and seventy-fifth anniversary of the launching of the U.S. Frigate *"Constellation"*; to the Committee on Banking and Currency.

By Mr. GRASSO:

H.R. 10551. A bill for the relief of Antonio Fortunato D'Anna, and his wife, Carmina D'Anna; to the Committee on the Judiciary.

By Mr. HANLEY:

H.R. 10552. A bill for the relief of the Rescue Mission Alliance of Syracuse; to the Committee on the Judiciary.

By Mr. HAYS:

H.R. 10553. A bill for the relief of Gaston Landry; to the Committee on the Judiciary.

By Mr. HUNGATE:

H.R. 10554. A bill to provide that a gold medal be presented to the widow of the late Louis Armstrong; to the Committee on Banking and Currency.

By Mr. KEITH:

H.R. 10555. A bill for the relief of Albert B. Smith; to the Committee on the Judiciary.

By Mr. LANDRUM:

H.R. 10556. A bill to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in certain land in Georgia to Mr. Thomas A. Buiso, the record owner of the surface thereof; to the Committee on Interior and Insular Affairs.

By Mr. McCLOSKEY:

H.R. 10557. A bill for the relief of Mrs. Edith Berke; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

123. By the SPEAKER: Petition of the Ada Council of Governments, Boise, Idaho, relative to funding for the Cottonwood Dam, Idaho; to the Committee on Appropriations.

124. Also, petition of the International Good Neighbor Council, Monterey. N.L., Mexico, relative to the United States-Mexico border industrialization program; to the Committee on Foreign Affairs.

125. Also, petition of the National Society of Professional Engineers, Washington, D.C., relative to development of the resources of Alaska; to the Committee on Interior and Insular Affairs.

126. Also, petition of the State Council of Kentucky of the Junior Order of United American Mechanics, relative to drug abuse; to the Committee on Interstate and Foreign Commerce.

127. Also, petition of the State Council of West Virginia of the Junior Order of United American Mechanics, relative to the Federal Bureau of Investigation; to the Committee on the Judiciary.

128. Also, petition of Barry Dale Holland, Portsmouth, Va., relative to establishing the rights of minors; to the Committee on the Judiciary.

129. Also, petition of Edward Clarence Rose, Chicago, Ill.; relative to redress of grievances; to the Committee on the Judiciary.

130. Also, petition of the Polish Legion of American Veterans, relative to extending educational benefits to veterans of the Vietnam war; to the Committee on Veterans' Affairs.

SENATE—*Wednesday, September 8, 1971*

The Senate met at 12 o'clock noon 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:

Eternal Father, we thank Thee for the changing scenes of life, for summer and winter, for sunshine and rain, for work and rest, for memories of the past and for the open vistas of the future. We thank Thee especially for Thy goodness and mercy which has watched over us and brought us to this hour. Make us ever aware of Thy sustaining grace and power. Guide the Members of this body through the new challenges and fresh opportunities by the light of Thy truth. May our highest incentive be service to others. May we ever walk humbly with Thee. Help us to be prepared equally for success as well as for failure, and in all things to be faithful to our high trust.

Bless this Nation and make it a blessing to all mankind. Grant to our leaders and to all the people the spirit which strives for the more perfect order where justice prevails and love rules.

In the Redeemer's name. Amen.

MESSAGES FROM THE PRESIDENT RECEIVED DURING ADJOURNMENT

Under authority of the order of the Senate of August 5, 1971, the following message from the President of the United States was received on August 10, 1971, and the message was referred to the Committee on Banking, Housing and Urban Affairs:

To the Congress of the United States:

I am transmitting herewith the Annual Report of the National Corporation for Housing Partnerships for the period July 1, 1970 to June 30, 1971.

The Partnership was created under Title IX of the Housing and Urban Development Act of 1968 as a means of increasing the participation of private investors in providing new housing. In carrying out this purpose, the Partnership has, over the past year, given preliminary or final approval to 10,000 units of housing, consisting of 46 projects in 23 States.

It is clear that the Partnership will be an important part of our efforts to deal with the housing problems of the Nation. I commend this Report to your attention.

RICHARD NIXON.

THE WHITE HOUSE, *August 9, 1971.*

Under the authority of the order of the Senate of August 5, 1971, the following message from the President of the United States was received on September 1, 1971, and the message was referred to the Committee on Post Office and Civil Service:

To the Congress of the United States:

On August 15, 1971 I announced a number of new economic initiatives to create new jobs, to hold down the cost of living, and to stabilize the dollar. In this connection, Executive Order 11615 calls for the development of policies, mechanisms and procedures to maintain economic growth without inflationary increases after the end of the 90-day freeze period which the order imposes. It is equally essential that the tax reductions which I recommended to the Congress, to provide a powerful stimulus to the economy, not be inflationary in their impact. A significant reduction in Federal expenditures is needed to provide a balance.

Since continuing emphasis will be placed on the exercise of responsible industrial and labor leadership throughout the Nation in the months to come, I must apply such fiscal restraints as will clearly signify the good faith of the Federal Government as a major employer, and to continue to set an example for the American people in our striving to achieve prosperity in peacetime. I place full reliance on the willingness of Federal employees along with their fellow Americans, to make whatever temporary sacrifices in personal gain may be needed to attain the greater good for the country as a whole.

Therefore, in consideration of the economic conditions affecting the general welfare, I hereby transmit to the Congress the following alternative plan, as authorized and required by section 5305 (c) (1) of title 5, United States Code:

> Such adjustments in the rates of pay of each Federal statutory pay system as may be required, based on the 1971 Bureau of Labor Statistics survey, shall become effective on the first day of the first applicable pay period that begins on or after July 1, 1972.

I recognize that delaying the scheduled January 1972 increase to July 1972 means that two increases will then become due within a period of approximately three months. Since I am unable to predict whether two increases in such a relatively short time span will have a damaging effect on the economy, I am not prepared to make a decision with respect to the October 1972 increase at this time. After reviewing the economic situation during the first half of 1972, I will give serious consideration to the need for an alternative plan to that scheduled increase. If I conclude that an alternative plan is necessary I will, in accordance with the aforementioned provision of law, submit such a plan to Congress before September 1, 1972. It appears highly unlikely that any such plan would involve a postponement of the October 1972 adjustments beyond January 1973.

Our Nation's public servants are entitled to a fair wage in line with the established policy of comparability with private enterprise; I regret the necessity of postponing pay increases, but our fight against the rising cost of living must take precedence. Of course, success in holding down inflation will benefit the Government worker as well as all Americans.

I urge your support of this postponement.

RICHARD NIXON.

THE WHITE HOUSE, *August 31, 1971.*

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of August 5, 1971, Mr. STENNIS, from the Committee on Armed Services, reported favorably, with amendments, on September 7, 1971, the bill (H.R. 8687) to authorize appropriations during the fiscal year 1972 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength of the Selected Reserve of each Reserve component of the Armed Forces, and for other purposes, and submitted a report (No. 92-359) thereon, which was printed.

THE JOURNAL

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, August 6, 1971, be dispensed with.

The PRESIDENT pro tempore. 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 the President had approved and signed the following acts and joint resolution:

On August 10, 1971:

S. 485. An act to amend the Communications Act of 1934 to provide that certain aliens admitted to the United States for permanent residence shall be eligible to operate amateur radio stations in the United States and to hold licenses for their stations.

On August 11, 1971:

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 quartz 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.

On August 13, 1971:

S. 2296. An act to amend sections 107 and 709 of title 32, United States Code, relating to appropriations for the National Guard and to National Guard technicians, respectively.

On August 16, 1971:

S.J. Res. 105. Joint Resolution authorizing the President to issue a proclamation designating 1971 as the "Year of World Minority Language Groups".

On August 17, 1971:

S. 581. An act to amend the Export-Import Bank Act of 1945, to eliminate certain export credit controls, and for other purposes.

EXECUTIVE MESSAGES REFERRED

As in executive session, the President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

NOW THE NATION LOOKS TO CONGRESS

Mr. GRIFFIN. Mr. President, as Congress resumes, following the summer recess, the major and pressing business before both Houses is the revitalization of the Nation's economy.

Twenty-four days ago President Nixon electrified the Nation and the world by announcing his comprehensive, carefully balanced program to restore the United States to full economic health.

A large part of the program could be—and was—put into effect by the President pursuant to authority already granted by Congress. But key elements of his comprehensive plan—three tax measures essential to the success of the whole venture—must be approved by Congress.

At this pivotal moment in history, the people have a right to expect statesmanship of a high order from the legislative branch of government. Of course, there should be careful deliberation on the part of Congress—no one demands a rubber-stamp exercise. But this is no time for politics as usual. Furthermore, I venture the suggestion that attempts to play politics with these proposals will prove to be bad politics.

By and large, the President's program has been received with approval by the American people. According to surveys taken, the program is supported by more than seven out of 10 Americans—indeed, their enthusiastic support, as is the case with most of the President's programs.

All of this should not be too surprising. Actually, the President's prescription for economic recovery is a carefully balanced package of proposals which, for the most part, had been advanced earlier by Members of Congress of both parties.

Indeed, the President has not hesitated, in public and in private meetings, to give credit to others of both parties for the contributions they have made in development of the program.

For example, the distinguished chairman of the House Ways and Means Committee, Mr. MILLS, is—and has been—a strong advocate of "an effective incomes policy which would really hold down the rates of increase in prices and wages." And before the President's August 15 announcement, Chairman MILLS called for restoration of "some form of investment tax credit."

Likewise, the senior Senator from Indiana (Mr. HARTKE) can take credit for introducing last March 16 a bill to restore the investment tax credit and to increase it to 10 percent. At that time he said:

> If passed this bill will prove the single most important step we can responsibly take along the road of a revitalized economy.

I am confident that Congress will respond with dispatch and responsibility to the challenge now before us. This is a time for the country to pull together. For unless we become more competitive as a nation and build a prosperity based on peace instead of war, we stand in danger of going the way of other once-great nations of the past.

John F. Kennedy once stated:

> What can we do for our country?

We can now support our President because he is right. We can demand and expect economic statesmanship from Government, business, and union leaders—instead of politics as usual.

SENATE JOINT RESOLUTION 150—PROPOSING AN EQUAL RIGHTS AMENDMENT TO THE CONSTITUTION

The PRESIDENT pro tempore. The Chair now lays before the Senate Joint Resolution 150 which was introduced on

the last day of the session before adjournment and was read the first time. Objection having been heard to the second reading on that day, the joint resolution will now be read the second time.

The assistant legislative clerk read as follows:

A Senate joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women.

Mr. COOK. Mr. President, I object to further proceedings on Senate Joint Resolution 150 at this time.

The PRESIDENT pro tempore. Objection is heard. Under rule XIV, paragraph 4, the joint resolution will be placed on the Calendar.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the rule previously agreed to, there will now be a period for the transaction of routine morning business for 1 hour, with statements therein limited to 3 minutes.

The Senator from Minnesota (Mr. HUMPHREY) is recognized for 3 minutes.

ROY WILKINS AT 70

Mr. HUMPHREY. Mr. President, Roy Wilkins observed his 70th birthday on August 30. As the Washington Post observed, in his 40 years of leadership in the NAACP he has helped to make the American political system work.

This is a gentle but meaningful tribute. Through his faith in the process, the just means, by which justice is achieved, he has built lasting foundations for equal opportunity in America.

I ask unanimous consent that the Post editorial of August 30, along with my congratulatory telegram, be printed in the RECORD.

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

ROY WILKINS AT 70

That gentle, tough, calm, angry, passionate yet essentially rational young man, Roy Wilkins, who has worked for the NAACP for 40 years and served as its director for the past 16, has reached his 70th birthday today. We think there ought to be a toast to him at every American dinner table, a standing ovation for him at every American convention and a general sense of self-congratulation on having him at hand as a national resource. He keeps on asking Americans to measure up to their own highest standards and values; and he has never faltered in his faith that, in time, they will do so.

Thus, Roy Wilkins has served not only as a champion of Negro rights but as a champion of the American political system, a true believer, so to speak, in the capacity of that system to achieve progress and justice. Because he is ardent and idealistic and full of rage at the wrongs black people have endured in the United States, he has always been impatient with the shortcomings of the system and the frustrating, heartbreaking pace of reform. But because he is realistic and seasoned and wise, knowing that the terrible sins and errors of the past cannot be undone by tomorrow morning no matter how furiously they are denounced, he has chosen not to rail but to persuade, not to destroy but to construct—and, in short, to do what he could rather than what he could not.

There have been some notable achievements to sustain his faith. During his tenure as its director, the NAACP has grown greatly in membership, financial resources and influence, so that today it holds indisputable leadership in the civil rights struggle. It has fought for a succession of civil rights laws and shared significantly in bringing them to enactment. It can hardly be said that these laws have wiped out racial inequity and discrimination; but it can fairly be said that they have done a great deal more to move the country in that direction than random violence and sophomoric slogan about revolution.

Roy Wilkins has helped to make the American political system work—which is to say that he has served whites no less than blacks. A lot of work lies ahead of him. We hope he'll keep on doing it.

AUGUST 30, 1971.

Mr. ROY WILKINS,
Care of Mildred Roxborough,
New York City, N.Y.

Most hearty congratulations on your 70th birthday. I regret I cannot be present this evening, but want to join in the salute to your outstanding lifetime of work in the civil rights struggle. Your valiant courage and determination have been a great inspiration to all of us who have labored to make the American dream of equality a reality. Despite the difficulties, you retained faith in the processes of government that helped the Nation measure up to its responsibilities.

On this special day may it give you satisfaction to know that you have the gratitude, the admiration and the good wishes of millions of people.

HUBERT H. HUMPHREY.

CITY TAXES AND SERVICES: SURVEY REPORT OF LEAGUE OF CITIES

Mr. HUMPHREY. Mr. President, in the August edition of Nation's Cities, a summary report of citizens' attitudes toward taxes and services was published. This report was conducted under the Urban Observatory program. Over 4,300 in-depth interviews in 10 major cities were utilized.

The survey was prepared by York Willbern and Lawrence A. Williams of the National League of Cities Urban Observatory Secretariat staff in conjunction with Floyd J. Fowler, assistant director of the Survey Research program of the Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University.

Ten cities: Albuquerque, Atlanta, Boston, Denver, Kansas City, Kans., and Kansas City, Mo., Milwaukee, Nashville, and San Diego were surveyed.

The survey demonstrates the great variability in our cities. On the key questions of whether or not citizens felt that taxes were too high—the survey reports were mixed. The survey notes that in six of 10 cities, more people would rather have taxes raised than have services cut.

Other common thoughts were challenged by the survey: cutting the salaries of local government employees received almost no local support; few people favored a reduction in expenditures for existing services when presented with a list of specific services; and, overall, people want to see the level of services increased—even if taxes have to be increased.

On the other hand, some common assumptions have been given a new validity. People generally believe that they are not getting enough services for their dollar; a tax on property is believed to be inequitable and too high, and people do not favor increasing this tax to pay for additional services.

On the issues, people favored spending more money on drug abuse, housing inspection, public schools, police, street repairs, and medicare for the poor. People favored spending less money on building freeways, trash, and garbage collection, and street lighting.

Mr. President, I commend this article to my colleagues, and ask unanimous consent to have it printed in the RECORD.

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

CITY TAXES AND SERVICES: CITIZENS SPEAK OUT

INTRODUCTION

An urban observatory report

This is a report of the initial findings of responses to 4,300 in-depth interviews conducted under the Urban Observatory Program in ten major United States cities. The adults surveyed, representing a cross-section of each city's population, were asked their views and feelings about city government, city services, and city problems.

The general goal of this attitude survey was to measure citizens' feelings and perceptions about basic local government services in the city and about certain features of the city government process itself. People's ideas about services and city government, of course, do not necessarily constitute an adequate test of their quality. People may see inefficiency where there is none; people may be satisfied with a service system that is in fact not very good by some other criteria. Nonetheless, what people think of their city's service system and their government is real, and it constitutes one of several possible criteria for evaluating services provided by municipal governments.

The ten cities participating in this study are Albuquerque, Atlanta, Baltimore, Boston, Denver, Kansas City (Kansas), Kansas City (Missouri), Milwaukee, Nashville, and San Diego. Cleveland, the other Urban Observatory City, did not participate in this research undertaking, but the two Kansas Cities, which are served by the same Observatory, are treated separately.

About the cities

It is important to understand some of the differences among the participating cities in order to better understand the responses citizens give regarding city problems and city services.

The cities differ in number of inhabitants as well as in location, ranging from about 150,000 in Kansas City, Kansas, to about 900,000 in Baltimore. It is probably very significant that they also differ in the extent to which they include all of the metropolitan area. Less than a fourth of Boston area residents live in the City of Boston, for example, while the cities of Nashville and Albuquerque encompass most of their metropolitan area populations. In a majority of the cases, central cities include about half the metropolitan population.

A related issue is population density. Those cities with high density, like Boston and Baltimore, may be better able to support certain services, such as mass transportation; but, at the same time, higher population density may contribute to the incidence of other problems.

The cities also differ considerably in types of housing stock. Cities that had early growth and substantial suburban development have relatively few detached single-family houses. In Albuquerque and the two Kansas Cities, about three-fourths or more of the housing is single-family housing; and over half of the housing units are single-family houses in seven of the cities. However, in Baltimore and Boston, two- to four-family houses and row houses are dominant, and only about 10 percent of all housing units are single-family units. In Milwaukee, 40 percent of the housing units are single-family structures, while Atlanta is distinctive in that over 30 percent of the housing in the city is in buildings with five or more units.

The kind of housing in a city will influence the kind of housing problems people have. It, along with other things, also will affect the rate of home ownership in a city. As an overall average, about half the housing units in these 10 cities are occupied by the owners; the other half by renters. In Boston, however, less than one-third of all housing units are owner-occupied; while in Albuquerque, Nashville, and the two Kansas Cities, about two-thirds are owner-occupied.

Along with size and physical differences, there are also differences in the characteristics of the population that lives in these cities. Ethnically, close to one-half the people in Atlanta and Baltimore are black, but less than 10 percent of those living in San Diego, Denver, and Albuquerque are black. In the rest of the cities, around a fifth of the population is black. As a consequence, adequate samples of the black population were obtained in only seven cities: Atlanta, Baltimore, Boston, the two Kansas Cities, Milwaukee, and Nashville. In Kansas City, Kansas, the number of blacks in the sample is marginal and should be treated with caution. People of Spanish descent constitute a quarter of the Albuquerque population and over 10 percent of the Denver population. More than half of the population in Boston and Milwaukee are Catholic; about 40 percent of the population in Albuquerque is Catholic. The attitudes of Catholics and people of Spanish descent are only infrequently singled out for analysis in this report.

Another important consideration is the socio-economic characteristics of a city's population. The figures on income are hard to interpret because of regional differences in salary scales and costs of living. It may be significant that Boston, where the city encompasses only a little over a fifth of the Standard Metropolitan Statistical Area (SMSA), has a noticeably lower average family income. Education, however, may be more meaningful. It is noteworthy, for example, that over 40 percent of the adults in Albuquerque and San Diego have attended college, compared with less than one-fourth of the adults in Baltimore, Kansas City (Kansas), and Milwaukee.

Another difference among cities is the composition of the households. In Atlanta and Boston, for example, almost a third of all households consist of single individuals or unrelated roommates; whereas in Albuquerque, Baltimore, and Nashville, such households constitute only about a sixth of all households. As a consequence, Atlanta and Boston have correspondingly lower rate of families—married couples and families with children.

This is not an exhaustive list of all the differences between cities, nor of the possible implications of the differences. The point to keep in mind in reading this report is that the composition of a city's population may be as important as the characteristics of the government and the services provided by a city in explaining how the people feel about their city services. Much of the data presented will show greater differences in attitudes between groups within cities than between cities. An evaluation of a service is always a joint product of what is being judged and who is doing the judging. Differences among cities in the way of government services are viewed cannot be interpreted without reference to the differences between populations of the cities.

CHARACTERISTICS OF SURVEY CITIES

	1970 population	Central city portion of SMSA population (percent)	Persons per square mile	Black population (percent)
Albuquerque	243,751	77	4,202	2
Atlanta	496,973	35	3,585	51
Baltimore	905,759	44	11,465	46
Boston	641,071	22	13,065	16
Denver	514,678	42	7,540	9
Kansas City, Kans.	168,213	[1] 13	8,410	20
Kansas City, Mo.	507,087	[1] 39	3,900	22
Milwaukee	717,099	51	7,968	15
Nashville	447,877	83	853	20
San Diego	696,769	51	3,573	8

[1] Kansas City SMSA includes both Kansas City, Kansas, and Kansas City, Mo.

TAXES AND SERVICES: NEW CITY REVENUE SOURCES FAVORED

It is a common perception among city officials that there is a continuing cry for reduced taxes and, at the same time, an increasing demand both for the expansion of existing services and for the performance of new services. It is also generally believed that poor people, blacks, and renters want more services than do others; that homeowners and people with high incomes want reduced taxes. Are these perceptions correct? What do city residents really think?

*Do people think that local taxes are too high?**

Not necessarily. Responses varied from city to city. In four cities—Baltimore, Boston, Kansas City (Kansas), and Milwaukee—more than half of the people expressed the view that local taxes were too high considering the services that local governments need to provide. In fact, in Baltimore, Boston, and Milwaukee, two-thirds of the citizens expressed this view, a high consensus. In the other six cities, approximately a third of the people believed that taxes were too high, but about half expressed the view that taxes were "about right." In only one city—Nashville—did a significant number of people, 19 percent, indicate that taxes were too low to provide necessary services.

In analyzing the data, it is significant to note that in the three cities in which two-thirds of the citizens believed that taxes were too high—Baltimore, Boston, and Milwaukee—the average annual property tax bill for single-family homes is over 3 percent of the average sales prices of such homes, a rate of taxation substantially higher than in most of the nation's cities. Conversely, in those cities in which relatively few people believed taxes were too high, the average annual tax bill for such property is 1 to 2 percent of the average sales price.

* In discussing local taxes, it should first be noted that these are often taxes levied by a number of local jurisdictions—including city governments, county governments, school districts, and special districts. Property taxes for city government purposes alone are generally less than half of all property taxes levied.

Are certain segments of the population more concerned than others about high taxes?

Yes. Analysis of responses by income, by education, and by race indicates that concern varied among different groups. Generally, those with less education and those having lower incomes believed that taxes were too high considering the services that cities need to provide. And, in those cities having a sizable number of black citizens, blacks, more than whites, tended to think taxes were too high. At the same time, it should be pointed out that these generalizations are less accurate for Boston, Kansas City (Kansas), and Milwaukee—three of the cities in which there was most concern about taxes. In particular, people with higher incomes in these cities tended to be as likely as those with lower incomes to think that taxes were too high.

Homeowners, on the other hand, generally were no more concerned about taxes than were renters. Only in Atlanta, Boston, and particularly Milwaukee was the concern about high taxes among homeowners significantly greater than the concern expressed by renters.

Would people rather raise taxes or cut services if a choice had to be made?

Again, responses varied considerably from city to city. In six of the ten cities, more people would rather have taxes raised than have services cut. This attitude was most pronounced in Atlanta and Nashville. In only two cities—Kansas City (Kansas) and Milwaukee—did more people favor reducing services than increasing taxes. In the other two cities, the balance seemed to be about fifty-fifty between those who would prefer to cut services and those who would raise taxes if a a choice had to be made.

How do different segments of the population feel about raising taxes or cutting services?

There was a clear tendency in all cities for better educated people, more often than less educated people, to favor raising taxes rather than cutting services. When asked about selected services, however, less well educated people were more likely to favor increased expenditures.

In three cities, there was no significant difference among income groups as to their preference between raising taxes and reducing services. In the other seven cities, people with higher incomes were more willing to raise taxes than cut services than were people with low incomes.

On the basis of race, there was no general trend. Blacks were just as inclined as whites to cut services rather than raise taxes and vice-versa, although, when asked about specific services, blacks generally favored increased expenditures.

One group was most consistent. Renters consistently were more willing than homeowners to raise taxes rather than cut services, although the difference between these two groups in willingness to increase taxes was not extreme.

How about services now being provided? Do people generally want to see the level of services increased?

Very often they did, even in some of those cities in which a majority of the people believed that taxes were too high. When presented with a list of 16 services and asked to indicate whether they would "spend more," "spend the same," or "spend less," citizens in five cities responded that more should be spent on eight or more of the 16 services. Included in these five cities were Baltimore, Boston, and Kansas City (Kansas), three cities in which more than half of the people said taxes were too high. People in Milwau-

kee, on the other hand, were fairly consistent in their responses. A majority thought taxes were too high; a majority would rather cut services than raise taxes; and Milwaukee citizens were among the lowest in favoring increased expenditures for services.

How can people favor reducing taxes and still ask for more services?

One reason for such a contradictory response is that people did not believe they were getting their money's worth for their tax dollar. When asked this question, responses varied substantially among the cities. At one extreme was San Diego, the only city in which a majority of citizens said they thought they got their money's worth for their tax dollar. San Diego was a city in which relatively few people were asking for increased services. It was also a city in which few people thought that taxes were too high. Albuquerque and Denver were two other cities where more than the average number of people thought they got their money's worth. In both of these cities, the demand for increased services tended to be moderately low, and concern about the level of taxes tended to be moderately low as well. Thus, those cities in which people were relatively satisfied with their services and not too concerned about their taxes were also cities in which people thought they were getting their money's worth.

At the other extreme were Baltimore and Boston, where there was consensus that taxes were too high, but there also was considerable demand for increased services. In each of these cities, more than 70 percent of the adult population thought they did not get their money's worth for taxes. Similarly, in Kansas City, Kansas, where there was a consensus that taxes were too high, more people favored reducing services than raising taxes, and, at the same time, there was considerable demand for increased services; 65 percent of the people thought they did not get their money's worth.

WHAT DO PEOPLE IN THE CITY THINK ABOUT LOCAL TAXES?

[In percent]

	Too high	About right	Too low
Albuquerque	27	57	11
Atlanta	35	50	9
Baltimore	68	28	4
Boston	67	22	7
Denver	38	50	4
Kansas City, Kans	53	39	5
Kansas City, Mo	35	48	13
Milwaukee	67	27	3
Nashville	27	47	19
San Diego	28	60	6

Note: "No responses" are not shown; therefore data may not total 100 percent.

SHOULD LOCAL GOVERNMENTS RAISE TAXES RATHER THAN CUT SERVICES?

[In percent]

	Raise taxes	Cut services
Albuquerque	53	41
Atlanta	61	31
Baltimore	54	41
Boston	42	44
Denver	44	44
Kansas City, Kans	44	50
Kansas City, Mo	50	42
Milwaukee	32	59
Nashville	59	26
San Diego	48	44

Note: "No responses" are not shown; therefore data may not total to 100 percent.

DO PEOPLE IN THE CITY GET THEIR MONEY'S WORTH FROM THEIR LOCAL TAXES?

[In percent]

	Yes	No
Albuquerque	47	46
Atlanta	39	53
Baltimore	27	72
Boston	21	70
Denver	46	44
Kansas City, Kans	25	65
Kansas City, Mo	26	62
Milwaukee	35	56
Nashville	36	58
San Diego	64	29

Note: "No responses" are not shown; therefore data may not total 100 percent.

Do certain segments of the population think they get more for their tax dollar?

There was little difference by education among the ten cities. However, where differences did occur, less educated people were less likely to think they were getting their money's worth than were better educated people. The same was true with respect to income. That is, low income people, when there were differences by income, were less likely to think they were getting their money's worth for the tax dollar. This perception was found to exist in Albuquerque, Atlanta, Baltimore, Denver, and San Diego. The most striking difference, however, was by race. In all seven cities in which blacks and whites can be compared, blacks were less likely than whites to think they were getting their money's worth for their tax dollar; in most cities this difference was statistically significant.

Thus, there was a constant pattern. Those segments of the population that were most concerned about taxes and that supported increased expenditures for services were also more likely than others to think that tax money was not being well spent.

In what ways do people think their tax money is poorly spent?

Two basic responses stood out when people were asked why they thought they did not get their money's worth from the tax dollar. One answer was that money was spent for the wrong services. The other was that there was inefficient administration—that is, somehow money got lost in the process of collecting taxes and delivering services. These two responses accounted for more than 50 percent of the answers given in eight of the cities and for more than 40 percent of the answers in the other two. A third less prevalent belief was that political graft was responsible for people not getting their money's worth from the tax dollar.

Besides reducing inefficiency to save tax dollars, do people favor spending less for existing services?

Generally, no. Few people favored a reduction in expenditures for existing services when presented with a list of 16 specific services and asked if they would "spend more," "spend the same," or "spend less." Of all the services included on the list, giving tickets and towing cars parked in illegal places was clearly the least popular, but only in two cities—Baltimore and Denver—did as many as 50 percent of the people say that the city should spend less for this activity. And, of course, a reduction in this service would save a relatively insignificant portion of city funds.

Building freeways was the second least popular service on the list. But in no city did a majority favor the expenditure of less money for this purpose, although 48 percent of the people in Milwaukee and 45 percent of the people in Baltimore and Boston would cut back spending for this activity.

Thus, there is very little basis for saying that people wanted to cut back services. Generally, people seemed to feel that expenditures for services were about right or that they should be increased.

Do people favor saving tax dollars by the use of service charges to finance certain services?

Generally, no. The people surveyed were asked about specific services—trash and garbage collection, museums and libraries, and public transportation—that are supported by service charges rather than by tax money in some communities.

When asked whether trash and garbage collection should be paid for by taxes or whether people should pay for such services on their own, responses were not even close in any city except Kansas City, Missouri. Pluralities in the other nine cities favoring tax supported collection ranged from 67 percent in Albuquerque to 96 percent in Baltimore. In Kansas City, Missouri, the vote was 50 percent for tax support and 48 percent for home-owner responsibility, with 2 percent undecided.

The same question was asked about museums and libraries: should city taxes help to pay for these services or should they be paid for entirely by the people who use them? Here again in every case, large majorities of citizens in every city voted for tax support for both of these institutions, even though undoubtedly only a minority of the citizens use these facilities in any given city.

With respect to public transportation, people were asked whether tax money should help pay part of the cost of public transportation or whether fare should pay the entire cost. In five of the ten cities, a majority of the people favored having fares pay the entire cost of public transportation. Among these five cities were Baltimore and Milwaukee where use of public transportation runs relatively higher than in most of the other ten cities. In the other five cities, a majority favored some tax support.

Do some segments of the population more than others favor tax support for public transportation?

Analysis of responses indicated that in all but two cities there was a high correlation between education and those favoring tax support for public transportation. People who had attended college were more likely to favor the expenditure of tax money for public transportation. Nonetheless, in two cities—Baltimore and Nashville—a majority of those who had been to college favored having fares pay the entire cost of public transportation, although the majorities in these cities were not very great.

On the basis of race, there was no such correlation. In four cities, the percentage of whites and blacks favoring tax support for public transportation was about equal. In Boston and Kansas City (Kansas), whites more than blacks favored tax support for this service; only in Milwaukee did more blacks than whites favor tax support for public transportation.

How do people feel about cutting local government employee salaries as a way of reducing the costs of government?

Cutting the salaries of local government employees received almost no support. People were asked directly if they thought local salaries should be higher, were about right, or should be lower. In all but one city, less than five percent of the population thought local salaries should be lower. The exception

was Milwaukee where about 18 percent of the adults thought local government salaries should be lower; but an equal percentage of adults in Milwaukee thought salaries should be higher. In six of the ten cities, more than 40 percent of the population thought that local government salaries should be higher. In three cities—Albuquerque, Atlanta, and Baltimore—over half of the people thought that salaries should be higher.

If local government costs cannot be reduced, are there untaxed sources from which cities could get additional revenues?

There are two types of property in most cities that are presently not taxed—one is private schools and universities and the other is church property. People were asked whether they would be willing to change the laws affecting taxation of property owned by churches and private schools. In nine of the ten cities, a majority of citizens expressed a willingness to change the laws with regard to taxation of private schools; and a majority in seven of the ten cities expressed a willingness to change the laws with respect to the taxation of church property. Atlanta citizens were the only ones who would not be willing to tax the property of either of these types of institutions. A majority of the citizens in Baltimore and Kansas City (Kansas) were not willing to change the law with respect to the taxation of church property but were willing to support taxation of private school and university property. However, it should be noted with respect to the taxation of church property that some people specifically said that they would be willing to change the law only with respect to property that was not being used for religious purposes.

CITIZENS' ATTITUDE TOWARD LOCAL GOVERNMENT EMPLOYEES' SALARIES

[In percent]

	Should be higher	About right	Should be lower
Albuquerque	52	30	3
Atlanta	58	24	1
Baltimore	56	36	4
Boston	32	43	6
Denver	27	50	7
Kansas City, Kans	48	32	4
Kansas City, Mo	44	33	4
Milwaukee	17	51	18
Nashville	44	37	2
San Diego	23	55	4

Note: "No responses" are not shown; therefore data may not total 100 percent.

HOW WOULD CITIZENS PREFER TO RAISE MORE TAX MONEY?

[In percent]

	Tax on property	Tax on income	Tax on utilities	Sales tax	Tax on car owners
Albuquerque	9	20	13	41	9
Atlanta	14	17	10	42	13
Baltimore	15	10	14	37	17
Boston	15	16	12	35	14
Denver	9	23	11	33	12
Kansas City, Kans	6	23	8	47	11
Kansas City, Mo	6	28	3	44	12
Milwaukee	8	22	10	28	22
Nashville	16	21	7	31	18
San Diego	13	15	11	44	10

Note: "No responses" are not shown; therefore data may not total 100 percent.

How do different segments of the population feel about taxing private school and church property?

Generally it was very difficult to identify any socioeconomic group that was not predominantly willing to change the law exempting the taxation of private school and university property. People with a college education were a little less willing than others to tax such property. However, that relationship was significant in only two cities. Albuquerque and Nashville. Furthermore, just to balance it out, there were two cities in which college people were more willing to tax universities than were less educated people, though not significantly so.

It is much more difficult to generalize about the taxation of church property. In general, it can be said that better educated people were more in favor of taxing churches than less educated people. That statement holds true in eight of the ten cities to a statistically significant degree. There was not much difference by religion in willingness to tax church property. In the cities in the survey that have significant Catholic populations, there was no difference between Catholics' willingness to change the law about taxing church property and that of the city population as a whole. However, Catholics of Spanish descent were more likely to oppose taxation of church property than were other Catholics. Blacks also constitute an identifiable group that was less willing to tax church property, though not significantly so in most cities.

It is hard to know whether these expressions of opinion by people reflect changes in ideology over a period of time or simply a current desperation for new sources of income for cities; we do not even know whether these figures represent a change from the past. However, there seems to be little doubt that some change in the laws regarding taxation of school and church property is politically feasible in most of the cities in this country.

*If taxes must be raised, what do people think is the best way?**

To find out what form of taxation is preferred, people were given a choice of five types of taxes and asked: "If more tax money is needed, which do you think is the best way to raise it? Which is the next best way?" The five taxes were:

Tax on property.
Tax on income or earnings.
Tax on utilities—electricity, gas, or water.
Sales tax.
Tax on automobile owners.

One answer—the sales tax—stood out in every single city as being the most popular way to raise additional local tax money. In every city, more people selected the sales tax as the first choice than any of the other alternatives. With five alternatives, it is not surprising that there is a lack of a majority for the sales tax as a first choice, but about 40 percent on the average chose the sales tax over the other four alternatives. However, even more impressive is the fact that in every city more than half of the people chose the sales tax as one of the two best ways to raise increased tax revenue.

What do people think about a tax on income or earnings?

In general, a tax on earnings had the second most support. In one city, Kansas City, Missouri, a majority of the citizens mentioned it as one of the two preferred forms of taxation, though even in that city there was more support for the sales tax. In most cities, the income tax ranked 20 to 30 percentage points lower than the sales tax.

What support did people give for an increase in the property tax?

The property tax was clearly the least popular way to raise increased tax funds. In six of the ten cities, it was at the bottom; in the other four, it was separated from the bottom by only a few percentage points.

Do segments of the population differ in their preference for these taxes?

The sales tax was the favored tax among almost all groups in almost all cities, although there were some groups that were more favorable than others. For example, there was a clear tendency for those with high incomes to select the sales tax as the first choice more frequently than those with annual incomes under $5,000. Differences ranged from 4 percentage points to 25 percentage points between the extreme income groups in this respect. Nevertheless, even among those with incomes under $5,000, the sales tax was the first choice of most people in eight of the ten cities. The second choice for people with lower incomes was the tax on automobile owners.

Other differences among groups included the general tendency for better educated people to be more likely than others to favor an income tax. Renters and people under 30 years of age were somewhat more favorable towards the property tax than others. None of these trends, however, would affect significantly the basic ordering of preference. For most cities and among almost all groups, the sales tax was by far the most favored way of raising increased revenue from various tax sources; a tax on income or earnings was the second most popular in seven cities, and the third in three cities. The number three choice in seven cities was a tax on automobile owners.

How would citizen's views on taxes and about reducing expenditures be summarized?

First, it was universally true that citizens thought local taxes were too high. There were only four cities of the ten in which a clear majority held this view.

Second, an important element in the equation of demands for more services without further taxation was the perception that people were not getting their money's worth for their tax dollar. This perception was more prevalent in cities and among groups within the cities where there was the most clamor for more services. However, many people in all of the cities seemed to think that there were some ways in which savings could be made. There was, for example, a widespread belief that somehow administrative overhead could be reduced or efficiency could be increased. However, in most cities there was virtually no support for cutting city salaries; there was, in fact, much more support to raise them. Nor was there much support for cutting expenditures by requiring the users of services to pay for them by direct service charges.

Third, there were very few services that many people were willing to cut back. Although a substantial number of people in all cities preferred to cut back services rather than raise taxes, this was the clear majority view only in Kansas City (Kansas) and in Milwaukee. However, it was much harder to find any specific services that a substantial portion of any city's population was willing to cut back. Parking control and building freeways, neither of which constitutes very large poritons of most city budgets, were the only two local services for which there was any substantial support for reductions in expenditures.

Fourth, there was very clear and widespread sentiment for raising money from sources other than the existing property tax. Taxing church and private school property and using sales taxes rather than increasing property taxes were widely supported ways of raising additional revenue.

PRIORITIES IN THE CITY: INCREASED EFFORT ON ENVIRONMENT, HOUSING AND DRUG PROBLEMS

Cities are spending the people's money. Citizens were asked how they would like

*This question, of course, related to local levies, and the answers might not have been the same with regard to state or federal taxation.

that money spent, what problems the city should be working on, what services it should be providing, what more it should be doing, what less it should be doing.

What do most people think are the priority issues?

To find out the issues that city governments should be most concerned about at the moment, people were asked two questions: "What things in the city do you think need to be changed, fixed up, stopped, or started in order to make the city a better place to live?" and "What services, if any, should be improved in your own neighborhood?"

The first and most general thing that can be said about the perception of priority problems in the city is that the people did not agree. Not even as many as 25 percent of the people in any city gave the same answers to these questions.

Some of the most basic and expensive activities of local government did not seem to be priority "problems" in the minds of the people. Schools, for example, constitute the largest single local government cost. Furthermore, spending money on schools is usually one of the things most citizens favored. But in talking about things that would make the city a better place to live, improvements in schools were mentioned by 10 percent or less of the people in any city.

In many cities, law and order, police services, and courts appeared to be important issues among citizens. This general topic was one of the things that people mentioned relatively frequently—from 7 percent of the responses in San Diego and Milwaukee to over 20 percent in Kansas City, Missouri. In most cities, law enforcement and protecting citizens accounted for about 15 percent of the problems people mentioned. Problems of traffic and parking cars were not frequently mentioned in most cities. Such responses generally accounted for less than 10 percent of the answers. Nor was improving public transportation seen as critical to improving life in the city, either. Only in Denver did a concern for getting around in the city appear to be among the more significant issues for people.

However, there were other things which seemed to be on people's minds. For example, if street cleaning and repairs, trash removal, and anti-pollution programs were combined as an "environmental services" category, the answers of this type would be at least as large, often larger, than the answers pertaining to law enforcement.

In addition to environmental services, a significant number of people indicated that housing and urban renewal were matters of concern. However, some people were talking about the need for more low-income housing; others were simply talking about a need for more housing of good quality; still others were talking about rehabilitating or renewing neighborhoods. These responses can be combined, however, under a general heading of doing something about the condition and market of the housing stock in the city. Under such a rubric, they constituted more than 10 percent of the responses in any of the cities. In Baltimore, Boston, and Milwaukee, over 30 percent of the responses were in this general area.

There were other responses given in some cities—parks and recreation, health and welfare services, and employment related issues had some sporadic support. However, if one were to summarize a group of related areas that attracted the most attention, it might be said that there was particular interest in having well-maintained, reasonably priced housing in attractive neighborhoods that had adequate environmental services, from street cleaning to trash collection to air pollution control. Such responses generally characterized a third or more of the answers people gave. While that hardly constitutes a consensus, and while the focus of people's attention in this area differed, it did appear that in most cities something in this area was what many people, if not most people, saw as the important thing to do to make the city a better place to live.

How did the answers about specific services for the neighborhood differ?

Not much. First of all, when people were asked if there were any services in their own neighborhood that they would like to have improved, about 40 percent of the population of most cities said that no specific services needed improvement in their neighborhood. The rate of such responses were not too different among cities, from a low of about 30 percent in Boston to a high of around 45 percent in San Diego.

Among those people who said improvements were needed in their neighborhood, schools, again, received very few votes as the service in most need of improvement. Less than 10 percent of the people listing needed neighborhood improvements mentioned schools. Concern about police protection in the neighborhood contributed over 10 percent of the answers in most cities, ranging from a low of about 7 percent in San Diego to a high of around 21 percent in Boston.

Even more than in the data about cities as a whole, however, it was the environmental and maintenance services that received the most attention. Cleaning up and maintaining streets and sidewalks accounted from 14 to 29 percent of the services in need of improvement. Such concerns were lowest in Milwaukee and Atlanta; highest in Kansas City, Missouri. Other environmental services—such as hazard removal, trash collection, and generally cleaning up the neighborhood—accounted for another significant portion of the responses. From 11 percent of the answers in Boston to 29 percent of the answers in Albuquerque were concerned about such services. Among those who had any suggestion of services which should be improved in the neighborhoods, between a third and a half mentioned either environmental maintenance or neighborhood renewal.

People in most cities seemed to be most likely to be concerned with cleaning up their environment, cleaning up their neighborhood, cleaning up their housing—in short, making their environment more attractive. If there was one major theme that came out of the question about priorities for improvements of public services in the immediate neighborhood, that was it. Again it was not a consensus or a concern of all citizens; but it was the most widespread response obtained.

What other indications are there about priorities of citizens?

Sixteen items were chosen that might be of concern. People were given the following list of items and asked whether the city government ought to be spending "more," the "same," or "less" on each one:

Public schools.
Police patrolling the streets at night.
Giving tickets and towing cars parked in illegal places.
Street lighting.
Cleaning and repairing streets.
Providing medical care to people who cannot afford to pay for it themselves.
Cleaning up parks and playgrounds for small children.
Places for teen-age boys to go when they want to play a game, have some recreation, or a good time.
Trash and garbage collection.
Inspecting and making owners clean up houses that are run down or have rats or other safety hazards.
Helping kids and others who are on drugs.
Building low-cost housing.
Controlling air pollution.
Improving public transportation.
Building freeways.
Welfare and aid for dependent children.

People were also asked to select the three most important areas for increased effort.

Of the items on this list, there was clearly most sentiment for increased effort in "helping kids and others who are on drugs." In the average city, around 75 percent of the population said that the city should be spending more on this problem. In every city, this was one of the top items when people were asked to choose the three most important items for increased effort. Supporting this as a high priority matter is the fact that between 65 and 95 percent of the people in the ten cities said that drug use among young people was a "serious" problem when this specific question was asked.

Do people want to help kids or do they just want to catch them and punish them?

Undoubtedly what they want to do is to stop drug use. When people were asked what cities should be doing about the drug problem, over half suggested using police and law enforcement techniques to stop drug use. On the other hand, roughly 40 percent of the people focused on education and treatment, rather than law enforcement. When the question was phrased as "helping kids and others who were on drugs," an average of 75 percent of the people listed it as a high priority matter, as indicated above.

What is the second priority item?

The next highest degree of consensus was that the cities should spend more money on inspecting houses and making owners clean up substandard or hazardous conditions. More than half the population in every single city thought the city should be spending more money on this sort of activity. The rate was quite constant among all cities—between 55 and 70 percent of the adults in the population. However, when people were asked for their choice of the three most important issues, inspecting houses was seldom selected. It is an issue on which there was a strong consensus that more should be done, but the degree of intensity of concern may not be as great as with regard to other issues where there was less consensus.

What are the next most important issues?

Drugs and house inspection stand out because they were supported by majorities in all cities. Next in importance were six or seven services all of which received about the same amount of support. Majorities in most of the cities said more money should be spent on schools, police patrolling the streets, cleaning and repairing streets, medical care for those who cannot afford it, low-income housing, controlling air pollution, and recreation for teen-age boys.

Seven out of ten cities had a majority in favor of spending more on school systems. The only three that did not vote in that direction were Denver, Milwaukee, and San Diego. Those were the same three cities in which there was not a majority for increased expenditure for police patrolling the streets at nights. Increased medical care for the poor got majority support in seven of the ten cities. Only Denver, Albuquerque, and San Diego did not have majorities for that. In seven of the ten cities, a majority of people said they supported increased low-income housing. Only Albuquerque, Kansas City (Missouri), and San Diego did not have majorities favoring more expenditures for this activity. Similarly, seven of the cities had a majority favoring increased effort to control air pollution; all but Albuquerque, Baltimore, and Kansas City (Kansas).

While clear majorities generally supported increased expenditures in all these areas, when people were asked to choose the most important three services for increased effort, some of these items received considerably more support than others. Schools and, to a lesser extent, police were generally singled out, along with helping kids on drugs, as the three services in which increased efforts were most desired.

ATTITUDES OF PEOPLE TOWARD SPENDING FOR SELECTED SERVICES

[In percent]

Spend	Public schools	Police patrolling at night	Ticketing towing cars	Street lighting	Cleaning, repairing streets	Medical care for poor	Cleaning parks playgrounds	Recreation for teen-age boys	Trash and garbage collection	Housing inspection	Helping kids on drugs	Building low-income housing	Controlling air pollution	Improved public transportation	Building freeways	Aid for dependent children
Albuquerque:																
More	53	50	6	36	52	45	24	49	40	55	75	49	47	29	20	38
Same	41	45	53	57	43	41	66	41	52	34	21	34	43	55	57	44
Less	4	2	37	5	3	9	7	6	5	6	2	14	7	11	22	15
Atlanta:																
More	61	59	19	41	57	62	47	61	48	69	83	58	63	52	36	51
Same	32	33	45	50	38	28	44	31	47	25	12	27	24	35	43	34
Less	3	4	31	6	2	6	5	4	2	3	2	11	8	8	17	10
Baltimore:																
More	72	70	8	36	49	73	49	69	33	72	86	66	50	49	17	59
Same	23	20	27	55	41	23	42	23	60	24	11	24	29	40	36	28
Less	3	8	63	6	9	2	7	6	6	2	2	9	19	9	45	11
Boston:																
More	66	70	14	31	56	65	55	62	24	72	81	68	62	50	18	41
Same	26	24	35	60	39	26	38	28	71	23	12	20	25	38	32	35
Less	2	3	47	5	3	6	4	7	3	1	3	9	8	8	46	20
Denver:																
More	47	46	4	45	41	44	29	46	15	61	68	50	62	63	25	25
Same	46	48	36	44	54	43	61	44	78	30	21	31	25	25	45	40
Less	3	2	53	9	1	7	7	7	3	4	4	13	7	7	24	27
Kansas City, Kans.:																
More	59	56	12	42	54	64	43	55	33	66	79	52	43	33	22	43
Same	33	36	46	53	42	29	51	37	59	30	18	34	34	47	51	44
Less	6	6	40	4	3	5	5	6	6	3	2	11	20	17	26	12
Kansas City, Mo.:																
More	59	66	8	42	64	58	27	49	44	66	75	45	55	43	22	40
Same	37	32	44	53	34	35	65	44	47	30	24	39	33	49	52	41
Less	3	2	47	4	1	6	8	7	7	3		15	11	7	26	17
Milwaukee:																
More	38	41	8	26	26	55	23	46	21	61	69	52	55	36	12	31
Same	55	52	48	67	69	35	68	47	73	32	23	30	33	48	38	42
Less	5	2	40	6	4	7	6	5	4	5	5	16	9	14	48	24
Nashville:																
More	60	62	11	39	61	64	42	56	33	59	79	52	52	30	31	41
Same	35	33	44	54	35	29	50	36	61	32	16	34	37	51	49	44
Less	1	2	40	4	2	3	4	4	2	4	2	9	6	13	16	9
San Diego:																
More	45	33	5	34	25	42	21	49	11	56	77	41	61	36	11	24
Same	45	61	51	62	71	44	71	44	85	35	18	38	33	51	65	51
Less	7	3	40	3	2	8	4	4	2	3	3	16	4	10	22	20

"No responses" are not shown, therefore columns may not total 100 percent.

Which services would people be willing to cut?

There was a very consistent tendency for people to be much more willing to increase expenditures than decrease them for the services in the list. Of the 16 listed services, there were only four—ticketing and towing cars, street lighting, trash and garbage collection, and building freeways—that did not receive, in any city, a majority vote for increased expenditures.

There were only three cities—Atlanta, Boston, and Denver—in which there was a majority vote to increase expenditures on public transportation. In addition, a majority in these three cities and a majority in five other cities preferred increased expenditures for public transportation rather than increases for improving facilities for driving private automobiles.

In only two cities, Atlanta and Baltimore, did a majority favor increased payments to people on welfare and for dependent children. However, it should be added that only towing cars, of all the services listed, ever got a majority vote to be cut back, and that occurred in only two cities—Baltimore and Denver.

When people were asked where they would be willing to cut back if cuts had to be made, ticketing and towing cars and building freeways were constantly among the most often cited. The other selections for cutbacks were spread around a number of items, with none being made the top three in more than a few cities.

How do groups within cities differ from one another in their priorities?

Less educated, those with lower incomes, renters, and blacks generally were more likely to say that more money should be spent on services; they generally constituted a majority asking for increased effort for a larger number of services.

In general, however, there was not much disagreement about what is most important. The following table gives a basis for comparison as to which service increases were supported by low-, middle-, and high-income people.

Services on which a majority wanted to "spend more" in at least seven cities

Total Family Income

Less than $5,000: Schools, Streets, Teen recreation, Medical care, Inspect houses, Drugs, Low-income housing, Air pollution, Welfare and AFDC.

$5,000–$9,999: Schools, Police, Teen recreation, Medical care, Inspect houses, Drugs, Low-income housing, Air pollution.

$10,000 or more: Schools, Police, Inspect houses, Drugs, Air pollution.

It is clear that the lower the income, the more items are "supported." The only item not supported by the lowest income group but supported by those with higher incomes was increased police patrols. Street cleaning and repair and increased payments for people on welfare and Aid for Dependent Children (AFDC) were issues supported among the low income people but much less among those with higher incomes. Teen-age recreation facilities, low-income medical care programs, and low-income housing were less supported among those in the highest category than by those with medium or low incomes.

The same procedure was used to compare blacks and whites:

Services on which a majority wanted to "spend more" in at least five of the seven cities with proportionately large black population

Blacks: Schools, Police, Street lights, Streets, Medical care, Parks and playgrounds, Teen-age recreation, Inspect houses, Drugs, Welfare and AFDC.

Whites: Schools, Police, Medical care, Inspect houses, Drugs, Air pollution.

Blacks supported increased expenditures in more areas than did whites. Again, however, blacks supported all the same service priorities that whites did, with the exception of air pollution control. In addition, however, they added street lighting, street maintenance, park and playground maintenance, teen-age recreation facilities, and increased payments to those in AFDC and welfare.

The differences between groups reflect the differing level of concern about increased services more than a different way of ordering priorities. Nonetheless, it is clear that there are services that are viewed in need of improvement by a majority of blacks and those with low incomes, but not so much by whites and those with higher incomes.

How does the order of priorities vary from city to city?

There were a few services, such as control of air pollution and police patrolling the streets at night, that varied in importance from city to city. However, when items are ranked within each city as to the percentage of people who said they wanted more money spent on a service, the consistency from city to city is very high. The major differences among cities tended to be in the general willingness or interest of citizens in spending more money on services. With few exceptions, the order in which they would rank services was quite similar.

