turned very sticky. There have been sizeable cancellations of DC 10s; and no Lockheed order can be considered firm until new and legally binding contracts have been signed. Most customers have renewed their options pending new negotiations, but the Canadians have been markedly reluctant to do so.

Air Canada has several times postponed a decision; its final answer was expected on Thursday of this week, but was put off "indefinitely"—i.e. until it is clear what Congress will do. This is just one step better than outright cancellation. Because there is only a limited amount of growth in the Rolls-Royce RB 211 engine, there is also only a limited amount of stretch in the Tristar, and Lockheed is not going to be able to offer as many different versions as McDonnell-Douglas can of DC 10s. All of this makes its ability even to double its present order book a matter of conjecture. To treble it in the foreseeable future, given the state of the medium-range jet market, looks out of the question. What Mr. David Packard was therefore saying is that Lockheed is unlikely, on his calculation, to see its money back.

Mr. TAFT. In this factual context it is dubious to suggest that this guarantee scheme can save jobs and create a healthy corporation.

Sixth, the Lockheed management brought on its own difficulties by selecting a "paper" engine from Rolls-Royce. When the hypothetical cost savings from the Rolls turbine blades never materialized, the increased costs sank that company and increased the pressures on Lockheed. Had Lockheed purchased its engines from an American producer and thereby increased American employment, about which the Lockheed management now expresses such grievous concern, Lockheed could have avoided many of its present difficulties.

Unfortunately, the management blunders at Lockheed were not limited to the Rolls-Royce fiasco. A former Lockheed assistant division manager has offered voluminous documentary evidence revealing wasteful procedures and lax practices. As reported in the Washington Post on July 18, 1971:

A survey of 5 C–5As showed that from 65% to 87% of the parts issued, and presumably installed before final assembly, in the month ending April 6, 1970, were reported missing.

A considerable part of the $2 billion in cost over-runs on the C–5A project seem to have been directly related to inadequate quality control practices at Lockheed.

The financial community has become acutely aware of the management performance at Lockheed. Forbes on January 1, 1971, printed a chart entitled "Aerospace & Defense: Yardsticks of Management Performance." On this chart Lockheed was below the industry median in each of the five categories listed. McDonnell Douglas by contrast was ahead of the median average in four of the five categories.

If performance such as this is encouraged, America will surely lose the productivity race with foreign competitors. Unless we weed out the unproductive and the inefficient, American industry will not long retain its dominant position in world trade.

Seventh. This measure would further erode the control of the Congress over the expenditure of Federal dollars. Let no one misunderstand the effect of this legislation. It would entirely circumvent the appropriations process by not requiring any action whatever by the appropriations committees of the Congress.

Eighth. In the case of Lockheed it hardly seems reasonable to ask the American taxpayer to guarantee the $250 million loan in question, even if such a sum would provide sufficient to rescue that troubled concern from its financial difficulties.

If Lockheed and their creditors feel they must find a guarantor for their loan they should look to the British Government rather than the American Government.

Had the British Government, after entering the engine business, lived up to the original provisions of the Rolls-Royce contract with Lockheed and advanced the necessary late delivery payments, there would be no need now to ask the U.S. Government to come to the aid of Lockheed. I would like to point out to the Senate that this fact is widely recognized, even in Britain.

After the Heath government repudiated responsibility for the RB–211 last winter, opposition leaders were quick to denounce the action in the House of Commons. In an emergency debate in that body, Anthony Wedgwood Benn, Minister of Technology, in the former labor government, accused the Tories of defaulting on the American company. He said:

There must be a quick and honorable settlement with Lockheed for, of course, the RB–211 is still the future of the Rolls Royce Company, whether under private or public ownership.

Jeremy Thorpe, leader of the Liberal Party, suggested that the British Government had reneged on its responsibilities and said the engine should be continued to discharge a "moral obligation" and to restore his country's commercial credibility.

In and article for the Manchester Guardian, financial writer Anthony Harris denounced Britain's handling of the Lockheed matter as "blind stupidity," and called on his government to make a "genuinely generous" offer of support for the Rolls/Lockheed project.

At this point I would like to insert in the RECORD this March 13, Guardian article and a related story from the February 8 issue of the New York Times.

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

ECONOMICS OF THE DUST-BOWL

The alarming thing about this Government is not so much its malice as its blind stupidity. The damage which is intended is painful, but may prove salutary in the end: in any case, we were warned. The damage that is not even intended is harder to forgive. The first victim of this blundering is likely to be the British aerospace industry.

The occasion of this outburst is the so-called "offer" which has been made to Lockheed to save the RB–211 project.

The Government has offered to put up £60 millions to launch a joint project to develop and build the engine. The Government and its faithful clique of commentators seem to think this is a generous gesture of faith in the project: yet what it means in fact is that the Government does not care two hoots whether it goes on or dies.

This is so because—as I will show in a little more detail below—the sum which the Government has "offered" is money which will have to be spent either way—whether the project goes ahead or is closed down.

When in the ordinary course of business we find a man prepared to pay as much for one thing—a car or a house, or a business—as for another, we conclude that he sees little to choose between them. So if the Government is not prepared to spend more to keep the RB–211 going than to shut it down, this shows indifference about whether it goes or not.

The necessary sums can now be done with some confidence.

The Government has offered to put up £60 millions towards the balance of launching costs of the RB–211. In fact, the offer is less than this, because the price demanded for production engines—nearly £500,000 each instead of the £350,000 contract price—includes a "levy" to recover some of the £47 millions of Government money which is already invested in the project.

Let us assume that this levy brings in £10 millions: then the Government would be £50 millions out of pocket when the Tri-Star contract was complete. This might or might not be recouped out of the profits the engine might make on future sales. The sum of £50 millions is the maximum loss.

The costs of ending the project are not quite so easy to estimate, but one can get quite near. On the Government's own admission, some 40,000 redundancies would be caused.

The bulk of redundancy money, even where the employer is solvent, comes from public funds: the total involved here is likely to be about £1,000 for each man, or 40 millions. Let us conservatively cut it down to £30 millions, of which £20 millions comes from public funds and £10 millions from private employers. The private enterprise contribution is a charge on profits, so the Government loses corporation tax on the sum. The total cost to public funds: £24.25 millions.

Once the men are dismissed, they are entitled to unemployment benefit: these are highly skilled men, and their wage-related benefit is likely to average at least £20 a week. So there is a running charge of £800,000 a week on public funds.

The loss of income tax on their earnings must cost the revenue another £160,000 a week (this implies an average tax liability of 10 per cent, which is on the low side). So the initial £24.5 millions will go on mounting at nearly £1 million a week until alternative jobs are found.

How long will it take them to find jobs? If the economy was booming, then this skilled workforce might be absorbed in a few weeks. But in fact, unemployment is already rising fast, and engineering orders for home and export have fallen alarmingly. Machine tool orders, for example, are down by 42 per cent.

There is little sign that labour shortage is any constraint on engineering employers at the moment—let alone in Derby and in Scotland, where the redundancies will occur. On top of this, the decline in power investment is likely to cause further unemployment.

Even last October—the last month for which full analysis seems to be available—one third of all men out of work had been unemployed for six months or more, and that figure must now be getting rapidly worse. Of these, more than half had been out of work for more than a year. (Not many of these are "unemployables": the number of long-term unemployed has doubled since the height of the Wilson squeeze in 1967.)

In the light of all this, it would appear highly optimistic to assume that the 40,000 would find work in an average of three months, and probably still optimistic to put it at six months.

This would only be invalid if the Government is planning such a reflation on March 30 that present trends would be reversed; since the National Institute calculates that it would take £500 millions of help from the Budget simply to arrest the decline, this does not seem likely.

So at nearly £1 million a week, the period of unemployment is going to cost the revenue something between 12 millions and 24 millions.

Add together these direct consequences alone, and we get a total of £36.25 millions and £48.25 millions to set against the net contribution offered of £50 millions.

We have still taken no account of profit lost by RB–211 subcontractors, and the probability seen by the Rolls-Royce creditors that the cancellation of the project will produce not just more redundancies, but a wave of bankruptcies, which would again result in loss of revenue and charges on welfare funds. That is what I mean by saying that the Government is offering nothing.

When the Rolls-Royce bungle started, we argued in this newspaper that the Government had failed to do sums of this kind, measuring the cost of one alternative against another, and had failed to explore the possibility of renegotiating the contract: events have proved that this interpretation was correct.

Now, however, the sums must have been done. The Cabinet has studied a paper spelling out the consequences of shutting down the RB–211: it has accurate estimates for the costs guessed here. It is pretty clear that these estimates led to a change of policy, and the Cabinet decided to have a real try at saving the project.

Why, then, is the backing offered no more than the probable cost of shutting down? The most hopeful interpretation is that they are bluffing, and are prepared to offer more generous backing to secure agreement. There is, unhappily, nothing in the present briefing from Whitehall to encourage this idea, but that too might be part of the Government's negotiating game. Otherwise, what are they playing at?

It is apparently reliably reported that the experts believe that the RB-211 and its derivatives would have a commercial life of up to 30 years: it is widely agreed that if Rolls-Royce backs out of this one, it is out of the big jet business.

What is at stake is not just the Tri-Star contract, but the most attractive asset that Rolls-Royce would have to bring to a European jet consortium, not to mention a contribution of about £250 millions to the balance of payments on the Tri-Star contract alone. It must surely be worth something to have these benefits rather than not having them.

If the Government means what it says, and is not prepared to pay for these benefits, it means either that it values them at nothing, or that it still has not grasped the principle behind a decision of this kind.

The Cabinet has reluctantly accepted that it cannot shrug off this disaster at no cost, but still insists on costing its support for the RB–211 as a gross figure, not as the net sum required to save the project rather than scrap it. If this is the case, we would be throwing away the RB–211 for nothing.

Of course, that is not the end of the story. The real risk in the present situation is that the Government might provide effective backing for the RB–211, only to find that within a few months the only present customer for the engine is bankrupt. The risk that a Lockheed bankruptcy might destroy the RB–211 was clear and alarming for months before Rolls-Royce failed.

It is reasonable, then, that the Government should ask for some guarantee of Lockheed's future before committing itself to support the RB–211 (although it is not reasonable to ask Mr. Daniel Haughton for such a guarantee).

This is essentially a Government-to-Government matter, and there is depressingly little sign that the United States Government will play. If it does, it may well be on the basis of converting the TriStar to an American engine, and thus sparing the American balance of payments.

The only counter-arguments are Anglo-American goodwill, and an attempt to make sure that an RB–211 solution for the TriStar is cheaper than any other way of saving Lockheed.

Goodwill on this subject is already dangerously eroded by the bungling which has marked the whole affair so far—the bad legal advice, the failure to hold frank consultations at the right time, and the appearance of meanness and of attempted blackmail.

It might be restored by a genuinely generous offer of support—and such an offer might also ensure that the RB–211 solution was economically attractive. An offer to put up another £50 millions on top of the sum that will have to be spent on winding up would probably be enough to do both tricks, and in addition it would show a genuine concern with Britain's commercial reputation.

Surely it is worth a try: and surely, too, £50 millions spent in this way on a successful project would provide better value for money than most aerospace investments.

It would still be a long shot, because of the difficulty of assuring a future for Lockheed: but if the attempt failed, it would at least be fairly clear who was to blame, and also clear that the Government had learned something from a vile experience.

As it is, it seems likely that Mr. Heath will show what is his characteristic reaction to any challenge, and put on a display of "toughness" for its own sake.

The blow to the aerospace industry will be bitter, but may be unavoidable: what will be far more depressing will be to realise that the Government still does not understand how to analyse such major problems.

If that is so, it can only be a matter of time before Britain opts out of another bit of the future because it has a Government which cannot see the difference between current spending and investment.

It will be like an improvident farmer who refuses to condition or protect his soil in the name of "economy," thereby practising the economics of the dust-bowl.

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OPPOSITION URGES THAT BRITAIN CONTINUE WORK ON AIRBUS ENGINE

(By John M. Lee)

LONDON.—The Conservative Government came under pressure from the Opposition today to continue the costly jet engine that Rolls-Royce, Ltd., was developing for the Lockheed Corporation's Tristar airbus.

It was the huge, unforeseen costs of the RB–211 engine that drove Rolls into bankruptcy last week. The Government has decided to continue Rolls's other aeroengine projects under public ownership. But it has repudiated responsibility for the RB–211 and left its future in doubt.

The uncertainty has raised severe problems for the Lockheed Aircraft Corporation, the big United States defense contractor, which has major financial problems of its own.

STILL THE FUTURE

In an emergency debate in the House of Commons, Anthony Wedgwood Benn, Minister of Technology in the former Labor Government, accused the Tories of defaulting on the American company.

"There must be a quick and honorable settlement with Lockheed," he said, "for, of course, the RB–211 is still the future of the Rolls-Royce company whether under private or public ownership."

Jeremy Thorpe, leader of the Liberal party, suggesting that Britain had reneged on her responsibilities, said the engine should be continued to discharge a "moral obligation" and to restore this country's commercial credibility.

Enoch Powell, the right-wing Conservative member of Parliament, condemned the Government's stand, saying that it was an extraordinary proposition that state ownership had become "the natural instrument, the chosen method, for restoring unprofitable assets to profitability."

However, Anthony Barber, Chancellor of the Exchequer, was undaunted by the attacks and reaffirmed the Government's position by saying, "If the project is to continue, there must be a competely new arrangement."

Mr. Barber said that President Nixon told Prime Minister Heath in a telephone conversation last week that the United States was prepared to cooperate with the British Government and Lockheed in exploring the future of the RB–211.

ASSISTANCE NECESSARY

The implication is that if Lockheed still wants the engine, as is generally believed, it will have to reduce or forgo the financial penalties payable for non-fulfillment of the contract. In addition, substantial financial assistance from British and American sources would have to be forthcoming.

However, the chances of arranging such a deal appear slim. One consideration mentioned here is that Washington would probably be unwilling to finance engine work for a foreign company at a time when the United States aerospace industry is plagued by unemployment.

Mr. Barber told the House that Rolls would have been subject to financial penalties of $120-million if it had delivered the engines six months late. Deliveries had been scheduled to begin next November but a delay of six to 12 months was forecast last week.

He also recalled that development costs for the engine, originally estimated at $156-million in 1967–68, had risen to $324-million by last November, and $408-million by last month.

The cost of each of the 540 engines on order at a fixed price of $840,000 had risen to $984,000 by last November and $1.1-million by last month. The loss on the engines would have totaled $144-million, Mr. Barber said.

The Government was unwilling to provide the huge sums of public money needed to maintain such a project under the present contracts, Mr. Barber added.

However, Mr. Benn, who did much to promote the Rolls contract while he was the minister responsible, accused the Government of withholding this investment out of a desire for "an exemplary bankruptcy" and to save the Tory commitment of an income-tax reduction this spring.

Mr. Benn also questioned the effect that abandonment of the RB–211 would have on sales of other aircraft dependent upon Rolls engines, particularly the British-French supersonic Concorde, which uses a Rolls Olympus–593 engine. "We must save the RB–211 to save, in part, the Concorde," he said.

CALLED A "WORKHORSE"

Mr. Benn disputed suggestions that the RB–211 was a prestige project and described it as "the workhorse engine of the nineteen-seventies and nineteen-eighties. Without the RB–211," he said, "there is no future for the British aeroengine industry."

Discussing Rolls's failure to estimate its costs realistically, Mr. Benn referred to Rolls's United States competitors and said, "It was General Electric, fat on their defense contracts, and Pratt and Whitney, fat on theirs, that squeezed Rolls down."

Replying for the Government, Frederick Corfield, Minister for Aviation Supply, questioned assertions that Rolls was essential to Britain's engineering and commercial credibility or that the company was the last chance for Britain to remain in the aeroengine league. The alternative to the Government's action, he said, was a company constantly coming back to Parliament for

more money, "is that really going to create confidence in that company abroad or even at home? he asked.

The nationalization bill, which was published today, gives the Government a blank check by allowing the acquisition of any part of the business and assets of Rolls and any subsidiary. No mention was made of the purchase price or the assets and divisions that are to be nationalized.

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BRITISH ENVOY SEES NIXON

(By Neil Sheehan)

WASHINGTON.—President Nixon and Lord Cromer very briefly discussed the Rolls-Royce bankruptcy and its potential impact on the beleagured Lockheed Aircraft Corporation when the new British envoy presented his credentials at the White House today British sources said.

The brief mention of the issue in the course of a general discussion of relations between the two countries contrasted with the urgency with which the Nixon Administration, and the commercial banks and airlines that are Lockheed's principal creditors, are seeking to assess the damage to Lockheed's planned production of a new airliner—the L–1011 Tristar airbus.

Rolls was to have provided the first 540 engines for the airliner project until production costs and potential losses on its contract with Lockheed—amounting to hundreds of millions dollars—finally drove the British engine-maker into bankruptcy. The British Government has said it would not be responsible for the contract unless Lockheed, or the Nixon Administration, or the commercial banks and airlines, or a combination of all, agreed to absorb a portion of the production costs and loss.

The White House had no comment on a statement in Parliament today by Anthony Barber, Chancellor of the Exchequer, that Mr. Nixon had promised Prime Minister Heath in a telephone conversation last week that the Administration would cooperate with the British Government and Lockheed in seeking a solution.

Senior Defense Department officials were known, however, to be urgently attempting to estimate the full ramifications of the problem and to decide on what options the Administration may have.

ARRANGEMENT IMPERILED

They are also now operating on the assumption that unless some solution can be found to the crisis caused by the Rolls collapse, the previous financial rescue arrangement for Lockheed, carefully negotiated by David Packard, the Deputy Secretary of Defense, may turn out to be just the salvage of the military-production projects of a bankrupt corporation, informants familiar with the situation said.

Lockheed officials said the corporation's top management is scheduled to meet in New York tomorrow with representatives of the airlines who have agreed to purchase the Tristar. The meeting is being called to try to define the full extent of the problem for the airlines managements, Lockheed officials said.

The British Government is known to believe that at least $240-million in additional financing will be needed to resume productions of the engines. A delay of six months to a year in delivery is also involved.

Higher costs of the RB–211 engine and a delay in delivery would both affect airlines directly in a greater purchase price for the planes and the unknown expenses of a delay.

DOWN PAYMENTS MADE

The airlines have already made down payments of about $100-million for L–1011s through bank loans. Those chiefly involved are believed to be Eastern Air Lines, Trans-World Airlines and Delta Air Lines.

Fred J. Leary, the senior vice president of the Bankers Trust Company in New York who has been acting as spokesman for a consortium of 24 commercial banks, said that no general meeting of these main Lockheed creditors has yet been called. The 24 banks have lent Lockheed another $250-million in direct loans.

"We've been talking constantly on the telephone on an informal basis," Mr. Leary said in a telephone interview today. "The idea has been to keep talking; the more you talk, maybe somebody will come up with an idea," he added.

Knowledgeable sources believe that a solution will probably have to be found quickly if Lockheed is to be saved from bankruptcy. The corporation is reported to have already spent most of the $450-million in credit it had previously received from the banks and airlines.

Mr. TAFT. As this indicates if there is to be a bail out it should be undertaken by the British Government rather than the American taxpayer.

The VICE PRESIDENT. Who yields time?

Mr. TOWER. Mr. President, I yield 5 minutes to the distinguished Senator from Georgia.

The VICE PRESIDENT. The Senator from Georgia is recognized for 5 minutes.

Mr. TALMADGE. Mr. President, let us get the issue in the proper perspective. This is not a loan. The bill authorizes a Government guarantee, for which the Government would be paid a fee for its risk.

What about the risk? It is limited in scope. The Government would take a first lien on assets worth $285 million. The lien would take priority over other loans totaling $480 million, loans already made by banks to the corporation.

What about precedent? We hear time and time again that it would set a bad precedent for us to guarantee a loan to a private corporation. We have guaranteed loans to individuals, banks, and small businesses, through the Veterans' Administration, Federal Housing Administration, Farmers Home Administration, and the Export-Import Bank for many years.

There would not be any precedent whatsoever.

As a matter of fact, the Export-Import Bank has already guaranteed deliveries of almost $1 billion worth of aircraft to a competitive corporation.

Just this week the conferees of the House and Senate agreed to guarantee an export loan for goods, materials, and commodities that would go to Communist nations.

So, when we talk about a new precedent, I think that is entirely unrealistic. Why should Congress guarantee a loan to a private corporation, and, in particular, Lockheed? Lockheed has admittedly suffered a $484 million loss in the production of defense materials for the Government.

I do not believe it is a policy of the United States of America to bankrupt everyone that tries to provide for our national security and our national defense. Certainly the corporation has a high claim from the standpoint of equity, since it has suffered a $484 million loss at the hands of this Government. It is, therefore, encumbent on the Government to help Lockheed avoid bankruptcy.

What about the employment situation? We have 60,000 jobs on 35 States involved in the main contract, the subcontracts, and the suppliers. Those workers would be thrown out of jobs. What would that amount to? Treasury officials and others testifying before the committees holding hearings on this matter said that there would be a loss of some $500 million in revenue if these corporations go bankrupt and their employees are thrown out of work.

It seems to me that it is awfully good business to guarantee a $250 million loan if it will save the Treasury $500 million in revenue. That is a return of some 200 percent on an investment over a period of 1 year. That, it seems to me, would be good business for us.

Congress has authorized appropriations of some $1 billion to create jobs for people who are now unemployed. Those jobs do not exist. The funds are appropriated for the purpose of trying to create jobs to give to people who are now unemployed.

The situation we are talking about does not concern people who are unemployed. It concerns people who are presently working and earning paychecks and who would be unemployed if this corporation were to go bankrupt.

I think that given these highly serious economic times in which we live, we should try to protect every job we possibly can. At the present time, unemployment is about 6 percent in this country. All of the leading economic indicators are down. The stock market is going down. We have just finished a fiscal year with a deficit of some $30 billion of Federal funds. In the next fiscal year, we are projected to again have a deficit of some $30 billion in Federal funds.

It seems to me that we should do everything we can to protect the jobs in this country and to protect the sources of revenue in this country. That is one of the reasons that the Senator from Georgia is strongly in favor of the bill.

It is easy to talk about big business. But what we are talking about here is jobs. We are talking about 60,000 jobs in 35 States in this Union.

I may be somewhat parochial, but some of those jobs are in Georgia. I make no apologies for trying to protect the jobs of the citizens in my State.

I think all Senators should do likewise.

I thank the Senator for yielding.

Mr. PROXMIRE. Mr. President, I yield 8 minutes to the Senator from Arkansas.

The VICE PRESIDENT. The Senator from Arkansas is recognized for 8 minutes.

Mr. FULBRIGHT. Mr. President, I just came in the Chamber in time to hear the last of the remarks of the distinguished Senator from Georgia. Of course, we are all interested in jobs. We have programs for jobs.

As I said before, when the Penn Central matter was up for consideration, if we are going down that road toward Government intervention why do we not just take over these companies and nationalize them and furnish the jobs like the governments in socialistic countries furnish jobs. That is a possible way to do it. That would require, I think, con-

siderable hearings and prolonged consideration by the Congress.

If we are going to depart from our traditional private enterprise system, if we believe in the free enterprise system—as I do, and it has served us well—then I think this bail out of Lockheed is utterly inconsistent.

This is a question of some substance were we to nationalize this type of organization which is so large that it has plants in 35 States and employs so many people, and the Government provides such a large part of their orders.

If we are not going to nationalize the company I submit the way to proceed would be to allow the company to go into bankruptcy in the usual manner, assuming it really is bankrupt.

In other words, I do not think we should subsidize it in this manner in which we the public assumes the risk for the stockholders. If this company should be profitable—and it could be profitable if it had decent management—then the principal benefits would go to the stockholders. Under reorganization in bankruptcy the company would continue to function and the employees would work.

I do not think the question of jobs is the real question; it is whether or not the Government is going to underwrite the investment of the stockholders and the banks who have made loans and the management which has mismanaged its affairs.

The stockholders have put in their money and they have taken their profits, such as they have been, and they have been very large from time to time, and they have taken them out in dividends.

I think the function of Senators is very much like the function of a board of directors. I feel as if the constituents of my State are similar to stockholders and that I should look after their interests.

Mr. President, the management of Lockheed was elected by the stockholders and they served them badly. Obviously, the company suffered from gross mismanagement. They had an enormous number of Government contracts, about the largest number of any company. Those Government contracts obviously have been very improvident for the Government as has been proven to anyone's satisfaction by the hearings before the Joint Economic Committee, under the direction of the Senator from Wisconsin (Mr. PROXMIRE).

I think we have a most unusual situation. I think either we should nationalize this kind of company, which I am not for at this time, certainly; or we should allow it to go through the traditional form of reorganization under the Bankruptcy Act. I do not have the slightest doubt that this company would continue to function. Certainly, from its defense point of view, administration witnesses themselves said they do not believe the defense activities would suffer. It is only this private contract for the trijet commercial airplane that is seriously endangered by the refusal of underwriting this guarantee.

Mr. President, if we believe, as we profess to believe, that this is a free enterprise country, we should not vote for this bill. We have a great many bankruptcies each year. I think there are about 250 a week or so. Even in good times there are a great many bankruptcies. This is the element considered to be the incentive for good management.

Nobody is saying we should do as we did with small business in the depth of the depression. I favored that legislation then, but we are not in the depths of a Nationwide depression yet, at least. However, here we are picking out a single mismanaged company and giving them a political loan guarantee. We would be setting a precedent that any other company would be entitled to follow.

The Senator from Georgia makes the argument that jobs are involved. That would apply to any company. I do not know of any company that operates that does not have some jobs. Under that precedent we could be called upon to bail out any company that has enough political influence to get votes in both Houses. They just barely got enough votes in the other body on this matter. It carried by three votes.

Mr. President, I hope that after seeing the result in the House and seeing how the country reacted, the Senate will not be the body which goes down that road, that hybrid road of neither nationalizing nor allowing this matter to follow the normal course. Perhaps this is a new theory of economics. Perhaps it should be developed, but it has not been demonstrated to be in our interest yet.

It would seem to me this is a hybrid manner of proceeding, in which the taxpayers take the risk and the stockholders take the gain, if any; it is the worst possible way to run our public and private business.

Mr. President, a number of editorials have been written about this matter, which I think add to this discussion. I will not read them all. I do ask unanimous consent to have printed in the RECORD at this point a very perceptive editorial from the Baltimore Sun. Since the President of the Senate has been out of the country and perhaps has not seen this editorial from his hometown newspaper, I recommend it to him. The editorial was published in the Baltimore Sun today, August 2, 1971.

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

LOCKHEED CASE

The weeks of discussion in Congress of the proposed $250 million loan guarantee for the Lockheed Aircraft Corporation, which the company is seeking and the Nixon administration is supporting, have left the subject about where it was when the discussion began. That is, serious doubt still exists as to whether the federal government should intervene in this case—a doubt that applies both to the merits of the Lockheed loan guarantee as such and to the precedent that would be established by a rescue operation of this magnitude.

Last Friday's vote in the House of Representatives was a measure of the still-divided opinion. The guarantee was approved by a vote of 192–189. Before its action the House sensibly limited itself to the Lockheed proposition, thus deciding against a general and larger bill which might have been more palatable to some legislators but would have opened a new federal door to other corporations if and when they ran into financial trouble. Today the Senate, which has been stalled over the issue of a broadened $2 billion bill, is scheduled to vote yes or no on the Lockheed guarantee alone, as provided for in the House bill.

As was the House, the Senate is closely divided, but at this point it seems preferable to have the vote taken on the Lockheed issue alone. Moreover the Senate, in coming to its decision, should keep in mind the fact that the federal government is being asked to guarantee credit that the commercial banks have decided against, and that senators have roughly the same responsibilities to their constituents that bankers have to their shareholders. Senator Beall of Maryland, announcing his intention to oppose the guarantee, put the case succinctly: "It is simply an improper role for the government, I believe, to aid a specific industry to survive what has amounted to an unsuccessful commercial venture, something that was, basically, a private undertaking."

Mr. FULBRIGHT. Mr. President, I shall read one paragraph from the editorial. The paragraph states:

Moreover, the Senate, in coming to its decision, should keep in mind the fact that the federal government is being asked to guarantee credit that the commercial banks have decided against, and that Senators have roughly the same responsibilities to their constituents that bankers have to their shareholders.

Mr. President, I think that is a very good way to sum up the situation.

I ask unanimous consent to have printed in the RECORD a very good editorial entitled "Packard's Testimony on the Lockheed Loan," published in the Arkansas Gazette of June 15, 1971, referring to the same matter. The Arkansas Gazette is one of the best newspapers of this country.

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

PACKARD'S TESTIMONY ON THE LOCKHEED LOAN

As might have been expected, Deputy Secretary of Defense David Packard has supported the proposed Lockheed loan guarantee in testimony before the Senate Banking Committee, saying that bankruptcy was indeed inevitable if federal aid was not forthcoming, and that the effect upon an already ailing aerospace economy would be a "profound" one.

As possibly might not have been expected, Mr. Packard stopped somewhat short of saying that the effect upon the economy as a whole would be as serious as some less cautious backers of the bail-out operation have tried to suggest, admitting under questioning that "the long-term problem, I agree, would not be a serious one." He also conceded that the proposed Lockheed loan agreement would set a dangerous precedent if approved by the Congress, which is what opponents have been insisting all along.

Most important, the high-placed spokesman for the Pentagon said he was confident that Lockheed—which is the country's single largest defense contractor—still would be able to meet its contractual obligations to the military under a court-supervised trusteeship arrangement, which opponents also have been insisting all along. Honesty will kill the golden goose yet!

In fact, the Packard testimony is reminiscent of the cheerfully volunteered estimate by Boeing's Chairman of the Board that restart costs on the SST would run right at $1 billion—a piece of candor that by itself would have been enough to finish off the administration's desperate attempt to revive that proposed Treasury grab.

The Lockheed thing is a real bummer, as

Lockheed itself, increasingly, appears to be a real loser. For example, the loans Congress is being asked to underwrite total $250,000,000 which is a sizable enough amount, considering that in the likely event of yet another Lockheed default it would be we—the taxpayers—who would be paying the piper and not the stockholders or the bankers, who naturally extract their interest in bad times as well as good.

Yet the quarter-billion, impressive as it sounds, is only half the amount being asked in *each* of eight damage suits filed recently against the Lockheed Corp., in the series of Starfighter crashes that have plagued the German air force in recent years. (If we had deliberately planned things to guard against a revival of the fearsome *Luftwaffe* of old, we scarcely could have done better than we have with some of the military aircraft we have supplied the Bonn Republic.)

The commercial production model at stake in the bid for federal loan support—the F1011 Tristar airbus—is supposed to be airworthy enough. The catch here, however, is that it would be in direct competition with a comparable carrier being produced by McDonnell-Douglas—the DC–10—for which, not at all incidentally, substantially more airline orders already have been placed. (The DC–10 program also would absorb a substantial number of the increased aerospace unemployment that is being projected as the "scare" argument for Congress to rush into the Lockheed loan without more careful scrutiny.)

McDonnell-Douglas in fact is already past the break-even point in firm orders with which the commercial success of the DC–10 can be reasonably inferred, while Lockheed is not, which is the point of the whole business—or a good part of it. The bankers are no longer willing to gamble their own money on the proposition that the F1011 will ever be a commercial success. Lockheed, for its part, is praying, and if Congress votes the loan guarantee, we taxpayers will be praying, too. Desperately.

More, even Treasury Secretary John B. Connally—whose first major assignment has been to try to "sell" enough congressional Democrats to put the Lockheed grab across—has been obliged to admit to the Proxmire Committee that the company's continued viability can by no means be guaranteed even with the $250 million in new loans, which is not exactly the most glowing prognosis in the world.

At the time of the SST's original defeat last March, Mr. Nixon's Maritime Commission chairman—Mrs. Helen D. Bentley—digressed from a speech on the problems of American shipping to say angrily that too many Americans think their country owes them a living, and that unless the traditional American virtues of hard work and pride in worksmanship are restored "our nation can't help decay." The sentiment was unexceptionable, but the words somewhat inexplicable in the context of the SST, since the people the speaker was denouncing were the people who had headed off the Boeing Treasury grab rather than the subsidy seekers themselves.

Somewhat more apropos—though also delivered against a shipping rather than an aeronautical background—were some words used by Representative Leonor K. Sullivan (Dem., Mo.) after hearing two solid weeks of poor-mouthing before the House Merchant Marine Committee by representatives of the American shipping industry. "Foreign countries," she said, "can run their ships efficiently. Why not us?" What, she wondered aloud, had ever happened to the classical "shrewd American businessman?"

Mr. FULBRIGHT. Mr. President, finally, I ask unanimous consent to have printed in the RECORD an editorial which was published today in the New York Times entitled "Subsidizing Lockheed."

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

SUBSIDIZING LOCKHEED

The Senate is due to act today on a proposed $250-million loan guarantee bill designed to save the Lockheed Aircraft Corporation from bankruptcy. The measure was endorsed by the House in a close vote on Friday.

Although proposals for a broader $2-billion guarantee to make Federal help available to other ailing companies as well have been set aside, a Locheed bail-out would establish a precedent which would make it difficult to resist similar pleas for public aid in the future. It would serve to reduce the independence and competitiveness of American industry and encourage inefficiency.

Administration officials have testified that the collapse of Lockheed would not endanger the national economy or defense. There is no sense in subsidizing excess capacity in the aerospace industry when American priorities are shifting to other areas. The local problems that would be generated by Lockheed's demise can be met through other measures directed toward these new priorites.

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from Minnesota.

The VICE PRESIDENT. The Senator from Minnesota is recognized for 2 minutes.

Mr. HUMPHREY. Mr. President, it is my hope that the Senate might be able to vote on S. 2308, which I think is a far superior bill than the bill before us because it takes into consideration what I am confident will be other emergency situations in our country.

It is most unfortunate that the organization known as the Reconstruction Finance Corporation, which had such an enviable record of public service and a record of no stain or corruption, was abolished. That Reconstruction Finance Corporation did in many instances what the particular bill before us is called upon to do. It helped industries that were unable to get commercial credit to the full extent of their needs. Those industries were faced with almost insuperable problems, yet most of them came through and most of them came through and made a great contribution to our country.

Mr. President, when I listened to the choice between doing nothing and nationalizing, I think we have twin evils: To do nothing would be to let this company and other great companies fail; to nationalize means to deny tax revenues to the country.

If this company is able to maintain its solvency—and, I think it can, it is producing products which are needed—it will be paying taxes.

The loan guarantee is a first claim on any of the dividends and profits for the Government of the United States. The public has been led to believe this is a grant. It is not. They have been led to believe it is a loan. It is not It is a guarantee. The funds will be financed from private banks; there will be a Government guarantee, and that Government guarantee, I predict, will never have to be called upon because this is a great company that can perform, that has had many problems, and some of those problems are not of its own making.

Mr. President, I intend to cast my vote for this measure, not because I think it is the best of all worlds, but because I think it is the best of any alternative that has been offered.

Mr. TOWER. Mr. President, I yield 4 minutes to the Senator from Iowa.

The VICE PRESIDENT. The Senator from Iowa is recognized.

Mr. MILLER. Mr. President, by a narrow margin, the House of Representatives passed the bill that is now before the Senate. Most of the reasons for and against the measure have been expressed, but for some unaccountable reason, little emphasis has been placed on what should be a decisive factor is voting for the bill. I refer to the cost to the taxpayers of our country if the loan guaranty of $250 million to Lockheed is not approved.

Commencing on page 77 of the hearings report—June 7 through June 10, 1971—of the Senate Banking Committee, the Secretary of the Treasury included a memorandum entitled "Estimated Aggregate Economic Costs, Including Tax Revenue Losses, Associated with Bankruptcy of the Lockheed Corp." This is the Treasury Department's analysis of what would happen if this bill is not enacted—what the cost to the Treasury Department would be if Lockheed does not receive the loan guaranty and goes into bankruptcy. A more direct way of putting it is—what the cost to the taxpayers of our country would be, because they are the ones who have to make up the costs to the Treasury Department.

Here are the tax loss estimates:

Loss of income taxes paid on wages and salaries of employees thrown out of work, $65 to $95 million.

Loss of income taxes paid on wages writeoffs of stockholders, $25 million.

Loss of income taxes through tax loss writeoffs of airlines on advances made to Lockheed on purchase orders for the new L–1011 "airbus," $15 to $20 million.

Loss of income taxes through tax loss writeoffs by banks—which have $400 million in loans outstanding against Lockheed, preceded by rights of debenture-holders, $95 to $125 million.

Loss of income taxes through tax-loss writeoffs of Lockheed subcontractors, $140 to $170 million.

All of these total between $340 and $410 million in losses to the Federal revenue. Some of the losses may be recouped several years in the future. For example, profits might someday be realized by McDonnell Aircraft Corp. building and selling the airplanes that otherwise will be built and sold by Lockheed, and this would mean more tax revenues. But the tax losses from writeoff of advances made by the airlines, from writeoff of losses by the banks, from loss of withheld income taxes on 10,000 Lockheed employees and 25,000 employees of Lockheed subcontractors during their period of unemployment, and much of the tax loss from writeoffs by subcontractors—these will be gone forever and will not be recouped.

An additional adverse impact on the Federal Treasury—not from loss of revenue, but from increased payouts—is the unemployment compensation that will be paid to employees of Lockheed and its subcontractors during their period of

unemployment. This period is estimated at from 6 to 9 months, and the costs to the Treasury would be from $50 to $75 million all gone forever.

The analysis of tax costs furnished by the Treasury Department indicates that the Department's estimators have done a careful job. For example, they have taken into account the profit or loss positions of the affected airlines. They have used recent market valuations of Lockheed stock. They have estimated that debenture holders would have no tax loss writeoffs because they are amply secured. They have estimated recovery by the banks of up to 50 percent on their loans to Lockheed in event of bankruptcy. And they have taken into account the profit or loss positions of the subcontractors.

Some of the members of the Senate Banking Committee were reportedly surprised when the Secretary of the Treasury estimated that the adverse impact on the revenue of the Federal Government resulting from bankruptcy of Lockheed would exceed the amount of the $250 million loan guaranty itself. The foregoing analysis more than substantiates the Secretary's statement.

As I have said, the cost to the taxpayers resulting from the failure to pass this bill should be a decisive factor in voting for the bill. I do not believe it should be the only consideration. The adverse and serious impact on employment—especially at a time when unemployment has been seriously affected by cutbacks in defense and space contracts and by heavy reductions in members of the armed services, the adverse and serious impact on business psychology at a time when the upward momentum of the economy is less than it needs to be, the potential adverse effect on our balance of trade by forcing domestic airlines to purchase "airbuses" overseas if they do not wish to buy from McDonnell Aircraft Corp., the additional cost to the Federal Government on defense procurements which will occur if Lockheed subcontractors are given the opportunity to raise their contract prices—as they would have if Lockheed goes into bankruptcy—these are all cumulative factors lending support for the bill now before us.

I might also point out that on page 1094 of the hearing record of the Senate Banking Committee are listed three Iowa subcontractors of Lockheed having total purchasing commitments as follows: Collins Radio Co. of Cedar Rapids, $40,522,000; Bendix Corp. at Davenport, $481,000; and Aluminum Corp. of America at Bettendorf, $4,304,000. These purchasing commitments and the jobs generated by them would all be placed in jeopardy if this bill is not approved.

Mr. JORDAN of Idaho. Mr. President, the basic issue involved in the legislation designed to bail out the Lockheed Corp. is whether the U.S. Government should rush to the aid of a major business enterprise which finds itself in financial difficulty as a result of economic reverses and bad business judgment. It seems to me that doing so would set a dangerous precedent, wholly at odds with our free enterprise system.

The key to American economic success which has given us the highest standard of living in the world is the efficiency of our private sector. There have been basically two factors which have worked together to bring about this business efficiency—profits for good business performance and losses or bankruptcy for inefficient business practices or bad business judgment. As the distinguished Senator from Ohio (Mr. TAFT) characterized it:

> The carrot and the stick of profits and losses are the goals that keep business and our economy efficient and productive.

If the U.S. Government steps in to insulate business from the consequences of mistakes or bad judgment it will reduce the incentives for efficiency in business. It seems to me that this would impair the viability of our free enterprise system. It would tend to distort the efficient allocation of resources to productive enterprises.

My review of the evidence indicates that the current economic position of Lockheed is due in large part to mismanagement and bad business judgment. The junior Senator from Ohio (Mr. TAFT) has done an excellent job of outlining Lockheed's error in contracting with Rolls-Royce for an engine which it apparently lacked the experience to make. The failure of Rolls-Royce to produce a workable engine within the terms of the original contract and its repudiation of that contract precipitated the current Lockheed crisis.

However, Lockheed was in shaky condition prior to the Rolls-Royce failure as a result of earlier mismanagement. The gigantic cost overruns on the C–5A cargo aircraft are a matter of record. An unrealistically low bid by Lockheed was a prime factor in that case. The company has experienced similar cost overruns on the Cheyenne helicopter program and the SRAM rocket motor.

Yet, despite all the evidence of poor management by Lockheed officials, the U.S. taxpayers are now being called upon to guarantee a loan so that these business practices may be perpetuated.

It has been argued that the Government is already in a position of guaranteeing many types of loans and that the guarantee provided in the present legislation would not be a great departure from present policy. I am not aware, however, that the current guarantee programs would allow the guarantee of loans for inefficient or badly managed businesses. Indeed, it is difficult to understand why the Government would wish to perpetuate such enterprises. One would think that a better allocation of resources would be achieved if efficient and productive businesses were encouraged instead.

It should be pointed out that Lockheed would not disappear if this legislation is rejected. If the firm is indeed forced into bankruptcy it can be reorganized under new management. The trustee in bankruptcy could objectively review the affairs of Lockheed and decide whether the L–1011 project is economically viable. If so, he could then proceed with its production.

If the project is viable the dire predictions of wholesale job losses would not come about. If the project is not viable some jobs may be lost but I think it is unwise to keep uneconomic projects afloat simply to preserve jobs. Such action would merely postpone the inevitable job losses. If a company is producing the wrong product it is clearly wasteful for the Government to aid it to continue to waste resources and produce unwanted goods. If it appears that too great a burden of readjustment of resources is being borne by individuals in the aerospace industry then facilitating the individuals' relocation and reemployment in other areas and sectors of the economy would be more useful and less wasteful than perpetuating their employment in producing unwanted products.

Mr. President, I think we should look at this legislation with an eye to the long-range effects it may have on our system of free and competitive enterprise. If we remove the threat of bankruptcy for badly managed business enterprises such as Lockheed, I think we will set a bad precedent which will encourage inefficient practices and the production of unwanted goods by other companies. This would be a severe blow to the economic system that has given us so much. Therefore, I urge the rejection of H.R. 8432.

Mr. THURMOND. Mr. President, it is my fervent hope that this distinguished body will not go down in history a second time this year by taking another disastrous step in helping destroy American industry. A fatal error in judgment against progress which we will live to regret was taken by many of my distinguished colleagues this year when funds for the SST were denied. It is even more shocking now that many are thinking of going a step further by not even allowing an emergency loan guarantee to major business enterprises.

One of our Nation's major corporations is asking the U.S. Government to guarantee a loan with interest to help it over a financial crisis. From all the opposition to help an American firm, one would think that the Lockheed Aircraft Corp., is the villain, or an enemy. At least, that is the impression many Americans are getting from opponents of S. 8302.

Mr. President, I have examined all facets of this legislative proposal. I have studied the bill, and reviewed hundreds of letters from Americans across the Nation. I have talked with financial experts on the subject and studied the committee report, especially the opposing viewpoints of some of the members of the Committee on Banking, Housing and Urban Affairs. My conclusion is that the benefits to our country so far outweigh the alleged disadvantages that I cannot understand those who would oppose this financial guarantee.

S. 8302 contains every possible safeguard against what some opponents mistakenly label "socialism for big business" to scare the public. The bill contains strict checks and balances to protect the Government and taxpayer. The loan is being made by banks under the direction of some of our Nation's most competent financial experts. It is not the Government that would make the loan. Bank loans are to be repaid in a relatively short time period with interest. The lifespan of legislation is very short since the uncommitted loan period ends

October 1, 1971. A nonpolitical and legally independent board will be established by this legislation to insure that sound financial procedures are adhered to for loan guarantees. This board will still be required to approve the Lockheed application.

Mr. President, some opponents of S. 8302 have alleged that this bill sets a dangerous precedent. The record of American history, including the present day, clearly refutes such allegations. The Federal Government has assisted and subsidized many free enterprises since the beginning of our Nation.

Mr. President, I would like to highlight a few instances of this in our history. The railroad industry is a prime example. Since the first railroads pushed westward to the present day, the Government has come to their assistance in time of crisis.

The farming industry in our country has been subsidized for almost 40 years. Over $400 billion has been provided to keep thousands of farmers in operation.