Citizens of San Diego, Milwaukee, and Denver regularly were less likely to vote for increased funds for services. Citizens of Baltimore, Boston, and, to a lesser extent, Atlanta were consistently more willing than those in other cities to spend more for services.

DRAMATIC NEW DEVELOPMENTS ON THE FARM AND DOMESTIC SCENE

Mr. DOLE. Mr. President, Congress has reconvened at an auspicious time for America. The past several weeks, usually the height of the "slow news" season, have seen dramatic new developments on

the foreign and domestic scene. President Nixon's China initiative and his bold new policy for a prosperity based on peace have stirred the hearts and minds of the American people. In his August 15 speech on the economy, the President set out a clear-sighted, comprehensive plan to strengthen the American economy. It is strong medicine, but it is the right prescription, and poll after poll shows that an overwhelming majority of Americans back their President's proposals.

Now it is up to us—the men and women in the Congress—to act in accordance with this clear national consensus. Both the minority and majority leadership of the House and Senate have already given encouraging indications that the national economy, with its tremendous impact on the lives and welfare of millions of average, working Americans, will not become a political hostage. Their initial statements indicate that they will rally behind the President's prosperity program. I pledge myself to do the same, and I urge my colleagues, some of whom may have chosen a partisan, political course, to unite in this great effort.

Prosperity for America is a goal that should transcend personal ambitions and partisan considerations. The President's program is the best means of achieving that goal, and it clearly has the support of a strong majority of all of our constituents. I ask that all of us show this same vision and same bipartisan spirit. I urge that all of us set aside thoughts of campaigning and political gains long enough to act on the prosperity package that the President has proposed and the American people have endorsed.

This Congress has the opportunity to go down in history as one that successfully met a great national challenge by rising above partisanship and serving national, not party, interests. I am confident that it will not fail, and that when the books are closed on this session, the record we leave behind will be one in which we, and the people, can take pride.

NUCLEAR WEAPONS AND THE RIGHT TO KNOW

Mr. SYMINGTON. Mr. President, I ask unanimous consent that three newspaper articles, "White House Gets Plan To Redeploy Nuclear Weapons Stored on Okinawa," from the New York Times of June 17, 1971; "U.S. Weighs A-Arms Shift to Taiwan," from the Washington Post of July 10; and "Plan To Move A-Arms Near China Killed," from the New York Times of July 20, be printed in the RECORD at the end of these few remarks.

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

(See exhibit 1.)

Mr. SYMINGTON. Mr. President, if at present there are any nuclear weapons on Okinawa, it is now clear they may well be removed; and if accordingly there is to be any realinement of said weapons, the proper committees of the Congress should know in what countries these weapons are now going to be deployed.

Surely the Senate Foreign Relations Committee should be supplied such information prior to when it executes its constitutional responsibility of considering the Treaty with Japan dealing with the reversion of Okinawa. We understand that treaty will be submitted for approval shortly to that committee.

By the same token, both the Armed Services and Appropriations Committees as well as the Joint Atomic Energy Committee should be apprised of any plans which might involve the transfer of nuclear weapons. Such information would be essential to any meaningful assessment of funds requested for our overseas defense posture.

Perhaps especially because of the new policy of this administration with respect to the People's Republic of China, these committees are entitled to know whether or not there are any nuclear weapons on Taiwan now; and if not, whether currently it is the plan of this administration to place any of these weapons on this island.

The same information should also be made available with respect to any other country or countries.

Of one thing we can be sure—such information is known to the governments of the countries in the areas in question. With that premise, there would seem no justification whatever for withholding this information.

EXHIBIT 1

WHITE HOUSE GETS PLAN TO REDEPLOY NUCLEAR WEAPONS STORED ON OKINAWA

(By William Beecher)

WASHINGTON.—The Defense and State departments have proposed to the White House that hundreds of tactical nuclear weapons stored on Okinawa be moved to storage sites on Guam and in South Korea, Taiwan, the Philippines and the United States.

Well-placed officials say the joint recommendation calls for a quick decision because of the need to remove the weapons by April 1, 1972, when control of Okinawa and the other islands in the Ryukyu chain is expected to revert to Japan. A draft treaty covering this reversion is to be signed tomorrow in Tokyo and Washington.

Officials say the proposal to the White House urges that well over half the weapons be sent to Guam, the remainder to be distributed among the other sites.

The recommendation, they say, represents a compromise between those who wanted to transfer most of the weapons to forward positions in Asia and those who wanted to withdraw most to the United States.

Washington has never officially acknowledged that it maintains tactical nuclear weapons in the Western Pacific.

Officials say a quick decision is necessary because of the time needed to pack and ship the weapons and to construct new storage facilities, particularly on Guam in the United States' South Pacific Trust Territories.

Among the weapons involved, sources say, are nuclear bombs, artillery shells, tactical ground-to-ground rockets, atomic land mines, atomic depth charges, air-to-air missiles and surface-to-air missiles.

All decisions on the deployment of nuclear weapons outside the United States, under law, are reserved to the President. Each year he reviews deployments, normally making very minor shifts. This year, because of the Okinawa question, major decisions are called for.

At one point in the Administration debate, officials say, some military planners urged that a large portion of the weapons be shifted to forward locations in such areas as South Korea. They argued that with the reduction of American ground forces throughout Asia, the augmentation of tactical nuclear stocks would help to maintain deterrence against aggression by China or by North Korea.

Other officials, both in the Pentagon and the State Department, insisted that the stationing of additional nuclear weapons on the rim of Asia could create more problems than they solved. They argued that this policy might present the President one day with a choice of authorizing the use of the weapons or risking their being overrun.

Since the United States has never publicized the number of tactical nuclear weapons it keeps in the Orient—it has said it has about 7,200 in Western Europe—these officials contended that a reduction would not affect deterrence.

The compromise, officals say, is generally satisfactory to both schools of thought.

Even though the United States does not say that it keeps nuclear weapons in Asia, officials concede that potential enemies have little doubt where such weapons are stored because of the odd-shaped concrete and earthen "igloos," characteristically protected by three barbed wire fences and manned by special troops, in which the weapons are kept.

The stress in the redeployment proposal, sources suggest, is to move some weapons normally associated with ground troops, such as atomic artillery shells, to forward locations, and to move air-delivered weapons to Guam and the United States.

The weapons are believed to range in destructiveness from the equivalent of several tons of TNT, for artillery shells and atomic land mines, up to the equivalent of about 50,000 tons for certain bombs. The bomb that leveled Hiroshima was in the 20,000-ton class, while American Polaris and Minuteman missiles carry warheads rated at about a million tons.

In addition to nuclear stocks in the Western Pacific, American aircraft carriers and other vessels carry atomic weapons, as do submarines. The Polaris submarine missiles are considered strategic rather than tactical weapons. Also, the Strategic Air Command maintains B–52 bombers equipped with strategic nuclear weapons on Guam.

Informed sources point out that there are plans to cover situations in which tactical nuclear weapons abroad are in danger either of being overrun by hostile troops or seized by dissident elements in the countries where they are stored.

These plans include rushing in special airborne units to remove the weapons, destroying them in place, or flying in special troops to increase local protection. Weapons destroyed in place would scatter a small amount of nuclear debris over a limited area, the sources say.

U.S. WEIGHS A-ARMS SHIFT TO TAIWAN

(By Murrey Marder and Stanley Karnow)

President Nixon is faced with a strong Pentagon recommendation to transfer American nuclear weapons from Okinawa to the island of Taiwan, the Nationalist Chinese stronghold.

The Defense Department, it was learned, has urged the President to shift the weapons which must be moved off Okinawa—to Taiwan. The United States has developed strategic bases on the huge Nationalist Chinese island on which the regime of Generalissimo Chiang Kai-shek took refuge in 1949.

The State Department is reportedly opposed on several grounds, including possible repercussions on U.S. efforts to improve relations with the Peoples Republic of China.

Transferring nuclear warheads from Okinawa to Taiwan would increase the U.S. nu-

clear stockpile that is already there. The United States never officially identifies the specific location of nuclear weapons stockpiles anywhere in the world. There have been previously published congressional hints, however, that the United States has nuclear weapons stored on Taiwan; the presence of nuclear weapons on Okinawa has been frequently discussed publicly.

The sensitive decision now confronting the President is a consequence of the treaty signed last June 17 between the United States and Japan for the return of Okinawa to Japanese rule. The United States pledged to remove its nuclear weapons from Okinawa under this arrangement. The treaty is now awaiting Senate ratification.

Discussions inside the Nixon administration reportedly produced three types of options for presidential decision. They are described in general terms as follows:

1. To move the Okinawa-based nuclear weapons to U.S. military facilities on Taiwan, augmenting the American nuclear stockpile now there.

2. To use the need to relocate part of the U.S. nuclear power in the Pacific as an opportunity to take the existing American warheads out of Taiwan.

This would eliminate one obstacle in the generation-long dispute between Peking and Washington over the use of Taiwan as a strategic U.S. base just 100 miles from the Chinese mainland.

3. To leave the U.S. nuclear dispositions on Taiwan as they are for the present, and deploy the Okinawa warheads to other U.S. bases in the Pacific.

This third option is approximately what some sources expect the President to choose. But no source could speak with certainty about the ultimate White House decision, which is thought to be imminent.

According to informed sources, the Defense Department has been pressing for the nuclear transfer to Taiwan as a matter of cost effectiveness. As one of these sources put it, "The reasons are more budgetary than strategic."

Other sources said State Department officials, during recent months of internal debate, initially thought they had blocked the Defense Department's plan, but "somehow the Pentagon maneuvered successfully."

Several sources said there is no relationship—or no discernible relationship—between this issue and the controversy that has sprung out of Defense Secretary Melvin R. Laird's current visit to Japan over whether Japan might seek to acquire its own defensive nuclear weapons in the 1980s.

Many officials in Washington acknowledge that they are baffled about those reports during Laird's trip. On Thursday the Nixon administration denied that any change in U.S. policy of providing indefinite nuclear protection for Japan is contemplated.

The Pentagon has been urging the transfer of U.S. military facilities from Okinawa to Taiwan for some time. The Chinese Nationalists have also been improving their military facilities on Taiwan, apparently as an inducement to the Pentagon to transfer its bases there.

Speaking before the Senate Foreign Relations Committee in November, 1969, U.S. Ambassador to Taiwan Walter P. McConaughy disclosed that the Nationalists had extended the runway at their airfield at Hsinchu from 8,000 feet to 12,000 feet to accommodate B–52 bomber aircraft.

Under questioning by Fulbright, however, McConaughy denied that arrangements were being made to transfer B–52s from Okinawa to Taiwan.

The main installation currently used by U.S. forces is the Ching Chuan Kang air base, located in central Taiwan. The Chinese Nationalists are also reported to have offered to construct a new air base at Hualien, on the eastern coast of Taiwan.

The general reduction of U.S. military forces throughout Asia under the Nixon Doctrine, combined with the administration's overtures toward mainland China, have made the issue of nuclear weapons in the Western Pacific extremely sensitive.

This sensitivity is heightened because the Taiwan issue is crucial to future relations between the United States and Peking. The United States has taken a firm stand against the expulsion of Taiwan from the United Nations, but has not explicitly stated its new position on the question of mainland China's representation in the United Nations.

PLANS TO MOVE A-ARMS NEAR CHINA KILLED

(By Richard Halloran)

WASHINGTON.—United States moves for better relations with Communist China have killed a Pentagon proposal to shift American nuclear weapons from Okinawa to Taiwan, South Korea and the Philippines, Government officials said today.

The officials said that, in the wake of his decision to visit Peking next May, President Nixon planned to turn down the proposal, submitted about a month ago. Only the President may approve such nuclear deployments.

A White House spokesman following the usual practice on nuclear questions, declined to comment publicly. ("We don't discuss the movement of nuclear weapons,") he said.

Diplomatic sources in the Chinese Nationalist, South Korean and Philippine embassies said there had been no approaches from the United States and they indicated that they expected none. They said the deployment of nuclear weapons to their countries would require consultations with their governments.

Where the nuclear weapons would be moved could not be determined precisely because officials are secretive about such deployment, even in private.

But there were indications that many would be stored in Guam, with perhaps some going to other islands in the Marianas and elsewhere in the central Pacific. Others would be returned to the United States.

Earlier the Joint Chiefs of Staff were reported to have proposed moving the weapons to other bases on the rim of Asia before Okinawa was returned to Japanese control next April.

The United States and Japan have signed a treaty calling for the return of Okinawa after 27 years of American administration. The pact must be approved by the Senate and the Japanese Parliament.

The pending agreement alludes to the withdrawal of the nuclear weapons from Okinawa in accord with the Japanese Government's policy of not permitting such weapons to be deployed or stored on Japanese territory. The United States has never officially acknowledged the presence of those weapons.

Even before the President announced that he would travel to China, some Pentagon and State Department officials opposed the Joint Chiefs' proposal. They said the Chinese would see it as nuclear encirclement and would become more hostile toward the United States. Several members of Congress made much the same point.

In addition to the diplomatic and political motives, officials indicated that the President had other reasons for opposing a forward deployment.

Nuclear weapons have generally been deployed in places where American ground forces could provide security. There are no such forces on Taiwan or in the Philippines, and United States troops in South Korea are gradually being withdrawn.

Moreover, placing the weapons closer to China would make them more vulnerable to attack, even though they were dispersed, without substantially increasing their effective range or capacity for hitting a target.

WELFARE REFORM

Mr. RIBICOFF. Mr. President, during the congressional recess, the President has taken a series of new steps to restore this Nation's economic health. Much of the President's economic program deserves our support, but I am dismayed that he undercut the chances for welfare reform by proposing a year delay in its implementation. Under H.R. 1 as passed by the House, the family assistance plan would have gone into effect on July 1, 1972, with benefits for the working poor to begin on January 1, 1973. Both effective dates would be delayed by a year as a result of the President's new economic game plan.

Unfortunately, the family assistance plan seems to have given way to the "factory assistance" plan. The President's economic package provides assistance and incentives to industry to produce more goods, but ignores the need to put dollars in the pockets of the American consumer to enable him to purchase these products. The President wants to postpone implementation of welfare reform to offset the Federal revenue losses which will result from enactment of his economic package.

The President has attempted to frame his proposals in terms of a balance between Federal revenue gains and losses. In this context the White House balance sheet lists the deferral of welfare reform as an expenditure reduction of $1.1 billion.

The President and his advisers are good enough economists to know that the impact of the proposed new economic policy cannot be measured in terms of short-term Federal financial gains and losses. It must be measured in terms of the privately induced spending which will result from the program.

The impact of the so-called job development credit will be more than the estimated $3 billion Federal revenue loss in fiscal 1972. Millions of dollars of new investment and hundreds of thousands of new jobs hopefully will be created.

Similarly, the family assistance plan cannot be viewed as a $1.1 billion cost to the Federal Government in fiscal 1972. The impact of family assistance must be measured in terms of humanitarian assistance and an increase in domestic demand. Adequate welfare reform will place 25 million Americans in a better position to purchase consumer goods, feed their children, pay for some health care, some clothing and perhaps better shelter. The economy would definitely be stimulated since the poor, of necessity, spend most of their money. Virtually every additional dollar they receive would be fed into the economy almost immediately.

If the President wants to create immediate opportunities for factories, he must be similarly willing to create opportunities for families.

I ask unanimous consent that the White House chart showing Federal losses and savings be printed in the REC-

ORD as well as articles from the Washington Post emphasizing the need for enactment and implementation of a more adequate welfare bill without delay.

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

Nixon's proposed budget reduction

[Billions of dollars]

Revenue reduction:	
Accelerated investment tax credit	$3.0
Accelerated increase of personal exemptions	1.0
Eliminations of auto excises	2.3
	6.3
Revenue increase:	
Import surcharge	2.1
New revenue reduction	4.2
Expenditure reductions:	
Freeze of Federal pay increase	1.3
Deferral of general revenue sharing	1.1
Reduction of Federal employment	.5
Deferrals of some special revenue sharing	.7
Deferral of welfare reform and others	1.1
Total reduction	4.7
Total Excess of expenditure reductions over revenue reductions	.5

Source: White House

[From the Washington Post, Aug. 26, 1971]

THE PRESIDENT MUST SAVE THE WELFARE BILL

Elsewhere on this page today, we print an angry column by Nick Kotz summing up a series of public and private defaults that have stymied reform of this nation's welfare system—and have done so largely at the expense of some 7½ million dependent children. We heartily agree with the ecumenical spirit in which Mr. Kotz has spread the blame: liberals, conservatives, Congress, the lobbies, the White House—there is more than enough to go around. Just as strongly we disagree with Mr. Kotz's appraisal of the relative roles of John Gardner and George Wiley in this affair and the roles of their respective lobbying groups, Common Cause and the National Welfare Rights Organization. It was Mr. Gardner and his group who fought so hard to improve and rescue the President's welfare proposal last winter in Congress, and Mr. Wiley and his group who did so much to prevent its passage. Our reading of this and similar incidents has led us to some entirely different conclusions from those Mr. Kotz has reached as to who is and who is not really trying.

Nevertheless, on the basic point we are in solid accord: no less a term than outrage will do to describe the destructive and demeaning ease with which those who have had both a chance and an obligation to do something about our welfare system have managed to slide away from responsibility. It has been two years now since Mr. Nixon presented his welfare bill, and in that period the proposal itself has met with a variety of deaths, maimings and feeble rebirths. Those on both sides of the aisle and at both ends of Pennsylvania Avenue who have regularly contributed to the mayhem, have just as regularly deplored each new setback to the bill, piously blaming others for what went wrong. We are put in mind of the Frankish king, Clovis, who, having slain most of his kinsmen to ensure his own ascension to the throne, appealed for his people's sympathy on the grounds that he had been so recently, not to say so extensively, bereaved.

From the beginning it was evident that the administration would have a built-in and near intractable lobbying problem on the welfare measure, since at one end of the political spectrum it was thought to be too generous and permissive, and at the other end it was thought to be too meager and too mean. Moreover the public's misunderstanding of and hostility to the issue as a whole complicated the task. All this has been reflected in congressional and pressure group efforts variously to hack, overload, stall or ignore the measure out of existence. But what had always been a potential danger, was not necessarily inevitable.

The point is that it is difficult to think how the administration, with the notable exception of a few of its officials, could have handled an admittedly difficult situation any worse. The White House has yet to acknowledge that it is in fact proposing something in the way of a guaranteed annual income—much less has it troubled to try to explain the merits of such a scheme to the public. On the contrary, it has—with all its talk of bedpan emptying and floor scrubbing and crackdowns on chiselers—sought to picture the poor as willful and culpable dropouts from economic responsibility, and it has also sought to picture its own enlightened measure as something that would make the Elizabethan Poor Laws look munificent by comparison. The backstairs justification for all this has been that nothing else would do to "sell" the program to its rightwing congressional critics, a justification that has somehow survived its own repeated and palpable failures to do anything but make matters worse on the Hill. Behind it, however, always lay the suggestion that the administration was only up to this bit of political flim-flam to promote the passage of a measure about which the President cared deeply, and whose real meaning for the poor he understood. Now that notion too has been severely challenged by Mr. Nixon's incredible decision to make his proposed Family Assistance Plan the first and principal casualty of new budget restraints.

We have argued in this space before that there was no economic justification, let alone necessity, for the President's move. His recommendation to postpone the effective date of the measure would deny its sorely needed benefits to the poor for another two years and would do so at a time when state and local governments are already cutting back on welfare costs. But grim as it is, this prospect must be accounted *the most hopeful and positive* outcome the President's action could have. For it is much more likely that Mr. Nixon's offering up of his welfare plan as a "temporary" sacrifice will in fact prove its final death knell. Already Senator Long, chairman of the Finance Committee and dedicated opponent of the plan, has announced that he might interpret the President's move as a reason to cancel any further action on the welfare bill which is now before his committee. Others have received Mr. Nixon's recommendation the same way. The momentum for its enactment, its hard-won passage through the House, and the opportunity to improve the measure all seem about to go down in flames.

President Nixon has publicly described welfare reform as his "number one priority," and he has also been heard to say that his proposed measure is the most important piece of social legislation to come before Congress in 35 years. If these acute and laudable presidential judgments are not to be rendered meaningless, are not to be shown up in retrospect as mere rhetoric hovering between the frivolous and the cynical, then Mr. Nixon is obliged to take some action now to save the measure to which he has dealt such a serious blow. He must make plain to the Congress that at the very least he intends to fight for the passage in this session of his Family Assistance Plan with a degree of the vigor he has shown in other contests—in the ABM dispute, for example. Better yet, though more improbable, he should really reconsider the action he has taken in regard to the measure in the first place.

Nor will it do for his liberal critics in Congress merely to go about deploring Mr. Nixon's skewed sense of priorities. If they wish to be taken seriously, then let us see some of them stand up and try to retrieve the chances for passage of welfare reform this year. Let us see some of them join Senator Ribicoff as sponsors of the vastly superior welfare bill he is supporting. Mr. Kotz has put the question well: Who in Washington represents the interests of 7½ million poor and ill-cared-for children? Are we really to believe that the answer is, no one?

[From the Washington Post, Aug. 26, 1971]

THE WELFARE REFORM IMPASSE—WHO SPEAKS FOR 7 MILLION CHILDREN?

(By Nick Kotz)

"Perhaps we cannot prevent this from being a world in which children are tortured," wrote French philosopher Albert Camus, "but we can reduce the number of tortured children. If we do not do this, who will do this?" Who in Washington represents the vital interests of 7½ million poor American children whose daily bread depends on welfare payments under the Aid to Families with Dependent Children program?

As 535 members of Congress, a President, a vast executive branch, and hundreds of special interest lobbyists compete for power here, it is hard to find anyone whose primary concern is to reduce the numbers of tortured, dependent children.

The debate over welfare reform has centered on a variety of issues: the cost of welfare to taxpayers, the effects of a guaranteed annual income on the work ethic, the consequences to society of deserting fathers and mothers who bear children out of wedlock and rear them at public expense.

These are legitimate issues of public concern. It is a matter of dispute as to who is most to blame for the helpless economic dependency of these children. One can blame parents, pernicious racial discrimination, and malfunctioning economic, social and educational systems, as well as government at all levels. But the fact remains that 7½ million children now subsist on welfare payments far below the amount needed for adequate diet, shelter and clothing. And surely the children are not to blame.

How have the movers and shakers dealt with the interests and desperate needs of these children?

The Nixon administration: President Nixon's welfare proposal boldly breaks new ground by advocating uniform federally administered welfare with a federally-paid floor of $2,400 a year for a family of four, and payments for the "working poor."

Yet the Nixon administration bill, which has now passed the House, would permit states actually to cut present benefits to 80 per cent of the children now on welfare. And the bill would permit states to wipe out $2½ billion in food stamp benefits, which now make the difference whether millions of children eat or don't eat.

Although he previously called welfare reform his "number one domestic priority," the President picked out welfare and revenue sharing as the programs he would defer as part of his package of economic measures.

The House of Representatives: The bill was developed entirely in closed sessions of the House Ways and Means Committee. The motto of chairman Wilbur Mills is "to make it hard to get on welfare and easy to get off."

Until a few weeks before House floor action, not a single representative, aside from the Black Caucus, pushed a rival bill, that would have offered more generous benefits, or at least protected the present ones.

The Committee for Adequate Welfare Reform now had trouble finding a "Northern liberal" willing to introduce its plan for paying the welfare poor at least the government-defined minimum poverty level income, now $3,960.

In the final days before the House vote, the Black Caucus of 12 congressmen with a few white allies sought vainly to open up the bill for improvement. The Caucus favored the National Welfare Rights Organization plan of $6,500, but would have been grateful merely to pass a bill in which no welfare recipient lost present benefits or legal rights.

The Senate: In the initial Senate Finance Committee hearings, only Senator Abraham Ribicoff (D-Conn.) questioned administration officials about the loss of rights and benefits by welfare recipients. The other liberals on the committee—Senators Fred Harris (D-Okla.), Vance Hartke (D-Ind.), and Gaylord Nelson (D-Wis.) usually were absent or silent. Nelson's initial questioning ignored the needs of children, and concentrated entirely on the job rights of state welfare department employees.

Only Ribicoff has introduced a rival bill, and only one Senator, Edward Kennedy (D-Mass.), has joined him as a co-sponsor. The Ribicoff bill would guarantee that no recipient lost present benefits or rights, provide for an initial minimum payment of $2,800, and increase this payment over four years to provide a newly-defined minimum adequate income.

The business lobbyists: The U.S. Chamber of Commerce, not unexpectedly, vigorously opposes income supplements to the working poor on grounds these payments would undermine the work force available for poverty-salary jobs.

The Leadership Conference on Civil Rights: This coalition of organized labor, religious, civic, and civil rights groups has in the past lobbied effectively to pass civil rights laws and to defeat the Supreme Court nominations of Clement Haynsworth and G. Harrold Carswell.

On the welfare issue, the Leadership conference has been splintered and impotent. The AFL–CIO first blocked the coalition from fighting for a more generous bill on the House floor. Then, labor lobbied actively for the administration bill. Now labor has broken away from the coalition's new position and lowered its sights on what the poor children should receive in public aid.

Philanthropic and civil rights groups in the coalition also have failed to distinguish themselves as battlers for little children:

Clarence Mitchell, the legislative representative for the NAACP, bowed to labor's wishes in the House welfare fight and indicates he will work closely with labor in the Senate.

John Gardner and his Common Cause, and the Urban Coalition took official "paper positions" for higher benefits, but did not lobby vigorously for them in the House. The League of Women Voters also favored more generous welfare but then refused to fight in the House and is now reevaluating its position. In fact, all three groups supported the administration bill in the final House vote.

Organized labor, Clarence Mitchell, Common Cause, the Urban Coalition, and the League of Women Voters all cite reasons of "strategy and tactics" for their actions and inactions.

These groups and newspapers including the Washington Post argued that the House was not receptive to a more generous bill, and the Senate should be the battleground.

Such practical political judgments must be made and can be defended. But the new Senate battleground is one in which the modest Ribicoff alternative has exactly one other sponsor.

The much-touted "lib-lab" lobby also has a whole series of conflicts of personalities and special interests that keep it from pushing adequate welfare for children. No one wants to offend organized labor, which provides the political muscle for all liberal legislative fights.

The Urban Coalition and John Gardner at Common Cause are said to worry about offending the business portions of their constituencies who are not enthusiastic about welfare. And organized labor has other fish to fry, as it deals with Wilbur Mills about minimum wage and health insurance, issues of prime importance to the unions.

The only strong, consistent voices for the children have come from Welfare Rights and from the National Council of Churches and other church groups. Their ideas generally are dismissed as impractical. The personal style of George Wiley and his angry welfare mothers offends Washington, including the Leadership Conference professionals who consider themselves sophisticates in the Washington power process.

The militant style once was considered courageous when blood was spilled and martyrs were made in the South to win theoretical civil rights. But now the question is how much those rights are worth when 7½ million children may be denied the bare necessities to start out in life.

The liberal congressmen and lobbyists say they are facing the practical realities of Washington. The next reality is getting a bill past a hostile, largely reactionary Senate Finance Committee. So maybe this committee isn't a good place to fight for children. Wait 'til the bill gets to the House floor is their stated new practical remedy. Beyond the Senate lies a House-Senate conference and more realities. Wilbur Mills usually dominates these conferences, and he will be surrounded almost entirely by allies whose preoccupation is with "welfare chiselers."

Unfortunately, the practical political realities of Washington, as they are now understood here, do not come to grips with the moral imperatives that are part of the most basic founding principles of this nation.

[From the Washington Post, Sept. 8, 1971]

AND THE WELFARE BILL

One way Congress could demonstrate a humane and rational sense of priorities—and a little courage into the bargain—would be to revive, improve and enact the President's welfare proposal. We are aware that the urgency of passing this measure is surpassed only by the propensity of legislators on both sides of the aisle to find excuses for not doing so. And we are also aware that Mr. Nixon's ill-timed and economically unjustified move to offer up that bill as some sort of paper sacrifice to acceptance of his new economic program hardly enhanced its prospects for emerging from Russell Long's Finance Committee. Nevertheless, that poor embattled measure has a few things going for it, and these, in our view, should be capitalized on at this time.

One is the fact that Chairman Long's committee will have an interval of time to deal with welfare reform, since Finance must wait on Ways and Means' action on Mr. Nixon's tax proposals. Another is that the House-passed measure has already gone such a considerable way through Congress. The point is that the *opportunity* for action exists—if an appropriate lobby led by Mr. Nixon and supported by those liberal senators in both parties who have been temporizing should bestir itself.

Last week, in San Clemente, Secretary Richardson declared that prior to the August 15 economic message in which Mr. Nixon recommended a year's delay in the effective date of the welfare program, HEW had in fact asked for just such a delay on grounds that it was not administratively feasible to get the program going by next July. "So what this means, therefore," Secretary Richardson said, "is that the announcement of the deferment in the effective date does not in any sense represent a dilution of the President's and the administration's commitment."

For now it is sufficient to observe that given Senator Long's impressive skills at imposing delays of his own and given the past record of a fragmented Senate on this issue, Mr. Nixon and Secretary Richardson will have to move firmly and fast to take advantage of their brief opportunity. It is essential that those legislators who appreciate the importance of the bill, but who have managed to look the other way over the years, press the administration to further demonstrations of concern and cooperate themselves in freeing the bill from the toils of the Finance Committee and fighting for its passage on the floor.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Is there further morning business?

THE PRESIDENT'S ACTION IN THE INTEREST OF THE AMERICAN PEOPLE

Mr. BROCK. Mr. President, for some time now pundits and politicians have been arguing that the economy is issue No. 1 in political year 1972.

If we have a very good year in 1972, then Richard Nixon is a shoo-in for reelection. If, however, conversely, there is an economic crisis in 1972, then Richard Nixon is in a political crisis in 1972. That is the conventional wisdom—and there is a large element of truth.

Three weeks ago, on August 15, the President charted the road to a new prosperity. That address, and the new economic policy it contained, were hailed by even the President's severest critics as bold, courageous and statesmanlike. In one stroke, the President attacked all the ills that have afflicted the American economy since the Korean war—peacetime unemployment, creeping inflation, the leeching away of dollars, a badly adverse balance of payments, and America's weakened competitive position in the postwar world.

These are economic ills from which all Americans have suffered—and the President acted in the interests of all the American people when he moved.

Such occasions it seems to me are times when truly big men, Democrats and Republicans, rally behind the President, no matter the party—and stand for the interests of the United States, above the interests of partisanship.

But that has not been entirely the case. Rather than hearing a reasoned response to the economic situation in the United States from statesmen who would be President, we have heard panicky responses to a critical political situation.

They seem not aimed at the economic indicators, but at the Gallup poll—where the prospective candidate's fortunes continue to plummet.

One-shot billion-dollar giveaway plans aimed at winning friends and influencing votes do not offer the economy a balanced diet on which to grow and develop and prosper—but little goodies free of charges, compliments of Congress.

Why go back 40 years to come up with what is termed a New Fair Deal? Why couch statements on the economy in rhetoric so extreme that they must elicit compassion rather than anger?

All in all, this year's Labor Day speeches were a sad disappointment. And if I might suggest a remedy it would be that those Democrats who wish to challenge the President next year, address themselves in the future to what is helpful and meaningful for the American workingman and woman, rather than to what collection of words will put them one up in the next Gallup poll.

ORDER OF BUSINESS

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

(The remarks of Mr. GRIFFIN when he introduced S. 2485 and 2486 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. 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.

CONCLUSION OF MORNING BUSINESS

Mr. BYRD of West Virginia. Mr. President, if there is no further morning business, I ask that morning business be closed.

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

PROPOSED TRANSFER OF FUNDS BY THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator of the National Aeronautics and Space Administration transmitting a report on the proposed transfer of Research and Development funds to Construction of Facilities funds (with accompanying report); to the Committee on Aeronautical and Space Sciences.

REPORT OF TECHNICAL ASSISTANCE TO RURAL AREAS

A letter from the Secretary of Agriculture transmitting, pursuant to law, a report of the Department of Agriculture concerning information and technical assistance to rural areas (with accompanying report); to the Committee on Agriculture and Forestry.

REPORT OF AGREEMENTS PROVIDING FOR FOREIGN CURRENCIES

A letter from the General Sales Manager of the Export Marketing Service transmitting, pursuant to law, a report of agreements signed providing for foreign currencies (with accompanying report); to the Committee on Agriculture and Forestry.

REPORT ON ASSISTANCE FOR NONMETROPOLITAN PLANNING DISTRICTS

A letter from the Secretary of Agriculture and the Secretary of Housing and Urban Development transmitting, pursuant to law, a report by the Departments of Agriculture and Housing and Urban Development for nonmetropolitan planning districts (with accompanying report); to the Committee on Agriculture and Forestry.

REPORT RELATING TO VIETNAMESE SUPPORT COSTS

A letter from the Assistant Secretary of Defense, transmitting, pursuant to law, a confidential report relating to Vietnamese support costs (with accompanying report); to the Committee on Appropriations.

REPORT OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator of the National Aeronautics and Space Administration reporting, pursuant to law, on the number of employees and the average salary of all employees on June 30, 1971; to the Committee on Post Office and Civil Service and the Committee on Appropriations.

REPORT OF THE OFFICE OF MANAGEMENT AND BUDGET CONCERNING THE TREASURY DEPARTMENT APPROPRIATION

A letter from the Director of the Office of Management and Budget reporting, pursuant to law, that the appropriation to the Department of the Treasury for "Salaries and Expenses," Bureau of Accounts for the fiscal year 1972 has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

REPORT OF THE OFFICE OF MANAGEMENT AND BUDGET CONCERNING THE DEPARTMENT OF LABOR APPROPRIATIONS

A letter from the Director of the Office of Management and Budget reporting, pursuant to law, that the appropriation to the Department of Labor for Federal Unemployment Benefit and Allowances for the fiscal year 1972 has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

APPROVAL OF LOAN BY THE RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Administrator of Rural Electrification submitting, pursuant to law, information regarding the approval of a loan to Lea County Electric Cooperative, Inc., of Lovington, N. Mex. (with accompanying papers); to the Committee on Appropriations.

REPORTS OF THE INDIAN CLAIMS COMMISSION ON FINAL DETERMINATION OF CLAIMS OF CERTAIN INDIANS

A letter from the Chairman of the Indian Claims Commission submitting, pursuant to law, its report to the Congress of its final determination of the claim of the Nez Perce Tribe of Indians (with accompanying report); to the Committee on Appropriations.

A letter from the Vice Chairman of the Indian Claims Commission submitting, pursuant to law, its report to the Congress of its final determination of the claim of the Southern Ute Tribe or Band of Indians (with accompanying report); to the Committee on Appropriations.

REPORT OF DIRECTOR OF SELECTIVE SERVICE

A letter from the Director, Selective Service System, Washington, D.C., transmitting, pursuant to law, his report for the period January 1, 1971, to June 30, 1971 (with an accompanying report); to the Committee on Armed Services.

REPORT ON FUNDS OBLIGATED IN THE CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS

A letter from the Deputy Secretary of Defense, transmitting, pursuant to law, a secret report on funds obligated in the chemical warfare and biological research programs during the second half of fiscal year 1971 (with an accompanying report); to the Committee on Armed Services.

PROPOSED LEGISLATION CONCERNING TRANSPORTATION FOR CERTAIN MEMBERS OF THE UNIFORMED SERVICES

A letter from the Acting Secretary of the Navy submitting proposed legislation to amend title 37, United States code, to provide entitlement to round trip transportation to the home port for a member of the uniformed services on permanent duty aboard a ship being inactivated away from the home port whose dependents are residing at the home port (with accompanying papers); to the Committee on Armed Services.

PROPOSED LEGISLATION TO INCREASE NUMBER OF AUTHORIZED DEPUTY CHIEFS OF STAFF FOR THE ARMY

A letter from the Secretary of the Army submitting proposed legislation to increase the number of authorized Deputy Chiefs of Staff for the Army Staff, and eliminate the provisions for Assistant Chiefs of Staff for the Army Staff (with accompanying papers); to the Committee on Armed Services.

PROPOSED FACILITIES PROJECT

A letter from the Deputy Assistant Secretary of Defense notifying, pursuant to law, the Congress of a facilities project proposed to be undertaken by the Naval and Marine Corps Reserve at Richmond, Va.; to the Committee on Armed Services.

TRANSFER OF SUBMARINE U.S.S. "BATFISH"

A letter from the Assistant Secretary of the Navy notifying Congress, pursuant to law, of the proposed transfer of the submarine U.S.S. *Batfish* to the Oklahoma Maritime Advisory Board on behalf of the State of Oklahoma; to the Committee on Armed Services.

REPORT ON DEPARTMENT OF ARMY RESEARCH AND DEVELOPMENT CONTRACTS

A letter from the Deputy Assistant Secretary of the Army submitting, pursuant to law, its report on Department of Army Research contracts (with accompanying report); to the Committee on Armed Services.

REPORT OF THE DEPARTMENT OF THE AIR FORCE

A letter from the Secretary of the Air Force transmitting, pursuant to law, its report entitled "Semi-Annual Experimental, Development, Test, and Research Procurement Action Report," covering the period January 1, 1971 through June 30, 1971 (with accompanying report); to the Committee on Armed Services.

QUARTERLY REPORT ON EXPORT CONTROL

A letter from the Secretary of Commerce transmitting, pursuant to law, its Quarterly Report on Export Control covering the second quarter of 1971 (with accompanying report); to the Committee on Banking, Housing and Urban Affairs.

REPORT ON VOLUNTARY AGREEMENTS AND PROGRAMS

A letter from the Attorney General submitting, pursuant to law, a report on volun-

tary agreements and programs (with accompanying report); to the Committee on Banking, Housing and Urban Affairs.

ANNUAL REPORT OF THE MARITIME ADMINISTRATION

A letter from the Secretary of Commerce submitting the Annual Report of the Maritime Administration for the fiscal year 1970 (with accompanying report); to the Committee on Commerce.

INTERIM REPORTS CONCERNING THE U.S. METRIC STUDY

Three letters from the Secretary of Commerce submitting the sixth, eighth, and ninth interim reports stemming from the U.S. Metric Study prepared by the National Bureau of Standards (with accompanying reports); to the Committee on Commerce.

PROPOSED LEGISLATION TO AMEND THE FEDERAL WATER POLLUTION CONTROL ACT

A letter from the Chairman of the Federal Maritime Commission submitting proposed legislation to amend the Federal Water Pollution Control Act to provide specific enforcement provisions (with accompanying papers); to the Committee on Commerce.

PROPOSED LEGISLATION TO AMEND THE FEDERAL AVIATION ACT OF 1958

A letter from the Acting Chairman of the Civil Aeronautics Board submitting proposed legislation to specifically provide that remedial orders issued by the Civil Aeronautics Board in enforcement proceedings may require the repayment of charges in excess of those in lawfully filed tariffs (with accompanying papers); to the Committee on Commerce.

PROPOSED LEGISLATION TO AMEND THE FEDERAL AVIATION ACT OF 1958

A letter from the Acting Chairman of the Civil Aeronautics Board submitting proposed legislation to authorize the Civil Aeronautics Board to regulate the depreciation accounting of air carriers (with accompanying papers); to the Committee on Commerce.

PROPOSED LEGISLATION TO AMEND THE FEDERAL AVIATION ACT OF 1958

A letter from the Acting Chairman of the Civil Aeronautics Board submitting proposed legislation to clarify the powers of the Civil Aeronautics Board in respect of consolidation of certain proceedings (with accompanying papers); to the Committee on Commerce.

PROPOSED LEGISLATION TO AMEND THE FEDERAL AVIATION ACT OF 1958

A letter from the Acting Chairman of the Civil Aeronautics Board submitting proposed legislation to assure opportunity for the Board's participation and representation in certain court proceedings through its own counsel as a matter of right and to provide for all review of Board actions in the courts of appeals (with accompanying papers); to the Committee on Commerce.

REPORT OF THE FEDERAL POWER COMMISSION

A letter from the Chairman of the Federal Power Commission submitting a report entitled "Hydroelectric Plant Construction Cost and Annual Production Expenses, 1969" (with accompanying report); to the Committee on Commerce.

REPORT OF THE AVIATION ADVISORY COMMISSION

A letter from the Chairman of the Aviation Advisory Commission submitting, pursuant to law, its final report (with accompanying report); to the Committee on Commerce.

REPORT OF THE DEPARTMENT OF COMMERCE

A letter from the Assistant Secretary of Commerce submitting, pursuant to law, the 1971 Report of the Department of Commerce on commissary activities outside the continental United States (with accompanying report); to the Committee on Commerce.

REPORT ON THE FINANCIAL CONDITION OF THE CENTRAL RAILROAD CO. OF NEW JERSEY

A letter from the Secretary of Transportation submitting exhibit V for inclusion in the report of July 30, 1971, on the financial condition of the Central Railroad Co. of New Jersey (with accompanying exhibit); to the Committee on Commerce.

REPORT CONCERNING GRANTS BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare transmitting, pursuant to law, a report concerning the grants approved by the Department financed wholly with Federal funds (with accompanying report); to the Committee on Finance.

REPORT OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare transmitting, pursuant to law, a report on the committees which advise and consult with him in carrying out his functions under the Social Security Act (with accompanying report); to the Committee on Finance.

REPORT OF THE U.S. INFORMATION AGENCY

A letter from the Director of the United States Information Agency transmitting, pursuant to law, a report on the activities of the USIA from July 1 to December 30, 1970 (with accompanying report); to the Committee on Foreign Relations.

REPORT OF THE U.S. ADVISORY COMMISSION ON INTERNATIONAL EDUCATIONAL AND CULTURAL AFFAIRS

A letter from the Chairman of the U.S. Advisory Commission on International Educational and Cultural Affairs transmitting, pursuant to law, the Eighth Annual Report of the Advisory Commission (with accompanying report); to the Committee on Foreign Relations.

REPORT ON U.S. ASSISTANCE TO MOROCCO

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on U.S. Assistance to Morocco (with an accompanying report); to the Committee on Government Operations.

REPORT ON U.S. PARTICIPATION IN THE FOREIGN ASSISTANCE PROGRAM FOR INDONESIA

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on U.S. participation in the foreign assistance programs for Indonesia (with an accompanying report); to the Committee on Government Operations.

REPORTS OF COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Too Many Crew Members Assigned Too Soon to Ships Under Construction," Department of the Navy, dated August 9, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Development of Minority Businesses and Employment in the Hough Area of Cleveland, Ohio, Under the Special Impact Program," Office of Economic Opportunity, dated August 17, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Savings Available Through a Government-Wide Program to Rehabilitate Instrumentation Tape," General Services Administration, dated August 23, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Recreational Projects Financed By Farmers Home Administration Provide Benefits to a Limited Number of Rural Residents," Department of Agriculture, dated August 23, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Assessment of the Teacher Corps Program at the University of Southern California and Participating Schools in Tulare County Serving Rural-Migrant Children," Office of Education, Department of Health, Education, and Welfare, dated August 25, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Cost, Schedule, and Design Aspects of Selected Atomic Energy Commission Construction Projects," dated August 17, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Need For Improving The Administration of Study and Evaluation Contracts," Office of Education, Department of Health, Education, and Welfare, dated August 16, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Audit of Payments From Special Fund to Lockheed Aircraft Corporation for C-5A Aircraft Program During Period Ended June 30, 1971," Department of Defense, dated August 9, 1971 (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Second Review of Phasedown of United States Military Activities in Vietnam," Department of Defense, dated August 9, 1971 (with an accompanying report); to the Committee on Government Operations.

REPORT BY THE OFFICE OF MANAGEMENT AND BUDGET AND THE DEPARTMENT OF THE TREASURY

A letter from the Acting Secretary of the Treasury and the Director of the Office of Management and Budget submitting, pursuant to law, the first annual report on the performance of functions and duties imposed on the Office of Management and Budget and the Department of the Treasury by sections 201 and 202 of the Legislative Reorganization Act of 1970 (with accompanying report); to the Committee on Government Operations.

REPORT BY THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

A letter from the Acting Secretary of Health, Education, and Welfare transmitting, pursuant to law, a report covering personal property donated to public health and educational institutions and civil defense organizations (with accompanying report); to the Committee on Government Operations.

REPORT OF THE DEPARTMENT OF THE INTERIOR

A letter from the Deputy Assistant Secretary of the Department of the Interior submitting, pursuant to law, the report of the Department covering grants made during the calendar year 1970 to nonprofit institutions and organizations for support of scientific

research programs (with accompanying report); to the Committee on Government Operations.

REPORTS OF THE GENERAL ACCOUNTING OFFICE

A letter from the Comptroller General of the United States transmitting, pursuant to law, a list of reports of the General Accounting Office for the month of August 1971 (with accompanying papers); to the Committee on Government Operations.

REPORT OF THE U. S. GOVERNMENT COMPTROLLER FOR THE VIRGIN ISLANDS

A letter from the Secretary of the Interior transmitting, pursuant to law, the annual report of the U.S. Government Comptroller for the Virgin Islands for the fiscal year ended June 30, 1970 (with accompanying report); to the Committee on Interior and Insular Affairs.

REPORT OF NEGOTIATED SALES CONTRACTS

A letter from the Director of the Bureau of Land Management submitting, pursuant to law, a report of negotiated sales contracts for disposal of materials during the period January 1 through June 30, 1971 (with accompanying report); to the Committee on Interior and Insular Affairs.

APPLICATION FOR A LOAN AND GRANT UNDER THE SMALL RECLAMATION PROJECTS ACT

A letter from the Assistant Secretary of the Interior submitting, pursuant to law, an application by the Yolo County Flood Control and Water Conservation District of Woodland, Calif., for a loan and grant under the Small Reclamation Projects Act (with accompanying papers); to the Committee on Interior and Insular Affairs.

PROPOSED CONCESSION CONTRACT WITHIN ROCKY MOUNTAIN NATIONAL PARK, COLO.

A letter from the Assistant Secretary of the Interior transmitting, pursuant to law, a proposed concession contract within Rocky Mountain National Park, Colo. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PROPOSED CONCESSION CONTRACT WITHIN EVERGLADES NATIONAL PARK

A letter from the Assistant Secretary of the Interior transmitting, pursuant to law, a proposed concession contract within Everglades National Park (with accompanying papers); to the Committee on Interior and Insular Affairs.

PROPOSED LEGISLATION PROVIDING FOR DIVISION OF ASSETS BETWEEN BANDS OF INDIANS

A letter from the Assistant Secretary of the Interior submitting proposed legislation to provide for the division of assets between the Twenty-Nine Palms Band and the Cabazon Band of Mission Indians, including certain funds in the U.S. Treasury, and for other purposes (with accompanying papers); to the Committee on Interior and Insular Affairs.

APPROVAL OF DEFERMENT OF CONSTRUCTION REPAYMENT INSTALLATIONS

A letter from the Assistant Secretary of the Interior submitting, pursuant to law, a report concerning the approval of a 2-year deferment of the construction repayment installments due the United States by reason of construction of irrigation facilities serving lands in the Kansas-Bostwick Irrigation District No. 2, Pick-Sloan Missouri Basin Program, Kansas; to the Committee on Interior and Insular Affairs.

REPORTS OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of Immigration and Naturalization submitting, pursuant to law, reports concerning visa petitions approved according the beneficiaries of such petitions third preference and sixth preference classification under the Immigration and Nationality Act (with accompanying papers); to the Committee on the Judiciary.

REPORT OF THE DIRECTORS OF FEDERAL PRISON INDUSTRIES, INC.

A letter from the Commissioner of Federal Prison Industries, Inc., submitting, pursuant to law, its annual report for the fiscal year 1970 (with accompanying report); to the Committee on the Judiciary.

REPORT OF THE IMMIGRATION AND NATURALIZATION SERVICE

A letter from the Commissioner of Immigration and Naturalization submitting, pursuant to law, copies of orders entered in the cases of aliens who have been found admissible to the United States (with accompanying papers); to the Committee on the Judiciary.

PROPOSED LEGISLATION REGARDING THE REGISTRATION OF TRADEMARKS

A letter from the Secretary of Commerce submitting proposed legislation to amend the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of international conventions, and for other purposes, approved July 5, 1946, as amended" (with accompanying papers); to the Committee on the Judiciary.

PROPOSED LEGISLATION PROHIBITING THE DISCHARGE OF CERTAIN EMPLOYEES

A letter from the Director of the Administrative Office of the U.S. Courts transmitting proposed legislation to prohibit the discharge of an employee by an employer by reason of the employee's Federal jury service (with accompanying papers); to the Committee on the Judiciary.

REPORT ON THE NATIONAL VISITOR CENTER

A letter from the Secretary of the Interior submitting, pursuant to law, the annual report on the National Visitor Center and all other facilities authorized under Public Law 90-264 (with accompanying papers); to the Committee on Public Works.

PROPOSED ALTERATION OF PUBLIC BUILDINGS

A letter from the Administrator of General Services transmitting, pursuant to law, prospectuses which propose alteration of public buildings (with accompanying papers); to the Committee on Public Works.

REPORT OF THE JEWISH WAR VETERANS U.S.A. NATIONAL MEMORIAL

A letter from the president of the Jewish War Veterans U.S.A. National Memorial, Inc., submitting, its annual audit report for the fiscal year ended March 31, 1971 (with accompanying report); to the Committee on Veterans' Affairs.

REPORT OF THE MILITARY ORDER OF THE PURPLE HEART

A letter from the Adjutant General of the Military Order of the Purple Heart submitting, pursuant to law, its financial audit for the fiscal year 1971 ending on July 31, 1971 (with accompanying report); to the Committee on Veterans' Affairs.

REPORT OF ARCHITECT OF THE CAPITOL

A letter from the Architect of the Capitol, transmitting, pursuant to law, a report of all expenditures from moneys appropriated to the Architect of the Capitol, for the period January 1, 1971, through June 30, 1971 (with an accompanying report); order to lie on the table and to be printed.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Banking, Housing and Urban Affairs:

"SENATE JOINT RESOLUTION No. 39

"Relative to purchase, sale and possession of gold

"Whereas, Federal statutes and executive orders have denied any person who is a citizen of the United States or any individual wheresoever located who is a resident of or domiciled in the United States the right to freely purchase, sell and possess gold bullion; and

"Whereas, The continuation of such policies have had a negative effect upon the gold mining and exploration industry within this country and this state, thereby making this nation reliant upon external gold industries to meet the various demands of the citizenry; and

"Whereas, The State of California's gold mining industry has suffered severely because of the continuation of such policies, causing over the years the loss of real employment to Californians; and

"Whereas, It is desirable that these regulations and statutes be reviewed in light of contemporary conditions; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California memorializes the President and Congress of the United States to remove all restrictions on the purchase, sale and possession of gold by any person who is a citizen of the United States or any individual wheresoever located who is a resident of or domiciled in the United States; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

Two joint resolutions of the Legislature of the State of California; to the Committee on Commerce:

"ASSEMBLY JOINT RESOLUTION No. 27

"Relative to fish management programs

"Whereas, The California streams have historically produced a significant portion of the Pacific king salmon, silver salmon, and steelhead trout of the Pacific Coast; and

"Whereas, the California salmon and steelhead resources constitute an important economic and recreational asset to all of the Pacific Coast states; and

"Whereas, the California salmon and steelhead resources are in a critical state of decline; and

"Whereas, Water development and other activities of the federal government have contributed significantly to this decline; and

"Whereas, The President and Congress of the United States, recognizing these factors, enacted into law the Federal Anadromous Fisheries Act of 1965; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to take necessary steps to assure that the federal government annually provide the maximum funding which is allowed under the Federal Anadromous Fisheries Act for salmon, steelhead, striped bass, and shad management programs; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of the Interior, to the Director of the United States Fish and Wildlife Service, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

"ASSEMBLY JOINT RESOLUTION No. 40

"Relative to California salmon and steelhead resources

"Whereas, California's salmon and steelhead resources are in a demonstrably critical state of decline, with many previously very productive runs of these fish entirely destroyed; and

"Whereas, The salmon and steelhead resources of this state have long been of immense economic and recreational value to the people of California, providing not only a most needed food but also many hours of unsurpassed angling enjoyment; and

"Whereas, A principal cause of the decline in this valuable resource has been the destruction and damage to streams caused by federal water development projects, which in many instances has been without proper consideration of the impact on the salmon and steelhead resource; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California memorializes:

"(1) The Federal Council on Environmental Quality to disapprove any proposed federal project on any California salmon and steelhead stream unless the Environmental Impact Report clearly finds that such project will not be substantially deleterious to the salmon and steelhead resources of that stream.

"(2) The United States Army Corps of Engineers to issue no permits for waste discharges into any California salmon and steelhead stream under the National Refuse Act of 1899 without first making a finding that such discharge will have no substantial deleterious effect on the salmon and steelhead resources of that stream; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to each Senator and Representative from California in the Congress of the United States, to the Chairman of the Federal Council on Environmental Quality, and to the Administrator of the Federal Environmental Protection Agency."

Two joint resolutions of the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

"SENATE JOINT RESOLUTION No. 33

"Relative to mining claims and excavations

"Whereas, The many abandoned mining claims and related mine shafts and other mining excavations on federal lands complicate the orderly administration, development, and protection of such lands; and

"Whereas, Legislation should be enacted which would require all mining claimants to file descriptions of the locations of their claims on federal lands and which would declare such a mining claim to be abandoned if the claim or assessment work on the claim were not recorded for a period of two successive years; and

"Whereas, Scattered throughout the public lands administered by the United States Bureau of Land Management and other federal lands are thousands of unmarked and abandoned mine shafts and other mining excavations; and

"Whereas, These unmarked and abandoned mine shafts and other mining excavations pose a serious hazard to the recreational uses of federal lands and have caused loss of life and injury; and

"Whereas, Legislation should be enacted to implement a program of marking and fencing such mine shafts and mining excavations in the interest of public safety; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to support and enact legislation, as described in this resolution, which would require mining claimants to file descriptions of the locations of their claims, would declare a mining claim to be abandoned if the claim or assessment work on the claim were not recorded for a period of two successive years, and would implement a program of marking and fencing abandoned mine shafts and other mining excavations; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

"SENATE JOINT RESOLUTION

"Relative to the Salton Sea

"Whereas, The Salton Sea is a recreational resource of unusual value because of its proximity to southern California population centers; and

"Whereas, Rising salinity will destroy its value within a few years unless corrective action is taken immediately; and

"Whereas, A task force of federal and state agencies completed a reconnaissance study of the Salton Sea problem in August 1969, and determined that the Sea could be saved, that the project had a favorable cost-benefit ratio, and that the game fish would not be able to spawn successfully after the salinity reached 40 parts per thousand; and

"Whereas, Salinities of 39 parts per thousand were recorded in October 1970, with the rate of increase being about one-half part per thousand per year; and

"Whereas, Each year of delay adds millions of dollars to project costs; and

"Whereas, All that is needed at this point is a modest federal effort to mesh with a corresponding state effort to define the best salinity control project and to estimate its cost; and

"Whereas, The State of California has budgeted funds for its share of such an effort; and

"Whereas, This situation is unusually grave, because further delay will jeopardize a salinity control project by increasing construction costs; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully requests the President and Congress of the United States to authorize and fund a feasibility study to determine the best way to stop the salt level from increasing in Salton Sea, by passing H.R. No. 5648 or other appropriate enabling legislation and budgeting the necessary funds; and be it further

"Resolved, That the federal government is requested to include funds for such a project in the budget for the next year; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President of the United States, to the Secretary of the Interior, to the U.S. Army Corps of Engineers, to the Vice President, the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Labor and Public Welfare:

"ASSEMBLY JOINT RESOLUTION No. 21

"Relative to the suspension of the Davis-Bacon Act

"Whereas, President Nixon on February 23, 1971, by proclamation, suspended the Davis-Bacon Act of 1931 and then on March 29, 1971, rescinded the suspension of such act on a temporary basis; and

"Whereas, The Davis-Bacon Act requires that laborers on all federal construction projects be paid the locally prevailing wage rates; and

"Whereas, Suspension of the Davis-Bacon Act will invite wage-cutting drives by employers and could plunge the construction industry into labor-management turmoil; and

"Whereas, Between 1949 and 1969 onsite labor costs fell from 33 percent of the price of a single family home to 18 percent, while during the same period cost of materials rose only slightly from 36 percent to 38 percent; and

"Whereas, Between 1949 and 1969 land costs have jumped from 11 percent to 21 percent and financing costs from 5 percent to 10 percent; and

"Whereas, The Davis-Bacon Act requirement that 'prevailing wages' be paid has meant payment of the equivalent of union scales in the area, and suspension of the act will have no real effect on inflation but rather would be an invitation to unscrupulous employers to exploit workers by competitive undermining of fair wages and labor standards; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President not to suspend the Davis-Bacon Act, other than in a national emergency as defined by Congress, and memorializes Congress to pass an amendment to the Davis-Bacon Act which would limit the presidential power to suspend the Davis-Bacon Act in the future to a national emergency as defined by Congress; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Veterans' Affairs:

"SENATE JOINT RESOLUTION No. 44

"Relative to a Veterans' Hospital in San Bernardino

"Whereas, There is no Veterans' Administration Hospital available either to residents of the west end of San Bernardino County or of the San Bernardino-Riverside-Redlands area; and

"Whereas, Veterans who have served their country and who are in need of medical attention must therefore travel to Long Beach, California, in order to obtain needed medical attention; and

"Whereas, A large number of veterans live in this geographical area and their number will be augmented as time goes on by additional personnel returning from serving their country: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to include in the current federal budget funds for construction of a Veterans' Administration Hospital convenient to the many deserving veterans of above described portions of San Bernardino County; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Veterans' Affairs:

"ASSEMBLY JOINT RESOLUTION NO. 54

"Relative to the establishment of a national cemetery in California

"Whereas, There are presently almost 3,000,000 veterans residing in California eligible for burial in a national cemetery, yet the three existing national cemeteries in California are closed to future veteran burials because of lack of space; and

"Whereas, The initial earthquake of February 9, 1971, destroyed the San Fernando Veterans Hospital; and

"Whereas, Geological experts question the advisability of rebuilding a hospital or any other major structure on the site, and the Veterans Administration does not plan to rebuild this facility; and

"Whereas, This large piece of government-owned land would be an extremely suitable final resting place for our honored dead; and

"Whereas, Such a cemetery would involve no cost to the federal government as far as land is concerned and the operational costs would be minimal; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to consider such a site, together with all other potential sites, for a national cemetery, and establish one or more such national cemeteries in California; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives and to each Senator and Representative from California in the Congress of the United States."

A resolution of the Senate of the State of Alabama; to the Committee on the Judiciary:

"RESOLUTION NO. 42

"Endorsing the proposal of Senator Harry F. Byrd to require the reconfirmation of Federal Judges at regular intervals

"Whereas Senator Harry F. Byrd, Jr., of Virginia has introduced in the Congress of the United States a proposal to amend the United States Constitution to require all federal judges to be reconfirmed by the United States Senate every eight years; and

"Whereas when our founding fathers created our government, they provided separate legislative, executive and judicial branches in order to establish a system of checks and balances and to prevent the domination of governmental affairs by any one single branch; and

"Whereas, because it was thought that the judicial branch of government would be the weakest of the three branches, provision was made for justices of the Supreme Court of the United States and the judges of its inferior courts to serve for life to provide protection from political pressure and the vacillations of ephemeral public opinion; and

"Whereas the Constitution of the United States provided for and established a representative republican form of government to insure the rights and privileges of the citizens of the component states; by its letter and spirit, the Constitution provided for each individual state to retain and reserve unto itself all its power and sovereignty except that part delegated, granted, and given to effect the union of the states; and by its express language, the Constitution safeguarded each individual state and its people from unauthorized interference in domestic affairs by a strong central government and from tyranny and suppression wrought by such a strong central government; and

"Whereas in recent decades the federal courts have taken unto themselves more and more additional powers under the assumption that the law of the land is whatever the court says it is; they have not only usurped the powers reserved to the states and assumed powers of the legislative and executive branches of government in the process of self-anointed omnipotence, but they have mistaken themselves for God; and

"Whereas under the incessant demands of a powerful combination of subversive and minority interests, the courts have fallen into a slough of fallacious reasoning, and in attempting to extricate themselves have resorted to strangely conceived social concepts and idealistic pap in which they insist upon wallowing; and

"Whereas the courts, by their arrogant, wilful and wanton use of judicial fiat and flagrant abuse of injunctive powers, have forced their tragically ridiculous interpretations of the Constitution and of state and federal statutes on the people of a once proud, powerful and self reliant nation to such extent that many property rights have been destroyed; voting rights have been diluted and restricted; the legislative and congressional districts of many states have been arbitrarily reapportioned without regard to similarity of interests, economic condition or consideration of desires of any groups within the states; orderly systems of public education are impossible; riots are frequent occurrences on college and university campuses; transportation is often halted; welfare cases have risen to astronomical heights; crime in the streets is uncontrolled, and fear and chaos are rift throughout the land; and

"Whereas a return to a sane, strong responsible government which is supported by the vast majority of people who work for a living, pay their debts, educate their children, and, with confidence in themselves and faith in the Lord, contribute something to the communities they live in, can be achieved in large part by making federal judges responsive to the will of these people; now therefore,

"Be it resolved by the legislature of Alabama, both Houses thereof concurring, That this body and the people of Alabama heartily endorse Senator Byrd's proposal to require the reconfirmation of federal judges by the Senate of the United States at intervals of eight years.

"Be it further resolved, That we regard this proposal as an admirable step in the right direction and would recommend that United States Supreme Court Justices be included therein and that the intervals for reconfirmation be reduced to six years.

"Be it further resolved, That copies of this resolution be sent to Senator Harry F. Byrd, Jr., to the President and Vice President of the United States, to the Speaker of the House of the United States Congress, to the Chief Justice and each Associate Justice of the United States Supreme Court and to each member of Alabama's Congressional Delegation."

Resolutions of the Massachusetts State Senate; to the Committee on Foreign Relations:

"RESOLUTION OF THE COMMONWEALTH OF MASSACHUSETTS

"Resolutions urging the President of the United States, the Congress of the United States and the United States State Department to intercede in an attempt to secure peace in Northern Ireland, to urge the British Government to remove troops from Northern Ireland and to further urge the British Government to turn over control of Northern Ireland to the Irish Republic

"Whereas, The savage fighting in areas of Northern Ireland has caused heartbreaking misery and suffering to untold numbers of innocent people, including children and aged persons; and

"Whereas, Persons of certain faiths and beliefs have been and continue to be persecuted; and

Whereas, In the name of humanity, all fighting between brother citizens, all suffering and all persecutions should cease forthwith; and

"Whereas, It is the firm belief of all freedom loving people throughout the world that countries should be allowed to govern themselves; and

"Whereas, The volatile mood of strife has reached quiet suburban streets where for decades Catholic and Protestant families have learned to live together in love and friendship; now, therefore, be it

"Resolved, That the Massachusetts Senate urges the President of the United States, the Congress of the United States and the State Department to use the full weight and power of their offices in imploring Great Britain to remove its troops from Northern Ireland and that Great Britain allow Northern Ireland to be governed by the Republic of Ireland; and be it further

Resolved, That a copy of these resolutions be sent by the Clerk of the Senate to the President of the United States, to the presiding officers of each branch of the Congress of the United States, to the United States State Department and to each member of Congress from the Commonwealth.

Resolutions of the Legislature of the Commonwealth of Massachusetts; to the Committee on Foreign Relations:

"RESOLUTION OF THE COMMONWEALTH OF MASSACHUSETTS

"Resolutions urging the President of the United States, the Congress and the citizens of the Commonwealth to take any action appropriate to effect the suspension of economic and military aid and sales to Pakistan, with the exception of relief supplies, for the duration of its civil war

"Whereas, The people of the commonwealth are gravely concerned about the tragedy in East Pakistan and the military action of the Pakistan army which has killed an unknown number of civilians and driven more than seven million refugees to India; and

"Whereas, The United States government is continuing to ship ammunition and military equipment to Pakistan for use by its army against its own civilian population and is requesting the Congress of the United States to appropriate one hundred thirty one million dollars for aid to Pakistan; and

"Whereas, In providing military and economic aid to the Pakistan government when all other major aid-giving nations, except China, have temporarily suspended aid, the United States is, in effect, supporting the repressive action of the Pakistan army and its persistent brutality against a majority of that country's population; and

"Whereas, American interest and the real interests of Pakistan cannot be served by continuing to assist a regime which savagely suppresses its own people, flaunts the democratic processes demonstrated in the elections of December, 1970, causes a flood of refugees to a neighboring state and threatens the peace and security of the entire Indo-Pakistan subcontinent; now, therefore, be it

"Resolved, That the Massachusetts Senate urges the citizens of the commonwealth and all firms, unions and other organizations operating therein to oppose any further military aid or sales to Pakistan and to oppose further economic aid, other than food and other relief assistance distributed and monitored under international auspices, until military action ends in East Pakistan, civilian rule is restored and a majority of the refugees are able to return to their homes; and be it further

"Resolved, That the Massachusetts Senate respectfully urges the President and Congress of the United States to take any action which may be necessary to immediately suspend military and economic sale to Pakistan

for the reasons hereinbefore stated; and be it further

"Resolved, That copies of these resolutions be sent forthwith by the Secretary of the Commonwealth to the President of the United States, to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth."

"RESOLUTION OF THE COMMONWEALTH OF MASSACHUSETTS

"Resolutions urging the President of the United States, the Congress and the citizens of the Commonwealth to take any action appropriate to effect the suspension of economic and military aid and sales to Pakistan, with the exception of relief supplies, for the duration of its civil war.

"Whereas, The Commonwealth of Massachusetts is concerned about the tragedy in East Pakistan and the military action of the Pakistan army which has killed an unknown number of civilians and driven more than seven million refugees to India; and

"Whereas, The United States government is continuing to ship ammunition and military equipment to Pakistan for use by the army against its own civilian population and is requesting Congress to appropriate one hundred thirty one million dollars for aid to Pakistan; and

"Whereas, In providing military and economic aid to the Pakistan government when all other major aid-giving nations, except China, have temporarily suspended aid, the United States is, in effect, supporting the repressive action of the Pakistan army and its persistent brutality against a majority of that country's population; and

"Whereas, American interest and the real interests of Pakistan cannot be served by continuing to assist a regime which savagely suppresses its own people, flaunts the democratic processes demonstrated in the elections of December, 1970, causes a flood of refugees to a neighboring state and threatens the peace and security of the entire Indo-Pakistan subcontinent; therefore be it

"Resolved, That the Massachusetts House of Representatives urges the citizens of the Commonwealth and all firms, unions and other organizations operating here to oppose any further military aid or sales to Pakistan and to oppose further economic aid, other than food and other relief assistance distributed and monitored under international auspices, until military action ends in East Pakistan, civilian rule is restored and a majority of the refugees are able to return to their homes; and be it further

"Resolved, That the Massachusetts House of Representatives memorializes the President and Congress of the United States to suspend military and economic sales on the basis as stated above; and be it further

"Resolved, That copies of this resolution be sent forthwith by the Secretary of the Commonwealth to the President of the United States, to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth.

Resolutions of the Legislature of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"RESOLUTION OF THE COMMONWEALTH OF MASSACHUSETTS

"Resolutions requesting the Congress of the United States to call a convention for the purpose of amending the United States Constitution to authorize financial aid to private schools

"Whereas, Private schools across the nation are being forced to close because of financial problems that they are unable to solve without government aid; and

"Whereas, In order to receive aid from the federal government an amendment to the Constitution of the United States is necessary; and

"Whereas, The closing of the private schools has placed an unbearable burden on state and local governments; and

"Whereas, The Congress of the United States, despite the immediate imperative need therefor, has failed to take action to relieve this burden; and

"Whereas, In the event of such Congressional inaction, Article V of the Constitution of the United States grants to the states the right to initiate constitutional change by applications from the legislatures of two thirds of the several states to the Congress, calling for a constitutional convention; and

"Whereas, The Congress of the United States is required by the Constitution to call such a convention upon the receipt of applications from the legislatures of two thirds of the several states; therefore be it

"Resolved, By the General Court of the Commonwealth of Massachusetts that, pursuant to Article V of the United States Constitution, the General Court of the Commonwealth of Massachusetts does hereby make application to the Congress of the United States to call a convention for the sole and exclusive purpose of proposing to the several states a constitutional amendment which shall authorize financial aid to private schools; and be it further

"Resolved, That this application shall constitute a continuing application for such convention pursuant to Article V until the legislatures of two thirds of the states shall have made like applications and such convention shall have been called by the Congress of the United States unless previously rescinded by this General Court; and be it further

"Resolved, That certified copies of this resolution be presented forthwith to the President of the Senate and the Speaker of the House of Representatives of the United States and to the legislatures of each of the several states attesting the adoption of this resolution by the General Court of the Commonwealth of Massachusetts."

An act of the General Assembly of the State of North Carolina; to the Committee on the Judiciary:

"HOUSE BILL 501

"An Act ratifying the 19th Amendment to the Constitution of the United States of America relating to the right of all citizens of the United States to vote, regardless of sex

"Whereas, the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), proposed in 1919 that the following amendment to the Constitution of the United States of America become valid as part of the Constitution when ratified by the legislatures of the several states to wit: 'The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any state on account of sex';

"Whereas, thirty-six states having ratified the proposed amendment, it was certified on August 26, 1920, as a part of the Constitution of the United States of America;

"Whereas, the State of North Carolina is proud of the outstanding record compiled by the female citizens of North Carolina in the effective and informed use of the right to vote, as well as their many other contributions to the State of North Carolina; Now, therefore,

"The General Assembly of North Carolina do enact:

"SECTION 1. That the 19th Amendment to the Constitution of the United States of America set out in the preamble to this act be, and the same is, hereby ratified by the General Assembly of the State of North Carolina.

"SEC. 2. That certified copies of this preamble and act be forwarded by the Governor of this State to the Secretary of State at Washington, D.C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

"SEC. 3. This act shall become effective upon its ratification.

"In the General Assembly read three times and ratified, this the 6th day of May, 1971."

A resolution adopted by the Antelope Valley Board of Trade, North Los Angeles County, Calif., praying for the permanent location of reentry facilities for the NASA Space Shuttle at Edwards Air Force Base, Calif.; to the Committee on Aeronautical and Space Sciences.

A resolution adopted by the National Rifle Association of America, praying for the enactment of a national timber conservation act; to the Committee on Agriculture and Forestry.

A resolution adopted by the National Rifle Association of America, commending American sportsmen for their contributions to the protection of wildlife; to the Committee on Commerce.

A resolution adopted by the National Rifle Association of America, praying for the enactment of legislation relating to public lands; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Ninth Legislature of the Virgin Islands, praying for the establishment of a Sea Rescue Station on the Island of St. Croix; to the Committee on Commerce.

A resolution adopted by the 56th National Conference on Weights and Measures, praying for a conversion to the metric system; to the Committee on Commerce.

A resolution adopted by the Michigan State AFL–CIO, praying for the enactment of the national health security program; to the Committee on Finance.

A resolution adopted by the County of Branch, State of Michigan, praying for the enactment of legislation relating to amendment of title I of the Social Security Act; to the Committee on Finance.

A resolution adopted by the National Conference of Lieutenant Governors, praying for the enactment of legislation relating to revenue sharing; to the Committee on Finance.

A resolution adopted by the National Conference of Lieutenant Governors, praying for the enactment of legislation relating to welfare reform; to the Committee on Finance.

A resolution adopted by the National Conference of Lieutenant Governors, praying for the withholding of foreign aid to any nation which fails to halt the production and processing of heroin and other illegal drugs; to the Committee on Foreign Relations.

A resolution adopted by the National Conference of Lieutenant Governors, praying for the enactment of legislation to simplify grant-in-aid programs in relation to better coordinated block grants; to the Committee on Labor and Public Welfare.

A resolution adopted by the Hawaii Chapter of the United Nations Association, praying for admission of the Peoples' Republic of China to the United Nations; to the Committee on Foreign Relations.

A resolution adopted by the Allgood Road United Methodist Church, of Stone Mountain, Georgia, expressing opposition to continued involvement in Vietnam; to the Committee on Foreign Relations.

A resolution adopted by the State Council of Kentucky Junior Order of United American Mechanics, in support of the present policy of the President of the United States

in the conduct of the Vietnamese war; to the Committee on Foreign Relations.

A resolution adopted by the National Society of Professional Engineers, endorsing the development of Alaska's resources; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Ninth Legislature of the Virgin Islands, praying for the enactment of legislation to amend the Revised Organic Act of the Virgin Islands to provide for a special election to fill any vacancy in the Office of a Member of the Legislature of the Virgin Islands; to the Committee on Interior and Insular Affairs.

A resolution adopted by the State Council of Kentucky, Junior Order, United American Mechanics, praying for the enactment of legislation proscribing the possession and use of dangerous drugs; to the Committee on the Judiciary.

A resolution adopted by the State Coun- of Kentucky, Junior Order, United American American Mechanics, praying for the enactment of legislation regulating the admission of aliens; to the Committee on the Judiciary.

A resolution adopted by the Town of Landover Hills, Md., in support of neighborhood schools; to the Committee on Labor and Public Welfare.

A resolution adopted by the State Council of Kentucky of the Junior Order of United American Mechanics, approving and commending the work of the Federal Bureau of Investigation; ordered to lie on the table.

A resolution adopted by the Tennessee Law Enforcement Officers' Association, expressing to J. Edgar Hoover and the Federal Bureau of Investigation their appreciation for the cooperation received; ordered to lie on the table.

A resolution adopted by the Executive Committee of the American Legion, commending the Honorable J. Edgar Hoover, Director of the Federal Bureau of Investigation; ordered to lie on the table.

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. GRIFFIN:

S. 2485. A bill to amend the Internal Revenue Code of 1954 to promote additional protection for the rights of participants in private pension plans, to establish minimum standards for vesting, to establish an insurance corporation within the Department of the Treasury, and for other purposes. Referred to the Committee on Finance.

S. 2486. A bill to amend the Welfare and Pension Plans Disclosure Act. Referred to the Committee on Labor and Public Welfare.

By Mr. METCALF:

S. 2487. A bill to amend the Internal Revenue Code of 1954 so as to limit the amount of deductions attributable to the business of farming which may be used to offset nonfarm income. Referred to the Committee on Finance.

S. 2488. A bill for the relief of Juan G. Parra. Referred to the Committee on the Judiciary.

By Mr. BYRD of West Virginia (for himself and Mr. RANDOLPH):

S. 2489. A bill for the relief of Judy A. Carbonell. Referred to the Committee on the Judiciary.

By Mr. CHILES:

S. 2490. A bill to provide for the establishment of the Guano River National Park in the State of Florida, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. INOUYE (for himself and Mr. FONG):

S. 2491. A bill to amend the act of August 19, 1964, to remove the limitation on the maximum number of members of the board of trustees of the Pacific Tropical Botanical Garden. Referred to the Committee on the Judiciary.

By Mr. KENNEDY:

S. 2492. A bill to amend the Federal Regulation of Lobbying Act, and for other purposes. Referred to the Committee on Government Operations.

S. 2493. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for political contributions, and for other purposes. Referred to the Committee on Finance.

By Mr. SPONG for Mr. MAGNUSON (by request):

S. 2494. A bill to amend section 1(16) of the Interstate Commerce Act authorizing the Interstate Commerce Commission to continue rail transportation services. Referred to the Committee on Commerce.

By Mr. EAGLETON:

S. 2495. A bill to amend the District of Columbia Election Act, and for other purposes. Referred to the Committee on the District of Columbia.

By Mr. TALMADGE:

S. 2496. A bill to continue mandatory price support for tung nuts only through the 1976 crop. Referred to the Committee on Agriculture and Forestry.

By Mr. WILLIAMS (for himself, Mr. HUGHES, and Mr. HATFIELD):

S. 2497. A bill to authorize the President, through the temporary Vietnam Children's Care Agency, to enter into arrangements with the Government of South Vietnam to provide assistance in improving the welfare of children in South Vietnam and to facilitate the adoption of orphaned or abandoned Vietnamese children, particularly children of United States fathers. Referred to the Committee on Foreign Relations.

By Mr. JORDAN of North Carolina (for himself and Mr. ERVIN):

S.J. Res. 153. A joint resolution designating each week which begins on the first Sunday in March as "National Beta Club Week." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRIFFIN:

S. 2485. A bill to amend the Internal Revenue Code of 1954 to promote additional protection for the rights of participants in private pension plans, to establish minimum standards for vesting, to establish an insurance corporation within the Department of the Treasury, and for other purposes. Referred to the Committee on Finance.

S. 2486. A bill to amend the Welfare and Pension Plans Disclosure Act. Referred to the Committee on Labor and Public Welfare.

PENSION PROTECTION LEGISLATION

Mr. GRIFFIN. Mr. President, today I am introducing two bills to establish important new protection for workers covered by private pension plans.

The Pension Protection Act (S. 2485) would require vesting of pension benefit rights after a reasonable period of employment. In addition, the bill would guarantee payment of vested benefits by establishing a Federal insurance program and by requiring employers to assume certain obligations in the event a pension plan is terminated.

The second bill (S. 2486) provides assurances that workers will be better informed of their rights under pension plans and that administrators will be held accountable for any mismanagement of pension funds.

Since the 1965 presidential cabinet Committee report on private pensions, extensive debate has focused on the desirability of enacting legislation to impose certain minimum vesting, funding, and insurance requirements with respect to private pension plans.

Numerous studies and several legislative proposals have emerged. Without hesitation, I would say that the most significant contribution in Congress has come from the senior Senator from New York (Mr. JAVITS). His efforts in this area have sharpened the issues and have resulted in much greater public awareness of the problems involved.

Now, the time has come for Congress to take action and to respond affirmatively to the demonstrated need of workers for more effective protection of their pension rights.

In the United States a dual system for old age income assurance has developed. On the one hand, the social security system now covers virtually all private employees. It is designed to provide a basic level of retirement security for older citizens. On the other hand, private retirement plans are available to millions to supplement their social security and to provide retirement programs that can be tailored to the requirements of particular groups.

Both systems are in need of improvement. I have already introduced legislation to provide certain improvements in the social security system.

I. PROBLEMS WITH RESPECT TO PRIVATE PLANS

When he testified last year before a congressional committee, the late Walter Reuther stressed the importance of making the private pension promise as secure as the social security promise.

He said:

> The average fellow doesn't sit down and say, "Well, we have got two systems, one is social security and one is private." He looks at both of them as one. He has every right, I believe, to be able to go to bed at night with a sense of assurance for himself and his wife that both systems are as secure as they ought to be to guarantee him the income that they look forward to having

Statistics recently compiled by the Social Security Administration indicate that only one out of every five social security recipients now receives private pension benefits. The legislation I introduce today is aimed at increasing the number of retired individuals who would be able to receive private pension benefits in addition to social security.

The growth of pension plans in the last 20 years has been phenomenal. The number of employees covered by private plans has more than tripled—rising from approximately 10 million in 1950 to over 30 million by 1970. Estimates indicate that by 1980 some 42 million will be covered. At present there is approximately $130 billion in private pension assets.

These statistics are impressive; but there are serious deficiencies in many of

the private pension plans that exist today. For example, there is the worker who, after 15 or 20 years of service under a private pension plan, is terminated from employment—only to find that he has no right to any pension benefits whatever.

There is the worker who, supposedly, acquires a vested right to pension benefits—but finds upon retirement that he receives no benefits because his pension plan has been terminated.

In addition, there are many workers who are not informed of their rights under a pension program. And there are too many instances of negligence and self-dealing by pension plan administrators and trustees—those who are supposed to be safeguarding the assets of pension funds.

A. VESTING

It is encouraging to note that, even without legislation to require it, there is a definite movement toward liberalization of vesting requirements, and many plans now provide for vesting after 10 years of service with the same employer.

This is a desirable trend, and my legislation adopts the 10-year standard with provisions to assure that the cost impact would not be too severe.

In the absence of reasonable vesting provisions, an older worker whose service with one employer is terminated for one reason or another, is likely to experience great difficulty in finding another long-term job that will enable him to start over again building up pension entitlement.

The importance of correcting this deficiency was highlighted in the 1970 report of the President's Task Force on the Aging, entitled "Toward a Brighter Future for the Elderly":

> Because the Task Force believes that career mobility and occupational change enhance life satisfaction, it is concerned that separation for retirement not hinder an individual's desire to seek new employment. Moreover, it recognizes that in our society people are often forced to change jobs because of technological advances or economic upheaval. For these reasons the Task Force looks favorably upon measures which lead in the direction of making pension benefits vested after a relatively short period of service. With earlier vesting, individuals could make several career changes during their working lives and still earn a substantial pension at retirement.

To qualify for benefits under some plans, a worker must not only meet a very long service requirement, but he must also show that his service with the same employer has been continuous. In other words, 15 years of service under some plans with 15 years' vesting would not lead to a vested right if there happened to be a break in employment some time during that period.

Obviously, society as a whole has a great deal at stake in improving the private pension system. In 1968 the income of one out of every four retired persons was below the poverty line. The President's Task Force on the Aging has said that "in the 1970's it is no longer economically necessary or socially accepted for millions of Americans to live in poverty merely because they are old." Expanding the opportunity of workers to acquire vested pension rights is essential to reducing the incidence of poverty among the elderly.

B. PLAN TERMINATIONS

As mentioned earlier, too many private pension plans provide inadequate protection for workers with vested rights in the event the plan itself is terminated. A 1965 Labor Department study indicated that some 500 plans involving approximately 25,000 workers terminate each year. While many of these are relatively new plans covering only a few employees, others—such as the Studebaker plan—have involved over 10,000 workers.

The United Auto Workers recently studied 40 UAW-negotiated plans which terminated between 1959 and 1969. The union found that first, 25 percent of the plans paid less than full benefits to retirees or those eligible to retire; second, 75 percent of the plans paid no benefits or reduced benefits to workers between the ages of 50 and 60; and third, 52.5 percent of the plans paid no benefits to any workers below age 50.

Needless to say, in such cases the reasonable expectations of thousands of workers were frustrated. As former Secretary of Labor Willard Wirtz stated in testimony before the Senate Finance Committee back in 1966:

> "[t]o the breadwinner who has planned his retirement in the expectation of regular pension payments, the failure to fulfill these payments is obviously a crushing blow to his hopes, his plans, and his aspirations . . ."

The urgency of correcting this problem was underscored in a speech delivered last year by the Undersecretary of Labor Laurence H. Silberman. In discussing plan terminations, Mr. Silberman stated:

> We all remember the Studebaker case where about 4,000 workers received only 15 cents for each dollar of accrued pension rights when the company went out of the car-making business. And in our view even the Studebaker case is one too many.

The need for a Government guarantee program to insure against loss of vested benefits is not necessarily an indictment of pension plan management. Even plans that are funded on a sound actuarial basis may terminate before all accrued or vested benefits are funded. To establish such a guarantee program is to recognize the overriding interests of workers as human beings, not statistics.

C. DISCLOSURE

Complexity compounds the problems of our day. Oftentimes the average person does not have time to become fully aware of major events in the news, let alone become familiar with the fine print of a complicated pension plan document.

Inadequate disclosure of pension plan information has added immeasurably to the frustration of reasonable expectations on the part of workers. As former Secretary of Labor George P. Shultz told the House General Subcommittee on Labor last year:

> The present disclosure requirements and the Labor Department's investigatory authority are so limited that virtually none of the known breaches of fiduciary responsibility were disclosed as a result of reports filed under the Welfare and Pension Plans Disclosure Act or through exercise of the Department's investigative authority under the law.

Furthermore, plan participants and beneficiaries frequently find that they have no meaningful way under existing law to obtain judicial relief. I believe those directly affected by the operation of a pension fund should have some right to enforce the law on their own behalf.

D. FIDUCIARY RESPONSIBILITY

The need for standards to judge the deeds and misdeeds of pension plan administrators has already been mentioned. There is a fundamental gap in Federal law at present with respect to the obligations of a fiduciary in relation to the pension fund he is required to administer. Furthermore, only four States have legislated standards governing the conduct of welfare or pension plan officials.

Instances of negligence or wrongdoing by trustees of pension and welfare funds have been cataloged by the Department of Labor. For example, trustees of one pension plan borrowed two-thirds of the pension fund assets to establish several small retail shoe corporations. In the case of one welfare plan providing life, accident, and health insurance, the employer failed to pay premiums when they became due—which resulted in cancellation of employee insurance coverage—despite the fact that deductions were taken from employees' paychecks to pay the premiums before, and for 3 months after, the insurance was canceled.

A uniform Federal standard of fiduciary responsibility is needed—the standard should be fair and firm—but not overly rigid. Management of $130 billion in pension funds affects not only the welfare of millions of Americans who are looking to that money for retirement security but also affects the immediate health of the whole national economy. Sound investment decisions by pension administrators are vital to one of the largest sources of private capital in the United States.

II. THE PENSION PROTECTION ACT—AN EXPLANATION

Mr. President, the vesting and insurance requirements of my bill (S. 2485) would apply to all employee benefit plans which are qualified for favorable tax treatment under section 401 of the Internal Revenue Code, except plans operated by a governmental unit, plans covering self-employed individuals and owner-employees, and plans covering not more than 15 employees. Roughly 90 percent of all pension plan participants are covered by tax qualified plans.

The tax benefits accruing to employers will be more fully justified by assuring that many additional workers will receive pension benefits. Existing pension plan protection provided by the nondiscrimination and funding standards of the tax code will be greatly strengthened if this legislation is passed.

The effective date of the vesting and plan termination provisions would be the beginning of an existing plan's fiscal year in 1973. With respect to new plans

and plan amendments providing for liberalized benefits, the plan termination provisions would not apply until the plan had been in effect for more than 5 years and the amendment for more than 3 years.

A waiting period is desirable to assure that insurance funds will be available to protect workers covered by long established plans. Since a high percentage of new plans do terminate in the early years of operation, the integrity of the pension fund could be seriously jeopardized if all plans were covered by insurance from the date of establishment. Furthermore, a worker's expectation with respect to a newly established plan is not likely to be as great as it would be with respect to a long established plan.

A. VESTING PROVISIONS

Title I of the bill would establish a 10-year vesting standard for plans in operation for more than 10 years and the legislation would—

Require plans less than 10 years old to meet a 15-year vesting standard;

Give existing plans over 10 years old 5 years after the effective date of the act to meet the 10-year vesting standard but such plan must meet the 15-year vesting standard during that time;

Authorize the Secretary to grant variations from the requirements of this title where the vesting provisions impose unreasonable cost burdens on the employer contributing to or maintaining the plan;

Amend the Internal Revenue Code to provide for loss of tax qualification for plans failing to meet the eligibility and vesting requirements; and

Authorize civil actions to be brought by the Secretary to enforce any of the provisions of title I.

Eligibility requirements for participation in a plan could be no greater than 1 year of service or age 25, whichever is later. A large majority of plans already conform to such a requirement.

Significantly, the proposed vesting standards would apply to service before as well as after the effective date. Older employees should not be penalized by discounting past service.

In determining what service applies to the 10- and 15-year vesting requirements, an employee's entire service with an employer would count, except service, first prior to fulfilling any eligibility requirements; second during which an employee declined to contribute to a plan requiring employee contributions; and third with a predecessor of an employer could be disregarded.

The concept of a "continuous" service requirement is eliminated. Thus, a worker who participates in a plan for 10 years has a vested right despite the fact that there may have been breaks in employment during his tenure with the employer.

A plan which has been in existence for less than 10 years on the effective date of the act would have to meet the 10-year vesting standard either 5 years after the effective date or after the plan had been in existence for more than 10 years, whichever is later.

All plans established after the effective date of the act would not have to meet the 10-year standard until after the plan had been in operation for more than 10 years. But in any event such a plan, as well as plans described in the preceding paragraph, would have to provide at least 15-year vesting.

Existing plans more than 10 years old would have 5 years after the effective date of the act to meet the 10-year rule, but during those 5 years the plan would have to conform to the 15-year requirement.

These phase-in provisions should assure that no plan is faced with a high initial cost impact. If severe problems still exist, the Secretary would be authorized to grant a temporary variation from the vesting requirements with respect to certain plans or categories of plans where the new rules might impose severe cost burdens on the employer.

B. PLAN TERMINATION PROVISIONS

Title II provides complete protection for all types of plan terminations. It establishes the principle of employer responsibility for any deficiency in the pension fund on termination. This responsibility would be met by the purchase of insurance from a proposed Pension Benefit Insurance Corporation—PBIC—and by payment of any deficiency in the event of a voluntary termination or in the event of an involuntary termination where the unfunded vested liabilities are uninsured.

Where the plan termination is due to a business failure or financial difficulty, the insurance alone would cover all losses of vested benefits.

The insurance fund would be financed by an initial appropriation and by the payment of insurance premiums by each plan. The initial premium rate would be 0.2 percent of the unfunded vested liabilities of a plan. The insurance requirements would be effective as of the first day of a plan year beginning in 1973.

In the event of a voluntary termination, the employer would be liable for the full amount of any unfunded vested liabilities. By a voluntary termination I am referring, for example, to a situation where a large financially sound corporation acquires a small company and, for one reason or another, decides to terminate the pension plan of the acquired company. In such a case, it hardly seems unreasonable to require the employer to foot the bill for benefits to retired workers, as well as to protect those with vested rights who have not yet reached retirement age.

In determining whether a particular termination is voluntary or involuntary, the entire operation of the employer would be considered, including the operations of any person controlling, controlled by, or under common control with the employer. Any liability would also extend to such persons.

The PBIC would pay any claims arising from a voluntary termination, but then would have recourse against the employer for recovery of such payments. In this way, the rights of workers would be protected in the event of a planned termination, whether voluntary or involuntary.

By making the employer liable to pay for losses due to a voluntary termination, the bill contains a powerful incentive to encourage adequate funding. In this way, the bill would operate to provide more worker protection with less Government regulation than is the case with respect to other bills pending before Congress.

In order to alleviate any undue burden that might fall on an employer as the result of a voluntary plan termination, my bill would permit the employer's liability to be satisfied by a deferred payment arrangement approved by the PBIC.

Recognizing the fact that the risk of termination could be significantly different as among various categories of pension plans, my bill would authorize the PBIC to establish risk categories for various types of plans. Accordingly, variations from the standard premium rate would be established where justified.

The insurance requirements would be enforced through the imposition of civil penalties. In addition, the obligation of actually purchasing the insurance and paying the premiums would be on the administrator of the plan. Where there is a failure to purchase insurance or the insurance is canceled for failure to pay the premium, the administrator would be liable for loss of vested benefits in the event of an involuntary termination.

C. INSURANCE CORPORATION

Title III of the bill establishes the Pension Benefit Insurance Corporation, a wholly owned Government corporation within the Department of the Treasury. The corporation would have sole responsibility for administering the insurance program and would be managed by a Board of Directors consisting of the Secretaries of Treasury and Labor and three directors appointed by the President with the consent of the Senate. One of the three appointed directors would have to be a representative of labor and one a representative of management.

Of course, a considerable amount of pension plan expertise already exists in the Treasury Department where the Internal Revenue Service has long been required to determine whether a pension qualifies for favorable tax treatment. While it is true that the Labor Department has had responsibility for administration of the Welfare and Pension Plans Disclosure Act, I believe that combined tax and insurance provisions should be administered under one department so as to provide more coherent, less burdensome regulation.

Title III would also create a technical advisory committee on pension insurance composed of five members appointed by the Secretary of the Treasury. This committee would provide expert advice to the PBIC, and assist it in carrying out the provisions of the bill.

In addition to administrative provisions, title IV of the bill would authorize the Secretary of the Treasury in cooperation with the Secretary of Labor to conduct a comprehensive study of pension plans and report to Congress on his find-

ings and recommendations by July 1, 1974.

III. AMENDMENTS TO THE WELFARE AND PENSION PLANS DISCLOSURE ACT

The bill (S. 2486) would amend the Welfare and Pension Plans Disclosure Act of 1958. Briefly, the bill would—

Provide for a Federal fiduciary standard requiring pension plan administrators to manage the pension fund in a prudent manner and in the interests of the participants and beneficiaries of the pension plan;

Provide for stricter reporting and disclosure requirements than exist in current law;

Provide for annual audits by independent certified or licensed accountants;

Give the Secretary of Labor much broader authority to investigate and enforce the fiduciary and disclosure requirements. This investigatory authority would be similar to that in the Landrum-Griffin Act;

Give a worker the right to sue in Federal Court to enforce the disclosure provisions and authorize private class action suits to remedy breaches of fiduciary duty;

Prohibit persons convicted of certain crimes from serving in a fiduciary capacity with an employee benefit plan for a period of 5 years from the date of his conviction or the end of his term of imprisonment; and

Override State law covering fiduciary reporting and disclosure requirements, except in the case of a private suit to recover benefits or to clarify rights to future benefits. Also left intact are State and Federal laws regulating banking, insurance, and securities.

The disclosure and fiduciary provisions are patterned after legislation proposed last year by the administration.

Under the disclosure provisions, a participant who leaves a plan with a vested right to a future benefit must be supplied with a statement indicating the amount of benefits he is entitled to and the procedures to obtain these benefits. Additionally, a worker who is currently covered by a plan would have the right to ask for a statement informing him as to when he will become entitled to a benefit and the amount of benefits already accrued in his behalf.

Detailed reporting of plan transactions and investments will be required where the transaction exceeds $100,000 or 3 percent of the value of the fund. Such reporting will also be required where the transaction involves a party in interest.

The standard of fiduciary responsibility is based on a prudent man rule which requires the trustee to act "with care under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would rise in the conduct of an enterprise of a like character and with like aims." This is not an unreasonable or arbitrary rule based on a standard of conduct divorced from the realities of large scale investment decisions. It is a rule of reason which takes into consideration all the circumstances surrounding a particular decision.

Special emphasis is placed on controlling transactions involving a potential conflict of interest. However, certain commonly accepted practices are allowed, such as investment in the securities of the employer whose employees are covered by the plan. But even in such a case, the investment could not exceed 10 percent of the value of the fund assets, adequate consideration must be paid, and the investment must be prudent.

Authority is also provided for the Secretary to grant limited exemptions from the prohibited conflict-of-interest transactions. Thus, there is sufficient flexibility to assure protection against the most harmful practices while recognizing that justifiable situations arise which require different treatment.

CONCLUSION

Mr. President, I believe the legislation I am introducing strikes a reasonable balance between the need for additional governmental regulation and the need for flexibility in the private pension system.

I see no reason to require a faster rate of funding in order to accomplish the purposes of my bill. A built-in incentive to fund is provided by the establishment of employer liability without the strictures of a rigid funding schedule.

Obviously, recognition must be given to the tradeoff of early vesting provisions for increased benefits which may be demanded. In my opinion this bill does not sacrifice the latter in favor of the former. Reasonable qualification standards are established, but within this limitation there is considerable freedom to weigh and consider competing priorities in a private pension program.

The disclosure and fiduciary standards also strike a reasonable balance between the need of workers to know and the dangers of administrative overkill.

Mr. President, in this age of rising and too often unfilled expectations, it is essential for Congress to enact private pension reform legislation such as this.

The time has come when workers can no longer be denied reasonable assurance that the pension benefits upon which they rely will, in fact, be paid upon retirement.

By Mr. CHILES:

S. 2490. A bill to provide for the establishment of the Guano River National Park in the State of Florida, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. CHILES. Mr. President, I am introducing a bill today which would provide for the Guano River National Park in the State of Florida. This is a companion measure to the bill introduced by Congressman BILL CHAPPELL.

This unique area consists of 10,000 acres of lush, high, dry land in St. John's County. It also consists of 4½ miles of ocean frontage, 9 miles of fresh water lakes and ponds, and 11 miles of intercoastal waterway.

This legislation would authorize the Secretary of the Interior to designate and acquire the land for recreational purposes.

This irreplaceable and precious natural resource could be used and appreciated by almost 2 million people living within a 100-mile radius of the area. It is the only land of its type available in the northeast Florida area.

The acquisition of this area represents the kind of legacy which we need to protect and preserve, for not only this generation, but for all to come.

Efforts to acquire this unique area has broad support in my home State of Florida and would offer an invaluable asset for use and enjoyment for all our citizens.

I sincerely hope this legislation will receive an early hearing by the Congress so that we may move to protect one of the most unique and beautiful areas in Florida.

I ask that a copy of this bill be printed at this point in my remarks.

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

S. 2490

A bill to provide for the establishment of the Guano River National Park in the State of Florida, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) for the purpose of preserving a relatively unspoiled area of ocean beaches, fresh water lakes and ponds, and associated uplands for the inspiration and benefit of present and future generations, the Secretary of the Interior (hereinafter referred to as the Secretary) is authorized to designate not to exceed 10,000 acres in St. Johns County, Florida, within the area described in subsection (b) for the establishment as the Guano River National Park.

(b) The area referred to in subsection (a) is bounded generally as follows: Beginning at the confluence of the Guano River and the Intercoastal Waterway; thence easterly and northerly along the Atlantic Ocean approximately four and one-half miles; thence westerly to the Intercoastal Waterway; thence southerly along the Intercoastal Waterway to the point of beginning.

SEC. 2. Within the area designated pursuant to the first section of this Act, the Secretary may acquire lands and interests therein by donation, purchase with donated or appropriated funds, or exchange, except that any property owned by the State of Florida or any political subdivision thereof may be acquired only by donation. When the Secretary determines that lands and interests therein sufficient to constitute an efficiently administrable unit for the purposes of this Act have been acquired, he shall establish the area as the Guano River National Park by publication of a notice to that effect in the Federal Register. Pending such establishment and thereafter, the Secretary shall administer the lands and interests therein acquired for the purposes of this Act in accordance with the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented.

SEC. 3. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

By Mr. KENNEDY:

S. 2492. A bill to amend the Federal Regulation of Lobbying Act, and for other purposes. Referred to the Committee on Government Operations.

LOBBYING ACT AMENDMENTS

Mr. KENNEDY. Mr. President, I introduce for appropriate reference a bill to

amend the Federal Regulation of Lobbying Act.

The bill would amend the Lobbying Act in three principal aspects, each of which would close a major loophole in existing law:

First, coverage of the Lobbying Act is expanded to include individuals or organizations having as a substantial purpose the influence of legislation.

Second, coverage of the act is expanded to include individuals or organizations expending their own funds to influence legislation.

Third, coverage of the act is expanded to include certain individuals or organizations who seek to influence legislation indirectly—the so-called grassroots lobbyists.

Under present law, as interpreted by the Supreme Court, the Lobbying Act is applicable only to individuals or organizations, one of whose principal purposes is to influence legislation. In the past, many organizations have successfully avoided compliance with the act on the ground that their lobbying activities, while substantial, are not a principal purpose of the organization. In recent years, there have been notable abuses in this area, involving organizations which have mounted enormous lobbying activities in opposition to major legislation, but which have not been required to comply with the provisions of the Lobbying Act, because they say, lobbying is not one of their principal activities.

In addition, under present law, the act is applicable only to a person who "solicits, collects, or receives" money or any other thing of value for lobbying activities. In interpreting this language, the Supreme Court has held that persons who merely expend their own funds are not covered by the act. *United States* v. *Harriss*, 347 U.S. 612 (1954). In an opinion by Chief Justice Warren, containing an invitation to action by Congress, the Court stated in the Harriss case that if a broader construction of the act is to become law, it "is for Congress to accomplish by further legislation."

Also, in the Harriss case, the Supreme Court interpreted the act as applicable only to lobbying that involves direct communication with Members of Congress on pending or proposed legislation. As a result, many individuals and organizations—the grassroots lobbyists—who seek to influence legislation indirectly, through mass letter campaigns or other methods, are not subject to the act.

It is an anomaly that present law does not cover lobbyists who expend substantial sums in their activities, or who expend their own funds, or who artificially stimulate lobbying activities by others. The existing provisions of the Lobbying Act have been criticized as gaping loopholes through which wealthy individuals and organizations can pour large amounts of influence money, to the detriment of the public interest.

As Mr. Justice Jackson stated in dissent in the Harriss case, "more serious evils affecting the public interest are to be found in the way lobbyists spend their money than in the ways they obtain it." It is time that these major loopholes were closed.

In addition to the three principal provisions outlined above, the bill I am introducing contains several other significant provisions to improve the lobbying laws, all of which were contained in Senator Mike Monroney's legislative reorganization proposals in 1966 and passed by the Senate in 1967, but never enacted into law. These provisions are as follows:

The bill will transfer the responsibility for policing the Lobbying Act from the Secretary of the Senate and the Clerk of the House to the Comptroller General.

It will require full disclosure of contingent fee arrangements.

It will equalize the status of broadcasters and the writing press with respect to exemptions and reporting requirements under the Act.

It will repeal section 310(b) of the Act, which prohibits an individual from engaging in lobbying activities within three years of his conviction under the Act. The Supreme Court's decision in the *Harriss* case cast strong doubts on the constitutionality of this provision.

And, where a registrant under the Act is unable to differentiate his lobbying expenses from his other expenses, the proposed legislation will require that he list his total receipts and expenditures and allocate the portion representing lobbying activities.

Each of these provisions is essential to more effective operation of the Lobbying Act. Overall, the various aspects of the bill will produce major improvements in the operation of the existing law. The proposals to expand the coverage of the act will eliminate some of the most serious current defects. They will bring within the terms of the act a significant number of individuals and organizations currently engaged in extensive lobbying activities, and will provide important new information as to the scope and intensity of efforts to influence legislation.

The purpose of the provisions is to eliminate the arbitrary exemptions for lobbyists under present law. The Federal Regulation of Lobbying Act is based on the straightforward rationale that sunlight is the best disinfectant, that disclosure is the most suitable control over lobbying, and that lobbying laws should identify pressures, not regulate them. That rationale applies equally to all persons engaged directly or indirectly in substantial lobbying activities, whatever the source of their funds.

Congress and the American people are entitled to know the ways our laws are made. Last August, the Senate overwhelmingly approved major new campaign financing legislation, requiring comprehensive reporting and disclosure of political contributions and expenditures. The time is long overdue for Congress to apply the same full disclosure principle to lobbying activities, and I hope that there will be early action on the legislation I am introducing.

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

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

S. 2492

A bill to amend the Federal Regulation of Lobbying Act, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Regulation of Lobbying Act Amendments of 1971."

AMENDMENTS TO THE FEDERAL REGULATION OF LOBBYING ACT

DEFINITION OF COMPTROLLER GENERAL

SEC. 2. Section 302(d) of the Federal Regulation of Lobbying Act (2 U.S.C. 261(d)) is amended to read as follows:

"(d) The term 'Comptroller General' means the Comptroller General of the United States."

MULTIPURPOSE CONTRIBUTIONS AND EXPENDITURES

SEC. 3. (a) The caption of section 305 of the Federal Regulation of Lobbying Act (2 U.S.C. 264) is amended by striking out "CLERK OF HOUSE" and inserting in lieu thereof "COMPTROLLER GENERAL".

(b) Subsection (a) of such section is amended—

(1) by striking out "Clerk" and inserting in lieu thereof "Comptroller General";

(2) by striking out "subparagraph (a) or (b) of"; and

(3) by adding at the end thereof the following new sentence: "Where contributions are received or expenditures made in part for the purposes designated in section 307 of this title and in part for any other purpose, the statements required to be filed by this subsection shall include only that part of the amount of any such contribution or expenditure which was for the purposes described in such section, except that if the relative proportions cannot be ascertained with reasonable certainty, such statements shall show total receipts and expenditures together with an estimate by the registrant of the part thereof which was for the purposes described in such section, and an estimate of the part thereof which was for other purposes.".

(c) Title III of the table of contents of the Legislative Reorganization Act of 1946 (60 Stat. 813) is amended by striking out—

"Sec. 305. Statements to be filed with Clerk of House."

and inserting in lieu thereof—

"Sec. 305. Statements to be filed with Comptroller General.".

FIVE-YEAR PRESERVATION OF RECORDS

SEC. 4. (a) Section 306 of the Federal Regulation of Lobbying Act (2 U.S.C. 265) is amended—

(1) by striking out of the caption of such section "TWO" and inserting in lieu thereof "FIVE";

(2) by striking out "Clerk" each time it appears and inserting in lieu thereof "Comptroller General";

(3) by striking out "of the House of Representatives"; and

(4) by striking out "two" and inserting in lieu thereof "five".

(b) Item 306 of title III of the table of contents of the Legislative Reorganization Act of 1946 (60 Stat. 813) is amended by striking out "two" and inserting in lieu thereof "five".

APPLICABILITY; SUBSTANTIAL PURPOSE CONTROLLING

SEC. 5. Section 307 of the Federal Regulation of Lobbying Act (2 U.S.C. 266) is amended to read as follows:

"PERSONS TO WHOM APPLICABLE

"SEC. 307. (a) The provisions of this title shall apply to any person (except a political committee as defined in the Federal Corrupt Practices Act, and duly organized State or local committees of a political party), who by himself, or through any agent or employee or other persons in any manner whatsoever, directly or indirectly, solicits, collects, or receives money or any other thing of value or expends money or any other thing of value exceeding $250 during any calendar

year, a substantial part of which is used to aid, or a substantial purpose of which person is to aid, in the accomplishment of any of the following purposes:

"(1) The passage or defeat of any legislation by the Congress of the United States.