Our airlines have received financial assistance by the Government to help cover losses on unprofitable routes. It has been reported that this aid has come to $353 million in the past 7 years.

During the existence of the Reconstruction Finance Corporation until it closed the books in 1953, over $40 billion was dispersed by the Federal Government to keep thousands of businesses from going bankrupt. Since 1953, the Small Business Administration has guaranteed loans up to more than $7 billion.

Mr. President, it is difficult for me to understand why Members of Congress are so vehemently opposed to helping American industry, while on the other hand, the United States has been giving financial aid for supporting aid to our allies and friends overseas for 25 years, including foreign private business enterprises. A pertinent example of this financial aid is directly related to the Lockheed problem, and it demonstrates that our country assists foreign business while denying similar aid to American business.

The financial transactions of the Export-Import Bank loans represent the case in point. Among their loans has been $600 million for purchase of 71 Boeing 747's, $190 million for purchase of 29 McDonnell Douglas DC–10 aircraft and $3.5 million for purchase of the Lockheed L–1011 which is directly involved in the current dilemma. These are loans to foreign buyers for the purchase of U.S.-made products. In my judgment, these are related precedents.

Mr. President, since 1945 the United States has handed out over $45 billion in economic aid to foreign countries. In military loans and grants, the figures come to another $40 billion. Yet, some would deny Lockheed a guarantee for a loan of $250 million which is to be paid back to banks with interest.

In my view, this legislation must be approved to prevent the failure of enterprises which could be extremely costly in terms of jobs destroyed and losses in tax revenues and goods produced. Lockheed is one of but three air frame producers; the aerospace industry is already depressed; and large losses which would be suffered by airlines and by suppliers would severely impair their ability to adjust.

Mr. President, the estimates on job losses range from 11,000 to 60,000. Some opponents of the legislation have manipulated the figures to show that only 11,000 people will lose their jobs. In my view, this is 11,000 too many in the midst of a critical unemployment problem facing our Nation.

In conclusion, Mr. President, I strongly urge my colleagues to approve this guarantee loan legislation which is sound business in the public and national interest.

Mr. SPONG. Mr. President, I am opposed to the pending bill because I believe it would establish an unwise precedent for Federal interference in the free market economy.

This bill singles out the Lockheed Corp. for special treatment to rescue it from the consequences of its own management failures. Its competitors in the industry would thus be deprived of the rewards of superior performance and the market incentive for continued high performance would be seriously deflated. No longer would a corporation have to worry about paying the price for bad judgments, waste or mismanagement. If it is big enough and important enough, the Federal Government will bail it out.

Mr. President, the Small Business Administration loan program frequently has been cited as a parallel instance of Federal aid to business, but there are vast differences in the yardsticks employed. To qualify for a Federal loan, a small businessman must meet strict requirements. Among other things, he must demonstrate the commercial feasibility of his operation and the financial ability to repay any assistance he receives. These are tough standards and more than 10,000 small businessmen went bankrupt in the past year because they could not meet them.

Today, we are asked to establish a lesser standard for big corporations. I think it is unjustified and would result in a further loading of the scales against small business in this country.

Mr. President, even with this loan guarantee, I am not convinced that the Lockheed Corp. will escape its present financial difficulties. The cause of its trouble goes much deeper than a temporary exhaustion of its bank credit. It is involved in a competition for the sale of an aircraft which has limited sales potential and, in that competition, Lockheed is far behind. I am persuaded that no matter what we do today, the marketplace will be the final arbiter of this issue.

Mr. KENNEDY. Mr. President, I rise to oppose the Lockheed loan. This is not an easy issue. I have studied the debate and the hearing record of the Senate Banking, Housing and Urban Affairs Committee. Obviously, I find it difficult to vote against this measure knowing of the impact that it will have on many Lockheed workers. And this is particularly disturbing when the administration's game plan already has resulted in 5.5 million men and women on the jobless rolls. Also, I feel that there are certain unusual events which have forced Lockheed into the difficult economic position it is in today, particularly past defense procurement practices and the bankruptcy of Rolls-Royce.

However, after examining this matter at length, I find that I cannot in good conscience endorse a $250 million loan guarantee backed by taxpayer dollars. This would be an unwise intervention by the Government into the free enterprise system, preventing it from operating to rule out uneconomic ventures. And it would undoubtedly place Lockheed at a competitive advantage with the other competitors in the airframe industry.

Perhaps most compelling is that I find the $250 million loan guarantee to Lockheed to be an unjustifiable commitment by the Federal Government when we consider the overwhelming social needs of the Nation in so many other more urgent areas. I, therefore, cast my vote against the Lockheed loan guarantee.

Mr. HRUSKA. Mr. President, my decision to support the loan guarantee to the Lockheed Aircraft Corp. was made after a careful study of the voluminous detail available on the subject. There are valid arguments on both sides of the issue. But, in my judgment, those in favor carry greater merit.

One of the most important reasons for approval is the adverse effect upon our economy which would be brought about by bankruptcy of Lockheed. It does appear that bankruptcy will be the direct result if the guarantee is not made.

Such bankruptcy would cause a major disturbance to the national economy, without question. Evidence in the hearings is to the effect that it would impose a social cost on the private economy of $260 to $380 million, depending on the duration of the adjustment period.

This cost is equal to the GNP lost through the unemployment of aerospace workers and capital during the extra period which is necessary to effect their reemployment. This extra period is required because, First, Lockheed is one of but three airframe producers; second, the aerospace industry is already depressed; and, third, large losses which would be suffered by airlines and by suppliers would severely impair their ability to adjust.

Included in this aggregate economic loss, in addition to lost disposable income of workers and the gross product of capital, is a Federal income tax loss estimated to be $65 to $95 million, depending on the duration of the excess adjustment period. Additionally, loss recognition by creditors, shareholders, and suppliers of Lockheed will result in short-run Federal revenue losses. Although these may be expected to be recovered in the long run, they will aggregate from $275 to $340 million, depending on the realization rate of creditors and their tax status, in the few years immediately following the bankruptcy of Lockheed. Finally, additional unemployment compensation paid out to displaced workers will amount to $50 to $75 million, depending on duration of the excess adjustment period.

It is plain that the loss thus incurred,

would be greater than the Government would lose even if it is ultimately forced to pay out on the loan in case of default.

Of course, it should be noted that the Government is not advancing or loaning any money. It is not a grant or a loan. It is a guarantee, which will be invoked only in case of default. It should be recalled that when a similar arrangement was made in a similar guarantee to the Douglas Aircraft Co., 4 years ago—1967—in the amount of $75 million, that no occasion arose for invoking the guarantee. The loan was paid by the company completely.

Another severe impact on the economy would be the creation of a monopoly for this type of plane, the TriStar. Only one other company—McDonnell Douglas—is making this type of plane. With Lockheed out of the picture, there would be no competition in this area. In 1950, there were five producers of commercial aircraft. Boeing, Convair, Douglas, Lockheed, and Martin. Now there are three: Lockheed, Boeing, and McDonnell Douglas. But Boeing is restricting its output to a long range, transoceanic type of plane. So that would leave only McDonnell Douglas.

This would certainly be a severe blow to the position of superiority the United States has held in the aeronautics industry.

Furthermore, Lockheed is one of the Nation's large and major defense contractors. Its impairment by bankruptcy would also be a serious setback. It has some 31,000 employees. Its subcontractors have about 35,000 employees. Now is not a time to be adding to the unemployment rolls of the Nation.

No one has to be reminded what the unemployment situation is in the aircraft industry at the present time. Many thousands of workers have fallen victim of our transition from heavy wartime expenditures to peace-oriented production. The figures show we are weathering the changeover. We are beginning to come out of it. But the effects of another major blow are bound to have grievous results for the entire economic picture.

The proposed loan guarantee is an unusual action. But the circumstances and conditions are unusual. These are unusual and difficult times for a large segment of our economy. Hence, the necessity to take unusual steps.

THERE ARE MANY PRECEDENTS

The point has often been raised about this guarantee being a precedent. Also, that if it is done for Lockheed, it should be done for many others who become hard pressed, and threatened with failure or bankruptcy.

Mr. President, the fact is that there are specific precedents. Also there are literally hundreds of thousands of loans now outstanding where guarantees by the Government have been made and are outstanding.

Precedent: In 1967, Douglas Aircraft received a Government guarantee of $75 million because it was in severe straits and would not be able to survive. Not long after this the company merged to become McDonnell Douglas Co. It is ironical that it would be the company coming out as having a monopoly in this field, if Lockheed fails. Ironical, because without a similar Government guarantee 4 years ago, it would have failed itself and would not be in existence to become the only one surviving.

Another precedent: A few years ago American Motors Co. was given what in effect was an outright grant in tax refund.

Payment of the tax was required by the income tax law of the time. Amendment of that law was made so as to make refund possible. Some of the same Senators arguing against the Lockheed guarantee now, argued for American Motors on the ground of bad reverses which that company had suffered. And argued that because of the bad economic impact, the amendment and refund should be made. And that was in taxpayers' dollars, not only a guarantee.

Further precedents are to be found in a number of programs of Government guarantee on a massive scale.

Federal Housing Administration has over $75 billions in contingencies.

Small Business Administration as of June 30, 1971 had a total of about 2.3 billions of dollars. In May of this year, its authorization was increased by $900 millions, to make a total authorization of $3.1 billions.

Veterans' loan guarantee fund, $19.3 billion in contingencies (guarantees).

Low-rent housing, $8 billion.

Farmers Home Administration, almost $4 billion.

Student loan insurance, $1.3 billion.

Urban renewal fund, $2.96 billion.

Mr. President, we have heard often in recent days the argument that if the bankers of the Nation will not support Lockheed by further loans, that the U.S. Government would engage in bad business by extending a guarantee. That to do so is a denial of the free enterprise system.

Consider well, that in most of the programs listed above for Government guarantees, one of the conditions for making the loan or the guarantee is that no credit is available to the borrower on reasonable terms from other sources. That is, that resort to Government loan or guarantee is necessary because of that fact.

Do the opponents of Lockheed want to revoke and repeal the vast system of guaranteed loans now in effect? They affect hundreds of thousands of borrowers. If the opponents want to repeal or revoke them with the argument that since banks will not make loans the Government should not, let them say so. We are safe in assuming they will not do so.

The listing of these Government guarantee programs is not to be construed as a criticism of them. They are useful. They are in fields in which the Government has a strong and legitimate interest. They have prevented much hardship among businesses, farmers, homeowners, veterans, students, and others.

Certainly the massiveness and seriousness of Lockheed problems are basis for strong and legitimate interest of the Government. Especially since it is widely recognized that had the British Government honored the provisions of the Rolls-Royce contract and if it had made late delivery payments as called for, this Lockheed situation would not be before Congress today.

Under all the circumstances, Mr. President, there comes the conclusion of this Senator to support the requested guarantee.

Mr. TOWER. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered, and 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 VICE PRESIDENT. Without objection, it is so ordered.

Mr. TOWER. Mr. President, the distinguished Senator from Washington has made two arguments that absolutely do not hold water. He has made the suggestion, which seems to me to be ridiculous on its face, that the collapse of Lockheed will result in increased employment in this country.

I do not know how anybody can arrive at that particular conclusion. The Treasury Department has looked into this question in great detail and has concluded that it could affect up to 30,000 jobs in this country.

The Senator from Wisconsin has suggested that McDonnell Douglas plants in California could very easily absorb the employees that would be laid off by Lockheed in the event we failed to pass this legislation; but that suggestion has been labeled by an expert as a "cruel hoax."

Referring to the testimony before the committee by James L. Quillin, president of the Aeronautical Industrial District Lodge 727, International Association of Machinists & Aerospace Workers, I read the following:

> Some have suggested that Lockheed workers who lose their jobs if the L–1011 program is canceled could go to work for McDonnell-Douglas on the DC–10 since it is produced in the same area. This is a cruel hoax and should be branded for what it is, a complete distortion of the facts. In the first place such a proposition completely ignores the geography of southern California. The DC–10 is assembled in Long Beach which is 35 miles from Burbank, the home of the L–1011. It is possible to commute from Burbank to Long Beach on a twice daily basis; however, considering the Los Angeles traffic and freeway system, it is a hair-raising experience at best.
>
> Next, the proponents of this suggestion blithely ignore another salient geographical fact, that is, the L–1011 is assembled in Palmdale, Calif., utilizing nearly 4,000 Lockheed employees. This final assembly facility is 100 miles from Long Beach, Calif. It stretches the bounds of credulity to suggest that these workers could commute the 200 miles a day round trip to Long Beach.

Another factor, Mr. President, is the fact that McDonnell Douglas has already laid off thousands of its workers. It is reasonable to assume that they would be picked up long before any of the laid-off employees of Lockheed would be employed.

A second argument made by the Senator from Wisconsin is that we do not

need the L–1011 Tri-Star to maintain a competive market in this country.

Both Eastern and TWA, in their testimony before the Senate committee, stated that competitive bidding as between the L–1011 and the DC–10 reduced the price of each aircraft by at least $1 million while at the same time providing improved aircraft.

Beyond that, I might state, Mr. President, that both McDonnell Douglas and Lockheed have made surveys and found that there is an adequate market for both airplanes in this country, and this is sustained by a study by the FAA.

## MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 19. An act to provide for a coordinated national boating safety program; and

S. 2317. An act to extend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

The enrolled bills were subsequently signed by the Vice President.

## ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, August 2, 1971, he presented to the President of the United States the enrolled bill (S. 2317) to extend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

## EMERGENCY LOAN GUARANTEE ACT

The Senate continued with the consideration of the bill (H.R. 8432) to authorize emergency loan guarantees to major business enterprises.

The VICE PRESIDENT. Who yields time?

Mr. PROXMIRE. I yield 5 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, this has been a very difficult decision for all of us. I have the highest regard for my colleagues who serve on the Banking Committee. I have had the distinct pleasure of serving with our distinguished chairman and ranking minority member for a number of years. But with great reluctance, after a tremendous amount of thought and research in the field, and talking with managers of the banks and managers of the manufacturers involved, outside of my State and inside, I have finally come to the conclusion that I am opposed to the Emergency Guarantee Act, as amended, because in principle I believe it is unwise to exempt this particular enterprise from the discipline of the marketplace, which is the effect of this bill. A number of specific reasons lead me to the conclusion that the loan guarantee for Lockheed is unwise.

One is that the demand for an airbus, such as Lockheed's L–1011 or the McDonnell Douglas DC–10, seems to be adequate, based on the present predictions of market demand during the remainder of the decade, for only one form in this field. The aerospace industry is in a period of demand contraction. The real market for both the L–1011 and DC–10 is shrinking as airlines cancel orders. Propping up Lockheed may very well mean that neither the DC–10 nor L–1011 become profitable. It seems at best unfair that the Federal Government should choose to support one commercial airplane manufacturer over another.

There was ample testimony during the hearings to show that if the L–1011 is not manufactured, the airlines will place orders for the DC–10 or a modified version of the 747, both of which use engines made in this country. The effect of increased orders for these two planes will mean more employment at McDonnell Douglas, Boeing and General Electric. I feel that the effect of the discontinuation of the Lockheed commercial jet will not result in significant net unemployment over the long haul. Indeed, because both of its competitors use American engines, a net increase in employment may occur.

I have a deep concern about the effect of this loan on the defense industry. Even though the L–1011 is a "commercial" venture, Lockheed is known principally as a defense contractor. Its problems with the C5–A transport have been widely discussed and, in fact, may have contributed to the financial crisis in which Lockheed now finds itself with the L–1011. A main concern of many of us interested in efficiency and economy in Government is a continuing history of seemingly unmanageable cost overruns and mismanagement by defense contractors—including the General Dynamics F–111 and the Grumann F–14.

By aiding Lockheed, we are in effect indicating to the defense industry that we will condone poor management of defense contracts. In "bailing out" the country's largest defense contractor, are we not removing the major tool the Government has to demand efficiency and financial accountability in the aerospace and other defense-related industries? And in shoring up the major defense contractor, are we not making it more difficult for other, smaller, perhaps more efficient business to compete?

I am also concerned about the bankruptcy provisions of this bill. It assures the Government of the recovery of $250 million from the unencumbered assets of Lockheed, but it thus removes any protection Lockheed's employees and other creditors normally would have in bankruptcy proceedings.

Also, if bankruptcy occurred, it would take place under chapter X of the Bankruptcy Act and Lockheed would be operated by receivers. These new managers could also decide to continue the L–1011 if they found it a commercially sound operation. Bankruptcy of Lockheed under receivership—contrary to the impression widely given by the bills' proponents—would not mean the demise of Lockheed. As in the case of the reorganization of the Penn Central under receivers, new management would be given time to "clean house," and get the company on a sound financial footing. The result could potentially be entirely healthy for the company, as well as the country.

I would also like to establish the differences between Penn Central and Lockheed. Penn Central is essential to the transportation system of the United States, but the L–1011 is not. Thus, the Congress decided to lend to Penn Central after it was reorganized under receivers.

These specific reasons indicate to me that the loan guarantee is unwise. In general, I think this is a bad precedent, a poor loan. The banks are not limited in resources nor have most of them even reached their legal limit. Yet even banks refuse to make further loans without a 100-percent guarantee. A bad investment is a bad investment. If the banks will not take the risk, why should we ask the taxpayers to take it? I do not think we should. Because of the current demand picture for airbuses, and the high number of sales Lockheed's L–1011 must have before a breakeven point is reached, it seems doubtful that the L–1011 can ever become a commercially sound venture.

The aerospace industry is in the next several years going to go through a period of inevitable readjustment resulting from a downturn in the war and the defense and aerospace business. It would be imprudent to distort further the economic future of this major economic sector by introducing massive Federal subsidy.

In conclusion, Mr. President, because this specific loan guarantee is unwise from an economic point of view, because it would be a bad precedent to set for companies by seeming to reward inefficiency, because it may well weaken other companies in the aerospace industry, because bankruptcy provisions would seem to give too little regard to protecting the rights of workers and other creditors, because ultimately only market conditions can protect employees jobs, because we have been assured that Lockheed's ability to fulfill its defense contracts does not depend upon this loan guarantee, because reorganization of the Lockheed management is desirable and would be delayed or prevented if the loan is made, because granting this loan would seem like a cruel hoax to the 10,000 small businesses that failed last year at a loss of $1.9 billion, I oppose this Government-taxpayer loan guarantee.

### AMERICAN JOES ARE AT STAKE

Mr. BYRD of West Virginia. Mr. President, I have listened with great interest to the lengthy debate which has occurred on the emergency business loan guarantee bill, and I note that some very fundamental questions regarding the relationship between Government and private enterprise in this country have been raised.

If the special circumstances which made this bill necessary did not exist, there would, of course, be no bill. I am reasonably certain that under normal circumstances most Members of this body would reject any suggestion that Government has an obligation to save a failing corporation in a free enterprise system. I believe that precisely the opposite view

would prevail: that Government has no business, in a normal situation, propping up an inefficient private company; that the marketplace alone should determine which firm succeeds and which one fails.

As the Washington Post said in its lead editorial on last Tuesday:

> The theory is that, driven by the hope of profit and the fear of failure, capitalists will compete fiercely to create the best products with the least waste. The most efficient will be rewarded with great gain and the least efficient will be weeded out through bankruptcy. It is because of these incentives to efficiency, which socialist systems seem unable to duplicate, that we are urged to pay the heavy price of capitalism. . . . If one removes these incentives to efficiency one removes the major argument for capitalism as a system.

I subscribe to that statement as a general proposition, as I believe most Senators would. But we are dealing with a special and unusual situation here in which I have come to the conclusion, after listening to the arguments of able Senators on both sides, that not only is it proper for Government to act in this instance, but also that Government has an obligation to act.

It is fallacious to argue, in my judgment, that the American taxpayers are about to be bilked out of $250 million, and that tax moneys should not be used for such a purpose.

There are too many unemployed persons at all levels already—about five and a half million, in fact, the most in 10 years—from blue collar to executive. By guaranteeing the loan to Lockheed we can avoid eliminating another 35,000 to 60,000 jobs, and adding thousands of Americans to the already-swollen unemployment lines. It is significant to note that the committee report states that, if the loan guarantee is not approved, additional unemployment compensation paid out to displaced workers will amount to $50 to $75 million, depending on the duration of the adjustment period.

There will be other losses to the economy as well, Mr. President. In addition to lost disposable income to workers and the gross produce of capital, there is a Federal income tax loss estimated at $65 to $95 million. Also, loss recognition by creditors, shareholders, and suppliers of Lockheed will result in short-run Federal revenue losses. And, although these may be expected to be recovered in the long run, they will total from $275 to $340 million, depending on the realization rate of creditors and their tax status in the few years immediately following the bankruptcy of Lockheed.

Additionally, Mr. President, an estimated $350 million in inventory investment is held by suppliers because of the advanced state of Lockheed's L–1011 program. These suppliers' financial resources would be stretched to the limits if Lockheed fails; and some would face bankruptcy themselves if they wound up holding a worthless inventory.

There is also an all-too-distinct possibility that financial disaster will strike the creditors of Lockheed if the aircraft corporation goes bankrupt. Among these creditors are three major airlines which have made advance payments of $240 million toward the purchase of L–1011 aircraft. The questionable value of these unsecured claims against Lockheed would obviously hamper efforts of the airlines to make alternative arrangements, and this could endanger their competitive position among domestic air carriers.

The committee report notes that evidence when the bankruptcy of Lockheed and the termination of the L–1011 program are viewed as an abnormal business disturbance, they are estimated to impose a private cost on the economy of $260 to $380 milion, depending on the duration of the adjustment period. We must remember, Mr. President, that there is already a $1.3 billion investment in Lockheed's L–1011 air bus program and that, only through this guaranteed loan, can this investment be turned into usable equipment.

But saving jobs—jobs for Americans who want to work—is what I am most concerned with.

Even in my own State, Mr. President—a State which surely has as little in the way of defensc work, military installations, and so on as a State can have—even in West Virginia, some 250 jobs in two Lockheed-Georgia plants could be lost. We have a small Lockheed-Georgia plant at Clarksburg and another at Martinsburg. They produce subassemblies for the C–130 and the C–5A, and add about two-and-a-half million dollars a year to West Virginia payrolls. So we are not talking about some remote, impersonal corporation which the Government is being asked to save. We are talking about jobs and people, and we are talking about the national interest.

Mr. President, I think that too little has been made of the fact that where we now have three major aircraft producers in the United States, that number would be reduced to two if Lockheed is forced out of the picture, with a concomitant reduction in the competition that is so necessary in our system.

The Federal Government, Mr. President, has acted many times before and in many ways to help people, to nelp business, and to help the economy. Such subvention has dozens of precedents in recent history. All manner of loans are guaranteed or made by government—business loans, home loans, educational loans; the list could go on and on.

Only recently, for example, the Federal Government awarded almost $7.6 million in loans and grants to build a black-owned hotel in the District of Columbia. The Federal funds included a $3.5 million grant, and a loan of an equal sum. In addition, there was a Government loan of $445,000 to furnish the hotel.

This is a small figure, to be sure, compared with the $250 million loan guarantee to Lockheed. But the principle seems to me to be the same. In fact, while 50 percent of the hotel's funds will be in the form of a grant, none of the Lockheed funds will be given on such a no-strings basis—the $250 million for Lockheed will be a guarantee for a loan to be made from the private sector of the economy.

When he announced the funds for the hotel, Commerce Secretary Maurice H. Stans said it would revitalize the black inner city in the District of Columbia. The inner city does need revitalizing, and the hotel may prove to be a good investment in the long run.

By the same token, however, the entire economy of the United States—including the aircraft industry—needs revitalization. And I believe that saving 60,000 jobs, protecting a huge investment, avoiding a sizable Federal revenue loss, and maintaining the level of competition within this vital industry, could provide the needed economic boost.

For the reasons stated, I have come to the conclusion that it is clearly in the national interest that the loan guarantee bill now before us should be approved, and I shall vote for it.

I ask unanimous consent to insert in the RECORD a Washington Post news story by Paul W. Valentine carrying the headline, "United States Grants $7.6 Million To Build Black-Owned Hotel in Inner City."

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

UNITED STATES GRANTS $7.6 MILLION TO BUILD BLACK-OWNED HOTEL IN INNER CITY

(By Paul W. Valentine)

In what he called a new effort to revitalize the black inner city here, Secretary of Commerce Maurice H. Stans announced approval yesterday of almost $7.6 million in grants and loans for construction of a community-owned hotel near Howard University.

Construction of the nine-story, 168-room hotel at Georgia Avenue and Bryant Street NW, just south of the Howard campus, is scheduled to begin in about one year.

Owner of the hotel and recipient of the federal funds will be the Peoples Involvement Corporation (PIC), a nonprofit community improvement organization founded in 1967 and directed by a 39-member board of elected and appointed residents.

The corporation will oversee general planning of the hotel and let bids for its construction, according to PIC Executive Director Arnold T. Jones.

After construction, PIC will lease the building to a firm called Murph's Hotel Corporation for operation and maintenance.

Murph's corporation is headed by Ed Murphy, who operates Ed Murphy's Supper Club, one of two buildings on the site of the proposed hotel in the 2200 block of Georgia Avenue. The other building is vacant.

In a press conference at the Commerce Department yesterday, Murphy, Jones, Stans, D.C. Del. Walter E. Fauntroy and City Council Chairman Gilbert Hahn Jr. praised the hotel project.

Stans noted the hotel will be called "The Harambee" (Swahili meaning "unity"). Murphy said the hotel "will have decor reflecting the very best in black styles."

He added: "Just as a good Hungarian restaurant is for all people and just as a good Chinese restaurant is for all people, this hotel is for all people."

He said the hotel will be "owned and operated by black people," employ about 200 people, and create a $1 million annual payroll. "The profits will stay in the community," he said.

The federal funds approved yesterday include a $3,569,000 grant and a $3,569,000 loan to PIC to meet the total cost of building the hotel.

Another $445,000 loan goes to Murph's Hotel Corporation to help furnish the hotel. The PIC loan is payable in 40 years at 5½

per cent, the hotel corporation loan in 10 years at 6 per cent.

Preliminary plans call for the hotel to have a six-level, 300-car underground garage; banquet and conference rooms for up to 700 people; restaurant and lounge facilities; a coffee shop, and ground-level space for small retail shops.

Murphy said the hotel expects to attract visitors, conferees and conventioneers at nearby Howard University, Washington Hospital Center, the Veterans Administration Hospital and Freedmen's Hospital, and tourists in general.

Since its creation, PIC has been organizing assistance in a variety of social services in an inner-city area bounded roughly by 16th and Harvard Streets and Massachusetts Avenue NW and the B & O railroad tracks in Northeast.

In housing, it has one ongoing project, renovation of 51 houses on 8th and 9th Streets between S and T Streets NW. Other projects are in the planning stage.

PIC is directed by 39 board members: 36 elected from PIC-area precincts or at large and three appointed by the mayor.

The VICE PRESIDENT. All time of the Senator from Wisconsin has expired.

Mr. TOWER. Mr. President, I yield the remainder of my time to the distinguished Senator from Alabama.

Mr. TALMADGE. Mr. President, may we have order?

The VICE PRESIDENT. The Senate will be in order.

Mr. SPARKMAN. Mr. President, this has been a long and arduous task that all of us have had, particularly those on the Committee on Banking, Housing and Urban Development, through all the hearings, the executive sessions, and, then, by a vote of 10 to 5, we voted out a generic bill. The House did not take the generic bill.

Incidentally, some reference was made to the close vote in the House. It should be borne in mind that the vote was not on the bill up or down. It was on the choice as between a generic bill and this one-thrust bill. The House bill is before the Senate now.

Many things have been said. I think that one of the real factors in this situation is the matter of unemployment. George Meany, the head of the AFL–CIO, who certainly is interested in jobs—and I believe we all will admit that he knows what he is talking about—said that the bankruptcy of Lockheed would have an extensive reaction throughout the country, not simply because of Lockheed, but because of the other companies that would be affected by Lockheed's bankruptcy. He said that it would increase unemployment in this country. He said, in effect that if we took into consideration the full impact, it would add about 90,000 people to the unemployment rolls in this country.

We must consider not only the Lockheed Corp., which I believe has approximately 30,000 employed on the L–1011 project, including those they have already laid off, but we must also consider 3,500 companies, small and large, throughout this country which are contractors, subcontractors, suppliers, down to the fourth layer, and many of those companies are facing ruin.

During the debate we have related to small business on numerous occasions. I would have been glad to see some stepping up of small business relief in this bill. But we have the Small Business Administration, and the Administration already has agreed, I understand, to double the credit authorization—the guarantee authorization, if you will—of the Small Business Administration.

We have $3 billion guaranteed to the small businesses in this country in that way.

With respect to helping small business, if Lockheed crashes, we will see the greatest wave of distress and destruction to small business that we have seen in a long, long time in this country.

Mr. President, I wish I had time to analyze this situation. Reference has been made to what some people have said on both sides of this matter. I invite the attention of Senators to the fact that perhaps the two best financial minds in this country—Dr. Arthur Burns, the chairman of the Federal Reserve Board, and Bill Martin, his predecessor as chairman of the Federal Reserve Board—endorse this bill without qualification.

I hope the Senate will pass the bill.

The VICE PRESIDENT. Under the unanimous-consent agreement, and the hour of 3 o'clock having arrived, the clerk will read the bill for the third time.

The assistant legislative clerk read the bill as follows:

H.R. 8432, an act to authorize emergency loan guarantees to major business enterprises.

The VICE PRESIDENT. The question is on final passage of the bill, H.R. 8432. The yeas and nays have not been requested.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on final passage of the bill, H.R. 8432.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Washington (Mr. JACKSON) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. JACKSON) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The result was announced—yeas 49, nays 48, as follows:

[No. 185 Leg.]

YEAS—49

| | | |
|---|---|---|
| Allen | Fannin | Packwood |
| Allott | Fong | Pearson |
| Baker | Gambrell | Prouty |
| Bennett | Gravel | Randolph |
| Bible | Gurney | Roth |
| Boggs | Hansen | Scott |
| Brock | Hollings | Sparkman |
| Byrd, W. Va. | Hruska | Stennis |
| Cannon | Humphrey | Stevens |
| Case | Inouye | Talmadge |
| Cook | Javits | Thurmond |
| Cooper | Long | Tower |
| Cotton | Mathias | Tunney |
| Cranston | McIntyre | Williams |
| Dole | Metcalf | Young |
| Eastland | Miller | |
| Ellender | Moss | |

NAYS—48

| | | |
|---|---|---|
| Aiken | Goldwater | Montoya |
| Anderson | Griffin | Muskie |
| Bayh | Harris | Nelson |
| Beall | Hart | Pastore |
| Bellmon | Hartke | Pell |
| Brooke | Hatfield | Percy |
| Buckley | Hughes | Proxmire |
| Burdick | Jordan, N.C. | Ribicoff |
| Byrd, Va. | Jordan, Idaho | Saxbe |
| Chiles | Kennedy | Schweiker |
| Church | Magnuson | Smith |
| Curtis | Mansfield | Spong |
| Dominick | McClellan | Stevenson |
| Eagleton | McGee | Symington |
| Ervin | McGovern | Taft |
| Fulbright | Mondale | Weicker |

NOT VOTING—3

| | | |
|---|---|---|
| Bentsen | Jackson | Mundt |

So the bill (H.R. 8432) was passed.

Mr. SCOTT. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. TALMADGE and Mr. BENNETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that S. 2308 be indefinitely postponed.

The PRESIDING OFFICER (Mr. BUCKLEY). Without objection, it is so ordered.

## APPOINTMENTS BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair appoints the following Senators to attend the Fourth International Conference on the Peaceful Uses of Atomic Energy to be held at Geneva, Switzerland, September 6–16, 1971: The Senator from Rhode Island (Mr. PASTORE) and the Senator from Utah (Mr. BENNETT).

The Chair appoints the following Senators to attend the 15th session of the General Conference of the International Atomic Energy Agency to be held at Vienna, Austria, beginning September 21, 1971: The Senator frcm Rhode Island (Mr. PASTORE) and the Senator from Colorado (Mr. DOMINICK).

## QUORUM CALL

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

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BUCKLEY). Without objection, it is so ordered.

The Senate is not in order. The Senate will be in order.

## FEDERAL ELECTION CAMPAIGN ACT OF 1971

Mr. MANSFIELD. Mr. President, What is the pending business?

The PRESIDING OFFICER. Under the previous order the Senate will proceed to the consideration of S. 382, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 382) to promote fair practices in

the conduct of election campaigns for Federal political offices, and for other purposes.

PRIVILEGE OF THE FLOOR

Mr. PROUTY. Mr. President, I ask unanimous consent that the following staff members may be present during the debate on S. 382: Arthur Pankopf, Paul Molloy, James Medill, Burkett Van Kirk, and Miss Lynn Davis.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I yield 5 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

## THE 25TH ANNIVERSARY OF THE FULBRIGHT ACT

Mr. FULBRIGHT. Mr. President, on August 1, 1946—25 years ago—President Truman signed Public Law 79–584, an amendment to the Surplus Property Act of 1944. That marked the official beginning of our educational and cultural exchange program administered by the Department of State.

On this 25th anniversary of the exchange program, I would like to pay tribute to all those who have administered it with such devotion and efficiency. We have been fortunate to have a number of dedicated persons involved in directing the program.

In the 25 years the program has been enlarged and extended, primarily through the Smith-Mundt Act in 1948; the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87–256), known as the Fulbright-Hays Act; and the International Education Act of 1966. Altogether some 140,000 persons have participated in exchanges under this legislation. If the short-term "International Visitors" category is excluded, the cumulative total would be about 100,000—roughly 35,000 Americans and 65,000 foreigners. These exchanges have immeasurably benefited not only the individuals who have participated directly, but thousands of others who have come into contact with exchange participants—for example, the students who have been taught by grantees.

More than 130 countries have been involved in exchange activities, although the major emphasis has been placed upon those 50 nations with which the United States has binational educational foundation agreements. Eighteen of these countries—most of them in Europe—have entered into cost-sharing arrangements with the United States and currently contribute directly about $1.7 million annually to the exchange program. Private and indirect contributions cannot be measured.

I remain convinced that educational and cultural exchange offers one of the best means available for improving international understanding. Certainly in relation to the cost nothing can compare with it. The total amount expended on the program by the United States over 25 years—including the appropriations for fiscal 1972—is about $740 million, or the equivalent of about 1 percent of this year's military budget.

I am encouraged by the increase in the fiscal 1972 appropriation for the program. The amount just approved, $40.5 million, is up from $37 million in 1971 and only $31 million in 1969—of the $40.5 million no less than $4.5 million must be from U.S.-owned foreign currencies. The highest appropriation was $53 million in 1966. Increased public awareness of the value of this program, stimulated by former grantees and by our own foreign observers, helped reverse the downward trend in appropriations and I appreciate the role that members of the Senate Appropriations Committee and other Senators have played in this process. Tribute should also be paid to Assistant Secretary of State John Richardson, who has worked vigorously for the program and has administered the program with efficiency and good judgment.

Regrettably, rising costs have diminished the impact of this increase. The projected number of exchanges for 1972—almost 7,000 including foreign nationals in American-sponsored schools—is little more than half the annual exchanges for the years 1964–66. I am hopeful that in the years ahead we can provide sufficient funds to enable us to expand this program, which I firmly believe is one of the best investments we can make.

As I said on August 1, 1946, upon the enactment of the bill into law—

> It is my firm belief, a belief based on personal experience, that the interchange of students between countries can play a major role in helping to break down mutual misunderstandings and in furthering the kind of knowledge that leads to mutual confidence.

The program was originally devised as a means by which the returns from the sale of surplus materials abroad after World War II might accrue to the best interest of the United States. Local currencies, which could not be converted into American money because of the worldwide dollar shortage, were used to finance study by Americans in the countries where such funds were available, and also to pay travel costs for foreign scholars to visit the United States. As I pointed out in the same August 1, 1946, statement—

> After World War I, war debts incurred by foreign nations became a source of irritation and brought about ill feeling and a disruption in the reestablishment of trade and commerce and affected our political relations with these nations. The program contemplated under this act will be effective in avoiding a repetition of these conditions.

I introduced the legislation which led to the establishment of the exchange program on September 27, 1945. On that date I stated—

> If the bill is approved, the funds will be utilized to exchange students, create a better understanding of our mutual problems, and promote friendly relations, while avoiding possible ill feelings between nations resulting from inability to meet obligations set up in accordance with traditional methods.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point my statement from the CONGRESSIONAL RECORD of September 27, 1945.

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

PROMOTION OF INTERNATIONAL GOOD WILL THROUGH EXCHANGE OF STUDENTS IN THE FIELDS OF EDUCATION, ETC.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to introduce a bill, for reference to the Committee on Military Affairs, authorizing the use of credits established through the sale of surplus properties abroad for the promotion of international good will through the exchange of students in the fields of education, culture, and science.

Mr. President, the enactment of this bill will assure that at least a part of the returns from the sale of our surplus materials to foreign countries will accrue to the interest of America. Most of the nations desiring to purchase our trucks, railroad equipment, and so forth, abroad, do not have American dollars, or even the goods, to pay and it will, therefore, be necessary for our Government to establish credits for this purpose. These debts may never be paid in full and might, like the war debts after World War I, become a source of irritation between nations and prevent the orderly reestablishment of trade and commerce and the strengthening of our political relations with other countries.

I do not mean that other countries have any plans to try to cheat our country. It is merely a recognition of the facts as they exist today with regard to the international exchange, and ability to make settlements as between nations.

If this bill is approved, the funds will be utilized to exchange students, create a better understanding of our mutual problems, and promote friendly relations, while avoiding possible ill feelings between Nations resulting from inability to meet obligations set up in accordance with traditional methods.

The Surplus Property Administrator has recently indicated that the disposal of surplus property abroad would be placed under the jurisdiction of the Secretary of State, to assure conformity to American foreign policies. The disposition of such funds as may be allocated for this educational funds as proposed in this bill will be in accord with such regulations as may be prescribed by the Secretary of State.

This bill also provides that expenditures shall be made in accordance with the program to be initiated under the Social and Economic Council of the United Nations, under which the proposed educational and cultural organization of the United Nations will be established under the United Nations Charter, so as to coordinate all educational activities in the international field.

A precedent for this program may be found in our action with regard to the indemnity paid this country as a result of the Boxer Rebellion in China in July 1900. By the protocol of September 7, 1901, an indemnity of $333,000,000 was imposed upon China payable to those countries who were involved in in the Boxer Rebellion in the preceding year. Of this amount the United States had claimed $25,000,000. This proved more than adequate to indemnify the claims of nationals of the United States and in 1908, approximately $10,000,000 was returned to the Chinese Government. The Chinese Government placed the money in a trust fund for the education of Chinese youth in China and in the United States. The balance of the amount due, slightly over $6,000,000, was remitted by the United States in 1924. These remunerations were made by Senate Joint Resolution 23, May 25, 1908, and House Joint Resolution 248, May 1, 1924.

This act of friendship has had a very great influence in the promotion of the good will and friendly relations that have prevailed between the people of America and the Chi-

nese. I do not think that one can deny that the exchange of students has been one of the most successful of our international policies. This foresight of our Government, nearly 50 years ago, has paid great dividends in our relations with the people of Asia. The good will and understanding created by the exchange of students has been our greatest bulwark against unfriendly criticism of our policies in the Far East. Many students of the Chinese and other Asiatic peoples agree that our enlightened attitude toward China was our greatest defense to the propaganda of the Japanese in recent years and is to a great extent accountable for the loyalty of these people during the recent war. I think it is reasonable to assume that if a similar program can be intelligently administered among the several nations contemplated by this bill, that a great contribution will have been made to the future peace of the world.

The PRESIDENT pro tempore. Without objection, the bill introduced by the Senator from Arkansas will be received and referred as requested.

The bill (S. 1440) authorizing use of credits established through the sale of surplus properties abroad for the promotion of international good will through the exchange of students in the fields of education, culture, and science introduced by Mr. FULBRIGHT, was read twice by its title and referred to the Committee on Military Affairs.

Mr. FULBRIGHT. Mr. President, after further consultation with officials from the Department of State, Surplus Property Administration, the Bureau of the Budget, and the Office of War Mobilization and Reconversion, I introduced a revised bill on November 30, 1945. I ask unanimous consent to have a statement I made on this subject in the Senate on December 12, 1945, printed in the RECORD at this point.

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

SPEECH BY U.S. SENATOR J. W. FULBRIGHT, DECEMBER 12, 1945

On September 27, I introduced in the Senate a bill, S. 1440, authorizing use of credits established through the sale of surplus properties abroad for the promotion of international goodwill through the exchange of students in the fields of education, culture, and science. The bill was referred to the Committee on Military Affairs, and has been under consideration by the Subcommittee on Surplus Property, headed by Senator Joseph C. O'Mahoney.

The purpose of this bill was to provide a means by which the returns from the sale of surplus materials might accrue to the best interests of America. After World War I, war debts incurred by foreign nations became a source of irritation and brought about ill feeling and a disruption in the reestablishment of trade and commerce and affected our political relations with these nations. By legislation such as is proposed in this bill, it is hoped we can avoid a repetition of these conditions.

In connection with the introduction of this bill, it was determined that in order to bring about the orderly dispositions of surplus property abroad full authority vested in the Surplus Property Administrator should be delegated to the Secretary of State, not only to insure conformity with American foreign policies, but to utilize these credits to the best advantage in securing the greatest possible benefits to the American people.

The original bill, while containing provisions contingent on such authority being transferred to the Secretary of State, did not specifically delegate the authority of the Surplus Property Administrator to the State Department. In arriving at a method by which this could be properly brought about conferences were held with representatives of the Department of State, Surplus Property Administration, the Bureau of the Budget, and the Office of War Mobilization and Reconversion. As a result of these conferences a new bill was drafted which I introduced on November 30, 1945—S. 1636.

The new bill not only carried out the suggestion of Surplus Property Administrator that these powers relative to the sale of surplus property abroad be transferred to the Secretary of State but also includes a provision authorizing the Secretary of State to enter into agreement with any foreign governments for the use of currencies, credits for currencies, of such government, acquired as a result of surplus property disposals in any proper manner and upon such terms and conditions as he may deem proper and to the advantage of the United States Government, including the original provisions and contemplates under S. 1440.

At the time that the Congress passed the Surplus Property Act of 1944 it was recognized that the problems of surplus property disposal abroad were different in character from the problems here at home. Accordingly, included in that Act is a provision (Section 32(b) which empowers the Surplus Property Board, created by the Act, to exempt disposals abroad from "some or all of the provisions" of the statute. This has proved wise, but actual experience has shown that the maximum benefit to the United States cannot be obtained merely by an exemption from the restrictions of the Surplus Property Act, but that positive enabling legislation granting additional disposal powers is needed also.

The first section of S. 1636 relates solely to administration. As I have stated, it transfers the policy responsibilities of the Surplus Propery Administrator with respect to disposal abroad to the Secretary of State. Some time ago it became apparent that the disposal of surplus property must be integrated with lend-lease settlements and with our other foreign economic activities. Accordingly, by Executive Order, the Office of Army-Navy Liquidation Commissoner was transferred from the War and Navy Department to the State Department; and the State Department was designated by the Surplus Property Administrator as disposal agency for surplus property abroad. Progress since that time has shown the wisdom of the move. Nevertheless, there is a remaining defect that can be cured only by Congressional action. Under existing legislation the Surplus Property Administrator remains technically responsible for the policies of the State Department in carrying out the foreign surplus disposal program. For obvious reasons, the Surplus Property Administrator cannot have independent access to the facts on which policy must be based unless he largely duplicates the disposal staff of the State Department.

At the present time, therefore, the Surplus Property Administrator is in a position where he has responsibility without authority, while the State Department must clear programs and proposals with an agency which is unfamiliar with the changing situation abroad. Both the Secretary of State and the Surplus Property Administrator have recommended this change, and it has the approval of the Director of War Mobilization and Reconversion. There should be hearty approval of this consolidation of responsibility and authority.

The next section of the bill clarifies the provisions of the present Surplus Property Act concerning what may be accepted in return for surplus property. Section 15 of the present Act was broadly written, so far as domestic disposal is concerned; for example, it permits property to be exchanged for other property. However, the authors of the legislation did not have in mind at this point the peculiar, in fact unique, problem that exists abroad. Basically the question is one of foreign exchange. Many of the countries in which our surplus is located and to which a large part of the surplus will be sold, do not have enough dollars. Accordingly, it is necessary to provide for the acceptance of things other than dollars. To a considerable extent, possibly to a major extent, the difficulty can be overcome by the extension of credit, a practice that is used in this country, although the credit terms abroad may be somewhat different in character from the credit terms here. But there are other possibilities of acquiring benefits for the United States in return for surplus property that are either not clearly defined in the present Act, or not covered at all. It is obviously in the national interest to strengthen the hand of the disposal authorities by giving them the necessary power to accept other types of benefits. While specific provision is made for the payment into the Treasury of the United States any such credits as may be converted into dollars, the bill authorizes acceptance of the following: when credits cannot be converted into United States Currencies:

(1) *Foreign Currency or Credits*—In a sense, accepting foreign currency is not unlike extending a dollar credit, but in many cases payment in local currency to be liquidated under agreed conditions may be more acceptable to the foreign governments and at the same time may involve less risk than an ordinary loan or credit.

(2) *Intangible Rights or Benefits*—To some extent it may prove possible to obtain concessions from foreign governments—rights and privileges of various sorts—in connection with surplus property disposal that could not easily be obtained in any other way.

(3) *Discharge of Claims*—It is well to note that our claim problem has been vastly reduced during this war by virtue of the reverse lend-lease arrangements we have had with many of our allies. Nevertheless, a certain residue of claims remains, and in some cases our best chance of settling these promptly and satisfactorily is by the use of surplus property.

The third section of the bill provides for the disposal of surplus property abroad to establish educational programs. The Secretary of State is authorized to enter into agreements with foreign countries under which, in return for surplus property or local currency or credits received for surplus property, there will be established the following types of educational programs: education of foreigners in American schools abroad, such as Roberts College; transportation expenses of foreign students coming to the United States to study; and most important, transportation and expenses of American students studying in foreign institutions. It is contemplated that in general the agreements to be entered into by the Secretary of State with foreign countries, will take the form of trust funds or foundations, so that the activities may continue into the future. The expenditures under these agreements in any one country are limited to 2½ million dollars per annum.

It is my firm belief, a belief based on personal experience, that the inter-change of students between countries can play a major role in helping to break down mutual misunderstandings and in furthering the kind of knowledge that leads to mutual confidence. No visitor or traveler can gain as much appreciation of the way and thought of living of foreigners as students can who actually live in the foreign country while they learn. We all now know that no country is far away in the age of airplanes. The necessity for increasing our understanding of others and their understanding of us has an urgency that it has never had in the past. The adoption of this program by the Congress is a vital counterpart of the steps we are taking to increase our participation in world affairs.

In conclusion, I might add that this section of S. 1636 does not include authoriza-

tion in connection with lend-lease settlements because the Lend-Lease Act itself provides sufficient authority. Section 3(b) of that Act states that "the benefit to the United States may be payment or repayment in kind, or any other direct or indirect benefit which the President deems satisfactory". I am advised that the President deems these educational benefits entirely satisfactory. In some countries the State Department will negotiate these agrements on the basis of surplus property disposal, in others it will rely on the lend-lease settlements, but because of its inability to do the latter in those countries where there is no lend-lease settlement, or where the settlement offers no propitious opportunity for such an agreement the passage of this bill is essential.

Mr. FULBRIGHT. Mr. President, a hearing on this bill was held by the Surplus Property Subcommittee of the Senate Committee on Military Affairs under the wise direction of Senator JOSEPH O'MAHONEY, on February 25, 1946. I ask unanimous consent, Mr. President, to have a news release of January 22, 1946, concerning this hearing, printed in the RECORD at this point.

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

HEARING ON FULBRIGHT BILL TO USE CREDITS FROM SALE OF FOREIGN SURPLUS FOR EDUCATIONAL PURPOSES

Senator Joseph C. O'Mahoney (D.) of Wyoming, Chairman of the Surplus Property Subcommittee of the Senate Committee on Military Affairs, made the following announcement:

The Fulbright Bill, S. 1636, which proposes to give to the Department of State the exclusive responsibility for surplus property located in foreign countries and to authorize the Secretary of State to make agreements with foreign nations to set up educational programs with the foreign credits acquired, will be considered at an open hearing of the Senate Military Affairs Subcommittee on Surplus Property which will be held on February 25 at 10:30 a.m. in Room 224, the Public Lands and Surveys Committee Room in the Senate Office Building.

Witnesses who will speak on the interest of the United States in international exchange scholarships are Dr. William G. Carr of the National Education Association, William I. Nichols, Editor of "This Week Magazine," and Vittorio Ivella, Italian educator. Statements endorsing the objectives of the bill have been submitted by former president Herbert Hoover and John Nason, President of Swarthmore College. The witnesses from government departments and agencies include William Benton, Assistant Secretary of State for Public and Cultural Relations, Chester Lane, Deputy Administrator of the Foreign Liquidation Commission and Harold Stein of the Office of War Mobilization and Reconversion.

Mr. FULBRIGHT. Mr. President, I also ask unanimous consent to have printed in the RECORD several newspaper editorials and articles of the era which dealt with the proposal.

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

[From the Nashville Tennessean, Jan 12, 1946]

FULBRIGHT SCORES AGAIN

Senator Fulbright's bill to set up the funds derived from the sale of surplus war materials in foreign lands to finance a huge international scholarships exchange program is a happy solution to a vexing problem.

Surplus war goods are often disposed of for a few cents on a dollar and others are deliberately destroyed. Goods sold after World War I in Europe created serious complications because of our efforts to work out dollar exchange arrangements. The knowledge that dollar exchange would be difficult to arrange had a deterrent effect on the price that the goods brought in the first place. Then followed the bad feelings of the Harding era over the slowness of the purchasing governments in paying these debts.

Disposal of goods already abroad which we do not wish to bring home or cannot afford to ship back is a far greater problem than it was after 1918. Surplus property is scattered through Britain, France, Holland, Italy, North Africa, Egypt, India, Iran, China, Australia, the Philippines, Russia, and New Zealand. It will be more difficult to arrange dollar exchange now than it was after the first world war. Mr. Fulbright's bill, S. 1636, is the answer. It would eliminate the problem of dollar exchange. It would increase the price the surplus goods would command.

Even more important, it would be a tremendous investment in good will and understanding among peoples. Each country buying the surplus property would set up the purchase price as a perpetual fund which would finance the education of graduate students in American universities.

Much of the prestige which the United States enjoys in China today is attributable to the influence of the Boxer indemnity fund which has financed the education of hundreds of Chinese in America. The Fulbright bill would create many funds of this type. It is a sound proposal. Instead of buying trouble with our surplus war property abroad, we have the opportunity to invest in world brotherhood. It is one splendid means of beating swords into plowshares.

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[From the Dallas Morning News, Mar. 3, 1946]

GOOD-WILL FUND

Much can be said for the proposal of Senator J. W. Fulbright of Arkansas to convert a large part of this nation's overseas war surplus into a scholarship fund to promote international understanding and good will. This measure, now before the Senate's committee on military affairs, would turn surplus United States trucks, jeeps and other items over to the countries in which they are now located, in return for the setting up by these countries of scholarship funds to be used to educate American students there and to send students of these countries to America for study.

Himself a former Rhodes scholar, Senator Fulbright is aware of the good that can be accomplished through such student exchanges. Undoubtedly he knows, too, that much of the good will we have built up in China stems from action a generation ago in using our share of the Boxer indemnity fund to educate promising Chinese students in the United States. His plan would provide student exchanges with Russia, Britain, France and China and eventually with our recent enemies.

Many of the items we still have overseas would be more useful to other countries than to ours. Dumped here as surplus goods, they would merely clutter the market and impede the manufacture of new goods better designed to meet civilian needs. Trying to sell them for cash overseas would bring little money and would get us condemned as Shylocks. Senator Fulbright's proposal offers a happy way out of a tangled situation.

America has surplus war material scattered all over the world. In most cases it is too costly to bring home, the native countries can't afford to pay much for it, and the alternative is to let it rot. The reason American troops are today in India is to guard surplus goods there. The cost of supporting the troops is eating up the potential value of the goods; the Indians don't like to have the troops there; the United States soldiers want to come home. This is typical of many areas.

Testifying for the Fulbright bill, William Y. Nichols, magazine editor and also a former Rhodes scholar, explained the program; he would dispose of the surplus for a certain amount of cash, or for goods needed in the United States. But he would also accept in payment a new kind of currency, endowment funds that would provide for regular exchange visits between students and citizens of the two lands. The word "students" would be broadly interpreted; it would include journalists, teachers, representatives of all kinds. The expense would be borne in whole or in large part by the country receiving surplus goods.

Under the Fulbright plan, a limit of $2,500,000 for any country in any one year would be imposed, and only surplus material outside the American continental area and possession would be available. If the world has indeed reached an ideological contest between democratic capitalism and collectivism, it would seem a shrewd move, both for sentimental and educational reasons, to invite plenty of impressionable young foreign students over here as guests, to see how America works, while giving plenty of Americans a chance to go abroad to see for themselves what kind of world they are living in.

Mr. BLOOM's program notes the world's present acute shortage of dollar exchange, which threatens to cut off foreign students from the United States. He would extend to European countries such facilities for exchanging scholars, students, and technicians as are now maintained in relation to Latin America and to China.

The Fulbright and Bloom bills are companion or supplementary measures. They both take the same view, that educational bread thrown on the waters today may bring in whole shiploads of good will in the years to come, while helping to make a better world.

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[From the Christian Science Monitor of Mar. 2, 1946]

CHANGING CANNONS TO CULTURAL CURRENCY—AN INTIMATE MESSAGE FROM WASHINGTON

(By Richard L. Strout)

WASHINGTON.—Congress has a proposal to turn some of the value of American military surplus dumped around the world in foreign countries to aid in the mutual exchange of students.

The proposal would in effect transform cannons into cultural currency. It would do for the postwar world what the system of Rhodes scholars has done to foster English-speaking understanding, and what the Boxer indemnity funds have done to draw China closer to the United States. It is a bold scheme, stimulating to the imagination, capable of realization, and tremendous in possibilities. Senator J. WILLIAM FULBRIGHT (Democrat), of Arkansas, has introduced such a bill, on which hearings have just been completed before a subcommittee of the Military Affairs Committee. Another bill, not directly based on the disposal of war surplus, is in the House, introduced by Representative SOL BLOOM (Democrat), of New York, chairman of the Foreign Affairs Committee.

William Philip Simms, distinguished writer on foreign affairs, discussing the Fulbright bill, recalls how the United States returned most of its share of the $333,000,000 Boxer indemnity levied against China by the great powers, and how China, in gratitude, decided to use the funds to educate students in America. Few deeds of grace in this sorry world have had such profound results. The Chinese students educated in the United States have been the seed corn of a new era; it is hard to think of any other single act that has returned such rich dividends in good will, understanding—yes; and trade.

China set up Tsing Tua College at Peking where, until the war intervened, a group

of about 400 students, picked competitively, were prepared for entrance to American universities. Over 100 Chinese were graduated in the United States annually to return home carrying an American viewpoint. The United States made a gesture of sympathy that hardly affected its pocketbook; the result was a river of good will that never dried up, and that watered the whole Orient.

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[From the New York Herald Tribune of Mar. 14, 1946]

BETTER CURRENCY THAN GOLD

The Fulbright plan for using surplus-property credits abroad for an exchange of students has received very substantial backing in hearings before's special Senate committee. Senator FULBRIGHT would amend the Surplus Property Act, placing disposal of surpluses in the hands of the State Department and eliminating the requirement that payment be made in dollars or gold. His bill would establish credits in the purchasing country, part of which could be used to pay the way of American students in its universities. Americans interest in foreign study is attested by more than a thousand GI requests to the Veterans' Administration. Under the bill such credits could also be used to pay for transportation of foreign students to the United States or to American institutions abroad. The bill may be amended to include provision for their educational support as well. Or it may be broadened, as William Benton, Assistant Secretary of State, suggests, to include maintenance of libraries and corollary educational activities abroad.

The more one thinks on the possibilities of this plan in promoting understanding between nations, now when that understanding is recognized as a goal of paramount importance, the more exciting the prospects becomes. The value of student exchanges has been well exemplified. The use of the Boxer Rebellion indemnity turned back to China for the education of Chinese students in this country has been an incalculable influence in turning the thoughts of Chinese men of learning westward. Former President Hoover cites the influence of the Belgian-American Education Foundation. That organization utilized funds from the liquidation of Belgian relief surpluses after the last war to bring Belgian students here, send Americans to Belgium. The result, Mr. Hoover says, is that there is no country in Europe "where the ideals and purposes of the American people are so well understood and respected as they are in Belgium." The Rhodes scholarships have made for better understanding between this Nation and Great Britain. The Fulbright plan would put such student exchanges on a far wider basis, sending Americans into England, France, Italy, Australia and China, possibly to Norway, India, New Zealand, and Russia, and, if the plan is made a two-way one, receiving their students here.

An oblique but practical argument for the plan is that unless we exchange the surpluses for some such purpose they may not be utilized at all. The would-be purchasers have not the dollars with which to buy even such needed goods as trucks and tractors, locomotives and bulldozers, most of which will, nevertheless, not be shipped back. William N. Nichols, editor of This Week, has suggested that we will be converting these otherwise indisposable goods into "cultural currency." It is a happy term in connection with this plan to turn the wastage of war into opportunities for better mutual understanding among nations.

Mr. FULBRIGHT. Mr. President. on April 12, 1946, after being reported favorably by the full Military Affairs Committee, headed by Senator Elbert Thomas of Utah, the bill was passed unanimously by the Senate. It was approved by the House on July 25. On July 27 the bill, as amended, got final approval in the Senate. Four days later, August 1, 1946, President Truman signed the bill into law. Mr. President, I ask unanimous consent to have the text of Public Law 79–584 printed in the RECORD at this point, along with a statement by then Assistant Secretary of State William Benton on August 1, 1946, an article from the Washington Daily News, July 30, 1946, and an editorial from the Christian Science Monitor, August 26, 1946.

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

79—PUBLIC LAW 584

An act to amend the Surplus Property Act of 1944 to designate the Department of State as the disposal agency for surplus property outside the continental United States, its Territories and possessions, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 10 of the Surplus Property Act of 1944, as amended, is hereby amended by adding a new subsection (c) to read as follows:

"(c) Except as provided in subsection (b) of this section, the Department of State shall be the sole disposal agency for surplus property located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, and with respect to such property the Secretary of State shall exercise the functions heretofore conferred upon the Surplus Property Administrator by Public Law 181, Seventy-ninth Congress. The Secretary of State shall, subject to the provisions of the War Mobilization and Reconversion Act of 1944, have sole responsibility for carrying out the provisions of the Surplus Property Act of 1944, with respect to surplus property located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands."

SEC. 2. Section 32 (b) of such Act, as amended, is hereby amended to read as follows:

"(b)(1) The provisions of this Act shall be applicable to disposition of property within the United States and elsewhere, but the Secretary of State may exempt from some or all of the provisions hereof dispositions of property located outside of the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, whenever he deems that such provisions would obstruct the efficient and economic disposition of such property in accordance with the objectives of this Act. In addition to the authority conferred by section 15 of this Act, the Department of State may dispose of surplus property located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, for foreign currencies or credits, or substantial benefits or the discharge of claims resulting from the compromise, or settlement of such claims by any Government agency in accordance with the law, whenever the Secretary of State determines that it is in the interest of the United States to do so and upon such terms and conditions as he may deem proper. Any foreign currencies or credits acquired by the Department of State pursuant to this subsection shall be administered in accordance with procedures that may from time to time be established by the Secretary of the Treasury and, if and when reduced to United States currency, shall be covered into the Treasury as miscellaneous receipts.

"(2) In carrying out the provisions of this section, the Secretary of State is hereby authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government acquired as a result of such surplus property disposals, for the purpose of providing, by the formation of foundations or otherwise, for (A) financing studies, research, instruction, and other educational activities of or for American citizens in schools and institutions of higher learning located in such foreign country, or of the citizens of such foreign country in American schools and institutions of higher learning located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, including payment for transportation, tuition, maintenance and other expenses incident to scholastic activities; or (B) furnishing transportation for citizens of such foreign country who desire to attend American schools and institutions of higher learning in the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands and whose atendance will not deprive citizens of the United States of an opportunity to attend such schools and institutions: *Provided, however,* That no such agreement or agreements shall provide for the use of an aggregate amount of the currencies, or credits for currencies, of any one country in excess of $20,000,000 or for the expenditure of the currencies, or credits for currencies, of any one foreign country in excess of $1,000,000 annually at the official rate of exchange for such currencies, unless otherwise authorized by Congress, nor shall any such agreement relate to any subject other than the use and expenditure of such currencies or credits for currencies for the purposes herein set forth: *Provided further,* That for the purpose of selecting students and educational institutions qualified to participate in this program, and to supervise the exchange program authorized herein, the President of the United States is hereby authorized to appoint a Board of Foreign Scholarships, consisting of ten members, who shall serve without compensation, composed of representatives of cultural, educational, student and war veterans groups, and including representatives of the United States Office of Education, the United States Veterans' Administration, State educational institutions, and privately endowed educational institutions: *And Provided further,* That in the selection of American citizens for study in foreign countries under this paragraph preference shall be given to applicants who shall have served in the military or naval forces of the United States during World War I or World War II, and due consideration shall be given to applicants from all geographical areas of the United States. The Secretary of State shall transmit to the Congress not later than the 1st day of March of each year a report of operations under this paragraph during the preceding calendar year. Such report shall include the text of any agreements which have been entered into hereunder during the preceding calendar year, and shall specify the names and addresses of American citizens who are attending schools or institutions of higher learning in foreign countries pursuant to such agreements, the names and locations of such schools and institutions, and the amounts of the currencies or credits for currencies expended for any of the purposes under this paragraph in each such foreign country during the preceding calendar year."

Approved August 1, 1946.

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STATEMENT BY DEPARTMENT OF STATE ASSISTANT SECRETARY WILLIAM BENTON ON THE FULBRIGHT BILL

A step of great long-range significance for the advancement of international understanding was taken today when the President signed an Act of Congress, introduced by Senator Fulbright of Arkansas, which authorizes the Department of State to use some of the proceeds from surplus property

sales abroad for exchange of students and other educational activities.

The Bill provides that up to $20,000,000 can be ear marked for educational exchanges with any country which buys surplus property, and up to $1,000,000 can be spent each year in each country where such an agreement is made. Thus tens of millions of dollars should become available under this bill, over a period of years.

The exchange of students and scholars is, in my judgment, the surest single method, over the decades, for promoting understanding among the peoples. The activities of the press, radio and films are indispensable in the exchange of current information among countries; but the effect of current developments is often ephemeral, and news is often misunderstood for lack of background and context. The solid background acquired by those who study outside of their own countries can provide the basis for truer understanding of other peoples. The beneficent results of the Boxer Indemnity Scholarships, in the relationship between the United States and China, provides one of the best examples of this.

The Department of State had already completed an agreement with Great Britain, pending Congressional approval, which will provide 20 million dollars from the sale of surplus property for educational exchanges with the United Kingdom and the British colonies. Similar agreements are now being negotiated for amounts ranging from $3,000,000 to $20,000,000 in the following countries, among others: Australia, New Zealand, China, the Philippines, Burma, India, Iran, Iraq, Saudi Arabia, Turkey, Egypt, Greece, Austria, France, Holland, Belgium and the Scandanavian countries.

The Fulbright Bill authorizes the following types of educational activities:

(1) American students can be given grants of foreign currencies to be used to pay the cost of higher education or research in foreign countries.

(2) American professors can be given grants to give lectures in foreign institutions of higher learning.

(3) Foreign students can be given scholarships to study at American non-denominational institutions abroad such as the American University at Beirut, Syria, and Robert College at Istanbul, Turkey.

(4) Foreign students can be given funds to pay for their transportation to the United States to attend American institutions of higher learning.

It is implicit in the bill that all of these activities must be financed with foreign currencies. The bill therefore cannot authorize expenses of foreign students within the United States. The bill is designed to utilize foreign credits in many countries in lieu of American dollars for American surplus property.

The students who will benefit by this bill will be selected by a ten-man Board of Foreign Scholarships, which the bill authorizes the President to establish. The bill provides that this Board shall include representatives of the United States Office of Education, the United States Veterans Administration, state educational institutions and privately endowed institutions. If funds are negotiated to the limit of the bill's potential, and if facilities abroad develop capable of handling the students, it is possible that 100,000 or more American students would be sent abroad under this bill in the next two or three decades.

Veterans of World War I and II will be given preference. The bill requires that "due consideration shall be given to applicants from all geographical areas of the United States." It is expected that some type of regional selection method will be devised to ensure that all parts of the United States are suitably represented.

It is unlikely that any scholarships will be awarded under the authority of this Act for the 1946–47 academic year. After the President has appointed the Scholarship Board, and the Board has determined the qualifications for awards, ample publicity and time should be permitted for all suitably qualified people to make application. It is hoped that the grants will be made in the spring of 1947 for the school year beginning in the autumn of 1947.

While the major effect of the Fulbright Bill will be to permit thousands of American students to study abroad, we should be prepared to welcome thousands of foreign students to our shores. I look forward to the day when we shall have as many as 50,000 Foreign students in this country. Senator Fulbright, the author of the bill which was signed today, has seen at first hand the importance of such student exchanges as a result of his own studies abroad, and during his tenure as president of the University of Arkansas. It is due to his understanding and his leadership that this bill has been enacted by Congress.

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[From the Washington Daily News, July 30, 1946]

SURPLUS EDUCATION

(By Peter Edson)

Sen. J. William Fulbright (D., Ark.), who used to be a college president himself, is the proud author of a passed bill to provide about $314 million worth of free and higher education over the next 20 years. Fulbright's bill was passed by the Senate last April and it got by the House the other afternoon in about 10 minutes, with not much attention and no opposition. It is an amendment to—of all things—the Surplus Property Act.

There is no inference here that higher education is surplus property. Far from it. But by an ingenious bit of higher mathematics, Sen. Fulbright has found a way to finance out of the sale of war junk a world-wide system of American scholarships that makes Cecil Rhodes look like a piker.

The way Sen. Fulbright worked this thing out, definite amounts received from U.S. surplus war materials sold abroad will be earmarked for these foreign scholarship funds. The maximum amount to be spent this way in any one year will be $1 million for each country cut in on the program.

Fulbright sold this idea on the theory that it's extremely difficult for most of the war-broke countries to find dollars to pay for the war surpluses they buy. He figured that any funds kept in the purchasing countries and spent in their own currencies would ease the burden. In addition to which the U.S. would be the gainer by having a cultural relations program second to none.

Money received from the sale of U.S. surplus property sold abroad and ear-marked for this educational fund may go to pay the expenses of U.S. students in foreign countries or it may be used to pay for the transportation of foreign students coming to the U.S. for higher education.

It may be used to endow a professorship, enabling some visiting American professor to teach in a foreign university. It may provide scholarships for students studying in American universities abroad, like Roberts College, Beirut and the American college in Istanbul.

Countries which may cash in on the maximum benefits for the next 20 years include England, France, Italy, China, Mexico, and the Philippines. An agreement has already been worked out with the British on this basis, and the first of these "reverse Rhodes scholars" probably will go there.

If the average individual grant is $2000 a year, the Fulbright plan would give scholarships to some 500 students and profs in each of the six countries named above, every year for the next 20 years. Countries with smaller amounts set aside from their sale of surplus property—say from 10 to 15 million a year for the next 20 years would include The Netherlands, Belgium, India, Egypt, Iran, Australia, New Zealand and Brazil.

Selection of students and professors is to be made by a committee of 10 educators, to be known as The Board of Foreign Scholarships. They will be named by the President and they'll make the rules on how candidates are chosen and who gets how much to go where and do what.

The actual work of handling the applications, conducting the examinations and paying out the money will probably be delegated to a section of the Division of Cultural Co-operation in the State Department. The State Department people are pretty happy about the whole thing, but they ask you not to rush in with your applications. The board to select students hasn't been named. The rules haven't been written. They're not open for business. They'll announce when, later.

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[From the Christian Science Monitor, Aug. 26, 1946]

SCHOLARS ACROSS THE SEAS

Swords into scholarships! That is the meaning of the Fulbright Act, recently signed by President Truman.

Under the Act, surplus war property, which provided such a bone of contention between the United States and other countries after World War One, will be redeemed in "cultural currency." Countries without dollar exchange to purchase needed equipment may acquire up to $20,000,000 of such property in return for financing, in their universities and colleges, the study of American students. Transportation, tuition, maintenance, and other expenses are included.

It is fitting that preference be given to veterans—that many who served on foreign shores are now to be served on those shores. And wisdom is shown in extending the scholarships to teachers, journalists, and other worthy applicants to regular "students."

Thirty countries already have made purchases, and it is estimated that once the program is started, up to 100,000 Americans will benefit from the provisions. Thus foreign educational opportunities now provided by private organizations and institutions, by the G.I. Bill of Rights and Lend-Lease arrangements are to be considerably enlarged.

This national good-will venture duplicates in reverse and on a worldwide basis the Chinese-American arrangement whereby China was permitted to use the United States' share of the Boxer indemnity fund to educate its students in America. The rich dividends that arrangement has brought in friendship, enlightenment, and understanding should be increased, manyfold under the new plan.

Mr. FULBRIGHT. Mr. President, as authorized in the legislation, the President appointed a 10-member Board of Foreign Scholarships to oversee the program. The Board sets policies and procedures for administration of the program, has final responsibility for approving selection of all grantees, and supervises the conduct of the program both in the United States and abroad. In 1961 the Board was expanded to 12 members. Over the years a number of distinguished Americans have served on the Board.

Mr. President, I ask unanimous consent that a statement I made on this subject on July 25, 1947, along with an editorial from the Kansas City Star, July 20, 1947, be printed in the RECORD at this point. Additionally, I would like to have included news articles from the Washington Star of December 14, 1947, and St. Louis Post-Dispatch, June 1, 1947, reporting on the early stages of the program

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

STATEMENT BY HON. J. W. FULBRIGHT

It is most encouraging for the future of this program that men and women of such high distinction and ability have agreed to serve on the Board of Foreign Scholarships. The membership of the Board represents America in the broadest sense and I congratulate President Truman upon the wisdom of his appointments.

The sponsoring of the legislation creating these scholarships has been the most gratifying experience that I have had in public life. I believe that the thousands of young men and young women who, under this program, will live and study among the people of countries other than their own, will, because of their experience and understanding exert a powerful influence for peace. In the long run education is the greatest hope of mankind for peaceful and friendly relations among the peoples of the world.

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[From the Kansas City (Mo.) Star of July 20, 1947]

VALUE IN A FOREIGN STUDY PLAN

Within a year the first group of American students will enroll in foreign schools under the terms of the Fulbright Act. This measure, named for its sponsor, Senator FULBRIGHT, of Arkansas, permits educational cooperation with any nation buying our surplus war goods. Part of the proceeds from such sales will be left with countries sharing in the program to finance the study of United States citizens overseas and in turn enable foreign students to attend American institutions.

President Truman recently named a board of 10 educators and officials to select students qualified for these scholarships. It will be a large-scale undertaking, with several thousand Americans benefiting from it annually and a fund of $137,550,000 already set aside to pay its expenses over a 20-year period. Twenty-two nations representing most areas of the world are eligible to join us in the plan.

Russia is not among them, having shown no interest in the idea. In fact, American officials got a silent brush-off last year when they sought to discuss a proposal for exchange scholarships with the Soviet Union. This attitude was in line with the Russians' general unwillingness to let their people associate with the citizens of non-Communist countries.

The benefits of the plan no doubt would be increased by Russia's participation in it. Yet this lack will not effect the mutual gains to be made available to all countries where students will be exchanged under the arrangement. The dividends in creating better understanding between these nations and the United States are likely to be large. Our experience in sending Rhodes scholars to England and in bringing Chinese students to America long ago proved the value of such programs.

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[From the Washington Star, Dec. 14, 1947]

TRUMAN BOARD SET UP TO SELECT HUNDREDS FOR STUDY ABROAD

President Truman's Board of Foreign Scholarships set up machinery yesterday to start selecting the hundreds of students and teachers expected to attend foreign universities with expenses paid from the sale of American war surplus abroad.

The board members heard Howland Sargeant, Deputy Assistant Secretary of State, say they were launching "the greatest educational experiment the world has ever seen."

Senator Fulbright, Democrat of Arkansas, a former Rhodes Scholar and sponsor of the plan, said:

"This exchange of students and teachers will do more to bring about friendly understanding between the people of the United States and those of other countries than the Marshall plan or any other kind of aid."

MAY SEND 1,800 ABROAD

It has been estimated that funds available under the Fulbright plan will total $140,000,000. Expenditure of $7,000,000 a year in a 20-year program, it has been estimated, would keep 1,800 students and teachers abroad and transport an additional number to this country.

The Fulbright plan includes purchases of steamship tickets at foreign ports with foreign currency from the sale of surplus to send students and teachers here. Their tuition or maintenance here must be paid for in dollars. It is not the intention of sponsors of the plan to have it deplete dollar balances abroad. A companion piece of legislation introduced by Representative Mundt, Republican, of South Dakota, which authorizes appropriations from the Treasury for this purpose, has passed the House and is pending in the Senate.

The board elected Francis Trow Spaulding, New York State Commissioner of Education, chairman, and Helen White, professor of English at the University of Wisconsin, vice chairman. They will serve for a two-year period.

SELECTION PLANS ADOPTED

Plans submitted from three sources were adopted for the selection of Americans to go abroad under the program.

The plans were from the Institute of International Education, which will select students; the United States Office of Education, which will select teachers, and the Associated Research Councils, which will select research workers. The President's board will make final selections in each category.

The institute suggested establishment of 10 regional committees of five members with a paid headquarters staff of three persons. It submitted a budget that would amount to $246,800 a year when the plan gets into full operation. The regional committees would receive applications from students, interview the most promising and recommend panels to the President's board, which would make the final selection.

REGIONAL VISITS URGED

The Office of Education suggested regional committees in Boston, Philadelphia, Atlanta, Chicago, Des Moines, Dallas, Los Angeles and Portland, Oreg., for selection of teachers. It submitted a 1949 budget of $65,712.

The Associated Research Councils recommended that grants in its field go to candidates for the degree of Ph. D. or Sc. D.

The Fulbright Act can finance "activities of or for American citizens" abroad. Thus it can pay the cost of American technicians teaching abroad.

Francis Colligan of the State Department, who is assistant executive secretary of the President's board, reported this was the feature of the plan that he found of the greatest interest in a European trip he has just completed for the board. He said Greece and France wanted agricultural experts to teach American methods. England was most interested in the possibility of American professors of medicine lecturing there.

"The European educational plant," he said in answer to a question, "is as crowded as our own. I found that there are 68,000 university students in Paris, 35,000 in Rome, and even in stricken Athens there were 10,000. Such is their expandibility, however, with their lecture system and lack of examinations, that they could take additional American students—and they would welcome them."

[From the St. Louis Post-Dispatch, June 1, 1971]

UNITED STATES NOW EDUCATION CENTER OF WORLD; 18,000 FOREIGN STUDENTS IN OUR SCHOOLS

(By George H. Hall)

WASHINGTON, May 31.—The United States, which ended the war with the greatest destructive potential on earth, also emerged in the constructive role of a cultural leader and has become the educational center of the world.

It is a little publicized but historically important fact that some 18,000 foreign students are studying in American schools, perhaps twice the number here before the war. More are entering this country at the rate of 1000 a month. Scores of thousands—the estimates run well into six figures—are clamoring to get in.

These men and women are paying their own way as far as we are concerned. They are spending an estimated 40 million dollars a year. We are actually benefiting financially from a situation which other countries are spending millions to bring about in their own educational institutions.

More important than the money involved is the possibility and the hope that the returning students will become ambassadors of good will and exponents of the American way of life.

In practice this hope is limited by the facts. The United States has little to say as to what students are to come here and what subjects they are to study. To fill the gaps in the world-wide movement, from our point of view, the State Department is seeking legislative permission to bring selected students to this country.

TWO-WAY EXCHANGE WILL GO INTO OPERATION

A sort of two-way exchange will function on a large scale when the Fulbright Act begins to operate. This measure, sponsored by Senator Fulbright (Dem.) Arkansas, a former Rhodes scholar, provides that the State Department may use foreign currencies and credit acquired through the sale of surplus property abroad for student exchange programs. It has been called an act to turn swords into scholarships.

This tremendous movement dwarfs the best-known of all the inter-nation educational plans, the Rhodes scholarships. Its importance may be assessed from the unquestioned influence Rhodes scholarships have exerted on relations among the United States, the British Empire and Germany, where they have been awarded.

Since the death of Cecil Rhodes in 1902 about 2000 men have studied at Oxford on grants from the trust set up in his will. Of these, more than 1100 have been Americans. A tabulation made last year showed that 389 returned to become educators, 236 lawyers, 55 doctors, 53 writers, newspapermen or radio broadcasters and 141 business men. There were 74 in Government service, 36 in research, 35 in religion, 43 in academic pursuits and 50 in other occupations.

In most instances Rhodes' desire that the students achieve positions of leadership and influence has been fulfilled. In this respect the results have far outweighed the money expended, and they have become apparent in 40 years. Rhodes once alluded to his plan as a work of two centuries.

There is one striking difference between the movement of scholars to England and that to the United States. The overwhelming majority of the foreign students now in this country are studying our technology. They will go home with a grasp of our mechanical know-how but with little idea of our economic or our political system.

UNDERSTANDING OF U.S. STATE DEPARTMENT GOAL

Rhodes scholars, on the other hand, are selected in such a way and study such subject matter as to fit them to interpret the English point of view. This is not to say they become propagandists for Great Britain, but they do leave Oxford with some understanding of England's political life and traditions.

The State Department naturally wants at least some of the young men and women who study here to understand what makes America tick. If they want to go home and preach a doctrine of Americanism, so much the better.

Here is an example of what is happening. When India was notified finally that it would be independent the Indian Government adopted a long-range educational program. Some 2000 scholars were to be sent annually to the United States at Government expense. An arrangement was made for loans to additional students who wanted to come on their own.

As of today about 600 Government and 300 private Indian students are in the United States. It is expected that within two years there will be 2000 Government and 1000 private students here, spending an average of $2000 each annually. The point made by the State Department is that virtually all these persons are studying scientific and technological subjects. There is, for instance, not one journalism student.

The significance of the overall movement is apparent especially to the veterans of Army, Navy and Office of Strategic Services who are employed in the State Department's Division of International Exchange of Persons. What they have seen abroad has convinced them that education is potentially the most effective means to lasting peace.

Oliver J. Caldwell, acting assistant chief of the division, said to the Post-Dispatch that "at no time in history has one nation been the cultural world capital as the United States is now. The influx of students is beyond parallel. It is one of the most important historical events of our times."

AMERICA'S OBLIGATION TO SHARE ITS FACILITIES

He pointed out that many of the European universities either were destroyed in the war or are years behind and that many educators feel America has a genuine obligation to share its facilities with the world.

Educators say universities overcrowded now with student veterans are in a position to accept foreign students because most of the latter are either graduate students or are interested in less-crowded fields. Many are studying agriculture and forestry.

One of the principal barriers to free student exchange is the lack of transportation. By the time students can take advantage of the Fulbright Act, which may be a year or more, passage may be easier to obtain.

Meanwhile, some relief will be offered this summer by the assignment of two Maritime Commission converted troop transports to carry students and teachers between Europe and the United States. Estimates are that 3500 Americans want to study abroad this summer while "several thousand" hope to come here.

Implementation of the Fulbright Act, which was passed by the last Congress, has been delayed, but it now is hoped to have application blanks ready by November so that the first large groups of fellowships may be awarded next spring. It is possible a few teachers may be sent out this September.

The first step in setting up an organization to handle applications will be appointment by President Truman of a 10-member Board of Foreign Scholarships, composed of representatives of cultural, educational, student and war veteran groups and of the United States Office of Education, the Veterans' Administration, state educational institutions and privately endowed institutions.

COSTS ARE LIMITED TO MILLION DOLLARS

Signing of agreements with foreign countries should be under way soon. An agreement with China is expected shortly. Probably a foundation will be set up in each country to handle funds and to recommend schools. The United States is likely to have a representative on each foundation.

The State Department says there is no accurate figure on the number of countries that may eventually participate or of the amount of money to be spent in each country. The bill limits educational expenditures to a million dollars annually for 20 years.

The first annual report of the State Department on operations under the act, submitted last March, stated that as of Dec. 31 sales abroad producing currencies available for educational use have been made in the United Kingdom, Australia, New Zealand, Greece, Czechoslovakia, Hungary, Poland, Norway, Finland, The Netherlands, Belgium, France, Italy, India, Iran, Turkey, Egypt, Lebanon, Ethiopia, Saudi-Arabia, China, The Netherlands Indies, the Philippines, Austria, Korea and Siam.

The Fulbright Act provides for payment of transportation, tuition and maintenance to American students and teachers attending foreign schools and to foreign students in American schools outside the continental United States and territories, and for payment of transportation costs to foreign students coming to American schools. The application of these provisions is limited by the requirement that only foreign currencies be expended.

Mr. FULBRIGHT. Mr. President, the exchange program remains, as it began in 1946, a modest but significant effort to open new channels of communication and to build new dimensions of understanding between Americans and foreign peoples.

In closing, Mr. President, I would ask unanimous consent to have printed an article from the Arkansas Gazette of July 18, 1971, and information about the recent and current status of the program, including excerpts from "Continuing the Commitment," the annual report of the Board of Foreign Scholarships for 1970.

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

[From the Arkansas Gazette, July 18, 1971]

SCHOLARS UNITE TO SAVE FULBRIGHT SCHOLARSHIPS AFTER FUNDS CUT HEAVILY

(By Richard Lemon)

For the last two years it has seemed as though the Fulbright scholar, that peripatetic figure who has been a fixture on the international academic scene for 25 years, was about to become extinct.

During the recent economic pinch, both Congress and the Nixon administration have tended to look on the Fulbright scholarship program the way a hard-pressed parent looks on his son's plans for graduate school—worthwhile, no doubt, but a little luxurious under the circumstances.

Appropriations have been cut from $53 million in 1966 to $32 million this year, and the number of grants has dropped from 800 to 300. Scholars around the world in fact, were beginning to fear that the entire program might be doomed.

Now there are signs that both Congress and the administration have decided that exchanging scholars with other countries is not such a frivolous idea after all. So the Fulbright program is making a comeback, although in somewhat different form.

During its 25 years, the program, initiated by Sen. J. William Fulbright (Dem., Ark.), has sent more than 30,000 American students and teachers to study abroad, and has brought more than 60,000 foreign scholars to this country.

Its recipients have included Nobel Prize-winning geneticist Joshua Lederberg; opera star Anna Moffo; economist Garner Ackley; and composers Leonard Bernstein and Aaron Copeland.

The benefits of this program, in the eyes of its participants, go far beyond the scholarly rewards reaped by the participants themselves.

"The professor from Iowa or Kentucky who sat all alone in Sofia for a year is a very important guy," one former Fulbright scholar says. "When he came, there were probably 200 American books in the university library. When he left, there were probably 2,000 books on the United States in the library, an American studies program—and a lot better understanding of our country."

The exchanges often have been of permanent academic benefit to the exchanging universities as well. "There's little you can learn about nuclear physics or city planning at a university abroad," say one official of the program, "that didn't stem in some measure from the presence of a Fulbright professor at one time or another."

Such accomplishments do not make headlines, however, and several factors combined to make the program a prime target for budget cutting. The recession and the high cost of the Vietnam war put Washington in a mood to make economies. The turmoil on the college campuses put it in a mood to crack down on students and academics of all kinds. A growing isolationism in the country jeopardized international commitments of all sorts.

In 1968, Congress without warning chopped the program's allocations to $31 million. The cuts, moreover, were met by matching slices by other participating countries. Britain, for example, had been contributing 20 per cent of the cost of its participation.

Peeved at not being consulted about the United States cuts and strapped for money itself, Britain reduced its own contributions from $180,000 to $34,000.

What apparently has reversed this process is the academic community itself. Scholars in many countries have become alarmed at the prospect that the largest international brain exchange in history might be coming to an end and they have lobbied intensively for a restoration of funds. As a result, congress next year may well increase the Fulbright budget to $45 million.

Other countries are also increasing their participation. Britain, having recovered from its initial pique, may raise its contribution next year to 50 per cent of the program's cost.

It seems likely that future Fulbright programs, however, will have a somewhat different emphasis. Many congressmen have long felt that too many United States scholars gravitated to the plush learning centers of Europe. Now, more Americans are being sent to the underdeveloped countries and more scholars from those countries are being brought to the United States.

Fulbright administrators also are discussing the possibility of making the program truly international, not bilateral. Under one plan, an American Fulbright scholar would be able to spend one term at Oxford in England and another at the Sorbonne in France instead of spending his entire scholarship in one country.

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[From "Continuing the Commitment," annual report of the Board of Foreign Scholarships, October, 1970]

EDUCATIONAL EXCHANGES

Americans representing every state were among the professors, teachers, and students

who took part during 1969–70 in the educational exchange program under Public Law 87–256, the Mutual Educational and Cultural Exchange Act of 1961. One or more educational institutions in every state welcomed grantees coming from overseas to study, teach, or engage in advanced research.

A substantial decline this past year in the number of persons participating in these programs reflected the heavy fiscal year 1969 budget cuts of two years ago. New grants awarded during the academic year 1969–70 totaled 3,046, a drop of 1,510 from the 4,556 grants awarded by the Board in 1968–69. Grants to Americans dropped sharply from 1,524 to 817; those to foreigners from 3,032 to 2,229.

The total number of American and foreign grantees during 1969–70 included an additional 2,864 persons who were not recipients of new grants. (See tables on pages 6–7.) These were grantees—predominantly foreign students—who were permitted a renewal of a previous grant, or an extension of return travel eligibility, in order to complete an academic project.

PROGRAM OPERATIONS

Responsibility for administering the traditional educational exchanges authorized by the Fulbright-Hays Act rests with the Bureau of Educational and Cultural Affairs in the Department of State. The Bureau follows the academic exchange policies established by the Board of Foreign Scholarships with the assistance of several cooperating agencies which are described in the Appendix.

In addition to these exchanges, the Board supervises the Modern Foreign Training and Area Studies Program also authorized by the Act and described in the Appendix. This program is administered by the Institute of International Studies in the U.S. Office of Education, HEW. Statistical tables on all programs are presented in the Appendix. They summarize numerically the accomplishments of academic exchange not only in 1969–70, but since the start of statistical record keeping on the exchange program in 1949.

THE EXCHANGE PROGRAM ABROAD

In the effort to remain in close touch with developments and conditions affecting the conduct of the educational exchange program abroad, two members of the Board visited a number of countries in Africa, the Far East, and Near East and South Asia during the year.

The results of their visits were reported in detail to the full Board membership and to the organizations responsible for the conduct of the program.

A brief summary of the principal conclusions reported by the Board members follows:

*Africa—Dr. Paul Seabury*

In each of the countries visited there is a positive thrust towards "Africanization" of universities, which in each instance entails a nationalization of educational establishments to link them more closely into the emerging national cultures and into correspondence with the needs of the new States themselves.

A distinction between Africanization and nationalization needs to be made, since a severance of formal established ties with Western universities—linking them with important European, or American, centers of learning—is not correspondingly matched by any significant new linkages within the African community of scholarship as a whole.

As both Africanization and nationalism proceed, certain problems can be easily seen by a passing observer. One, is a tension between the claims of social modernization—espoused by national planners, and in this case ministries of education—and the classical needs and claims of universities and colleges established along European lines, whether British or French.

African education ministries might pay some attention to the American junior college model for extension training in applied skills; and, in fact, radically redirect educational programs to skill-oriented, rather than student-oriented, programs.

Somewhat closer to our Board's concerns with African university scholarship pertains to the future maintenance of excellence among Western-educated scholars in African universities as Western (European) scholarly leadership phases out.

The Fulbright-Hays program more than ever should be meshed, not into the more obvious developmental programs of higher education, but to stress qualitative aspects of reciprocal scholarly exchange . . . it should seek to attract scholars and teachers in whatever fields might best meet the current needs and wishes of African universities.

Our programs can and should stress the fact that we consider African universities and their scholarly milieu as co-equal with the universities of Europe and Asia insofar as quality exchanges is concerned, and not simply as developmental opportunities.

*Far East, Near East, South Asia—Dr. James Roach*

I was impressed again at the number of persons in governmental and educational roles abroad who have degrees from or have studied or taught in some American educational institution, and who have—even after 10 or 15 years—the warmest and most positive recollections of that experience. I encountered such people in every foreign and education ministry and in every college or university I visited.

I don't know of any way to quantify the effect of this or, indeed, of any new way to talk about it, but I think Ambassador [William] Porter in Lebanon is right when he says the exchange program is the single most important thing we do abroad.

At each of the 13 countries visited I spoke with binational commission and Embassy officers of our interest and concern to find a more programmatic focus for the exchange program. I urged that some program areas be stated broadly enough to accommodate the best among several academic fields, and that some thought be given as to how American research scholars and students might be associated with some of these projects.

The subject of cost-sharing came up frequently, especially in view of the tight budget. Several commissions or embassies do intend to make new approaches to the host governments, and in some places I think there will be a response.