"(2) To influence, directly or indirectly, the passage or defeat of any legislation by the Congress of the United States.

"(b) The provisions of this title shall also apply to any person (except a political committee as defined in the Federal Corrupt Practices Act, and duly organized State or local committees of a political party), who by himself, or through any agent or employee or other persons in any manner whatsoever, directly or indirectly, expends money or any other thing of value exceeding $1,000 for each endeavor which has as its purpose the passage or defeat, or influencing the passage or defeat, by the use of any means involving direct communication with the Congress of the United States, of any legislation by the Congress of the United States."

CONTINGENT FEES; BROADCASTING

SEC. 6. (a) The caption of section 308 of the Federal Regulation of Lobbying Act (2 U.S.C. 267) is amended by striking out "SECRETARY OF THE SENATE AND CLERK OF THE HOUSE" and inserting in lieu thereof "COMPTROLLER GENERAL".

(b) Subsection (a) of section 308 of the Federal Regulation of Lobbying Act (2 U.S.C. 267 (a)) is amended—

(1) by striking out "Clerk of the House of Representatives and the Secretary of the Senate and shall give to those officers" and inserting in lieu thereof "Comptroller General and shall give to that officer,"; and

(2) by striking out "Clerk and Secretary" and inserting in lieu thereof "Comptroller General".

(c) Such subsection is further amended by inserting immediately after the first sentence thereof the following new sentence: "Any person required to register pursuant to this subsection in connection with any activities for which he is to receive a contingent fee shall, before doing anything for which such fee is to be paid, file with the Comptroller General, in such detail as he may require, a description of the event upon the occurrence of which the fee is contingent, and, depending on the arrangement, a statement of the amount of the fee either in terms of a dollar amount or in terms of percentage of recovery. A copy of any such contingent fee contract may be filed with the Comptroller General by any registrant, and shall be so filed at the request of the Comptroller General."

(d) The next-to-last sentence of such subsection is amended by striking out "publications in which he has caused to be published" and inserting in lieu thereof "publications, or any broadcasting stations, in or from which he has caused to be published or broadcast".

(e) Such subsection is further amended—

(1) by inserting "any licensed radio or television broadcasting station or" before "any newspaper or other";

(2) by striking out "newspaper or periodical" and inserting in lieu thereof "broadcasting station, newspaper, or periodical";

(3) by inserting "or broadcasts" before "news items, editorials,"; and

(4) by inserting "broadcasting station," before "newspaper, periodical, or individual.".

(f) Subsection (b) of such section (2 U.S.C. 267(b)) is amended by striking out "Clerk of the House of Representatives and the Secretary of the Senate shall be compiled by said Clerk and Secretary, acting jointly," and inserting in lieu thereof "Comptroller General of the United States shall be compiled by him and transmitted to the Speaker of the House of Representatives and the President of the Senate".

(g) Title III of the table of contents of the Legislative Reorganization Act of 1946 (60 Stat. 813) is amended by striking out—

"Sec. 308. Registration with Secretary of the Senate and Clerk of the House."

and inserting in lieu thereof—

"Sec. 308. Registration with Comptroller General.".

ADMINISTRATION BY COMPTROLLER GENERAL

SEC. 7. (a) Sections 310 and 311 of the Federal Regulation of Lobbying Act are redesignated as sections 311 and 312, respectively.

(b) That Act is amended by inserting immediately after section 309 thereof the following new section:

"POWERS AND DUTIES OF THE COMPTROLLER GENERAL

"SEC. 310. The Comptroller General as the agent of the Congress shall—

"(1) develop and prescribe methods and forms for the filing of reports and statements required by this title, and promulgate regulations for the administration of this title;

"(2) make available for public inspection all reports and statements filed pursuant to this title;

"(3) ascertain whether any person has failed to file any report or statement as required by this title, or has filed any incomplete or inaccurate report or statement under this title, and notify such person that he is obligated to file such report or statement in compliance with the requirements of this title;

"(4) refer to the Department of Justice for appropriate action any information coming to his attention, through complaints or otherwise, of any failure to register, or the filing of any false, improper, or incomplete registration or information under this title;

"(5) make such studies and transmit to the Congress such recommendations as the Comptroller General may deem to be necessary or appropriate to further the objectives of this title;

"(6) retain for a period of not less than five years each report and statement filed under this title, and during such period, make such reports and statements, or true and correct copies thereof, available as public records open to public inspection; and

"(7) transmit to the Congress annually a full and complete report on the administration of this title.".

(c) Title III of the table of contents of the Legislative Reorganization Act of 1946 (60 Stat. 813) is amended by striking out—

"Sec. 310. Penalties.
"Sec. 311. Exemption."

and inserting in lieu thereof—

"Sec. 310. Powers and duties of the Comptroller General.
"Sec. 311. Penalties.
"Sec. 312. Exemption.".

VIOLATION OF REGULATIONS

SEC. 8. Section 311 of such Act (2 U.S.C. 269), as redesignated by section 7(a) of this Act, is amended—

(1) by striking out "(a)" in subsection (a) thereof;

(2) by inserting "or any regulation of the Comptroller General issued pursuant to this title," immediately before "shall, upon conviction," in the first sentence thereof; and

(3) by striking out subsection (b) thereof.

PARTIAL INVALIDITY

SEC. 9. If any provision of this Act, or the application thereof, to any person or circumstance is held invalid, the validity of the remainder of such Act and the application of such provision to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

SEC. 10. This Act shall take effect on January 1, 1972.

S. 2493. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for political contributions, and for other purposes. Referred to the Committee on Finance.

TAX CREDIT FOR POLITICAL CONTRIBUTIONS

Mr. KENNEDY. Mr. President, I introduce for appropriate reference a bill to establish a tax credit for political contributions.

Under this legislation, a total of up to $50 for a single individual, or $100 for a married couple, would be allowed as a credit against Federal income taxes for contributions to political parties or candidates. The credit would be available for contributions to all elections—primaries or general elections—and to candidates at all levels—Federal, State, or local. Equally important, the credit would be for 100 percent of the amount of the contribution, up to the stated limit.

The concept of tax credits for political contributions has had a distinguished history of support over the past decade. In 1962, President Kennedy's Commission on Campaign Costs issued its report, entitled "Financing Presidential Campaigns." One of the major recommendations in the Commission's report was the enactment of a tax credit for political contributions. As the report stated:

> The recommended credit is intended to encourage large numbers of small gifts. The bulk of * * * campaign funds available to both parties is now supplied by a relatively small group of contributors, giving sums ranging from a few hundred to several thousands of dollars * * *. We hope that this * * * incentive to small gifts will stimulate the massive giving needed by the parties. If it does not, other forms of government subsidy may be inevitable.

Virtually every major study of the political process in recent years has endorsed the concept of the tax credit, and the idea has also been pursued extensively in Congress.

In his message to Congress on "The Political Process in America," in May 1967, President Johnson recommended that Congress undertake an extensive review of the methods of financing election campaigns, by means such as direct appropriations, tax credits, tax deductions, treasury vouchers, and various matching grant plans.

Then, in November 1967, after comprehensive hearings and executive sessions by the Senate Finance Committee on numerous proposals, the committee favorably reported H.R. 4890, the "Honest Elections Act of 1967." As recommended by the committee, the bill contained a number of major provisions, including an income tax credit of up to $25 for one-half of the political contributions made by a taxpayer. All but one of the 17 members of the committee supported this provision.

Subsequently, in the 91st Congress, together with Senator JAMES PEARSON of Kansas, I offered a tax credit amendment on the Senate floor during the debate on the Tax Reform Act of 1969. The amendment was narrowly defeated by

the margin of 50 to 45, but the vote was complicated by the fact that the amendment had itself been amended on the Senate floor to add provisions for the reporting and disclosure of campaign contributions, so that no full debate on the merits of the tax credit was possible.

In light of this prior history, I am confident that a majority of the full Senate favors a tax credit for political contributions. Because of the procedural requirements in the Constitution dealing with revenue legislation, however, it was not possible to include the tax credit in S. 382, the election reform bill that passed the Senate overwhelmingly last August. Nevertheless, in view of the broad support for the tax credit, I hope that such a provision may become part of our Internal Revenue Code in time for the 1972 election campaign, either as legislation enacted on its own, or as part of appropriate revenue legislation to be considered by Congress later this session.

The tax credit approach to financing political campaigns has several major advantages over all other methods that have been proposed for financing such campaigns.

First, the tax credit will provide a significant new incentive for participation in the political process by a large proportion of the electorate. One of the most important goals in recent proposals to reform the political process has been to stimulate greater public participation in election campaigns. I believe that the modest tax credit I have proposed will significantly encourage political parties to solicit contributions from small donors. In recent election years, for example, there have been millions of individual campaign contributors, the overwhelming majority of whom were $1 or $2 contributors. By offering a tax credit for the full amount of contributions by small donors, we will encourage many more individuals to contribute, and we will encourage existing small contributors to raise their contributions to a more substantial level.

Second, by encouraging contributions from small donors, the tax credit will help to break down the excessive reliance by candidates on large contributors. As a result, the tax credit will help to restore public faith in the integrity of the election process. It will help to eliminate the ambiguous relationships created for the successful candidate, in which he is obligated—or at least appears to be obligated—to his large contributors.

Third, the tax credit leaves the decision on the allocation of public funds, through the tax subsidy mechanism, to the choice of the individual taxpayer himself. This point is the central distinction between the tax credit approach and the various proposals made in recent years for direct Federal financing of political campaigns. Both approaches involve a Federal subsidy for political campaigns. Under the tax credit approach, however, unlike these other proposals, the Federal Government plays no part in determining which candidates or committees are to receive public funds or the amount of public funds to be made available to particular candidates. It is the citizen, and the citizen alone, who makes this determination.

Fourth, the tax credit offers financial assistance to candidates not only at the general election stage, but at the primary stage as well, where such assistance can often be of crucial importance.

Fifth, the tax credit offers assistance to candidates not only at the Presidential level, but at the congressional, State, and local level as well. This point is especially important. As Senator Robert Kennedy stated in 1967:

> Presidential candidates do not spring, like Minerva, from the brow of Jove. Men earn consideration for the Presidency by their performance in other public office—most often governor or Senator. The expense of nomination to a governorship or a Senate seat—especially in the large states from which most Presidential candidates are drawn—is by itself a substantial barrier to all but men of wealth or their favored candidates. Thus, fair consideration for the Presidency itself requires public support for campaigns for lesser offices at all levels. This support can only come from tax incentives to individual contributions.

Before proposing this legislation, I gave serious consideration to including a tax deduction as an alternative to the tax credit. A tax deduction approach would have many of the advantages of a tax credit, especially with respect to the encouragement of individual choice and participation in the political process, and the avoidance of a Federal role in allocating public funds to political campaigns. However, a tax deduction would cause substantial inequities and disparities in the benefits afforded contributors. Those in the highest tax brackets, at whom the incentive should be least directed, would receive the greatest benefits, whereas taxpayers in the lowest brackets would receive the smallest benefit. Therefore, the proposed legislation contains no provision for a tax deduction.

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

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

S. 2493

A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for political contributions, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tax Credit for Political Contributions Act of 1971."

INCOME TAX CREDIT FOR POLITICAL CONTRIBUTIONS

ALLOWANCE OF CREDIT

SEC. 101. Subpart A of part IV of subchapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"SEC. 40. POLITICAL CONTRIBUTIONS.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to so much of the political contributions as does not exceed $50, payment of which is made by the taxpayer within the taxable year.

"(b) LIMITATIONS.—

"(1) MARRIED INDIVIDUALS.—In the case of a joint return of a husband and wife under section 6013, the credit allowed by subsection (a) shall not exceed $100. In the case of a separate return of a married individual, the credit allowed by subsection (a) shall not exceed $50.

"(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

"(3) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

"(c) DEFINITIONS.—For purposes of this section—

"(1) POLITICAL CONTRIBUTION.—The term 'political contribution' means a contribution or gift of money to—

"(A) an individual who is a candidate for nomination or election to any Federal, State, or local elective public office in any primary, general, or special election, or in any National, State, or local convention or caucus of a political party, for use by such individual to further his candidacy for nomination or election to such office;

"(B) any committee, association, or organization (whether or not incorporated) organized and operated exclusively for the purpose of influencing, or attempting to influence, the nomination or election of one or more individuals who are candidates for nomination or election to any Federal, State, or local elective public office, for use by such committee, association, or organization to further the candidacy of such individual or individuals for nomination or election to such office;

"(C) the national committee of a national political party;

"(D) the State committee of a national political party as designated by the national committee of such party; or

"(E) a local committee of a national political party as designated by the State committee of such party designated under subparagraph (D).

"(2) CANDIDATE.—The term 'candidate' means, with respect to any Federal, State, or local elective public office, an individual who—

"(A) has publicly announced that he is a candidate for nomination or election to such office; and

"(B) meets the qualifications prescribed by law to hold such office.

"(3) NATIONAL POLITICAL PARTY.—The term 'national political party' means—

"(A) in the case of contributions made during a taxable year of the taxpayer in which the electors of President and Vice President are chosen, a political party presenting candidates or electors for such offices on the official election ballot of ten or more States, or

"(B) in the case of contributions made during any other taxable year of the taxpayer, a political party which met the qualifications described in subparagraph (A) in the last preceding election of a President and Vice President.

"(4) STATE AND LOCAL.—The term 'State' means the various States and the District of Columbia; and the term 'local' means a political subdivision or part thereof, or two or more political subdivisions or parts thereof, of a State.

"(d) CROSS REFERENCES.—

"For disallowance of credits to estates and trusts, see section 642(a)(3)."

CLERICAL AND TECHNICAL AMENDMENTS

SEC. 102. (a) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof

"Sec. 40. Political contributions.

"Sec. 41. Overpayments of tax.".

(b) Section 642(a) (relating to credits against tax for estates and trusts) is amended by adding at the end thereof the following new paragraph:

"(3) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the credit against tax for political contributions provided by section 40."

EFFECTIVE DATE

SEC. 103. The amendments made by sections 101 and 102 shall apply to taxable years ending after December 31, 1971, but only with respect to political contributions, payment of which is made after such date.

By Mr. SPONG for Mr. MAGNUSON (by request):

S. 2494. A bill to amend section 1(16) of the Interstate Commerce Act authorizing the Interstate Commerce Commission to continue rail transportation services. Referred to the Committee on Commerce.

NOTICE OF HEARING

Mr. SPONG. Mr. President, on behalf of the distinguished senior Senator from Washington (Mr. MAGNUSON), I introduce a bill, to amend section 1(16) of the Interstate Commerce Act authorizing the Interstate Commerce Commission to continue rail transportation services.

I ask unanimous consent that the text of the bill and the ICC's explanatory letter be printed in the RECORD at this point.

In view of the weakened condition of certain of the Nation's railroads and because this measure may provide an important and useful means of preventing the cessation of urgently needed rail services occurring through the bankruptcy of such railroads, an early hearing has been scheduled on it. The Subcommittee on Surface Transportation of the Commerce Committe will conduct a public hearing on the measure on September 16, 1971, commencing at 10 a.m. in room 5110 New Senate Office Building. For further information on the hearing, please contact John M. Cary, staff counsel on 225-9351.

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

S. 2494

A bill to amend Section 1(16) of the Interstate Commerce Act authorizing the Interstate Commerce Commission to continue rail transportation services

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

Section 1(16) of the Interstate Commerce Act (49 U.S.C. 1(16)) is amended to read as follows: Whenever the Commission is of opinion that any carrier by railroad subject to this part is for any reason unable to transport the traffic offered it so as properly to serve the public, it may, upon the same procedure as provided in paragraph (15), make such just and reasonable directions with respect to the handling, routing, and movement of the traffic of such carrier and its distribution over such carrier's or other lines of roads, as in the opinion of the Commission will best promote the services in the interest of the public and the commerce of the people, and upon such terms as between the carriers as they may agree upon, or, in the event of their disagreement, as the Commission may after subsequent hearing find to be just and reasonable.

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., July 2, 1971.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

GENTLEMEN: In my appearance before the House Interstate and Foreign Commerce Committee on March 10, and in testimony prepared and transmitted to the Senate Commerce Committee, dated April 23 of this year, the Commission expressed its deep concern about the financial condition of the railroad industry, and certain railroads in particular. Economic data contained in those statements revealed that not only are four Class I railroads in reorganization, but that an additional eighteen carriers are in extremely poor condition.

We know that both of your Committees are conducting extensive hearings into this critical problem to arrive at a legislative approach aimed toward its solution. We share your views that the legislation should be comprehensive and considered within the framework of the overall needs of transportation. We hope to forward to the Congress within the next few weeks the Commission's legislative proposals for the 92d Congress to assist you in your deliberations.

Because of the precarious financial condition of various railroads previously mentioned, the threat of cessation of needed rail service is constantly before us. Although the need may be urgent, for one reason or another, no carrier may be willing to voluntarily assume the burden of providing such service. Under the emergency car service provisions of the Interstate Commerce Act we have broad powers to issue directions to try to correct such a situation, but they stop short of enabling us to order one railroad to operate over the lines of another railroad, even though the latter may have ceased operating, as, for example, as a means of preserving assets during a reorganization proceeding under section 77 of the Bankruptcy Act.

We suggest that section 1(16) be amended to vest us with the authority to take such action if we deem it necessary in the public interest. This amendment would merely involve adding three words to section 1(16) of the Interstate Commerce Act. The amended section would then read:

"(16) Whenever the Commission is of opinion that any carrier by railroad subject to this part is for any reason unable to transport the traffic offered it so as properly to serve the public, it may, upon the same procedure as provided in paragraph (15), make such just and reasonable directions with respect to the handling, routing, and movement of the traffic of such carrier and its distribution over [*such carrier's or*] other lines of roads, as in the opinion of the Commission will best promote the service in the interest of the public and the commerce of the people, and upon such terms as between the carriers as they may agree upon, or, in the event of their disagreement, as the Commission may after subsequent hearing find to be just and reasonable."

We would hope that your respective Committees would be in a position to give this proposal prompt consideration so that we are vested with sufficient authority to preserve vital rail service should the need arise.

Sincerely yours,

GEORGE M. STAFFORD,
Chairman.

By Mr. WILLIAMS (for himself, Mr. HUGHES, and Mr. HATFIELD):

S. 2497. A bill to authorize the President, through the temporary Vietnam Children's Care Agency, to enter into arrangements with the Government of South Vietnam to provide assistance in improving the welfare of children in South Vietnam and to facilitate the adoption of orphaned or abandoned Vietnamese children, particularly children of U.S. fathers. Referred to the Committee on Foreign Relations.

ASSISTANCE TO SOUTH VIETNAMESE CHILDREN: THE VIETNAM CHILDREN'S CARE AGENCY

Mr. WILLIAMS. Mr. President, as the tragedy of the Vietnam war goes on, the toll continues to rise among the most helpless victims of that war, the young people.

Day by day, more and more children are orphaned, abandoned or forced into situations of abysmal poverty. In human terms, the situation is intolerable. And, as a waste of mankind's most precious natural resource, the loss is inestimable.

The situation clearly is critical yet little is being done to remedy it.

Vietnam has faced the most destructive war conditions of any country in modern times. The tides of war have swept back and forth across its landscape. The tactics of war—free fire zones, rocket and mortar attacks, retaliation, saturation bombing and the frequent destruction of villages and relocation of their inhabitants—have decimated the quality of human life.

Because of the emphasis on the war and defense, a pitifully small amount of money has been allocated to the problems confronting the country's people, particularly the young children.

Our Nation has committed an extraordinary amount of resources to the military conflict in Vietnam. It follows that we have an overriding obligation to involve ourselves fully in the social rehabilitation of the country.

And, nowhere is the need more paramount than among the young people.

A child crying out in hunger or loneliness knows no politics. He knows only a need.

We have the means to make a commitment toward meeting those in need. Today, I am introducing, along with Senators HUGHES and HATFIELD, a bill which will improve the care and protection of children in Vietnam who are the victims of war and which will facilitate the adoption of Vietnamese orphans, particularly those whose fathers are American.

My interest in this problem began when I became aware of the difficult problems facing American-Asian children in Vietnam. Very often, the child experiences intense racial discrimination, often resulting in ostracism or abandonment. However, it was evident that in addition to the problems of abandoned half-American children there are insurmountable problems facing many of the children in Vietnam, even those who have not been abandoned. Despite the fact that 43 percent of the population of

Vietnam is 14 years old or younger, a remarkably small amount of money goes to the assistance of these children.

The enormity of this problem is exemplified by the Vietnamese Ministry of War Veterans figures of June 30, 1971, which state that 210,000 applications for status as a "ward of the nation" have been approved. Such children had a father who was killed or disabled in the war, and they receive a small living allowance plus an amount for education. In addition, 92,000 applications for status as orphans—child of a deceased war veteran—have been approved. These children receive a small amount of money regularly. I think it is very important to note that these figures only refer to the large number of children who are receiving support because their father was disabled or killed while in the Vietnamese armed services. The number of children whose civilian parents suffered similar tragedies is unknown but undoubtedly significant when the style and impact of the war is considered and understood.

The purpose of this legislation is to assist the Vietnamese in rebuilding a significant aspect of their social structure. Specifically, it aims to help Vietnamese children adversley affected by the war. It will establish the Vietnam Children's Care Agency, a temporary independent organization which will carry out the two major functions of this bill. The Agency will work with representatives of the Vietnamese Government, particularly the Ministry of Social Welfare, involved U.S. Government representatives, and public or private nonprofit organizations. Together they will study the problems of child care and welfare and initiate programs designed to improve the conditions in which the children live.

The first major function of this bill is to work through private or public nonprofit organizations to improve the care and protection of children orphaned, abandoned, or poverty stricken as a result of the war.

Improving and expanding day care facilities could undoubtedly provide a conducive environment for healthier family development, thereby avoiding the growing incidence of abandonment which has accompanied the withdrawal of American troops. The advantages of day care are particularly relevant in Vietnam because of the burden of raising children in that difficult environment. Well run day care centers provide preschool education, two meals a day, and the mother with the opportunity to work so that she can support her children. Many orphanages now in Vietnam have children whose parents are living; because of their poverty however, they cannot afford to keep the child at home and place him in an orphanage. The few day care programs in effect have been met with considerable approval and success, and would greatly alleviate the overcrowding which characterizes most orphanages.

Since the major purpose of this legislation is to improve the home atmosphere so that fewer children are left to institutions, there is an emphasis on improving existing orphanages rather than building new ones. Along similar lines, there is an existing but currently inadequate hostel program which provides housing for children who support themselves and do not have a place to live. The program would be expanded and improved so that the independent children involved could have a place to live.

Finally, the program necessarily involves training of Vietnamese to work in day care centers, orphanages, and in the area of child health care, especially prenatal and postnatal care. In the early stages of this program when considerable expansion will occur, training of Vietnamese to staff and sustain these programs will be essential.

The second approach of this legislation is directed toward children who have no family or guardians, are therefore eligible for adoption, and for whom an acceptable home can be found in the United States.

Intercountry adoption following wars is well precedented. After World War II, the U.S. Committee for the Care of European Children arranged the transportation of many orphaned Europeans who came to New York where adoptions were arranged. In Vietnam, the French had an extensive program which granted French citizenship to children whose fathers were French and permitted them to go to France for their education.

In our bill, the emphasis focuses on facilitating the adoption of orphaned or abandoned children who had American fathers. By no means does this exclude the adoption of all-Vietnamese children who are homeless.

At present, American parents wishing to adopt Vietnamese children experience interminable delays and are required to pay exorbitant fees.

A net result of the existing situation is that would-be American parents simply are unsuccessful in their attempts to give these children a home.

The new Agency's function in this area would be to negotiate with Vietnamese and United States Government officials in order to standardize the forms and procedures used in intercountry adoption. Furthermore, such negotiations might lead to an easing of the Vietnamese requirement for the issuance of exit permits. Unlike the U.S. committee's program or the French program, adoptions under this program would be placed strictly on a case-by-case basis.

Hopefully, these negotiations would result in a major reduction of the processing time involved. In addition, the Vietnamese Children's Care Agency would act as a clearinghouse of information on adoption, and serve to expedite procedures in certain cases where complications arise.

As the Agency develops and improves the conditions mentioned above, hopefully the political and military climate in Vietnam will permit the United Nations or another multilateral organization to assume the child care and protection role of the Agency. It is likely that the program would be more acceptable in the long run if it was administered by such an organization. That part of the Agency concerned with intercountry adoption could continue to function as long as the President deems desirable. The role of the U.S. Government should be to initiate strong positive action with the goal of transferring its functions to the U.N. or another multilateral organization as soon as practicable.

We intend to seek an initial appropriation of approximately $5 million to begin the program. This is a very modest amount, given the scope of the problem, and the fact that many times this amount are being spent each day by the United States to continue this war. However, this level of spending seems appropriate to an area where the needs are not yet completely defined and the scope of the problem not yet accurately gaged.

The South Vietnamese Minister of Social Welfare, Dr. Tran Nguon Phieu, recently estimated that 1 billion piasters—approximately $3.6 million—would considerably alleviate the situation of Vietnamese children, in particular the orphans. According to Dr. Phieu, not only could children living in orphanages be adequately taken care of, but in many cases it would allow a Vietnamese mother to bring up her children within a family context, instead of being compelled to send them to orphanages. Such an assistance would also particularly benefit racially mixed children, who are among the first to be abandoned and the least likely to be adopted.

Mr. President, this legislation is not presented as the definitive answer to the terrible conditions facing Vietnamese children as a result of the devastation of their country and the disruption of their families. I would hope that as a result of hearings and the testimony of persons involved in this field, that the details of such a program could be refined even further.

There are many uncertainties involved, particularly in untangling the snarl that has developed in the intercountry adoption process.

By all indications, there are an abundance of American parents willing and qualified to provide a home for a child and, most certainly, there are large numbers of children who could be made eligible for such a program.

Therefore, we must not allow any difficulties and uncertainties to discourage us from making positive and imaginative attempts to remedy this situation which has produced anguish and heartbreak for prospective parents and left Vietnamese children to spend their formative years in institutions.

Just as it was necessary to launch bold initiatives of assistance in Europe following the Second World War, it will be necessary to assist in the recovery of Vietnam after this tragic conflict is ended.

There can be no finer or more appropriate beginning for such a commitment than a program of aid directed to the children of Vietnam.

I ask unanimous consent that a copy of the bill we are introducing be printed at this point in the RECORD.

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

S. 2497

A bill to authorize the President, through the temporary Vietnam Children's Care Agency, to enter into arrangements with the Government of South Vietnam to provide assistance in improving the welfare of children in South Vietnam and to facilitate the adoption of orphaned or abandoned Vietnamese children, particularly children of United States fathers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress declares that—

(1) the United States has a moral responsibility to assist the Government of South Vietnam in the care and protection of all South Vietnamese children, particularly those orphaned or abandoned, and

(2) the United States has a special responsibility to assist in facilitating the care or adoption of children in Vietnam whose fathers are United States citizens and who are not living with their Vietnamese families.

CHILD CARE PROGRAM

SEC. 2. (a) The President, through the Vietnam Children's Care Agency established under section 4 of this Act (hereinafter referred to as the "Agency"), shall establish and administer a program for all children living in South Vietnam who are, as determined by the Agency, (1) 16 years of age or younger, and (2) orphaned, abandoned, or living in poverty as a direct result of the hostilities in Vietnam or conditions related to such hostilities. The program shall be administered only with the consent of the Government of South Vietnam and in accordance with such arrangements as may be mutually agreed upon by the Agency and that Government.

(b) In carrying out the program established under this section, the Agency may provide—

(1) assistance to aid such children described in subsection (a) of this section in growing up in their own or foster families through the establishment, expansion, and improvement of day care centers and the improvement of school feeding programs.

(2) assistance to orphanages in which children described in subsection (a) of this section are living, including food and clothing assistance and assistance for the improvement of the physical facilities of such orphanages;

(3) for the training of persons employed in day care centers and orphanages in Vietnam;

(4) for the training of persons on matters relating to child health care and pre-natal and post-natal care; and

(5) assistance for the improvement and expansion of the existing hostel program which provides housing for children described in subsection (a) of this section who do not live with their families.

(c) The Agency is authorized to provide, on such terms and conditions as it considers appropriate, direct assistance to public or private non-profit organizations which provide any of the types of assistance referred to in subsection (b) of this section, and to assist in coordinating the activities, services, and programs of such organizations.

(d) Not less than 60 per centum of the funds appropriated to carry out the provisions of this Act shall be used for the purposes specified in clause (1) of subsection (b) of this section.

ADOPTION OF SOUTH VIETNAMESE CHILDREN

SEC. 3. (a) The President, through the Agency, shall enter into negotiations with the Government of South Vietnam to facilitate the adoption by United States citizens of children in South Vietnam who are ten years of age or younger. Adoption procedure shall be carried out strictly on a case-by-case basis, but the President shall attempt through such negotiations with the Government of South Vietnam to obtain a standardization of forms and procedures in South Vietnam and the United States which would significantly improve and hasten the entire adoption process and shall seek to obtain an easing of the South Vietnamese requirements for the issuance of exit permits for adopted children.

(b) The Agency is authorized to enter into agreements and to make grants, on such terms and conditions as it considers appropriate, to State and local governmental agencies and private non-profit organizations to assist in arranging for the adoption by United States citizens of children in South Vietnam who are ten years of age or younger.

(c) In conducting the negotiations referred to in subsection (b) of this section, the Agency shall be primarily concerned with, and shall facilitate, to the maximum extent practicable, the adoption of children in South Vietnam—

(1) whose fathers are determined by the Agency and the Government of South Vietnam to be United States citizens, such determination to be made on the basis of a statement by the father, mother, or relative, or on the appearance of the child, and,

(2) (A) whose mothers are deceased, (B) whose mothers have irrevocably relinquished all parental rights, or (C) who have been abandoned and are living in orphanages in which no family has assumed responsibility for their upbringing, and the whereabouts of the mothers are unknown.

(d) Not more than 10 per centum of the funds appropriated to carry out the provisions of this Act may be expanded in carrying out this section.

VIETNAM CHILDREN'S CARE AGENCY

SEC. 4. (a) There is established in the executive branch of the Government a temporary independent establishment to be known as the Vietnam Children's Care Agency. The Agency shall be responsible, under the direction of the President, for carrying out the provisions of this Act.

(b) The Agency shall be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate. There shall also be in the Agency a Deputy Director appointed by the President, by and with the advice and consent of the Senate. The Deputy Director shall act as, and exercise the powers of, the Director during his absence or disability. The Director shall prescribe the regular duties to be performed by the Deputy Director.

(c) (1) The Director is authorized to appoint and fix the compensation of such officers and employees, and prescribe their functions and duties, as may be necessary to carry out the provisions of this Act.

(2) The Director may obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.

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

"(58) Director, Vietnam Children's Care Agency."

(4) Section 5315 of such title is amended by adding at the end thereof the following:

"(95) Deputy Director, Vietnam Children's Care Agency."

(5) The Director may delegate any of his functions to such officers and employees of the Agency as he may designate, and may make such rules and regulations as may be necessary to carry out his functions.

(6) The Director is authorized to appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, such advisory committees as may be appropriate for the purpose of consultation with and advice to the Agency in the performance of its functions. Members of such committees, other than those regularly employed by the United States Government, while attending meetings of such committees or otherwise serving at the request of the Director, may be paid compensation at rates not exceeding those authorized to be paid experts and consultants under section 3109 of such title, and while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of such title, for persons in the Government service employed intermittently.

(d) In order to carry out the provisions of this Act, the Agency is authorized—

(1) to adopt, alter, and use a seal

(2) to adopt, amend, and repeal rules and regulations governing the manner of its operations, organization, and personnel, and the performance of the powers and duties granted to or imposed upon it by law

(3) to acquire by purchase, lease, condemnation, or in any other lawful manner, any real or personal property, tangible or intangible, or any interest therein to hold, maintain, use, and operate the same to provide services in connection therewith, and to charge therefor and to sell, lease, or otherwise dispose of the same at such time, in such manner, and to the extent deemed necessary or appropriate;

(4) to construct, operate, lease, and maintain buildings, facilities, and other improvements as may be necessary;

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

(6) to enter into contracts or other arrangements or modifications thereof, with any government, any agency or department of the United States, or within any person, firm, association, or corporation, and such contracts or other arrangements, or modifications thereof, may be entered into without legal consideration, without performance or other bonds, and without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5);

(7) to make advance, progress, and other payments which the Director deems necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes, as amended (31 U.S.C. 529); and

(8) to take such other action as may be necessary to carry out the provisions of this Act.

(e) The Director shall, as soon as practicable after the end of each fiscal year, make a report in writing to the President for submission to the Congress on the activities of the Agency during the preceding fiscal year.

IMPLEMENTATION OF THIS ACT

SEC. 5. Within ninety days after the date of enactment of this Act, the President shall take such steps as may be necessary to carry out the provisions of section 4 of this Act and to initiate the program under sections 2 and 3 of this Act.

SEC. 6. (a) As soon as practicable, the President is requested to undertake negotiations with the United Nations, or such other multilateral organizations as the President considers appropriate, to have such organization agree to perform the functions described in section 2 of this Act. Any funds made available for the purposes of section 2 of this Act may be made available, as the President deems appropriate, to such organization to carry out such purposes.

(b) At such time as the President determines that the functions described in section 2 of this Act are being satisfactorily performed by the United Nations, other multilateral organizations, or nonprofit organiza-

tion, the authority and responsibility of the Agency with respect to such functions shall cease to exist.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act. In addition there are authorized to be appropriated such sums as may be necessary to assist the United Nations or any other multilateral or nonprofit organization to perform functions which would otherwise be performed by the Agency under this Act.

LIMITATION ON ADMINISTRATIVE EXPENSES

SEC. 8. Not more than 10 per centum of the funds appropriated to carry out this Act may be used by the Agency for administrative expenses.

Mr. HUGHES. Mr. President, the war in South Vietnam is supposed to be ending. For American fighting men, that appears to be the case. Thousands of Americans are being brought home. Eventually, and I hope soon, all of them will be withdrawn.

But just as peace is not merely the absence of war, but a state of security and contentment, neither does the end of direct U.S. involvement in the fighting mean the end of our obligation to the people of South Vietnam.

Until, and after, the fighting ends, the United States must work to alleviate the consequences of our involvement in that small, war-torn country. We must see to it that peace is not merely the continuation of suffering by other means.

The ravages of the war are staggering. Since 1965, the United States has dropped twice as many tons of bombs in Indochina as we dropped in all of World War II and the Korean war. These bombs have destroyed homes and rice paddies as well as suspected enemy units. In addition, we have sprayed defoliants over one-eighth of the territory of South Vietnam, thereby destroying crops which otherwise might feed several hundred thousand people each year. Over 6 million people have been made refugees.

Whatever the tactical benefits from such actions, the fact remains that we have contributed to widespread destruction in South Vietnam and must now begin to restore normal conditions.

There is much that we have done, but much more that remains to be done. In the months and years to come, I hope that the Congress of the United States will approve legislation to help repair the tremendous damage which has been inflicted on Vietnam.

The particular problem I wish to highlight today is that of the children of South Vietnam. Thousands of children have been wounded in the fighting. Thousands more—exact figures are impossible to obtain—have been scarred emotionally by the loss of parents and homes. Saigon's streets are filled with urchins, living day to day in conditions which rival the worst of Charles Dickens' London.

There are hopeful signs, of course, but they do not go very far in dealing with the immense problem. We have all read the newspaper articles or seen the television reports on the medical care given to wounded children and on the hostels run by volunteers to care for the homeless children. American soldiers, acting individually or through their military units, have aided schools and orphanages and hospitals throughout the country.

When the Americans withdraw, will this assistance end? We must see that it does not, by assuming that responsibility ourselves.

Over 40 percent of the South Vietnamese population is under the age of 14. Millions of children thus face the harsh realities of staying alive, earning a living, and preparing for adulthood. Estimates of the number of Vietnamese children with American fathers run from 15,000 to 200,000. These children face the additional stigma of being racially mixed in a society which discriminates against them and they deserve our special care and attention.

To deal with this tragic situation, I am cosponsoring legislation, with Senator HARRISON WILLIAMS and Senator MARK HATFIELD, to establish a temporary Vietnam Children's Care Agency. This agency would be empowered to operate a child care program which would support or establish facilities and personnel in day-care centers, hostels, orphanages, medical units, and the like.

In addition, the legislation would help facilitate the process of adoption of Vietnamese children, paying special attention to those with American fathers.

We envision a small beginning—only $5 million in the first year—but it is a downpayment on human betterment which we must make.

The compelling motivation for this bill is the moral responsibility inherent in the tragedy of Vietnam. Now, after so much death and suffering, we must not shirk this responsibility to these children.

Mr. HATFIELD. Mr. President, I am happy to join with two of my colleagues today in cosponsoring legislation which will bring an amount of redress to the suffering children of Vietnam who have been abandoned by their American fathers or who have, because of the war, become its tragic victim as an orphan or refugee.

Mr. Don Luce, who was for years with the International Volunteer Service in Vietnam, estimates that our servicemen have fathered 200,000 children. For the most part, these children have been sheltered by their relatives, but those little babies who are darker skinned, fathered by black Americans, have been the most discriminated against.

The United States has a moral obligation to help care for these outcast children; the abandoned women and the Vietnam Government cannot do it alone.

But we do not want to focus the spotlight of attention and money on the illigitimate alone. They already suffer enough from being "different." So in this legislation we are directing our attention on abandoned and needy children.

We envision a temporary program, spending as little as $5 million the first year, until we know the real dimensions of the problem. Inasmuch as we are reducing our forces in Vietnam—hopefully with a complete withdrawal by the middle of next year—there are still 220,000 men there—our expenditure of money will gradually be reduced. We are setting up a Vietnam Child Care Agency. Its function would be to work with the Vietnam Government agencies and private relief groups to aid these children, either in their own or foster homes, with day care and food feeding centers or in orphanages. The bill also provides for the adoption of children.

Mr. President, I need not belabor the moral point of our real obligation to care for these children. Everyone knows that we have spent $120 billion dollars in Vietnam to set a little country "free." In the process, we have decimated the land and a people. Our bombs have laid waste a productive rice-exporting land and forced the Vietnamese to import that needed staple. There are estimated to be 6 million refugees in Vietnam—a country of 18 million—crowding the cities. Children roam the streets, living as best they can. Women uprooted from the villages have become prostitutes as well as temporary wives for our men and in the process given birth to thousands of children—no one really knows the correct number.

We need to begin to acknowledge the problem and our responsibility to help the children, the innocent children. The private agencies and the South Vietnamese Government cannot solve the problem alone. It is not enough to say that all wars have produced half-caste, unwanted children who have survived somehow. Justice demands that we not allow these bitter, alienated children to grow up in hate—this is what breeds future wars.

Mr. President, I ask unanimous consent to insert in the RECORD several newspaper articles and other pertinent material.

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

[From the Washington Post, Aug. 7, 1971]

CHILDREN WITH NO COUNTRY: A CHAMPION IN PEARL BUCK

(By Michael Kernan)

Pearl S. Buck, America's only surviving Nobel Prize writer, is 79 years old and wears a wide-brim garden party hat. She was in town yesterday to talk about the Pearl S. Buck Foundation's efforts to educate the many thousands of children born in Asia who have American GI fathers, and to write it all off as a sentimental gesture by a fragile old lady is to make a serious mistake.

For one thing, the problem is very real. The Vietnamese place all responsibility for children on the fathers. The American government takes the position, Mrs. Buck said, that the very idea of American servicemen fathering babies overseas is unthinkable, therefore, the children (200,000 of them in Vietnam alone, by one estimate) do not exist.

For another thing, Mrs. Buck is not fragile. When she was barred from speaking at segregated Cardozo High School here in 1951 because of an "unclear" record with the Un-American Activities Committee, she fired back, not only refuting the innuendos but adding that the real reason for barring her was her public stand against discrimination in the District. She then mailed the speech to those who were to have heard it.

Mrs. Buck has seen race prejudice in many forms. In Asia, where light skin is preferred in some circles, children of black GIs have the worst time of all. She pays special atten-

tion to these, urging adoption by Americans where the child is young enough.

Two of the five children she has adopted herself have black fathers. (Adoption, however, is not a foundation activity.)

"These children who have no country are going to be a menace," she said as she nibbled at a salad before a National Press Club conference. "They're angry. They're very angry. And our men have been abroad so long that some children are now 20 years old. Not only that, some of the Amerasian girls, who are often very attractive to Americans, more so than Asians, have had GI children in turn. So now we have three-fourth Americans who are still not accepted by our government."

The French and Dutch, she added, make provision for children of their soldiers to receive citizenship.

"I'm afraid there's a danger the Amerasians will go over to the Communists. There is so much to do. We are the only foundation working specifically on this problem. What we do is only a scratch on the surface. We're helping about 2,000 now."

The cost averages $16 per month per child. The Pearl S. Buck Foundation's main concern is to educate the children in local schools when possible and to improve their health.

"We don't run an adoption agency," she said. "We're not a relief organization, but if they are sick we'll try to help. Next month we're starting in on Vietnam, and we expect to have extra problems there with the bomb victims."

The foundation now works in Korea, Thailand, Taiwan, Okinawa and the Philippines. In a few weeks Anthony Tidei, who has been in Asia nine years, will leave his foundation post in Taiwan and start collecting a small staff in Saigon.

Mrs. Buck has given her $1 million estate to cover stateside operating expenses of the foundation—which in 1969 survived a flap over its ex-director's management—and she has handed over the income from several books to it, including her latest novel, "The 'Three Daughters of Mme. Liang," a book club nominee that has just been translated into Chinese by Tidei. (Mrs. Buck still writes, by the way: five or six hours a day. She has done at least 70 books since her Pultizer-winning "The Good Earth.")

But much more money is needed; a few years ago the foundation opened a drive for $10 million. The writer drove down yesterday from her farm at Perkasie, Pa., to get her message out to the American public. Since the foundation (2019 Delancey Place, Philadelphia) is tax-exempt, no political approaches are being made, but Mrs. Buck has been watching the progress of twin bills presently in Congress to aid Amerasian children.

One fund-raising plan has been abandoned: the Fathers Anonymous scheme, which tried to get guilt-ridden ex-GIs to send money "in memory of a beautiful evening"—no questions asked.

"Almost all the letters we got were from women who feared the worst," the writer said. "We did get a check from one man who said he had never been to Asia but expected to go soon and wanted to make a deposit."

Embassy in Saigon Calls Babies of GI's a "Serious Concern"

(By Tad Szulc)

WASHINGTON.—The United States Embassy in Saigon has informed the State Department that "responsibility for American-fathered illegitimate children" in South Vietnam "has become a matter of serious and continuing concern."

A major concern, it said, is the illegal but "lucrative" practice of allowing some of these children to be adopted in foreign countries without protection for them or their families.

The Embassy's message to the State Department on July 4 emphasized the problem of children of American black men and Vietnamese women, noting that "the black child may have a more difficult time growing up in Vietnam than other children, either in Vietnamese homes or orphanages."

The Embassy noted that "there is no accurate way to estimate how many illegitimate children in Vietnam" had been fathered by Americans or other foreigners. It said, however, that a recent survey found a total of 350 to 400 such children living in 122 orphanages throughout South Vietnam.

"The magnitude of children living with mothers or close relatives outside of institutions is more difficult to estimate," it added.

In a memorandum on July 9 the South Vietnamese Ministry of Social Welfare estimated that there were 10,000 to 15,000 "racially mixed children" living at home, mainly offspring of Americans.

The Embassy said it was encouraging the passage by South Vietnam of a "modern, up-to-date adoption law" that would allow children born out of wedlock to be adopted by persons in the United States while protecting "the rights of children and adopting families."

The present South Vietnamese policy on adoption, according to the Social Welfare Ministry, is that "if a racially mixed child is recognized and requested by his parents to be reared abroad, our Ministry sees no objection because it is not prohibited by the Vietnamese laws."

The Ministry said that "if the racially mixed orphan is not recognized by anybody, and in case a foreigner wants to adopt him, this man must process paperwork following current procedures and regulations."

According to the Embassy, however, "the practice the Government has acquiesced in permitting children to be adopted by foreigners usually through proxy arrangements with private Vietnamese orphanages."

"This has resulted," that "more than 100 children each year for the past two years may have been sent to the United States for adoption, most of them under private auspices."

Amer-Asian Children in Viet Nam

(By Don Luce)

More than two million Americans have served in Viet Nam during the past ten years as soldiers, construction workers, embassy officials, and advisors of various types. These men have left behind 400,000 Amer-Asian children. For political reasons, the United States has virtually ignored the care of the mothers during pregnancy and the future of the children.

"To admit the problem would add fuel to the American peace movement," one American social welfare advisor in Saigon told me. American mothers would be upset to know that their sons were sleeping with Vietnamese girls. And what about their grandchildren? If they knew that the little American/Vietnamese children were often used by beggars to get more money when they begged from American soldiers, what would they do then?"

The girls are most typically farm girls who, along with their mother, brothers, and sisters have been forced from the farms (the men are with one army or the other) and become refugees. Because the family has no money, the girl goes to work in a bar. This leads to occasional prostitution (her reputation has already been destroyed by working in the bar). Then she becomes a "temporary wife." She usually has a child by her "husband." In fact, she wants a child because she hopes that the child will cause her "husband" to want to officially marry her and bring her back to the U.S. Then her child will have a father and the child's education and future will be assured. Sometimes this happens, but, more likely, she will be passed on to one of her American "husband's" buddies or have to return to the bar.

As a research officer for the World Council of Churches. I interviewed several of the girls who worked in the bars at Vung Tau.

Mai was nineteen years old and eight months pregnant. She still came by the Olympia Bar in Vung Tau to talk to the other girls and run odd errands.

"Bill has gone back to America," Mai said with more sadness than bitterness. "No, he doesn't send me any money."

"I tried to get rid of my child. But the doctor said that it is too big inside me. It's too late now."

"American babies are very healthy and very beautiful. I shall keep it. But I'll have to go to work right after it's born. American babies are very expensive to raise," she said, adding, "American babies eat more."

Yes, she planned to go back to the bar. Where else could she earn enough money? Then she asked me if I wanted to buy her child. Only $150.

Mai was one of approximately 4500 bar girls working in the seaside resort town of Vung Tau which serves as R and R (Rest and Recreation) Center for American and Australian soldiers. Before her pregnancy she earned about two hundred dollars a month in the bar (except for her six months with Bill who paid all of her expenses and gave her a hundred dollars a month).

The number of bar girls, prostitutes and temporary wives was estimated to be between 100,000 and 300,000 by a World Council of Churches team (including this writer) studying post-war reconstruction in 1969. A Vietnamese congressman, Ngo Cong Duc, estimated the number as 400,000 in 1970. The number of "marriages" between Americans and Vietnamese is around 80 per day, one voluntary agency estimated.

Most of the girls are from rural areas or the city slums. They have no special skills but have become accustomed to a relatively luxurious life. Presently, they earn two or three hundred dollars a month—payments often being made in Tide, cooking oil, Salem cigarettes, hairspray and other items that sell well on the black market. When the war ends, most will be without jobs. Will they be willing to go back to the farm where the average monthly earning is about twenty dollars a month?

"I want to sell fish and shrimp when the war is over," claims Miss Ngoc who works at the Blue Angel Bar.

Why doesn't she do that now?

"Because I must make a lot of money for my children."

But won't she always need a lot of money for her children?

"When the war is over, prices will be low and it won't cost much to live. I'll sell fish and shrimp then."

One 18-year-old girl said she became a bar girl because her father was killed in the 1968 Tet offensive. She hopes the war will be over soon because she wants to go home.

"My mother sent me here because our family needs money," she said. "But when the war is over I can go back to the farm and plant rice. That will be very nice."

The lady who sells coconut milk and yogurt in front of the Blue Angel doesn't agree.

"The girls who work in the bars won't go back to the rice paddies or even be willing to work in the factories," she said. "I don't know what they'll do. But I don't want my son to marry one of them."

The girls who have been temporary wives for American soldiers do not understand the morality that allows a man with another wife to live with them, have children by

them, and yet not accept them as second wives. They ask how ethics and morality can make a man disown his own children.

Take Miss Lien, for example. She's twenty-one years old and has two children by an American captain who left seven months before the second child was born.

"When Captain Cobb left, he said, 'I'm very sorry. I'm very sorry.' He said an American can't have two wives and his American wife won't give him up," Miss Lien explained with a great deal of emotion.

"I don't care if he doesn't send me money. I can make lots of money here. But he should write. Why doesn't he write me a letter? How can I explain to my children about their father?"

Later Lien said she really is worried about money because of the future of her children.

"How can I make money when I'm old? You can't make much money working in the fields. American children can't be coolies or cyclo drivers. They must be businessmen or engineers. I must send them to school."

Sometimes she becomes bitter, Lien said.

"The Americans take five minutes of fun and forget about the consequences. The French were better. When they had a child, they paid for his education. Why don't you Americans do the same thing?"

The philosophy of many of the GIs was expressed in the words initialed on the cigarette lighters sold by Vung Tau street vendors for two dollars each: If you're not with the one you love, love the one you're with.

At the Hoa Binch (Peace) Hotel, a young girl was spending her last few days with her soldier boyfriend.

"He is leaving for the United States in a few days," she said. "Then he will get his discharge and in ten days come back to Viet Nam as a civilian. Then we will get married."

The soldier returned after paying the bill for their last night together. He introduced a soldier who had been sitting in the lobby.

"This is George," he said. "He'll take care of you while I'm gone."

They got into a jeep and drove toward the airport together.

[From Parade Magazine, July 18, 1971]

FATHERLESS CHILDREN: GI BABIES IN VIETNAM

(By David Detweiler)

Nicholas Ruf, the 3-year-old boy pictured above with his American family by adoption, is one of approximately 5,000 babies abandoned in South Vietnam by their GI fathers.

Nicholas was one of the lucky ones. He was adopted by Dr. and Mrs. David Ruf of Darlington, Wis. "It's working out just fine," says Dr. Ruf. "We have a normal, happy, sometimes angry 3-year-old son."

Most of the children find temporary homes with relatives or in one of the Buddhist or Catholic orphanages of South Vietnam. Some lead a limbo street life in the alleys of Saigon.

NATIONAL OBLIGATION

"They are unwanted, unloved and often uncared for," says Sen. Harold Hughes (D., Iowa), one of several Senators studying possible legislation in behalf of the children. "As a decent, compassionate people, I believe we have a national obligation to them."

Of the 5000 fatherless children, roughly 500 have been abandoned by their Vietnamese mothers as well, according to Welles Klein, general director of International Social Service (ISS), a worldwide nonprofit family agency. And of the 500 that have been totally abandoned, half are black, which is a liability in South Vietnam.

"The white-Asian baby is accepted better," says a newsman who has spent several years in Saigon, "and the black child is at a definite disadvantage."

"We have to help these children," says Klein, "but we have to be careful. There are no simple solutions."

Two solutions Mr. Klein would emphatically not recommend are:

1. Provisions for large-scale adoptions by U.S. parents. (Even if the South Vietnamese government would allow such a mass exodus, there would be enormous language and orientation difficulties in the U.S.)

2. An aid program to provide special care for these children in Vietnam. (This would further alienate them from "normal" children, and U.S. support for such an aid program might end abruptly together with our involvement in Vietnam.)

POSSIBLE LEGISLATION

"We'll have to proceed on a careful, case-by-case basis," says Klein. "You can do more harm than good by relocating a child too hastily."

Klein suggests that possible legislation might include measures to make it easier for an American father to find and identify his child if he wants to adopt. Also, it might be made easier to confer immediate citizenship on these children.

At present, an American-fathered child is a citizen if he has five years of residency in the U.S. between the ages of 14 and 28. This requirement is of course nearly impossible for an abandoned Vietnamese child to fulfill.

In 1970, there were 80 Vietnamese children adopted by American parents. This figure is notably lower than for Korea (851) or the Philippines (134), partly because adoption of a Vietnamese child by an American family is a one- or two-year process that can cost up to $2500.

"TOOK A LONG TIME"

"It took a long time for the red tape to crank through the machine," says Dr. Ruf, "but it was worth it. We wanted very badly to adopt a Vietnamese orphan. We're frankly dismayed at the military adventure over there and we had heard that American-fathered children weren't getting cared for.

"We have a feeling there are a lot of people who would adopt a Vietnamese-American child if they thought they could do it," says the doctor.

ISS, which is sponsoring a national conference on the problem at the Brookings Institution in Washington, D.C., tomorrow, is trying to broaden concern in the U.S.