The perennial questions of quality and adaptability of American lecturers, and how to determine these characteristics in advance, came up in different ways in nearly every country. In some countries the host institutions ask for famous scholars who, at best, are likely to be available for only short visits, and who may in reality have little new to offer. At other posts it was emphasized that the need was for excellent teachers who could improvise equipment or teaching materials, or do without. Most commissions concede that a younger academic, who may not yet have made a name, is often more likely to be adaptable to the local situation.

The counseling of non-sponsored foreign students interested in study in the United States has become a fairly major collateral activity of at least half the binational commissions in the Near East.

The tight budgets with which American educational institutions are now working, and the fall off in federal grants, research funds, etc., are having an effect on the amount of money available for fellowships, research assistants, etc. The foreign student is likely to feel the consequences of this first.

COST SHARING BY OTHER NATIONS

Seventeen of the countries with which the United States has educational exchange agreements share the cost of the program in their respective countries through regular financial contributions made each year. Their contributions for 1969–70 are listed below.

COUNTRIES WHICH SHARE COSTS OF EXCHANGE [1]

| Country | Cost-sharing agreement signed | Fiscal year 1969 contribution |
|---|---|---|
| Australia | Aug. 28, 1964 | $229,600 |
| Austria | June 25, 1963 | 150,000 |
| Belgium/Luxembourg | | 45,000 |
| China (Taiwan) | Apr. 23, 1964 | 15,300 |
| Cyprus | Sept. 7, 1968 | 2,420 |
| Denmark | Feb. 25, 1965 | 20,000 |
| France | May 7, 1965 | 225,225 |
| Germany | Nov. 20, 1962 | 668,000 |
| Iceland | Feb. 13, 1964 | 1,137 |
| Israel | Mar. 23, 1967 | 4,286 |
| Italy | | 240,000 |
| Netherlands | | 45,858 |
| Norway | Mar. 16, 1964 | 28,000 |
| Spain | | 75,000 |
| Sweden | June 28, 1963 | 10,638 |
| United Kingdom | May 10, 1965 | 34,000 |
| Total | | 1,794,464 |

[1] In addition, Ireland provided $89,608 in Irish counterpart funds under a special exchange agreement.

Other governments as well as host institutions made indirect contributions—in some instances providing housing, maintenance supplements, and other prerequisites for American grantees in their countries. During the year, negotiations were concluded with New Zealand for a cost-sharing agreement, and at the close of the year negotiations were pending with other governments.

BINATIONAL EDUCATIONAL FOUNDATION AGREEMENTS

| Country | Date of original agreement |
|---|---|
| Africa: | |
| Ethiopia | Dec. 6, 1961 |
| Ghana | Jan. 24, 1962 |
| Liberia | May 8, 1964 |
| Tunisia | Nov. 18, 1963 |
| Union of South Africa | Mar. 26, 1952 |
| American Republics: | |
| Argentina | Nov. 5, 1956 |
| Brazil | Nov. 5, 1967 |
| Chile | Mar. 31, 1955 |
| Colombia | Jan. 9, 1957 |
| Ecuador | Oct. 31, 1956 |
| Paraguay | Apr. 4, 1957 |
| Peru | May 3, 1956 |
| Uruguay | July 22, 1960 |
| Western Europe: | |
| Austria [1] | June 6, 1950 |
| Belgium/Luxembourg [1] | Oct. 8, 1948 |
| Denmark [1] | Aug. 23, 1951 |
| Finland | July 2, 1952 |
| France [1] | Oct. 22, 1948 |
| Germany [1] | July 18, 1952 |
| Iceland [1] | Feb. 23, 1957 |
| Ireland | Mar. 16, 1957 |
| Italy [1] | Dec. 18, 1948 |
| Netherlands [1] | May 17, 1949 |
| Norway [1] | May 25, 1949 |
| Portugal [1] | Mar. 19, 1960 |
| Spain [1] | Oct. 16, 1958 |
| Sweden [1] | Nov. 20, 1952 |
| United Kingdom [1] | Sept. 22, 1948 |
| East Europe: Yugoslavia | Nov. 9, 1964 |
| East Asia: | |
| Australia [1] | Nov. 26, 1949 |
| Burma | Dec. 22, 1947 |
| China | Nov. 10, 1947 |
| Japan | Aug. 28, 1951 |
| Korea | June 30, 1960 |
| Malaysia | Jan. 28, 1963 |
| New Zealand [1] | Sept. 14, 1948 |
| Philippines | Mar. 28, 1948 |
| Thailand | July 1, 1950 |
| Near East: | |
| Afghanistan | Aug. 20, 1963 |
| Ceylon | Nov. 17, 1952 |
| Cyprus [1] | Jan. 18, 1962 |
| Greece | Apr. 23, 1948 |
| India | Feb. 2, 1950 |
| Iran | Sept. 1, 1949 |
| Iraq | Aug. 16, 1951 |
| Israel [1] | July 26, 1956 |
| Nepal | June 9, 1961 |
| Pakistan | Sept. 23, 1950 |
| Turkey | Dec. 27, 1949 |
| UAR | Sept. 28, 1959 |

[1] Indicates cost sharing countries.

GRANTS BY CATEGORIES—FISCAL YEARS 1963 THROUGH 1972

| | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 [1] | 1972 [1] |
|---|---|---|---|---|---|---|---|---|---|---|
| Students: | | | | | | | | | | |
| Foreign [2] | 3,174 | 3,538 | 3,548 | 3,416 | 3,077 | 2,978 | 2,262 | 2,053 | 1,935 | 2,112 |
| United States | 1,078 | 1,106 | 1,148 | 1,119 | 936 | 852 | 353 | 375 | 353 | 382 |
| Teachers: | | | | | | | | | | |
| Foreign | 1,018 | 988 | 859 | 898 | 724 | 719 | 559 | 441 | 460 | 495 |
| United States | 567 | 553 | 405 | 393 | 287 | 234 | 183 | 213 | 213 | 230 |
| Professors, research scholars: | | | | | | | | | | |
| Foreign | 781 | 705 | 770 | 794 | 683 | 656 | 438 | 394 | 498 | 543 |
| United States | 1,225 | 1,182 | 1,098 | 1,190 | 1,083 | 905 | 421 | 494 | 606 | 806 |
| International visitors, observation and consultation: | | | | | | | | | | |
| Individual, foreign | 1,152 | 1,369 | 1,359 | 1,253 | 1,334 | 1,260 | 1,040 | 1,100 | 1,144 | 1,349 |
| Multinational, foreign | | | 10 | 78 | 56 | 56 | 66 | 54 | 91 | 88 |
| Specialized programs (foreign): | | | | | | | | | | |
| Individual | 763 | 498 | 370 | 344 | 231 | 145 | 138 | 159 | 165 | 223 |
| Multinational | | 323 | 376 | 304 | 222 | 154 | 109 | 195 | 108 | 138 |
| Jointly sponsored | | | 2 | 2 | 6 | | 1 | | 1 | 34 |
| Educational travel: | | | | | | | | | | |
| Foreign | 1,292 | 1,560 | 1,819 | 1,513 | 1,061 | 827 | 550 | 507 | 359 | 555 |
| United States | 87 | 185 | 225 | 311 | 82 | 86 | 72 | 29 | 24 | 11 |
| Total, foreign | 8,180 | 8,981 | 9,113 | 8,602 | 7,394 | 6,795 | 5,163 | 4,813 | 4,761 | 5,537 |
| Total, United States | 2,957 | 3,026 | 2,876 | 3,013 | 2,388 | 2,077 | 1,029 | 1,111 | 1,196 | 1,429 |
| Grand total | 11,137 | 12,007 | 11,989 | 11,615 | 9,782 | 8,872 | 6,192 | 5,924 | 5,957 | 6,966 |

[1] Estimate.

[2] Includes nationals in American-sponsored schools.

Mr. FULBRIGHT. Mr. President, I have received today a telegram from the chairman of the Board of Foreign Scholarships, James R. Roach, sending congratulations on the 25th anniversary of the signing of this legislation on August 1, 1946. I ask unanimous consent that the telegram may be printed in the RECORD.

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

WASHINGTON, D.C.,
*July 31, 1971.*

Senator J. WILLIAM FULBRIGHT,
*Senate Office Building,*
*Washington, D.C.:*

Members of the Board of Foreign Scholarships join me in sending you congratulations and best wishes in recognition of the 25th anniversary of the Fulbright Act on August 1.

This act which launched a world wide program of education exchanges under U.S. Government sponsorship has provided opportunities for over 100,000 Americans and foreign nationals to participate in purposeful academic exchanges which have made an essential contribution to the peaceful pursuits of mankind here and abroad.

As the Board responsible for the supervision of such exchanges we express our appreciation for your imaginative authorship of the initial legislation and your continuing interest and support of these exchanges over the years.

We look forward to meeting with you personally in September.

JAMES R. ROACH,
*Chairman, Board of Foreign Scholarships.*

## SETTLEMENT OF STEEL AND RAIL DISPUTES

Mr. HUMPHREY. Mr. President, I am sure the Senate will be pleased to know, as possibly many Senators do, that what had appeared to be a most difficult labor-management dispute, the railroad management and union dispute, has been settled, and that the trains will be in full operation tonight at 12:01.

This settlement is significant in that the unions have abided by the law, that they won the right to strike selectively, and they have brought free collective bargaining to the rail industry.

I wish to compliment both steel and railroad management for exercising restraint and flexibility in these negotiations. I compliment them for placing their faith and confidence in the collective bargaining process. It has worked well for management, labor, and the public.

I compliment the leadership of the United Transportation Union, President Charles Luna, for his sincerity and dedication to the highest principles of labor-management relations. His leadership has shown that unions and management can bargain in good faith and that if negotiators will be honest with each other, then settlements that reflect the best interest of the Nation can result.

I am particularly pleased that employee protections and satisfactory work rules could be the keystone of that settlement. Union men have made a valid case for these two items and I am gratified that the final contract contains both of these.

Mr. President, the rail industry settlement is not the only important labor-management dispute resolved today. The United Steel Workers and steel management also signed an agreement for a new 3-year contract. Thus, two singularly important achievements in the field of collective bargaining have resulted.

Mr. President, the steel agreement is another testimony to the leadership of I. W. Abel of the United Steel Workers. It is testimony to his resourcefulness as a negotiator—the kind of leader who understands that steel management and labor can use the processes of free collective bargaining to demonstrate results satisfactory to both management and labor.

Mr. President, this Nation owes a debt of gratitude to I. W. Abel. This union leader, who in 1967 successfully negotiated a steel contract that served the national interest and brought substantial benefits to his union membership, is without a doubt one of the most gifted and talented, and dedicated leaders of organized labor. He represents the best in trade unionism, but above all, he is a great citizen who has always put his country ahead of all other considerations.

It is indeed a tribute to Mr. Abel's sense of public responsibility that the steel industry came to a contract agreement. He has shown the flexibility and the resolve necessary to take on tasks that sometimes seem superhuman. Yet, I. W. Abel has again proved that he is capable, that he is a leader, and that he has the qualities that make him a respected labor negotiator.

Both the steel settlement and the rail industry agreement represent the best in collective bargaining. Collective bargaining is always subject to a number of criticisms because it includes within it the possibility of lockouts or strikes. But, the leadership of these two unions have proven that there is no substitute for free, open, collective bargaining in a democracy.

The settlements at which these negotiators have arrived are fair. They represent a serious effort by the leadership of the unions to deal with increases in the cost of living brought about by economic policies of the Federal Government over which President Abel and President Luna have little control.

The settlements are in the public interest.

## FEDERAL ELECTION CAMPAIGN ACT OF 1971

The Senate continued with the consideration of the bill (S. 382) to promote fair practices in the conduct of election campaigns for Federal political offices, and for other purposes.

Mr. PASTORE. Mr. President, I yield myself whatever time is necessary.

Mr. President, today the Senate begins deliberation on S. 382, the Federal Election Campaign Act of 1971. I have offered an amendment in the nature of a substitute.

Title I of the amendment, which deals with the use of communications media by candidates for Federal elective office, had its genesis in S. 3637. That bill, which would have limited campaign expenditures for the broadcast media, passed the 91st Congress but was vetoed by the President because, among other things, he felt it discriminated against broadcasting by limiting campaign spending only in that media. He said:

If there is merit in limiting campaign expenditures, the problem should be dealt with in its entirety.

Subsequently, in a letter to the minority leader of the Senate, the President said the administration would work closely with the Congress in an effort to arrive at a bill which would deal with all problems of political campaigns.

This amendment to S. 382 is comprehensive and will place spending limitations on use of the broadcast and nonbroadcast communications media by candidates, and requires strict disclosure and reporting requirements by candidates, political committees, and individuals.

The Subcommittee on Communications of the Commerce Committee began hearings on campaign reform legislation on March 2. At that time I said:

> The desirability of controls over expenditures for the use of various media must be considered by the Committee as part of any effective legislation to halt the spiraling cost of campaigning for elective office.

Those hearings were held as scheduled, and in order to be sure that everyone who wished had an opportunity to testify, the committee was in open session from March 2 until March 5.

Nineteen witnesses appeared and testified on the legislation during those 4 days. After the last witness who had requested an opportunity to testify had finished, I said in the public hearing, "Is there anyone else in this room who wants to testify?" Hearing no one, I said that the committee would recess, and the record would be open for 1 week for anyone who desired to submit a statement.

On March 11, Mr. President, the Subcommittee on Communications met in executive session and agreed that the full committee would consider S. 382 in executive session on March 16. The full committee met on that date and began marking up the bill, but adjourned until a later date before finishing.

Then, on March 19, I received a letter signed by five minority members of the committee requesting that the hearings be reopened to hear additional witnesses. Shortly thereafter, on March 22, the chairman of the full committee received a letter from the Deputy Attorney General of the United States, Richard G. Kleindienst, requesting an opportunity to present oral testimony on the legislation.

In view of these requests, the full committee met on March 25, and decided to reopen the hearings on March 31 and April 1.

Hearings were held on those 2 days, and 10 witnesses, including the Deputy Attorney General, appeared. Again, at the conclusion of the hearings, I ordered the record to remain open for 1 week to receive any additional material.

Mr. President, the full committee again considered the bill in executive sessions on April 22 and 23, and unanimously reported it on that latter day.

Since the Commerce Committee's primary jurisdiction ran to title I of the bill, it was that section on which the committee focused its deliberations. Title I of the amendment which I am offering today is for all purposes identical to title I as reported by the Commerce Committee.

The purpose of title I is twofold. It attempts to give candidates for public office greater access to the media so that they may better explain their stand on the issues, and thereby more fully and completely inform the voters.

Second, it attempts to halt the spiraling cost of campaigning for public office—a problem which by all accounts is rapidly increasing.

To accomplish these purposes, title I, as amended, would do the following:

First. Make the equal opportunities requirement of section 315(a) of the Communications Aet, as amended, inapplicable to the use of broadcast facilities by legally qualified candidates for President and Vice President in primary and general election campaigns.

Second. Require that broadcast licensees charge legally qualified candidates for any pubic office no more than their lowest unit rate during the 45 days before a primary election, and 60 days preceding a general election.

Third. Establish reasonable and adequate limitation on the amount of money that may be spent for use of the broadcast media and nonbroadcast media by or on behalf of all legally qualified candidates for Federal elective office in primary, runoff, general, and special elections.

Fourth. Require that 45 days before a primary election and 60 days before a general election any person who charges a legally qualified candidate for Federal elective office for space in the nonbroadcast communications media do so at the lowest unit rate charged other for the same amount of space.

Fifth. Enable the States by law to adopt spending limitations in the broadcast media for candidates for State and local office.

I will not take the Senate's time explaining the provisions in title I, because the Commerce Committee's report accompanying S. 382 does this clearly and in great detail. At the conclusion of my remarks, of course, I shall be happy to answer questions any Senator might have.

Nor will I occupy the Senate's time talking about the spiraling costs of campaigning for elective office, the threat these costs pose to the integrity of our democratic system, and the consequent need for limitations on campaign expenditures to help remedy the situation. The President of the United States, his Deputy Attorney General, the candidates, a great majority of the witnesses who testified on S. 382, and S. 3637 in the 91st Congress, public opinion polls, and the scores of communications received by Members of the Congress, have expressed strong concern over this most serious problem.

Most recently the problem has been underscored by the Citizens Research Foundation in a report on political spending in 1968. Compared to 1964, total costs were up 50 percent, from $200 to $300 million; the cost of electing a President and Vice President rose 67 percent, from $60 million to $100 million.

It has been said by some, however, that limitations on campaign expenditures are unrealistic and unnecessary. The only way to achieve the objectives of legislation such as S. 382, according to them, is through periodic public disclosure and publication of all campaign contributions and expenditures both before and after an election.

I agree that strict reporting, disclosure, and publication requirements are necessary for any comprehensive effective campaign reform legislation. And the amendment I am offering to S. 382 is the spending limitation on candidates.

Many of those who supported the repeal of the equal time requirement of section 315 of the Communications Act for candidates for President and Vice President as provided in the legislation were nevertheless critical of the scope of the repeal. They felt it should extend at least to candidates for all Federal elective offices.

Mr. President, I am not out of sympathy with their position. I have sponsored similar legislation in the past. But it is precisely because of my past experiences in this regard that I urged the repeal be confined at this time to the two highest offices in the land. For a variety of reasons, proposals for a wider repeal have never been successful in the Congress, and I felt that if we were to have a campaign reform bill this Congress—a difficult undertaking at best—it should not be encumbered with provisions which have proven so controversial in the past.

I want to say parenthetically here, let no one misunderstand what the intention was in relieving the licensees from the responsibilities of section 315(a) insofar as the offices of President and Vice President are concerned.

The precise reason was to be helpful. I have had many private conversations with the presidents of the various networks. I found them to be very cooperative. They said that if we would leave with them the responsibility of the effects of the equal opportunity law, of section 315(a) with reference to the Presidency and the Vice-Presidency, that they would make time available free to a candidate on a format of the choosing of that candidate.

So the real reason for this is that because of the astronomical cost for a nationwide broadcast which, of course, does not apply to Senators or Representatives, but applies only to the offices of President and Vice President, and is not restricted to a single broadcasting station, but must emanate as a network program, the purpose of the provision is to allow the network to contribute time free, so that the costs of the candidates campaigning for the offices of Presidency and Vice-Presidency can be cut down. I do not want anyone to misunderstand: This is not prejudicial to the offices of President and Vice President; it is beneficial, and that is the reason why it was done.

I give as the best example what happened in 1960. We did exactly this same thing, and it worked out pretty well. In my judgment, it only proves that it is wise to build slowly and steadily on the foundation of past experience.

We have had a limited but highly successful experience with suspension of section 315 for presidential and vice presidential candidates in 1960. It is only prudent, in my judgment, to build slowly and steadily on that foundation.

Mr. President, it has also been said that the spending limitations in S. 382 are unrealistically low, and should be raised to reflect the actual experience of the 1970 elections. In support of this contention a report was filed showing that statewide candidates in 23 States spent more money on radio and television last fall than the proposed limits in the pending bill. I will have something to say about the accuracy and relevancy of that report in a moment.

But, Mr. President, the issue is simple—either we are going to have spending limitations that will halt the astronomical rise of campaign costs, or we are going to rationalize, temporize, and compromise until any limitations that are adopted would be absolutely meaningless in terms of accomplishing their purpose.

Their report purporting to show that the limitations in S. 382 are unrealistically low when compared to the amount actually spent on the broadcasting media by candidates for statewide office in the 1970 elections is, in a word, misleading. Mr. President, an article appearing in the May 8 edition of the New York Times explains in detail why this is so. At this point I ask unanimous consent that that article be printed in the RECORD.

I also ask unanimous consent to have printed in the RECORD at this point a table showing the actual expenditures of senatorial candidates in 1970.

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

HIGHER CAMPAIGN FUND CEILING ASKED

(By Warren Weaver, Jr.)

WASHINGTON, May 7.—Republican Senators contended today that spending ceilings imposed by a campaign finance bill now heading for floor debate should be raised to reflect "the actual experience" of the 1970 elections.

In support of this thesis, five members of the Commerce Committee filed a report showing that statewide candidates in 23 states spent more money on radio and television last fall than the proposed limit of five cents for each eligible voter would have permitted.

TWENTY-THREE SELECTED STATES

In 11 of the 23 states, however, the spending listed by the Republicans was by candidates for Governor, who would not be subjected to any limits under the measure approved by the Commerce Committee two weeks ago.

In addition, the spending figures, obtained from the Federal Communications Commission, indicated that the big spenders of 1970 were Republican candidates, who far exceeded both the proposed ceilings and the figures of their Democratic opponents.

The table filed by the Republican Senators listed a 1970 spending figure for each of 23 selected states, without identifying the candidate who spent it or his party. The figures from the communications commission, to which all radio and television stations report, had not previously been made public.

Information obtained elsewhere identified the candidates involved and provided spending figures for their opponents.

In New York, the report showed, Governor Rockefeller spent $1.2-million on radio and television in his third successful re-election campaign, or about $565,000 more than the $635,000 ceiling that the campaign spending legislation would establish in New York State for 1972.

Arthur J. Goldberg, the Democratic governorship candidate, spent $364,000 on radio and television, little more than half the limit the Senate is contemplating.

All three Senate candidates in New York were near or under the ceiling. The F.C.C. figures showed Richard L. Ottinger, a Democrat, spending $684,000; Charles E. Goodell, a Republican, spending $570,000, and James L. Buckley, a Conservative, who won, $522,000.

ANOTHER ROCKEFELLER

Next to Governor Rockefeller of New York, in 1970 candidate who overspent the ceiling now proposed for his state most decisively was former Gov. Winthrop Rockefeller of Arkansas. His radio-television cost figure was $302,000; the Arkansas limit under the bill would be $66,000.

The Democrat who defeated Winthrop Rockefeller, Dale Bumpers, also spent well over the ceiling—$117,000—but less than half the comparable Republican investment.

Calculations by the communications commission showed that Nelson Rockefeller spent 20 cents on radio and television for every vote he won and that his brother Winthrop spent 49 cents per vote.

New Jersey was another example chosen by the Republican Senators to illustrate that the ceilings should be raised. There Nelson G. Gross, the Republican Senate candidate, spent $391,000. Senator Harrison A. Williams Jr., a Democrat, who won re-election, spent well under the limit—$179,000.

Summing up the figures, the Republican Senators declared:

"Since we are dealing with an issue which is fundamental to having fair and effective democratic processes in our nation, the spending limitation should be increased so that it more closely relates to the actual experience."

The Senators are Winston L. Prouty of Vermont, Robert P. Griffin of Michigan, Howard H. Baker Jr. of Tennessee, Marlow W. Cook of Kentucky and Ted Stevens of Alaska. Senator Norris Cotton of New Hampshire filed a separate statement questioning "the sham of creating artificial and arbitrary spending ceilings."

The Commerce Committee bill is expected to reach the Senate floor next month.

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SPENDING IN SENATE RACES

Following is a table of radio and television campaign spending by 1970 Senate candidates as compiled by the Federal Communications Commission, compared with the ceilings that would be in effect in each state in 1972 if S. 382 becomes law. Winners are marked by an asterisk.

STATE, CEILING; DEMOCRAT, SPENT; REPUBLICAN, SPENT

Alaska, $30,000; Kay, $34,000; Stevens,* $17,300.

Arizona, $61,400; Grossman, $85,400; Fannin* $84,300.

California, $711,800; Tunney, $466,700; Murphy, $385,700.

Connecticut, $105,800; Duffey, $87,000; Weicker,* $81,400; Dodd, $49,600.

Delaware, $30,000; Zimmerman, $12,300; Roth,* $13,600.

Florida, $254,400; Chiles,* $53,900; Cramer, $140,500.

Hawaii, $30,000; Heftel, $64,900; Fong,* $37,100.

Illinois, $378,200; Stevenson,* $254,900; Smith, $235,900.

Indiana, $174,400; Hartke,* $182,700; Roudebush, $353,000.

Maine, $33,100; Muskie,* $30,800; Bishop, $8,500.

Maryland, $135,700; Tydings, $92,600; Beall,* $115,900.

Massachusetts, $197,400; Kennedy,* $151,500; Spaulding, $14,900.

Michigan, $293,800; Hart,* $140,500; Romney, $45,000.

Minnesota $126,200; Humphrey,* $158,000; McGregor, $166,800.

Missouri, $161,100; Symington,* $192,200; Danforth, $231,500.

Montana, $30,000; Mansfield,* $10,600; Wallace, $10,200.

Nebraska, $50,100; Morrison, $21,600; Hruska,* $26,500.

Nevada, $30,000; Cannon,* $68,100; Raggio, $73,800.

New Jersey, $250,900; Williams,* $179,900; Gross, $391,500.

New Mexico, $31,700; Montoya,* $35,400; Carter, $27,600.

New York, $635,700; Ottinger, $648,000; Goodell, $570,000; Buckley,* $522,000.

North Dakota, $30,000; Burdick,* $44,800; Kleppe, $71,500.

Ohio, $358,300; Metzenbaum, $238,500; Taft,* $220,500.

Pennsylvania, $406,800; Sesler, $25,000; Scott,* $268,600.

Rhode Island, $35,500; Pastore,* $16,400; McLaughlin, $3,300.

Tennessee, $135,500; Gore, $145,600; Brock,* $173,400.

Texas, $379,500; Bentsen,* $174,700; Bush, $292,700.

Utah, $33,700; Moss,* $115,300; Burton, $91,400.

Vermont, $30,000; Hoff, $69,700; Prouty,* $53,600.

Virginia, $161,600; Rawlings, $26,200; Garland, 31,400; Byrd,* $97,900.

West Virginia, $58,800; Byrd,* $8,100; Dodson, $1,900.

Wisconsin, $147,400; Proxmire,* $41,100; Erickson, $14,300.

Wyoming, $30,000; McGee,* $47,600; Wold, $38,700.

Mr. PASTORE. As this table shows, the limitations for the broadcasting media are realistic. If this is so, I fail to see how anyone can contend that the limitations on the nonbroadcast media are unrealistically low because, as we all know, the major expenditures in national and statewide elections are made for the broadcast media.

Some of the witnesses who testified before the committee urged there be one total limitation on all media spending with discretion left to the candidate to determine what amount to spend on broadcast and nonbroadcast advertising. Mr. President, there is merit to this contention, especially since campaigns differ according to the personal style of a candidate and the area of the country in which the election is being held.

On the balance, however, the committee voted against such an approach. Television is unquestionably the most used medium in political campaigns, and it has been the most significant contributor to the spiraling cost of these campaigns.

I might add, as an example, that if all of this money were spent for broadcasting alone rather than a split of 5 cents for broadcast media and 5 cents for nonbroadcast media, it would end up that if a candidate for the Presidency chose to do so, he would be spending much more money, in the campaign for the coming election, on the cost of those media than he spent last year, and one reason for this bill is because of the tremendous amount of money that had to be spent last year for broadcasting.

If candidates were given complete discretion to spend on the use of this medium, the committee was fearful that in the closing months of a campaign the airwaves might become inundated with

political broadcast to the exclusion of entertainment and other public interest programs.

Again let me state an example. The recent report of the Citizens Research Foundation supports the committee's judgment. In 1968, $58.9 million was spent on radio-TV, as against only about $20 million for newspapers. If money from the nonbroadcast fund were freely transferable to the broadcast fund, it would have the effect of nearly doubling what candidates could and in most cases would spend on radio and television.

I say very frankly that if we got to the point where we had to combine the two and leave it to the choosing of the candidates themselves, I think we would have to reduce the figure of 10 cents; otherwise we would have utter chaos.

Mr. President, these spending limitations are not only realistic in terms of what has been spent in the past, but each is sufficient in and of itself to allow candidates fully and fairly to present their candidacies through the respective media.

The table I have just placed in the RECORD shows this; the candidates who ran in 1970 and testified before my committee said it was so; and, I submit that 65 percent of the American public, who when polled said they wanted restrictions on political television advertising, would also agree.

When looking at these limitations, I think it is also important to keep in mind that production costs for the use of the media are not included; and that 45 days before primary elections and 60 days before special and general elections candidates will be able to avail themselves of the lowest unit rate in each of the media. In the broadcast media, this can amount to a 35- to 50-percent discount.

While on the subject of the lowest unit rate, I would like to say a word about the constitutionality of this requirement.

The Supreme Court has never explicitly ruled on this point. It was asked to, however, in *Chronicle & Gazette Publishing Co., Inc.* v. *Attorney General*, 94 N.H. 148, 48 A. 2d 478—New Hampshire Supreme Court 1946—but dismissed the appeal, 329 U.S. 690, and denied a petition for rehearing, 329 U.S. 385.

The point I am making here is that the State court held a provision of this kind constitutional; and when it was appealed to the Supreme Court, the Supreme Court refused to entertain it on two occasions, which left the decision of the Supreme Court in the State intact.

In that case, the Supreme Court of New Hampshire held that the New Hampshire statute establishing the commercial advertising rate as the maximum rate for political advertising in newspapers or by radio stations does not abridge freedom of the press.

It should be noted that nine States have similar statutes.

I might also add that section 315 of the Communications Act now requires that charges made for the use of any broadcast station for any of the purposes set forth in that section may not exceed the charges made for comparable use of the station for other purposes.

The valuable franchises given broadcasters to operate on airwaves belonging to the people is conditioned on serving the needs and interests of the community of license. In this context, requiring broadcasters to offer candidates for public office the same rates given their most favored commercial time buyers is nothing more than a particularization of the broad public interest obligation incumbent upon them.

Finally, Mr. President, a good deal has been said and written about the constitutionality of placing a limitation on expenditures for the media, and I would like to reiterate what was said on this question in the committee's report.

Essentially, the objection raised was that such limitations would abridge the constitutionally protected right of free speech of candidates and those who wish to buy air time or media space on their behalf. While the Supreme Court has never ruled on this precise point, the committee believes that what the Court has said on the first amendment generally and in an analogous situation—the Federal Corrupt Practices Act—fully supports the constitutionality of the limitations in title I of the amendment.

The right to communicate information and opinion freely is a basic right protected by the first amendment. *Schneider* v. *State*, 308 U.S. 147 (1939). It includes not only freedom from previous censorship, but any Government action which prevents free discussion of public affairs In striking down a discriminatory State tax on newspapers in *Grosjean* v. *American Press Co.*, 297 U.S. 233, 247 (1936), the Supreme Court has said of the earlier struggle for a free press in England that—

> In ultimate, an informed and enlightened public opinion was the thing at stake; * * * For, the evils to be prevented were not the censorship of the press merely, but any action of the government by means of which it might prevent such free and general discussion of public matters as seems absolutely essential to prepare the people for an intelligent exercise of their rights as citizens. *Grosjean, supra*, 297 U.S., at 249–250.

The Supreme Court has pertinently stated *Thornhill* v. *Alabama*, 310 U.S. 88, 101–102 (1940):

> The Freedom of speech and of the press guaranteed by the Constitution embraces at least the liberty to discuss publicly and truthfully all matters of public concern without previous restraint or fear of subsequent punishment. The exigencies of the colonial period and the effort to secure freedom from oppressive administration developed a broadened conception of these liberties as adequate to supply the public need for information and education with respect to the significant issues of the times.

First amendment rights of the press and of speech, however, do not create an absolute immunity from all governmental action which may touch upon them. Thus:

> When particular conduct is regulated in the interest of public order, and the regulation results in an indirect, conditional, partial abridgment of speech, the duty of the courts is to determine which of these two conflicting interests demands the greater protection under the particular circumstances presented." *Communications Assn.* v. *Douds*, 339 U.S. 382, 399 (1950).

For that reason, the use of sound trucks may be prohibited in public places under proper standards, *Kovacs* v. *Cooper*, 336 U.S. 77 (1949); *Saia* v. *New York*, 334 U.S. 558 (1948); a municipality may limit commercial door-to-door canvassing, even of solicitors for periodicals, *Beard* v. *Alexandria*, 341 U.S. 622 (1951), and the requirements of absolute fairness in conducting a trial may warrant exclusion of television cameras from the courtroom, *Estes* v. *Texas*, 381 U.S. 532 (1965).

These cases indicate that where the regulation of conduct has the "side effect" of touching upon first amendment rights, the governing criteria are the presence of an evil which may validly be prevented, a reasonable relationship of the regulation to the evil, and the relative degree of effect upon the right to speak. There is a balancing of the limited effect upon free speech as against the substantiality of an evil to the prevention of which a regulatory statute is reasonably addressed. *Konigsberg* v. *State Bar*, 366 U.S. 36, 50–51 (1961).

More in point, however, are cases in which the Court has upheld the power of Congress to legislate to protect the integrity of the Federal election process.

In characterizing section 4 of article I of the Constitution which gives the Congress power to regulate elections for the office of Senator or Representative,[1] Chief Justice Hughes, speaking for a unanimous court said it provided:

> Authority to provide a complete code for congressional elections, not only as to time and places, but in relation to notices, registration, supervision of voting, protection of voters, prevention of fraud and corrupt practices, counting of votes, duties of inspectors and canvassers, and making and publication of election returns; in short, to enact the numerous requirements to procure and safeguards which experience shows are necessary in order to enforce the fundamental right involved. *Smiley* v. *Holm*, 285 U.S. 355 (1932).

And, in Burroughs and Cannon, in upholding the constitutionality of the disclosure provisions of the Federal Corrupt Practices Act, the Court said at page 545:

> To say that Congress is without power to pass appropriate legislation to safeguard such an election from the improper use of money to influence the result is to deny to the nation in a vital particular the power of self protection. Congress, undoubtedly, possesses that power, as it possesses every other power essential to preserve the departments and institutions of the general government from impairment or destruction, whether threatened by force or by corruption.

Thus, the Court has recognized that if a substantial threat to the Federal election process exists Congress may legislate to remove the threat. In doing so, however, there must be a relevant correlation between the power Congress exercises and the manner in which it is being exercised. *Bates* v. *Little Rock*, 361 U.S. 516.

In Burroughs and Cannon against United States, the Court was quite explicit on this point at pages 547–8:

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[1] Subsequently the Supreme Court held that Congress has the power to act to preserve the purity of presidential elections. *Burroughs and Cannon* v. *U.S.* 534 (1934).

If it can be seen that the means adopted are really calculated to attain the end, the degree of their necessity, the extent to which they conduce to the end, the closeness of the relationship between the means adopted and the end to be attained, are matters for congressional determination alone. *Stephenson* v. *Bingord,* 287 U.S. 251, 272. Congress reached the conclusion that public disclosure of political contributions, together with the names of contributors and other details, would tend to prevent the corrupt use of money to affect elections. The verity of this conclusion reasonably cannot be denied.

The overwhelming preponderance of the testimony before the committee indicates the rapidly escalating cost of campaigning for public offices poses a real and imminent threat to the integrity of the electoral process.

According to Voters' Time, the report of the Twentieth Century Fund Commission on Campaign costs in the electronic era, after 1952, when television emerged as a dominant form of communications in Presidential campaigns, the estimated cost per vote took a sharp upward turn. From 19 cents in 1952, the cost per vote rose to 29 cents in 1960, and to 35 cents in 1964. In 1968 it jumped to 60 cents.

For the same periods the estimated direct spending of national-level party and campaign committees rose progressively from $11.6 million in 1952; to $12.9 million in 1956; to $19.9 million in 1960; and to $24.8 million in 1964. In 1968 it reached $44.2 million.

And according to another source, in three recent Presidential campaign years, the amount of money spent on newspaper ads was $4.3 million in 1956, $7.7 million in 1964, and $11.6 million in 1968.

Simply stated people are becoming cynical because of these high costs.

A Gallup poll in November of last year showed that eight in 10 Americans favor a law that would limit the total amount of money that can be spent for or by candidate in his campaign for public office.

One American interviewed by the poll was quoted as saying—

If you do not have a million bucks, you might as well forget about running for political office these days.

That may sound funny, but it is more truthful than it is funny.

An opinion poll done for the advertising agency Foote, Cone, and Belding, released in January 1971, indicated that 65 percent of the adult American public wants restrictions on political television advertising, and an additional 9 percent would like to see TV campaigns limited in duration.

And most recently, of course, is the report of the Citizens Research Foundation on political spending in 1968.

Title I of the amendment to S. 382 embodies one means necessary to remove this threat. It places a limitation on the amount of money candidates or their supporters may spend on the media. No direct prohibition is placed on free speech. Except for radio, television, and certain specified nonbroadcast media, candidates and their opponents may speak at will. Moreover, even with respect to the restricted media, candidates or their supporters may use all the free time and space available to them.

And where the limitation does apply, it is not total. An ample ceiling exists so that candidates may fully and fairly present their candidacies through these media.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a rundown of a schedule prepared by the staff which shows how much money can be spent by a candidate, State by State. It appears on page 75 of the report, and I cite that for the convenience for the Reporter of Debates.

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

APPENDIX A.—SPENDING CEILING—FORMULA BASED ON ESTIMATES OF RESIDENT POPULATION OF VOTING AGE—1972, BUREAU OF THE CENSUS [1] (SENATORIAL GENERAL ELECTION—1972)

| | Amounts based on estimates of resident population of voting age, 1972 [1] | | |
|---|---|---|---|
| | Broadcast (5 cents) [2] | Nonbroadcast (5 cents) [2] | Total |
| Alabama | $114,550 | $114,550 | $229,100 |
| Alaska | 30,000 | 30,000 | 60,000 |
| Arizona | 61,350 | 61,350 | 122,700 |
| Arkansas | 65,900 | 65,900 | 131,800 |
| California | 711,850 | 711,850 | 1,423,700 |
| Colorado | 76,600 | 76,600 | 153,100 |
| Connecticut | 105,850 | 105,850 | 211,700 |
| Delaware | 30,000 | 30,000 | 60,000 |
| Florida | 254,400 | 254,400 | 508,800 |
| Georgia | 155,550 | 155,550 | 311,100 |
| Hawaii | 30,000 | 30,000 | 60,000 |
| Idaho | 30,000 | 30,000 | 60,000 |
| Illinois | 378,150 | 378,150 | 756,300 |
| Indiana | 174,350 | 174,350 | 348,700 |
| Iowa | 94,350 | 94,350 | 188,700 |
| Kansas | 76,950 | 76,950 | 153,900 |
| Kentucky | 108,850 | 108,850 | 217,700 |
| Louisiana | 117,800 | 117,800 | 235,600 |
| Maine | 33,100 | 33,100 | 66,200 |
| Maryland | 135,750 | 135,750 | 271,500 |
| Massachusetts | 197,350 | 197,350 | 394,700 |
| Michigan | 293,750 | 293,750 | 587,500 |
| Minnesota | 126,150 | 126,150 | 252,300 |
| Mississippi | 70,600 | 70,600 | 141,200 |
| Missouri | 161,100 | 161,100 | 322,200 |
| Montana | 30,000 | 30,000 | 60,000 |
| Nebraska | 50,100 | 50,100 | 110,200 |
| Nevada | 30,100 | 30,000 | 60,000 |
| New Hampshire | 30,000 | 30,000 | 60,000 |
| New Jersey | 250,900 | 250,900 | 501,800 |
| New Mexico | 31,650 | 31,650 | 63,300 |
| New York | 635,700 | 635,700 | 1,271,400 |
| North Carolina | 174,650 | 174,650 | 349,300 |
| North Dakota | 30,000 | 30,000 | 60,000 |
| Ohio | 358,250 | 358,250 | 716,500 |
| Oklahoma | 89,550 | 89,550 | 179,100 |
| Oregon | 73,650 | 73,650 | 147,300 |
| Pennsylvania | 406,800 | 406,800 | 813,600 |
| Rhode Island | 33,550 | 33,550 | 67,100 |
| South Carolina | 85,750 | 85,750 | 171,500 |
| South Dakota | 30,000 | 30,000 | 60,000 |
| Tennessee | 135,500 | 135,500 | 271,000 |
| Texas | 379,450 | 379,450 | 758,900 |
| Utah | 33,700 | 33,700 | 67,400 |
| Vermont | 30,000 | 30,000 | 60,000 |
| Virginia | 161,600 | 161,600 | 323,200 |
| Washington | 119,050 | 119,050 | 238,100 |
| West Virginia | 58,750 | 58,750 | 117,500 |
| Wisconsin | 147,400 | 147,400 | 294,800 |
| Wyoming | 30,000 | 30,000 | 60,000 |

[1] Includes persons 18, 19, and 20 years of age.
[2] Or $30,000 if larger.

Sources: Clerk's report: "Statistics of the Presidential and Congressional Election of 1968." Bureau of the Census; "Estimates of Resident Population of Voting Age; November 1970 and November 1972."

PRESIDENTIAL GENERAL ELECTION (1972)—ESTIMATES OF RESIDENT POPULATION OF VOTING AGE, 1972

| | |
|---|---|
| Broadcast (5 cents) | $6,978,150 |
| Nonbroadcast (5 cents) | 6,978,150 |
| Total | 13,956,300 |

Mr. PASTORE. Insofar as supporters of the candidates are concerned, it would be defeating the purpose of the legislation, and in effect denying Congress the very power to protect the integrity of elections recognized in Burroughs and Cannon, if they were allowed to do what the candidates may not.

To contend that limitations would be constitutionally sound with respect to candidates, but to maintain otherwise where their supporters are concerned, would construe the power of Congress to protect the election process far too narrowly. Such a construction would permit boundless evasion of the purpose of the legislation and in effect render it nugatory.

The only feasible regulatory scheme for regulating campaign spending is to make the candidate personally responsible for, and accountable for, all money spent by and for him on the media, and to place a reasonable limitation on such expenditures.

Moreover, with respect to the broadcast media, no person now has an unrestricted right of access. As the Supreme Court said in *National Broadcasting Co.* v. *United States,* 319 U.S. 190, at p. 226—

Freedom of utterance is abridged to many who wish to use the limited facilities of radio. Unlike other modes of expression, radio inherently is not available to all.

Conversely, the Government may vest in certain individuals a right of access to these facilities. *Red Lion Broadcasting* v. *Federal Communications Commission,* 359 U.S. 367 (1969); 47 U.S.C. 315(a). The touchstone for such actions is the public interest, convenience, and necessity.

But limitations that are adequate and realistic are not enough; they must also be workable and enforceable. Under the proposed legislation, the obligations of the candidates and those who sell air time and media space are clear and easily discharged. Significantly, when I asked the Chairman of the Federal Communications Commission if the broadcast provisions of the proposed legislation were enforceable by the Commission, he answered in the affirmative.

Mr. President, the limitations on media spending are aimed at a specific evil which Congress has a constitutional right to remedy; and the remedy it has chosen is necessary and reasonably related to the harm it seeks to prevent. These considerations in the committee's judgment outweigh any indirect limitation on the right of candidates or their supporters to use the media.

The amendment to S. 382 is a comprehensive approach to the problem of political campaign reform and excessively high campaign costs. Its provisions not only deal with the communications media, but with disclosure and reporting requirements as well.

This measure represents a major effort at reform in an area vital to our democratic society.

The necessity for campaign reform is now beyond question, and transcends special or partisan interests.

Mr. President, at this point, I wish to yield to the distinguished Senator from Nevada (Mr. CANNON) who is on his way to the Chamber, whose diligent and painstaking efforts as chairman of the Subcommittee on Privileges and Elections, are responsible for the reporting and disclosure provisions in the amend-

ment. He will explain the provisions that have to do with disclosure.

Mr. President, in this connection, let me say that we have striven to give to the people of the country and also to candidates for Federal office, whoever they may be—whether incumbents or opponents of incumbents—a guideline which is reasonable in measuring the costs and arriving at a ceiling in order to bring about a sensible program of election campaign for the welfare of the American people.

The reforms adopted are liberal and yet not too liberal. I believe that they will do effectively what needs to be done in order to bring the spiraling costs of campaigning under some sort of sensible control.

For that reason, I would hope that the Senate would pass the pending bill, that the House will accept it, and that it will be acceptable to the President of the United States.

The Deputy Attorney General, Richard C. Kleindienst, appeared before our committee. I said to him that if we were to sit down together, in 24 hours we could compromise on a sensible and effective bill.

I want to say about Mr. Kleindienst that I found him to be fair and reasonable. I asked him whether he represented the administration and he said that he did. He wrote me a letter to that effect.

I would hope that if there are any improvements to be made, they will be made. I have an open mind. If anyone has any suggestions that are more effective and wiser than some of the suggestions we have proposed in the pending bill, I hope they will come up with them. There is no partisanship in the pending bill so far as I am concerned.

Mr. President, I have been in Congress now for 21 years and I have had experience in running for public office. In my State, it is not so expensive as in other States, but I feel that the time has come when in all the States, large and small, something needs to be done.

When one can pick up a newspaper, in these times of inflation, in these times of unemployment, and read that some Senators have to spend almost half a million dollars on television and radio, that, in itself, is scandalous. I believe that much of the money is wasted. The expenditure situation becomes competitive and candidates vie with one another. If one candidate has a billboard on one side of the street, his opponent thinks that he must have another billboard on the other side of the street.

There is not a candidate for public office who has not kicked himself when he realized it cost him twice as much as he had planned.

In the pending bill we are trying to avoid that, by bringing this whole matter into a context that makes sense, and I think that the bill does that.

Mr. President, I suggest the absence of a quorum in order that the Senator from Nevada (Mr. CANNON) may be allowed time to come into the Chamber.

The PRESIDING OFFICER (Mr. BUCKLEY). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. 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. PASTORE. Mr. President, I ask unanimous consent that the time consumed for the last quorum call not be taken out of either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. MATHIAS. Mr. President, I ask unanimous consent that during the consideration of the pending bill, Mr. Joel Abramson and Mr. Terry Barnett, members of the committee staff, be permitted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. 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. PASTORE. Mr. President, I am glad to yield to the Senator from Nevada (Mr. CANNON) now, to address himself to the provisions on disclosure, and at other times it may be necessary.

Mr. CANNON. Mr. President, I thank the distinguished Senator from Rhode Island for yielding to me.

Mr. President, the "Federal Election Campaign Act of 1971," S. 382, is the latest of a long series of election reform proposals considered by the Senate. S. 2436 was passed by the Senate in 1960; S. 2426 was approved by the Senate in 1961; and S. 1880 was adopted by the Senate in 1967 by an 87 to 0 vote. Other proposals have been reported to the Senate but not acted upon. Unfortunately, none of the Senate-passed bills was approved by the House of Representatives.

Therefore, Mr. President, there has not been any real change in the law governing campaign contributions and expenditures since the Corrupt Practices Act of 1925 became law 46 years ago. That Act undoubtedly was considered to be a very significant step in 1925, but through the years has become so meaningless that it has absolutely no validity.

We are now beginning debate on a bill which has been given greater study and broader consideration than any previous legislative proposal in the field of election reform. The Federal Election Campaign Act of 1971 was referred to three committees for separate consideration of provisions within the specific jurisdiction of the appropriate committees. The Commerce Committee and the Committee on Rules and Administration each held public hearings to obtain widest possible opinion from a variety of expert witnesses. Executive mark-up sessions resulted in separate reports to the Senate from those committees, although no action was taken by the Finance Committee.

On May 6, Commerce reported its version of the bill—S. 382—and on June 21 Rules and Administration reported the bill, together with the amendments adopted by that committee. I am a cosponsor, along with Senators MANSFIELD and TALMADGE, of the amendment in the nature of a substitute proposed by the distinguished Senator from Rhode Island, the chairman of the Subcommittee on Communications, Senator PASTORE. As chairman of the Subcommittee on Privileges and Elections, I have worked long and hard to bring about a substantial and enforceable improvement in the laws applicable to campaign financing. In my opinion, the Pastore substitute amendment to S. 382, Amendment No. 308, is a solid, meaningful bill, setting limits upon broadcast and nonbroadcast media expenditures and requiring prompt, complete public disclosure of all contributions and expenditures by candidates for nomination or election to Federal elective office and by all political committees seeking to influence those elections.

Mr. President, the Pastore substitute amendment is comprised of three major titles: first, amendments to the Communications Act of 1934, and limitations on broadcast and nonbroadcast media expenditures; second, criminal code amendments; and third, disclosure of Federal campaign funds. Senator PASTORE has given his strong and articulate statement in explanation and support of title I, and as a member of the Commerce Committee, I wish to identify and align myself with him in defense of title I.

However, I would like to address myself to two areas of title I which were modified by the Rules Committee, but which have now been returned to the form in which they were originally reported from the Commerce Committee.

First, the Commerce Committee exempted only candidates for President and Vice President from the equal time provisions of section 315 of the Communications Act. That decision was based upon experience and knowledge of the communications field, as well as upon the advice of expert witnesses, including many from the television industry. Subsequently, the Committee on Rules and Administration amended the provision so as to exempt all candidates for Federal office from section 315. In spite of arguments to the effect that only a few candidates will be running in each State, it is my judgment, based upon personal experience as a Senator and also a chairman of the Subcommittee on Elections which has jurisdiction over the election of Senators, that there will be so many candidates running for nomination and election that broadcasters will be forced to pick selected individuals to the disadvantage of others. Surely, broadcasters would not give free time to all candidates for Congress in larger States, but may give to a few. This would be unfair, even though legal since the candidates so favored could be from different congressional districts covered by the same broadcast media. That amendment has no real congressional support. It is unnecessary, and for those reasons I favor the version in the Pastore substitute

which exempts only presidential and vice-presidential candidates.

Second, the Commerce Committee's reported version of S. 382 provided for distinct, separate limits upon expenditures for broadcast and nonbroadcast media. Those limits were set after studying reports of expenditures by candidates and committees in previous elections as well as estimates of amounts of money to obtain adequate exposure in future elections. Further, to give every assurance to candidates that the formula limitations would not become obsolete, there was adopted a provision calling for broadcasting stations and nonbroadcast media to provide time or space at the lowest unit cost or lowest unit rate. And, further, to maintain the formula on an up-to-date basis, there was provided a cost-of-living increase to be calculated annually by the Secretary of Labor. All of these factors were for the sole purpose of insuring fair and adequate access to broadcast and nonbroadcast media.

However, the Rules and Administration Committee amended those provisions by adopting an interchangeability factor to permit candidates to spend all or as much as they deemed advisable of the amounts allowed for both broadcast and nonbroadcast media for television time alone or for newspapers or billboards. What was a reasonable 5-cent limit times the estimate of resident population of voting age has now become doubled. Twice as much as was judged to be fair and reasonable by the members of the Commerce Committee, which has jurisdiction and experience in this area, may not be spent by every candidate. To me, this was totally wrong, and I strongly urge the full support of the separate limits, as carried in the Pastore substitute.

Title II, the criminal code amendments, defines the terms election, candidate, Federal office, political committee, contribution, expenditure, person, and State, so as to include within the scope of the bill every kinds of election, whether a primary, a runoff primary, a presidential preference primary, or a special or general election—runoff primary was accepted as an amendment to make it clear that a runoff is a separate and distinct election in its own rights and should stand on a par with every other kind of election. Even the election of delegates to a constitutional convention is covered by the definitions.

Every candidate for Federal elective office from the President down must comply with the provisions of the bill, and for the first time in history every single political committee, whether National or State or local, would be within the coverage of this bill if the individual committee accepts contributions or makes expenditures in an amount exceeding $1,000 during a calendar year.

Other terms are as broad as possible, and, in fact, are so all-inclusive that a special exception had to be written into the definitions of the criminal code amendments in order to permit National and State banks to make loans of money. A bank loan made in accordance with banking laws and regulations, that is, with adequate collateral and a note promising payment on a day certain with interest, has always been legal and proper. But recent interpretation of such loans as political contributions has resulted in indictment proceedings against certain banks. This action is an infringement of the rights of banks to conduct business, and the language of the definition of contribution and expenditure in the criminal code amendments only, is intended to correct the flaw in the construction of the law.

On June 30, 1971, in the case of U.S. versus The First National Bank of Cincinnati, the U.S. District Court for the Southern District of Ohio, Eastern Division, granted a motion to dismiss the indictment on the grounds that the application of section 610 of title 18, United States Code, in this case resulted in a denial of first amendment rights. In its opinion and order, the court states that—

> The evil in section 610 is not that it prohibits the political expression of a National bank, but that it directly affects the political expression of individuals who may wish to utilize their assets to secure credit on behalf of a particular candidate.

Several other similar cases have been dismissed on the same or similar grounds. It is clear that while a bank may not use its depositors' funds to make political contributions on its own, the fact that a bank does make bona fide loans to individuals who may use the moneys so received for political purposes, does not constitute a bank contribution, nor may such bona fide loans be barred.

The Pastore substitute strikes from the bill an amendment adopted by the Rules and Administration Committee which would have prohibited a political committee from soliciting or receiving a contribution from any officer or employee of the United States except an elected officer.

The Constitution gives every citizen the right to express himself, including expression of preference for political parties and candidates in the form of a political gift or contribution. In order to express himself fully, a citizen should have access to all information on candidates and parties, and ought to be privileged to receive letters of solicitation from political parties through their committees.

Almost unanimous testimony received by the Committee on Rules and Administration rejected specific limitations on individual contributions. Deputy Attorney General Kleindienst, among others, expressed the opinion that such limitations are unrealistic, unenforceable, and probably unconstitutional.

Senator HOLLINGS, chairman of the Democratic senatorial campaign committee, and Prof. Ralph Winter of the Yale Law School, were of the opinion that the first amendment prohibits the setting of limitations upon political activities of individuals, including the expenditure of money.

I was impressed by the testimony of those witnesses and others. I think they presented a good case. So, too, did the members of the Rules Committee.

Furthermore, stress in recent years has shifted from contributions or expenditures limitations to complete public disclosure of all political finances. Therefore, the Committee—Rules and Administration—agreed, without objection, to delete that provision from the bill, and to recommend repeal of section 608 from title 18 of the United States Code.

Also, there was unanimous agreement to recommend repeal of section 609 of title 18 because the 3 million dollar limit on contributions to or expenditures by national committees has never been observed. Other committees were created to receive or expend additional funds.

Section 600 of title 18 as shown in section 202 of the Pastore substitute sets forth in greater detail the prohibitions against special promises or awards in return for political support.

Section 611 of title 18 as shown in section 205 of the Pastore substitute clarifies the period during which Government contractors are forbidden to make any contributions to political parties, committees, or candidates.

Eliminated from the Pastore substitute is former section 206 of the bill. That former section would have prohibited any business regulated by CAB, FCC, or ICC from extending any credit to candidates or persons acting on their behalf for services or goods furnished, unless any debt so created was secured in full by property, bond, or other security.

Businesses regulated by those agencies have the right to exercise sound judgment in conducting their affairs. That is only commonsense. Certainly no business would jeopardize its economic stability by extending unlimited credit to persons without reasonable belief that debts would be repaid. The amendment restricted the freedom of operation of those businesses and imposed an arbitrary, unfair, and harsh burden upon candidates of modest means.

In the report of the Rules Committee three of the minority members said, in discussing the bank loans problem, that:

> No one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office.

That quote could very aptly be applied to the amendment which would prohibit the extension of credit. Without credit, candidates of limited means simply could not run for office, whereas the wealthy would have, in effect, a vested right to seek office.

Figures are not readily available to show what percentage of a corporation's budget is allowed for credit, but I understand that it is not a significant percentage as compared with the gross or overall income.

This amendment has been called the "Fat Cat" or "Rich Man's amendment for obvious reasons. Even a credit card would be of no use to a candidate if he had to post full security every time he used it.

Finally, the avenues of greatest expense—television and radio—require at the time of purchasing program time the payment of all or most of the cost for time or space, so the amendment would not have been necessary for broadcast media. The amendment was eliminated from the Pastore substitute and I hope it will not be adopted if offered again.

Title III of S. 382, covering disclosure

of Federal campaign funds, has evolved from a long history of committee and Senate activity in the field of election law reform. Gradually there has developed an awareness of the need for complete and public disclosure, not simply for general elections or from candidates and national committees, but from every possible source and covering every political activity. Existing law does not apply to primary elections or to conventions. It does not apply to State and local political committees, but only to those which are interstate or national in character.

Information presently submitted to the Senate and the House is sketchy at best, is not published, and provides no real accounting for money received or spent by candidates or committees. S. 382, however, encompasses the whole spectrum of political action and will furnish to the public huge amounts of data broken down into separate categories. Those categories will show where money comes from, how it is spent, by whom, for whom, the amounts received or spent, for each step in the nominating process, as well as the general elections, and the identities of individuals, candidates, and committees that are involved in all of the election processes.

All political committees which anticipate receiving or spending in excess of $1,000 per year substantially to influence the election of candidates for Federal office must be organized and registered with the Comptroller General of the United States. Even committees representing States or political subdivisions in arranging for political conventions must account to the Comptroller General.

And every candidate for nomination or election to Federal elective office must file detailed reports of receipts and expenditures with the Comptroller General.

Each individual or candidate or political committee or other organization required to file statement must account for its receipts and expenditures on the 10th day of March, June, and September in each year, and on the 15th and 5th days preceding the date of any election, and also by the 31st day of January. All reports must be complete 5 days before the date of filing, or less if the Comptroller General so directs.

To insure broadest possible dissemination and availability of statements, copies of everything required to be filed with the Comptroller General must also be filed with the clerk of the U.S. District Court for the district where the candidate resides or where the principal office of the political committee is located. All statements must be received and made available for study and copying by the public within a reasonable time. All reports must be preserved for 5 to 10 years.

Substantial agreement on the provisions of title III was reached in the Committee on Rules and Administration, and I believe that all of the members of that committee gave their approval to the technical, organizational, and reporting requirements of candidates, political committees, and others.

However, there was sentiment in favor of the creation of a Federal Elections Commission to serve in lieu of the Secretary of the Senate or the Clerk of the House of Representatives. Some Members of the Senate, including myself, have been of the opinion that the Senate and the House should oversee and control the campaign financing reports by candidates for the Senate and the House and their committees.

The Constitution says in article I that:

Each House shall be the judge of the elections, returns, and qualifications of its own Members.

That provision has been held to give each House of the Congress the sole and exclusive power over its Members. Accordingly, I have supported the proposals to enact a new law which would do everything that S. 382 does, except that the Secretary and the Clerk would act in lieu of a Federal Elections Commission or anyone else. However, in recognition of the division of opinion among the members of our Committee on Rules and Administration, a compromise was reached.

The Office of the Comptroller General was approved as the depository for financial statements. The Comptroller General oversees the expenditure of Federal funds and has a large staff of competent and experienced accountants.

If a Federal Elections Commission were created, its members, who would serve only part time, would be appointed by the President, and its staff, at least during election years, would have to be drawn from other sources, like the General Accounting Office.

To my mind, the compromise is a good one. The Comptroller General is as independent as any other body is likely to be; he is already located and well established in the District of Columbia, has ample trained and permanent personnel, and would prove to be a very efficient and able administrator of this act. I sincerely urge the Senate to approve of the Comptroller General to carry out the provisions of the bill.

I regret that the Finance Committee took no action on the bill with respect to former title IV, which was deleted from the Pastore substitute. Title IV offered a modest tax credit of one-half of the amount of a political contribution, but not to exceed a total credit of $20 per taxpayer per calendar year.

Alternatively, there was proposed a tax deduction for political contributions, but not to exceed $100 per taxpayer per calendar year.

We have long sought a means for broadening the base for political contributions. We know that greater numbers of citizens should be encouraged to support candidates and political parties of their choice.

A small tax incentive would serve as an inducement to the taxpayer to give some contribution. A portion of the cost would have been borne by the contributor and some of it would have been carried by the Government. As in the case of other deductions and credits which are allowed in the Internal Revenue Code, I believe these tax incentives for political purposes would serve the best interests of the public, and I will continue my efforts to bring about the adoption of some such provision.

However, I do not want to lessen the chances for passage of this important and necessary legislation, and so I have agreed to the deletion of title IV from the Pastore substitute.

Mr. President, the Federal Corrupt Practices Act is old, obsolete, and is of no use at all today. It is time for the enactment of a new, comprehensive law which will restore confidence in the integrity of the elective process.

The Pastore substitute is the end product of the thinking and hard work of many Senators, and it is my sincerest wish that it will be given the approval of the entire membership of this body.

PRIVILEGE OE THE FLOOR

Mr. JAVITS. I ask unanimous consent that Charles Warren be permitted to be present on the Senate floor to assist me throughout the debate on the campaign expenditures bill.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. BAKER. Mr. President, today we resume consideration of the bill, S. 382—the Federal Election Campaign Act of 1971. More specifically, we undertake consideration of the pending amendment No. 308—Star Print—introduced by the senior Senator from Rhode Island (Mr. PASTORE) and others, in the nature of a substitute to the bill, S. 382, as reported by the Committee on Rules and Administration, which under the unanimous-consent agreement has been accepted as original text.

Mr. President, as the ranking Republican on the Subcommittee on Communications of the Senate Committee on Commerce, I have labored long and hard with the distinguished chairman of that subcommittee, the senior Senator from Rhode Island (Mr. PASTORE) in trying to shape an effective piece of legislation. Let there be no mistake, the legislation which we are considering today will have a far-reaching effect and a profound impact upon the campaign election process not only in the short term but in the years ahead. It, therefore, is deserving of the most serious consideration and deliberation by all Members of the Senate. Mr. President, I cannot emphasize this point too strongly and urge all of my colleagues to be attentive in the consideration which we now commence on this measure.

Mr. President, I support the bill, S. 382, as reported by our Committee on Rules and Administration. I do so based upon the following principal shortcomings which I perceive in the pending amendment No. 308—Star Print:

First. Inadequacy of amendment No. 308's—Star Print—partial exemption to the "equal time requirements" of section 315 of the Federal Communications Act;

Second. The unduly restrictive separate spending limitations lacking interchangeability;

Third. The failure to prohibit unsecured debts by political candidates for services rendered by certain regulated industries;

Fourth. The failure to go the full measure and provide for an independent Federal Elections Commission; and

Fifth. The failure to provide a fair labeling disclosure advising the general

public of the availability of detailed copies of reports filed by political committees.

Mr. President, the above enumerated five points are my areas of principal concern with the pending amendment No. 308—Star Print. I am equally concerned about other areas of the pending amendment and at the appropriate time will address myself to those points. However, for the moment I would like to elaborate upon my concern over the five major points of disagreement which I have with the pending amendment.

First. Inadequacy of amendment No. 308's —Star Print—partial exemption to the "equal time requirements" of section 315 of the Federal Communications Act.

Amendment No. 308—Star Print—reinstates the provision amending the equal time requirement of section 315 of the Federal Communications Act which was reported by the Committee on Commerce. It would create an exception to the equal time provisions of section 315 for presidential and vice presidential candidates.

During the deliberations of the Commerce Committee on S. 382, I offered an amendment to exclude from the equal time provisions of section 315 all Federal elective offices. This amendment was defeated by a margin of but one vote.

The Committee on Rules and Administration, before which I appeared and testified, very wisely, I thought, adopted an amendment similar to mine so as to exclude Federal elective offices. That committee also provided in the same amendment that Federal candidates would be given maximum flexibility in the choice of program format. This I believe improved upon my amendment by removing any doubt whatsoever concerning the possible control of television stations or networks over the program format of a political candidate. Testimony before the Committee on Commerce during the appearance of the presidents of the three networks—the American Broadcasting Co., the Columbia Broadcasting System, and the National Broadcasting Co—created some ambiguity on this point.

As the distinguished chairman of our Communications Subcommittee (Mr. PASTORE) indicated during those hearings, and I quote:

"I said this on the floor of the Senate when I pushed for this the last time the bill was passed. I said the networks would not prescribe the format." (Commerce Committee Hearings, Serial No. 92–6, at 386.)

However, in a colloquy with Dr. Frank Stanton, president of the Columbia Broadcasting System, the senior Senator from Rhode Island (Mr. PASTORE) noted:

Now you are saying today that we would like to sit down and talk with them about the format.

To which Dr. Stanton replied as follows:

"Dr. STANTON. I do not believe that I have changed my position on that point. If we have the responsibility of doing the best job we can to inform the American people, I think we have some role in the situation. I do not say we should be the only ones to be consulted. I think it should be a two-way street." (Commerce Committee Hearings, Serial No. 92–6, at 384.)

Dr. Stanton did seek to clarify his position on this matter by letter to the distinguished chairman of our Communications Subcommittee (Mr. PASTORE), but in that letter he stated, in part, the following:

"Format would be determined in consultation with the candidates, and with their agreement." (Commerce Committee Hearings, Serial No. 92–6, at 388.)

There, therefore, remains, in my mind at least, some question concerning network control of format. If, on the other hand, what Dr. Stanton said means that there would not be control of format, then I see no harm in putting this in the bill so that it is clearly spelled out.

Accordingly, Mr. President, I believe the language added by the Committee on Rules is an improvement and removes any ambiguity over the possibility of control over a candidate's format.

Now, as to the extent of the exemption from the equal-time requirement of section 315 of the Federal Communications Act, I joined with several of my colleagues on the Committee on Commerce in filing supplemental views to that committee's report, which includes an expression of my opinion on this issue. These views are to be found starting on page 81 of the Commerce Committee's report on S. 382—Senate report 92–96.

As indicated in those views, the justification for excepting Presidential and Vice Presidential candidates from the operation of the equal-time requirement of section 315 of the Federal Communications Act as now provided for in the pending amendment No. 308—Star Print—is that, contrary to its purpose, section 315 has inhibited broadcasters from offering free time and coverage to candidates. I agree that section 315 has had such an inhibiting effect. However, the proponents of amendment No. 308—Star Print—violate the principle of any sound logician by endeavoring to limit it to the particular offices of the President and Vice President, thereby inferring that the same inhibitions do not exist with respect to candidates for other Federal elective office. It is my view—and one in which several of my colleagues, including the Rules Committee, concur—that "what is good for the goose is good for the gander." In other words, if section 315 has produced the wrong result, then its inhibiting effect is not limited solely to Presidential campaigns. Therefore, in the interest of increasing the electorate's accessibility to candidates and issues, section 315 should not apply to any candidates for Federal office.

In hearings held before the Committee on Commerce this view that section 315 should not apply to any candidates for Federal office was shared by a number of witnesses. During those hearings the Deputy Attorney General, the Honorable Richard G. Kliendienst, stated, in part:

"We recommend total repeal, which would benefit candidates for other Federal offices as well as those for president and vice president." (Commerce Committee Hearings, Serial No. 92–6, at 516.)

Similarly, Dr. Frank Stanton, president of Columbia Broadcasting System, noted, in part, the following:

Central to any measures calculated to strengthen the electoral process must be the improvement of the quality and quantity of information provided to the public about the candidates and the issues. The repeal of section 315 is an important avenue to this end, since it would provide opportunities for greater contribution of free time by broadcasters and deeper treatment of the issues. (Commerce Committee Hearings, Serial No. 92–6, at 380.)

On this same point, Vincent T. Wasilewski, president of the National Association of Broadcasters, noted, in part, the following:

We believe the capricious operation of section 315, however, makes it impossible for broadcasters to perform this public service (providing time in political campaigns) responsibility.

Even the distinguished chairman of our Communications Subcommittee (Mr. PASTORE) conceded merit to the provision of extending the exemption from section 315 to all Federal elective offices. During a colloquy with the Deputy Attorney General, Mr. Kleindienst, the distinguished senior Senator from Rhode Island (Mr. PASTORE) noted, in part, the following:

"Now your argument is that we should include the office of, let's say, a Senator or a Congressman. I personally have no objection to that. The only trouble is that there has been some stiff resistance to that on the grounds that this is more or less a parochial situation, and does not fit in the same category as the offices of President and Vice President that have to appeal for the national networks rather than the local broadcasting station.

* * * * *

"I want to say at this juncture that your suggestion in regard to extending the repeal of section 315 should be given serious consideration, and it is not too farfetched at all. It is vrey much in line with what we have been thinking." (Commerce Committee Hearings, Serial No. 92–6, at 520.)

Mr. President, on this issue I will rest my case until an appropriate time when an amendment will be offered to extend the exemption from the equal time provisions of section 315 to all Federal elective offices. To quote the distinguished and knowledgeable chairman of our Communications Subcommittee (Mr. PASTORE), "extending the repeal of section 315 should be given serious consideration." The same logic, Mr. President, which persuaded the proponents of amendment No. 308—Star Print—to repeal this section of the Communications Act with respect to the office of President and Vice President is equally, if not more, persuasive in justifying provision of the same exemption with respect to candidates for election to the House of Representatives and to the U.S. Senate.

Second. The unduly restrictive separate spending limitations lacking interchangeability.

Mr. President, the next point which I wish to make concerning amendment No. 308—Star Print—deals with the matter of interchangeability of media spending limitations. The proponents of amendment No. 308—Star Print—again

have walked us back to the position set forth in the bill, S. 382, as reported by our Committee on Commerce. They would have us reject out of hand the meritorious amendment made by the Committee on Rules which would permit the candidate the flexibility of choosing to spend his allowable limit in either the broadcast or the nonbroadcast media. If you will, Mr. President, this simply denies a candidate "freedom of choice" in how best to conduct his own campaign.

Such a restricted and compartmentalized proposal as is being proposed by the proponents of amendment No. 308—Star Print—simply constitutes one closing his eyes to reality. In effect, what it says is that in prior election campaigns candidate X was able to conduct his campaign within the respective spending limitation which the proponents propose from the broadcast and nonbroadcast media respectively. It totally disregards the very cold factor of reality that in some sectors of our country it is neither practicable nor feasible for a candidate to campaign with one media or the other.

As the distinguished senior Republican on the Committee on Commerce (Mr. COTTON) pointed out during our hearings:

"There are certain areas where television just isn't worth the investment to a candidate because it doesn't have the listeners a candidate is most interested in reaching." (Commerce Committee Hearings, Serial No. 92–6, at 397.)

The distinguished senior Senator from New Hampshire (Mr. COTTON) also rightly observed the following:

"I think there are some qualifications about this concept that television is the greatest media for candidates. Quite frankly, its potential depends somewhat on where the candidates live. There are many small States in this country. My State of New Hampshire is a good example. When I run for office, as much as I would like to utilize television, I find that I seldom use it." (Commerce Committee Hearings, Serial No. 92–6, at 416.)

Moreover, Mr. President, none other than the most distinguished and highly respected majority leader of the U.S. Senate (Mr. MANSFIELD) seems to share a similar view as I do concerning the need for interchangeability. For example, on March 15, 1971, when writing to Mr. William A. Merrick, president and General Manager of KBMN, Bozeman, Mont., the distinguished majority leader (Mr. MANSFIELD) noted, in part, the following:

"I believe that there should as well be some discretion to the candidate that would permit transferring from one media allocation to the other depending upon the individual needs of each candidate. I am hopeful that this provision will ultimately be incorporated into the bill prior to final enactment." (Commerce Committee Hearings, Serial No. 92–6, at 669.)

Again, in a letter of March 15th to Mr. Joseph S. Sample, Montana Television Network, Billings, Mont., the senior Senator from Montana (Mr. MANSFIELD) noted, in part, the following:

"In addition, I am hopeful the final version of the bill will contain the type of leeway and discretion to each candidate to permit the transfer of amounts from one category to another, depending upon individual judgment and needs of that candidate. I do believe that the overall limitations provided in the bill are adequate, but it is true that a challenger to an incumbent may justly and validly need to expend more of his campaign funds on name identification which can probably more validly be achieved through the electronic media. *I would not want any bill with which I* [sic. am] *associated to be considered a bill for the protection of incumbents.*" (Emphasis supplied.) (Commerce Committee Hearings, Serial No. 92–6, at 670.)

Mr. President, in view of the above quoted stated position of our distinguished majority leader (Mr. MANSFIELD) I know that I and my other colleagues would greatly appreciate his support to an amendment which I am sure will be offered to provide this necessary flexibility to a candidate with respect to interchangeability of spending on the broadcast and nonbroadcast media.

Mr. President, what the proponents of amendment No. 308—Star Print—fail to recognize is that their amendment lacking interchangeability between the spending limits established for the respective media is more likely to restrict the availability of information to the electorate than it is to reduce campaign costs.

Amendment No. 308—Star Print—simply fails to recognize the dissimilarity of campaigns in one area of the country as contrasted to other areas of the country. As pointed out by Mr. Philip Stern when testifying before the Committee on Commerce:

"While TV and radio are the most effective way of reaching the voters, the conditions vary widely from one campaign to another, and they can also be the most inefficient and costly way of reaching the voters.

* * * * *

"What's more, even where TV is suitable and available, not all candidates choose to place the same reliance on it." (Commerce Committee Hearings, Serial No. 92–6, at 448.)

Mr. President, I feel very strongly about this issue and the need to provide for this suggested interchangeability. If media spending limitations are to be realistic, then it is incumbent upon the Congress, either to permit interchangeability between the two media limitations, or to devise an overall limitation whereby any given candidate would retain enough flexibility to best reach the eligible voters of his State or his district. We should not and we must not overstructure the political process by artificial, arbitrary, or categorical limitations.

I would only conclude by pointing out, Mr. President, that even the distinguished chairman of our Communications Subcommittee (Mr. PASTORE) seems to recognize the necessity for at least some degree of interchangeability. During the course of hearings before our Commerce Committee, in a colloquy with Mr. Wasilewski, president of the National Association of Broadcasters, the following exchange occurred:

"Senator PASTORE. We thought of that. What you would do in that particular case, you would transfer to the other area.

"Mr. WASILEWSKI. I think this ought to be a matter that is in the broad discretion of the candidate himself.

"Senator PASTORE. You are absolutely right, because we have said this time and again here, especially during the testimony of some of the networks. * * *

"He can better spend his money in another way; that is, either by mailing or by billboards or however he wants to do it.

"We have been thinking of the idea that no more than 7 cents per vote, if that is the figure, and any candidate who does not use up to 7 cents can take the slack and transfer it to the other areas. * * *" (Commerce Committee Hearings, Serial No. 92–6, at 478, 479.)

Mr. President, all of the foregoing evidence simply begs the question, Why not face reality and provide the necessary interchangeability.

The distinguished majority leader of the Senate (Mr. MANSFIELD) recognizes the need for this; the distinguished senior Republican on the Committee on Commerce (Mr. COTTON) recognizes it; and the distinguished chairman of our Communications Subcommittee (Mr. PASTORE) recognizes and acknowledges that there is at least merit to some degree of interchangeability. Why then not provide for it now? Why wait until we are functioning under this proposed law and then find out that we have been remiss in facing up to the reality of the election campaign process? A fair election campaign bill, yes, Mr. President, a biased and blindly restrictive campaign bill, no.

Third. The failure to prohibit unsecured debts by political candidates for services rendered by certain regulated industries.

Mr. President, the third area to which I would like to address myself concerns the amendment proposed by the distinguished minority leader (Mr. SCOTT) during his testimony before the Committee on Rules and Administration and which was adopted in the bill as reported by that committee, but which has been omitted from the pending amendment No. 308—Star Print. This concerns the matter of the extension of unsecured credit by certain Federally regulated industries to candidates for Federal office.

It is my understanding that at an appropriate time the distinguished senior Senator from Pennsylvania (Mr. SCOTT) will offer an amendment to pending amendment No. 308—Star Print—which would prohibit the extension of such unsecured credit. Mr. President, I fully intend to support that amendment when it is offered. I firmly believe that it is an area of demonstrated abuse and potential future abuse which must be corrected.

As the distinguished minority leader (Mr. SCOTT) pointed out in his remarks in the Senate Chamber on July 23, 1971—see CONGRESSIONAL RECORD, July 23, 1971, pages 26935–26943—the information compiled at his request by the General Accounting Office speaks for itself—over $2.1 million in outstanding airline bills and nearly $400,000 in outstanding telephone bills.

Mr. President, I and my other colleagues on the Committee on Commerce have been increasingly concerned over the financial situation of the airlines as well as the railroads. In view of this election campaigning "on-the-cuff" I now can foresee one of the reasons why some of our airlines are facing the financial problems they have today. As Mr. Stuart G. Tipton, president of the Air Transport Association, pointed out in his letter to

the distinguished minority leader (Mr. SCOTT):

"This problem of payment for campaign-related transportation services is a matter of concern to the airlines. Consequently, the industry would welcome and support an amendment which would require political parties or candidates to provide security for payment of charges for air transportation." (See Rules Committee Hearings on S. 382, at 123)

Mr. President, if we fail to correct this blatant abuse of extending unsecured credit we simply leave the door open for political candidates to receive an involuntary contribution from transportation and communication companies. I think that the issue presented here is as simple and as clear cut as that.

Granted there are some who would disparage the proposed amendment and no doubt will vote against it on the grounds that it is directed by those of us on this side of the aisle to the detriment of our colleagues on the other side of the aisle. That, Mr. President, is a characterization and a judgment which those individuals will have to make. For my part, I feel very strongly that unless we act to close this "loophole" we will simply be attempting to hoodwink the electorate of this Nation.

Not only will we be deceiving the electorate, Mr. President, but in view of the demonstrated significant writeoff this means for the industry involved, we in the Senate of the United States will be contributing, albeit in a small way, to future Penn Central's and future Lockheed's, but in this case in the airline industry itself I, for one, have no desire to be a party to any such possible deception, abuse, or adverse impact which could compound the economic ills of these industries. I would simply hope that all of my colleagues in the Senate will view the issue in the same fashion and will at the appropriate time vote in an appropriate fashion to once and for all put an end to on-the-cuff election campaign financing.

Fourth. The failure to go the full measure and provide for an independent Federal Elections Commission.

Mr. President, my fourth area of principal concern is the failure of both pending amendment No. 308—Star Print—and S. 382, as reported by our Committee on Rules and Administration, to go the full measure by vesting in an independent Federal Elections Commission the responsibility of monitoring election campaigns. Once again this is an area in which an amendment to establish an independent Federal Elections Commission was offered in the deliberations on S. 382 by our Committee on Commerce. It was offered by the distinguished senior Republican of that committee (Mr. COTTON) on behalf of the distinguished senior Senator from Kansas (Mr. PEARSON) and the distinguished minority leader (Mr. SCOTT). Unfortunately, it was defeated by a motion to table, thereby completely evading the merits of the proposal. And it is a meritorious proposal.

As pointed out by Dr. Herbert E. Alexander, director, Citizens Research Foundation, in his testimony before the Committee on Rules and Administration:

A succession of policy statements and reports of commission and task forces has recommended a single joint repository in the Federal Government to which political fund reports would be made. This was the recommendation of:

The President's Commission on Campaign Costs, Financing President Campaigns (1962);

The Committee on Economic Development, Financing a Better Election System (1968).

The Twentieth Century Fund Task Force, Electing Congress (1970).

The Association of the Bar of the City of New York, Congress and the Public Trust (1970).

All these groups contained individuals bringing varied and extensive experience in political finance and its study, and all proposed the establishment of a single agency to replace the Clerk of the House and the Secretary of the Senate as the repository of political fund reports. In 1966, and again in 1967, the Subcommittee on Elections of the House Administration Committee proposed that a Federal Elections Commission be established for this purpose. * * * (See Rules Committee Hearings on S. 382, at 146.)

Thus, Mr. President, for almost a decade we in the Congress have failed to face up to the need in this area by going the full measure with the establishment of an independent Federal Elections Commission. On the contrary, we have a somewhat faint-hearted proposal to go halfway and vest this respnsibility in the Comptroller General of the United States.

But, Mr. President, the Comptroller General of the United States simply does not want this responsibility and he does not want it for valid reasons. Yet for some inexplicable reason some members seem bent and determined to charge him with the statutory responsibility whether he likes it or not.

Mr. President, as the Comptroller General of the United States, the Honorable Elmer B. Staats, pointed out in his letter of June 9 to the distinguished chairman of the Committee on Appropriations (Mr. ELLENDER):

"We are strongly opposed to placing the responsibility for the administration of Federal campaign financing requirements in the Comptroller General.

* * * * *

"Because our relationship to the Congress closely resembles that of principal and agent, we especially wish to avoid being placed in the anomalous situation of having to investigate and report on our principal.

* * * * *

"* * * An alternative which we believe should be given serious consideration, would be the establishment of an independent, nonpartisan election commission to oversee Federal campaign spending." (See Rules Committee Hearings on S. 382, at 202.)

Mr. President, I cannot see how, if we act in a responsible manner, we in the Senate can turn our back on the position of the Comptroller General on this matter and blindly proceed ahead to vest him with a responsibility which he himself says he does not want and which he himself fears can only serve to undercut public confidence in his office. Quite frankly, I thought that one of the motivating forces behind the legislative proposal which we are now considering was to restore public credibility. Yet in total disregard of the learned opinion of the Comptroller General of the United States we are being asked to place in jeopardy the current confidence in his office.

Mr. President, we cannot and we must not do this. We have embarked upon a voyage to reform the election campaign process. Let us at least have the courage of our conviction, heed the counsel of the Comptroller General of the United States, and establish an independent Federal Elections Commission which, I understand, will be offered at an appropriate time as an amendment proposed by the distinguished Senator from Kansas (Mr. PEARSON).

Before leaving this particular issue, Mr. President, let me anticipate what I consider to be a specious constitutional argument against an independent Federal Elections Commission, which may be raised by some opponents. These opponents may say that under the Constitution the Congress is the sole judge of the elections and qualifications of office holders. Yet the establishment of the proposed independent Federal Elections Commission would not, in my opinion, derogate this authority. As a matter of fact, by letter dated April 8, 1971, to the chairman of the Committee on Commerce (Mr. MAGNUSON), Deputy Attorney General Kleindienst addressed this issue in the following manner:

"Finally, the Department is of the opinion that the establishment of an independent commission to administer the disclosure requirements would not constitute an unlawful delegation of legislative authority to the executive branch. Presently, reports and statements under the Federal Corrupt Practices Act (2 U.S.C. 244–246), and under the Federal Regulation of Lobbying Act (2 U.S.C. 264) are filed with, and preserved by, the Clerk of the House of Representatives and the Secretary of the Senate. The creation of an independent commission would not deprive either House of its constitutional authority under Article I, section 5, nor would it involve a delegation of such authority. Rather, it would merely permit each House better to exercise its authority by acting upon the most informed judgment." (Commerce Committee Hearings, Serial No. 92–6, at 556.)

Therefore, Mr. President, I respectively urge all of my colleagues not to be misled by this "red herring," which may be raised during the course of the debate on the amendment to establish such an independent Federal Elections Commission.

Let me conclude on this point by quoting the following from an editorial appearing in the New York Times of April 27:

The GOP members are emphatically right in preferring an electoral commission with its own staff over the growing Democratic predisposition to leave enforcement to the Clerk of the House and the Secretary of the Senate.

We have come half way with proposals to vest this responsibility in the Comptroller General of the United States. Unfortunately, we have stopped short of attaining the ultimate goal. The creation of an independent Federal Elections Commission, responsible for full and comprehensive disclosure of campaign finances, is the best way to achieve our objective and to show the American public that we have the courage to be fair.

Fifth. The failure to provide a "fair labeling" disclosure, advising the general public of the availability of detailed copies of reports filed by political committees.

Mr. President, my fifth and final point concerns an amendment adopted by the Committee on Rules and Administration which has been omitted from pending amendment No. 308—Star Print. That amendment would provide that political committees soliciting funds shall notify the public in all ads that it is filing with the Comptroller General accounts which would be available from the Superintendent of Documents.

Mr. President, one of the principal thrusts of any campaign reform measure should be full and adequate public disclosure. Again I feel that we have accomplished this in part, but I also feel that there is room for improvement.

I see little reason for not putting the general public on notice as to how they can obtain a copy of reports required to be filed under the measure now under consideration. Unless such knowledge is disseminated, it seems to me that we are simply making a token gesture and developing a mass repository here in Washington, D.C., which may never become known to the general electorate.

As the distinguished Senator from Vermont (Mr. PROUTY) and his colleagues pointed out in supplemental views in the report of the Committee on Rules and Administration:

"We are convinced that such a notification will make absolutely certain that individuals living in remote areas of the country know the activities of political committees operating largely in Washington, D.C. Once such knowledge is readily available, we are confident that many existing committees will take full advantage of involving as many of their contributors as possible in the decision making process." (Senate Report 92-229, at 128.)

In summary, Mr. President, my principal areas of concern with pending amendment No. 308—Star Print—are as follows:

First. Inadequacy of amendment No. 308's—Star Print—partial exemption to the "equal time requirements" of section 315 of the Federal Communications Act:

Second. The unduly restrictive separate spending limitations lacking interchangeability;

Third. The failure to prohibit unsecured debts by political candidates for services rendered by certain regulated industries;

Fourth. The failure to go the full measure and provide for an independent Federal Elections Commission; and

Fifth. The failure to provide a "fair labeling" disclosure advising the general public of the availability of detailed copies of reports filed by political committees.

In conclusion, Mr. President, the bill, S. 382—The Federal Election Campaign Act of 1971—has been substantially improved as a result of the deliberations of the Committee on Commerce and the Committee on Rules and Administration. All who contributed to this improvement are to be commended. Nevertheless, I personally feel that there remain areas which can be improved upon further. Certainly, the very fact that we are here in the Chamber of the U.S. Senate, engaged in what I hope will be a constructive debate, is evidence of our serious intention to come forth with a meaningful piece of legislation. All I can ask is that we do not take the easy route, but rather that we face up to issues such as I have pointed out and take appropriate steps to remedy them.

The foregoing is by no means inclusive of all of my areas of concern. I shall have more to say on this matter at a subsequent appropriate time. I have labored too long and too hard, as has the distinguished chairman of our Subcommittee on Communications (Mr. PASTORE) and those of our colleagues on Rules and Administration, to let this effort fall by the wayside. As the Latin poet, Horace, observed, "He has half the deed done, who has made a beginning." Mr. President, we have made a beginning. Now, let us finish the deed, so that when we finish we can justly and proudly point to our labors and say to the American electorate, "Here is the meaningful and responsible Federal Election Campaign Act of 1971."

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Berry, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 751. An act to authorize the disposal of industrial diamond crushing bort from the national stockpile and the supplemental stockpile;

S. 752. An act to authorize the disposal of vegetable tannin extracts from the national stockpile;

S. 753. An act to authorize the disposal of thorium from the supplemental stockpile;

S. 755. An act to authorize the disposal of shellac from the national stockpile;

S. 756. An act to authorize the disposal of quarta crystals from the national stockpile and the supplemental stockpile;

S. 757. An act to authorize the disposal of iridium from the national stockpile;

S. 758. An act to authorize the disposal of mica from the national stockpile and the supplemental stockpile;

S. 759. An act to authorize the disposal of metallurgical grade manganese from the national stockpile and the supplemental stockpile;

S. 760. An act to authorize the disposal of manganese, battery grade, synthetic dioxide from the national stockpile;

S. 761. An act to authorize the disposal of diamond tools from the national stockpile;

S. 762. An act to authorize the disposal of chromium metal from the national stockpile and the supplemental stockpile;

S. 763. An act to authorize the disposal of amosite asbestos from the national stockpile and the supplemental stockpile;

S. 765. An act to authorize the disposal of antimony from the national stockpile and the supplemental stockpile;

S. 767. An act to authorize the disposal of rare-earth materials from the national stockpile and the supplemental stockpile;

S. 768. An act to authorize the disposal of chemical grade chromite from the national stockpile and the supplemental stockpile;

S. 769. An act to authorize the disposal of industrial diamond stones from the national stockpile and the supplemental stockpile;

S. 770. An act to authorize the disposal of columbium from the national stockpile and the supplemental stockpile;

S. 771. An act to authorize the disposal of selenium from the national stockpile and the supplemental stockpile;

S. 772. An act to authorize the disposal of celestite from the national stockpile and the supplemental stockpile;

S. 774. An act to authorize the disposal of vanadium from the national stockpile;

S. 775. An act to authorize the disposal of magnesium from the national stockpile;

S. 776. An act to authorize the disposal of abaca from the national stockpile;

S. 777. An act to authorize the disposal of sisal from the national stockpile; and

S. 778. An act to authorize the disposal of kyanite-mullite from the national stockpile.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9272) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1972, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 20, 21, 22, 23, 24, 25, and 27 to the bill and concurred therein; and that the House receded from its disagreement to the amendment of the Senate numbered 26 to the bill and concurred therein, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9417) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1972, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 5, 15, and 28 to the bill, and concurred therein; and that the House receded from its disagreement to the amendments of the Senate numbered 3, 6, 18, 19, 21, 31, and 32 to the bill and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

## ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may proceed briefly without the time being charged against either side on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

## SUSPENSION OF RULE RELATING TO CERTAIN NOMINATIONS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that paragraph 6 of rule 38 of the standing rules of the Senate, relating to proceedings on nominations, be, and it is hereby suspended with respect to nominations unacted upon during the present session, and their status quo shall not be affected by the August 6 to September 8, 1971, recess of the first session of the 92d Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to temporarily lay the pending business aside in order that I may submit a report of the committee of conference on the disagreeing votes of the 2 Houses on the amendments of the Senate to the bill—H.R. 9667—making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1972, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

## DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS 1972—CONFERENCE REPORT

Mr. BYRD of West Virginia. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill—H.R. 9667—making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1972, and for other purposes.

I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of July 26, 1971, at p. 27186.

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

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.

Mr. BYRD of West Virginia. Mr. President, the conference on this appropriation bill was held in the Old Supreme Court Chamber on Monday, July 26, 1971. It was a very agreeable conference, and I am able to report to the Senate that we were highly successful in prevailing upon the House conferees in many instances to agree to the position of the Senate.

Exclusive of liquidating cash, principally for the highway programs, the new budget authority contained in the budget estimates for this bill was in the amount of $2,860,327,997. The bill passed the House of Representatives in the amount of $2,733,369,997. The bill passed the Senate carrying new budget authority in the amount of $2,958,929,997. The final conference agreement is in the amount of $2,905,310,997. The final total is $171,941,000 over the House bill and $53,619,000 under the Senate bill.