Says Mr. Klein: "To my mind we owe something not only to the Vietnamese-American child whose father is back in the States, but also to the 100 percent Vietnamese child who lost both parents in an American bombing run."

[From the New York Times, Apr. 30, 1971]

ANOTHER WAY THE UNITED STATES HAS LEFT ITS MARK ON VIETNAM

SAIGON, SOUTH VIETNAM.—Although she is only 4 years old, Nina Dang remembers the day her father, a United States Navy chief petty officer, went back to the states and his American wife. Her mother, Dang Thi Hoa, carried her to the door and tearfully waved good-by. Her father cried, too. He kissed them and promised to write every week.

"He cry, but he forget too easy," Hoa said in halting English. "He never write, never send money and he been gone two years."

Nina is one of the tens of thousands—some say hundreds of thousands—of illegitimate children left behind in Vietnam by American servicemen and civilians. They can be seen begging and shining shoes in the streets of major cities, abandoned in orphanages or, if they are lucky, living with their mothers or sympathetic grandparents.

Sometimes, if their skin and hair are exceptionally light, these children are prized and pampered by their families. But most have little money for schooling and are likely to grow up to be cycle drivers, prostitutes, servants or soldiers. Moreover, many Vietnamese resent them since their round eyes and broad shoulders remind them of the unpopular American soldiers.

Private agencies help a few of the half-American children indirectly through refugee or feeding programs, but most struggle alone. Neither the South Vietnamese nor American Government offers any aid. The Vietnamese say the children are "not a problem" and the Americans say, "the problem is not a Government responsibility."

Nina is luckier than most because her mother has a little money. Like many of the sentimental, free-spending Americans who take "temporary wives" during their stay in Vietnam, her father found Hoa a small apartment and bought her furniture, a tape deck, a television set and a set of gilt-edged dishes from the PX.

Hoa, a former bar girl whose looks have begun to fade, earns enough working part-time in a Saigon record shop to pay the rent and send her little girl to kindergarten.

"I hope I can make enough money to send Nina to high school," Hoa said. "Then I will send her to the United States to find her father."

Many young Vietnamese women work in bars until they become temporary wives of Americans. Pregnancy often follows—birth control pills and diaphragms are in short supply here—but the woman usually wants the baby, hoping that because of it the American will marry her and take her to the states.

Others know that the American has a wife back home. In Vietnam, where it is traditional for men to take a concubine, such an arrangement is not dishonorable.

"What these women want, even more than money to raise their children, is for their husbands—they think of them as husbands—to send them letters after they return home," said Don Luce, a writer and an American authority on Vietnam. "They expect the American to treat them as a second wife. They don't understand a system of morality that allows a man to have kids by two women but only one wife."

Mr. Luce estimates that there are at least 200,000 half-American children in Vietnam. American and Vietnamese officials call the figure high, but say they have none to put in its place.

Pham Thi Ly, who is 6 years old and lives on the island of Xom Chai near Cantho in the Mekong Delta, has been abandoned by both parents.

When Ly was 3 years old, her father, an American airman, left for the states leaving no address but giving her mother a million piasters ($3,000). The mother and child, who were then living in the coastal city of Nha Trang, moved to Xom Chai. By that time the daughter of a Vietnamese couple on the island had died and they wanted a new child. So Ly's mother gave the girl to them and went back to Nha.

* * * * *

"Where is your father?" Whenever an American man comes to the island, they point to the foreigner and tease the child by saying, "Look, there is your father, he has come to get you."

Ly used to run away and hide, but now she tries to protect herself by carrying a small picture of herself and her Vietnamese stepfather hidden in her clothing. The little girl shows this as proof that the Vietnamese is her father—not some unknown American.

The stepmother wants to dye the child's brown, curly hair black, so she will look Vietnamese, but the stepfather is against it.

"It's a waste of money," Pham Van Ni, a militia man, said "It won't do any good."

Despite cases like Ly's, the Vietnamese Government says the half-American children are not discriminated against.

* * * * *

"They are the same as any children. If they have difficulties it is because in normal life every Vietnamese has difficulties."

Son, who is 11 years old and lives in a home for shoeshine boys in Saigon, has only vague remembrances of his Vietnamese mother and American father. Another thing he cannot recall is his last name. Richard Hughes, the American who runs the home, said he thinks the boy has lost his memory because life has been so hard for him.

"People tell me I was sent to an orphanage when I was little," Son said, as he sat in the dirty, bare house. "I have a stepmother somewhere in Saigon, but she is not rich enough to keep me.

"My friends call me 'Mixed Blood!" I feel very angry when people talk about my round eyes, my white skin and my upturned nose."

The boy cannot read or white. He would like to go to school but cannot afford to because he earns only 200 piasters (70 cents) on a good day. Some days he makes only 30 or 40 piasters and cannot even buy supper.

"I think of my father's country as a wonderful place, and I wish to go there sometime," he said as he fingered his bits of polish and rags.

Since Son is not an American citizen, he is not considered an American problem. The official American position on illegitimate children born to American fathers abroad, as stated in a paper issued in 1970 by the Defense Department, is that "the care and welfare of these unfortunate children . . . has never been and is not now considered an area of Government responsibility nor an appropriate mission for the Department of Defense to assume."

"I guess the policy grew up as the easiest way of doing things," said Robert Lewis, the American Consul General in Saigon. "Our way of doing business is to approach the problem from the point of view of the lawyer and leave social considerations aside.

"But several things fill the vacuum," Mr. Lewis said. "First there's the money the American people give to voluntary agencies that help these children. Then there's the basic decency of the American soldier overseas who attaches himself to an orphanage, maybe with the consciousness on his part that the children were put there by him.

"Perhaps you shouldn't put a delicate social problem in the hands of bureaucrats. Why, the United States Government isn't very good at the whole welfare problem in the United States."

Prospects are bleakest of all for the illegitimate children of black Americans.

"For the black children, I think it is very important for them to go to America," said Sister Françoise, head of the Caritas Orphanage in Saigon. "The Vietnamese do not like black people. Why? It's a natural reaction. They do not like the way they look."

As the nun spoke Xuan Hai, a pretty 4-year-old girl with dark skin and tightly curled hair, held her lovingly around the knees.

"Xuan Hai's family is alive but they abandoned her because her dark skin would have brought shame on them." Sister Françoise said. "It is good for the family but sad for the child."

A few Vietnamese orphanages, such as Kim Long and Nuoc Ngot in Hue, also have a few children abandoned by French fathers.

Unlike the half-Americans, the metisse can obtain French citizenship if a Vietnamese tribunal concludes the father was French or if the father recognizes the child. As in the United States, this does not require him to marry the mother.

* * * * *

Mme. Jeannie, the mother of three teenaged metisse, owns the Princess Bar on Saigon's bustling Tu Do Street. Twenty young girls work there selling Saigon tea and beer to American G.I.'s and businesmen. Each girl has one, sometimes two, American offspring.

"My children have French passports and receive a monthly stipend, but all my girls can do to support their children is find another boyfriend," Jeannie said in English as she sat at cash drawer.

"I cannot understand how the Americans are so big and rich and don't do anything about the children."

SOLDIERS, BAR GIRLS, AND THE WAR'S BEAUTIFUL BABIES

(By Daniel Southerland)

SAIGON.—A young American soldier named Steve walked into the Lili Bar on Saigon's Ngo Duc Ke Street to see his girl, Margie.

The air conditioning wasn't working and the bar was stifling. Saigon was suffering one of its frequent blackouts.

Margie was sitting on a bar stool enticing another G.I. to buy her a $1 drink of colored water called "Saigon Tea."

After a police interval she slipped away and joined Steve at a table in the back of the room. She had some important news to tell him. She was pregnant.

She gave Steve the news in barely intelligible English and with a giggle, but the message was unmistakeable.

How the girl got the name Margie, Steve wasn't sure. All the girls in the bar had adopted Western names, much easier for their customers to learn than their real names.

COUNTRY GIRL

Margie is a slender country girl from Binh Duong province north of Saigon. She once told Steve she had an uncle who fought for the Viet Cong. But, according to her story, the uncle left the Viet Cong and returned to the government side.

"VC no good," she told Steve.

Aside from this story and a few other details, Steve knew little of her past. Anyway, she was just a girl.

Steve had told her from the start he would never marry her. Their relationship was based on that understanding. And she knew he would be going away some day—actually the day in this case was only a few weeks away.

The young soldier told Margie he would pay for an abortion.

Her reaction surprised him.

Yes, she knew he was going away, but she wanted the baby. She wanted it because it would be "beautiful." And her mother would take care of it while she worked in the bar.

The Vietnam war is a war of many statistics, but nobody has compiled statistics on the number of illegitimate children fathered by American servicemen.

Almost every Saigon bar has one or more pregnant bar hostesses—usually made pregnant by American soldiers.

This "baby boom" cannot be measured accurately because most of the babies are being accepted by the Vietnamese and absorbed into Vietnamese families as fast as they are born. Only a few have been abandoned to orphanages.

The Vietnamese Social Welfare Ministry recently made a check of 20 orphanages containing about 1,500 children. Only 29 were reported to be of mixed blood.

Most mothers of mixed blood children in Vietnam are bar hostesses. Although many of them will sleep with a man if they like him, they are not all prostitutes in the usual sense.

The mixed-blood children are accepted and cared for because of the nature of Vietnamese family ties. In many cases, they are even treasured because they are indeed considered "beautiful."

"I've gotten to know several hundred of these girls," said an American social worker with long experience in Vietnam. "I have yet to meet one with any feeling of repentance or shame. They are proud of their babies.

"In Korea, after the war, the adoption societies carried off children by the dozens on the grounds that it was not a society into which they could be assimilated," he said.

"But illegitimacy or unwed motherhood has no social stigma here.

"The family structure here is very strong. There are extraordinarily few children in orphanages for a country that has been at war for 20 years."

Many of the bar girls who want to have mixed blood children can afford to take care of them and they do.

According to an estimate of a Saigon city councilman, there are 10,000 bar hostesses working in nearly 600 bars in Saigon alone.

The successful ones make as much as 50,000 ($420) piasters a month, or more. This is a high wage by Vietnamese standards, higher, in fact, than the salary of a Vietnamese general or that of Prime Minister Nguyen Cao Ky.

One wealthy Saigon bar girl has had two children by a Frenchman and two by an American. All four children stay with a nurse at the resort town of Dalat in the mountains 150 miles north of Saigon. The two oldest children go to a private school there.

On weekends, the children fly down to Saigon on the Air Vietnam plane with the nurse. The mother, who once was a penniless refugee from North Vietnam, sheds her tight-fitting bar "uniform," dons a respectable dress and takes the kids to the zoos and the movies.

THE MELODY BAR

Not all the bar girls with mixed blood children are doing this well, of course. Some are victims of protection rackets. Some make a lot of money but spend it as quickly as they earn it.

The situation is toughest in some of the shabbier bars where the girls are encouraged to practice prostitution. When they become pregnant they are of little use to the bar. And some of the bar madams don't hesitate in this case to kick them out without much ado.

The old woman—the Americans call her "Mama-San"—who runs the Melody Bar down the street from the Lili where Margie works said three of her girls have mixed blood children. One of the fathers is an Australian soldier and the other two are Americans.

"Mama-San" herself had seven children by a Frenchman she married at 17.

Next door to the Melody is the Reno Bar. It's "Mama-San" had two children by a French "husband," an Army Captain who died in 1954 at Dien Dien Phu.

"Vietnamese love American baby," she said. "He get big fast in three or four months and look very beautiful. Everybody like him."

"If she doesn't like to have baby, girl can go to doctor and take him out," she added, referring to the Saigon "doctors" who perform abortions for as little as $25.

NOT NEEDED NOW

Pearl Buck, the prize-winning novelist who has devoted herself to helping mixed blood children of American servicemen in Korea, recently sent a representative to Saigon to investigate the possibility of setting up a center for such children and their mothers in Vietnam.

Frank J. Davis, vice president and executive director of the Pearl Buck Foundation, was told by experts at the Vietnamese Social Welfare Ministry that the help he wanted to offer wasn't really needed for the time being.

This was also the conclusion drawn by a meeting of all the major social welfare agencies located in Saigon earlier this year.

"We compared notes and decided it was

definitely not much of a problem," said Miss Anna Forder of the Catholic Relief Services.

But when the American troops pull out of Vietnam someday, what will become of these children they are leaving behind?

When the money no longer flows into the Saigon bars, it may become rough indeed for some of the bar hostesses who have no other means of making a living. And it may be difficult for them to find Vietnamese husbands.

The children will probably be discriminated against when they grow up by Vietnamese society as a whole, if not by their immediate families, because they are "different" and because their mothers were "bar girls."

NEGRO-VIETNAMESE

This discrimination will be especially tough on the Negro-Vietnamese children, judging by the current discrimination against children of West African troops who served with the French Army in Vietnam.

An American advisor to the Social Welfare Ministry said, "the problem for the future is going to be the Negro-Vietnamese children. Their skin will be dark and they will stand out. A Vietnamese girl will keep a half white child but not a Negro."

Several Negro-Vietnamese children have been adopted by American Negro Servicemen ending their tours in Vietnam.

American aid to children fathered by Americans has been limited to a relatively small number of adoptions, gifts to Vietnamese orphanages, and soldiers' donations to their mistresses.

"If an American Serviceman has a child here, he gets a guilt feeling," said Tawson Mooney, director of the Catholic Relief Services. "He gives the mother money and when he gets back to the states, he probably sends more money. And she probably finds another American boy friend."

U.S. PASSES BUCK ON GI BABIES

(By Tom Tiede)

PHILADELPHIA.—Whether or not the Vietnam war is, as some say, winding down, the social consequences of U.S. involvement there are assuredly winding up.

Take Pham Duc Minh, alias Eddie. He is the illegitimate result of a careless alliance between an American soldier and a Vietnamese whore. He is half white, half brown, half East. half West—and, at eight years of age, all orphan.

What is he? A bastard. Who is he? A social consequence.

Last seen he was smoking a cigarette on a street in Pleikua, abandoned by his mother, never known by his father, waiting to shine the shoes of passersby.

There are thousands like him in Vietnam. Nobody knows precisely how many. Since, as the French say, in Vietnam "c'est un pays approximatis" (everything is approximate), concerned observers can only estimate the total of orphaned GI babies. A conservative guess is 20,000. Some feel it might be many times that. Novelist Pearl Buck has written that of every 10 GIs sent to the Orient, at least one "becomes the father of a child by an Asian girl," usually indiscreetly.

But the statistics are not the ultimate shock of GI babies. The real pain is that not only are they ignored by their parents, but by their nations as well.

Vietnamese officials admit they are powerless (haven't enough money) to look after GI babies. And as for the United States? It has the money but, sadly, not the will. It seems absurd to write it, but officially the United States doesn't recognize that GI babies exist. White House aides say: "It's a Defense Department matter." The Defense Department says: "It's a State Department matter." And the State Department, through an official of the Agency of International Development, says: "We have no program for the children, and none is contemplated."

So the future of Pham Duc Minh, alias Eddie, is as bleak as the past. He has little chance of getting into one of the nation's few orphanages—all of them are overcrowded as is. He has almost no chance of formally educating himself—public schools in Vietnam take money and responsibility. And because of his mixed blood he suffers the additional burden of social ostracization—a stigma that has pressured some GI babies to try to dye their blond hair black for some escape.

"There is one more thing," says a U.S.-based South Vietnamese diplomat. "We have reason to believe that some of these children are being sold into slavery."

Disgusting? Of course. But though the problem cries out for compassion and solution, there is little hope for either, at least on a governmental level. History itself is testimony. The United States has never recognized GI babies in any war (except where paternity was proven), preferring instead an almost puritanical aloofness.

"I was in Korea in 1953," says a Pentagon veteran. "I remember a general saying, 'Our men don't do that (make babies), they play volleyball for relaxation.'"

U.S. apathy was so infuriating after Korea that novelist Buck founded the Pearl Buck Foundation in hopes it would shame or maneuver the nation into some action. "I spent years beating on official doors," the writer says now. "I couldn't get anything but sympathy. I remember a meeting I had with Robert Kennedy. Even he turned me down. I sat there for many minutes explaining the plight of these Korean orphans. I pleaded with him to do whatever he could to get help for them. But in the end, all he said was no. He didn't even give a reason."

Miss Buck, a Nobel Prizewinning author of some 70 books, herself was born in the Orient (of missionary parents), continues her interest in and lobby efforts for GI babies today. Her foundation is presently caring for some 1,700 "Amerasians" in five countries. She gets donations from around the world ("Many women will send in money, I suppose, because they think their sons or husbands are involved"). But as for an ultimate solution, she thinks it's in Washington's hands:

"In all my years of urging, I've never come close to getting the government to do anything. Now I'm convinced that we'll never get moral about it, but I hope and pray we'll get practical about it. There is nothing more important for our nation right now, for our image in Asia, than for our government and people to respond to these helpless babies and say, 'We recognize our responsibilities.'"

Miss Bucks' plea for American liability has some international precedents. The French, most notably, have for 25 years granted automatic citizenship to French-fathered Vietnamese orphans. Some 10,000 have thus been taken from the streets.

Yet the French solution—citizenship and adoption—is probably not the answer for America. U.S. citizenship is difficult because of laws. And mass adoption, says Rev. John Shower of the Church World Service, would be an insufferably snobbish activity: "Adoptive parents usually want nice, cute, cuddly kids. Therefore we would ignore the many wounded, blind or handicapped Vietnam orphans. No, what the children need is not a U.S. upbringing, but a Vietnamese upbringing. They need love, care and understanding, by and in the company of their own people."

In sum, Shower adds, they are not Americans. "They are Asian Americans."

Thus the onus shifts again to the U.S. government. Vietnam, still hopelessly torn apart by war, cannot, will not, give high priority treatment to GI babies. But, says a ranking spokesman at the Vietnamese embassy in Washington: "If the United States wishes, we will be very responsive to working something out." In other words, with American help, "We would help these children in every way possible."

Mr. Nixon, do you hear?

"If the United States wishes . . . we would help these children in every way possible."

THE COMMITTEE OF RESPONSIBILITY, INC.,
Berkeley, Calif., July 9, 1971.

Miss YVONNE FRANKLIN,
Office of Senator Hatfield,
Old Senate Office Building,
Washington, D.C.

DEAR MISS FRANKLIN: My apologies for taking so long to reply to your request for suggestions on care of the illegitimate children of American soldiers and Vietnamese girls. It is probably too late now for any ideas to be useful, however:

The best and most direct help we could give to the Vietnamese and their children, legitimate and otherwise, is to withdraw all American forces and materiel from Vietnam at once and let the Vietnamese handle their own problems, to request aid on their own terms as they need it. I have been to North Vietnam, looking particularly at their medical program and care of children, and I know they have great organizational skill and real competence. All their programs are simple, perhaps primitive by our standards, but they are effective in Vietnamese terms and because of the effectiveness their measures are acceptable to the Vietnamese people. After a period of confusion (and what could be more confused than the present?) the Vietnamese in the South could manage their own programs, with assistance *when* they ask for it, with administration in their hands.

The second and indirect help we might provide, in the knowledge that withdrawal from Vietnam is probably a plastic rainbow, is to make American people accept responsibility for what has happened to the Vietnamese people at our hands. A bill to be introduced to provide for the illegitimate American-Vietnamese children is a step towards increasing American awareness of our responsibility and perhaps, the need for us to get out and stop making more illegitimate babies.

Provision for care should concern approximately 400,000 such children. This figure comes from an article in the NY Times by Gloria Emerson, I believe. (Our staff—Committee of Responsibility staff—in Saigon, is in touch with Gloria Emerson much of the time and we could, with a cable, chase this down.)

There should be three aspects to such a program. (1) Subsistence allotment for mothers who are raising their own children. Again, our staff in Saigon would be helpful in determining such a sum, but off-hand, from experience we have had, ten dollars a month is a lot of money and adequate to feed a child if that is what the money could be used for. (2) Support of a foster parents plan comparable to the one in practice here in the United States. Parents with a child or two are encouraged to take in foster children and are paid for maintenance and care of such children. Often a family will have two or three such children. In Vietnam, before the US came in force, there were few orphans, for the extended family of seven aunts and eleven uncles took care of children whose parents might have died, or who might simply had an abundance of children with some to spare. Those families are broken now, whole family villages destroyed and when we return our own war-injured, and now repaired children, we often cannot find any of the nearly 100 known relatives the child had behind him as social security and emotional stability and strength when he came. But, if families can be reestablished and refugee camps opened up—and many, as you know, are locked at night—these relatives might be the foster parents. (3) Social Service staff must be trained, minimally at least, to organize and implement such a program.

These must be Vietnamese, and I think it not impossible to recruit young students for this purpose. The Buddhist school for social service once had a good training program, but because of their political position for peace and neutrality their program has been curtailed, many of their workers kidnapped, assassinated and/or jailed. They are suspicious of being involved with Americans, or of accepting American money. Still, ways might be found to enlist their help. Social service staff would have a hell of a time to determine if a child was American-Vietnamese. Often it is hard to note the distinction—if any—in children, and many poor will claim such parentage if there is money involved. Similarly, the foster parents are likely to take children for the money and not use it for the children; or, possibly to exploit the children so this must be carefully supervised and the program designed to assimilate the children into Vietnamese society. Again, this has been done with French-Vietnamese in the North and surely could be done in the South. But in the South, and this is an important point, the destruction of the land has made for poverty, corruption and demoralization. Survival and self-interest, selfishness, is a consequence and it must be expected that little altruism will manifest itself in child care.

Evacuation of the children to the U.S. for any long term period is a bad idea. Children, even these, are the last natural resource of a country and we cannot add to our other sins by the exportation of children. In five years they will be American, not Vietnamese, in orientation. If they do not come to resent America, they will resent Vietnam, and be resented if they are sent back. In short, you will be creating a new set of massive problems. We have enough.

All this may be of no useful purpose now, but perhaps can be filed in the mind for some future time. Like when we are out of Vietnam.

Please call or write if you have any question. Next time I assure you I will respond promptly.

Hoa Binh, the best Vietnamese I know—Peace.

Sincerely,

(Mrs.) MADELINE DUCKLES.

DEPARTMENT OF DEFENSE POSITION REGARDING CHILDREN BORN OUT OF WEDLOCK IN FOREIGN COUNTRIES WHERE U.S. ARMED FORCES ARE ASSIGNED

The command in Vietnam is not complacent about the morals of the servicemen and associated activities. In this regard, responsible military commanders strive to curb the problem at its sources by making it clear that irresponsible and immoral behavior on the part of servicemen is never condoned, including the conditions which tend to induce or encourage immoral behavior and in particular, where it contributes to the problem of children born out of wedlock.

Separation from family and placement in an alien environment, coupled with the differences in mores which frequently prevail, are recognized as conditions which require unusual efforts. Accordingly, special command emphasis is given to character guidance and other programs to provide servicemen an opportunity to channel their off-duty activities into wholesome pursuits. Such programs make wide use of the services of our chaplain. In addition, direct, control measures are employed as warranted. These include such measures as the enforcement of curfews, off-limits restrictions, bed checks, and disciplinary actions. Areas and establishments can be and are placed off-limits by our commanders concerned when such is necessary to protect the interests and welfare of our servicemen.

Personal conduct of servicemen in Vietnam can be governed by forcible measures only on a transitory basis. In general, service personnel are neither more nor less moral than when they enter the service; unfortunately, some persist in engaging in immoral conduct despite counselling and advice to the contrary.

The presence of children born out of wedlock in foreign countries where our Armed Forces are assigned has been a subject of continuing sympathetic concern for many years. Both public and private agencies have been involved in studying ways of alleviating the plight of these children. Accordingly, the Department of Defense fully cooperates with American and International social agencies which make valuable contributions for the care and welfare of these unfortunate children.

There is not any truly happy or complete solution; however, the Department and responsible commanders remain ever mindful of the problem and will continue to address with urgency the activities of our servicemen where it contributes to the problem of children born out of wedlock.

We recognize that emotion and compassion often lead to a distorted view of the magnitude of the problem of illegitimate children by some persons. Accordingly, the number of such children fathered by American servicemen overseas is frequently exaggerated. Official reports from authorities in Vietnam state that the problem there is not of substantial magnitude. For example, it has been reported that the Vietnamese Social Welfare Ministry made a check of 20 orphanages containing about 1,500 children and found only 29 to be of mixed parentage. Another survey of a representative number of institutions for children in Vietnam shows that children with possible U. S. parentage account for approximately 2.6% of the total. A United Press report indicated that less than one half of one percent of the children in Vietnamese orphanages are thought to be Vietnamese-American.

Similarly, in 1952, when estimates of children of mixed parentage born out of wedlock in Japan during the United States occupation placed the number at 200,000, the American Consul General enlisted the cooperation of the Japanese Ministry of Welfare in evaluating the true extent of the problem. The Ministry's subsequent report placed the official figure at 5,013, of whom 1,000 were born to parents who were legally married subsequent to the birth of their child. (Eveland, Virginia D., "Welfare Program for Children of Mixed Parentage," *Foreign Affairs Association of Japan*, Tokyo, 1956). Again in 1963, allegations were made that there were about 100 orphan children in an orphanage on Okinawa of whom the majority were illegitimate children of American service personnel. However, an official investigation established that, of the 85 children assigned to the orphanages by the Ryukyuan Government, only six were of mixed parentage.

The other side of the story often goes untold. We take pride in the fact that the American serviceman, through his generosity in all foreign lands, has adopted many of these alien children.

In regard to the legal responsibility of individual fathers, it should be noted that when, through due process of law in a foreign country, paternity of an alien child is established to be the responsibility of an American serviceman, the same treatment is accorded the judgment of a foreign court as that of a court in this country in dealing with individual cases. In short, this means that as a minimum the Department of Defense expects the serviceman to support the child. The same principles apply, of course, when a serviceman acknowledges paternity of a child.

By Mr. JORDAN of North Carolina (for himself and Mr. ERVIN):

S.J. Res. 153. A joint resolution designating each week which begins on the first Sunday in March as "National Beta Club Week." Referred to the Committee on the Judiciary.

NATIONAL BETA CLUB WEEK

Mr. JORDAN of North Carolina. Mr. President, I introduce for appropriate reference a joint resolution authorizing and requesting the President to issue a proclamation each year designating the first week in March as "National Beta Club Week." The distinguished senior Senator from North Carolina (Mr. ERVIN) joins me in introducing the joint resolution.

The National Beta Club, founded by Dr. J. W. Harris and chartered under the laws of South Carolina in August of 1936, is a leadership-service organization for deserving high school students and is based on the principles of achievement, character and leadership.

Since the first local chapter was organized at Landrum High School in Spartanburg County, S.C., the organization has grown to the point where student membership in junior and senior chapters now exceeds 140,000. Except during war years, State conventions have been held regularly since 1934, prior to the chartering of the organization.

The motto of the National Beta Club—"Let us lead by serving others"—prefaces the many accomplishments of its members. Projects of local chapters are designed to improve general school programs and to create a better school environment; to raise funds for improving school facilities; to promote the public welfare; to improve scholarship; to encourage a higher standard of personal conduct; to promote community welfare and to build patriotism.

Mr. President, I am proud that Beta Club chapters are actively serving their schools and communities throughout North Carolina. I had the privilege of meeting with Mr. Alonzo Parrish III, the North Carolina State Beta Club sponsor-elect, in July of this year. With him were Mr. Timothy Humphrey Graham, State president of the organization and Mr. Bengie Matthew Hair, president of the Cape Fear High School club. They told me about the organization's plans for the coming year, about its past accomplishments, of its phenomenal growth and of the opportunities for personal achievement and service it provides. I determined at that time to introduce the legislation I offer today. I did so because I believe we should recognize and encourage the positive leadership and constructive contributions of Beta club members. I have always valued the enthusiasm, initiative and ideals of our youth. They are our hope for a better tomorrow and I have complete confidence both in their ability and in their determination to succeed. I can think of no more appropriate way to express our appreciation for their contributions and our eagerness to listen to their ideas than by designating the first week of March in each year as "National Beta Club Week."

I commend to the Senate's attention the outstanding record of this organization, and I urge Senators to join me in supporting this legislation.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 632

At the request of Mr. JACKSON, the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of S. 632, the National Land Use Policy bill.

S. 1130

At the request of Mr. HRUSKA, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 1130, a bill to provide for the establishment of the George W. Norris Home National Historic Site in the State of Nebraska, and for other purposes.

S. 1237

At the request of Mr. TUNNEY, the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 1237, a bill to provide Federal financial assistance for the reconstruction or repair of private nonprofit medical care facilities which are damaged or destroyed by a major disaster.

S. 1291

At the request of Mr. CASE, the Senator from Delaware (Mr. BOGGS) was added as a cosponsor of S. 1291, to further amend the act of October 4, 1961, amended by the act of July 19, 1966, to facilitate the efficient preservation and protection of certain lands in Prince Georges and Charles Counties, Md., and for other purposes.

S. 1512

Mr. MONDALE. Mr. President, I ask unanimous consent that the names of Senator HATFIELD, Senator HUGHES, and Senator STEVENS be added as cosponsors to S. 1512, the Comprehensive Child Development Act of 1971, and that they be noted as cosponsors on any subsequent printings of that bill.

This makes a total of 33 sponsors and cosponsors of the bill which Senator JAVITS, Senator NELSON, Senator SCHWEIKER, and I introduced on April 5, 1971, and whose major provisions have been adopted in section 6 of S. 2007, the pending bill which extends the Economic Opportunity Act.

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

S. 1835 AND S. 1836

At the request of Mr. HUGHES, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 1835, to provide a comprehensive Federal program for the prevention and treatment of drug abuse and drug dependence; and S. 1836, to provide a comprehensive Federal program for the treatment and rehabilitation of drug dependent Federal offenders.

S. 1846

At the request of Mr. JACKSON, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 1846, a bill to establish a Coal Gasification Development Corporation, and for other purposes.

S. 1973

At his request, the Senator from Washington (Mr. JACKSON) was added as a cosponsor of S. 1973, a bill to provide for the establishment of the Thaddeus Kosciuszko Home National Historic Site in the State of Pennsylvania, and for other purposes.

S. 1975

At the request of Mr. TUNNEY, the Senator from Oklahoma (Mr. HARRIS) was added as a cosponsor of S. 1975, a bill to change the minimum age qualification for serving as a juror in Federal courts from 21 years of age to 18 years of age.

S. 2091

At the request of Mr. CRANSTON, the Senator from Indiana (Mr. BAYH), the Senator from Kentucky (Mr. COOPER), the Senator from Missouri (Mr. EAGLETON), and the Senators from Minnesota (Mr. MONDALE and Mr. HUMPHREY) were added as cosponsors of S. 2091, the Veterans Employment and Readjustment Act of 1971.

S. 2460

At the request of Mr. RIBICOFF, the Senator from Utah (Mr. Moss) was added as a cosponsor of S. 2460, to provide for the expansion of trade by a program of exchanges between the United States and countries with nonmarket economies, and for other purposes.

SENATE JOINT RESOLUTION 117

At the request of Mr. MCINTYRE, the Senator from Arizona (Mr. FANNIN), the Senator from North Dakota (Mr. BURDICK), the Senator from Utah (Mr. BENNETT), the Senator from Maine (Mr. Muskie), the Senator from Maryland (Mr. BEALL), and the Senator from Maryland (Mr. MATHIAS), were added as cosponsors of Senate Joint Resolution 117, requesting the President of the United States to declare the fourth Saturday of each September "National Hunting and Fishing Day."

SENATE JOINT RESOLUTION 129

At the request of Mr. FANNIN, the Senator from Kansas (Mr. DOLE) and the Senator from Nebraska (Mr. HRUSKA) were added as cosponsors of Senate Joint Resolution 129, proposing an amendment to the Constitution of the United States requiring the submission of balanced Federal funds budgets by the President and action by the Congress to provide revenues to offset Federal funds deficits.

SENATE RESOLUTION 164—SUBMISSION OF A RESOLUTION AUTHORIZING THE PRINTING AS A SENATE DOCUMENT A REPORT ENTITLED "DEVELOPMENT OF SYSTEMS TO ATTAIN ESTABLISHED MOTOR VEHICLE AND ENGINE EMISSION STANDARDS"

(Referred to the Committee on Rules and Administration.)

Mr. RANDOLPH submitted the following resolution:

S. RES. 164

Resolved, That the report of the Administrator of the Environmental Protection Agency to the Congress of the United States (in compliance with Public Law 90-148, the Clean Air Act, as amended) entitled "Development of Systems To Attain Established Motor Vehicle and Engine Emission Standards" be printed with illustrations as a Senate document.

SEC. 2. There shall be printed two thousand five hundred (2,500) additional copies of such document for the use of the Committee on Public Works.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971—AMENDMENTS

AMENDMENTS NOS. 413, 414, AND 415

Mr. BUCKLEY submitted three amendments intended to be proposed by him to the bill (S. 2007 to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

VETERANS HEALTH CARE REFORM ACT OF 1971—AMENDMENT

AMENDMENT NO. 416

(Ordered to be printed and referred to the Committee on Veterans' Affairs.)

Mr. CRANSTON. Mr. President, at this time I send to the desk for printing an amendment I intend to propose in committee to S. 2354, the proposed Veterans Health Care Reform Act of 1971.

This amendment would authorize the Veterans' Administration to provide such home health services as are determined to be reasonable and necessary or appropriate for the effective and economical treatment of an eligible V.A. health care beneficiary. At the time I introduced S. 2354, I described the intent of this provision in some detail. However, the statutory language was inadvertently omitted from the text of the bill at that time, and this amendment is intended to correct that oversight.

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

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

AMENDMENT NO. 416

On page 4, between lines 5 and 6 insert the following:

(c) Section 601(6) of such title is amended by inserting: "such home health services as the Administrator determines to be necessary or appropriate for the effective and economical treatment of a disability of a veteran or a dependent or survivor of a veteran." after "treatment,".

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 347

At the request of Mr. BAKER, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of amendment No. 347, intended to be proposed to S. 1437, the Airport and Airway Development and Revenue Acts Amendments of 1971.

NOTICE OF HEARING ON S. 1794, RELATING TO THE CONTROL OF AGRICULTURAL AND FOREST PESTS

Mr. ALLEN. Mr. President, I wish to announce that the Subcommittee on Agricultural Research and General Leg-

islation of the Committee on Agriculture and Forestry has scheduled a hearing on S. 1794 for Thursday and Friday, September 30 and October 1. The bill authorizes pilot field-research programs for the control of agricultural and forest pests by integrated biological-cultural methods. The hearing will be in room 324 of the Old Senate Office Building beginning at 10 a.m. Anyone wishing to testify should contact the committee clerk as soon as possible.

NOTICE OF HEARING ON S. 571, RELATING TO THE IMPORTATION OF MEAT AND MEAT PRODUCTS

Mr. ALLEN. Mr. President, I wish to announce that the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture and Forestry, has scheduled a hearing on S. 571 for Tuesday, September 28.

The bill amends the Federal Meat Inspection Act relating to the importation of meat and meat products into the United States.

The hearing will be in room 324 of the Old Senate Office Building, beginning at 10 a.m. Anyone wishing to testify should contact the committee clerk as soon as possible.

NOTICE OF HEARINGS ON THE SALE OF "SATURDAY NIGHT SPECIAL" HANDGUNS

Mr. HART. Mr. President, on behalf of the Senator from Indiana (Mr. BAYH), I ask unanimous consent to have printed in the RECORD an announcement of hearings.

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

STATEMENT OF SENATOR BAYH

Mr. President, as Chairman of the Subcommittee to Investigate Juvenile Delinquency, I wish to announce hearings on proposed legislation to prohibit the sale of domestically produced cheap handguns, unsuitable for lawful sporting purposes, known as "Saturday Night Specials", scheduled for September 13, 14, 1971, at 10:00 AM, in Room 2228 of the New Senate Office Building, Judiciary Hearing Rooms.

These hearings will focus on a proposed amendment to Section 922(b) of the Gun Control Act, which I shall introduce later this week. The effect of my amendment would be to prevent the transfer or sale by a Federally licensed dealer of any firearm, other than a rifle or shotgun, to anyone except law enforcement officials unless the Secretary of the Treasury determines that the gun is suitable for lawful sporting purposes.

We have invited witnesses from the government, industry, and from those Presidential Commissions which have inquired into the problem of violence in America.

I do want to emphasize that this proposed bill would not interfere with the legitimate, sporting use of the long guns, the rifles and shotguns, because the amendment does not cover them. In addition, handguns designed for and suitable for sporting purposes would not be affected by this amendment, for these firearms would meet the necessary criteria for sale to the public.

The amendment is designed to implement the intent of Congress when it passed the Gun Control Act of 1968. That Act banned the importation of foreign "Saturday Night Specials." Unfortunately, the law did not prohibit the importation of certain parts for these guns and they are now being assembled in this country and misused in crimes of violence. The purpose of my amendment is designed to close this loophole in the law.

NOTICE OF HEARINGS ON MINERAL RESOURCES IN THREE SISTERS WILDERNESS, OREGON

Mr. JACKSON. Mr. President, I announce for the information of the Senate and the public that on Monday and Tuesday, September 13 and 14 at 10 a.m., the Subcommittee on Minerals, Materials, and Fuels, of the Senate Committee on Interior and Insular Affairs, will hold an open, public hearing on S. 1784, relating to mineral resources in the Three Sisters Wilderness in Oregon.

Any Member of the Senate or of the general public who wishes to testify at this hearing should so advise the committee staff. The hearing will begin at 10 a.m., in room 3110, New Senate Office Building.

NOTICE OF HEARINGS TO BE HELD BY THE SUBCOMMITTEE ON RURAL DEVELOPMENT OF THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. HUMPHREY. Mr. President, I wish to announce that the Subcommittee on Rural Development of the Committee on Agriculture and Forestry will hold hearings September 21, 22, 23, and 24 on S. 2223, the Consolidated Farm and Rural Development Act. Anyone wishing to testify should contact the committee as soon as possible.

The hearings will be held in room 324, Old Senate Office Building, beginning at 10 a.m. each day.

ADDITIONAL STATEMENTS

BOURKE BLAKEMORE HICKLENLOOPER

Mr. PASTORE. Mr. President, it was on an October day of 1968 that the Senate of the United States paused to pay tribute to a colleague who, of his own volition, was bringing to a close his active official career—34 years of service to his native State of Iowa and to the United States—and to the world of this troubled generation.

And now—suddenly—Bourke Blakemore Hickenlooper has departed this life and we speak in eulogy of a great American.

It was my privilege 3 years ago, as chairman of the Joint Committee of the Congress on Atomic Energy, to speak of the significant contribution Bourke Hickenlooper had made to initiate the Atomic Energy Act of 1946—to administer it and to improve it in demanding nuclear times of international competition.

Equally responsible in this world crises era was his service on the Committee on Foreign Relations—and all of us bear witness to the dedication of "Hickenlooper of Iowa" on the Senate floor.

It was my privilege—though not of his political party—to have possessed his personal friendship—to have enjoyed his companionship on shared world assignments toward understanding and peace for mankind.

I said in October of 1968 that I knew of no finer gentleman—no man I would rather call "friend"—than Bourke Hickenlooper.

These 3 years have confirmed that friendship. In the hour of his great sorrow—in the passing of his beloved wife—Bourke Hickenlooper bequeathed to me for my wife a token by which both women set special treasure.

I speak of this only to record how thoughtfully personal could be this great man, whose years were devoted to world-wide crises affecting the very survival of mankind.

And I speak to record the debt that America owes to its grassroots—the debt that America and the world and the future owes to an able statesman who could deal with the great problems of our age and never lose the friendly, homely qualities of the little Iowa town to which he always referred proudly as his birthplace.

To the loved ones of Bourke Hickenlooper this Senate and his country speaks in gratitude no less than sympathy.

May he rest in peace.

THE INTERNATIONAL MONETARY SYSTEM

Mr. RIBICOFF. Mr. President, at a time when the international monetary situation remains a major cause of concern here and in most capitals of the world, new ideas and fresh solutions are sorely needed. After the experience of a series of monetary crises since the Second World War, it should be clear by now that superficial, patchwork remedies can no longer be substitutes for the establishment of a fair, workable system.

If the major industrialized nations are to continue to reap the benefits of expanded trade and investment, they must be willing to chart new courses in resolving their differences.

Last week, Mr. Jean-Jacques Servan-Schreiber, one of France's more forward-looking and energetic political figures, expressed his own views on how the international monetary system should be restructured. His provocative suggestions and analysis deserve attention at a time when Congress will soon be faced with many aspects of the problems explored by Mr. Servan-Schreiber.

I ask unanimous consent that Mr. Servan-Schreiber's article, published in the International Herald Tribune of August 30, be printed in the RECORD.

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

[From the International Herald Tribune, Aug. 30, 1971]

A EUROPEAN VIEW: END OF A MONETARY SYSTEM

(This is a translation of an article which will appear today in the French newsmagazine L'Express. Mr. Servan-Schreiber, publisher of L'Express, is the author of "The American Challenge" and a deputy in the French National Assembly from Nancy.)

(By Jean-Jacques Servan-Schreiber)

PARIS.—The current general disorder came as no surprise; nor for the moment is it any cause for concern.

The end of the monetary system in force for the last generation is the most important event that could take place, except for war. The construction of a new system is a challenge which is political in the extreme. Thus, it is only normal that the public debate should be animated.

If, as Clemenceau said, "War is too serious a matter to be left to the generals," there can be no question of allowing monetary experts alone to negotiate a solution to the present problem. The solution will be found only after collective consideration.

And within the last few days, two men, among others, have added the weight of their experience to the question.

Ralf Dahrendorf, who, at the GATT meeting, replied in the name of the European Commission to Nathaniel Samuels, the American delegate, put things very clearly: The monetary problem of the dollar (and, thus of the whole system) is not due to "an unfavorable American balance of payments, but to the constant increase of American investments throughout the world."

USING FIGURES

He described this increase with just a few figures: American investments in the Common Market came to $2 billion in 1958, they were $10 billion by 1969 and $13 billion last year. This phenomenon has grown so fast that the U.S. government itself is unable to cope with it. The "American Challenge" also defies the United States.

Pierre-Paul Schweitzer, the head of the International Monetary Fund, has created a bit of a fuss by revealing, unofficially, the real value of the various currencies, which are hidden under artificial parities. He was, thus, able to give an idea of the market value of each national economy.

Through this, we learned that the major currencies should be allowed to float up to their true levels: the Japanese yen should be revalued by 15 percent compared to the dollar; the West German mark by 14 percent; the Canadian dollar by 10 percent and the pound sterling and French franc by about 7 percent.

This fascinating revelation by the IMF will probably be considered to be the harbinger of the new economic system. And this new system will be a universal stock exchange—an adjunct to the international market place—where the economies of nations will have to agree to be quoted at their real value, much as commercial firms are on the stock exchange. This is precisely what West German Economic Minister Karl Schiller is aiming at—although he hasn't said so explicitly—when he proposes that all currencies be allowed to float.

The Economist, of London, has come out for the Schiller system: "We are fully in favor of allowing currencies to float. This system will produce many fewer shocks to the economy than the frequent crises which resulted from the vain pretense of trying to maintain fixed parities."

There will, of course, be many reflex reactions, uncounted ancient customs, as well as national pride and ideological barriers to reject, and to reject violently, the idea of rating national economies—and consequently, the management of government and their policies—on a world market.

But a light is shining through the dark cloud of nationalism.

And this light is beginning to give shape to the new economic system. The value of a currency will no longer be quoted in relation to gold, but in relation to the management of a nation's economy. Economic experts will decide—as speculators now do—on the rating of a currency by basing their opinions on the current situation and forecasts of future management. The study of a nation's economy will have a direct effect on the credit given to the nation's currency. Currency will bear the value of the credit allotted to it and credit will depend on management. That will be the new system.

But what sort of management can there be? This is where the revolutionary ideas which overthrew the ancient economic regime (and which will help to establish the next one) become clear. Let us say, for a start, that management will be a question of the use made of public funds.

MAIN QUESTION

The main question that will be asked on the universal stock exchange, the one asked by investors as well as speculators, will be: "Is each dollar of public funds, each mark of public funds, each franc being properly employed (that is, to facilitate expansion) or is it being squandered?"

It is obvious that each dollar of public funds which for so many years has been earmarked for the Vietnam war cannot be considered as a productively employed dollar. The same is true for the Lockheed subsidy as well as the upkeep of military bases.

It is just as clear that the management of public funds in Britain has been unwise in many ways: the too-extended upkeep of a military force in the Far East, annual expenditures for nuclear weapons, public subsidies for Concorde and to Rolls-Royce.

The West German "miracle" as well as that of Japan were based on the diametrically opposed notion, that is, on the idea that all public expenditures must be productive.

This new standard helps to shape the form of the future system. It will be a combination of good management and floating currencies. It will be the opening of a world market without national barriers, but where public funds will be used to further the state's only productive goal: to fill the needs of society.

If Mr. Schiller favors floating currency, it is certainly because he is a Social Democrat. If Sen. William Proxmire is against a subsidy for the supersonic transport and refuses to come to Lockheed's aid, it is not because he is a reactionary free-trader, but in the name of a new policy for development, that is, so that public funds may be used for the improvement of cities, communications, social security, employment, and training among other objectives.

Let us look and look very cautiously all around before we leap. The revolution which began with a loud clap of thunder is not that of a technical reform of the monetary system, but that of the political system.

AWARD OF NAVY CROSS TO SGT. HUBERT H. HUNNICUTT, III, U.S. MARINE CORPS

Mr. TALMADGE. Mr. President, U.S. Marine Corps Sgt. Hubert H. Hunnicutt III, of Marietta, Ga., has been awarded the Navy Cross for extraordinary heroism in Vietnam. This is the Nation's second highest award for gallantry in combat action.

Sergeant Hunnicutt is a credit to the finest traditions of the Marine Corps, and I know that his family and the people of his home community are very proud of him. I extend my personal congratulations to him.

I ask unanimous consent that Sergeant Hunnicutt's citation be printed in the RECORD.

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

THE SECRETARY OF THE NAVY,
Washington, D.C.

The President of the United States takes pleasure in presenting the Navy Cross to Sergeant Hubert H. Hunnicutt, III, United States Marine Corps, for service as set forth in the following Citation:

For extraordinary heroism on 16–18 April 1968 as a squad leader in Company C, First Battalion, Ninth Marines, Third Marine Division in connection with operations against enemy forces in the Republic of Vietnam. Participating in the attack against an enemy bunker complex on a hilltop near the Khe Sanh Combat Base when the battalion came under heavy fire, seriously wounding his platoon commander, Sergeant (then Corporal) Hunnicutt treated the officer's wounds and then directed squad members into a bomb crater to await a lull in the enemy activity. When Sergeant Hunnicutt attempted to emerge from the crater, he sustained serious wounds along with other members of his unit, and was unable to leave his position because of the continuing enemy fire raking the area. At dusk he left the position and crawled across the fire-swept terrain to secure medical aid for himself and the other casualties trapped in the bomb crater. En route, Sergeant Hunnicutt discovered his company commander lying in an open area, severely wounded. While attempting to render aid and assistance to the officer, Sergeant Hunnicutt was again wounded. Nonetheless, he was able to fire at the enemy positions and to hurl hand grenades, eventually silencing their fire. At the first rays of dawn, he managed to move the company commander to a covered position and then proceeded to seek medical assistance but, overcome by weakness from loss of blood, fell into a gulley where he lay for several hours. Alerted by the sound of an aircraft, he gathered his last remaining strength and attracted the attention of the pilot who thereupon landed, placed Sergeant Hunnicutt aboard the observation craft, and then relayed a message to pinpoint the location of the company commander. By his indomitable courage, his selfless concern for the safety and welfare of his fellow Marines, and his inspiring devotion to duty in the face of overwhelming adversity, Sergeant Hunnicutt upheld the finest traditions of the Marine Corps and the United States Naval Service.

For the President,
JOHN W. WARNER,
Secretary of the Navy.

THE PRESIDENT'S NEW ECONOMIC PLAN FOR AMERICA

Mr. GOLDWATER. Mr. President, President Nixon in announcing his new economic plan for America stated that the key to its success is in the hands of the American people. Whether the Nation stays No. 1 in the world economy or resigns itself to a lesser position depends in large measure on the willingness of all Americans to make a sacrifice, momentarily set aside self-interest, and to join together in a cooperative spirit. I happen to agree with the President's assessment of the situation and thus call upon all Senators to lend a hand.

The cornerstone of the package of initiatives outlined by the President is the restoration of confidence in our ability as a nation to compete in peacetime. It is a challenge which none of us have faced in our lifetimes.

Many of my colleagues and fellow-citizens have honest differences of opinion with the President as to how best to achieve the goals of jobs, prosperity, and

stability. That is to be expected. Unfortunately, however, there has been a great temptation among some to make the economy just another partisan political issue, with the President as target rather than partner. Some have already fallen victim to the temptation by resorting to their usual political attacks. Their response to the President clearly indicates a misunderstanding of the seriousness of the situation.

I am especially dismayed by the public utterances of several of my colleagues and their supporters in the labor movement over the Labor Day weekend. It is a sad commentary, indeed, of their sense of national unity that they should be mouthing political invectives and rhetorical poetry at a time when the President of the United States is trying to mobilize our people for one of the most difficult challenges ever to confront America. Such colorful expressions as "Robinhood in Reverse" and "trickle-down, percolate up" contribute nothing to public understanding of complex issues facing the country. In fact, they have the deceptive effect of leading people to believe that the new economic policy is just another political exhibition, and that the situation is not serious. I recognize the fact that some of my colleagues, and their political compatriots in the labor movement are interested in capturing the White House from President Nixon next year, but I urge them not to do it at the expense of the national interest. The economy and the Nation's prosperity must not become just another political punching bag—our future will be doomed if it does.

The vast majority of Americans are fully cooperating with the President. They do so because they wish, as I do, to see America solve her economic problems and maintain her traditional position of preeminence in the world. They do so because of the realization that they have made very little real progress in recent years in their wages and standard of living due to rampant inflation. They support the President because they understand the importance of unity in attaining the goal of prosperity in peacetime. Recent polls show that almost 80 percent of the public is behind the President in his efforts.

I call upon Senators to join with the people in a show of unity of purpose in licking our economic problems. No good can possibly come from witch-hunting or political bickering. The confidence of people in Government is being tested as never before. Our role in the Senate should be to do everything we can to promote that confidence.

I hereby ask for a moratorium on partisan political rhetoric among all Senators and Representatives. By no means do I imply by this that we should not examine closely each of the proposals transmitted to us by the President. Nor do I suggest that debate be muted as our own ideas discouraged. What I am asking for is a cease-fire in the rhetoric that so often impedes meaningful progress in Congress—and for a partnership between the legislative and executive branches of Government to win this present fight.

Those who have spoken out already are encouraged to join with the rest of us in this effort. It is not too late to sheathe the sword of partisanship. We should join with those who by their words and deeds have proven what many believed was no longer thought true in this country—and that is, that Americans are capable of cooperating with each other to solve mutual problems.

To that end I ask all of my colleagues to cool their rhetoric and to fall in behind the President in this new economic effort. In the President's own words:

Let us invest in our Nation's future; and let us revitalize that faith in ourselves that built a great Nation in the past.

Now is the time for us to cooperate.

INTERVIEW OF ADM. LEWIS L. STRAUSS

Mr. BYRD of Virginia. Mr. President, last week the Associated Press distributed to its member newspapers an excellent interview of Adm. Lewis L. Strauss, former Chairman of the Atomic Energy Commission.

Admiral Strauss lives at Brandy Station, Va. He is, I feel, one of our country's ablest citizens and one of her greatest patriots.

He is a man of unusual ability and judgment who has served five Presidents, and served them well, during his long career.

As his close friend I have been the beneficiary of his sound judgment and good advice. I cherish my close association with him during the past 25 years.

I ask unanimous consent that the Associated Press interview of Admiral Strauss be printed in the RECORD.

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

THE GREAT WARS ARE OVER

(By George W. Wilbur)

BRANDY STATION.—Rear Adm. Lewis L. Strauss, who helped spur development of the hydrogen bomb, feels that nuclear weapons have made major wars unlikely in the future. Instead of war, he thinks man's biggest problem will be warding off starvation.

"I suspect that the great wars are over," said Strauss, financier, adviser to five U.S. presidents and former chairman of the Atomic Energy Commission.

The fact that the United States, Russia, Britain and France have all had atomic weapons this long without using them "attests to the persuasive deterrence of nuclear armament," he said.

Strauss, 75, interviewed at his 2,000-acre Angus cattle farm in Culpepper County, said Red China's entry as a nuclear power "represents a new factor."

"And while we don't know enough about Chinese mentality to know whether they'll bluff or actually use it some day," he said, "I think we have to hope" that Nixon's overtures will lead to talks on disarmament.

Strauss said his greatest concern for the future is that population growth will outstrip food production. Starvation "is what is staring us in the face," he said.

Relaxing in the living room of his manor house, Strauss gazed toward the outline of the Blue Ridge Mountains and reflected that he and John D. Rockefeller III joined in 1951 to organize the Population Council.

"The council financed the development of 'The Pill' and the intrauterine devices," he said, "but the real effectiveness of population control depends on the backing and support of governments."

Strauss verbally hop-scotched over the sometimes controversial summits of a life of public service that began, at age 21, as a member of the Belgian relief team under Herbert Hoover.

He was on active duty, as a rear admiral when the atomic bomb was dropped on Hiroshima, and he says deplores the act to this day.

"I did my best to prevent it," he said. "The Japanese were defeated before the bomb was used. It was unnecessary and, worse than unnecessary, it launched the world into the atomic weapon era."

In 1946 President Truman named him a member of the first Atomic Energy Commission. He resigned in February 1950, but was appointed its chairman in 1953 by President Eisenhower.

At the end of his term in 1958 Eisenhower gave him an interim appointment as secretary of commerce: Congress defeated his nomination to the full-time post in June 1959.

In subsequent years, Strauss served as director of numerous corporations, as president of the Institute for Advanced Study at Princeton, as a trustee of the National Science Foundation and as a member of the Naval Research Advisory Committee.

Retirement, begun a few years ago, is shorn of the pressure of Strauss' fastest pace but remains full of activity.

"I serve on a few boards, look after my investments and farm operation, do a little gardening and a lot of reading and writing," he said.

Strauss is currently writing two books and cataloguing his papers for future distribution to libraries.

He remains optimistic about the future of his country.

"Economically, we're as great as we say we are," he said.

"Militarily, we've slipped. But with military strength, in the nation" but added that back.

Strauss said he was disturbed about the divisiveness in the nation" but added that as much or perhaps more divisiveness might be as true of Russia or even China "and we wouldn't know about it because they do not have freedom of expression."

Often criticized for his give-no-quarter approach to worldwide communism, he said nothing has occurred recently to change his opinion that "they're expansionist and think the world is their oyster."

"While I do not believe that they are less threatening than they were," Strauss said, "I'm not sure that just to glare at them and not talk with them gets us anywhere."

Strauss said one of his proudest accomplishments "perhaps the best thing I ever did" was to act as catalyst for the development of peacetime uses of atomic energy.

Noting that he was "pretty roundly lambasted" for his views back in the 1950s, he said electrical production by nuclear plants either in operation, in the course of construction or for which reactors have been ordered, has a capacity of nearly 100 million kilowatts a year, the equivalent to nearly 100 Hoover hydroelectric dams.

"Nuclear energy is here in a big way and is going to get a lot bigger," Strauss said.

A key hope for the future, he said, is the production of non-polluting electrical fuel at very low cost from the limitless supply of seawater through the fusion of heavy isotopes of hydrogen.

"When I returned to the commission as chairman in 1953," Strauss said, "I secured $20 million in order to get several laboratories and several hundred top physicists to work on this project. The breakthrough will come in this century and could come in the very, very near future.

THE RUSSIAN TRUCK DEAL

Mr. THURMOND. Mr. President, I invite the attention of Senators to an editorial published in one of my State's most prominent newspapers.

The editorial correctly takes the administration to task for endorsing the shipment to the Soviet Union of $162 million worth of foundry tools. From this material the Soviets will be able to assemble the world's most productive truck factory.

I submit, Mr. President, that such a technical increase in the productivity of this No. 1 Communist nation does not serve the best interests of the United States in any sense, militarily or economically. At best, it is extremely unwise to hand the Soviets a capability that can very easily be converted to a military use.

The editorial, entitled "America Plays Simpleton in Russian Truck Deal," appeared in the August 12 issue of the State of Columbia, S.C. I ask unanimous consent that it be printed in the RECORD.

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

AMERICA PLAYS SIMPLETON IN RUSSIAN TRUCK DEAL

With the Administration's blessing, an unidentified American exporter shortly will trundle off to the Soviet Union with $162 million worth of foundry tools. Thus equipped, the Soviets will undertake to assemble the mightiest truck factory in the world.

The excuses cited by those Washingtonians who gave the green light to this deal are, first, that it will pump new life into America's gasping machine tool industry, second, that the Russians will know now that we aren't planning anything clever by cozying up to the Red Chinese, and, finally, that such friendliness on our part will encourage the Soviets to be nice to us when it comes time to negotiate on matters vital to survival.

Man's capacity for self deception knowing few bounds, it is possible that the Administration really believes this drivel. It is drivel just the same. Does anyone in his right mind seriously suppose that the good health of America's machine tool industry is dependent on the Soviet market or that a piddling $162 million contract will save it if it needs to be saved? Lockheed—one company—needs more money than that and may fold anyhow.

Or take the Red China argument. The one thing Mr. Nixon's Peking overture has going for it is the unspoken encouragement it offers to the Sino-Soviet feud, from which the non-Communist world has nothing to lose and much to gain. Now the Administration speaks of smoothing Moscow's feathers. In repayment for what? All that Soviet assistance to North Vietnam, which assistance includes, among other items, Soviet-built trucks?

But the weakest excuse of all is the naive assertion that Moscow will show appreciation at the bargaining table. Moscow will do nothing of the kind. What Moscow will do is what Washington ought to be doing: drive the hardest bargain possible. Anyone who supposes that Moscow will trade Soviet missiles for American-made machine tools is dreaming.

Would that we all were. Even the celebrated 1963 wheat deal, whereby America sold grain to the Soviets after a Russian crop failure, could be defended on humanitarian grounds. Also, wheat is a non-strategic commodity. But trucks? What on earth is the Administration thinking about? Or is it thinking at all?

THE NATION'S MILITARY STRENGTH

Mr. GOLDWATER. Mr. President, the Armed Services Committee has just completed the writeup of the military authorization bill and it will probably be debated at length now that we have returned from the summer recess.

So many people who practice soft approaches to the threats placed upon us around the world have had a hand in formulating the Pentagon thinking up until Secretary Laird took over that we have found our military strength decreasing and potential enemies' strength increasing.

Every briefing on the threat that I have listened to over the past 8 to 10 years has brought me to the conclusion a long time ago that the time would come when this country would no longer be No. 1 in military strength in the world. I wish it were possible for the American people to see and hear these threat briefings, but so much material of a highly classified nature is contained in them that that would be impossible, but one briefing has been downgraded by Gen. Bruce Holloway, commander of the Strategic Air Command, to the point that the briefing as he gives it is in a declassified form and can now be printed. Many Senators have undoubtedly received a copy of "The Threat," by the Strategic Air Command, that I ask unanimous consent that the discussion in its entirety be printed in the RECORD.

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

THE THREAT

SOVIET-CHICOM STRATEGIC THREAT

This subject, "the Soviet and Chinese Communist Threat," is one of real concern to all of us. During the past five years, the fine balance of strategic power has shifted in favor of the Soviet Union. Admiral Thomas Moorer, chairman of the Joint Chiefs of Staff, disclosed recently "that within the next five years or six years, we could actually find ourselves in a position of overall strategic inferiority." This presentation will highlight the most significant aspects of the growing Soviet strategic offensive and defensive forces, and the emerging Chinese Communist threat. In our judgment, no discussion of Soviet strategic systems would be complete without some mention of the developing Chinese Communist threat. Therefore, we have taken the liberty of including a brief look at the Chicom strategic threat.

THREAT TOPICS

Three major elements of the Soviet strategic threat will be discussed. Strategic offensive forces, strategic defensive forces and research and development. We have included defensive forces under the general topic of strategic weapons systems, since defenses also play a vital role in our planning and in the strategic balance of power. We conclude with a review of the Chinese strategic threat.

ICBM FORCE

The expanding Soviet strategic threat is reflected in the rapid growth of their ICBM inventory. In only four years, the Soviets have increased their ICBM force by a factor of five. The result is an ICBM force of about 1500 launchers, compared with our fixed IBCM force of 1954 launchers, a U.S. force that peaked out this level over five years ago. Perhaps you have heard of the apparent slowdown in the deployment of the Soviet's SS-9 launch system. This development has now been offset by the recent revelation that the USSR is constructing new missile silos. Secretary of Defense Melvin Laird, in this regard, stated "there is evidence of construction of a large missile system" and that "it is difficult at this time to say whether it is a modified version of the SS-9 or a new ICBM system."

SS-7 AND SS-8

Since initial deployment in the early 1960's, the Soviets have developed a number of ballistic missile systems. Two of the earlier systems, the liquid fueled SS-7 and SS-8, were deployed in only limited numbers. However, their retention in the ICBM inventory emphasizes the Soviet propensity to hold onto older, proven systems, even as new systems are deployed.

SS-11

The SS-11 is one of three ICBM systems still being actively deployed. It is deployed in larger numbers today than any other Soviet system, in excess of 900 launchers, part of which are associated with MR/IRBM fields. Flight testing of modifications to the SS-11 commenced in 1969 and has included tests of a new reentry vehicle with penetration aids and multiple reentry vehicles as likely possibilities. Last August, Secretary Laird revealed that two extended range tests of this system, into a Pacific Ocean impact area, may have carried as many as three reentry vehicles. In 1968, deployment of SS-11's at MR/IRBM complexes in the western U.S.S.R. was begun. These missiles, if used in a variable range mode, could be targeted on both U.S. and the NATO area of Western Europe.

SS-13

The SS-13, Savage, is the Soviet's first operational solid propellant ICBM. Deployment thus far has been limited, and we are uncertain about SS-13 force goals. Again, as with the SS-11, an active test program continues for this system.

Today, the combined SS-11 and SS-13 force accounts for more than 1,000 launchers.

SS-9

Last, but by no means least, of the ICBM systems currently being deployed is the powerful SS-9 system.

The SS-9 is the largest and most versatile missile in the Soviet ICBM inventory. Silos for about 300 of these large, liquid fueled systems are completed or under construction. The missile is capable of a variety of strategic roles. As an ICBM, the SS-9 is capable of delivering a single 25 megaton warhead, or combinations of smaller megaton range multiple warheads.

Multiple reentry vehicle tests, using the SS-9 booster, were initiated in 1968. As already tested, the system can carry three 5 megaton warheads to a range of over 5000 nm. Shown is photography of the reentry phase of one of the multiple reentry tests.

Another variant of the SS-9 has been tested as a fractional orbit bombardment system, or FOBS.

The actual extent of diversification in the operational deployment of the SS-9 system cannot be determined. However, it can be said with assurance that this large payload missile, with its proven versatility, provides a variety of options for deployment or employment.

ICBM GROWTH

The Soviets have already surpassed the U.S. in numbers of land-launched ICBM's and deployment is continuing. Of even more significance is the advantage held in total payload and the current emphasis on multiple reentry vehicle testing. Significantly,

last year's research and development testing of ICBM's by the Soviets showed the greatest activity since the beginning of their ICBM program. Although we are uncertain of their future force goals, based on the level of activity in recent years, the Soviets could achieve a force of well over 2,000 hardened ICBM's by 1975.

MR–IRBM FORCE

The Soviets have also deployed over 650 liquid fueled medium and intermediate range missile launchers. These launchers, designated the SS–4 and SS–5, are mainly deployed along the western USSR border.

The MR–IRBM force has remained fairly constant over the past 10 years. However, indications are that it may be replaced by a solid fueled mobile system, such as the Scamp.

While not a direct threat to the United States, the MR–IRBM force, including refire capability, represents a threat of over 1,000 missiles to our overseas forces and bases, as well as to our allies.

SLBM FORCE

Turning now to Soviet sea launched ballistic missiles, a situation exists similar to the ICBM growth. In less than five years, this threat has tripled.

OLDER SUBMARINES

The first ballistic missile carrying sub, the Z-class, was operational in the mid-1950's. This was followed by the G-gold and then the H-hotel class. The hotel class was the Soviet's first nuclear powered ballistic missile submarine. The missiles associated with these three-tube submarines have ranges on the order of 500 NM.

YANKEE CLASS

By far the most significant factor in the expanding sea launched ballistic missile threat has been the development of the Yankee class nuclear powered ballistic missile submarine. Like our polaris subs, the Yankee carries 16 missiles each, with a range of about 1300 NM. At least 17 of the Y-class boats are considered to be operational. However, we believe at least another 15 are presently being outfitted or under construction at two separate facilities, and the build rate is about seven to eight per year.

In addition, testing is underway on a new, longer range missile that could double the present strike range. This new naval missile may be the sawfly which was first displayed in a 1967 Moscow parade.

SLBM GROWTH

Today, the United States still has the advantage in numbers of sea launched ballistic missiles but the Soviets are rapidly closing the gap. With an estimated construction rate of 7–8 Yankee subs per year, the Soviets could at least equal our Polaris and Poseidon force within the next few years.

BOMBER FORCE

Turning now to Soviet bombers, the maintenance of a long range aviation force of about 900 bombers since 1965 is evidence of their continuing importance as part of the Soviet strategic arm.

HEAVY BOMBERS

The heavy bomber force composed of bears and bisons is being maintained at about 195 aircraft of which 50 bisons are normally configured as tankers.

Although the U.S. stopped heavy bomber production about seven years ago, the Soviets only recently discontinued production of the Bear, a turboprop bomber.

A significant portion of this force can carry air to surface missiles and be refueled in flight.

MEDIUM BOMBERS

The Soviet medium bomber force, consisting of Blinders and Badgers, totals about 700 aircraft. The Badger was first introduced in 1953 and some of these aircraft have been revitalized by the addition of air to surface missiles.

A limited production continues on the Blinder. This is a swept wing, supersonic medium bomber, powered by two turbojet engines. If deployed at northern USSR staging bases, the medium bombers could be a potential threat to the United States.

FUTURE BOMBER

While older systems are continually updated with modifications, the Soviets continue to develop newer and improved aircraft.

The Soviet supersonic transport has been flying for 2 years. While we know of no direct military application, the SST could provide valuable engineering data for a follow-on strategic bomber.

In fact, a new prototype strategic bomber is now flying in the Soviet Union. It is believed to be a variable sweep wing, supersonic aircraft, with improved range over the Badger and Blinder.

BOMBER STRENGTH

The long range bomber force has remained fairly constant during the past 6 years after the allocation of about 400 aircraft to its naval arm in the early 60's. They continue to maintain this large strategic bomber force, despite predictions that it would be phased down. Recall Mr. Khrushchev's famous remark in 1957: "Bombers are obsolete. You might as well throw them on the fire."

AIR DEFENSE FORCE

A full appreciation of the growing Soviet threat requires an examination of defensive as well as offensive strategic forces. Today, the Soviet Union possesses extensive defensive systems ranging from antiaircraft artillery to antimissile missiles.

They probably spend at least twice as much as the United States for defense. They are, qualitatively speaking, equal, and in terms of inbeing, operational forces, quantitatively greater than the United States.

By way of illustration, with a land area not quite three times that of the United States, they have from five to 20 times as many radars, surface to air missiles, and interceptors.

Probably more important, however, is their continuing program to improve air and missile defense across the board, coupled with significant progress in antisubmarine warfare.

RADARS

An important aspect of Soviet air defenses is the network of radars, numbering in the thousands, which provide complete warning and interceptor control throughout the USSR. These radars, which span the full usable frequency spectrum, incorporate all the latest advancements in electronic counter-countermeasure technology. In addition, they have recently embarked upon an extensive program to improve their ability to detect low flying bombers using land, sea, and air based radars.

AWACS

A new airborne radar is mounted on the Moss, which was developed from the TU–114 transport version of the Bear bomber. This airborne warning and control system, AWACS, can extend Soviet detection of penetrating bombers by about two hundred miles, and even without advanced techniques, could detect low altitude aircraft against the background of a calm sea.

FIDDLER

The Soviets maintain an impressive force of more than 3,000 fighter interceptors. Most, including the older MIG–17, –19 and –21 have good all-weather performance characteristics. To keep this force modern, the Soviets have introduced a new fighter aircraft on an average of one per year.

An example is the Fiddler, a large, long range interceptor which became operational about five years ago. If used in conjunction with the AWACS, it could patrol well beyond Soviet borders.

FLAGON

The Flagon is a small, fast point defense interceptor which has been in service about two and a half years.

THE FOXBAT

The Foxbat is a relatively large aircraft capable of speeds in the mach 3 region. When introduced over five years ago, the Foxbat claimed three world speed records, as well as altitude and payload records. Today, this aircraft officially holds two world speed records over a close circuit course. This aircraft was recently deployed as an interceptor and may enter the tactical aviation inventory this year. If employed as a tactical aircraft, it is believed that the Foxbat will retain its primary role as an interceptor and fulfill a specialized secondary reconnaissance role.

SAMS

Besides innumerable AAA weapons ranging up to 130-mm, there are on the order of 10,000 surface to air missile launchers in the Soviet Union in both fixed and mobile configurations. Their oldest operational system, the SA–1, is still deployed around Moscow.

The SA–2 is the mainstay of Sam defenses in the Soviet Union and pro-Soviet nations, including Cuba, NVN and the UAR. The good high altitude performance of the fixed SA–2 system is complemented by the SA–3 system which is more effective at low altitudes. The SA–2 and SA–3 have figured prominently in the Mid-East.

The SA–4 and SA–6 are track mounted, mobile systems, ideally suited for defense of army field units. The SA–6 was first observed in the November 1967 Moscow parade and may be operational now or in the near future.

The SA–5 Tallinn system provides an excellent defense against extremely high altitude aircraft; and as a leading U.S. expert has pointed out, could intercept ballistic missiles. More will be said about the SA–5 system later.

ANTISUBMARINE WARFARE

Soviet defenses are also growing on the seas—witness the production of two large helicopter carriers: The *Moskva* and her sister ship, the *Leningrad*. These ships probably carry sophisticated electronic gear for detection and tracking of enemy submarines, and rely on armed helicopters to perform the kill. Both ships have operated extensively in the Mediterranean, and the *Leningrad* has been noted as far north as the Kola Peninsula. The *Leningrad* also played a prominent role in the large scale Soviet naval exercise, Okean, in April and May 1970. This single naval operation was, incidently, the widest in scope ever attempted by any navy—involving about 200 ships in a single, integrated operations plan involving three oceans and nine adjoining seas.

ANTISUBMARINE AIRCRAFT

In addition to using helicopter carriers in an ASW role, the Soviets have developed several long-range, land-based aircraft for this mission. The Mail and the May are probably equipped with a high resolution radar, as well as magnetic anomaly detection gear. Both can carry ASW torpedoes and depth charges.

Additionally, the Soviets could configure their longer range naval version of the Bear bomber for this ASW mission. With such a platform recovering in Cuba, as the Soviets have done with the reconnaissance version, the entire North Atlantic could be covered routinely.

BALLISTIC MISSILE DEFENSE

Turning now to ballistic missile defense, the Soviets have considerable activity underway.

MOSCOW SYSTEM

The Moscow system consists of 64 launchers, divided among four complexes, and was begun 5 years ago. At the same time, construction began on several giant supporting radars, about 900 feet long and 90 feet wide. These powerful radars, designated the Hen House, provide early warning acquisition and tracking functions.

The first phase Soviet ABM deployment around Moscow has been described by a DOD spokesman as a "relatively complete ballistic missile defense". He also stated that there is "no reason to doubt the effectiveness of this system."

ABM RADAR—ACQUISITION

A second large radar, nicknamed dog house and standing hundreds of feet tall, is located near Moscow. It is probably a more accurate system designed to provide refined data for improved battle management.

ABM RADAR—TRACKING

Final target tracking and missile guidance are probably provided by large, dome covered tracking radars, such as this one near Moscow, designated try add.

ABM SYSTEMS

The Moscow System Interceptor, the Galosh, is a multi-staged, solid/liquid fueled missile. It is believed to have a range of several hundred miles, can carry a 1 to 2 mt nuclear warhead, and appears suitable for a high altitude area defense. As now deployed, it could give the Soviets a limited defense against our Minuteman or Polaris missiles on northern trajectories. Completion of this entire system is expected to be two or three years away when the half a dozen hen house installations around the Soviet Union are operational.

The Galosh missile, however, may not be the only ABM system in the Soviet inventory. The so-called Tallinn system employs the SA–5 missile and it has been said that "if the SA–5 system is given information from the large ballistic missile acquisition and tracking radars, then it could have considerable capability in making successful intercepts of incoming ballistic missiles."

In addition, testing of an improved ABM interceptor is underway. This ABM would loiter—that is, once fired, it could coast out to a general intercept area, select its targets, restart and maneuver to kill the incoming warhead.

Projection of Soviet R&D efforts with these new ABM components may find that by the mid-70's, the Soviets could have as many as 2,000 ABM launchers.

RESEARCH AND DEVELOPMENT

Quoting Dr. John S. Foster, the Director of Defense Research and Engineering, "The Soviet Union is now about to seize world technological leadership from the United States." He has based this conclusion on the comparative state of technology today between the two nations and the current level of R&D efforts. He believes that the United States still retains an overall edge in technology, but that this edge may exist in nonessential or irrelevant areas.

R. & D. PRACTICES

Soviet R&D practices can be characterized by three features:

(1) They are bold in their approach to program concepts. Construction on the large hen house radar, for example, actually began several years before a working interceptor to complement it was available.

(2) The Soviets organize their system development about a few prototypes, most often pitting two teams of designers against one another. The wide variety and variations of USSR fighter aircraft are examples of this methodology.

(3) Third and last, they seldom abandon a proven piece of equipment or system, but instead rebuild or modify it to improve its usefulness or extend its life. Prime examples of this are the numerous modifications made to the Bear heavy bomber, and the versatility of the SS–9 missile.

R. & D. FUNDING FOR DEFENSE

Looking at military, space and atomic energy R&D, the U.S. is already behind about $3 billion a year. Note that the Soviets have been expanding R&D expenditures by about 13 percent a year since 1960.

CHICOM THREAT

Turning now to a brief look at Communist China. The Chinese Communists are apparently convinced that the possession of a strategic nuclear strike force will act as a deterrent in preventing attacks on the Chinese mainland. They also have noted that this power would greatly enhance their bargaining position throughout the world.

As a step toward attaining this goal, the Chinese have thus far achieved a modest nuclear potential. They have conducted nuclear testing since 1964, including about a dozen detonations. Most are believed to have been thermonuclear devices, including both air and possibly missile delivered weapons, with yields in the megaton class.

CHICOM ICBM

The Chinese have successfully orbited two satellites, one in spring 1970, and one in March of this year. The technology displayed in launching these approximately 400-pound payloads provides an insight into their missile potential. Based on their demonstrated space technology, reduced range testing of an ICBM may have begun late last year. Following more extensive testing, an operational ICBM could become available as early as 1973 and be deployed in limited numbers by 1975.

CHICOM MR IRBM

The Chinese have been testing a medium range ballistic missile since the mid-1960's. This is a picture of a Soviet MRBM and is much like the type given the Chicoms by the Soviets in the early 60's. From this system, the Chinese have probably developed an indigenous missile.

Emphasis in Chicom missile R&D may have shifted in 1970 to the development of an intermediate range missile system. By the middle of this year, there could be a small number of MRBM's deployed and limited deployment of the IRBM is a possibility within 1 or 2 years. A force of 80 to 100 MRBM's could be available by 1975.

CHICOM BOMBERS

The present Chicom nuclear delivery force consists of a limited number of medium range bomber aircraft. These bombers include about ten B–29 type piston aircraft acquired from the Soviets in the late 50's and a small but growing medium bomber force of Badger type aircraft. The series production of this jet will permit the assembly of a significant force by mid-1972.

CHICOM AIR DEFENSE

The Chinese Communists have over 3,000 fighter aircraft, mostly of Soviet design; however, the Chinese may now be capable of producing their own native aircraft in limited quantities. Supporting these fighter aircraft are nearly 1,500 air defense radars. In addition, key targets are protected by over 50 surface to air missile sites and nearly 4,500 AAA weapons are deployed throughout the country.

CHICOM GROWTH

Though hardly comparable to Soviet growth, the Chinese threat does include improvements in all areas.

Their strategic bomber force, which has remained fairly constant since 1960, may add new medium range aircraft and increase the existing inventory within a few years.

Missile deployment may have begun last year with MRBMS, followed with an ICBM at the earliest by 1973. By the mid-1970's, total missiles on hand could reach as many as 125.

STRATEGIC THREAT (SOVIET-CHICOM)

In summary, one can ascertain the Soviet threat is growing. They are still deploying at least three types of ICBM's, and follow-on system improvements are underway. Our advantage in sea based ballistic missiles is rapidly diminishing, and testing is underway of a new missile which would double the range of the missile carried by the Yankee subs. They are continuing to produce bomber and fighter aircraft, and are flying a new bomber.

Although already superior in all aspects of defense, the Soviets are deploying more and better surface to air missiles and improving anti-submarine and ballistic missile defenses. Finally, they are striving to build the world's finest technological base to support their expanding R&D programs and provide options for the future.

The Chinese Communist efforts to attain an independent strategic deterrent only complicate our problems further.

IMPACT ON U.S. STRATEGIC FORCES

Looking at the growing threat from the viewpoint of General Holloway in his dual hat capacity as commander in chief, strategic air command, and as director of the joint strategic target planning staff, we see at least three major problems: First, the threat to our forces in their day to day posture, from the Soviet ICBMS, SLBMS and anti-submarine warfare forces.

Second, the penetration of defenses is becoming more difficult, both for our bombers and for our missiles.

Finally, the enlarging and more complex strategic and defensive systems making up the growing threat makes our job of deterrence more difficult.

SAC SHIELD

But even more ominous is the threat to our way of life. This presentation has focused upon the strategic threat, offensive and defensive. However, the Soviet developments in tactical air, land and sea forces are equally impressive.

One would conclude that the Soviets are developing options, options throughout the spectrum of warfare and the growing Chinese Communist threat only serves to complicate an already difficult situation.

Gentlemen, this concludes the presentation on the Soviet and Chicom strategic forces.

RURAL INDUSTRIAL GROWTH IN THE 1960's

Mr. HUMPHREY. Mr. President, for a long time now, I have worked for the revitalization of our rural areas. I have viewed with increasing concern the depletion of human and natural resources from farms and small communities. I believe these areas hold great potential for allowing us to enhance our national productivity as well as provide the attractive total environment most of our population seeks.

Also, I am convinced that adequate jobs are an integral element in aiding the regrowth of our rural communities and small towns and realizing a more balanced distribution of our population.

Therefore, I was encouraged recently to discover an excellent article which indicates that employment opportunities in

rural and small town America increased during the 1960's due to accelerated industrial decentralization, in clear contrast to the trend of the 1950's.

As the article explains, this movement is due substantially to improved transportation and technology and the general attractiveness of life in our small towns and cities for many of our citizens. It has also brought with it the accompanying benefits of increased incomes and population rather than inadequate living standards and continued outmigration.

However, as the article clearly implies, we can hardly afford to remain content. Despite this progress, many areas of the country are not fulfilling the benefits they hold for our people.

This story supports my belief that rural America contains great potential for development; it remains our responsibility to make certain that this potential is not wasted to the detriment of our citizens.

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:

RURAL INDUSTRIAL GROWTH IN THE 1960's *

(By Claude C. Haren)

(NOTE.—This article relies on unpublished data from ongoing research and various special industry and small-area studies to assay dimensions and explore impacts on rural America of greatly accelerated industrial decentralization in the 1960's. Similar sources identify better highways and local services and facilities, and changing markets, products, and technologies as motivating forces. Brief attention is given to implications for population change, family and community well-being, and assimilation of poorly educated and unskilled rural people into today's economic mainstream.)

Additions to manufacturing and other nonfarm jobs in the 1960's in the United States greatly increased close-to-home work opportunities for farm and other rural people. About half of the gains in manufacturing employment in the smaller or nonmetropolitan labor market areas, or approximately 20 percent of the national total, stemmed from new plant locations or expansions in entirely and partly rural communities.[1] Among major contributory factors were: (1) progress on the Interstate Highway System; (2) improvements in processing, marketing, and transportation technologies; and (3) increasing attractiveness of today's small cities and towns as places to work and live. Accompanying changes were a significant broadening of industrial mix, as well as sharp rises in productivity, wage scales, and income. Urgently needed additions to local services remain for future determination.

Adding impetus to recent gains in employment and payrolls was the greatly accelerated movement of manufacturing and other jobs to suburban, satellite, and outlying communities in the Detroit, Chicago, and certain other metropolitan complexes, and to smaller metropolitan areas elsewhere [14, 27, 29]. Far more so than previously, decentralization extended not only to the larger urban centers outside metropolitan America but to smaller cities and town [5, 10, 16, 18, 32, 41].

In the older industrial districts, such reactivation of standby plants and replacement or modernization of facilities as occurred often failed to arrest erosion of the manufacturing base. In entirely and partly rural areas a large number of jobs were eliminated, as obsolete food-processing, feed-grinding, and fertilizer-mixing plants, basic wood-using establishments, textile and apparel mills, and small foundry and machine shops went out of operation. Except for localities with slow-growing or declining economies, attritions were minor or setbacks were much more than counterbalanced by the higher wages paid and the more regular work provided by new manufacturing and other employment in the same or neighboring communities.

In manufacturing, new plant additions and expansions created about four and a half million work opportunities in the 1962–69 period. During the same seven years over a million former manufacturing jobs were eliminated through protracted shutdowns, outright closures, and the transfer of production workers to new and modernized facilities within existing plants. Even so, more than three million net additions were recorded, a decided contrast to the sharp declines experienced in this and other goods-producing industries over the period of economic ups and downs between 1953 and 1962.

NEW CAPITAL INVESTMENT AND JOB FORMATION

Responsible for the strong increments to manufacturing employment and payrolls in recent years were outlays for plant, machinery, and equipment far surpassing levels during the construction boom of the mid-fifties, both in dollars and in duration over time. For 75,000 to 80,000 new plants or expansions and capital expenditures of 70 to 75 billion dollars [1, 15], investments from 1962 through 1967 averaged close to a million dollars per establishment and nearly $20,000 per worker.

Somewhat comparable to the costs of new steel, aluminum, and other primary metal plants were the multimillion dollar expenditures and the $150,000 to $200,000 or more per worker invested in today's highly automated pulp and paper mills [21]. Under the transformations in technology, management, and marketing in the furniture [30, 35] and synthetic textile industries, investments typically ranged from $15,000 to $25,000 per worker. Investments of less than $50,000 per operation and $5,000 per employee persisted mainly where an open lot or the rehabilitation of an old factory or warehouse sufficed and additional outlays could be reduced through the acquisition of used machines, tools, or equipment.

REGIONAL AND LOCATIONAL SHIFTS IN MANUFACTURING EMPLOYMENT

Nearly three of every four of today's manufacturing jobs continue to be located in the 193 largest labor market areas of the United States (Table 1).[2] Nevertheless, more than a third of the new openings in the 1962–69 period were in the nation's small or essentially nonmetropolitan areas.

* The views expressed are those of the author and do not necessarily reflect those of the Economic Research Service or the U.S. Department of Agriculture.

[1] There were 2,087 counties that in 1960 had no population centers over 10,000; those with centers of 2,500 or more are referred to as "partly rural" or "semirural" while those lacking a center of 2,500 in 1960 are classified as "rural."

[2] Area delineations of 162 of the 193 large labor market areas match and those of another 21 partly match Standard Metropolitan Statistical Area (SMSA) designations by the U.S. Bureau of the Budget as of May 1, 1967. The remaining 10 consist of labor market, trade, service, and government centers that are important regionally but do not meet the basic criterion (50,000 population) for SMSA qualification.

TABLE 1.—MANUFACTURING EMPLOYMENT, 1962 AND 1969, AND ANNUAL GAIN, LARGE AND SMALL LABOR MARKET AREAS, UNITED STATES AND MAJOR GEOGRAPHIC REGIONS [1]

Area designation and size of labor market area	Employment (thousands)		Annual gain		
	1962	1969	Number (thousands)	Rate (percent)	Allocation (percent)
United States:					
Large [2]	12,113	14,141	290	2.4	63
Small [3]	4,302	5,673	167	3.7	37
Total	16,615	19,814	457	2.7	100
Northeast:					
Large	4,564	4,803	34	0.7	67
Small	950	1,072	17	1.8	33
Total	5,514	5,875	51	0.9	100
North Central:					
Large	3,961	4,776	117	2.9	73
Small	1,387	1,693	44	3.2	27
Total	5,348	6,469	161	3.4	100
South:					
Large	1,889	2,478	84	4.4	46
Small	1,870	2,561	99	5.3	54
Total	3,759	5,039	183	4.9	100
West:					
Large	1,699	2,084	55	3.2	89
Small	295	347	7	2.5	11
Total	1,994	2,431	62	3.1	100

[1] Adapted from statistics reported in May 1963 and May 1969 issues of Employment and Earnings and Monthly Report of the Labor Force [36], supplemented by data furnished by research and statistics divisions, State employment security agencies.

[2] Patterned after May 1969 listings, which included 193 large labor market areas.

[3] Residual determined by subtracting figures for large labor market areas from statewide totals.

About half of the gains in manufacturing employment in the smaller labor-market areas, or approximately 20 percent of the overall total, resulted from new plant additions and expansions in rural and semirural communities [12]. As was the tendency in nonmetropolitan areas, gains were most pronounced in partly if not entirely rural localities: (1) within the Great Lakes Industrial Belt; (2) in the broadening arc of industrialization extending westward from this belt in Minnesota, Iowa, and Missouri; and (3) throughout much of the South.

In the rural and semirural counties of the Northeast and over much of the West, sizable additions to employment in the private nonfarm sector were restricted to scattered growth nodes. Increases frequently stemmed from expanded employment on major construction projects or in certain mining or resort and recreation centers, rather than directly or indirectly from manufacturing.

The South accounted for approximately 60 percent of the annual increment of jobs outside the 193 large labor market areas. The South also was the only region to gain more work opportunities in small than in large labor markets. At 44,000 per year, job additions in the small labor market areas of the North Central region were less than half those of similar areas in the South. Within the North Central region, nearly three-fourths of the openings in manufacturing were in major metropolitan and other large labor market areas.

In the Northeast, the rate of gain in manufacturing employment in the smaller areas was more than double that in the Greater New York, Philadelphia, Boston, and other metropolitan units. But because such a low proportion of the region's manufacturing was included in these smaller entities, their net gain of 17,000 jobs a year was only half that of the larger labor market areas. In the West, the combination of a small manufacturing base with a comparatively low rate of gain was reflected in only 7,000 net job additions annually, compared with 55,000 in large labor market areas of the Northeast.

DETERMINANTS OF INDUSTRIAL RELOCATION

The shifts in consumer and industrial markets that were set in motion by population; and more particularly, income growth in the South and West during and following World War II have been accompanied by equally pronounced changes in manufacturing technologies and in the number and variety of items produced (20, 34). Indirectly influencing the tempo and geographic spread of the relocations under way was the protracted lag in recovery and revitalization of the old central industrial district and, more recently, the increasingly adverse effects of mounting land values and traffic congestion on the movement of industry to the suburbs.

The interstate highway system and modernized roadway, waterway, rail, and air transport greatly extended the radius within which relocated or expanded facilities could serve industrial as well as consumer outlets. Either combined with or independent of tax and related incentives, improvements in water and sewerage systems and in other services and facilities offered by smaller communities have become increasingly important in the selection of plant sites. Transfer of administrative, professional, technical, and other personnel, including production workers, often was coupled with job training and retraining programs to minimize former regional and local differentials in managerial and labor skills.

DIVERSIFICATION

An outstanding characteristic of industrial decentralization in the 1960's has been the highly diversified types of manufacturing moving into or expanding in entirely rural or, more typically, partly rural communities. Undoubtedly the greatest increment was in products that found direct or fairly direct outlets in consumer channels. But, notably, within and on the margins of the Great Lakes Industrial Belt and in parts of the Upper Southeast, many items manufactured by new plant additions or expansions were primarily for the industrial market.

The kinds and value of foods, wearing apparel, building materials, and furniture and furnishings produced were greatly increased in these rural communities. Being introduced and rapidly expanded were facilities for fabricating a host of additional consumer items, including household fixtures and appliances, radio and TV sets, mobile homes, automobile trailers, pleasure boats, garden and power tools, costume jewelry, and watches and clocks.

Added or enlarged were firms producing not only farm fertilizers, but pharmaceuticals and a broad range of industrial chemicals. In addition to plants turning out farm machinery and equipment, a far greater and increasing number were manufacturing industrial machinery, control equipment, transformers, electric generators, motor vehicles and parts, and aircraft and aircraft components. Blast furnaces, reduction plants, and rolling mills were installed at strategic small cities and towns, notably along the Ohio and Mississippi Rivers. Even more numerous and varied were expansions in metalworking facilities for the production of such industrial hardware as dies, machine tools, structural metal, stampings, piping, and tubing.

WAGE OR PAY SCALES AND INCOME TRANSFORMATIONS

The addition of a large plant or several small ones can readily double or triple the total income of a rural community. Expansions of these dimensions have been fairly common in the 1960's especially where former receipts from farming were low and nonfarm employment was limited or included a high percentage of intermittent or poorly paid work.

In some places expansion in manufacturing was confined to such traditionally low-wage industries as sawmilling and garment-making. Even so, improved productivity per worker was reflected in higher wages in the apparel and textile industries, while forest automation increased the number of better paying jobs in cutting, loading, and related operations [24].

Widespread sponsorship in recent years of job training and retraining and remedial education programs has aided in alleviating the plight of the underemployed, the unskilled, and the poorly schooled in rural and semirural communities. Yet, as in urban America, such individuals remain, by and large, at a severe disadvantage in gaining more than an uncertain and tenuous foothold on the economic ladder [11, 28, 42].

In certain instances, an apparent reduction in the number of households with incomes near or below the poverty threshold may well have been brought about almost entirely through the death of low-income couples or individuals or the exodus of low-income families. In others, both the number and proportion of poverty households undoubtedly has increased, particularly (1) where the curtailment of farm, ranch, and related work was unaccompanied by expansions in nonfarm employment, or (2) as outmigration slowed [2, 3, 26].

MINOR EMPLOYMENT MULTIPLIER EFFECTS EXERTED

Manufacturing was the source of about 50 percent of recent job additions in the private nonfarm sector in the 2,087 rural and semirural counties; construction, including activities under way on new plants and modernization, furnished another 10 percent. If comparisons are restricted to broad industry shifts alone [19]), the 40 percent increment to the service-producing group might seem to indicate a pronounced multiplier effect. Once area-by-area distributions are explored, however, and especially as subindustry data are examined, employment additions outside manufacturing and construction are seen to be mostly from such equally basic or exogenous sources as: (1) the resort and recreation industry; (2) small private colleges; (3) farm producer and distributive cooperatives; (4) commercial laboratories, data processing centers, and business consulting services; and (5) hiring at various federal installations [31].

In accordance with national trends [9], changes in the service-producing groups, particularly at the local or small-area level, not only diverged from but often ran counter to shifts in manufacturing and other goods-producing industries. In some instances the lack of a more substantive increase in nonbasic employment was attributable to the well-developed system of shopping facilities, hospitals, schools, and so on, already available either in the immediate or an adjoining community, or at a regional service center. The retention of purchasing and related functions at corporate headquarters and similar trade leakages [11, 17] or complete or partial tax abatement often seriously delayed the accumulation of investment capital and fiscal resources required to underwrite much-needed improvements in community and business services and facilities. All too typically, a high proportion of increased payrolls went to nonresidents, or added work opportunities resulted in the substitution of local employment for jobs formerly held outside the immediate area [40].

ACCOMPANYING POPULATION CHANGES

Gains in manufacturing and other nonfarm employment in the 1960's were accompanied by equally pervasive changes in the population flows and counterflows that were characteristic of the preceding decade [2, 6]. The favorable growth climate prevailing throughout much of the South was translated into relatively widespread population increases [13]. Except for a scatteration of growth nodes, both work opportunities and population continued to decline in the Great Plains and Intermountain regions and in strongly rural, sparsely populated, and isolated communities elsewhere.

These and other seeming parallels between employment and population growth have been altered in varying degrees by the regional, state, and especially the local or small-area impacts of (1) the rapidly changing age composition of our population; (2) modifications of fertility, death, and migration ratios; (3) shifts in commuter patterns; and (4) possible methodological weaknesses, especially in conventional approaches for projecting current population.

In the Seattle-Everett, Charlotte, and certain other major metropolitan areas, the increment of population per new job was relatively low. Apparently these labor markets attracted a high proportion of unattached individuals and childless couples or small families; another explanation is increased commuting. New York and Corpus Christi exemplify metropolitan communities where population, particularly in various racial or ethnic groups, expanded more rapidly than work opportunities were evolved. Elsewhere in major population and economic centers, immobility of the labor force contributed to additions in population even though employment declined.

In rural America, recent population/work force trends have been marked by even greater diversity. In the rural communities surrounding the Atlanta metropolitan area, a substantial increase in commuting undoubtedly underlies the high ratio of population expansion to job formation in evi-

dence since 1960. For comparable localities bordering metropolitan Charlotte, a low ratio of population to work force change appears indicative of an attraction for workers without dependents or with small families that extends beyond the central city and its suburbs to smaller and relatively far-flung cities and towns.

Throughout major segments of the Coastal Plain and Lower Rio Grande Valley, a much higher percentage increase in population than in the creation of work opportunities seems attributable to the persistence of high fertility rates among the Negroes and Mexican-Americans comprising a good share of the population of the respective areas. Then, too, any diminution of former outflows of population that may have occurred could well be adding to an already large boxed-in population in these and other disadvantaged areas.

In communities in Southern Appalachia and the Ozarks that have experienced a sharp upturn in their economic fortunes in recent years, severe outmigration and reduced fertility levels during the preceding decade [7] may have contributed to subsequent reduction of the network population. This could be true because, with so much of the 1960 population concentrated in the upper age brackets, restoration of the population of prework age has had to come mainly as returnees and newcomers brought families with them.

A RURAL REGION IN TRANSITION: THE TENNESSEE VALLEY AREA

In the 10-year period from 1959 through 1968, nearly 5,000 new plants and expansions were constructed in the Tennessee Valley area [36] at a cost of approximately three and a half billion dollars (Table 2). An additional three quarters of a billion dollars was invested by TVA in the creation of additional capacity for the generation of electrical energy.

TABLE 2.—NEW INDUSTRIAL PLANTS AND EXPANSIONS IN THE TVA AREA: ESTABLISHMENTS ADDED OR EXPANDED, ELECTRIC ENERGY REQUIRED, EMPLOYMENT AND PAYROLLS CREATED AND INVESTMENT, MANUFACTURING GROUPS RANKED BY 1963-68 AVERAGE WEEKLY EARNINGS FOR THE UNITED STATES, 1959-68 [1]

Average weekly earnings and manufacturing group [2]	Establishments (number)	Electrical energy (kilowatts) (thousands)	Employment (thousands)	Annual payrolls (millions)	Investment		
					Total (millions)	Per establishment (thousands)	Per worker (thousands)
$125 or higher:							
29-Petroleum, coal products	42	10	0.7	$4.9	$6	$146	$9.0
37-Transportation equipment	188	58	16.0	113.0	80	426	5.1
33-Primary metals	164	1,222	9.6	66.6	597	3,642	61.9
35-Nonelectrical machinery	297	96	15.7	103.4	143	481	9.1
Total	691	1,386	42.0	287.9	826	1,196	19.7
$110 to $124:							
28-Chemicals	384	999	21.5	135.1	1,024	2,667	47.7
27-Printing, publishing	111	13	3.1	19.2	27	243	8.6
34-Fabricated metals	356	93	17.5	105.8	166	467	9.5
26-Paper, allied	125	177	10.4	61.6	387	3,095	37.4
Total	976	1,282	52.5	321.7	1,604	1,644	30.6
$100 to 109:							
32-Stone, clay, glass	296	147	8.3	47.4	162	547	19.5
38-Instruments	48	16	4.5	25.9	40	828	8.7
30-Rubber, miscellaneous plastics	179	102	14.3	80.4	188	1,048	13.1
36-Electrical machinery	254	183	34.2	187.8	246	969	7.2
20-Food, kindred products	431	90	10.8	56.5	109	254	10.2
Total	1,208	538	72.1	398.0	745	617	10.3
$80 to $99:							
24-Lumber, wood products	297	56	8.8	40.6	49	166	5.6
25-Furniture, fixtures	336	66	26.5	121.1	82	242	3.1
Total	633	122	35.3	161.8	131	207	3.7
Less than $80:							
22-Textiles	393	181	27.8	112.1	187	475	6.7
31-Leathers	92	25	9.8	36.6	24	264	2.5
23-Apparel	635	95	87.7	305.9	115	181	1.3
Total	1,120	301	125.3	454.6	326	291	2.6
All other: 39-Miscellaneous [3]	163	24	7.7	34.7	29	180	3.8
Total	4,791	3,653	334.9	1,658.7	3,661	764	10.9

[1] Adapted from Industrial Development in the TVA Area reports for the 10-year period beginning with calendar year 1959 [36]. Investment per establishment and per worker are as computed from work sheets.

[2] Average weekly earnings represent those for production workers as listed in Handbook of Labor Statistics 1968 [39].

[3] Includes 10 establishments in groups 19 (ordnance) and 21 (tobacco).

Demand was developed for three and one-half million kilowatts of electricity, and new jobs were furnished for an estimated 335,000 manufacturing workers. Net additions to manufacturing employment during the period totaled 245,000 workers.[3] Thus, approximately 90,000 generally low-paying jobs [35] were replaced over the 10-year span.

Not unexpectedly, considering that the Tennessee Valley area is one of the largest predominantly rural regions remaining in eastern United States,[4] investment in new and improved facilities per worker was only about half the average for the entire United States. Approximately 50 percent of the new manufacturing jobs were in lumber and wood products, furniture, textiles, leather, and apparel—the industries for which weekly earnings averaged less than $100.

Attracting more than 50 percent of the investment funds flowing into the region's economy in the 10-year period, the primary metals, chemicals, and paper and allied products were responsible for an even higher percentage of the increased demands for electrical energy. While comprising 14 percent of the plant additions or expansions, these industries supplied 12 percent of the jobs and 16 percent of the payroll additions. The remainder, with average weekly earnings of $100 or more, included nearly 60 percent of the plant additions and expansions. These industries drew only about 25 to 30 percent of the investment capital and were responsible for only about a fifth of increased electrical requirements. But they were the source of 37 percent of the work opportunities and 46 percent of the payroll expansions—statistics that, together with those for the primary metals, chemicals, and paper and allied products, give some indication of the shifts in industrial mix taking place in the region.

THE OUTLOOK FOR THE 1970'S

After two years of slightly declining expenditures for new plants, machinery, and equipment in manufacturing [8, 43], outlays for 1969 should be close to those for the two years immediately preceding the 1966 slowdown. Current investments were planned and carried out despite 1968 restraints on the use of development bonds and other financial incentives [23]. So far, outlays have also remained relatively unaffected by either a tightening of monetary and fiscal restraints or the possibility of a repeal, entirely or in part, of the 7 percent investment tax credit. In any event, starts last year, those initiated in 1969, and undertakings already budgeted for 1970 encompass a major reservoir of industrial construction scheduled for completion in 1970, 1971, and possibly 1972.

Regardless of what may be in store in the next few years, the overall outlook for the 1970's is for a continued replacement of marginal or strictly standby capacity and an equally sustained drive to improve output or productivity, develop new processes and products, and adapt to additional changes in consumer and industrial markets [9, 22, 25]. Under this prognosis, such factors as space needs, water requirements, land costs, and improvement in both transportation technologies and amenities provided by small cities and towns should spur additions to manufacturing facilities in entirely and partly rural communities that quite conceivably could exceed those during the past decade.

Accompanying the expansion should be additional improvements in product mix, output per worker, and wage scales. Further gains in related sources of basic employment should result from an anticipated continuation of the decentralization under way in food processing, packaging, and distribution. The impetus of rising income expecta-

[3] Mid-March listings from County Business Patterns reports for 1959 and 1967 adjusted to mid-March 1959 and 1969 equivalents [37, 38].

[4] The TVA area contains only five metropolitan units: the Knoxville, Chattanooga, Nashville, Huntsville, and Memphis SMSA's.

tions and increases in leisure time should contribute to an increase in work openings connected with serving the traveling and vacationing public.

Recent developments point to a continuation of the role of the Tennessee Valley area in setting the pace for increased industrial diversification and decentralization in the South. The region, too, could well move to the forefront in broadening area economic bases and adding the community amenities needed throughout so much of today's rural America.

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IMPORTANCE OF REA TELEPHONE PROGRAM TO TOWN AND COUNTRY AMERICA

Mr. ALLEN. Mr. President, it is most gratifying to me that the first piece of significant legislation passed by the Senate during the 92d Congress was S. 70. This important measure, which was signed into law by the President on May 7, 1971, creates a rural telephone bank to provide supplemental financing for the capital needs of our Nation's rural telephone systems.

We in Alabama are very proud of the REA telephone program. In fact, the very first REA telephone loan was made to an Alabama telephone exchange—the Florala Telephone Co., Inc., of Florala, Ala. When this loan was made in February 1950, only 8.2 percent of Alabama's farms had telephones. Today, 68 percent of my State's farms, rural homes, and rural businesses have modern telephone service.

This says a great deal for the energy and initiative of our rural telephone companies. But it also points out how much farther we have got to go. The new rural telephone bank bill will go a long way toward meeting the needs and demands of rural telephone subscribers. I am sure all will agree that with the possible exception of electricity, nothing means more to the happiness, convenience, and economic well-being of town and country America than good telephone service.

Giving emphasis to the rapid growth of the REA telephone program is an article written by Mr. Dillon Graham, of the Associated Press, and published in the Birmingham News of August 22, 1971. I commend Mr. Graham's article to the Senate and ask unanimous consent that it be printed in the RECORD.

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

REA'S STILL ON MOVE

(By Dillon Graham)

WASHINGTON.—Cattle ranchers in remote areas of North Dakota and Montana, thanks to television and space communications, have seen and heard American astronauts on the moon—but they can't talk with their neighbors on the telephone.

To deliver a message, call the veterinarian, check on a relative's health, these people have had to go in person or write a letter. But the telephone soon is coming their way.

Construction began this month on the first telephone lines in the Squaw Gap area of Western North Dakota and Eastern Montana, financed through a Rural Electrification Administration loan to a rural telephone cooperative.

About 80 cattle ranchers will get first-class, dial, single-party service over cables buried to escape weather hazards. Through their new facilities the ranchers will have toll access to more than 96 per cent of the world's telephones.

In Alaska, rural electric utilities are struggling against odds of frozen tundra, storms and incredible distances to carry reliable first-time electric service to 57 Alaskan villages, many far above the Arctic Circle.

An Indian in San Lorenzo, a native pueblo of New Mexico, touches a switch and "brings sunshine into the house for the first time." Underground lines will enable the Indians of the Taos Pueblo to preserve the historic appearance of their dwelling places and still have the benefits of electricity.

These are among developments in rural areas in 2,700 of the nation's 3,100 counties where local electric and telephone systems financed through the Rural Electrification Administration (REA) are providing service.

REA was among the first federal programs designed to benefit rural areas. It was established in 1935 by executive order of President Franklin D. Roosevelt. Congress the next year authorized it to act as a lending agency for a rural electrification program. In 1949, REA was directed also to make loans to improve and extend telephone service in rural areas.

Today 98.4 per cent of the 2.9 million U.S. farms are electrified and 83 per cent of the farms have telephone service.

Since 1935, REA has provided financial and technical assistance to almost 2,000 rural systems. As of July 1, 1971, it had loaned $7.7 billion to serve more than 7.3 million rural consumers over 1.7 million miles of line. New consumers are added to the lines of the rural electric systems at the rate of 230,000 per year. Some 2.3 million subscribers are served through $1.8 billion in agency loans to telephone borrowers with an average 150,000 new subscribers per year.

More than 54 million people live in rural communities ranging from cross-road settlements to towns of 2,500 population. Federal officials have said if already overburdened cities are not to be more crowded, rural areas must absorb larger percentages of an exploding population. Much of this rural development will depend upon the activity of REA-financed electric and telephone borrowers.

From its inception, REA has been opposed by many privately owned utility companies and appropriations for the agency still generate struggles within Congress between liberal and conservative members. But the controversy is far more muted than that which swirled about it decades ago.

THE 17TH ANNIVERSARY OF THE NORTH AUGUSTA STAR

Mr. THURMOND. Mr. President, a highly respected newspaper in my state observed its 17th anniversary this month. This newspaper, the North Augusta Star, of North Augusta, S.C., has served the Palmetto State with distinction during its lifetime of nearly two decades.