The conference report and the statement of the managers on the part of the House and on the part of the Senate has been printed as a House report and was printed in the CONGRESSIONAL RECORD, of July 26, 1971, on page 27186. The explanation in the RECORD is complete and was signed by the managers on the part of the two Houses. Consequently, I will be brief and highlight some of the important amendments in the bill.

Amendment No. 5 dealt with a recommendation of the Senate to provide $58,500,000 to reimburse the airlines for contributions they had made in connection with the development of the civil supersonic aircraft. The managers on the part of the House agreed to recommend this amount to the House of Representatives.

The Senate recommended $9,750,000 for alternation of bridges, an increase of $2,600,000 over the House. This involved $2,400,000 for the bridge at Beardstown, Ill., and $200,000 additional for the bridge over the Calumet River near Chicago. The conferees on the part of the House accepted the Senate increase in this respect.

The Senate had included $5 million for a marine traffic control system for the Puget Sound area under the Coast Guard, and in conference we were able to secure $1 million of this increase. It is believed that that is all that will be required during the first year.

The Senate increased the sum for facilities and equipment for the Federal Aviation Administration in the amount of $49,800,000. This consisted of $14 million for seven additional aircraft surveillance radars and $35,800,000 for aircraft surveillance radars and air traffic control towers which had been included in the report before the House, but for which financing had not been provided by the House. In conference, the full amount recommended by the Senate was agreed to by the conferees.

For the Federal payment to the Trust Fund for Airports and Airways, the final agreement was in the amount of $580,744,000 instead of the $530,944,000 proposed by the House. The increase over the House amount consists of the $49,800,000 previously referred to under "Facilities and Equipment." There will then be an estimated unappropriated balance in the trust fund of $248 million as of July 1, 1972, available solely to liquidate obligations incurred for airport development grants.

In connection with the forest highways and public lands highways programs, language to authorize appropriations from the highway trust fund for liquidation of obligations incurred against balances of the sums authorized for prior years and remaining unobligated at July 1, 1971, was agreed to in conference.

For traffic and highway safety, the conferees reached agreement to provide funding for half of the additional alcohol safety action program projects, for which House funding provided for 29 and the amount allowed by the Senate would have provided 40. The agreement includes $25 million for high-speed ground transportation research and development and the joint statement of the managers directs that no part of the reduction from the $29,077,000, the Senate version, is to be applied to the Washington-New York and New York-Boston demonstrations or to the funding for the high-speed ground test center.

Under the Urban Mass Transportation Administration, research, development, and demonstrations, and university research and training, the final agreement in conference was for $65 million. This will allow full funding of projects at Morgantown, W. Va., and at Pueblo, Colo.

This constitutes a short summary of the conference report. I now yield to my distinguished colleague, the ranking Republican member on the Transportation Appropriations Subcommittee, the senior Senator from New Jersey (Mr. CASE).

Mr. CASE. Mr. President, I have nothing to add to the concise and yet comprehensive statement which, in accordance with his usual practice, the chairman of the subcommittee has delivered himself of. I commend him, as I did before when we passed the bill in the Senate the first time, for the leadership he has exhibited in this matter, and express again the pleasure I personally have had in working with him on it. The same attention to detail and careful workmanship applied to his handling of the Senate delegation to the conference. It was a pleasure to be associated with him in this as well as the earlier stages of our proceedings.

Mr. BYRD of West Virginia. I thank the Senator from New Jersey (Mr. CASE). I express my gratitude for the cooperation, the courtesy, and the great assistance and encouragement he never ceases to give to me as we work together on this and other important bills. We had a splendid conference; it was shortlived, and we had unanimity on the part of the Senate conferees almost all the way. I feel we have brought back to the Senate a most satisfactory conference report. I again thank my colleague and friend.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield to the able minority leader.

Mr. SCOTT. On page 25 of the Appropriations Committee report, the committee expressed its concern—

> With the status of the "early action" project in Pittsburgh. The Committee directs that all Phase I funds be expended prior to commitment of any Phase II funds.

Certainly, I am grateful for this concern, as well as its concern with all projects. However, this concern is expressed in language which could have a wholly unintended but catastrophic effect on the project, unless we can clarify it by making some legislative history to avoid untoward interpretations through some misadventure. I cannot go into the whole status of the program and its funding, but perhaps we can leave that for background information if we need it.

What I would like to suggest is that the word "expended" as applied to phase I funds in the committee report refers to obligations and not to disbursements. I understand this is wholly within budgetary concepts and accurately reflects the purview of the committee.

I would hope and believe that it reflects the purview of the committee, and could be defined as meaning "substantially committed." Otherwise, it would seem that without this clarification, there would be unintended havoc with

the orderly and efficient use of Federal funds. The project itself, which will have committed and obligated 2 percent of its phase I funds by the end of August 1971 will be eligible for further DOT funding although actual disbursement of the last dollar will take place in June 1972 upon actual physical completion of the obligation.

In other words, if the word "expended" were to be literally used, these are some of the things that would follow:

The port authority is now out for bids on 3 million in contracts which are fundable under the phase II budget and might not be awarded by early September unless there is clear direction to DOT of the intent of the committee's choice of the word "expended."

Other detrimental results, unless this is regarded, as most projects are, as ongoing, could include:

All of the engineering work would have to be suspended in 1 month and a work force of approximately 100 engineers and other technicians would have to be let go by their firms.

The authority would have to suspend all engineering on tunnels, bridges, and stations which take from 2 to 3 years to construct.

Since all funds for trolley improvements in phase I are expiring, the rehabilitation of 50 trolleys could cease until the phase II increment for this work is approved.

The construction of concrete express lanes for existing Authority buses would be postponed for more than a year.

The uncertainty of Federal phase II funds, moreover, would certainly erode the spirit of cooperation that encourages the State and county governments to take legislative action to appropriate their share of financing.

The State government and the county government have proceeded in full faith, and are progressing with their commitments to the project. As I say, only 9 percent of phase I remains unfinished, but that 9 percent will run over a period of some months, so it is essential for the continuance of the project to make sure that the word "expended" means "substantially committed," and that the last dollar of the 9 percent unexpended funds does not have to be expended before they can go on to phase II.

The Senator from West Virginia has been very considerate in this matter, as has the Senator from Colorado, whose interest in the matter is great and whose concern has been expressed at various times, and who is thoroughly familiar with it—more familiar than I am—and I would hope that we could clarify, at this point, the ongoing effect of the phase II provisions in the report.

Mr. ALLOTT. Mr. President, does the manager wish to yield further at this point, or does he prefer to comment on the point raised by the Senator from Pennsylvania?

Mr. BYRD of West Virginia. I would just like to comment, very briefly, and then I shall yield to my distinguished colleague from Colorado (Mr. ALLOTT).

Mr. President, the words "expended" and "obligated" are inadvertently often used interchangeably, although there is a great deal of difference between the two words in the legislative context.

I am sure that the able Senator from Pennsylvania, the very distinguished minority leader, has in his statement hopefully expressed what I think the true intent of the committee was in its use of the word "expended."

It was certainly not the intent of the committee to prevent any progress at all from being made on phase II until every dollar of phase I funds was expended. That might be 5 years down the road, before every single dollar of phase I funds is expended. I think that the committee's intent was—and I am sure that the able senior Senator from Colorado (Mr. ALLOTT) will more lucidly express it—simply that the committee wanted to be sure that the phase I funds were obligated or committed, not necessarily expended in the strict sense, prior to the commitment of any phase II funds.

I yield now to the distinguished Senator from Colorado.

Mr. ALLOTT. Mr. President, I would be happy to reply very briefly to the question.

The second sentence in the last paragraph on page 25 of the Senate report was not referred to in the conference committee, and, therefore, does not appear in the conference report, as the Senator has noted. Of course, what he has pointed out very adequately and lucidly is correct, that the "expenditure," in a strict connotation, might not occur for a long time. We might, for example, have a lawsuit over one of the contracts, and the actual expenditure might continue on for years.

I am very happy to take the Senator's definition of "expenditure." I would just like to make one comment concerning language in the Senate report which accompanied the DOT Appropriations bill as reported by the Senate Committee on Appropriations. There has been some concern that the "sky bus" project in Pittsburgh may not have adequate future local support. In short, I am concerned about the continuing availability of the local share of the cost of this project as it moves out of its first phase, and, therefore, feel it is important that the Urban Mass Transportation Administration funds not be obligated in such a way as to cause the construction of the facility until such time as the continuance of local support in the form of matching or proportionate funds is assured.

I am not attempting to solve the problems of the great Commonwealth of Pennsylvania or its great city of Pittsburgh. But I have had a long and continuing interest in this particular project, and I think that with this interpretation there will be no difficulty in planning for phase B of the project and eliminating the strict interpretation of the language contained in the Senate report.

Mr. SCOTT. I thank the distinguished Senator from Colorado and the distinguished Senator from West Virginia for their understanding of the problem.

I think we can note that it is agreed that the ongoing effect of phase II is not prevented by the language of the committee report. We should bear in mind what the distinguished Senator from Colorado has said regarding the necessity for evidence at all times, as these projects proceed, of local and State support through their contributions and through civic expressions. I think if we can just keep on going with phase II as well as with phase I, there will be a greater acceptance of the project, especially as modified after consultations between the Department of Transportation and many people, including the distinguished Senator from Colorado, who has made some suggestions which already have been very beneficial to the concept in our city of Pittsburgh. I thank the Senator.

Mr. ALLOTT. I thank the Senator.

I just want to say at this time, in conclusion, that I congratulate the manager of the bill. This is a new bill for him this year, and he has done a very fine and excellent job, as has the ranking minority Member, the Senator from New Jersey (Mr. CASE), who has attended to this matter very assiduously.

The PRESIDING OFFICER. The question is on the adoption of the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum proposed, insert: "$750,000".

*Resloved,* That the House recede from its disagreement to the amendment of the Senate numbered 5 to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the matter inserted, insert:

CIVIL SUPERSONIC AIRCRAFT DEVELOPMENT TERMINATION

For payment of the airlines contribution toward the development of the Civil Supersonic Aircraft, $58,500,000, to remain available until expended.

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 6 to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum proposed, insert "$97,682,000".

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 14 to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted, insert:

FEDERAL PAYMENT TO THE AIRPORT AND AIRWAY TRUST FUND

For payment to the Airport and Airway Trust Fund as provided by section 208(d) of Public Law 91–258, $580,744,000: *Provided,* That the unappropriated balance in the Trust Fund as of July 1, 1972, shall be available solely to liquidate obligations incurred subsequent to June 30, 1972, under sections 14(a)(1) and 14(a)(2) of Public Law 91–258.

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 30 to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the matter inserted, insert:

HIGH-SPEED GROUND TRANSPORTATION RESEARCH AND DEVELOPMENT

For necessary expenses for research, development, and demonstrations in high-speed ground transportation, $25,000,000, to remain available until expended.

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 31 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter inserted, insert:

; and not to exceed $1,000,000 of the Fund shall be available for use in construction and engineering work on an extension of the Alaska Railroad from Fairbanks, Alaska, to the International Airport located near that city.

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 49 to the aforesaid bill, and concur therein with an amendment, as follows:

Change the section number to read: "313".

*Resolved,* That the House insist upon its disagreement to the amendments of the Senate numbered 22 and 23 to the aforesaid bill.

Mr. BYRD of West Virginia. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 3, 5, 6, 14, 30, 31, and 49.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

Mr. BYRD of West Virginia. Mr. President, I move that the Senate recede on its amendments numbered 22 and 23.

The motion was agreed to.

Mr. BYRD of West Virginia. Mr. President, amendment No. 22, inserted by the Senate, added a proviso to the appropriation for forest highways—liquidation of contract authorization—which authorized appropriations from the highway trust fund for liquidation of obligations incurred against balances of the sums authorized for prior fiscal years and remaining unobligated at July 1, 1971.

Forest highways were financed in prior years from the general fund. Effective with the Federal-Aid Highway Act of 1970, this procedure was changed, and forest highways beginning with the effective date of that act were to be financed from the highway trust fund. The question arose as to the financing for unobligated balances remaining at July 1, 1971. The Senate committee, on the recommendation of the administration, inserted language indicating that in the future any of these unobligated balances could be financed from the highway trust fund. In conference with the House on this bill, the managers on the part of the House agreed with this language and recommended that it be adopted by the House of Representatives.

Amendment No. 23 is identical in language and intent except that it relates to public lands highways instead of forest highways. When the conference report was considered on the floor of the House of Representatives, the House rejected the proposals made by the Senate in amendments Nos. 22 and 23. The rejection is based upon the fact that these provisos would be amending a prior year authorization act. In view of the position of the House of Representatives with respect to amending an authorization act in an appropriation act, and since any obligations which are incurred as a result of these carried-forward balances can be financed from the general fund, the matter is really a bookkeeping transaction.

Mr. President, I ask unanimous consent that the requirement that the conference report on the Department of Transportation and related agencies appropriation bill for fiscal year 1972 (H.R. 9667) be printed as a Senate report be waived inasmuch as, under the rules of the House of Representatives, it has been printed as a report of the House of Representatives. The reports are identical.

The PRESIDING OFFICER. Without objection, it is so ordered.

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## DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1972—CONFERENCE REPORT

Mr. BIBLE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 9417) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1972, and for other purposes.

I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. BIBLE). Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of July 27, 1971, at p. 27294.)

Mr. BIBLE. Mr. President, as this bill passed the Senate it provided for appropriations totaling $2,417,964,035 in new obligational authority and appropriations to liquidate contract authority for the agencies and bureaus of the Department of the Interior, exclusive of the Bureau of Reclamation and the power-marketing activities, and for various related agencies, including the U.S. Forest Service and the Indian Health Service, Department of Health, Education, and Welfare.

The conference committee bill provides appropriations totaling $2,415,809,035 for the programs and activities of these agencies. This total is over the budget estimates of $2,385,231,035 by $30,578,000; over the House bill of $2,350,145,035 by $65,644,000; and under the Senate bill of $2,417,964,035 by $2,155,000. The bill as passed by the Senate was greater than the House bill by $67,819,000. However, the Senate considered budget estimates amounting to $30,025,000 which were not considered by the House. If these estimates are disregarded, the bill as it passed the Senate was $37,794,000 over the House bill.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a tabulation setting out the appropriation for fiscal year 1971, the fiscal year 1972 budget estimate, the House allowance, the Senate allowance, and the conference allowance for each appropriation in the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BIBLE. The major changes from the Senate bill are a decrease of $2,056,000 for the Bureau of Indian Affairs—however, the conference figure is $4,769,500 over the House allowance and $2,331,500 over the budget estimate; a reduction of $4,500,000 in the amount allowed for the land and water conservation fund; an increase of $1 million for the Bureau of Mines; an increase of $5,450,000 for the Office of Coal Research; a decrease of $760,000 for the Bureau of Sports Fisheries and Wildlife, but there will still be available $1,291,000 more than the House provided and $3,096,000 over the budget; a reduction of $756,000 for the National Park Service; an increase of $8,610,000 for the Forest Service; a reduction of $11,266,000 for the Indian Health Service. Again, this is an instance where the conference agreement is $15,734,000 greater than the amount voted by the House and $19,735,000 more than the budget request. An increase of $750,000 for the National Foundation on the Arts and the Humanities is provided. The amount for the National Foundation is very nearly twice as large as the appropriation for last year.

Again this year, great emphasis was placed on Indian education, and welfare and health. A total of $28,175,000 was added by the Senate to the House recommendation. The conference agreement is $21,801,000 greater than the budget estimate as a result of the give-and-take among the conferees on the various additions made by each body. The greater part of the increase agreed to in conference is for Indian health—funding for additional personnel and hospital supplies, and for sanitation facilities in existing Indian homes.

The position of the Senate on all items was well received and the Senate conferees were quite successful in maintaining the position of the Senate. I repeat my remarks of last year about the conference. It, as usual, was an amicable one. Each side was interested in agreeing on a good bill that would enhance the development of the human and natural resources of our country and not simply in insisting on the allowances of the respective Houses. I appreciate the friendliness of the House conferees, particularly their chairman, who was most cooperative.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 3, to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert: "$71,226,000".

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 6, to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum named in said amendment, insert: "$608,000".

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 18, to the aforesaid bill, and concur therein with an amendment, as fol-

lows: In lieu of the sum proposed by said amendment, insert: "$25,530,000".

*Resolved*, That the House recede from its disagreement to the amendment of the Senate numbered 19, to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert: "$65,184,000".

*Resolved*, That the House recede from its disagreement to the amendment of the Senate numbered 21, to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert: "$70,895,000".

*Resolved*, That the House recede from its disagreement to the amendment of the Senate numbered 31, to the aforesaid bill, and concur therein with an amendment, as follows: "In lieu of the sum proposed by said amendment, insert: "$54,325,000".

*Resolved*, That the House recede from its disagreement to the amendment of the Senate numbered 32, to the aforesaid bill, and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert: "$35,291,200".

Mr. BIBLE. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 3, 6, 18, 19, 21, 31, and 32.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

Mr. BIBLE. Mr. President, I ask unanimous consent that the requirement that the conference report on the Department of the Interior and related agencies appropriation bill be printed as a Senate report be waived inasmuch as under the rules of the House of Representatives it has been printed as a report of the House of Representatives. The reports are identical.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXHIBIT 1

| Agency and Item | New budget (obligational) authority appropriated, 1971 | Budget estimates of new (obligational) authority, 1972 | Allowances | | | Conference allowance compared with— | | |
|---|---|---|---|---|---|---|---|---|
| | | | House | Senate | Conference | Budget estimates of new (obligational) authority, 1972 | House allowance | Senate allowance |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| TITLE I—DEPARTMENT OF THE INTERIOR | | | | | | | | |
| Public Land Management | | | | | | | | |
| Bureau of Land Management | | | | | | | | |
| Management of lands and resources | $84,060,000 | $76,080,000 | $76,080,000 | $69,930,000 | $71,035,000 | −$5,045,000 | −$5,045,000 | +$1,105,000 |
| Construction and maintenance | 3,310,000 | 4,430,000 | 4,637,000 | 4,627,000 | 4,627,000 | +197,000 | | |
| Public lands development roads and trails (appropriation to liquidate contract authority) | (3,500,000) | (3,200,000) | (3,200,000) | (3,200,000) | (3,200,000) | | | |
| Oregon and California grant lands (indefinite, appropriation of receipts) | 18,000,000 | 19,000,000 | 19,000,000 | 19,000,000 | 19,000,000 | | | |
| Range improvements (indefinite, appropriation of receipts) | 1,795,000 | 2,514,000 | 2,514,000 | 2,514,000 | 2,514,000 | | | |
| Total, Bureau of Land Management | 107,165,000 | 102,024,000 | 102,221,000 | 96,071,000 | 97,176,000 | −4,848,000 | −5,045,000 | +1,105,000 |
| Bureau of Indian Affairs | | | | | | | | |
| Education and welfare services | 243,440,000 | 270,221,000 | 271,987,000 | 273,162,000 | 272,287,000 | +2,066,000 | +300,000 | −875,000 |
| Education and welfare services (appropriation to liquidate contract authority) | (835,000) | (1,500,000) | (1,500,000) | (1,500,000) | (1,500,000) | | | |
| Resources management | 70,847,000 | 76,691,000 | 71,866,000 | 71,667,000 | 71,226,000 | −5,465,000 | −640,000 | −441,000 |
| Construction | 19,885,000 | 36,385,000 | 37,206,000 | 43,055,500 | 42,315,500 | +5,930,500 | +5,109,500 | −740,000 |
| Road construction (appropriation to liquidate contract authority) | (20,200,000) | (25,000,000) | (25,000,000) | (25,600,000) | (25,600,000) | (+600,000) | (+600,000) | |
| General administrative expenses | 6,148,000 | 6,257,000 | 6,057,000 | 6,057,000 | 6,057,000 | −200,000 | | |
| Payment to the Ute Tribe of the Uintah and Ouray Reservation | 3,561,700 | | | | | | | |
| Tribal funds (definite) | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | | | |
| Tribal funds (indefinate) | 13,204,000 | 13,173,000 | 13,173,000 | 13,173,000 | 13,173,000 | | | |
| Total, Bureau of Indian Affairs | 360,085,700 | 405,727,000 | 403,289,000 | 410,114,500 | 408,058,500 | +2,331,500 | +4,769,500 | −2,056,000 |
| Bureau of Outdoor Recreation | | | | | | | | |
| Salaries and expenses | 4,170,000 | 3,999,000 | 3,999,000 | 3,949,000 | 3,949,000 | −50,000 | −50,000 | |
| Land and Water Conservation Fund | | | | | | | | |
| Appropriation of receipts (indefinite) | 327,400,000 | 362,500,000 | 350,000,000 | 366,000,000 | 361,500,000 | −1,000,000 | +11,500,000 | −4,500,000 |
| General fund | | 17,500,000 | | | | −17,500,000 | | |
| (Appropriation out of the fund to liquidate contract authority) | (30,000,000) | | | | | | | |
| Total, Land and Water Conservation Fund | 327,400,000 | 380,000,000 | 350,000,000 | 366,000,000 | 361,500,000 | −18,500,000 | +11,500,000 | −4,500,000 |
| Office of Territories | | | | | | | | |
| Administration of territories | 17,414,000 | 21,930,000 | 21,537,000 | 21,699,000 | 21,699,000 | −231,000 | +162,000 | |
| Permanent appropriation (special fund) | (118,000) | (367,000) | (367,000) | (367,000) | (367,000) | | | |
| Transferred from other accounts (special fund) | (367,000) | (458,360) | (458,360) | (458,360) | (458,360) | | | |
| Trust Territory of the Pacific Islands | 59,864,000 | 59,980,000 | 59,980,000 | 59,980,000 | 59,980,000 | | | |
| Total, Office of Territories | 77,278,000 | 81,910,000 | 81,517,000 | 81,679,000 | 81,679,000 | −231,000 | +162,000 | |
| Total, Public Land Management | 876,098,700 | 973,660,000 | 941,026,000 | 957,813,500 | 952,362,500 | −21,297,500 | +11,336,500 | −5,451,000 |
| Mineral Resources | | | | | | | | |
| Geological Survey | | | | | | | | |
| Surveys, investigations, and research | 114,603,000 | 126,182,000 | 130,000,000 | 131,175,000 | 130,400,000 | +4,218,000 | +400,000 | −775,000 |
| Bureau of Mines | | | | | | | | |
| Conservation and development of mineral resources | 49,260,000 | 48,029,000 | 49,000,000 | 47,700,000 | 48,700,000 | +671,000 | −300,000 | +1,000,000 |
| Health and safety | 58,029,000 | 73,643,000 | 73,630,000 | 74,630,000 | 74,630,000 | +987,000 | +1,000,000 | |
| General administrative expenses | 1,942,000 | 1,970,000 | 1,970,000 | 1,970,000 | 1,970,000 | | | |
| Helium fund (authorization to spend from public debt receipts) | 29,277,000 | | | | | | | |
| Helium fund (portion applied to liquidate contract authority) | (35,800,000) | | | | | | | |
| Total, Bureau of Mines | 138,508,000 | 123,642,000 | 124,600,000 | 124,300,000 | 125,300,000 | +1,658,000 | +700,000 | +1,000,000 |
| Office of Coal Research | | | | | | | | |
| Salaries and expenses | 17,160,000 | 21,030,000 | 21,880,000 | 20,080,000 | 25,530,000 | +4,500,000 | +3,650,000 | +5,450,000 |

EXHIBIT 1—Continued

| Agency and item | New budget (obligational) authority appropriated, 1971 | Budget estimates of new (obligational) authority, 1972 | Allowances | | | Conference allowance compared with— | | |
|---|---|---|---|---|---|---|---|---|
| | | | House | Senate | Conference | Budget estimates of new (obligational) authority, 1972 | House allowance | Senate allowance |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **TITLE I—DEPARTMENT OF THE INTERIOR—Con.** | | | | | | | | |
| Office of Oil and Gas | | | | | | | | |
| Salaries and expenses | $1,27,000 | $1,570,000 | $1,570,000 | $1,570,000 | $1,570,000 | | | |
| Total, Mineral Resources | 271,544,000 | 272,424,000 | 278,050,000 | 277,125,000 | 282,800,000 | $+10,376,000 | +$4,750,000 | +$5,675,000 |
| Fish and Wildlife and Parks | | | | | | | | |
| Bureau of Sport Fishing and Wildlife | | | | | | | | |
| Management and investigations of resources | 59,804,000 | 64,724,000 | 64,794,000 | 65,180,000 | 65,184,000 | +460,000 | +390,000 | +4,000 |
| Construction | 5,144,000 | 4,440,000 | 6,225,000 | 7,890,000 | 7,126,000 | +2,686,000 | +901,000 | −764,000 |
| Migratory bird conservation account (definite, repayable advance) | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 | 7,500,000 | | | |
| Anadromous and Great Lakes fisheries conservation | 2,326,000 | 2,332,000 | 2,332,000 | 2,332,000 | 2,332,000 | | | |
| General administrative expenses | 2,117,000 | 2,205,000 | 2,155,000 | 2,155,000 | 2,155,000 | −50,000 | | |
| Total, Bureau of Sport Fisheries and Wildlife | 76,891,000 | 81,201,000 | 83,006,000 | 85,057,000 | 84,297,000 | +3,096,000 | +1,291,000 | −760,000 |
| National Park Service | | | | | | | | |
| Management and protection | 65,921,000 | 70,882,000 | 71,077,000 | 70,961,000 | 70,895,000 | +13,000 | −182,000 | −66,000 |
| Maintenance and rehabilitation of physical facilities | 50,547,000 | 56,226,000 | 56,230,000 | 56,507,000 | 56,457,000 | +231,000 | +227,000 | −50,000 |
| Construction | 19,557,000 | 37,859,000 | 37,849,000 | 39,307,000 | 39,307,000 | +1,448,000 | +1,458,000 | |
| Parkway and road construction (appropriation to liquidate contract authority) | (17,650,000) | (18,500,000) | (18,500,000) | (19,204,000) | (19,092,000) | +(592,000) | (+592,000) | (−112,000) |
| Preservation of historic properties | 6,878,000 | 8,205,000 | 8,325,000 | 8,205,000 | 8,325,000 | +120,000 | | +120,000 |
| General administrative expenses | 3,874,000 | 4,006,000 | 3,956,000 | 3,956,000 | 3,956,000 | −50,000 | | |
| Total, National Park Service | 146,777,000 | 177,178,000 | 177,437,000 | 178,936,000 | 178,940,000 | +1,762,000 | +1,503,000 | +4,000 |
| Total, Fish and Wildlife and Parks | 223,668,000 | 258,379,000 | 260,443,000 | 263,993,000 | 263,237,000 | +4,858,000 | +2,794,000 | −756,000 |
| Office of Saline Water | | | | | | | | |
| Saline water conversion | 28,573,000 | 27,025,000 | | 27,025,000 | 27,025,000 | | +27,025,000 | |
| Office of Water Resources Research | | | | | | | | |
| Salaries and expenses | 13,242,000 | 14,490,000 | 14,290,000 | 14,290,000 | 14,290,000 | −200,000 | | |
| Office of the Solicitor | | | | | | | | |
| Salaries and expenses | 7,626,000 | 6,881,000 | 6,800,000 | 6,800,000 | 6,800,000 | −81,000 | | |
| Office of the Secretary | | | | | | | | |
| Salaries and expenses | 12,472,000 | 14,475,000 | 13,975,000 | 13,975,000 | 13,975,000 | −500,000 | | |
| Salaries and expenses (special foreign currency program) | | 500,000 | 500,000 | | 500,000 | | | +500,000 |
| Total, Office of the Secretary | 12,472,000 | 14,975,000 | 14,475,000 | 13,975,000 | 14,475,000 | −500,000 | | +500,000 |
| Total, new budget (obligational) authority, Department of the Interior | 1,433,223,700 | 1,567,834,000 | 1,515,084,000 | 1,561,021,500 | 1,560,989,500 | −6,844,500 | +45,905,500 | −32,000 |
| Consisting of— | | | | | | | | |
| Appropriations | 1,403,946,700 | 1,567,834,000 | 1,515,084,000 | 1,561,021,500 | 1,560,989,500 | −6,844,500 | +45,905,500 | −32,000 |
| Definite appropriations | (1,043,547,700) | (1,170,647,000) | (1,130,397,000) | (1,160,334,500) | (1,164,802,500) | (−5,844,500) | (+34,405,500) | (+4,468,000) |
| Indefinite appropriations | (360,399,000) | (397,187,000) | (384,687,000) | (400,687,000) | (397,187,000) | (−1,000,000) | (+11,500,000) | (−4,500,000) |
| Authorization to spend from public debt receipts | 29,277,000 | | | | | | | |
| Memoranda— | | | | | | | | |
| Appropriations to liquidate contract authority | (107,985,000) | (48,200,000) | (48,200,000) | (49,504,000) | (49,392,000) | (+1,192,000) | (+1,192,000) | (−112,000) |
| Total, new budget (obligational) authority and appropriations to liquidate contract authority | (1,541,208,700)[1] | (1,616,034,000) | (1,563,284,000) | (1,610,525,500) | (1,610,381,500) | (−5,652,500) | (+47,097,500) | (−144,000) |
| **TITLE II—RELATED AGENCIES** | | | | | | | | |
| Department of Agriculture | | | | | | | | |
| Forest Service | | | | | | | | |
| Forest protection and utilization: | | | | | | | | |
| Forest land management | 281,502,000 | 233,508,000 | 238,718,000 | 236,178,300 | 238,678,300 | +5,170,300 | −39,700 | +2,500,000 |
| Forest research | 48,891,000 | 49,868,000 | 54,208,000 | 51,685,000 | 54,325,000 | +4,457,000 | +117,000 | +2,640,000 |
| State and private forestry cooperation | 24,163,000 | 24,241,000 | 27,741,000 | 27,741,000 | 27,741,000 | +3,500,000 | | |
| Total, forest protection and utilization | 354,556,000 | 307,617,000 | 320,667,000 | 315,604,300 | 320,744,300 | +13,127,300 | +77,300 | +5,140,000 |
| Construction and land acquisition | 15,933,700 | 25,338,000 | 31,858,000 | 31,821,200 | 35,291,200 | +9,953,200 | +3,433,200 | +3,470,000 |
| Youth conservation corps | 2,500,000 | | | | | | | |
| Forest roads and trails (appropriation to liquidate contract authority) | (120,220,000) | (138,740,000) | (138,740,000) | (138,740,000) | (138,740,000) | | | |
| Acquisition of lands for national forests: | | | | | | | | |
| Special acts (special fund, indefinite) | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | | | |
| Acquisition of lands to complete land exchanges | | 26,035 | 26,035 | 26,035 | 26,035 | | | |
| Cooperative range improvements (special fund, indefinite) | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | | | |
| Assistance to States for tree planting | 1,020,000 | 1,028,000 | 1,028,000 | 1,028,000 | 1,028,000 | | | |
| Total, new budget (obligational) authority, Forest Service | 374,789,700 | 334,789,035 | 354,359,035 | 349,259,535 | 357,869,535 | +23,080,500 | +3,510,500 | +8,610,000 |
| Commission of Fine Arts | | | | | | | | |
| Salaries and expenses | 115,000 | 121,000 | 121,000 | 121,000 | 121,000 | | | |

Footnotes at end of table.

EXHIBIT 1—Continued

| Agency and item | New budget (obligational) authority appropriated, 1971 | Budget estimates of new (obligational) authority, 1972 | Allowances | | | Conference allowance compared with— | | |
|---|---|---|---|---|---|---|---|---|
| | | | House | Senate | Conference | Budget estimates of new (obligational) authority, 1972 | House allowance | Senate allowance |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| TITLE II—RELATED AGENCIES—Continued | | | | | | | | |
| Department of Health, Education, and Welfare Health Services and Mental Health Administration | | | | | | | | |
| Indian health services | $125,974,000 | $141,903,000 | $147,404,000 | $158,293,000 | $153,027,000 | +$11,124,000 | +$5,623,000 | −$5,266,000 |
| Indian health facilities | 18,715,000 | [2] 21,789,000 | 20,289,000 | 36,400,000 | 30,400,000 | +8,611,000 | +10,111,000 | −6,000,000 |
| Total, Health Services and Mental Health Administration | 144,689,000 | 163,692,000 | 167,693,000 | 194,693,000 | 183,427,000 | +19,735,000 | +15,734,000 | −11,266,000 |
| Indian Claims Commission | | | | | | | | |
| Salaries and expenses | 1,000,000 | 1,025,000 | 1,025,000 | 1,025,000 | 1,025,000 | | | |
| National Capital Planning Commission | | | | | | | | |
| Salaries and expenses | [2] 968,000 | 1,351,000 | 1,300,000 | 1,300,000 | 1,300,000 | −51,000 | | |
| National Foundation on the Arts and the Humanities | | | | | | | | |
| Salaries and Expenses | | | | | | | | |
| Endowment for the arts | 12,590,000 | 26,500,000 | 26,500,000 | 25,500,000 | 26,250,000 | −250,000 | −250,000 | +750,000 |
| Endowment for the humanities | 11,060,000 | 26,500,000 | 24,500,000 | 24,500,000 | 24,500,000 | −2,000,000 | | |
| Administrative expenses | 2,660,000 | 3,561,000 | 3,460,000 | 3,460,000 | 3,460,000 | −101,000 | | |
| Subtotal, salaries and expenses | 26,310,000 | 56,561,000 | 54,460,000 | 53,460,000 | 54,210,000 | −2,351,000 | −250,000 | +750,000 |
| Matching Grants | | | | | | | | |
| Endowment for the arts | 2,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | | | |
| Endowment for the humanities | 2,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | | | |
| Subtotal, matching grants | 5,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | | | |
| Total, National Foundation on the Arts and in the Humanities | 31,310,000 | 63,561,000 | 61,400,000 | 60,460,000 | 61,210,000 | −2,351,000 | | |
| Public Land Law Review Commission | | | | | | | | |
| Salaries and expenses | 171,000 | | | | | | | |
| Smithsonian Institution | | | | | | | | |
| Salaries and expenses | 36,895,000 | 46,259,000 | 45,259,000 | 44,681,000 | 44,701,000 | −1,558,000 | −558,000 | +20,000 |
| Museum programs and related research (special foreign currency program) | 2,500,000 | 5,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | −2,000,000 | | |
| Science information exchange | | 1,400,000 | 1,300,000 | 1,400,000 | 1,300,000 | −100,000 | | −100,000 |
| Construction and improvements, National Zoological Park | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | | | |
| Restoration and renovation of buildings | 1,725,000 | 1,050,000 | 550,000 | 550,000 | 550,000 | −500,000 | | |
| Construction | | 1,900,000 | 1,900,000 | 1,900,000 | 1,900,000 | | | |
| Construction (appropriation to liquidate contract authority) | (5,200,000) | (3,697,000) | (3,697,000) | (3,697,000) | (3,697,000) | | | |
| Salaries and expenses, National Gallery of Art | 4,136,000 | 4,713,000 | 4,713,000 | 4,713,000 | 4,713,000 | | | |
| Salaries and expenses, Woodrow Wilson International Center for Scholars | 750,000 | 695,000 | 565,000 | 695,000 | 695,000 | | +130,000 | |
| Total, Smithsonian Institution | 46,206,000 | 61,717,000 | 57,987,000 | 57,639,000 | 57,559,000 | −4,158,000 | −428,000 | −80,000 |
| Executive Office of the President | | | | | | | | |
| Salaries and expenses, National Council on Marine Resources and Engineering Development | 400,000 | | | | | | | |
| Federal Field Committee for Development Planning in Alaska | | | | | | | | |
| Salaries and expenses | 224,000 | | | | | | | |
| Historical and Memorial Commissions | | | | | | | | |
| Franklin Delano Roosevelt Memorial Commission | | 37,000 | 37,000 | 37,000 | 37,000 | | | |
| American Revolution Bicentennial Commission | | | | | | | | |
| Salaries and expenses | 670,000 | | | | | | | |
| National Council on Indian Opportunity | | | | | | | | |
| Salaries and expenses | 287,500 | 300,000 | 275,000 | 300,000 | 275,000 | −25,000 | | −25,000 |
| Federal Metal and Nonmetallic Mine Safety Board of Review | | | | | | | | |
| Salaries and expenses | 167,000 | 167,000 | 167,000 | 167,000 | 167,000 | | | |
| Total, new budget (obligational) authority, related agencies | 600,997,200 | [3] 626,760,035 | 644,424,035 | 665,001,535 | 662,990,535 | +36,230,500 | +18,566,500 | −2,001,000 |
| Consisting of— | | | | | | | | |
| Appropriations | 600,997,200 | 626,760,035 | 644,424,035 | 665,001,535 | 662,990,535 | +36,230,500 | +18,566,500 | −2,011,000 |
| Definite appropriations | (600,217,200) | (625,980,035) | (643,644,035) | (664,221,535) | (662,210,535) | (+36,230,500) | (+18,566,500) | (−2,011,000) |
| Indefinite appropriations | (780,000) | (780,000) | (780,000) | (780,000) | (780,000) | | | |
| Memoranda— | | | | | | | | |
| Appropriations to liquidate contract authority | (125,420,000) | (142,437,000) | (142,437,000) | (142,437,000) | (142,437,000) | | | |
| Total, new budget (obligational) authority and appropriations to liquidate contract authority | (726,417,200) | (769,197,035) | (786,861,035) | (807,438,535) | (805,427,535) | (+36,230,500) | (+18,566,500) | (−2,011,000) |

Footnotes at end of table.

EXHIBIT 1—Continued

| Agency and item | New budget (obligational) authority appropriated, 1971 | Budget estimates of new (obligational) authority, 1972 | Allowances | | | Conference allowance compared with— | | |
|---|---|---|---|---|---|---|---|---|
| | | | House | Senate | Conference | Budget estimates of new (obligational) authority, 1972 | House allowance | Senate allowance |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| RECAPITULATION | | | | | | | | |
| Grand total, new budget (obligational) authority, all titles | $2,034,220,900 | [1] [2] $2,194,594,035 | $2,159,508,035 | $2,226,023,035 | $2,223,980,035 | +$29,386,000 | +$64,472,000 | −$2,043,000 |
| Consisting of— | | | | | | | | |
| 1. Appropriations | 2,004,943,900 | 2,194,594,035 | 2,159,508,035 | 2,226,023,035 | 2,223,980,035 | +29,386,000 | +64,472,000 | −2,043,000 |
| Definite appropriations | (1,643,764,900) | (1,796,627,035) | (1,774,041,035) | (1,824,556,035) | (1,827,013,035) | (+30,386,000) | (+52,972,000) | (+2,457,000) |
| Indefinite appropriations | (361,179,000) | (397,967,000) | (385,467,000) | (401,467,000) | (396,967,000) | (−1,000,000) | (11,500,000) | (−4,500,000) |
| 2. Authorization to spend from public debt receipts | 29,277,000 | | | | | | | |
| Memoranda— | | | | | | | | |
| Appropriations to liquidate contract authority | (233,405,000) | (190,637,000) | (190,637,000) | (191,941,000) | (191,829,000) | (+1,192,000) | (+1,192,000) | (−112,000) |
| Grand total, new budget (obligational) authority and appropriations to liquidate contract authority | (2,267,625,900) | (2,385,231,035) | (2,350,145,035) | (2,417,964,035) | (2,415,809,035) | (+30,578,000) | (+65,644,000) | (−2,155,000) |

[1] Excludes budget amendments of $15,426,000 contained in H. Doc. No. 92-119.
[2] In addition, $229,000 transferred from "Land Acquisition, National Capital Park, Parkway, and Playground System."
[3] Excludes budget amendment of $1,900,000 contained in H. Doc. No. 92-119.
[4] Excludes budget amendments of $17,326,000 contained in H. Doc. No. 92-119.
[5] Includes $3,000,000, S. Doc. No. 92-20.

## AMENDMENT OF EXPORT-IMPORT BANK ACT OF 1945—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 581) to amend the Export-Import Bank Act of 1945, as amended, to allow for greater expansion of the export trade of the United States, to exclude Bank receipts and disbursements from the budget of the U.S. Government, to extend for 3 years the period within which the Bank is authorized to exercise its functions, to increase the Bank's lending authority and its authority to issue, against fractional reserves and against full reserves, insurance and guarantees, to authorize the bank to issue for purchase by any purchaser its obligations maturing subsequent to June 30, 1976, and for other purposes.

I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. BUCKLEY). Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report, as follows:

CONFERENCE REPORT (H. REPT. 92-435)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 581) to amend the Export-Import Bank Act of 1945, as amended, to allow for greater expansion of the export trade of the United States, to exclude Bank receipts and disbursements from the budget of the United States Government, to extend for three years the period within which the Bank is authorized to exercise its functions, to increase the Bank's lending authority and its authority to issue, against fractional reserves and against full reserves, insurance and guarantees, to authorize the bank to issue for purchase by any purchaser its obligations maturing subsequent to June 30, 1976, and for other purposes, having met, after full and free conferences, have agreed to recommend and do recommend to their respective Houses as follows:

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

That (a) this Act may be cited as the "Export Expansion Finance Act of 1971".

(b) The Export-Import Bank Act of 1945 (12 U.S.C. 635 and following) is amended as follows:

(1) Section 2(a) of such Act is amended by inserting "(1)" immediately after "SEC. 2. (a)" and by adding at the end thereof the following new paragraph:

"(2) The receipts and disbursements of the Bank in the discharge of its functions shall not be included in the totals of the budget of the United States Government and shall be exempt from any annual expenditure and net lending (budget outlays) limitations imposed on the budget of the United States Government. In accordance with the provisions of the Government Corporation Control Act, the President shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Bank, which budget shall also include the estimated annual net borrowing by the Bank from the United States Treasury. The President shall report annually to the Congress the amount of net lending of the Bank, including any net lending created by the net borrowing from the United States Treasury, which would be included in the totals of the budget of the United States Government if the Bank's activities were not excluded from those totals as a result of this section."

(2) Section 2(c)(1) of such Act is amended by striking out "$3,500,000,000" and inserting in lieu thereof "$10,000,000,000".

(3) Section 7 of such Act is amended by striking out "$13,500,000,000" and inserting in lieu thereof "$20,000,000,000".

(4) Section 8 of such Act is amended by striking out "June 30, 1973" and inserting in lieu thereof "June 30, 1974", and by inserting immediately following the words "Secretary of the Treasury" "or any other purchasers".

(5) Section 2(b)(3) of such Act is amended to read as follows:

"(3) The Bank shall not guarantee, insure, or extend credit, or participate in the extension of credit in connection with (A) the purchase of any product, technical data, or other information by a national or agency of any nation which engages in armed conflict, declared or otherwise, with the Armed Forces of the United States, or (B) the purchase by any nation (or national or agency thereof) of any product, technical data, or other information which is to be used principally by or in any such nation described in clause (A). The Bank shall not guarantee, insure, or extend credit, or participate in the extension of credit in connection with the purchase of any product, technical data, or other information by a national or agency of any nation if the President determines that any such transaction would be contrary to the national interest."

(6) Section 2(b)(1) of such Act is amended to read as follows:

"(b)(1) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed in the exercise of its functions to provide guarantees, insurance, and extensions of credit at rates and on terms and conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Export-Import Bank shall, on a semi-annual basis, report to the appropriate committees of Congress its actions in complying with this directive. In this report the Export-Import Bank shall survey all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with United States exporters and indicate in specific terms the ways in which Export-Import Bank rates, terms, and other conditions are equal or superior to those offered from such other governments directly or indirectly. Further, the Export-Import Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report provided for under this section. It is further the policy of the United States that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks, in the formulation and implementation of its

programs; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a), shall generally be for specific purposes, and in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing such loans the Board of Directors should take into account the possible adverse effects upon the United States economy."

SEC. 2. In connection with section 2 of Executive Order Number 11387, dated January 1, 1968, and any rule, regulation, or guideline established by the Board of Governors of the Federal Reserve System in connection with a voluntary foreign credit restraint program, there shall be no limitation or restraint, or suggestion that there be a limitation or restraint, on the part of any bank or financial institution in connection with the extension of credit for the purpose of financing exports of the United States.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title and agree to the same.

JOHN SPARKMAN,
HARRISON WILLIAMS,
WALTER MONDALE,
BOB PACKWOOD,
WALLACE F. BENNETT,
*Managers on the Part of the Senate.*
WRIGHT PATMAN,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN,
H. S. REUSS,
THOMAS L. ASHLEY,
WILLIAM S. MOORHEAD,
WILLIAM B. WIDNALL,
J. WILLIAM STANTON,
GARRY BROWN,
*Managers on the Part of the House.*

Mr. SPARKMAN. Mr. President, may I say that the distinguished Senator from Minnesota (Mr. MONDALE) is the chairman of the subcommittee which handled this matter. As it happened, at the time the conference came up, we were busily engaged in the so-called Lockheed——

Mr. BENNETT. Late lamented Lockheed.