An editorial reflecting over the past 17 years appeared in the August 19 edition of the North Augusta Star. The editorial is entitled "Reflection on the Lessons of 17 Years." I ask unanimous consent that it be printed in the RECORD.

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

REFLECTIONS ON THE LESSONS OF 17 YEARS

As newspapers reckon their ages, the Star observes its 17th birthday with this edition. True, the paper's first edition appeared on September 2, 1954, but as many who recall that first edition may observe, things go faster nowadays.

In keeping with the spirit of nostalgia which annually grips us at this time, we looked back over those first few editions. We noticed, for example, that Hammond Burkhalter was mayor at the time. Mayor and council were gripped in the throes of a controversy not unlike the one that grips the city today. But more on that later.

The schools were getting ready to reopen with a record high enrollment of 3,555, an increase of 309 over the previous year. Dr. James Hawk announced the opening of his animal hospital. The Yellow Jackets were getting ready to launch an ambitious 11-game schedule, including the following opponents: Bamberg, McCormick, Aiken, Catholic, Johnston, Batesburg, L-B-C, Graniteville, Edgefield, Walterboro and Barnwell. Tommy Lowe was expected to see action at halfback and Larry Baynham was listed as a 178-pound freshman end.

Peoples Drug Store was in business and the Georgia Avenue Barber Shop advertised five skilled barbers at your service. Harold Martin was president of the Jaycees and Turner Murphy was being awarded the contract to build a community center.

In an editorial that appeared in the Star that year, a discussion that had taken place between a spokesman for the North Augusta Merchants Association and the mayor and council dealing with the relocation of city hall from its old location on Georgia Avenue to its present location earned comment.

The final three paragraphs of that long-ago editorial is reprinted here:

"If the relocation of City Hall went unnoticed by the people of North Augusta, and the members of NAMA, it was unfortunate indeed. As Councilman R. J. Gauger pointed out at the meeting, monthly sessions of City Council are open to North Augustans. It is your Council, he reminded those present, and if you are interested in the town's business it is your privilege to attend. The Star agrees with Mr. Gauger. Democratic government belongs to the people and it is only logical to expect them to express a personal interest in it.

"But the Star recognizes also that the press of personal affairs too often makes a City Council meeting seem beyond our budget of time. We agree with Mayor Burkhalter and the Councilmen, that the people of North Augusta should know what is transacted at the meetings of their local government. Had the Star existed during the planning stage of the City Hall project, we assure you that the plans would not have gone unnoticed. City Council could then have received objections to the plan while there was yet time to reconsider and possibly alter them.

"We are unable to do more in the City Hall controversy than report the facts to the citizens of North Augusta. In the future, the Star promises to do much more. Firstly, we urge the people of North Augusta to accept the invitation of City Council to attend monthly meetings. Secondly, the Star promises, to those who are unable to attend, that we will be at every meeting to insure that knowledge of any future action of the City Council will be available to anyone in North Augusta who reads the Star. If City Council is faced then with objections which come too late, it will be caused by disinterest, not by unawareness of the facts."

Today, in the matter of the zoning controversy which confronts our city, we have a slightly different situation. The difference is that the Star indeed, did exist and did publicize the information about the proposed zoning ordinance.

We have faithfully and conscientiously kept the promise made seventeen years ago. A lot of water has gone under the bridge, but every noticeable ripple has been faithfully reported in this newspaper.

It has not been an easy seventeen years. It has been an honest seventeen years.

Today's municipal problems confirm once again what we have often said in these columns.

"The only thing we learn from history is that we learn nothing from history."

SCOPE OF WAGE-PRICE FREEZE

Mr. GRIFFIN. Mr. President, in the wake of President Nixon's wage-price-rent freeze announced August 15, there has been criticism from some quarters, because his order was not wider and broader in scope.

Aside from the merits of whether a broader freeze would serve the national interest, it should be clearly understood that Congress did not grant authority to the President in the Economic Stabilization Act of 1970 to freeze anything other than prices, rents, wages, and salaries.

I ask unanimous consent that the text of this act as it appears in Public Law 91–379, as well as the extension and amendment thereof designated as Public Law 92–15, be printed in the RECORD.

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

COST OF LIVING STABILIZATION

§ 201. Short title

This title may be cited as the "Economic Stabilization Act of 1970".

§ 202. Presidential authority

The President is authorized to issue such orders and regulations as he may deem appropriate to stabilize prices, rents, wages, and salaries at levels not less than those prevailing on May 25, 1970. Such orders and regulations may provide for the making of such adjustments as may be necessary to prevent gross inequities.

§ 203. Delegation

The President may delegate the performance of any function under this title to such officers, departments, and agencies of the United States as he may deem appropriate.

§ 204. Penalty

Whoever willfully violates any order or regulation under this title shall be fined not more than $5,000.

§ 205. Injunctions

Whenever it appears to any agency of the United States, authorized by the President to exercise the authority contained in this section to enforce orders and regulations issued under this title, that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any regulations or order under this title, it may in its discretion bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. Upon application of the agency, any such court may also issue mandatory injunctions commanding any person to comply with any regulation, or order under this title.

§ 206. Expiration

The authority to issue and enforce orders and regulations under this title expires at midnight February 28, 1971, but such expiration shall not affect any proceeding under section 204 for a violation of any such order or regulation, or for the punishment for contempt committed in the violation of any injunction issued under section 205, committed prior to March 1, 1971.

Approved August 15, 1970.

LEGISLATIVE HISTORY

House reports: No. 91–1330 accompanying H.R. 17880 (Comm. on Banking and Currency) and 91–1386 (Comm. of Conference).

Senate report. No. 91–890 (Comm. on Banking and Currency).

CONGRESSIONAL RECORD, Vol. 116 (1970):

July 9, considered and passed Senate.

July 30, 31, H.R. 17880 considered and passed House; passage vacated and S. 3302, amended, passed in lieu.

Aug. 12, Senate agreed to conference report.

Aug. 13, House agreed to conference report.

PUBLIC LAW 92-15, 92D CONGRESS, H.R. 4246, MAY 18, 1971

An act to extend certain laws relating to the payment of interest on time and savings deposits and economic stabilization, and for other purposes

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

EXTENSION OF AUTHORITY FOR THE FLEXIBLE REGULATION OF INTEREST RATES ON DEPOSITS AND SHARE ACCOUNTS IN FINANCIAL INSTITUTIONS

SECTION 1. Section 7 of the Act of September 21, 1966, as amended (Public Law 91-151; Public Law 92-8), is amended by striking out "1971" and inserting in lieu thereof "1973".

REMOVAL OF TIME LIMITATION ON THE AUTHORITY OF THE PRESIDENT TO APPROVE CERTAIN VOLUNTARY AGREEMENTS

SEC. 2. The first sentence of section 717 (a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "714 and 719" and inserting in lieu thereof "708, 714, and 719".

PRICE AND WAGE CONTROLS

SEC. 3. (a) Section 202 of the Economic Stabilization Act of 1970 (Public Law 91-379) is amended—

(1) by inserting "(a)" before the text of such section; and

(2) by adding at the end thereof a new subsection as follows:

"(b) The authority conferred on the President by this section shall not be exercised with respect to a particular industry or segment of the economy unless the President determines, after taking into account the seasonal nature of employment, the rate of employment or underemployment, and other mitigating factors, that prices or wages in that industry or segment of the economy have increased at a rate which is grossly disproportionate to the rate at which prices or wages have increased in the economy generally."

(b) Section 206 of such Act is amended by striking out "May 31, 1971" and "June 1, 1971" and inserting in lieu thereof "April 30, 1972" and "May 1, 1972", respectively.

Approved May 18, 1971.

LEGISLATIVE HISTORY

House Report No. 92-36 (Comm. on Banking and Currency).

Senate Report No. 92-89 (Comm. on Banking, Housing and Urban Affairs).

CONGRESSIONAL RECORD, Vol. 117 (1971):

Mar. 10, considered and passed House.

May 3, considered and passed Senate, amended.

May 5, House concurred in Senate amendments.

AGRI-GIANTS AND THE FAMILY FARM

Mr. HUMPHREY. Mr. President, in recent years there has been an increasing concern, not only among our farmers but in the general public itself, about trends in the organizational form of the farm business. There is a widespread concern that American agriculture of the future may be entirely concentrated in large-scale farms vertically integrated in corporation conglomerates.

Whether true or false, this expectation demands intensive study, in view of its impact upon our entire agricultural economy, upon the average American consumer, upon agriculture support costs borne by the Federal Government, and upon the beneficial use of the limited resource of land in the United States.

In response to the need for such a nationwide analysis, in 1967, Secretary of Agriculture Orville Freeman directed the Economic Research Service to conduct a survey to determine the number, kinds, and general characteristics of corporations that were directly involved in the production of farm products. The Department of Agriculture recently issued a final report on this survey conducted in 1968.

The survey points up several reasons for the shift to incorporation of farms previously operated as sole proprietorships or partnerships. It notes the impact of new production technology, increasingly complex farm supply and marketing systems, heavy capital requirements to get started in farming, changes made in inheritance and gift tax laws, the emphasis in USDA and State college research and education programs upon the corporate form of farm business organization, and the tax benefits accruing to so-called subchapter S corporations.

However, while somewhat blurred by cautious analytical language and isolated tables of statistics, two other rather recent phenomena of farm incorporation are also recognized in this report. First, there is the category of corporate farms operated by local businesses engaged in the manufacture or sale of farm supplies, or in the processing or marketing of farm products—what are commonly known as agribusiness functions.

But second, there is the trend of large, publicly owned corporations engaging in farm production. Either these firms seek the vertical integration of direct farm production with their existing agribusiness functions, or they have no previous experience in farming or related businesses—instead, they seek to exploit advanced technology on a large scale, and/or realize an attractive return on equity capital.

The USDA report makes it clear that these last two categories constitute a minority of the number of corporations having agricultural operations, nearly 80 percent of which are family or individually owned operations. At the same time, however, this great majority of family corporation farms are medium to large scale—an incorporation trend that is expected to continue to increase.

The 1968 survey showed a total of 13,300 corporations engaged in farming, accounting for only 1 percent of all commercial farms but utilizing 7 percent of America's farmland. Moreover, they had 8 percent of farm sales. The percentage of farmland operated by corporations was highest in Florida and California. The decisive impact of farm product sales was most clearly felt in California—about 25 percent being accounted for by farming corporations which make up only 4 percent of the State's commercial farms.

One fact on which we should focus attention is that while there were 5.4 million farms in America in 1950, today there are only 2.9 million. The number of farms has declined by almost one-half, but the size of the average farm has increased from 215 acres to 380 acres. And farming corporations owned and rented an average of 4,531 acres per farm in 1968.

Major corporations are entering direct farm production operations for three basic reasons: Speculation in increased land values; tax benefits accruing from capital gains treatment of profits; and the control of supply and quality in the establishment of total food production, processing, and distribution systems.

What we may be witnessing in all this is a profoundly misguided belief that "bigger" necessarily means "better—greater efficiency and lower costs in large-scale farm production. My concern relates to the net economic and social costs to America, and especially to our agricultural economy and rural communities. A strong case can be made that the most productive use of land occurs on the small family farm. There is increasing evidence that large-scale farms, especially with so-called absentee landlords, often are unconcerned about the public facility and social welfare needs of nearby rural communities. And it should be recognized that large-scale farming operations reduce incentives to control the use of pesticides. Moreover, we need to ponder the future of the farmworker as there is an increasing concentration of power in the agricultural economy.

But we must also confront the broader and even more profound issue of the control of land in America—a scarce and most unique resource. Not only does concentrated land ownership monopolize agriculture at the expense of the family farmer, but it also subjects vast fertile acreage to haphazard urban and suburban development and can undermine efforts to establish comprehensive environmental protection measures. Nor is the public interest served when a land interest complex can exert a decisive influence on Government.

I believe the time has come for a total reevaluation of Federal policies and programs that, on balance, can have a detrimental effect on the development of rural America. The time has also come to reaffirm the need and solid contribution of the family farm in maintaining a strong agricultural economy.

Mr. President, I ask unanimous consent that four articles on this vital issue be printed in the RECORD: First, a UPI dispatch entitled "Family Farms Are Holding Their Own, Review Finds," published in the Minneapolis Star of June 14, 1971; second, an article by Peter Barnes, entitled "Why America Needs Land Reform," published in the Washington Post of July 11, 1971; third, a further article by Peter Barnes, published in the same issue of the Washington Post, and entitled, "The Growing Agrigiants, and a Hopeful Co-op"; and fourth, an article by Nick Kotz, entitled "Nader Raps California Land Monopolies," published in the Washington Post of August 22, 1971.

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

[From the Minneapolis Star, June 14, 1971]

FAMILY FARMS ARE HOLDING OWN, REVIEW FINDS

WASHINGTON, D.C.—Publication of an Agriculture Department review of corporate farming has reinforced the belief of government economists that the traditional family-type farm is holding its own very well against the inroads of giant corporation farms.

The study, based on 1968 surveys, showed a total of 13,300 corporations engaged in farming in that year, about a third of them in California and Florida. They accounted for only about 1 percent of all commercial farms and 7 percent of U.S. farmland.

Nearly 80 percent of the corporations were family or individually owned operations, and nearly two-thirds had no other business but farming. The remaining corporations included publicly owned conglomerates engaged in other businesses and industries along with farming, and their farm ventures included some of the largest covered in the survey.

Economists said there probably has been some edging away from farm ventures by the big, publicly held corporations recently. But the number of medium-to-large family farms which incorporate their operations for tax and inheritance reasons probably will continue to increase, one expert said.

The agriculture department analysis of corporate farming was ordered in 1967 by former Agriculture Secretary Orville L. Freeman after a wave of concern among some farm groups about new agricultural ventures by giant corporations. The study had been completed in stages and all the data in the final report had been made public in earlier announcements.

The summary confirmed that farming corporations usually are much bigger than unincorporated farms. While the corporations represented only 1 percent of all commercial farms, they had 8 percent of farm sales. The average corporate farm in 1968 operated 4,511 acres compared with 553 acres for the average of all commercial farms.

The acreage figures, it was noted, were weighted heavily by the fact that corporate farms and ranches in the mountain states operated an average of 11,423 acres compared with 2,557 acres for all farms and ranches in that area. In other regions, the size of corporate farms was smaller.

Corn belt corporate farms, for example, averaged 914 acres compared with 273 acres for all farms. California corporations operated an average of 3,678 acres compared with 849 acres for all farms in the state.

Other highlights of the summary of the corporate farm study included:

Corporate farms concentrated more on crops than on livestock, but included some very large beef cow herds, cattle feeding enterprises, and operations involving dairy herds, hogs, broilers, egg production and turkeys.

The proportion of land operated by corporations was highest at 31 percent in Florida and lowest at less than half of 1 percent in Oklahoma and North Dakota where—as is the case in some states—corporate farming is subject to some legal restrictions.

California's 1,673 farming corporations in 1968 accounted for only 4 percent of the state's commercial farms but probably about 25 percent of the state's farm product sales.

[From The Washington Post, July 11, 1971]

WHY AMERICA NEEDS LAND REFORM

(By Peter Barnes)

It is hard for people in cities to appreciate the need for land reform in the United States. Most of us have been so cut off from the land that, through ignorance, we accept present landholding patterns as desirable or inevitable. They are neither.

What are the advantages of giving land to the few instead of the many? Efficiency is supposed to be the main one, big farms, we're told by agribusiness spokesmen, can produce more food at less cost and thus save the consumer money.

That same thinking underlies Soviet collectives. What is overlooked is that in societies where tractors are relatively inexpensive to own or rent, economies of scale contribute to agricultural abundance only marginally. Beyond a certain point, there is nothing gained by having one vast farm in place of several smaller ones. In fact, small farms are often more productive per acre because their owners works harder and take better care of the soil.

Large farms in America are efficient at some things—they excel at tapping the federal treasury and exploiting hired labor. Take away these privileges and the small farmer looks extremely good. As for saving the consumer money, the chief reason food prices have remained relatively low is not large-scale efficiency—it is intense competition. Allow a handful of agribusiness giants to gain control of the market and prices will assuredly rise a lot more than they have.

There is, furthermore, the question of how much efficiency, and what kind, is desirable. American agriculture is, if anything, too efficient; its chronic problem is not underproduction but surpluses; it is the only industry where people ar paid *not* to produce. The argument that ever-increasing agricultural efficiency is a desirable national goal is, therefore, unsound.

Moreover, what kind of efficiency are we talking about? When a large grower increases his profit margin by replacing farm workers with a fancy new machine, he's not doing anybody but himself a favor. The farm workers, now unemployed, drift to already overcrowded cities, where no jobs await them either. Welfare rolls and social tensions rise—transferring to society at large the ultimate cost of "efficiency" on the large farm.

COST OF ABSENTEEISM

The vitality of community life in rural America has also suffered because of maldistributed land. Main Street businesses are not appreciably aided by large absentee landowners who purchase their supplies in distant cities, or by underpaid migrants who buy nothing, or by sharecroppers forced to shop at the company store.

A study in the 1940s by Walter Goldschmidt, a California sociologist, found that communities in small-farm areas have a more sizable middle class, more stable income patterns, better schools and more active civic groups than do communities where large landholdings predominate. A recent incident in Mendota, Calif.—a town surrounded by large farms—helps explain why. A group of citizens wanted to establish a special taxing district for construction of a hospital, the nearest one being 40 miles away. Three agribusiness giants that owned more than half the land in the proposed district opposed the plan, and killed it. Two of the companies were based in other California cities, and the third—Anderson Clayton—was headquartered in Houston.

Protection of the environment also tends to be less of a concern to large corporations than to small farmers who live on their land. Companies farming for tax or speculative reasons, for example, seek to maximize earnings over the short run. They can milk the soil, deplete the underground water supply or poison the land with pesticides, knowing full well that they will eventually sell. Resident farmers who hope to pass on their land to their offspring cannot be so careless with nature's gifts. Moreover, small-scale farming lends itself much more readily than does large-scale monoculture to biological pest control—a technique that must increasingly be adopted if we are to avoid ecological disaster.

If there's little to be said for large landholdings on social or environmental grounds, neither can it be said that they are inevitable. Land concentration in Amreica, particularly in the South and West, is not the result of inscrutable historical forces, but of a long train of government policies, sometimes in the form of action, often of inaction.

English grants to large landholders in the colonial South, and Mexican grants in the West, could have been broken up at several convenient historical moments, but were allowed to remain intact. Vast expanses of public lands were given away in large chunks to speculators, rather than in small parcels to settlers. Tax and labor laws, reclamation projects and government-financed research, have encouraged large-scale corporate agriculture, to the detriment of independent small farmers and landless farmworkers. On top of all this have come the government's ultimate reward to big landholders: cash subsidies, mainly for being big.

Why, then, do we need land reform in America? About the only thing that can be said for large landholdings is that they exist, and in the spirit of free enterprise ought to be left untouched. This is the strongest argument in favor of leaving things as they are.

Land, however, is not like other forms of wealth in our economy, which we allow to be accumulated without limit: It is a public resource, it is finite, and it is where people live and work. Free enterprise does not merely imply the right to be big. It also implies the right to start. As corporate farms become increasingly integrated with processors and distributors, as they advance toward the technological millennium in which 10-mile-long fields are sowed and harvested by computer-controlled machines, the right to get a start in agriculture will be obliterated—as it almost is today.

Americans must decide whether they want the rich to get richer or the poor to have a chance. Agriculture is one of the few places where the poor *can* have a chance. If it is closed off, if the profits of the few are given precedence over the needs of the many, the consequences can only be unpleasant.

There are additional reasons why it's time to reform landholding patterns in the United States. Frederick Jackson Turner talked 70 years ago of the frontier as a "safety valve" for urban discontent. If ever the cities needed a safety valve, it is now. Urban problems are virtually insoluble; city residents seem on the verge of a mass psychic breakdown. The exodus from the countryside must not only be stopped, it must be dramatically reversed.

A RURAL REVIVAL

One approach to the problem of population dispersal is to build new communities on rural lands now owned by speculators. This will undoubtedly happen, but it's far from enough. It is much more important to revive existing rural communities, and to do so by enabling greater numbers of people to live decently off the land. There is no shortage of people who want to remain on the land, or return to it, if they could do so at higher than a subsistence level. Many Mexican-Americans, blacks and Indians would be among them. So would many whites who have become drained, physically and spiritually, by city living. The difficulty is that the frontier is long gone. That's why reform, as opposed to the giving away of unsettled lands, is essential.

Land reform is also needed to increase the number of people in the United States who are free. This may sound silly in a country that presumes to be a breeder of free men. Yet ever-increasing numbers of Americans are not really free to assume responsibilities or to make major decisions affecting their lives. They work for large corporations or government bureaucracies or on assembly lines. They are not their own bosses, not proud of their work, and not motivated to exercise their full rights as citizens.

Farming has traditionally been a bastion of the independent small businessman who won't take guff from anybody and who prides himself on the quality of his work. But now farming, too, is becoming computerized and corporatized. Its executives wear silk ties and share the attitudes of other wealthy execu-

tives; its workers are powerless, dispensable hirelings. If agriculture goes the way of the auto industry, where will our independent citizens come from?

American land policy should have as its highest priority the building of a society in which human beings can achieve dignity. This includes the easing of present social ills, both rural and urban, and the creation of a lasting economic base for democracy. A second priority should be to preserve the beauty of the land. Production of abundant food should be a third goal, but it need not be paramount and is not, in any case, a problem.

CHANGING THE RULES

To achieve these goals a multitude of reforms should be carried out. First and most importantly, small-scale farming must be made economically viable, so that present small farmers can survive and new ones get started. Unless it is done, there is no point in changing landholding patterns to favor smaller units.

There's no secret to making small-scale farming viable; it can be accomplished by eliminating the favors bestowed upon large farms. Federal tax laws that encourage corporate farming for tax-loss and speculative purposes should be changed, even if this means closing the capital gains loophole. Labor laws should guarantee a minimum wage to farmworkers equal to that of other workers, and should make the knowing employment of illegal aliens a crime punishable by imprisonment. This would put an end to one of the large landholders' major competitive advantages—their ability to exploit great numbers of poor people—and allow self-employed farmers to derive more value from their own labor.

Subsidy programs, too, should be revised to the disadvantage of big growers. When farm subsidies began during the New Deal, they were intended to help the impoverished small farmer. But because they were pegged to total marketings and total acreage rather than to personal income, they wound up lining the pockets of the wealthy.

If farm subsidies are continued—as they should be in order to stabilize farm income—they ought to be strongly weighted in favor of smallness. No farmer should receive subsidies for crops grown (or not grown) on land in excess of a certain acreage and payments should be graduated downward, somewhat like an income tax in reverse. Alternatively, subsidies could be completely detached from crops and related to income instead. Farmers could sell on the open market, with federal payments making up the difference, if any, between earnings and a minimum livable income.

Also essential to the future viability of small-scale farming is some protection against conglomerates. There is no way a small farmer can compete against an oil company, or against a vertically integrated giant like Tenneco which not only farms tens of thousands of acres but also makes its own farm machinery and chemicals, and processes, packages and distributes its own foods. Such conglomerates aren't hurt by a low price for crops; what they lose in farming they can pick up in processing or distributing or for that matter, in oil.

The small farmer, on the other hand, has no outside income and no tolerance for soft spots. What he needs is legislation that would prohibit corporations or individuals with more than $50,000, say, in nonfarming income from engaging in farming—in effect, a forceful antitrust policy for agriculture.

A HUMAN SCALE

Once small-scale farming is made viable, the second major area for change involves redistribution of land—the kind of peaceful social restructuring that the United States imposed upon Japan after World War II and has urged upon dozens of other nations in Asia and Latin America.

The guiding principles behind redistribution are that land should belong to those who work and live on it, and that holdings should be of reasonable, not feudal proportions. These are not revolutionary concepts; America recognized them in the Pre-emption, Homestead and Reclamation Acts, and is merely being asked to renew that recognition.

A convenient place to start is with enforcement of the Reclamation Act of 1902, which provides that large landholders in the West who accept subsidized water must agree to sell their federally irrigated holdings in excess of 160 acres at pre-water prices within 10 years.

The Reclamation Act has never been properly enforced for a variety of reasons. One is that, through one stratagem or another, large landholders have escaped having to sell their excess lands. Another is that even in the few cases where large landowners have agreed to sell, their prices have been so high, and terms so stiff, that only the wealthy could afford to buy. Occasionally, as in parts of the San Joaquin Valley at the moment, pre-water prices as approved by the Bureau of Reclamation are so out of line—higher, in fact, than prevailing market prices—that even wealthy persons have not seen fit to purchase excess lands put up for sale under the law.

To assure not only the sale of excess landholdings, but also their availability at prices that persons of limited means can afford, Reps. Robert Kastenmeier (D-Wis.), Jerome Waldie (D-Calif.) and others have introduced legislation that would authorize the federal government itself to buy up all properties in reclamation areas that are either too big or owned by absentees. The government would then resell some of these lands, at reasonable prices and on liberal terms, to small resident farmers, and retain others as sites for new cities or as undeveloped open space.

The plan would actually earn money for the government, since the lands would be purchased at true pre-water prices and resold at a slight markup. The money thus earned could be used for education, conservation or other purposes.

Of course, land redistribution should go beyond the Western areas served by federal reclamation projects; in particular, it should reach into the South.

DISCOURAGING DEVELOPERS

Another objective toward which new policies should be directed is preserving the beauty of the land. Reforms in this area are fully consistent with a restructuring of landholding patterns. Thus, a change in local tax laws so that land is assessed in accordance with its use would benefit small farmers and penalize developers. Zoning rural land for specific uses, such as agriculture or new towns, would similarly help contain suburban sprawl and ease the pressure on small farmers to sell to developers or speculators. If as a result of new zoning laws the value of a farmer's land was decreased, he would be compensated for that loss.

An indefinite moratorium should also be placed on further reclamation projects, at least until the 160-acre and residency requirements are enforced, and even then, they ought to be closely examined for environmental impact. Schemes are kicking about to bring more water to Southern California and the Southwest from Northern California, the Columbia River and even Alaska. These plans ought to be shelved. Federal revenues that would be spent on damming America's last wild rivers could, in most cases, be more fruitfully devoted to such purposes as redistributing croplands.

Policy changes in other areas should complement the major reforms outlined above. Existing farm loan programs, for example, should be greatly expanded so that new farmers can get started in agriculture. Farming cooperatives, which can be a starting point for workers unable to afford an entire farm, should be encouraged through tax laws and credit programs. Research funds spent on developing machinery for large-scale farming should be rechanneled into extension programs for small farmers and co-ops.

A GROWING AWARENESS

It won't be easy to enact any of these reforms. Friends of large scale agribusiness are strategically scattered throughout the Agriculture, Interior and Appropriations committees of Congress, and are equally well ensconced within the Nixon administration. Small farmer associations like the Grange, the National Farmers Union and the National Farmers Organization don't have nearly the clout of the American Farm Bureau Federation, the big grower associations and the giant corporations themselves.

Nevertheless, there are some grounds for optimism. Many citizens and public officials are coming to realize that rural America ought to be revived, cities salvaged, welfare rolls reduced, and they see that present policies aimed at achieving these objectives are now working. Environmentalists who for years have pointed to the dangers of intensive agriculture and the need for prudent rural land use, are finally getting an audience. The list of organizations that have recently urged vigorous enforcement of the 160-acre limitation includes the AFL–CIO, the Sierra Club, Common Cause, the National Education Association, the Grange and the National Farmers Union. That's not enough to sweep Congress off its feet, but it's a good start.

The ultimate political appeal of land reforms is that it places both the burden and opportunity of self-improvement upon the people themselves. It can give hundreds of thousands of Americans a place to plant roots, and a chance to work with dignity. Can we deny them that chance?

THE GROWING "AGRIGIANTS" AND A HOPEFUL CO-OP

In 1950 there were 5.4 million farms in America; today the figure is around 2.9 million. As the number of farms declines the average size of remaining farms increases: It is now over 380 acres, compared with 215 acres two decades ago.

The trend toward corporate farming greatly intensifies the pressures on the independent small farmer. This trend is strongest in the South and West, where large land units have long been the rule. Big canners like Minute Maid, a subsidiary of Coca-Cola, and Libby-McNeill & Libby, own an estimated 20 per cent of Florida's citrus groves, compared with less than one per cent in 1960. Corporate farms in California account for 90 per cent of the melon crop, 46 per cent of the cattle sold, 38 per cent of the cotton produced and 30 per cent of the citrus fruits. Two conglomerates, Purex and United Brands, now control one-third of the green leafy vegetable production in the United States, and the list of other blue chips lately plunging into agriculture, according to the Agribusiness Accountability Project, includes Tenneco, Gulf & Western, Penn Central, W. R. Grace, Del Monte, Getty Oil, Goodyear, Monsanto, Union Carbide, Kaiser Aluminum, Aetna Life, Boeing, Dow Chemical and American Cyanamid.

Why are major corporations suddenly fascinated with farming, a business where profit margins are generally small? The motives are chiefly three: land speculation, tax dodging, and the development of integrated "total food systems."

Suppose a company invests $1 million a

year of nonagricultural earnings in improving a large tract of farmland—by planting pear trees, say, or laying irrigation pipes, it pays no taxes on the $1 million, and can even deduct from its remaining taxes the cost of caring for the trees until they bear fruit, and the depreciable value of the irrigation pipes.

Then suppose, as is usually the case, that each dollar thus invested creates a corresponding increase in the market value of the land. Suppose further that the company sells the land to another corporation at the end of 10 years. Its profit on the land sale is then approximately equal to the earnings it has invested over the decade—in this case, $10 million. However, these earnings are now in the form of capital gains, and are taxed at 25 per cent rather than 48 per cent. Thus, the company has made a multimillion-dollar profit at the taxpayers' expense. Any income the farm may have produced during this period is frosting on the cake.

Many corporations have their eyes on farming for another reason: They see vast profits accruing to vertically integrated conglomerates that control every stage of the food production and distribution process from raw nitrogen to precooked souffle on the dining table. They are aware of the fact—indeed, they are largely responsible for it—that profits in the food industry go increasingly to companies in the food business rather than to farmers: In 1969 only 33 cents out of every dollar spent on food went to farmers, down from 40 cents two decades ago.

Corporations have other advantages over small farmers, including access to credit. According to a Department of Agriculture study in 1966, corporate farmers are able to borrow nearly twice the proportion of their assets that family farmers are. Corporations also enjoy the government-sanctioned privilege of exploiting their employees to a degree unparalleled in any other industry. The federal minimum wage for farmworkers is $1.30 an hour—30 cents below the minimum paid to all other workers. And while it is a felony for ordinary indivduals to harbor illegal aliens, it is not a crime for growers to employ them.

Farming corporations receive further government aid in the form of subsidies. Among these are payments for reduced crop production. Since farmers with large landholdings are able to "not-grow" more crops than are farmers with small holdings, their subsidies are more generous.

Charles Schultze, former director of the Budget Bureau, estimates the total cost of farm subsidies at $9 to $10 billion annually, the lion's share of which goes not to poor farmers, who need it, but to the corporate giants. Last year, the J. G. Boswell Co. of California received federal subsidies totalling $4.4 million; Tenneco got $1.5 million; the Florida-based U.S. Sugar Co. collected $1.1 million. A newly enacted $55,000 ceiling will reduce some of the largest handouts this year, but the limitation has too many loopholes (for example, the ceiling is computed on a per-crop and per-nominal-owner or lessor basis) to be effective.

What will be the future of American agriculture? If present policies continue, the answer seems fairly obvious: The poor will be squeezed, the rich will be subsidized, and in the end only the biggest and best integrated operations will survive.

A somewhat different vision of the future—not endorsed by the U. S. Department of Agriculture—can be found in a gently sloping field near Watsonville, Calif. It focuses on human beings rather than technology, on giving small farmers a chance to advance themselves rather than be cast into ghettos and barrios. Here on the edge of the Pajaro Valley is a bustling new enterprise called the Cooperative Campesina, a farming cooperative formed slightly over a year ago by four Mexican-American families, now expanded to 25 and still growing.

The economics of the cooperative are relatively simple. There are 140 acres under lease, with 80 planted in strawberries and 60 in zucchini squash. (Eventually all will be planted in strawberries.) To avoid hassles the land is divided among the members by lottery, with each family responsible for its own parcel.

Strawberries were chosen as the principal crop because they provide a high return and are labor-intensive; there is no machine yet in sight that can pick them. Each acre of strawberries produces about 3,000 trays per year, and each tray sells for about $3. Thus, one acre earns about $90,000 a year. Expenses, not counting labor, come to about half that, so each family will earn about $12,000 the first year if all goes well, plus whatever additional income comes from the squash. The second year, when expenses are lower, they'll earn more.

With four or five family members working steadily in the field, the earnings don't amount to much on an hourly basis—perhaps $1.20 per hour. But total family income will be two or three times what it was when they were hired laborers or sharecroppers. In addition they'll have equity in the co-op, and the satisfaction of being their own boss.

It wasn't easy to get the co-op started—the initial members had to scrape up $500 apiece, then look around for credit. The Farmers Home Administration, a federal lending agency, turned them down. Local banks, under pressure from a large local grower, were hesitant, but finally Wells Fargo came through with a $150,000 crop loan, to be repaid after the first strawberry harvest in 1972. An OEO-funded consulting firm, the Central Coast Counties Development Corp., lent another $100,000, which will be repaid in three years.

With $250,000 in hand, the co-op was able to purchase tractors, root stock and chemicals. Now it is in as good a position as the established growers, if not a better one: it's the only commercial strawberry producer in California's that doesn't have to worry about labor troubles. By next year it will be marketing strawberries under its own Cooperative Campesina label, and its members see no reason why within five or six years they can't become a dominant factor within the $60 million strawberry industry.

If the co-op prospers, its members don't plan to hoard the wealth. They intend to open up membership to as many poor families as the enterprise will support. "We have a saying in Spanish," says Refugio Pinedo, one of the founders and now secretary of the co-op. "Agua que no te tomas, dejala correr. Water that you cannot drink yourself, let it run for others."

Nader Raps California Land Monopolies

(By Nick Kotz)

A Ralph Nader task force charged yesterday that a small number of powerful individuals and corporations, aided by government, have monopolized, profited from and misused land in California at the expense of the taxpayer and the environment.

Nader and his 25-member group, headed by Robert C. Fellmeth, made public the first section of a mammoth 500,000-word study entitled "Power and Land in California."

Nader said that economic studies too often have concentrated on the "paper economy," symbolized by checks, credit cards and stock certificates, rather than on the "real wealth" of the nation, much of which is in land—"what goes on over it, on it, under it and through it."

Consequently, he said, economic studies have not focused "on the powerful players as they jockey for control of this scarce and most unique of man's resources."

"The uses of land resources throughout America," Nader said, "must be brought under a working philosophy of trust, buttressed by fair, democratically enforced laws and far-sighted planning."

RECORDS SCARCE

Throughout its study, the task force found that state and local agencies commonly either did not keep records of land ownership or refused to make them public.

The figures had to be compiled by detective work in such places as assessor's offices and U.S. Department of Agriculture subsidy records, and one of the group's recommendations was that records of major land ownership must be available to the public.

Nader said acquisition and misuse of vast amounts of land and water by powerful corporate interests is representative of what is also happening in Florida, Arizona and other developing areas of the country.

The inital section of the study charges that public and private power have: concentrated land ownership in a few hands, monopolized agriculture at the expense of the family farmer, benefited at public expense from an unneeded $9 billion water project, contributed to urban and suburban sprawl, and polluted the state's water and air.

The group called for stopping the California Water Project, breaking up large land holdings, investigating illegal conflicts of interest by state and local officials, stopping illegal pollution of the environment, eliminating the authority of the U.S. Bureau of Reclamation in California, and reorganizing state and local government.

CALL FOR JURIES

Federal and state grand juries should be convened the study said, to consider "the mass breakdown of law," including violations of pesticide control laws, water pollution laws, and immigration and labor laws. Congress was asked to conduct a thorough investigation of private and public land practices in the country.

"The land interests in California," Nader said, "have bought, intimidated, compromised and supplied key officials in state and local government to the point where these interests govern the governors."

A press aide to Gov. Ronald Reagan said he would not comment on the report until he receives and studies it.

Project Director Fellmeth said the purpose of the study was to discover how land is treated by public policy and private power.

The guiding economic premise of the study, Fellmeth said, was that persons who benefit from public expenditures should pay the cost of the benefits, and those who impose costs on society should pay those costs.

The study concluded that the general taxpayer has subsidized corporate wealth, and that corporations have not paid for their government-financed benefits or their damage to the environment.

BIG OWNERSHIP

The study says that the 25 largest landowners, led by the Southern Pacific Railroad, own 13 per cent of all privately held land in the state. Forty-five corporate farms control 61 per cent of six million acres of farmland studied, according to the report, and 20 owners control 43 per cent of the state's vast stretches of private timberland.

Southern Pacific has violated the terms of its land grants, the study said, and should be required to sell its 2.4 million acres of California land.

The study contends that the major landowners, with their allies in finance, real estate, construction, agriculture and mining, exercise virtually unchallenged influence in state government with a "land interest complex" of 235 lobbyists.

California is losing its best farmland to unnecessary urban and suburban development, the report says, citing a U.S. Soil Conservation Service survey which predicts that 2 million acres will be lost in the next 10 years.

A state law designed to protect valuable agricultural land from suburban real estate speculation has instead merely saved taxes for corporate land speculators, the report says.

TAX SAVINGS

Rather than family farmers getting the benefits of lower-rate agricultural taxes, the study says the law has primarily saved millions in taxes for 10 large corporations, including Southern Pacific, Standard Oil of California, Getty Oil, Michigan California Lumber Co. and the vast Boswell, Irvine, Tejon, and Griffin farm land holdings.

"The impact of the large conglomerates on farming," the task force said, "has been to raise prices, reduce land availability, destroy the land for future production through fertilizers or avaricious ground water use policies, or to engage in price-fixing and market control."

The report says large agricultural interests have contributed to salinity pollution by draining off water supplies, to pesticide contamination which has killed or injured farm workers, and to water pollution by illegally dumping agricultural wastes in the water supply.

The study charges that the California Water Project will cost more than three times the $2.8 billion estimate, will subsidize large landholders at the expense of the taxpayer, and will provide only 50 cents in public benefits for each $1 of public expenditure.

"Even as a multi-billion dollar welfare scheme for major political campaign contributors," the report said, "the water project is inefficient. It would be cheaper and more efficient to merely hand the recipients $4.5 billion rather than spend $9 billion to give them a $4.5 billion gift."

The Water Project Director, William Gianelli, replied that the Nader group has inaccurately assessed both the costs and benefits.

The Task Force describes California's Water Quality Control Act (described by Governor Reagan as "the toughest in history") as a law written by polluters and for polluters, weakened further by non-enforcement."

"For the state government," the report says, "the act is primarily a public relations venture; for the special interests, a chance to escape federal antipollution enforcement."

Nader's task force charges that the State Water Quality Control Board has hidden the identity of polluters and, until "a slap on the wrist" several days ago of U.S. Steel Corp., had not fined a single polluter.

The Nader group also said that Gov. Reagan has secretly written President Nixon asking that federal action not be taken against California water polluters, although staff members of the Federal Water Quality Control Administration are anxious to begin federal prosecution of California polluters, the report said.

The Task Force will release the final two sections of its study next week in Los Angeles and San Francisco. These will deal with recreation and wildlife, new development, the urban-suburban complex, transportation, and political power.

THE 65TH ANNIVERSARY OF FIRST STATEWIDE PRIMARY ELECTION SYSTEM

Mr. PROXMIRE. Mr. President, last Saturday was the 65th anniversary of the primary election system as a statewide method of permitting citizens to choose candidates for public office. The State was Wisconsin; the innovator was Robert M. La Follette, who later was a distinguished Member of the U.S. Senate.

The real strength of the primary—especially the open primary as used in Wisconsin—is, as pointed out in a Milwaukee Journal editorial, that it has given the individual voter "a bigger voice in selecting his officials." Still another strength is that it has kept political bossism out of Wisconsin.

The open primary is a simple, yet practical tool for good government. It illustrates that the American form of government can approach the ideals of democracy.

Mr. President, I ask unanimous consent that the Milwaukee Journal's editorial be printed in the RECORD.

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

LA FOLLETTE STARTED IT IN 1906

Because in 1896 and again in 1898 the stalwarts of the Republican Party denied the nomination for governor to Robert M. La Follette—taking delegates away from him, in his view, by the persuasive power of cash—Wisconsin has a primary election system. Saturday marked its 65th anniversary.

La Follette won the governorship in 1900, campaigning vigorously against the party convention system and "bossism" and for a system that would allow "the people" to choose their candidates for the general election. Direct nomination by the people was the battle cry and, on that pledge, he won.

In 1903 he got a primary law through the Legislature, but only after an amendment that called for a statewide referendum. That was a ruse by Sen. John C. Spooner, a leading stalwart, who expected the people of the state to vote it down. They didn't. It carried by 61.9% of the vote—and it guaranteed a La Follette regime for years.

Florida claims the credit for the nation's first primary law, but its system, adopted in 1901, only gave local and state officials the right to use a primary if they chose. The first direct primary was used by the Democratic Party in Crawford County, Pennsylvania, but Wisconsin was the first to use it statewide, and mandatorily. By 1917 all but four states had some form of primary. Now all do.

Leon Epstein, University of Wisconsin political scientist, has written: "That candidates are so generally nominated by this method in the United States but not elsewhere is one of the most striking distinguishing features of the American political system."

Wisconsin's system is unusual in that voters need not register or affirm commitment to any party but can vote on whatever party ballot they choose. As Epstein says, "the Wisconsin voter can be a Republican at a September primary, a Democrat at the following November general election and then a Republican again at the primary two years later." This free wheeling system has often negated the hopes of party leaders, as voters crisscrossed at will.

One result of the primary has been to keep political bosses from passing the plums around—winning candidates found it easier to gain backing of voters and thus keep their jobs than to keep the support of bosses dictating nominations. It also worked to help strong political leaders in selecting favorites for nomination, as the La Follette dynasty showed. Yet it does give the people a direct voice, and even the Republican Party, which endorses state and congressional nominees at prior conventions, sometimes finds its choice overturned in primaries.

Overall, the primary system has brought strength to the individual voter and given him a bigger voice in selecting his officials. Wisconsin can claim credit for starting it.

QUESTIONNAIRE ON NATIONAL SUBJECTS

Mr. SPONG. Mr. President, in the July–August issue of my newsletter, I included a questionnaire with 15 questions and have now tabulated the first 10,000 of the responses.

Although some answers are still coming in, those additional questionnaires are not changing the percentages obtained from the first sampling. I am pleased to share with other Members of the Senate the opinions expressed by the respondents to my poll and ask unanimous consent that the questions and responses be printed in the RECORD.

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

QUESTIONNAIRE

1. Would you support additional controls over air and water pollution and increased federal funds for such programs?

Yes	79
No	13
Undecided	8

2. Do you believe the federal and state governments should assist industry in meeting part of the cost of purchasing and installing pollution control equipment?

Yes	38
No	51
Undecided	11

3. Would you favor limiting presidents to a single six year term?

Yes	44
No	46
Undecided	10

4. Would you favor limiting the terms of federal judges with reappointment subject to approval by the Congress?

Yes	77
No	17
Undecided	6

5. Legislation has been introducd in the Congress to establish firm limits on campaign contributions and expenditures in federal elections. Do you favor a tightening up of present law?

Yes	90
No	5
Undecided	5

6. Aside from voting, have you ever actively participated in an election campaign or contributed funds to a candidate for federal office?

Yes	51
No	49

7. Would you favor the legalization of marijuana?

Yes	12
No	78
Undecided	10

8. Would you favor an automatic cutoff of foreign aid to countries which do not cooperate in curbing production and smuggling of illegal drugs?

Yes	88
No	7
Undecided	5

9. Do you believe Communist China should be admitted to the United Nations?

Yes	58
No	23
Undecided	19

10. Would you favor the creation of an independent consumer protection agency to coordinate federal programs in this field?

Yes	60
No	23
Undecided	17

11. Do you believe top elected and appointed federal officials should make an annual public disclosure of their assets, liabilities and sources of income?

Yes	75
No	17
Undecided	8

12. Do you support the concept of an all volunteer Army?

Yes	46
No	41
Undecided	13

13. Do you believe able-bodied welfare recipients should be required to take available work as a condition of receiving aid?

Yes	94
No	3
Undecided	3

14. Would you support a reduction of U.S. troops in Europe by half the present number or roughly to a level of 150,000?

Yes	63
No	17
Undecided	20

15. Do you believe the federal government should share a part of its tax revenues with state and local governments?

Yes	62
No	24
Undecided	14

GENOCIDE: WHAT IT IS NOT

Mr. PROXMIRE. Mr. President, last spring the Committee on Foreign Relations reported the Genocide Convention to the Senate with the recommendation that the Senate ratify the treaty. A considerable controversy occurred in the course of committee hearings and in general public discussion: Some people said that the treaty's provisions were too broad in scope and thus should not be ratified, while others said that its provisions were too narrow and thus should not be ratified.

I would argue that the Genocide Convention in its present form is the best first step toward a peaceful world which the Senate has within its immediate power to act upon at this time. As law it is far from perfect, but then most laws are not perfect. It does not operate under the inflated definition of genocide so prevalent today, which should be a cause of relief to some and disappointment to others. As indicated in the committee report:

> Genocide is what the convention says and not what crusaders for human rights, no matter how well motivated, allege.

That is one of the strengths of law: It is what it says it is—no more and no less. By placing the crime of genocide within the realm of international law, we will define genocide precisely so that it may be possible to distinguish between what acts may be termed "genocidal" and what may not.

I ask unanimous consent to have printed in the RECORD an excerpt from the committee report on the Genocide Convention which delineates what the convention does not do.

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

WHAT THE CONVENTION DOES NOT DO

At the risk of being repetitious, the committee emphasizes again what the convention does not do.

It does not alter the rules of warfare, or the obligations of parties to the Geneva conventions on the treatment of prisoners of war and protection of civilian persons in time of war.

It does not apply to civil wars as such.

It does not apply to persecutions such as the currently headlined Soviet treatment of its Jewish population.

It does not apply to discrimination, racial slurs, and insults, and the like.

It does not apply to voluntary population control measures.

It does not apply to the past.

Charges that any or all of these actions might constitute genocide in one nation or another have been bandied about loosely over the years but here the committee again wishes to emphasize that a charge does not constitute proof of an act of genocide. In every case, the element of intent is crucial. In the 20-year history of the Genocide Convention no single prosecution has taken place in any of the nations party to it.

Illustrative of the type of charge involved here—and the kind the United States might have to contend with from time to time—is one cited by the ABA representatives. It is contained in a booklet entitled "We Charge Genocide: The historic petition to the United Nations for relief from the crime of the United States Government against the Negro People." This petition was first presented to the United Nations in 1951 and has now been reprinted with a new preface and foreword. The United Nations has done nothing with it in 20 years, even though, under the charter it can discuss anything that is brought to its attention, irrespective of adherence or nonadherence of a member to a particular treaty. The committee cites this to put such charges, past and future, in a practical perspective. Charges have been made and will no doubt be made again, even though the United States has enacted historic civil rights legislation since 1951, but the committee cannot stress enough that such charges, domestic or foreign, do not constitute genocidal acts just because someone labels them so. Genocide is what the convention says and not what crusaders for human rights, no matter how well motivated, allege.

The convention, in fact, leaves so many areas unaffected that this is, oddly enough, one of the main criticisms made by some of the opponents. The committee was told that the convention "is so full of holes" as to be worthless and that the United States should instead work to persuade the United Nations to negotiate one with teeth in it—one which would cover political groups and governments and which would correct other alleged deficiencies. Even if there was merit to this view, the practical difficulties of renegotiating a 23-year-old treaty by the now 127-member United Nations are formidable.

JERRY LEWIS

Mr. CRANSTON. Mr. President, I rise to pay tribute to a very funny man who has spent the better part of his life making people laugh. Jerry Lewis has brought great joy and happiness to citizens of this country, and to those in nations all around the world. He has appeared in countless films, and television shows, and has further distinguished himself as a writer, producer, and director.

What makes Jerry run? There is probably no pat answer that I can give on that subject. The fact is that Jerry Lewis has utilized his wide popularity and large following built over the years to assist the Muscular Dystrophy Association of America. For 21 years, Jerry has spent much of his time soliciting help and contributions to fight this vicious disease which cripples and kills so many of our children.

The public part of Jerry's involvement with MDA is seen each year on the Labor Day telethon he hosts for 20 hours from New York City. Last year, Jerry enlisted the support of 65 stations around the country to tie into the New York telecast, and thus augment the potential for much needed contributions. The result was over $5 million. Last weekend, Jerry almost doubled the participation to 120 stations, coast-to-coast, and raised an incredible $8,125,387.

Obviously, there is a very serious side to the man adored as a clown. But it is a serious side wedded to an emotional concern for his fellow man. Jerry Lewis is a true humanitarian, and I am proud that he is one of my constituents—and prouder still that he is my friend.

THE 51ST CONVENTION OF NATIONAL FEED INGREDIENTS ASSOCIATION

Mr. PROXMIRE. Mr. President, later this month the National Feed Ingredients Association will hold its 51st convention at Delavan, Wis. Governor Lucey has set September 27 as "Salute to NFIA Day" in Wisconsin. I ask unanimous consent that Governor Lucey's proclamation be printed in the RECORD.

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

PROCLAMATION

Whereas, the National Feed Ingredients Association is celebrating its fifty-first anniversary; and

Whereas, the National Feed Ingredients Association has made many valuable contributions in the important area of efficient livestock and poultry production through its "Grants-in-Aid Research Program"; and

Whereas, this national agri-business trade association has fostered a greater understanding between American academic researchers and researchers in foreign lands through the "NFIA Travel Awards Program"; and

Whereas, the NFIA has been a leader in the important area of improving the public's image of American agriculture; and

Whereas, the many presidents of NFIA over the past fifty-one years have exerted strong and progressive leadership within the nation's vast livestock feeding industry, as well as in all of American agri-business; and

Whereas, the many agricultural public affairs activities of the current NFIA president, John W. Megown, have received considerable recognition at all levels of government, local state and national, and throughout America's largest industry—Agriculture; and

Whereas, the National Feed Ingredients Association is holding its fifty-first annual conveniton at Lake Lawn Lodge, Delavan, Wisconsin;

Now, therefore, I, Patrick J. Lucey, Gov-

ernor of the State of Wisconsin, do hereby proclaim Monday, September 27, 1971, as "Salute to NFIA Day" in Wisconsin and urge all citizens to take notice of the contributions of NFIA.

DEATH OF ELMO ROPER

Mr. CASE. Mr. President, we were all saddened by Elmo Roper's death earlier this year. As I said in the Senate on April 30:

Purely on a personal basis and in no way as an official announcement, I cannot refrain from expressing to my colleagues my deep, personal grief in learning this morning of the death of a great American, Elmo Roper.

I shall not presume to speak as though I were delivering a eulogy. But I could not let this day go by without indicating that, in my judgment, without great spirits like Elmo Roper, this country and humanity could scarcely function.

Mr. President, there will be a more appropriate time better to express our views on Elmo Roper and what his loss means to us, but just now I wish to express my personal sympathy to his family at this hour of their grief. My own is so great that I want to share it with my colleagues.

Mr. President, I ask unanimous consent to have printed in the RECORD some of the tributes to Mr. Roper at the funeral services on May 3 and which were published in the July 1971, issue of the Roper Report.

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

[From the Roper Report, July 1971]

ELMO B. ROPER, JR.—1900–71

Elmo Roper, a pioneer of the polls, died in April, ending a career which spanned four decades of survey research. He was a founding partner of the firm of Cherington, Roper and Wood in 1933, and a founding director of The Roper Organization in 1970. His loss is deeply felt by all who knew and worked with him.

His impact on the field he helped found was enormous, both on the development of research techniques and through his ideas about the proper use of those techniques. Election prediction was, to him, not much more than a public amusement. The real potential of the tool lay in exploring what he called "the why behind the what," the reasons people felt and thought as they did, and in laying bare the areas of public ignorance, so that the gaps in public knowledge could be filled. He had faith that, given the facts, people would act wisely, more often than not, out of their good instincts and common sense.

Much has been written publicly of his contributions in many areas of national life. But he was much more than a public figure. He touched many lives in many ways. The variety of his friends, their diverse perspectives and the words they have said about him, tell the story of Elmo Roper better than any one person could.