Mr. SPARKMAN. And I did not get to attend the conference. The Senator from Minnesota (Mr. MONDALE) presided as the chairman of our group.

Unfortunately, he cannot be here at this time. He has a prepared statement which I ask unanimous consent to have printed in the RECORD for him.

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

STATEMENT OF MR. MONDALE

Mr. President, on July 22, the House and Senate met in conference to reconcile the differences between the two Houses on S. 581—the Export Expansion Finance Act of 1971.

Most of the disagreements between the House and Senate bills were minor.

First, the Senate bill extended the bank's life from its present expiration date of June 30, 1973 to June 30, 1976. The House extended the bank's life only until 1974 so as to afford Congress the opportunity for early review of the bank's activities under the new legislation. The conference accepted the House date.

Second, the Senate bill provided that the bank "insofar as feasible and practicable", should provide export financing that is "reasonably" competitive with the Government-supported export financing available to exporters in the principal countries which compete with U.S. exporters. The House version—accepted by the conference—deleted the qualifying phrases. The conference, however, agreed that the conference report should indicate that "competitive" should not be interpreted strictly, and that the President of the Export-Import Bank should retain discretion in interpreting what constitutes "competitive."

Finally, there were two major differences between the House and Senate bills. The House bill exempted export credit from the Voluntary Foreign Credit Restraint Program administered by the Federal Reserve. This program—established in 1965—was designed to restrict capital outflows by setting ceilings on bank loans to foreigners.

The House felt that the VFCR program has seriously hampered our efforts to expand exports. According to the House Banking Committee, the program has: discouraged export financing by commercial banks, thus limiting the supply of bank export credit; and resulted in various forms of evasion, such as Edge Act subsidiaries abroad, and the Bahama Banks, as well as the selling of foreign loans before a Federal Reserve reporting date in order to stay within the limits.

In the House Banking Committee, removal of export credit from the VFCR program was passed without a dissenting vote. In the Conference committee meeting, the Senate went along with the House provision.

The other major difference between the House and Senate bills concerned the present prohibition against extension of Export-Import Bank credit or guarantees to communist countries. The Senate bill removes this prohibition and gives the President the discretionary authority to extend such credit or guarantees. The House Banking Committee followed the Senate version, but the full House reversed the Committee and retained the absolute prohibition. The Conference committee adopted the Senate proposal.

The importance of this measure should be apparent. The East European market place is one of the fastest growing in the world. Yet the U.S. barely shares in this market. While trade with Eastern Europe comprises approximately 16 percent of total world trade, the U.S. share of this market is only 3 percent. Meanwhile, none of our allies impose similiar restraints on their use of export credit for European Europe. Thus, our policy has worked to our own detriment: a loss of business and much needed jobs to other countries.

The removal of this prohibition will not make it possible to export products which might be harmful to our national security. Such exports are controlled by the Commerce Department, under the Export Administration Act of 1969.

The United States has, over the past decade, experienced a persistent imbalance in its international payments accounts. More recently, this imbalance has been aggravated by the failure of U.S. exports to keep pace with greatly increasing imports. At the same time, the growth of U.S. exports has failed also to keep pace with the growth of world trade.

Yesterday, Secretary of Commerce Stans warned us that this year may bring us the first negative trade balance in this century.

An increase in exports is heavily dependent upon an expansion of export financing competitive with the financing available elsewhere, and flexible enough to meet the needs of American businessmen in today's international market place. I believe that the bill agreed on by the House and Senate conferees admirably meets these objectives.

Mr. BENNETT. Mr. President, I would like to clarify the meaning of certain language in S. 518 as approved by the conferees. This language relates to the directive by the Congress that the Export-Import Bank provide guarantees, insurance, and extensions of credit at rates and on terms and conditions which are competitive with the Government-supported rates, terms, and other conditions offered by our principal competitors.

S. 581 as passed by the Senate provided that the Bank should be reasonably competitive in these areas insofar as feasible and practicable. The Banking, Housing, and Urban Affairs Committee report on the bill stressed that while export financing available from the Bank was reasonably competitive in many instances, there was still need for the Bank to become more competitive if U.S. exports were to expand at a rate necessary to achieve balance-of-payments objectives. Yet this report cautioned that we do not want the Bank as a result of this directive to start an international export credit war, nor do we intend that the Bank become an AID-type financial institution or act as a substitute for our foreign aid program.

S. 581 as passed by the other body directed the Bank to provide financing which is competitive with rates, terms, and other conditions supported by the governments of our principal competitors. It also required the Bank to make semiannual reports to Congress on its compliance with this directive.

The conferees have accepted the provision adopted by the other body with the clear understanding that this language means that the Bank must be reasonably competitive insofar as practicable with respect to export financing on rates, terms, and conditions supported by the governments of our principal competitors. We fully realize that terms and conditions on export financing are constantly changing and will vary in numerous ways in individual transactions. It would be virtually impossible for Eximbank to be constantly apprised of every specific change which might be supported by other government export credit institutions. We do not expect the Bank to meet or beat the competition in every instance, but we do expect them to be more competitive generally than has been the case in the past. We further observe that Eximbank does not require appropriated funds and must fund its operations through borrowing from the public money markets. Hence its rates must have some relationship to cost of money.

We have been advised by the Bank that it will request personnel authorization for staff that will maintain constant surveillance on the rates, terms, and conditions which are supported by the governments of our principal competitors. The Bank has assured us that it will endeavor to meet our directive in every possible way. We will be able to determine whether it has done so by means of its semiannual reports to the Congress. With this understanding I fully support the provisions of S. 581 as agreed to by the conferees.

Mr. SPARKMAN. Mr. President, I move adoption of the conference report.

The motion was agreed to.

## FEDERAL ELECTION CAMPAIGN ACT OF 1971

The Senate continued with the consideration of the bill (S. 382) to promote fair practices in the conduct of election campaigns for Federal political offices, and for other purposes.

Mr. PROUTY. Mr. President, I yield myself 30 minutes.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 30 minutes.

Mr. PROUTY. Mr. President, the bill we are considering today could well be one of the most important pieces of legislation this Congress will consider.

Modernization of our Federal election campaign laws is long overdue. Existing law is but a farce and the public knows it.

I have been trying ever since I came to the Senate in 1958 to encourage meaningful and workable laws to make certain that candidates for public office campaign in a manner consistent with the principles of our great democracy. All of us in Congress should realize that the public is fed up with campaign laws which in reality are nothing more than a farce.

The Federal Corrupt Practices Act of 1925 was the last major piece of legislation regulating campaigns for Federal office. It was not an effective law in 1925 and today even the effective parts of that act have become obsolete.

Last fall, I voted for S. 3637 which placed limitations on the amount of money candidates for Federal office could spend on radio and television. I voted for that bill because it represented a move by Congress in an area that had been neglected for too long; namely, the updating of laws relating to Federal elections. Following the 1970 campaign, all of us in Congress were faced with the question of whether we should override the President's veto of that bill. On November 23, I voted to sustain the President's veto of S. 3637. At that time, I stated that S. 3637 did not go far enough in accomplishing the job that needed to be done.

The veto of S. 3637 was in the best interest of the American public, because had S. 3637 been approved, I, for one, do not believe that the impetus for overall legislation would have been as great as it is today. History may record that the President's veto of S. 3637 marked the point in history when both the executive and legislative branches of the Federal Government decided that the time had come for complete and comprehensive reform of Federal campaign laws.

Mr. President, I hope and believe that everyone in this Chamber hopes that this year there will be enacted a comprehensive election reform act more sweeping in scope than any election law in this Nation's history. All of us have for years been attempting to put together the degree of interest and support necessary for passing an election reform act. I believe that we have now generated that support.

Mr. President, before I go into the details of the bill, let me at this point express the hope that the consideration of this measure does not become bogged down in partisan politics. All Americans have waited too long for effective and realistic reform of our election laws to have the consideration of that reform become nothing more than gainsmanship as to which political party can derive the greatest benefits or penalties from enactment of the law.

Let us from the beginning recognize that no political candidate nor political party should "do business as usual" following enactment of this law. The entire purpose of this legislation is to make the election process more effective for the American voter.

The whole purpose of this law is to restore public confidence in the election process.

The whole purpose of this legislation is to make certain that our democracy works.

Mr. President, we cannot afford to procrastinate. Democracy succeeds only where citizens have faith and trust in their government and its elected officials. The turbulent 1960's should have convinced us all that many of our fellow citizens have lost faith in our democratic process. Prompt enactment of S. 382 as amended can be the most effective method for restoring to the public the confidence necessary for democracy to work.

Now Mr. President, two Senate committees have thoroughly and carefully considered all aspects of S. 382. I am privileged to serve on both of those committees and I can assure you that our deliberations were long and thoughtful. I am certain that I speak for every member of both committees when I state that it is our intention to do everything that is humanly possible to see that during this session of this Congress there will be a Federal Elections Campaign Act of 1971.

While action on this important measure must be prompt, it is of such great importance that I sincerely hope Members will give all its provisions the same thoughtful and careful consideration on the Senate floor as was given by the two committees who have worked on the bill. I mention this fact, Mr. President, because you will recall that in 1967 this body passed S. 1880 which contained a modernization of disclosure provisions and tax incentives for political contributions. At that time, deliverations on the Senate floor lasted less than one day. The bill passed the Senate by unanimous vote, with few of us having a thorough understanding of what it contained. Consequently, it died a peaceful death because of inaction by the other body.

Mr. President, I worked long and hard with many of my colleagues on the Commerce Committee to strengthen S. 382 as originally introduced. In that committee we made substantial progress toward drafting an effective and meaningful piece of legislation. In all candor, we were not completely successful in our efforts to develop a strong bill because some of our colleagues on the Commerce Committee favored tabling all amendments to the bill not relating to title I.

As the ranking Republican member of the Committee on Rules and Administration, I continued the fight to see that the legislation was considered in its entirety. Other members on the Rules Committee agreed with me and we succeeded in developing a strong and sound approach to the whole subject of political campaigns for elections to Federal offices. The bill reported by the Rules Committee completely overhauls the laws regulating campaigns for Federal office. It is a strong, no nonsense bill that will restore the faith of the American public in the elections process.

It is a tough bill imposing penalties on political candidates who do not strictly adhere to its requirements.

It closes practically every single loophole in existing law.

The unregulated District of Columbia Political Committee is dead.

The myth that a candidate is not responsible for other committees which happen to support him is ended.

Mr. President, enactment of S. 382 will completely change political campaigns in America. The people will know all the facts about campaign financing. Moreover, candidates will be strictly limited on the amount of money they can spend on the communications media.

I am convinced, Mr. President, that this legislation is of such magnitude that all of us on the floor should understand its provisions before it is enacted. I intend to devote a considerable amount of time sharing with my colleagues all of the considerations that have gone into developing the bill we have before us.

### BACKGROUND

Mr. President, at the present time there is simply no effective regulation of the election process for Federal officials. The only law that purports regulation of Federal elections is the Federal Corrupt Practices Act of 1925 and the Hatch Act limiting the participation of Federal civil servants in politics. The basic law is the Federal Corrupt Practices Act some of which is codified in title 2 of the United States Code and the remainder is contained in title 18 of the United States Code which is the title containing criminal laws.

Mr. President, the Federal Corrupt Practices Act of 1925 has probably been worse than having no law regulating Federal elections. It is full of loopholes and, in effect, provides neither the candidates nor the public with any guidance or information concerning the election process.

On the face it appears to require disclosure of campaign contributions and expenditures.

On its face it appears to limit individual contributions to $5,000.

On its face it appears to place an overall limit on the amount of money that candidates could spend in a campaign.

All of these, appearances of regulation, are an illusion. Campaign committees formed in the District of Columbia or any territory of the United States are not required to report contributions or expenditures made on the behalf of a candidate for Federal office. Individuals are not limited to $5,000 contribuitons because an individual can give $5,000 to many separate committees supporting the same candidate. There is no overall limitation on the amount that a candidate can spend in a campaign because committees working on the candidate's behalf are not affected by the overall

limitation. In fact, the Federal Corrupt Practices Act of 1925 is a sham. It is a dangerous sham because over the years it has created an illusion of regulation of the Federal elective process. As an illusion it has retarded meaningful reform in an area that particularly needs reform. It has provided an easy excuse for preserving the status quo.

During the 1960's Congress made some attempts to reform our election campaign laws. For the most part, those attempts resembled illusions more than reality because all the bills with the exception of S. 3637 in the last Congress were passed by only one body of the Congress.

In 1969, Congress did pass S. 3637 which would have limited campaign expenditures on radio and television. In vetoing that bill President Nixon stated, in part:

S. 3637 does not limit the overall cost of campaigning It merely limits the amount that candidates can spend on radio and television. In doing so, it unfairly endangers freedom of discussion, discriminates against the broadcast media, favors the incumbent office holder over the office seeker and gives an unfair advantage to the famous.

The President called upon Congres to enact comprehensive and meaningful reform of our laws governing Federal elections.

Mr. President, had S. 3637 become law, there can be no question but that the pressure for meaningful overall effective reform would not have today existed.

Mr. President, S. 382 was considered in part by the Senate Commerce Committee and in its entirely by the Committee on Rules and Administration. I am convinced that history will judge the enactment of S. 382 as a most significant piece of legislation because it goes to the very heart of our democratic process. The importance of the bill compels me to discuss in detail the various titles of the bill, as reported by the Committee on Rules and Administration and in the Pastore amendment.

TITLE I—LIMITATIONS ON CAMPAIGN COSTS

Mr. President, all elected public officials are keenly aware of the fact that political campaigns cost more today than they did in the past. Some have argued that the communications media is the primary reason that campaign costs have increased. Quite frankly, there is no clear evidence to substantiate this fact. It should be noted that enactment of S. 382 as amended will provide us with detailed facts and figures concerning all campaign spending. Title III of the bill calls for complete and full disclosure of all expenditures.

Title I was extensively considered by the Senate Commerce Committee. However, numerous witnesses who appeared before the Rules and Administration Committee contributed valuable testimony relating to the provisions of title I. Recognizing the interrelationship between title I and the other titles of the bill, the committee carefully considered all of the provisions contained in title I.

In general, title I represents an effort to lower campaign expenditures. This is an admirable goal with which everyone can agree. Differences arise in determining which is the best method for lowering campaign costs without depriving the voter of the opportunity of making an intelligent choice. This latter consideration is particularly important if we are to insure against enacting legislation which favors incumbent officeholders who are generally better known and better able to "make news." We believe that title I, as amended, represents an effective and realistic way for lowering campaign costs. There are four distinct elements that are designed to lower the cost of political campaigns:

First. Repeal of the equal time requirements of section 315 of the Federal Communications Act in order to encourage broadcasters to provide additional free time to all Federal candidates.

Second. The requirement that the communications media charge political candidates at the "lowest unit rate."

Third. Limiting the reduced rate to 45 days preceding a primary election and 60 days preceding a general election, thereby encouraging shorter campaigns.

Fourth. Limiting candidates' expenditures on the communications media while preserving campaign flexibility.

SECTION 315 EXEMPTIONS

Mr. President, both committees heard considerable testimony from broadcasters to the effect that the equal time requirement of section 315 of the Federal Communications Act inhibits broadcasters from providing political candidates with free time. Under the "equal time requirement" if a broadcaster grants one candidate free time, he must by law provide all other candidates for the same office with precisely the same amount of time. In most elections there are only two or three serious candidates. The views of those serious candidates are seldom heard on free radio or television time because a number of fringe candidates or potential candidates are waiting in the wings to demand precisely the same amount of time given to serious candidates. The net result of the equal time requirement has been "no time offered."

The Senate Commerce Committee recognized the inhibiting effects of the equal-time requirement of section 315. The bill as reported from that committee repeals the equal time provision but only for presidential and vice presidential candidates. Testimony before both committees clearly show that the exemption should extend to all candidates for Federal office. In his testimony before the Rules Committee, Deputy Attorney General Richard Kleindienst urged the committee to extend the exemption. Let me quote from his testimony:

We agree that section 315 has produced the wrong results, but these are not limited to presidential and vice-presidential candidates. They are equally applicable to candidates for other Federal offices. Every argument supporting limited repeal supports total repeal. The fairness doctrine enforced by the Federal Communications Commission will afford all Federal candidates access to broadcasting facilities on an equitable basis. We urge total repeal of section 315.

The president of the Mutual Broadcasting System, Mr. Victor Diehm, supported the Deputy Attorney General's position when he testified as follows:

By its present language S. 382 would repeal the equal opportunity provision of section 315 of the Communications Act for presidential and vice-presidential candidates. Extension of this policy to all Federal office seekers would permit coverage of all serious candidates to a much greater extent than is now possible.

It should be pointed out that the public interest standard and all other applicable considerations bearing on a broadcast licensee stewardship of the airways always remain in full force. Abuse, if it should occur, could be readily redressed.

Stations freed from the threat of great swarms of candidates appearing for a variety of reasons would be able to concentrate coverage on a bona fide candidate to the benefit of the public.

While I feel complete repeal of this ill-named equal opportunity section of the Communications Act would be appropriate, certainly it should be removed at least for those offices with which this legislation deals—the Federal offices.

Mr. President, the Committee on Rules and Administration also heard testimony from the president of the North Carolina Association of Broadcasters, Mr. Richard Barron, reemphasizing the need for repealing the equal time requirements for all Federal candidates:

First, we agree with the provisions of the bill that would call for the repeal of section 315(a) of the Federal Communications Act to delete the equal time requirement for presidential and vice-presidential candidates.

We recommend, however, that the bills be expanded in this regard so as to delete the equal time requirements for all candidates.

We agree with Deputy Attorney General Richard G. Kleindienst in his testimony of March 31 that section 315 "Contrary to its purposes, has had the effects of dscouraging broadcasters from offering free time and coverage."

This is also in accord with Dr. Frank Stanton of CBS when he stated that "Because section 315 requires equal time for every candidate for an office, however insignificant or frivolous his candidacy, the practical effect of the law has been to deny free broadcast time tc major candidates or to force free time to be shared with fringe candidates."

Therefore, we recommend the repeal of section 315(a) and its equal time requirements for *all* candidates.

Mr. President, the following considerations convinced the Rules Committee that the equal time requirement should be removed for all Federal candidates.

Free time if given to political candidates would reduce the costs of campaigns.

Broadcasters have been unanimous in claiming that the equal time requirements of section 315 inhibit them from providing free time.

The FCC studies confirm the fact that very little free time is provided.

Consequently, incumbents who tend to be better known and have an ability to "make news" are presently in a much better position than nonincumbents.

Therefore, the Rules Committee removed the equal-time requirement for all Federal candidates.

Mr. President, this brings me to the next three features which are designed to cut the cost of political campaigns. As I have stated we are all in agreement that political campaigns are too expensive. In many ways I have sympathy with the proposal put forth by the distinguished senior Senator from Michigan

(Mr. HART). At various times, he has suggested that campaigns for Federal office should be financed by the Federal Government. His idea is to remove all private money from political campaigns. On the face of it his proposal has considerable merit, but under close examination it becomes clear that that route would serve only to favor incumbents.

Did the presiding officer know that in the Congress of the United States since 1940 over 93 percent of the incumbents who have run for reelection have achieved their goal? I suggest that the only thing 100 percent Federal financing of campaigns would accomplish would be to have 100 percent of the incumbents seeking reelection achieve their goal. Such a result would further increase the lack of confidence that the public has in our democratic society.

It is interesting to note, Mr. President, that some other methods for decreasing the costs of political campaigns run the same risk of encouraging the reelection of incumbents in perpetuity. I shall shortly discuss those problems when I deal with spending limitations. Before then, however, I would like to discuss two measures taken by both committees which are designed to reduce costs inherent in a political campaign.

REDUCED MEDIA CHARGES

Mr. President, the Rules Committee retained those parts of the bill reported by the Senate Commerce Committee requiring the communications media to charge political candidates at the "lowest unit rates." History has demonstrated that candidates for political office are charged more for the same amount of space or time than major advertisers. While we do not have any definitive facts as to the differences between "lowest unit rate" and the amount being charged political candidates, we are hopeful that an overall reduction in campaign costs will occur as a result of this legislation.

ENCOURAGEMENT OF SHORTER CAMPAIGNS

Second, Mr. President, the Rules Committee retained the provision added by the Senate Commerce Committee limiting the "lowest unit rate" requirement to 45 days preceding a primary election and 60 days preceding a general election. Everyone agrees that political campaigns tend to be too long. We are hopeful that the 45- and 60-day provisions will encourage shorter campaigns.

SPENDING LIMITATIONS

Mr. President, simplistic solutions often sound brave. However I am more concerned with the soundness of the limitation than how a limitation sounds at first hearing. I am concerned that the limitation enacted serve for all times and not merely to suit the specific needs perceived for the 1972 elections. I would hope, Mr. President, that all of us would place the welfare of democracy and the integrity of our elective process ahead of any partisan considerations.

I would hope, Mr. President, that we would be able to accept a spending limitation which, in fact, would limit expenditures without depriving the American public of the chance to hear all sides of a question in a political campaign.

I would hope, Mr. President, that we would avoid setting a rigid, overstructured spending limitation.

As we know, S. 382 as reported by the Senate Commerce Committee had separate but identical spending limitations on the amount of money a candidate could spend on the broadcast and nonbroadcast communications media.

The Senate Commerce Committee report recognized the difficulties in having separate but identical spending limitations.

> Some of the witnesses who testified before your committee urged there be one total limitation on all media spending with discretion left to the candidate to determine what amounts to spend on broadcast and non-broadcast advertising. There is merit to this contention especially since campaigns differ according to the personal style of a candidate and the area of the country in which the election is being held.
>
> On the balance, however, your committee opted against such an approach. Television is unquestionably the most used media in political campaigns, and it has been the most significant contributor to the spiraling cost of these campaigns. If candidates were given complete discretion to spend on the use of this media your committee was fearful that in the closing months of a campaign the airwaves might become inundated with political broadcasts to the exclusion of entertainment and other public interest programs. (S. Report 92–96, p. 30).

Deputy Attorney General Richard Kleindienst in testimony before the Rules Committee addressed that particular reason in the following manner:

> We think the economic facts of life in the broadcasting industry and the long-term self-interest of broadcasters will adequately protect the public from any real possibility of an inundation of the air by political advertisements. We also believe that compartmentalized spending limitations ignore differences in candidates and variances in media coverage capabilities and media rates throughout the Nation. Candidates should have the flexibility to structure their campaigns to produce the most efficient and effective communication with the electorate.

In all candor, Mr. President, it is extremely difficult to establish any limitation without having complete and accurate facts concerning existing campaign practices and expenditures. Under the present law, candidates are not required to disclose their exact expenditures. Consequently Congress has nothing upon which to base a realistic limitation. Nevertheless, we are convinced that some limitation is necessary in order to curb campaign costs.

In its deliberations the Commerce Committee did have before it some preliminary expenditure figures for radio and television during the 1970 campaign. Those figures indicated that had the separate broadcast spending limitation been in effect during the 1970 campaign, statewide candidates in nearly half of the States would have violated the law.

Those figures also indicated that the degree to which radio and television were used as a part of a campaign varied considerably from one State to another. I am convinced, Mr. President, that some times we erroneously assume that radio and television are the most important items in every single campaign. That assumption is simply not true. In some States the broadcast media may be the best method for informing voters about the issues in a campaign. In other States broadcast media may have no significance whatsoever.

In some States political candidates find that they must use out-of-State television stations to reach the voters in their State. In New Jersey and Delaware, for example, there is not a single television station. In my own State of Vermont we have but one television station which, by the way, has several times the number of viewers in Montreal, Quebec than it has in the State of Vermont. To reach over half of the State of Vermont it is necessary to purchase television time on broadcast stations in New York, Massachusetts, and Maine. Naturally, the rates charged by television stations have a relationship to the station's total number of viewers rather than the voters in any particular State.

As you know, Mr. President, the bill reported by the Senate Commerce Committee and the spending limitations contained in the substitute amendment offered by the distinguished Senator from Rhode Island (Mr. PASTORE) have separate but identical limitations for broadcast and nonbroadcast communications media.

Mr. President, I am convinced that this artificial overstructuring of political campaigns is very undesirable due to the great variety of campaign situations throughout the country. As you know, the members of the Rules Committee heard additional testimony which verified the fact that interchangeability was needed between the spending limitations in order to give candidates the maximum flexibility in tailoring a campaign to suit their particular needs. The overall intent of S. 382 is to restore the confidence of the American people in the election process. Unrealistic spending limitations for radio and television simply mean that some of the American people will be deprived of being fully informed about a candidate and the issues. This discrepancy is compounded by the fact that a limitation was based on nonbroadcast communications spending without having a single fact indicating how much candidates have spent on nonbroadcast media in the past.

We have no sure way of knowing whether candidates spend twice as much for newspaper advertisements as they do for television advertisements.

We have no detailed information concerning the amount of money candidates spend for billboard facilities. We have no detailed information about the amount of money that candidates spend for advertisements in magazines and other publications. Nevertheless, the bill as reported to this committee set a limitation on nonbroadcast spending of 5 cents times the resident population of voting age.

Mr. President, we were faced with the impossible task of guessing how much money is spent by political candidates in the nonbroadcast communications media. We were placed in this position because at present there is no effective dis-

closure law or agency to compile nonbroadcast communications spending.

I believe that the Rules Committee amendment which, in effect, placed an overall spending limitation on communications media goes a long way toward insuring that an effective spending limitation is workable. However, we do want to emphasize that the information concerning spending patterns on the communications media is today very limited.

How much spending is enough to insure truly democratic elections and how much is too much are at this point in history impossible to determine. An even greater risk is inherent in making binding decisions for the future.

In examining campaign spending on television, Mr. President, we suspect that the report by the FCC on campaign spending in 1970 has considerable significance. In all candor, however, none of us at this time know what significance it has. For example, the FCC report indicated that total political spending for radio and television advertising reached $50.3 million including $2.7 million by minor parties. This represented an increase of 57 percent over the last comparable figure for 1966. Despite the increase the actual number of political broadcasting hours declined sharply to 7,535 from the 1966 total of 11,499 hours.

Mr. President, I can only conclude from that statistic that television time was more expensive in 1970 than 1966. As a matter of fact, it would seem to indicate that a political candidate could get nearly twice as much time for his dollar in 1966 than he could in 1970. Certainly this statistic seems to put to bed any doubts that might have existed as to whether or not the committee proposes a strict spending limitation.

Mr. President, we must not lose sight of the fact that S. 382 contemplates permanent legislation. It is not a bill enacted merely for the next election. A recent article in the June 10 edition of the Washington Post gives some indication as to the escalation of media advertising costs. In the Washington, D.C., area alone, media advertising costs rose 8.8 percent between April 1970 and April 1971. The article went on to point out that this was a smaller increase than the average 10.8 percent rise in media costs over the previous 5 years. Of all media costs, television rates rose the sharpest. Over the past 6 years in Washington, D.C., television rates rose 80.2 percent. This far outstrips any future adjustments which may be made in the formula as a result of the costs-of-living increase provision contained in the bill.

Reluctantly, I must conclude that for all practical purposes the lowest unit rate requirements contained in the bill seem meaningless.

Title I continues to be the only part of S. 382 which runs the risk of eroding rather than strengthening our democratic process.

I say this reluctantly because as compared with S. 3637 of the last Congress, title I is a much better piece of legislation.

The automatic cost-of-living increase provision applicable to the spending limitations was the result of an amendment offered by the distinguished Senator from Kentucky (Mr. Cook). To a considerable measure it insures that this limitation will not become obsolete in the years to come, although that inclusion is premised upon the assumption that media rates will increase no faster than does the general cost of living. I also commend the junior Senator from Kentucky in winning his fight to insure that the formula is based on the total population of voting age rather than on the number of voters who voted in the last election.

You will recall, Mr. President, that S. 3637 in the last Congress and S. 382 as originally introduced in this Congress tied the limitation formula to the historical fact that a certain number of people had voted in the previous election. There was no logic in that and the amendment by the junior Senator from Kentucky did represent a significant improvement in the bill.

TITLE II—CRIMINAL CODE AMENDMENTS

Mr. President, I am somewhat amused and, quite frankly, disheartened by some of the press reports I read which suggest we are not in the process of developing the most comprehensive reform of laws regulating Federal elections since the founding of the Republic. Such reports are simply based on misinformation or lack of understanding. Some have suggested that the reports are simply politically motivated. Whatever their motivation, these reports are doing a disservice to the American public, because there is far more to this legislation than a limitation provision on how much a candidate can spend for radio and television in order to get his message across.

Title II of this bill makes a number of substantive amendments to the criminal laws regulating our election process. As you know, Mr. President, corporations, labor unions, and banks are prohibited from making contributions to candidates for Federal office. The purpose of the prohibition is to protect the integrity of the election process. Naturally, effective enforcement of this prohibition has been difficult because of the lack of effective disclosure requirements.

The Rules Committee carefully examined all of the criminal code provisions relating to Federal elections. A number of changes were made in existing law which will significantly help restore public confidence.

Specifically the committee amended the criminal code with respect to the following:

First. Made lawful bona fide bank loans to political candidates;

Second. Expanded the definition of political contribution and political expenditure;

Third. Eliminated unregulated political committees;

Fourth. Repealed the limitation on the amount of individual contributions;

Fifth. Eliminated the maximum limitation on the amount of money any one political committee can handle; and

Sixth. Prohibited unsecured debts by political candidates for certain regulated industries.

BANK LOANS

First, Mr. President, in section 201 the definition of contribution and expenditure was modified so as to permit candidates for Federal office to obtain bona fide bank loans. Under the present law a bank is prohibited from making a contribution or expenditure to a political candidates. In the future, banks will continue to be prohibited from making contribution or expenditure to political candidates. However, the committee clarified the law so that ordinary bank loans could be obtained. The reason for this change is obvious. No one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office. As a practical matter, it is often necessary for a candidate to borrow money in order to defray immediate and pressing campaign expenses. Under the present law, there was a real danger in permitting even bona fide loans to political candidates because in the absence of an effective disclosure law it would be very easy for a bank making a loan never to collect it. S. 382, as amended, has rigid and effective disclosure requirements. All bona fide loans made to political candidates must be reported. The candidate must continue to report his loan until it is fully repaid.

DEFINE CONTRIBUTIONS AND EXPENDITURES

Second, Mr. President, it should be noted that the definitions of "contribution" and "expenditure" include "anything of value." This would mean that contributions in the form of facilities, equipment, supplies, personnel, advertising or personal or other services without a charge, or at a charge which is below the usual charge for such items, is considered as a contribution or expenditure to or on behalf of the candidate for Federal office. Since section 301 of title III contains an identical definition, all such donated services are not only subject to criminal code provisions but also must be disclosed under the provisions of title III.

ELIMINATION OF UNREGULATED POLITICAL COMMITTEES

Third, Mr. President, the Rules Committee eliminated the serious loophole in present law which has the effect of permitting political committees organized in the District of Columbia or U.S. territories to escape all provisions of the law. Specifically, the committee terminated the existence of the unregulated District of Columbia committee by adding the following definition of "'State" to 18 U.S.C. 591:

"State" means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

CONTRIBUTION LIMITATIONS

Fourth, the Rules Committee carefully examined the desirability of having a limitation on individual contributions. The committee rejected placing a limitation on individual contributions for three reasons:

First. Such a limitation probably is unconstitutional;

Second. Such a limitation is completely unworkable; and

Third. Full disclosure makes such a limitation unnecessary.

Prof. Ralph Winter, of Yale Law School, stated the following:

It is my judgment that the first amendment plainly prohibits the setting of a legal maximum on the political activities in which an individual may engage. This is the case whether or not the maximum is imposed in the name of equalizing opportunity or whether an actual discriminatory effect can be shown.

Even if such a limitation were constitutional, it clearly would be unworkable. Section 204 of S. 382, as originally introduced, would have limited individual contributions to an aggregate amount of $5,000, whether given directly or indirectly to a political candidate. Not only would the $5,000 limitation have invited evasion of the law by encouraging backroom cash contributions, but also it would have created a situation whereby both the contributor and the candidate could have inadvertently violated the law. Such a situation would arise whenever an individual gave $5,000 to a particular candidate and any additional money to an organization or committee, which in turn, made any contribution to the same candidate. Deputy Attorney General Richard G. Kleindienst, in testifying before the Rules Committee, succinctly summed up the problem:

Further, the proposed section would impose felony sanctions for aggregate contributions exceeding the limitation in any amount, and regardless of the intent of the contributor. In view of the perplexing array of political committees which solicit campaign contributions, inadvertent violations are likely and intentional violations may easily be made to appear inadvertent. Such a proscription would be virtually impossible for the Department to enforce and the public would be deluded if it believed otherwise.

Moreover, it was recognized that full and complete disclosure really solves the problem of large contributions. Under the new disclosure provisions contained in title II, the public will know exactly how a candidate's campaign is financed. Since the disclosure provisions require reports 15 days and 5 days before an election, the voter will be in a position to make a judgment at the polls concerning the effect of large individual contributions to a political candidate.

Recognizing that the present limitation on individual contributions is merely a sham, the Rules Committee adopted an amendment which would repeal 18 U.S.C. 608.

LIMITATIONS ON COMMITTEE RECEIPTS

Fifth, Mr. President, under the present law it is unlawful for any political committee to collect or expend more than $3 million. This 1925 requirement was also subject to easy evasion. National and interstate political committees simply created other committees, none of which received the limitation. As a practical matter, the national committees of both major political parties received and spent far in excess of $3 million. Since they also will be required to make full and complete disclosure, 18 U.S.C. 608 is repealed.

UNWARRANTED AND UNCOLLECTABLE DEBTS

Finally, a very significant change in title II is the committee amendment prohibiting airlines, telephone companies, and other federally regulated businesses from extending unsecured credit to political candidates. We were shocked to learn that these regulated industries have been unable to collect large sums of money from candidates for Federal office. The committee amendment insures that these corporations will not be placed in a situation of inadvertently making unlawful contributions to political candidates of what amounts to debt forgiveness. It also protects the public which uses the services of such regulated industries, for ultimately users must pay higher rates because of the bad debts.

TITLE III—PROVISIONS FOR FULL AND COMPLETE DISCLOSURE OF ALL POLITICAL CONTRIBUTIONS AND EXPENDITURES

Mr. President, a recent article in Parade magazine contained a headline "The Nation's Worst Scandal." The article concluded as follows:

As things now stand, large segments of the educated public are losing faith in the too high cost of democracy. They suspect that the oil lobby, the labor lobby, the doctors lobby, the postal lobby, the people with the money and the clout again and again exercise undue influence upon the Nation's legislators, confronting them time after time with a conflict of interest and an almost perennial debt of gratitude which must be paid off in special-interest legislation.

As I pointed out in the beginning of this statement:

Democracy succeeds only where citizens have faith and trust in their Government and its elected officials.

All the witnesses before the committee acknowledge that under the present law there is widespread dissatisfaction in the political process. Sidney H. Scheuer, the chairman of the National Committee for an Effective Congress, summarized some of the publicity which has created an atmosphere of distrust and lack of confidence in the democratic process:

In the 1970 campaign alone, countless newspapers and magazines appeared with such glaring headlines as: "Unseen Fund Raisers, Financing Lobbyists," "False Front Campaign Funds: How They Work," "Campaign Spending Violations Found."

It makes little difference that not all those stories concern clear-cut violations of the law, that many only demonstrate the enormous size of the loophole in that law. Each instance stokes the fires of public cynicism and the common suspicion of widespread wrongdoing. As a result, the reputation of politics and all politicians suffers.

The lack of accurate information concerning campaign financing generates this type of publicity. Every witness before the committee urged a change in the present law, which actually discourages disclosures. A respected Twentieth Century Fund Task Force on Financing Congressional Campaigns in its 1970 report entitled "Electing Congress—The Financial Dilemma" came to the following conclusion:

We believe that full public disclosure and publication of all campaign contributions and expenditures are the best disciplines available to make campaigns honest and fair.

* * * * *

If there were full public disclosure and publication of all campaign contributions and expenditures during a campaign, the voters themselves could better judge whether a candidate has spent too much. This policy would do more to protect the political system from unbridled spending than legal limits on the size of contributions and expenditures.

In this modern age, Mr. President, where mass communications have created an information rich public, the present ineffective disclosure laws have unwarranted secrecy. The lack of complete and full disclosure erodes competence in the entire elective process and if allowed to continue would only serve to generate pressures against our democratic form of government.

There are five basic considerations in developing a meaningful disclosure law:

First. Determining who are required to make periodic reports;

Second. Determining what such reports should include;

Third. Determining when such reports should be filed;

Fourth. Determining the agency of government entrusted with the responsibility for administering the disclosure law; and

Fifth. Insuring the widest possible dissemination of reports made under the disclosure law.

WHO ARE REQUIRED TO MAKE PERIODIC REPORTS

On its face the Federal Corrupt Practices Act of 1925 requires disclosure. However, we have pointed out that law is fraught with loopholes. Committees organized solely within a State supporting a particular candidate do not have to report. Committees organized in the District of Columbia or any U.S. territory are free from reporting. Consequently most contributions and expenditures in any political campaign go completely unreported.

Recognizing that only full and complete disclosure will restore the confidence of the American people, the committee requires every candidate and every committee supporting a candidate to file a report—section 304.

In addition individuals who make contributions or expenditures other than by contribution to a political committee or candidate must file a report if the contribution or expenditures exceeds $100—section 305. A specific provision is also included to require any business regulated by the Civil Aeronautics Board, the Federal Communications Commission, or the Interstate Commerce Commission to file a report if it extends a political candidate or political committee any credit.

WHAT REPORTS SHOULD INCLUDE

Mr. President, the Rules Committee included language in the bill requiring as comprehensive a report as possible. Candidates and committees must report in detail all contributions and expenditures. It was the committee's intention that committees supporting more than one candidate should itemize with specificity contributions made to each candidate.

Every committee is required to have a chairman and a treasurer. The treasurer has the duty of maintaining the names and addresses of each contributor of more than $100.

The Rules Committee was confident that candidates and committees would be able to work out procedures to insure that they would be able to provide the detailed information necessary under the act.

WHEN REPORTS SHOULD BE FILED

Mr. President, any disclosure law has very little effect on the election process if it is filed after elections. Therefore, the committee determined that reports should be filed on the 10th day of March, June, and September in each year. In election years there is the additional requirement that reports be filed 15 days prior to an election and again 5 days prior to an election. This provision is included so that the voters will be in a position to judge for themselves the method of financing a particular campaign. The committee fully realized the practical difficulties inherent in filing absolutely accurate reports of expenditures and contributions 15 days and 5 days preceding an election. In the heat of a political campaign, absolute accuracy is often impossible, yet the electorate is entitled to full and complete disclosure particularly just before an election. It is contemplated that all candidates and political committees will make every effort to provide as precise and realistic an estimate as possible if specific figures are not available.

In election years there is also the additional requirement that candidates and committees file a report on January 31. Generally a sufficient period of time will have passed between election day and January 31 to insure the absolute accuracy of this report.

The Rules Committee did entrust this responsibility with the Comptroller General of the United States in lieu of the Clerk of the House or Secretary of the Senate. This is an improvement over the original provisions of the bill. However, we doubt that it goes far enough in order to completely restore public confidence in the election process. The Comptroller General and the General Accounting Office are in the legislative branch of Government. Their prime responsibility is to the Congress of the United States.

In placing the Comptroller General in the position of administering a campaign disclosure law, we are placing upon him the impossible burden of deciding whether or not his "employers" have complied with the law. The integrity and thoroughness of the Comptroller General and the General Accounting Office is beyond question. We must consider that his effectiveness in conducting investigations and studies for individual Members of Congress could be impaired if he were placed into the position of questioning the completeness of a disclosure by a Member or a committee supporting a Member.

Mr. President, I am convinced that the establishment of an independent Federal Elections Commission insures the greatest public confidence. Naturally, the Comptroller General and the General Accounting Office could continue to provide the support and service necessary for carrying out the disclosure law. However, the creation of an independent commission would place policy decisions in a body isolated from employer-employee relationships.

WIDEST POSSIBLE DISSEMINATION OF REPORTS

Herbert Alexander, in testifying before the Committee, stated:

> Public reporting of campaign and political finances consists of two elements: disclosure and publicity. Disclosure is only a first step; the larger purpose is to inform the public about sources of funds and categories of expenditures.

The Rules Committee attempted to insure the widest dissemination of the material obtained under the disclosure law. The candidate or political committee must not only file a report with the Attorney General but also with the clerk of the district court in his State or congressional district. The clerk of the district court is required to maintain the reports and make them available to the public—section 309. In addition, the Comptroller General is given the responsibility to prepare and publish annual reports and compilations. Those reports must include a breakdown of total contributions and expenditures reported by candidates, committees, and others. The total amount must be broken down into specific categories. Individual contributors giving the aggregate of more than $100 must be identified by name and address.

To further protect the public, the Rules Committee adopted an amendment which will require political committees soliciting contributions to carry the following notification letting the public know how to obtain a copy of the report they have filed.

> In compliance with Federal law a report has been (or will be) filed with the Comptroller General of the United States showing a detailed account of our receipts and expenditures. A copy of that report is available at a charge from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.

I am convinced that such a notification will make absolutely certain that individuals living in remote areas of the country know the activities of political committees operating largely in Washington, D.C. Once such knowledge is readily available, we are confident that many existing committees will take full advantage of involving as many of their contributors as possible in the decision-making process.

In conclusion, Mr. President, S. 382 as amended by the Rules Committee is a good bill. I urge all of my colleagues to support all of the measures contained in the bill as reported by the Rules Committee.

The amendments introduced Friday by Senator BAKER and me to amendment 308, introduced by Senator PASTORE as a complete substitute to S. 382, represent an attempt to restore some of the provisions contained in the bill reported by the Senate Rules Committee.

First, we believe that the Rules Committee was correct in exempting all Federal candidates from the equal time requirements in section 315(a) of the Federal Communications Act. Witness after witness testified that the equal-time requirements of section 315(a) are in effect "no time offered requirements," because broadcasters are inhibited from giving free time to any candidate.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PROUTY. Mr. President, I yield myself an additional 10 minutes.

Amendment 308 by exempting presidential and vice-presidential campaigns from the equal time requirements recognizes the fact that section 315 has not worked in the interest of having an informed democracy. However, by not including all candidates for Federal office under the exemption, amendment 308 merely represents an effort to provide special protection for every incumbent Senator and Congressman. The American public deserves to expect more from this Congress than legislation designed to protect incumbents.

Our second amendment to amendment 308 would restore the interchangeability feature contained in the Rules Committee bill with respect to spending limitations. Again all the evidence warns against an arbitrary overstructuring of political campaigns by Congress unless Congress wants to deliberately increase the percentage of incumbents reelected to office. Is it not enough that since 1940, 93 percent of all incumbents for Federal office have been reelected?

We have given ourselves the franking privilege.

We have name recognition in our States or congressional districts.

We have the ability to make news headlines by our stand on the issues and the way we vote.

Now amendment 308 attempts to give us a further advantage by placing separate but identical limitation on broadcast and nonbroadcast communications media. It in effect is implying that a campaign in New Hampshire, Maine, or Wyoming is the same as a campaign in New York City, New Jersey, or California. Since campaigns in fact have very different requirements in different parts of the country, the Rules Committee correctly permitted the individual candidate to spend money on either broadcast or nonbroadcast communication media as long as he stayed within his overall limitations.

Our final amendment, Mr. President, restores the fair labeling provision contained in a Rules Committee bill.

Mr. President, disclosure of political contributions and expenditures is meaningless unless the American people are given the opportunity to easily obtain the facts. My amendment which was overwhelmingly adopted by the Rules Committee simply required political committees to place a notice on the material they used for soliciting contributions. That notice did two things.

First, it certified to the potential contributor that the political committee had complied with the Federal Disclosure Act. Second, it informed the potential contributor that he could purchase a copy of the report of contributions and expenditures from the Government Printing Office.

Mr. President, the American citizen should be entitled to this information. We should make certain the American citizen who wants to contribute to committees be given the opportunity to obtain the information about how the particular committee spends its money. I might point out, Mr. President, that long ago we protected stockholders in our Nation's businesses by requiring corporations to issue stockholders' reports. It is

about time we afforded the same opportunity to those dedicated Americans who contribute money to political committees in the hopes that our democracy will more effectively work.

I support a number of other amendments to amendment 308 and I sincerely hope that when we get to consideration of this important bill we can amend amendment 308 so that it will reflect the same strength as the bill reported by the Rules Committee.

We should put partisan politics aside and follow the lead of the Rules Committee in supporting a comprehensive election reform bill. Let us not get sidetracked in a legislative battle of political gamesmanship.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. COTTON. Mr. President, as the senior Republican member of the Committee on Commerce which initially considered the bill S. 382, I personally entertained some very grave reservations about many of its provisions. I still have many of these same concerns, notwithstanding the number of improvements made to it by the Committee on Rules and Administration.

I did join with my colleagues on the Committee on Commerce in ordering the bill S. 382 reported. I did so, however, filing individual views with the committee's report—see Senate Report No. 92–96 at 79.

In those individual views I stated that the principal objective of any legislative measure of this type should be fair and competitive elections, restoring the credibility of the elective process which has become so eroded in recent years in the eyes of the public. This still should be our primary objective, toward which we should strive in consideration of the pending bill and amendment No. 308.

It is my personal opinion that the principal means, if not the only means, by which this objective can be obtained realistically is through periodic public disclosure and publication of all campaign contributions and expenditures both before and after an election. It is my view that the American electorate is sufficiently sophisticated to render its own judgment based upon a full disclosure of such facts.

Mr. President, before getting into specific subject areas of the pending measure, I believe we would be well advised to briefly examine what motivated this legislation in the first place. As the distinguished Chairman of our Communications Subcommittee (Mr. PASTORE) indicated in his opening statement commencing hearings on S. 382 before our Committee on Commerce last March, it is "... the problem of excessively high campaign costs." (See Commerce Committee hearings Serial No. 91–6 at 151.) But, Mr. President, are campaign costs in fact excessive? I believe it is well to note that there are some highly respected individuals who hold the opinion that such costs are not excessive.

For example, Ralph K. Winter, Jr., Esq., professor of law at Yale University Law School and special consultant to the Subcommittee on Separation of Powers of the Senate Committee on Judiciary, expressed some skepticism on the allegation that election campaign costs are excessive. In an article entitled "Money, Politics and the First Amendment" which was printed by the American Enterprise Institute for Public Policy Research under the title "Campaign Finances—Two Views of the Political and Constitutional Implications", Professor Winter makes the following observation:

There is a powerful urge to "do something" about political campaigns and the costs they impose on those running for office. There are proposals to limit spending generally, to limit amounts spent on the broadcast media, to "tighten up" reporting laws, to require the media to "donate" time or sell it at reduced rates, to do away with "equal time" rules in some elections, to use tax revenues to pay part of campaign costs, et cetera. Rarely are these proposals opposed on the general grounds that campaigns should be free of regulation as a matter of democratic principle, even though that is an argument worthy of attention by those who wish to maintain the open political process contemplated by the First Amendment. Instead, they are opposed as unworkable, or insufficiently comprehensive, or the like, and are met with counter-proposals involving yet other forms of regulation. There is thus a widespread consensus—if not assumption—that some regulation of campaign spending is not only desirable but necessary.

I am skeptical about this consensus, and for a number of reasons. For one, all of the rhetoric about escalating campaign costs has taken the issue out of perspective. The cost of television time, for example, is the target of accusing fingers in discussions of campaign costs. Money spent on television, however, is a relatively open expenditure. An increase there does not necessarily reflect a significant increase in total campaign expenditures, for similar sums may well have been spent in the past but in a fashion which permitted concealment. Inflation, moreover, necessarily distorts our view of campaign expenses. For all of the widespread belief that campaign costs are escalating, political expenditures between 1952 and 1968 in fact declined relative to the gross national product. That fact alone casts doubt about the validity of the claims that further regulation is needed.

Similarly, Dr. Herbert Alexander, director of the Citizens Research Foundation, noted the following:

But political costs need to be considered in perspective. *Considered in the aggregate, politics is not overpriced. It is under financed.* $300 million is just about one-tenth of one per cent of the amounts spent by governments at all levels ($282.6 billion in fiscal 1968), and that is what politics is all about, gaining control of governments to decide policies on, among other things, how money will be spent. $300 million is hardly more than the amount spent in 1968 by the largest commercial advertiser in the United States, which corporation, according to *Advertising Age*, had a $270 million advertising budget in 1968. (Commerce Committee hearings Serial No. 92–6 at 637)

Recently Dr. Alexander had published a book entitled "Financing the 1968 Election." In that book there appears a table—1–3—listing direct campaign expenditures by national-level presidential and party committees for general elections, 1912–1968. A cursory examination of that table would seem to support the contention that there has been a substantial increase in campaign costs. However, I took the time to have those figures transposed into constant 1968 dollars, and the results viewed in this common denominator support the skepticisms of Professor Winter and others concerning excessive campaign costs. For example, bearing in mind that for 1968 the table indicates a cost of $44.2 million, the 1928 figure of $11.6 million is equivalent to $23.5 million in 1968; and the 1936 expenditure of $14.1 million is $35.4 million in 1968 dollars. Thus, in over 30 years, from 1936 to 1968, based upon constant 1968 dollars, the cost increase has been slightly less than $9 million. Mr. President, can we in all honesty say, therefore, that election campaign costs are excessive?

This only serves to support what I have said all along, Mr. President, that the legislation that we are considering here today is responsive to not excessive campaign costs, but rather a prevailing view held by the American public that there should be some law limiting the total amount of money that can be spent for or by a candidate in his campaign for public office. All I am saying is let us not set up any "straw man" such as excessive campaign costs in our consideration of the pending measure.

To further place in proper perspective the consideration of S. 382, let us also keep in mind the following two other observations made by Professor Winter:

Limiting campaign expenditures, therefore, is hardly a technique that will equalize the influence of special interest groups. Quite the contrary, it is fully designed and intended to increase the power of some special groups at the expense of others.

Many of the supporters of limitations on campaign expenditures and contributions style themselves as vigorous defenders of First Amendment rights. It is thus surprising to find that of the many problems raised by such legislation, the free speech issue is the least mentioned. A limit on the amount an individual may contribute to a political campaign is a limit on the amount of political activity in which he may engage. A limit on what a candidate may spend is a limit on his political speech as well as on the political speech of those who can no longer effectively contribute money to his campaign. In all of the debate surrounding the First Amendment, one point is agreed upon by everyone: no matter what else the rights of free speech and association do they protect explicit political activity. But limitations on campaign spending and contributing expressly set a maximum on the political activity in which persons may engage.

Mr. President, having at least tried to place the issue in some proper perspective, I now would like to turn to some of my principal concerns with respect to the pending Amendment No. 308 proposed by the distinguished senior Senator from Rhode Island (Mr. PASTORE) and others.

INTERCHANGEABILITY OF MEDIA SPENDING LIMITATIONS

Amendment No. 308 is, in effect, the media spending limitations as contained in the bill reported with amendments by our Committee on Commerce. It provides for a spending limitation of 5 cents multiplied by the estimate of resident population of voting age for such office with respect to each the broadcast media and

the nonbroadcast media. It makes no provision whatsoever to allow a candidate some flexibility to spend this amount of money in one media or the other. In other words, he has 5 cents per potential voter as a ceiling on what he can spend on the broadcast media and 5 cents per potential voter for what he can spend on the nonbroadcast media. It totally regards situations such as prevail in my own State of New Hampshire where the broadcast media is not the most effective means of conducting an election campaign. I, for example, in order to insure full and comprehensive coverage, must go to a television broadcasting station in Boston, Mass., to obtain statewide coverage, but in doing so must pay a higher rate since I would be covering other States as well. I am aware that a similar situation prevails in other States. What, for example, do you do in a State like New Jersey which does not have any television stations? Or what is the junior Senator from Kentucky (Mr. COOK) to do in order to obtain effective broadcast coverage in his State?

Amendment No. 308, lacking as it does interchangeability of the spending limitation between the broadcast and nonbroadcast media, totally disregards this very basic problem. I personally feel that the Committee on Rules and Administration is to be commended inasmuch as it did recognize this problem. The bill as reported with amendments by that committee provided for interchangeability with respect to the two media.

Moreover, the desirability of providing some flexibility, be it through interchangeability or an overall limitation, has been recognized, I understand, by none other than our distinguished Majority Leader (Mr. MANSFIELD) in correspondence he included in his statement contained in hearings before our Committee on Commerce. And, I might add there was reason to believe that the distinguished chairman of our Communications Subcommittee was similarly so inclined at least to provide some degree of flexibility for interchangeability from broadcast to nonbroadcast media.

Mr. President, I fear that with the overly restrictive and inflexible spending limitation being proposed in Amendment No. 308 we will be doing a grave injustice under the color of campaign reform. Let us, therefore, now have the wisdom to recognize that the election campaign for every political office is not the same. I, therefore, urge all of my colleagues in the Senate to give this matter most serious consideration and at the appropriate time when an amendment is offered, provide candidates for political office a necessary and justified degree of flexibility with respect to the manner in which the candidate himself judges in which media his expenditures should be made.

DISCLOSURE RESPONSIBILITY

Second, Mr. President, I sincerely believe that we in the Senate should finally come to grips with this issue of who is to have the responsibility of monitoring election campaign expenditures and reports. In the past it has been the Clerk of the House and the Secretary of the Senate. With all due respect to both of those gentlemen, I find that to be a totally unacceptable mechanism. It is simply incongruous to me to expect an employee of the House and of the Senate to monitor individuals who, in effect, are their employers.

The Committee on Rules and Administration recognized this and amended S. 382 to place this responsibility in the Comptroller General of the United States. This solution, too, is highly suspect. In the first place, it is my understanding that the Comptroller General of the United States in correspondence to Members of the Senate has indicated that he does not want this job. In the second place, like the present system with the Clerk of the House and the Secretary of the Senate, the Comptroller General feels—and rightly so in my opinion—that:

> Because our relationship to the Congress closely resembles that of principal and agent we especially wish to avoid being placed in the anomalous situation of having to investigate and report on our principal. (Rules Committee hearings at 202)

Mr. President, there remains but one solution. That solution is to establish an independent Federal Elections Commission. I offered such an amendment in our Committee on Commerce on behalf of the distinguished senior Senator from Kansas (Mr. PEARSON) and the distinguished minority leader (Mr. SCOTT). Unfortunately the matter was never considered on its merits. It was defeated on a motion to table. Yet, this is a recommendation which has been made over the years to establish a single joint repository in the Federal Government to which political fund reports would be made. It was recommended in 1962 by the President's Commission on Campaign Costs—Financing Presidential Campaigns and in intervening years up to the 1970 report of the Twentieth Century Fund Task Force—Electing Congress. I believe, Mr. President, that it is high time that we heed the counsel of these various reports and act at an appropriate time when the senior Senator from Kansas (Mr. PEARSON) brings up his amendment to establish an independent Federal Elections Commission. Nothing to my mind would do more to establish credibility in the eyes of the public than to establish such a commission.

CAMPAIGN DEBTS

Thirdly, Mr. President, Amendment No. 308 deletes that amendment made by the Committee on Rules and Administration prohibiting unsecured debts by political candidates with respect to certain regulated industries. This was an amendment prompted by an investigation initiated by the distinguished minority leader (Mr. SCOTT) and one for which he is to be commended. I believe it would be a grievous injustice for industries such as the airlines facing the financial problems they do today to place them in further precarious position and to, in effect, require them to make involuntary campaign contributions. I further believe, Mr. President, that to condone this practice in future election campaigns would be to perpetrate a hoax on the American public and give them firm grounds for their current feeling that the election process lacks credibility.

Mr. President, as a Senator and more particularly, as a senior Republican Senator on the Committee on Commerce which has jurisdiction over industries affected by this practice, I want the record to show that when an amendment is offered to prohibit such practices, I shall vigorously support its adoption. And, I can see no other choice but to support it for my colleagues in the Senate unless, of course, they feel that such an abuse and such a hoax is meritorious. This, I believe, would constitute an extremely tenuous position, especially for those over the past several weeks who have opposed Government relief to Lockheed because of alleged prior mismanagement. We ourselves could rightly be accused of mismanagement if we fail to meet this issue raised by the distinguished minority leader (Mr. SCOTT) and stop once and for all this deplorable practice.

CONCLUSION

Mr. President, in these my opening remarks at the beginning of the debate on S. 382, I have touched upon but three major areas of concern to me. I believe my remarks also provide insight into my feeling concerning many of the several other issues which will be raised during the course of our consideration of S. 382. On these other specific points, I will have more to say later.

The point is that expenditure ceilings, no matter how carefully determined, are almost certain to reflect some unfair discrimination and are almost impossible to enforce. The heart of the problem, in my opinion, is the need for rigidly enforced periodic disclosure so that the public may know who is spending, for whom, and how much.

I cannot escape the conviction that most of the other provisions of the bill create more problems than they solve.

Mr. STEVENSON. Mr. President, the Senator from Indiana (Mr. HARTKE) and I have offered an amendment to the Pastore substitute which would establish a 3½ cents per voter subceiling for television advertisements of less than 5 minutes duration. I am gratified that our amendment has been endorsed by Newton Minow, former Chairman of the Federal Communications Commission and Chairman of the Commission on Campaign Costs in the Electronic Era, by George E. Gill, Executive Director of the Communications Workers of America and by Thomas Hoving for the National Citizens Committee for Broadcasting.

I ask unanimous consent that Mr. Minow's letter, Mr. Gill's letter, and Mr. Hoving's letter be printed at this point in the RECORD.

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

LEIBMAN, WILLIAMS, BENNETT, BAIRD AND MINOW,
*Chicago, Ill., July 30, 1971.*

Senator ADLAI E. STEVENSON,
*Old Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR STEVENSON: I most enthusiastically encourage your efforts to strengthen S382 by your proposed Amendment No. 324. As understand it, your Amendment would limit the amount of money which a candidate could spend for spot announcements on

radio and television to 3½ cents a voter. This would be an important step in the right direction. I would hope that the Senate would go even further in the direction of taking all steps possible to discourage "spots" in political campaigns.

In *Voters' Time*, the report of the Twentieth Century Fund Commission on Campaign Costs in the Electronic Era, which I chaired, we pointed out that:

"All too often, we believe, political broadcasting makes use of advertising techniques more properly suited to the sale of a commercial product. Such political advertising has been marked by appeals to the emotions of the viewers or listeners rather than to their intellect; it succeeds often through the skillful editing of film or tape or through special lighting and sound effects."

Radio and television offer ideal ways to provide the voter with rational political discussion—and longer programs should be encouraged. I support your efforts to develop public policy in this direction and hope your colleagues will join you in thus advancing the public interest.

Cordially,

NEWTON N. MINOW.

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COMMUNICATIONS WORKERS OF AMERICA,
*Washington, D.C., August 2, 1971.*

Hon. ADLAI E. STEVENSON, III,
*U.S. Senate,*
*Washington, D.C.*

MY DEAR SENATOR STEVENSON: The action you and Senator Hartke are taking which would limit the use of television spot commercials in political campaigns is certainly valid, and deserves the consideration of every member of the Senate.

In my testimony before the Senate Subcommittee on Communications I mentioned these spots in the following way:

"In the battle of the 30-second and 60-second spots, when image maker fights it out with image maker, glibness can overpower perceptiveness."

We know that no perceptive discussion of any issue can be brought before the voters in a 30-second or 60-second spot.

I also mentioned that "if there is one thing that will cut through the phonyness of the 30 and 60-second commercial—of the spurious slogan and the image maker's gimmick—it is debates."

The Communications Workers of America has been supporting the effort to obtain legislation permitting debates between the major candidates for President and Vice President and supports the suspension of Section 315 for this purpose.

The amendment you and Senator Hartke are offering is an additional step to eliminate spuriousness in campaign advertising, and would improve the American political process.

Sincerely yours,

GEORGE E. GILL,
*Executive Vice President.*

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NATIONAL CITIZENS COMMITTEE FOR BROADCASTING,
*Washington, D.C., August 2, 1971.*

Senator ADLAI E. STEVENSON III,
*United States Senate, Committee on Labor and Public Welfare, Washington, D.C.*

DEAR SENATOR STEVENSON: We are writing to you with reference to your and Senator Hartke's Amendment 324 to S. 382 which would limit the use of political spot advertising. National Citizens Committee for Broadcasting (NCCB) strongly supports the principle embodied in this amendment.

The question of political spot advertising is extremely important as it has become a principal means of reaching voters. Yet political spots (defined as TV spot commercials of less than five minutes' duration) lend themselves to slick marketing techniques and are singularly inappropriate for serious and informal discussion of political issues. Thus it has been NCCB's position that expenditures on such spots should be limited or disallowed altogether. While we support a limitation of 3½ cents out of a total of 5 cents per voter on political spots, we would like to see expenditures on these spots limited even further, say, to 20% of a candidate's total television expenditures.

In the production of these political spots, the so-called USP selling technique is often employed. This is where a Unique Selling Point is selected and dunned into the viewer so that hopefully he responds almost subconsciously when it comes time to vote. Of course, this technique is hardly an appropriate manner in which to present candidates and issues in an election campaign.

In addition, it should be noted that spot political announcements are not sheduled so that the viewer may plan to tune them in (or out). Rather, such announcements come on unexpectedly and seek to make an impression upon a relatively inattentive viewer. Furthermore, because of their short duration, political spots do not lend themselves to a serious presentation of the issues. They do, however, lend themselves to dramatic techniques and such commercial, product-oriented techniques as saturation campaigns, wherein a large number of spots are scheduled over a relatively short period before the election to impress upon the voter the desired choice.

The magnitude of the political spot announcement problem can be grasped when it is noted that according to a Federal Communications Commission study of political broadcasting expenditures released January 2, 1969, fully half of total network expenditures on political advertising in 1968 by both parties was for spot announcements.

In view of these considerations, NCCB strongly supports your amendment limiting expenditures on political spot advertising.

In closing, the National Citizens Committee for Broadcasting thanks you for requesting our comments on your amendment to the political advertising bill.

Sincerely,

THOMAS HOVING.

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AMENDMENT NO. 340

Mr. BYRD of West Virginia. Mr. President, with the approval of the distinguished manager of the bill (Mr. PASTORE), with the understanding and approval of the distinguished Senator from Nevada (Mr. CANNON), and at the request of the distinguished Senator from Kansas (Mr. PEARSON), I call up, on behalf of the Senator from Kansas amendment No. 340, the star print, and I ask unanimous consent that the Senate proceed to its consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will read the amendment.

The legislative clerk proceeded to read the amendment called up by Mr. BYRD of West Virginia in behalf of Mr. PEARSON, for Mr. PEARSON and Mr. PACKWOOD, Mr. DOMINICK, Mr. PROUTY, Mr. BAKER, Mr. MOSS, Mr. STEVENS, Mr. GRAVEL, Mr. SCOTT, Mr. COTTON, and Mr. HATFIELD.

Mr BYRD of West Virginia. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Amendment No. 340 is as follows:

On page 20, strike lines 18 and 19 and insert in lieu thereof the following:

"(g) 'Commission' means the Federal Elections Commission;".

Wherever in title III of such bill, as amended by amendment 308, it appears strike "Comptroller General" and insert in lieu thereof "Commission".

Wherever in such title "he" or "him" appears with reference to the Comptroller General, strike such word and insert in lieu thereof "it".

On page 35, between lines 10 and 11, insert the following:

'FEDERAL ELECTIONS COMMISSION

"SEC. 310. (a) There is hereby created a Commission to be known as the Federal Elections Commission, which shall be composed of five members, not more than three of whom shall be members of the same political party, who shall be appointed by the President, by and with the advice and consent of the Senate. One of the original members shall be appointed for a term of two years, one for a term of four years, one for a term of six years, one for a term of eight years, and one for a term of ten years, beginning from the date of enactment of this Act, but their successors shall be appointed for terms of ten years each, except that any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate one member to serve as Chairman of the Commission and one member to serve as Vice Chairman. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman or in the event of a vacancy in that office.

"(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission and three members thereof shall constitute a quorum.

"(c) The Commission shall have an official seal which shall be judicially noticed.

"(d) The Commission shall at the close of each fiscal year report to the Congress and the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

"(e) Members of the Commission shall, while serving on the business of the Commission, be entitled to receive compensation at a rate fixed by the Director of the Office of Management and Budget, but not in excess of $100 per day, including traveltime; and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

"(f) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any or all its powers at any other place.

"(g) All officers, agents, attorneys, and employees of the Commission shall be subject to the provisions of section 9 of the Act of August 2, 1939, as amended (the Hatch Act), notwithstanding any exemption contained in such section.

"(h) The Commission shall appoint an Executive Director without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, to serve at the pleasure of the Commission. The Executive Director shall be responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or orders of the Commission. However, the Commission shall not delegate the making of regulations regarding elections to the Executive Director.

"(i) The Chairman of the Commission shall appoint and fix the compensation of such personnel as it is deemed necessary to fulfill the duties of the Commission in ac-

cordance with the provisions of title 5, United States Code.

"(j) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(k) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"'(131) Executive Director, Federal Elections Commission.'

"(l) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office and the Department of Justice. The Comptroller General and the Attorney General are authorized to make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request."

Renumber the following sections in such title accordingly.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the time on the amendment No. 340, Star Print, not begin to run until tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, the amendment will, therefore, be the pending question when the Senate returns to the consideration of the unfinished business on tomorrow.

## MESSAGE FROM THE HOUSE ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 943. An act to provide mortgage protection life insurance for service-connected disabled veterans who have received grants for specially adapted housing;

H.R. 3146. An act to authorize the Secretary of Agriculture to cooperate with the States and subdivisions thereof in the enforcement of State and local laws, rules, and regulations within the national forest system;

H.R. 6239. An act to amend the maritime lien provisions of the Ship Mortgage Act of 1920;

H.R. 9181. An act to amend the Northwest Atlantic Fisheries Act of 1950; and

H.R. 9382. An act making appropriations for the Department of Housing and Urban Development; for space, science, veterans, and certain other independent executive agencies, boards, commissions, corporations, and offices for the fiscal year ending June 30, 1972, and for other purposes.

## ORDER FOR CONSIDERATION OF CONFERENCE REPORT ON H.R. 9272, STATE, JUSTICE, COMMERCE, JUDICIARY APPROPRIATIONS, 1972

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that at 2 o'clock tomorrow afternoon, the unfinished business be laid aside temporarily and that the Senate proceed at that time to the consideration of the conference report on H.R. 9272, the bill making appropriations for the Departments of State, Justice, Commerce, and the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that whatever time is consumed in the consideration of that conference report not be charged against the time on any amendment to the unfinished business nor against the time on the unfinished business itself.

The PRESIDING OFFICER. Without objection, it is so ordered.

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

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.

## ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that no further time today be charged against the unfinished business.

The PRESIDING OFFICER. Without objection, it is ordered.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum. I understand that one or more Senators wish to make statements before the Senate adjourns for the day.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

## THE PAYMENT OF DUES TO THE INTERNATIONAL LABOR ORGANIZATION

Mr. JAVITS. Mr. President, tomorrow we shall be considering the conference report on an appropriation bill which cuts off the payment of dues to the International Labor Organization. The Senate, Mr. President, sent me abroad as an observer at their last meeting, in May, and I came to the conclusion that it would be unwise to withhold those dues, and indeed a regressive step, which could lead the organization into channels which could be very harmful to the interests of the United States, because it could result in dismantling activities and establishing others which would be very regressive in terms of the employer-labor-government aspect of the ILO, and the effort to establish labor standards which could help us in raising the labor standards of the whole world in terms of economic competition, and also in raising the issue of collective and free bargaining for their work in the Communist countries which are members of the ILO.

I believe that, while I opposed the previous cutting off of dues and so voted, nonetheless it may have had a good effect in bringing the organization around to a better understanding of our position, but at this point I think the effect will be exactly the contrary. This often happens with something that works out up to a point and beyond that point can be very harmful. I think that this is the situation here.

So on tomorrow, Mr. President, I shall oppose the adoption of the conference report.

So that Senators overnight may have an opportunity to read into the situation, I ask unanimous consent to have printed in the RECORD my letter to my colleagues dated August 2, together with an analysis of the reasons why it would be unwise to withhold this contribution to the dues, my testimony before the Appropriations Committee on the appropriation, and an editorial published in the New York Times of July 22, 1971, on this subject.

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

U.S. SENATE,
*Washington, D.C., August 2, 1971.*

DEAR COLLEAGUE: Within the next few days the Senate will be voting on the State, Justice, Commerce Appropriations Conference Report. I hope that the Senate will reject this Report not only because it fails to include the Ervin Amendment relating to the SACB, but also because it fails to include any funds for the International Labor Organization, as requested by the Administration and approved by the Senate.

Together with many others, I have been very concerned about our failure to pay our dues to the ILO for the last half of 1970; in my testimony before the Senate, Justice, and Commerce Subcommittee and my report to the Senate on June 21, 1971, a copy of which is enclosed, I explained why I believe it is in our national interest to resume our dues payments. Briefly, there have been a number of significant improvements in our relationship with the ILO during the past year. Anti-American propaganda has been sharply curtailed at ILO meetings; the basic principle of tripartism has been emphatically affirmed through the election of an employer delegate as the President of the annual conference and the refusal in the ILO to consider structural changes which would have weakened tripartism; the issue of communist violations of the Freedom of Association Convention has been faced squarely; and in general we have been accorded more consideration and respect within the organization.

While this improvement may well be in part attributable to our action in withholding our dues last year, I share the view of the Administration and the labor and employer members of the U.S. delegation that any further withholding of our dues would be extremely counterproductive for us and the ILO. Unless we resume payment of our dues, permanent cutbacks in programs and staff will have to be made, to the great detriment of the developing countries of the world to which the ILO is extremely important—frequently it is the only source of manpower training and technical assistance in the labor area for such countries. The inevitable result of such cutbacks would be hostility toward the U.S., and the increase in influence of the communists in the ILO.

Accordingly, I hope very much that you will join me in voting to reject the pending Conference Report. Should you desire any further information, please contact me or Mr. Eugene Mittelman, extension 52705.

With best wishes.

Sincerely,

JACOB K. JAVITS.

WHAT WOULD BE THE CONSEQUENCES OF A CONGRESSIONAL DECISION TO APPROPRIATE NO FUNDS FOR THE CALENDAR YEAR 1971 U.S. ASSESSED CONTRIBUTION TO THE ILO?

I. FOR THE ILO

A. *Depletion of financial reserves, and need to borrow at commercial rates.* The

ILO's reserves (Working Capital Fund) would be exhausted by the end of 1971. The Fund would remain depleted until the U.S. made some payment of its arrears which, by 1/1/72, will come to $11,600,749. It will have cash to pay its staff and carry on its activities early in 1972 only to the extent other Member States promptly pay their 1972 assessed contributions. As soon as cash received through early payment of 1972 assessed contributions is exhausted, and the rate of continuing payments is below minimum monthly cash requirements, the ILO will have to borrow money at commercial rates.

B. *Need for deeper cuts, probably crippling ILO's capacity to carry out its functions.* In view of that financial outlook, and with no financial reserves to fall back on, the ILO will have to make much deeper cuts in its level of activity. During the 16 month period, August 1970 through December 1971, it will have operated at an expenditure level some $6.3 million below the budgeted level. The cuts, largely administrative (except the elimination or reduction of more than 130 ILO budget-financed technical assistance projects) have slowed, but hopefully not permanently damaged, ILO programs, and its capacity to carry out its functions. The required deeper cuts will begin to cripple the ILO. It will require significant dismissal of staff which, once dismissed, it would take a long time to reconstitute.

C. *The situation for which the U.S. will be blamed.* In short, its financial reserves will be exhausted; its staff disintegrating; its activities seriously reduced and more expensive (to the extent borrowing at commercial rates is utilized); and the United States, obviously, will be blamed.

II. FOR THE UNITED STATES

A. *Progress so far made.* The "shock" value of the initial disallowance of appropriations for half of our 1970 assessed contribution established the seriousness of our complaints about recent developments in the ILO. That, and our own more effective tripartite participation, has led other member states and the International Labor Office to better understand the issues that are of concern to us, and to support steps to improve the situation. Significant progress already has been made regarding our concerns over the objectivity of ILO publications, the "double standard" in the Conference Committee on the Application of Conventions, the erosion of the automony of the non-government groups, and the use of the ILO as a platform for irrelevant political resolutions and propaganda.

B. *Likely shift of attention to U.S. delinquency.* The cumulative effects of further withholdings of our 25% assessment, however, has now reached the point where our delinquency, rather than the improvements we seek in the ILO's adherence to its basic Constitutional precepts and objectives, will be the focus of attention in the ILO. The announced basis of the Congressional decision seems almost certain to accomplish this. The Conferees (borrowing language from the House Appropriations Committee Report) state that they "have not the slightest intention of ever abandoning our membership . . .", but that they recommend that "no payment at all [of our assessed dues] be made at this time pending further improvement of our position." This clear policy of maintaining membership without qualification, while at the same time refusing to meet the financial obligation of that membership, can be interpreted by other member states only as a U.S. determination to cripple the ILO. This, of course, will heighten the resentment of other members, particularly among those who have supported us this past year.

C. *Implications for U.S. posture in UN system.* Such a clear statement of our willful disregard of our international commitment will encourage others to ignore, in and outside the ILO, customary standards of international conduct. It will make a mockery of our continuing insistence that the USSR and France pay their assessed contributions to the UN in full.

D. *Possible counterproductive consequences.* The resentment over the evident intention of the U.S. to "do the ILO in" rather than to get out will likely:

1. weaken the support so-far generated on the issues of concern to us in the ILO;
2. jeopardize improvement so-far achieved; and
3. improve the chances of the election, by the Governing Body, of a Russian as its Chairman in June 1972.

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TESTIMONY BY SENATOR JAVITS

Mr. Chairman, I appreciate this opportunity to testify in support of the Administration's appropriation request for $11.6-million to enable us to meet our current and past dues obligation to the International Labor Organization.

Pursuant to my appointment by the Senate as an observer, I attended the opening of the recently concluded 56th annual conference of the ILO this June. During my stay in Geneva I had an opportunity to meet with the tripartite members of the American delegation, as well as the Director-General of the ILO, Wilfred Jenks. At these meetings I was able to explore in depth the problems which have arisen for us within the ILO in recent years, and the progress which has been made in resolving them.

The American delegation—government, labor, and employer delegates—were unanimous in the view that any further withholding of our funds from the ILO would be extremely counterproductive from our point of view.

They made it clear that as a result of our action in withholding our dues payments for the last half of 1971 we have now reached a critical stage with respect to our relationship with the ILO; and that continued failure to appropriate funds to pay our dues will have the most serious ramifications for the ILO and our ability to function as a member of the organization.

I share that view and on June 21, 1971, I filed with the Senate a full report on the ILO which analyzes the problems that have arisen within the organization for us, the improvements which have been made in response to our complaints, and the reasons why I believe we should pay our dues and not withdraw from the organization. I ask unanimous consent that the text of my report be made a part of the record.

In my report, I point out what I believe to be the compelling reasons why we should now appropriate the funds to enable us to pay our dues obligations to the ILO.

To summarize the reasons for paying our dues:

First, we have a binding international obligation to pay our dues. We have long criticized the failure of communist nations to pay their U.N. assessments, and have gone to the point of pressing the matter before the World Court of Justice. Our cavalier disregard for our financial obligations to the ILO is not only demeaning to us as a great nation, but also undercuts our stand in the U.N. with respect to communist failures to pay assessments. Our sincerity and credibility on this issue has already been substantially impaired in the eyes of the world because of this ILO situation.

Second, during the past year a number of developments have occurred within the ILO which signify great improvement of the ILO from our point of view. These encouraging developments have already been brought to the attention of this Subcommittee in the testimony of Assistant Secretary of State de Palma. They include:

(1) A marked increase in he anti-American polemics in various ILO conferences;

(2) Better control of the content of ILO publications to screen out communist propaganda;

(3) The willingness of the Conference Committee on Freedom of Association to face squarely the question of violation of the important Freedom of Association convention in Czechoslovakia and the U.S.S.R.;

(4) The resistance to structural changes demanded by the communists to overcome the refusal of worker and employer delegates to recognize as such their communist counterparts, and;

(5) The election of an employer representative as the President of the recently-concluded annual conference over the objections of the communists.

It may well be that these encouraging developments within the ILO are attributable to our withholding of our dues for the last half of fiscal year 1971. Although I opposed this action last year because I considered it to be a violation of our international obligation and a bad precedent, certainly there is no doubt that the withholding of our dues last year had a great "shock" value within the ILO, with the result that our complaints were taken more seriously by the International Labor Office and by the member countries in the ILO. Granting this shock value, however, it does not follow, as was argued in the other body, that we should continue to withhold our dues payment in the hopes of seeking further improvement. For, I believe continuance of this practice will be highly prejudicial to us and to the ILO.

Our dues ($7.9 million) represent about 25 per cent of the ILO budget. Our failure to pay the last half of our 1971 dues has necessitated some administrative belt-tightening and the use of reserves, but up to now no permanent cutbacks in staff or in operations have been necessary. However, continued withholding of our dues will necessitate permanent cutbacks in staff and in operations, commencing this fall. The result of such cutbacks would be a legacy of bitterness toward the U.S. within the ILO and, equally important, among the countries of the developing world which depend upon the ILO for technical assistance and manpower projects.

Thus, there would be a further weakening of the field structure on which the future of the whole operational program of the Organization was dependent.

This, together with the drastic cuts in regular budget technical cooperation already in force, and the serious weakness of technical departments that will be caused by the reductions, would seriously reduce the ILO's future technical cooperation work at a time when new United Nations Development Program approaches to programming require a competent mobile ILO presence in the field more than ever; in many areas there would simply not be the people, the expertise, and the travel facilities to develop new projects and to complete successfully those already started.

The World Employment Program will be further affected; the Jobs and Skills Program for Africa, already seriously delayed as a result of measures taken hitherto, could not start; the research program, which was important to ensure the vitality of policy and relevance of action in this essential field, would be further reduced.

Further postponements of meetings would become necessary.

There would be consequent weakening of personnel and financial management.

It will be necessary to terminate the appointments of a further number of Professional and General Service officials whose

skills and experience would, in all likelihood, be permanently lost to the Organization.

As I have explained in my report to the Senate, the work of the ILO is extremely important in helping the developing countries of the world cope with the inevitable strains and tensions of industrialization. The tripartite system on which the ILO is premised, and upon which its projects are based, is fundamentally consistent with Western democratic ideals and irreconciliable with totalitarianism of the left or the right. It is thus to our benefit—not the communists'—to have the ILO continue as a strong, viable organization.

No other organization offers us a format in which we can challenge so directly the myths about freedom within communist countries frequently propagated by the communists. The program of multilateral aid and assistance offered by the ILO is certainly superior to any system of bilateral aid which could be devised as a substitute for it in case we were to withdraw from the ILO.

The standards developed by the ILO in various fields through Conventions and Recommendations on subjects such as social security and occupational health and safety have had considerable effect on legislation enacted by both developed and developing countries throughout the world and could be of benefit in helping to establish principles of fair international competition as the basis for resolving some of the difficult trade problems which have arisen for the U.S. and other countries recently. I am pleased to note, in the latter connection, that the Director-General, in his closing address to the 56th annual conference, pledged to initiate discussions in the field of trade problems with the other international agencies directly concerned such as GATT and UNCTAD.

Under these circumstances, even assuming—which I do not—the propriety of withholding our dues as a tactical move to improve our position in the ILO, it is apparent that any further withholding of our dues would not work to our advantage. In that connection, I note further that it is apparently the position of the House Committee that we should remain in arrears in our dues until the last possible moment before we lose our voting rights under the ILO Constitution and then pay only enough of our debt to preserve our right to vote. Such a tactic is not only morally and legally indefensible, but it also would be counterproductive. I cannot envisage a policy which would be better calculated to turn the International Labor Office and the delegates of other countries so much against us.

We are, thankfully, past the stage where crude international conduct of this kind can be expected to work, nor can we afford the luxury of a "rule or ruin" attitude toward international organizations just because we pay a large proportion of the cost.

Our policy toward the ILO, as toward other international organizations, must be to fight aggressively and effectively within the organization for what we believe to be right; not to act like a spoiled child. We cannot, of course, expect to win all the time; compromises will be necessary and reverses may have to be accepted. But I am confident that with the proper amount of commitment we shall more than hold our own in the ILO and that it will be most worthwhile for us. As I have pointed out in my report, it bears emphasis in this connection that many of our problems with the ILO actually stem from our own failure to devote sufficient time, energy and resources to the ILO, a failure which has been acknowledged by the Administration. This year we did take the ILO seriously, and the resulting improvements, which I have summarized above, speak for activism.

Finally, there is one point which was raised in the debate in the House of Representatives on the ILO appropriation which was not covered in my report. It concerns the construction of a new headquarters building for the ILO, at a cost of approximately $30-million. It was argued in the House that the Congress had not received any previous notice of the decision to construct a new ILO headquarters building at a substantial cost to us.

It may well be that no official notice was transmitted to the Congress, or the House or Senate Appropriations Committees, of the decision to erect the new headquarters building. It should be made clear on the record, however, that American representatives did participate fully in the decisions of the Governing Body and the ILO Annual Conference Sessions authorizing the new building. In that connection, I ask that a memorandum concerning the decision to erect the new ILO building showing U.S. participation in the decision, be printed in the record.

I certainly share the view that Congress ought to be informed of decisions within international organizations entailing long-term commitments in U.S. funds. This should be the responsibility of the State Department as a general matter—it is a problem which involves all international organizations of which we are members, not just the ILO. But the failure of the State Department to notify Congress concerning the new ILO building, in particular, is no reason for us to go back on our obligations to the ILO, which had every right to rely on the good faith and authority of those American representatives who participated in the decision authorizing the new building.

To summarize: Our delegation to the ILO is unanimously of the view that we ought to pay our dues to the ILO and there is no legal, moral or tactical justification for us to continue to withhold them. We will not succeed in bludgeoning the ILO into submission through withholding our dues; on the contrary, the more likely result will be to create a permanent legacy of bitterness towards us, jeopardizing our future effectiveness within the organization—and the effectiveness of the Organization.

I hope very much the Committee will recognize the futility of the course chosen by the House from the standpoint of our long-term interest in a strong, viable ILO and will restore the funds to enable us to pay our dues.

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### Righting a Blunder on ILO

The Senate has acted to undo the mistake Congress made last year in cutting off payments to the International Labor Organization. It has voted to restore the full 25 per cent contribution this country normally makes to the I.L.O. budget—a contribution that was withheld primarily because of the pique of George Meany and the A.F.L.-C.I.O. over the designation of a Russian as one of the I.L.O.'s five assistant directors.

Senator John L. McClellan of Arkansas, whose Appropriations Subcommittee helped engineer the original cutoff, played a primary role in getting the Senate back on the right course. The only real obstacle left is the continued obstinacy of Rep. John J. Rooney of Brooklyn, Mr. McClellan's opposite number in the House. Even Mr. Meany has now recorded his belief that the United States should abandon the detour he did so much to start it on.

The proceedings of the I.L.O.'s annual conference in Geneva last month, as reported to the Senate subcommittee by Assistant Secretary of State Samuel De Palma, removed the slightest basis for doubt that this country's best interest will be served by participating actively in the affairs of the world labor organization, instead of sulking in self-imposed isolation and using dues-money as a diplomatic bludgeon. Surely the House will not let the stubbornness of one man prevent it from recognizing that truth.

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## THE PENTAGON PAPERS

Mr. MILLER. Mr. President, in yesterday's issue of "Parade," the Intelligence Report section, edited by Lloyd Shearer, states that some 2 years ago the Senate Foreign Relations Committee requested of the Secretary of Defense the now celebrated Pentagon papers. According to the report, the request was renewed on January 19, 1970.

As I pointed out to the Senate on July 30, the Senate Foreign Relations Committee received a copy of the papers from Daniel Ellsberg at about this time. One wonders why the committee requested the papers from the Secretary of Defense if it already had a copy of them. The Intelligence Report did not say whether the Secretary of Defense was ever notified that the committee had copies of the papers.

The point I made in my statement to the Senate on July 30 is one which we may hope the Foreign Relations Committee will clarify for the Senate. Perhaps the Intelligence Report will be helpful, too.

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## QUORUM CALL

Mr. BYRD of West Virginia. Mr. President, I suggest what I hope will be the final quorum call of the day.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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## ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that tomorrow, after the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business, with statements therein limited to 3 minutes, and that the period for morning business not exceed 30 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

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## ORDER FOR CONSIDERATION OF UNFINISHED BUSINESS TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that at the conclusion of the period for the transaction of routine morning business tomorrow, the Chair lay before the Senate the unfinished business, Calendar Order No. 223, S. 382.

The PRESIDING OFFICER. Without objection, it is so ordered.

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.

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## PROGRAM

Mr. BYRD of West Virginia. Mr. President, the program for tomorrow is as follows:

The Senate will convene at 10 a.m. Immediately following the recognition of the two leaders under the standing order, there will be a period for the transaction of routine morning business, with statements therein limited to 3 minutes, the period not to exceed 30 minutes.

At the conclusion of routine morning business on tomorrow, the Chair will lay before the Senate the unfinished business, Calendar No. 223, S. 382, the so-called Federal elections campaign bill, and debate will resume thereon, under the time agreement. The pending question will be the amendment No. 340, the star print, by the Senator from Kansas (Mr. PEARSON). Time thereon, under the agreement, will be limited to 30 minutes, to be equally divided.

At 2 p.m. tomorrow, under the order previously entered, the Senate will proceed to take up the conference report on the State-Justice-Commerce appropriation bill, without time being charged against the time on the unfinished business. Upon disposing of that conference report, the Senate will resume consideration of the Federal election campaign bill, S. 382.

It is anticipated that there will be roll-call votes tomorrow, certainly one or more on the State-Justice-Commerce appropriations bill conference report; and votes can be expected throughout the day on amendments to S. 382, the unfinished business as well as to tabling motions, which can be offered at any time.

So, a busy day is in the offing. Of course, the Senate has already been put on notice that the Senate will have busy days and votes during Wednesday, Thursday, and Friday of this week.

### ADJOURNMENT TO 10 A.M. TOMORROW

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 54 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, August 3, 1971, at 10 a.m.

### NOMINATION

Executive nomination received by the Senate August 2, 1971:

AGENCY FOR INTERNATIONAL DEVELOPMENT

James F. Campbell, of Maryland, to be an Assistant Administrator of the Agency for International Development, vice Lane Dwinell, resigned.

# HOUSE OF REPRESENTATIVES—*Monday, August 2, 1971*

The House met at 12 o'clock noon.

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

*The Lord is good to all: And His tender mercies are over all His works.*—Psalms 145: 9.

Almighty Father, whose light never fades and whose love never fails, make us aware of Thy presence as we live through the remaining hours of this day. Keep us faithful to Thee, considerate of one another and loyal to the royal within ourselves.

Give us the will to do our work well and the readiness to accept our share of responsibilities with eagerness and enthusiam. When doubts come, steady our faith; when temptations arise, strengthen our resistance; when failure is our lot, give us the courage to try again. Lead us and our Nation with the light of truth and guide us in the ways of liberty and justice for all.

In the spirit of the Master of men we pray. Amen.

### THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Arrington, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2317. An act to extend the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate numbered 2 to a bill of the House of the following title:

H.R. 9388. An act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 10090. An act making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian Regional Commission, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1972, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 10090) entitled:

"An act making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian Regional Commission, the Federal Power Commission, Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1972, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. ELLENDER, Mr. MCCLELLAN, Mr. MAGNUSON, Mr. BIBLE, Mr. PASTORE, Mr. RANDOLPH, Mr. YOUNG, Mr. HRUSKA, Mrs. SMITH, and Mr. ALLOTT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 24. An act to provide that the cost of certain investigations by the Bureau of Reclamation shall be nonreimbursable.

S. 123. An act to authorize the Secretary of the Interior to modify the operation of the Kortes unit, Missouri River Basin project, Wyoming, for fishery conservation;

S. 1026. An act to amend the Small Reclamation Projects Act of 1956, as amended;

S. 1257. An act to authorize an appropriation for fiscal year 1972 to carry out the metric system study; and

S. 1483. An act to further provide for the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, and to associations and other entities upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and consolidate existing farm credit law to meet current and future rural credit needs, and for other purposes.

### LEGISLATIVE PROGRAM

Mr. BOGGS. Mr. Speaker, I take this time to remind Members that the Private Calendar will be called tomorrow.

It was inadvertently omitted from the announcement of the program.

### THE EFFORT TO MAKE THE CHINESE REDS RESPECTABLE

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

Mr. SIKES. Mr. Speaker, the drive to make the Chinese Reds respectable in the eyes of the American public is underway. For instance, a recent article on United States-China relations left the inference that the United States lost its chance in 1945 to reach an understanding with Mao and Chou. At that time they were seeking U.S. support for their revolution. There is nothing startling about this. The United States is not in the habit of supporting revolutionaries who seek to overthrow governments friendly to our country. The fact is the United States leaned over backward in an effort to bring about a rapproachement between Chiang Kai-shek's Nationalist government and the leaders of the Communist revolution. Some of our top statesmen, including Gen. George Marshall, were dispatched to China in an effort to work out a compromise by which both groups could cooperate in a coalition govrenment for China. This failed, largely because the