These are a few words from the eulogy at his funeral services on May 3:

Frank Church, United States Senator: "An independent thinker; a pollster without peer; an eminent citizen, commentator, columnist, and professor—a man who possessed the gift of friendship. If each American were to contribute a tenth as much to the well-being of his country as did Elmo Roper, what a wondrous land ours would be."

And these comments from letters received by the Roper family.

John F. Kraft, Washington, D.C.: "Elmo wouldn't listen when you tried to thank him! Because he did so much for so many people, and it was "old hat." He'd only listen when you asked him."

Avery Brooke, Darien, Conn.: "I remember traveling on the train years ago, everyone with his own varying opinions and Elmo giving his firmly, but expecting everyone to give their own just as firmly. Or talking to Sally when she was three as seriously as to a Senator."

Arne Haug, Haug Associates: "I drove your father down to his desert properties which, as you know, are primarily rock. In answer to my question—"Why did you buy this kind of land?"—he replied: "I want to see that land like this stays untouched, unspoiled."

Melvin D. Field, Field Research Co.: "I can still remember a session with him twenty years ago when he spoke of his guiding principles as a research company entrepreneur—"Don't try to do it all, but whatever you do, do it well. Be sure you and your people are adequately compensated for your work."

Charles B. Crisman, Redding, Conn.: "I knew him as a good citizen of Redding. He always responded to the many requests we made upon him to help the children in our town and treated our problems as though they were issues of major concern. Perhaps this is a small matter in terms of his great accomplishments. But I do not think so."

Beth Gragnon, Former Field Supervisor: "He was never too busy to do something kind or thoughtful."

Whitelaw Reid, Former Publisher, N.Y. Herald Tribune: "His was a big brain, and the Tribune was lucky to have the benefit of his thinking and careful work over the years. I am bitter about his loss to work for a better world on countless fronts."

William P. Headden, Standard Oil Co. (N.J.): "Elmo Roper is a great name to Americans. He is a great name in Standard Oil, too, for a whole generation of our people came to know him and to lean heavily for their guidance on his remarkable social and political skills. His professional talents helped redirect the course of our company."

Dorothy Hand, Interviewer: "His ability to treat the most insignificant and temporary interviewer with a sense of importance—their importance. This carried right through the whole organization—still does, a wonderful memorial to Elmo Roper—a living one."

Mary Gilbert, Former Staff Member: "He was a 'liberal'; I am a 'conservative' (Buckley type), but I very much respected him for putting his liberalism on the line—in his firm where it cost him money—instead of just mouthing it."

Julian Goodman, President, NBC: "He remained affirmative in his viewpoint about America and Americans. He sought always to explore the means of adding to the social usefulness of the scientific political poll be had created."

Andrew G. Bato, Former Staff Member: "He can never get too much credit for the way in which he built a research discipline—thorough when most people were superficial, impeccably honest and precise throughout, and above all, maintaining a classically clear and commonsense way of analyzing and presenting findings that has survived the fads of motivationists and hypermathematicians."

Orville Baldwin, Hebron Nebraska: "The people of this community are quietly aware of the fact that Hebron has lost its number one native son—the outstanding contribution of this area to the nation and to the world—and Hebron's greatest benefactor. Each feels a personal loss. The flag at the court house is at half staff—and appropriately so."

William D. Patterson, Saturday Review: "What a full life he lived, the embodiment of wit, wisdom, kindness, generosity, courage and integrity. We appreciated and admired all he did for us as friend, counselor and Editor-at-Large."

Robert Finch, Presidential Counselor: "For all of us he added science to the art of politics and made it the more responsive, the more respectable. Our nation will miss him."

Ithiel de Sola Pool, M.I.T.: "He has really been a kind of father figure for everyone in the public opinion field. He has been the statesman of the field, the man who has seen the broader implications for public policy and the moral issues involved. . . . Every contact with him was fun and also inspiring."

Carl Henrikson, Member, Market Research Council: "Few people really knew of his wide and diverse interests and activities in behalf of the social and economic betterment of mankind. The loss of his leadership, kindliness and friendship will be sorely missed by many people in high places, ordinary folks and particularly by his legion of fellow workers in the marketing and opinion research vineyard."

Louis Hausman, American Council on Education: "Over the 30 years I knew him, he was always—in business and in personal relations—warm, thoughtful, and ever so wise. His passing leaves a gaping hole in our society."

Archibald Crossley, Princeton, N.J.: "I doubt if even you know a number of things your father went out of his way to do for me. And when he introduced me or I introduced him as a speaker there was always behind the kidding a warmth of personal feeling. There is no doubt in my mind that he knew the true feeling that was back of the teasing."

Priscilla Day, Las Vegas, Nev.: "How much I loved and admired him. Loving of course is spontaneous, a helpless reaction to another's little human foibles—like grading Christmas cards, panning stuffy guests and singing lusty off-key duets. But the respect and admiration are for his fine and truly noble qualities. He had more of the rare virtues than anyone I've known. Power could not degrade him. It made Elmo only more humane and tolerant. I admired too his refreshingly youthful optimism. I always felt more secure knowing that one so knowledgeable and wise, was confident we would work ourselves out of the current morass."

[From the CONGRESSIONAL RECORD, April 30, 1971]

DEATH OF ELMO ROPER

Mr. CASE. Mr. President, purely on a personal basis and in no way as an official announcement, I cannot refrain from expressing to my colleagues my deep, personal grief in learning this morning of the death of a great American, Elmo Roper.

I shall not presume to speak as though I were delivering a eulogy. But I could not let this day go by without indicating that, in my judgment, without great spirits like Elmo Roper, this country and humanity could scarcely function.

Mr. President, there will be a more appropriate time better to express our views on Elmo Roper and what his loss means to us, but just now I wish to express my personal sympathy to his family at this hour of their grief. My own is so great that I want to share it with my colleagues.

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

Mr. CASE. I yield.

Mr. JAVITS. Mr. President, I would like to identify myself with the remarks of the Senator from New Jersey. I knew Elmo Roper very well. I know how close the Senator from New Jersey was to him.

He helped me in my first campaign. That was probably the first time that any survey was taken of any district to see what was troubling the district.

I have the fondest memory of Elmo Roper. I join my colleague in expressing our condolences and sorrow to his family.

The PRESIDENT pro tempore. Is there further morning business?

SANTA BARBARA CHANNEL: TWO MORE OIL PLATFORMS

Mr. CRANSTON. Mr. President, last week the U.S. Geological Survey issued a final environmental statement as its conclusion after reviewing the various comments—official and public—on its earlier draft statements of February 23, 1971, and May 10, 1971, on the question of allowing two more drilling platforms to be erected on Federal leases in the Santa Barbara Channel. I am informed that Secretary Morton is reviewing the complete file which has been assembled in the process of complying with the Environmental Policy Act. His final decision, which may be made momentarily, has clearly been weighted toward approval of the additional platforms by the recommendations of the USGS.

After a 9-month pregnancy of draftings, hearings, redraftings, criticisms, countercriticisms, and other obsequies to environmental policy, two preassembled oil drilling platforms are about to spring, full blown, into the lap of the Santa Barbara Channel. In USGS words, the platforms will be "a temporary intrusion in the environment." The report goes on to define "temporary" as being "a period of 10 to 30 years."

The USGS reasons for advocating these platforms are fairly explicit. The report admits that the "scenic nature of the channel will be further modified," that "oil pollution of the marine environment could result—from a serious accident or malfunction," that in bad weather an oil spill could "cause extensive short-term damage to beaches and wildlife," and that "long-term or permanent effects of major oil spills are still unknown." But all of this potential for environmental disaster is apparently counterbalanced in the USGS view by two basic economic considerations:

> The proposed platforms would permit substantial and needed resources to the economy, and alternative methods of development from existing platforms do not permit complete recovery of reserves.

Mr. President, I believe that a thorough investigation by the Senate Committee on Interior and Insular Affairs of the manner in which the environmental impact of these proposed platforms has been evaluated would be an appropriate review of the feasibility and effectiveness of the Environmental Policy Act.

Moreover, the Interior Committee has before it at least two bills which would substantially affect oil drilling in the Santa Barbara Channel: The administration bill (S. 1853) and (S. 373) the bill which my colleague from California (Mr. TUNNEY) and I have proposed to ban oil development in a portion of the channel and provide a moratorium on new drilling in other portions. Our bill would ban the erection of additional above-water platforms such as platforms C and Henry, the two subjects of the Secretary's imminent decision.

In light of the Interior Department's consistent history of giving oil production a higher priority than the aesthetic, recreational, commercial, and environmental values of the Santa Barbara Channel, I believe Secretary Morton should delay his decision on the installation of these platforms until Congress has had an opportunity to review the environmental impact findings of the USGS and of other agencies. In particular, I believe the appropriate committee should look into the comments of the Environmental Protection Agency on the USGS draft. The EPA, for instance, raises the question of whether the Repetto formation might more expeditiously be depleted by an increase in production rates from the wells on platforms A and B than by the installation of platforms C and Henry. Without referring to this question, the USGS final statement simply reiterates that platform C would help relieve the pressure from the Dos Cuadras field.

In addition, the 92d Congress has yet to hold a single hearing on the continuing pollution of the Santa Barbara Channel environment from exploration and development for oil. Clearly the existence of various bills, including the administration's own, would warrant a delay in the installation of these two platforms. If it will take from 10 to 30 years to deplete Dos Cuadras field, surely the commencement of supplemental production operations cannot be so urgent that the possibility of congressional reconsideration of Santa Barbara Channel development needs to be preempted. The substantial environmental objections to adding more steel superstructures to the Santa Barbara Channel junkyard should not be so summarily dismissed.

President Nixon has himself had the experience of an oil-drenched beach at his frontyard at San Clemente, Calif. I would hope that experience will encourage him to intervene with his Secretary of the Interior.

Mr. President, the New York Times on August 26, 1971, published an excellent editorial on exactly this last point. I ask unanimous consent that it be printed in the RECORD.

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

ERROR—HUMAN AND POLITICAL

It is not pleasant for anyone to have an oil slick washed up on his private beach, but if you are President of the United States you are in a better position than most to do something about it. As Commander-in-Chief of the armed forces, President Nixon had only to let it be known that gobs of oil had appeared on the sands of his Western White House at San Clemente to have sailors and marines arrive and pick up the stuff by hand—which was fair enough since the oil had come from a naval tanker offshore.

The spill, small as these ugly and destructive incidents go, was attributed to "human error." That might be all there was to say if less defensible error were not being committed by Mr. Nixon's own Department of the Interior a few hundred miles north of San Clemente. In the Santa Barbara Channel, Secretary Rogers C. B. Morton has lifted the suspension on exploratory drilling for fourteen of the 72 oil and gas leases, to the intense nervousness of the region's inhabitants.

In an environmental impact statement to the Council on Environmental Quality, the Interior Department conceded the danger that a serious accident during drilling operations might result in a major "spill," but it called the hazard "minimal," as though the appalling effects of the blowout in 1969 were already forgotten in Washington even while they were still being felt on the California coast.

President Nixon, it may be recalled, announced creation of the Council on Environmental Quality from his Florida home along the blue waters of Key Biscayne. Perhaps the oily waters at San Clemente will inspire him now to square his Administration's proposed legislation for the Santa Barbara Channel with a much more forthright measure urged by Senator Cranston of California. Both bills would permanently ban drilling on about half the leases, but the Senator's would add a moratorum, of five years at least, on all drilling—to allow time for a perfecting of underwater production techniques and the developing of more effective means for controlling spills.

Blowouts, fires, shipwrecks and human errors may not be preventable as sources of devastating oil slicks, but the errors of policy that make them possible are entirely preventable—especially when the evidence is so overwhelming on the dangers of off-shore drilling.

POTENTIAL OF EDUCATIONAL TECHNOLOGY

Mr. EAGLETON. Mr. President, the June issue of American Education magazine, a publication of the U.S. Office of Education, has as its cover story an article entitled "DOVACK's Machines Help Children Read" by Martee Wills. As the Senate sponsor of the Educational Technology Act, S. 2011, I take a particular interest in the DOVACK story, an agronym for a differentiated, oral, visual, aural, computerized, kinesthetic characterization of the program.

It chronicles the efforts of Mrs. Florine Way, a teacher in Florida schools for nearly three decades, in developing a remedial reading experiment involving intensive use of instructional technology: dictating machines, computers, television cameras, and videotape recorders. Funded under title III of the Elementary and Secondary Education Act, the DOVACK program at Howard Academy, a public school in Monticello, Jefferson County, Fla., is just one example of how instructional technology in a systematic manner supported by sound planning, training, and implementation, can have a beneficial impact on education.

Of particular note are the comments of Mrs. Way contrasting her pre-DOVACK years of teaching with the computer's role in the DOVACK program. She says of those early years:

> I had to do chores that anybody could have done, and I felt I should have been able to use my time more creatively. I'm neither the educrat who thinks machines will destroy children nor the technocrat who believes machines can eliminate teachers. I'm in the middle. I want to use machines to help teachers be more human.

And Dr. E. T. Miles, Jr., director of the Florida State University Computing Center, the man who directed the development of DOVACK's computer elements, observes that although DOVACK system is more expensive, that "is the case with any special education program. But it is well worth the extra cost."

DOVACK is just one approach toward the improvement of instruction in the

classrooms of America. Unfortunately, the potential of DOVACK and the potential of the many other programs which could be mounted in educational technology have not been realized because of the lack of concentrated Federal thrust in this area. S. 2011 would provide that thrust.

It is important to note that the real significance of this program is not the mere mechanical potential of mechanization, but the results that can be obtained by a system approach to education.

I commend the DOVACK story to the attention of the Senate and ask unanimous consent that it be printed in the RECORD.

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

DOVACK'S MACHINES HELP CHILDREN READ

(By Martee Willis)

A fifth-grade student at Howard Academy, a public school in the sleepy moss-hung community of Monticello in rural northwest Florida, opens his book and reads haltingly: "Tim . . . and . . . Mary . . . walked . . . together . . . down . . . the . . . street. They . . . were . . . going . . . to . . . Bill's . . . house."

At the same time, in another classroom at the same school, a second fifth-grader reads with more speed and assurance, although from a far less likely text: "Johnny Miller is a big-head boy. He think he look the best, but he don't look the best. I am a good boy. Johnny Miller try to like the girls, but they don't like him. He have eggs for breakfast."

Both fifth-graders are retarded readers. The one having difficulty with the professionally prepared story of Tim and Mary is in a standard classroom situation. The book helps him by using such techniques as word repetition, patterns and associations, and the teacher comes to his rescue when he falters.

But nothing about the second student's study process is standard. He sits at a special desk fitted with the same kind of dictating machine as those used by thousands of executives. The broad magnetic band on the machine feeds the story of the unlikeable Johnny Miller through an earpiece, so that the student can hear it as his eyes move along the lines of a printed version before him. And what helps just as much as hearing the story as he reads it is that this student authored it, bad grammar and all. He dictated it yesterday into this same machine.

Overnight, the story was punched on cards and fed into a computer, which keeps track of all his stories and all the different words he uses and provides him each day with a printed version of the preceding day's dictation.

The student is one of 204 Monticello children in a special beginning and remedial reading experiment called DOVACK; the letters of the acronym represent a listing of the program's characteristics—differentiated, oral, visual, aural, computerized, kinesthetic. Although the language-experience approach on which DOVACK is based is as old as this century, DOVACK itself has been nurtured from original concepts by Florine Way, a teacher in Florida schools for nearly three decades.

Mrs. Way developed the model while she was teaching. In 1965 and 1966, using a grant from the Florida State University Research Council, she conducted a pilot study among illiterate prisoners at Tallahassee's Federal Correctional Institution. With this background she started more advanced work among public school children in Monticello, some 25 miles east of Tallahassee, which is now in its third and final year of funding under title III of the Elementary and Secondary Education Act.

The first year at Monticello was no more than a three-month effort—a kind of basic organizing. Howard Academy, then an institution entirely for black elementary students, was the only school involved.

During the 1969–70 school year, as the experiment continued under the auspices of Jefferson County School Superintendent Desmond Bishop, a second DOVACK classroom was set up across town at Mamie B. Scott Elementary School, also all black. Even after both schools were integrated last fall, they remained primarily black, because the majority of the population in Jefferson County is black. Thus, only a few DOVACK students are white and the DOVACK teacher and two aides in each of the schools are black.

From the beginning, Mrs. Way has dealt with much more than a simple reading improvement program. Disadvantages in life style, social status, and speech have also entered very largely into DOVACK's function and goals. This becomes more apparent as details of the experiment are mastered.

The DOVACK student spends one class period a day in the program. Preliminary to his DOVACK work, he examines a sheet entitled "My DOVACK Agenda," a plan of action that he filled out the previous day. The first order of business is to take from his desk his box which contains his folder of previously dictated stories, as printed out for him by the Control Data 6400 computer at Florida State University in Tallahassee. He also finds his wide magnetic belt with voice copies of those stories, although the voice is not his own. Each time he dictates a story, a DOVACK teacher or aide listens as she punches it out on computer cards. She then redictates it for him, replacing his Afro-American dialect with standard English pronunciation but without changing the original word order.

Before he concerns himself with this continuing record belt, he will get a blank belt from a supply carton in the classroom and proceed with agenda item two: Dictate a story.

Preferably he dictates something he recently experienced: a television program he watched last night, some chores he had to do around the house, an incident on the way to school. The use of his own experience is DOVACK's core philosophy.

"This is the field theory, of course," Florine Way says. "Each person has his own life space consisting of everything that is a part of the person psychologically and environmentally. We want to heighten his interest by having him use things he grasps best. When we introduce new subject matter, we want him to be able to make his understanding of it a part of his own experience in his life space."

The new dictation goes to an aide, who punches it on the cards for the computer. The aide must be, in Mrs. Way's term, "bilingual," as she must understand what is often so strong a Negro dialect that anyone not accustomed to hearing it would be lost. The aide does not correct grammatical errors when she transfers the story to cards. "We must accept people as they are," Mrs. Way says. "If we build their self-image, we're helping them even more than when we're teaching them to read. If we tell a student that his language is terrible and all wrong, we're telling him not only that he is terrible, but also that his family and his peers are. So any way he expresses himself is acceptable."

Meanwhile, the DOVACK student continues with his agenda, the rest of the class period consisting of a wide range of study activities. He reads the printout of the previous day's dictation, listening to his teacher's voice carefully pronouncing the words in his ear as he follows them on paper. He also checks the words of the story individually; they are listed alphabetically below the story, each with the number of the line in which it appears, so he can check any word in context if he cannot recognize it alone.

The DOVACK student might then choose an older story from the permanent file in his DOVACK box and read it aloud to a fellow student, a group of students, or a teacher. Or he might listen as other students read their stories to him. Perhaps he'll use his Word Attacker, developed by Mrs. Way as an aid to the understanding of consonant blends. Each consonant combination is accompanied by a picture: fl- by a flower, gl- by a glass, -st by a fist. Working with another student, he might arrange letters on a felt board to spell the words used in dictating the narrative.

Mrs. Way and her assistants do not ignore bad grammar forever. From several of a child's stories they make a composite story in the third person, using correct form. The child is then asked to read it and study it, and he is told that this is another way of putting things he had said earlier.

"We don't tell him he is wrong and we are right," Mrs. Way explains. "We say his way and ours are different ways of expressing a thought. But the point is that eventually he will begin to absorb good grammar."

Every sixth class day the DOVACK pupil's agenda sheet will show that he is due for a test on the new words he has used since the last examination. It is in these tests on immediate word recognition, as well as in the 36-day tests checking delayed recall, that the computer is most helpful. It prints out a random sample of each student's list of new words which is sufficient to indicate within five percent what the student's score would have been had he been tested on his entire list.

The computer does other important jobs: It keeps tab on the total number of words dictated by a student and the rate at which he is introducing and learning them. (Averages vary from .5 to 15 words per class session.) The computer also remembers all the test scores of each student. With such information, the machine can report at any time—usually just after each new batch of test scores are added—how all DOVACK students are doing.

As each student has an identification number, the computer issues its class progress report by printing the student numbers at scattered points on a graph. To this sheet the teacher applies a special overlay that divides it into quadrants. An individual student's progress is quickly evident from the quadrant into which his number falls: One quadrant holds that the student needs to study his dictations more, another that he needs more frequent use of the Word Attacker, a third that he could use more experiences and understandings of subject matter to broaden his story content, the fourth that he is about where he should be and should be given enough encouragement to keep his enthusiasm high.

At the beginning of the Monticello DOVACK program in the abbreviated 1968–69 session, Mrs. Way selected pupils for DOVACK and for a corresponding control group by starting with their scores from standardized tests. "I had the idea that if a child had a higher IQ score than reading score, he could learn faster the DOVACK way. So we got the pertinent scores, matched pairs, and flipped a coin. One child who fit that higher-IQ-than-reading formula went into DOVACK, the other into the control group.

"We soon realized we had some children in DOVACK who were reading below ability but still at grade level. We knew then that those children didn't need DOVACK; they needed no more than developmental instruction."

Last year, the situation was corrected by taking the standardized test scores, ranking

the students in pairs from lowest scores to highest and choosing pupils from the lowest. "By doing that," Mrs. Way recalls, "we got fifth-graders who were reading on a first-grade or second-grade level and some who were not reading at all."

In that second round of student selection, Mrs. Way did not pull out those children who had been in DOVACK previously. If they still needed the program, they were chosen a second time. This year the same reselection was continued.

This year, a change was made among upper-grade DOVACK students at Howard Academy for whom reading is not a regular subject. Class time had to be found, and it was borrowed from social studies. All the students in one fifth-grade and one sixth-grade social studies class at Howard are in DOVACK. For six days half these students are in DOVACK session for one class while the other half are in social studies. For the following six days they change places. The control group consists of students with similar test scores in other fifth-grade and sixth-grade classes.

Something new this year are DOVACK packs, each one a collection of special materials for individual or small-group use to increase the students' vicarous experiences—in effect, to give them more things to tell about in their stories. Some of the packs contain visual material on travel or other entertaining subjects. Others have both visual and listening material.

Students also have more direct ways to expand their experience this year. The most exciting to them is a home television camera and videotape recorder that they can use in the classroom or on field trips. Occasionally, when a child isn't sure what he can tell a story about, he can get an illustrated book or a picture from an ample DOVACK supply and describe what he sees. Sometimes the teacher leads several students in a discussion that results in a group story. Each participant gets a copy for his own file and computer memory bank.

It is possible for a student to become so proficient at reading that he no longer needs DOVACK. Mrs. Way has arrived at the criteria for making such a decision.

"When the computer consistently shows that a student is dictating many new words and learning them, when he demonstrates his knowledge of phonetic principles, when he frequently and easily reads composite stories other than his own, when he checks out extra books to read at home and does well on special informal reading tests to confirm all those indications of progress, then he is ready to leave DOVACK. But it hasn't happened very often so far."

During all her pre-DOVACK years of teaching, Mrs. Way says of the computer's role in the program, "I had to do chores that anybody could have done, and I felt that I should have been able to use my time more creatively. I'm neither the educrat who thinks machines will destroy children nor the technocrat who believes machines can eliminate teachers. I'm in the middle. I want to use machines to help teachers be more human. When a former colleague asked, 'And what do you do when your great machine breaks down?' I told her, 'We fix it.' "

E. P. Miles, Jr., director of the Florida State University Computing Center, directed the development of DOVACK's computer elements. He thinks they have worked well and that the computer is essential to the program, which he admits he has had an uphill struggle.

Last year, all student stories were punched on perforated tape and fed by telephone line to the computer center in Tallahassee. The computer entered the new stories in its memory bank, then fed them back over the same telephone line to the teletype machines in Monticello for printouts.

This year, although printouts still come back over the telephone line, the stories are punched out on cards in Monticello and hand-delivered to Tallahassee. It saves on line charges.

Dr. Miles thinks telephone lines could be dropped in some cases, but might still be needed in others—for example, where distances are great. He is less precise on how much computer costs can be reduced according to the number of users. Workload figures are incomplete, but work is proceeding on the cost analysis.

In 1965, when Mrs. Way first started working on her experiment, computer time cost $450 an hour. Now it costs $150. Dr. Miles concedes that DOVACK always will cost more than ordinary classwork. "This is without doubt a more expensive system of teaching, as is the case with any special education program. But it is well worth the extra cost."

Meanwhile, no problems are anticipated in adapting the experiment to other types of computers in other locations. Two new DOVACK programs already are in operation in Florida—one in Gainesville, the other in nearby Jacksonville—and both use an IBM computer at Gainesville's University of Florida.

The evidence suggests that this mild expansion is merely the first step in an inevitable broader acceptance that will remove the word "experiment" from DOVACK's future. Despite limited publicity for the program, Mrs. Way has received more than 200 inquiries that could lead to other DOVACK units across the Nation. The program might eventually go international. In April 1969, Mrs. Way presented DOVACK at the Inter-American Conference on Satellite Communications in Santiago, Chile. The following December, she described it informally at a National Aeronautics and Space Administration hearing on satellite communications at Moffett Field, Calif.

"The computer is the behind-the-scenes tool to help any people with a limited culture expand their vocabulary," says Dr. Miles. "The computer is one reason the project would be as adaptable to the aborigines of Australia as to the Chicanos of Los Angeles or the blacks of Monticello."

Mrs. Way, though fascinated by DOVACK's international possibilities, is more concerned at the moment with the national. She sees DOVACK as a help to prisoners like those she first taught five years ago, to thousands of families of migrant workers who might be followed by DOVACK classrooms on wheels, to any group of foreigners isolated by the language barrier in any American city.

In introducing beginning reading, DOVACK is just as applicable to children with an advantaged background as it is to children with a disadvantaged background.

This means a need for more DOVACK teachers. "Next year, we are going to work with the teachers who will volunteer, and I will have workshops for them. They will come into our classrooms and work with me and with the experienced teachers and aides, and with our pupils. I also can leave Monticello from time to time and be a roving consultant."

What specific evaluation can be made of DOVACK thus far?

Mrs. Way is very conservative in her claims, and for a good reason. There has not been enough money to sort out and analyze the mountain of statistics waiting in various computer printouts or to make a detailed performance comparison between DOVACK and control students. "I'm not going to make claims I can't substantiate fully," Mrs. Way says. "I don't want DOVACK to suffer the fate of so many other innovative ideas, like the teaching machines. People sat back and said, 'We've found the panacea,' and a good idea was undermined.

"But generally, I am encouraged by DOVACK, especially in the improvement of student self-image, in better work habits, in attitudes toward reading. I think I can see real progress. What we have done in something over two years is find the answer to the question whether it is worthwhile to go on and try to make DOVACK economically feasible, so that everybody who wants to can use it. The answer is an unqualified yes."

SALUTE TO SENATOR THURMOND

Mr. TALMADGE. Mr. President, the Greenville, S.C., News of August 23 contains an editorial saluting Senator STROM THURMOND.

The editorial points out most eloquently Senator THURMOND's record as a champion of the Constitution and as a man who has the courage of his convictions. I ask that the editorial be printed in the RECORD.

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

THURMOND STILL HIS OWN MAN

Back in 1964 when U.S. Senator Strom Thurmond "jumped the political fence" by switching from the Democratic party to the Republican party in support of Barry Goldwater for President, we expressed the opinion that the change was in labels only and that Senator Thurmond would remain his independent self.

Nothing has happened since to alter that view. The most outstanding constant characteristic of Strom Thurmond's long career is that he wears no man's collar. He is his own man.

In 1968 Senator Thurmond played a large role in the nomination and election of President Nixon. He personally delivered the decisive votes for Nixon at the Republican Convention in Miami. His campaign for Nixon in key Southern states carried them for the President, who otherwise would have lost.

Throughout the years the senior South Carolina senator has insisted that he will support the President when he thinks he is right; will oppose him when he thinks he is wrong—and he has opposed President Nixon on a number of issues. He has taken the same independent position regarding the Republican Party in general. He will go with his fellow Republicans only when he thinks the majority of the GOP is right.

Along the way quite a few political figures, in addition to the President, have benefited from Senator Thurmond's public support. But never once in his political career has Strom Thurmond ever sought to ride another man's coattails. His political image is strictly his own and in no way depends upon any party or any other individual.

So it comes as no surprise to read in U.S. News and World Report that the senator's friends are saying that "in his campaign for re-election next year, he intends to disassociate himself very clearly" from the Nixon administration.

What's new about that? Since when was Strom Thurmond tied to any administration in Washington, Republican and Democratic?

In the Nixon years, Senator Thurmond has made no bones about opopsing the administration on such key issues as welfare reform, gestures to Red China, important civil rights matters and a general tendency on the part of the administration to drift toward the left.

The senator has remained staunchly committed to such things as private enterprise, military preparedness and individual initiative. He has built for himself a national constituency in his own right.

Because of his widespread national fol-

lowing and his seniority in the Senate, he continues to exert considerable influence on the administration. He is especially strong on matters involving national security and national defense. No man is more influential in the Pentagon than the retired Army Reserve general officer who also is second ranking Republican on the Senate Armed Services Committee.

Once it was somewhat risky for Strom Thurmond to be independent. He risked a lot and lost much for his independent presidential campaign against Harry Truman. He risked much and won when he ran as a write-in candidate for the Senate. He risked even more when he jumped the fence in 1964.

Now his built-in constituency based solidly upon love of political independence and devotion to the highest interests of state and nation provide the senator a buffer against the risk of independent action.

In addition, Strom Thurmond has tremendous strength in South Carolina based upon the undeniable power in the military structure of the nation. He now is the guardian of defense installations in Charleston, Beaufort, Horry, Sumter and Richland counties, and the thousands of jobs connected with them. That strength just happens to cut sharply across racial, social and economic lines in many parts of South Carolina.

But the most important Thurmond asset remains the fact that he really wears no political label. His campaign next year will be like all other Thurmond campaigns—independent. Many Democrats and political independents will be on the Thurmond team.

Strom Thurmond's political independence and integrity have won him a unique place in South Carolina's political history, as well as an enthusiastic grass roots following which makes little noise except on election day.

THE IMPORTANCE OF RESEARCH AND DEVELOPMENT

Mr. McINTYRE. Mr. President, two interesting and timely articles written by Victor Cohn, which were published in the Washington Post of September 5, concern the importance of research and technology. Specifically these articles address the many problems which are involved in this area, both in military as well as domestic applications. I commend both of these articles to the Senate as background reading for a more comprehensive appreciation of the problems involved in these very important programs. I will have additional comments on the specific implications of military technology in the near future in support of the military procurement authorization bill for fiscal year 1972.

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

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

SCIENTISTS ARE HARNESSING OUR RUNAWAY TECHNOLOGY

(By Victor Cohn)

CAMBRIDGE, MASS.—"Science is dead," said a disgruntled student.

"Technology," said a former astronaut during the recent Apollo 15 journey, has become for many "an X-rated four-letter word."

"An epidemic of anti-science" pervades much of the world, a United Nations organ reports. "Anti-science, anti-technology and anti-rational" emotions grip American society, the retiring chairman of the Atomic Energy Commission complains.

The dangerous fact—so it seems today to many scientists and technologists—is that America is failing to use technology as a social and economic tool while properly rejecting it as a god and a wrecker.

The United States has spurned the SST and turned its back on space trips while refusing to fund major technological assaults on stalled transportation, urban blight or the spoiled environment. It has cut defense and aerospace spending, stranding at least 50,000 scientists and engineers who, in the view of most technological leaders, should be attacking new national problems. It has cut basic scientific and medical research while, in the words of an MIT scientist this summer, "we have to fight guerrilla war" to get even "minor contracts" to attack environmental questions.

MIT—the Massachusetts Institute of Technology, probably the world's greatest technological university—has recently committed itself to seeking a change.

In a series of statements that can be taken jointly as a new scientists' manifesto, its leaders have been charting what they hope will become a fresh course for both the country and its technology.

As part of this course, they are urging a change in national attitude—a change toward harnessing technology while not bowing to it.

As another part, they are urging scientists to stop disclaiming responsibility for the effects of their work.

Third, they are pledging and making a profound change in their own teaching and research.

TRADITION OF LEADERSHIP

These same goals are being stated at most U.S. universities.

But perhaps no place else are they being stated or applied quite as sharply.

For MIT is the country's technological Harvard, a bellwether in both science and its applications. MIT leads universities in snaring federal research funds ($92 million worth in fiscal 1970, more than double the $39 million of Stanford, its closest rival).

MIT's leadership is a remarkable continuum of new and old, with durable Washington connections.

MIT's World War II President Karl T. Compton was a leader in the war research effort. He was succeeded by James R. Killian, who then became President Eisenhower's science adviser. Prof. Vannevar Bush, who had directed the wartime research effort, became chairman of the MIT Corporation. Killian later succeeded Bush.

In 1969 Prof. Howard Johnson became president. His rival for the job had been Prof. Jerome Wiesner, who had been President Kennedy's science adviser (and whose onetime graduate student, Dr. Edward E. David, is President Nixon's). Johnson made Wiesner his provost; this year Wiesner succeeded Johnson, who has now succeeded Killian as board chairman.

All these men stood united, at least in public, as Johnson and Wiesner responded to 1969 student uproars and a faculty-student research stoppage mainly by agreeing with most of the protesters' goals. They were already leading the university in new directions. Wiesner was a leading foe of the Vietnam war and of the anti-ballistic missile.

Universities, Johnson said at MIT's June commencement, need to be pace-setters for social change, institutions "where compassion is part of principle."

"We are recognizing that we can no longer allow the total development of technology," Wiesner told a symposium in June. Scientists must "heed the danger signals" of technological abuse much earlier, and do something about them," he said. "A university like ours has a deep responsibility to understand these processes (and) go out and deal with them."

"The universities," added Paul Gray, Wiesner's new deputy, "are going to have to contribute" to the nation's new decision-making—to "changing the system" within the hard realities that technology imposes.

And it is "the responsibility of a university," summed up political science Prof. Eugene B. Skolnikoff, the symposium's organizer, to relate all these things to teaching the new technologist "to make him feel responsible for the way his technology is being used."

This is a call for activist education, a far cry from the dogma still expressed by some scientists that "knowledge is born without moral properties." Just those words were used recently by retiring AEC Chairman Glenn Seaborg. To the Seaborgs, man, not knowledge, makes the mischief, and scientists are responsible only along with other men. To the Wiesners and Skolnikoffs, the scientist's responsibility is more intimate, beginning with the day he decides what kind of knowledge to seek.

NEW PRIORITIES

For 20 years the pursuit of knowledge for MIT mechanical engineering Prof. Ronald F. Probstein has been the behavior of fluids: gases, liquids or sludges. His unease with it, like the unease of many American professors, started before it was fashionable.

In late 1965 his MIT Fluid Mechanics Laboratory had six professors, 10 graduate students and an annual research budget of $300,000, 90 per cent of it from the Defense Department and 10 per cent from NASA to study the fluid dynamics of missiles and spacecraft. "We felt," he has explained, "what everyone else in America was feeling, though perhaps we felt it more strongly. We may be sensed that there would be a shift from putting so much of our national resources into defense and space. We wanted to move on to problems that directly affect us."

"To be honest," says Associate Prof. Ain Sonin, "I think there was a recognition that the kind of funds we were getting would not last. But there was also a revulsion with the old type of problem."

There was "the realization"—Probstein again—"that almost all our graduate students who didn't go into university teaching wound up in the missile and aircraft industries. We were churning out defense-oriented graduate students."

The jobs there were still plentiful, but, says lab member James Fay, "I got to thinking about the research I'd been involved in. It was evident that it hadn't affected my daily life or that of anyone I knew."

Fay turned to pollution before it was the fashion. He was amazed to learn that no one knew how a smokestack plume diffused into the atmosphere, though industrial "experts" had been designing tall, belching stacks for 100 years. He began building lab models.

Prof. Ascher Shapiro, specialist in jet engines, decided that the human body, with its plentiful piping, was a natural site to apply fluid mechanics. He studied the puzzling flow of infection through the ureters to the kidneys, against the main direction of flow—and showed that the ureters can indeed accommodate a minor opposite current.

Prof. James Keck, specialist in nuclear weapons and ballistic missiles, learned that no one knew how nitric oxide, the main element in California-type smog, is made in auto engine combustion. He set out to learn.

Probstein happened to visit Israel and saw a new plant for desalting water. He decided it was "designed by 19th Century engineering" and launched his own effort "to demonstrate that engineering and physical research of a very basic nature can sometimes solve very central problems."

Probstein and company had to begin fighting for little chunks of money in a way that was unknown to them in defense and space research. "We had to really scrounge around many agencies. This is still true. We're always writing progress reports. We're always

writing proposals for renewal. We're always going to a new agency. The new and old—and industry!—often don't understand what we're saying. The funding for research in environmental problems is still very bad."

Still, these MIT men have proved excellent entrepreneurs. Their laboratory has grown to 10 professors and 30 graduate students with a $750,000 budget, in 16 separate contracts.

Avco Corp. has begun a $2 million pilot program in water desalination and purification, based in large part on Probstein's findings. Ford engineers have told Keck that their forced-draft redesign of the internal combustion engine will employ his new concepts to curtail nitric oxide. Johns-Manville is building a barrier system to contain oil spills, based on another of this laboratory's designs.

"And we're only a small number of people," Probstein exults. "We've had our blind alleys. But our work has been shown to be practical in case after case."

A SPREADING ATTITUDE

Throughout MIT the same spirit is spreading. Many researchers—nutritionists, transportation engineers—have always dealt with civilian problems. But now the key word is "reconversion"; remaking the missile-men to make science work for civilians.

Thermodynamicist David Wilson until four years ago was technical director of Northern Research and Engineering Corp. of Cambridge. He worked there on both jet engines and steel-making, "converting the company from defense to industry." Now he heads an MIT Urban System Laboratory.

Two years ago his students designed and built an "automatic zone fare ticketing" machine for buses—to calculate and collect fares and relieve the driver of money-handling. The next year they designed a "personal-transit cable car system," an individualized peoplemover that might be used instead of building of an eight-lane highway to get Bostonians to a harbor recreation site.

This year this group started work on identifying and separating garbage or trash by physical, chemical or electrical properties—using sophisticated tools like infra-red rays, radar, flame spectrum analysis and accelerometers that measure a material's resistance to impact.

MIT management engineers and economists are seeking to apply largescale systems thinking and computer modeling to attack urban problems. The outstanding exponent here is Dr. Jay W. Forester, who believes he has shown that when we attack cities' problems one by one, "internal goal conflicts" occur; programs and policies prove "incompatible" and defeat each other; and "here lies the reason for most urban failures."

Altogether, MIT has some 40 new courses relating to public policy. Such offerings took up five pages in MIT's catalogue five years ago; now they fill 37.

A new joint Harvard-MIT program in Health Sciences and Technology is coordinating teaching and research to produce biomedical engineers.

The Harvard-MIT Joint Center for Urban Studies, once headed by Daniel P. Moynihan, is turning toward "practical" development of housing. "Population pressures are building for another housing boom in the mid-1970s," says MIT's Bernard Frieden, the new director. "Universities, government and industry ought to be joining to ask whether it should take the same form as the last one, largely single-family homes in the suburbs."

Similar efforts are multiplying at other universities. Princeton has a fledging multidisciplinary environmental center. A Stanford summer study produced a fresh environmental textbook.

The University of Minnesota is establishing a "technology assessment" group with National Science Foundation aid. Its first project will be a look at new proposals for personal urban transport systems and their possible effects, good and bad—the kind of look no one took very thoroughly a decade ago at the SST.

NSF, the government's main basic science agency, is expanding its program of "Research Applied to National Needs" (RANN) to furnish about $50 million for such studies this year. RANN's largest grant so far is $3.1 million to the University of Michigan's Institute for Social Research to develop "social indicators" to measure national progress on social goals.

Another RANN grant will provide $464,000 to a University of Pennsylvania Center for Energy Management and Power—to develop commercial air conditioners that would store cold by night to cut down on use of electricity by day.

NSF director William McElroy argues strongly for such "research efforts on specific problems of our society." He quotes biologist Bentley Glass: "Science is no longer—can never be again—the ivory tower of the recluse, the refuge of the asocial man."

A Washington critic of science, Daniel S. Greenberg, writing in his newsletter, Science & Government Report, remains skeptical.

"The message that science should relate itself to the people has evidently got across," he writes, "but whether the results will be beneficial for science or the people is another matter. By and large, the present efforts appear to be motivated more by a desire to come up with what will sell rather than by an interest in applying science and technology in harmony with a humane social vision."

Greenberg sees scientists' current urgent appeals for funds to attack social and economic problems and provide basic knowledge as mainly "the oldtime statesmen of science" repeating "stale rhetoric" in largely excessive "pleas for more money."

But the people doing the research work at MIT, one finds, are mainly not the old statesmen. And their motivations are far more complicated. They themselves admit that their interest stems in part from lack of old funds and jobs.

The new MIT research revolution started, however, before those funds started shrinking. It grew with the youth revolution and was closely associated with the nationwide intellectual disgust with the Vietnam war. It was accelerated by the epic and sobering year 1968, with its assassinations of Martin Luther King and Robert Kennedy, ghetto riots and the anti-war crusade of Eugene McCarthy.

Robert Beyers—MIT's astringent information director, a non-Cambridge-type who has observed and not overtrumpeted the MIT change—thinks: "Hell, it's mainly been the effect of the kids. Our March 4, 1969, research stoppage [organized by students and younger faculty] was a landmark. Things haven't been the same since."

The same social concerns, reflected in Congress, certainly helped dry up the old money sources. This in turn accelerated the nationwide professional scramble for new sources.

MIT students are still quietly but practically concerned.

MIT and CalTech graduate students launched last summer's coast-to-coast "Clean Air Car Race" with 33 low-pollution entries built by students at 33 colleges. This year an even more extensive 40-college "Urban Vehicle Design Competition" will try to develop newer urban transit technology.

Both this year and last one MIT graduate in 10 has headed for medical school instead of a job or graduate study. This too is partly a function of lack of jobs or science fellowship. "But it is also concern," says the faculty. "The kids want to have more to do with people."

ANTI HIGHWAY LOBBY

MIT professors are themselves doing more thinking and speaking on social issues. Applied mathematics Prof. Harvey Greenspan, for example, recently urged the Boston Rotary Club to support "no fare" public transit financed by a tax on all area residents and commuters. Fares can't support proper transit, he argued, and only taxes can force abandonment of some of the autos that are clogging the stagnating cities.

Impractical preaching? Perhaps not. There has been a virtual halt in all major highway and airport building in the Boston area as a result of very similar crusading by a Greater Boston Committee on the Transportation Crisis and other groups with heavy Harvard and MIT representation.

Massachusetts Gov. Francis W. Sargent has officially declared a transport "crisis." His secretary of transportation, Alton Altschuler—an MIT political science professor on leave—this spring ordered a 16-month moratorium on highway construction, pending a $3.5 million study of alternate means of transport. Federal Transportation Secretary John Volpe (former roadbuilder and Massachusetts governer) came up with the money.

This kind of thing might have happened anyway. But it is hard to believe it would have happened in the Cambridge-Boston area without both the new national revulsion against overtechnology and a handy group of technologists trying to help.

The highway moratorium is regarded here as an outstanding example of how concerned scientists and engineers, acting politically, can help. If it produces lasting results—truly improved Boston transit—it may be one of the new technologists' first demonstrations of the power of positive science.

BATTLE OVER THE RESEARCH DOLLAR

The Nation's first unfavorable trade balance since 1893 and the sickly economy are producing new allies for science.

A battle is building up inside the Nixon administration over whether to increase federal spending for both basic research and industrial development.

"No one disagrees that more money is needed," a White House official reports. "But we're facing a real crunch"—the President's desire to keep spending down for "fiscal stability."

The counter-argument of many scientists and some new advocates is that the U.S. is certain to see continuing economic decay unless it begins producing new "high technology" products—deep-ocean platforms, vertical takeoff aircraft, burnable plastics or future things that no one can imagine but that should come out of the research laboratories.

The most important new agreement comes from Secretary of Commerce Maurice H. Stands and—a surprise—Assistant Secretary of the Treasury for Economic Policy Murray L. Weidenbaum (who is just returning to a university post).

Less than a year ago Weidenbaum argued against spending "taxpayers' money" for major scientific and technological programs "on faith," without hard data on expected benefits.

Scientists replied that high-profit products like transistors and computers often grow out of faith that research can pay off unexpectedly. But Weidenbaum's October 1970 speech was widely taken to signal the administration's lack of interest in expanding research.

Compared with the post-Sputnik era when science rode high, the signals of recent disinterest have seemed many:

Federal R&D (research and development) spending has dropped in real dollars, after inflation, for five years. Last January Presidential Science Adviser Edward E. David

proudly announced a fiscal 1972 budget proposal of $16.7 billion, up 7.6 per cent. With defense cuts and only modest increases elsewhere, it now appears that the real figure may wind up at around $16 billion, up a bare 3 per cent.

Colleges and universities have been suffering a painful "academic depression," including declines in many forms of federal aid. Universities are eager to abandon defense research, says MIT President Jerome Wiesner, but support "in areas like urban problems and education" remains thin.

Scant environmental research funds likewise "reveal a serious gap" between government hopes and actions, MIT Prof. Ronald F. Probstein charges. He calls the situation difficult for prestige-laden MIT, "impossible" for many less noted universities.

Support of many medical research areas has dropped, despite a politically popular increase for cancer study.

Support of physics—the science that lays the groundwork for many industrial, biomedical and defense areas—is a disaster area. By last February, only two out of three 1970 physics graduates had found jobs where they could use their training extensively.

Between 50,000 and 65,000 engineers and scientists are unemployed in their own fields as a result of aerospace and defense layoffs, high academic output, scarce research funding and the sluggish economy. Unless national policies change, says a new National Science Foundation report, there will be a surplus of 41,700 Ph.D. engineers and Ph.D. scientists alone by 1980, not to mention lesser degree holders.

Both Japan and West Germany now devote a greater percentage of their gross national products to developing civilian technology. Japan, with half the U.S. population and one-fifth the GNP, as long ago as the early 1960s employed 70 per cent as many professionals in civilian research.

Many economists believe this is one reason for a growing U.S. deficit in high-technology trade with Japan, a deficit now running at more than $2.5 billion a year, compared with a $100 million U.S. surplus in 1965. Japan has been selling us more and more cars, electronic equipment, office machines, ball and roller bearings and even computers. Even new U.S. dollar adjustment and trade bars may not make much difference if Japan's productivity keeps growing.

Figures like these made an alarmed Secretary Stans tell a House Science Subcommittee on July 27 that unless U.S. industrial research is strengthened, U.S. trade, wages and living standards will drop.

Two days later Assistant Treasury Weidenbaum told the same subcommittee that:

"We need" to increase overall support for both basic research and useful development.

"Economists who have seriously studied the subject" tend to conclude that the U.S. may be badly under-investing in civilian R&D. Industries that are heavy R&D investors—aerospace, chemicals, electronics—tend to have high growth in productivity, and many of them show the largest export surpluses.

"What is needed" is increased R&D on selected applications and steady basic research funds—enough "to properly support competent scientists and related professionals" and allow "reasonable" growth in their numbers.

How to achieve all this instead of technological unemployment?

Stans said "we are studying" four possibilities: (1) financial incentives like grants, cost-sharing, loans or tax breaks for industries that can't go it alone on costly development; (2) changing the anti-trust laws that prevent joint research ventures; (3) establishing a single federal focus, maybe a new agency or division, to identify and back areas of opportunity; (4) encouraging international industrial standards, which could include getting U.S. industry on the rest of the world's metric standards.

Several congressional Democrats are seeking large-scale retraining and conversion programs, with funds as high as $2 billion over the next few years, to get unemployed technologists into new jobs. The administration's major response to this unemployment has been a start on a $42 million Labor Department relocation program. Its main reliance is on recharging the economy.

Last April the White House's Dr. David announced an ambitious search for "new technological initiatives . . . with the objective of keeping the country in the forefront and great."

This summer, by all accounts, David is still busy fighting for a fiscal 1973 R&D budget that can accomplish such goals.

In the late 1950s and '60s, after the country responded to Russia's Sputnik by demanding improvements in education and science, U.S. R&D more than doubled. Then it leveled off in the mid-'60s.

Now, maintains Dr. John R. Pearce of Bell Telephone Laboratories, the U.S. faces a kind of foreign technological challenge "far more serious than Sputnik."

But it is a challenge without a suddenly shocking symbol so far, just a lot of Toyotas on the road and a steady decline in the trade curves.

TRIBUTE TO THE LATE SENATOR RUSSELL

Mr. TALMADGE. Mr. President, the American School Food Service Association, at its 25th anniversary convention in Minneapolis, Minn., in August, adopted a resolution honoring the late Senator Richard B. Russell, of Georgia. This is a well-deserved tribute to Dick Russell, who was a principal sponsor in 1946 of the original National School Lunch Act which has been of immense benefit to untold millions of needy schoolchildren throughout the Nation.

I ask unanimous consent that the resolution be printed in the CONGRESSIONAL RECORD.

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

A RESOLUTION

Honoring the late Senator Richard B. Russell, of Georgia; and for other purposes.

Whereas, in 1946, Georgia's Senator Richard B. Russell was one of the sponsors of the original National School Lunch Act; and

Whereas, his leadership provided the instrument for the American School Food Service Association to dedicate itself to the fight against hunger in the schools; and

Whereas, the American School Food Service Association is grateful that Senator Russell devoted his public life in Congress to the service of mankind, especially to children as evidenced by his efforts to provide necessary food and sustenance to our country's schoolchildren; therefore be it

Resolved, That the American School Food Service Association does hereby express its appreciation of Senator Russell for his concern and support of the school lunch program; and be it further

Resolved, That a copy of this resolution be sent to Senator Herman E. Talmadge, of Georgia, sponsor of an amendment of the National School Lunch Act, requesting that this resolution be placed in the memorial for Senator Russell as a tribute from the American School Food Service Association.

WHAT PRICE SECRECY?

Mr. CRANSTON. Mr. President, I ask unanimous consent to include in the RECORD a remarkably fine and provocative article by the thoughtful Lloyd Shearer which appeared in Parade on August 22.

Mr. Shearer, who has been waging a vital and valiant battle against secrecy in Government for many years, points out that 31,000 people in the Department of Defense—10,000 of whom are civilians—plus 6,000 more in the State Department and thousands more in 57 other agencies are busy deciding what information U.S. Senators, the press, and the public cannot be trusted to see.

An experienced former Pentagon security expert declares that 99.5 percent of all material now classified as top secret, secret, or confidential, should be made public.

This article not only sets forth the problem but proposes a solution.

I urge every Senator to consider it with care.

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

OPEN TO DISCUSSION—WHAT PRICE SECRECY?

(By Lloyd Shearer)

WASHINGTON, D.C.—One of the most shocking snafus in the United States Government is its secrecy classification system.

Like some million-footed, multi-webbed fungus, it grows wild, almost always expanding, practically never contracting.

Would you believe, for example, that someone in the Navy Department has been stamping newspaper clippings "Secret"? and that as a result the Defense Department has had to publish a special directive ordering employees not to classify newspapers?

Would you believe that the Air Force Electronics Systems Division issued the following statement for use on selected documents: "Although the material in this publication is unclassified, it is assigned an overall classification of CONFIDENTIAL"?

Would you believe that no one in government knows how many people in this country have the right to classify government documents TOP SECRET, SECRET, or CONFIDENTIAL? One Defense Department estimate given to a House subcommittee on June 29, 1971, is "hundreds of thousands."

20 MILLION SECRETS

Would you believe that there are, according to the testimony of William G. Florence, a classification expert with 43 years of experience in government, 20 million classified papers currently held by the government of which 99½ percent should not be classified at all?

Or that unnecessary classification is wasting $50 million of the taxpayers' money each year?

Or that, according to the testimony of Walter Pincus, a former chief consultant to the Symington subcommittee of the U.S. Senate Foreign Relations Committee, classification is used by the government not only to keep valuable information from the nation's potential enemies but to hide the mistakes of government officials, to prevent documentation of White House errors, and to limit the extent of internal opposition to and criticism of government policy?

Whether one believes it or not, the evidence is sufficient that the Federal government suffers from massive overclassification of information.

There is no penalty for overclassification in this country. The result, in the opinion of some critics, is that a small army of "fearful bird-brains" has grown up who believe in classifying everything—and not without cause. For, as William G. Florence recently testified: "To my knowledge, no one in the

Department of Defense was ever disciplined for classifying information, regardless of how much the classification cost for unnecessary security protection or what damage resulted from the restriction against releasing the information to the public. But I have seen how rough a person can be treated for leaving classification markings off of information which he knows to be officially unclassified if someone 'up the line' thinks that a classification should have been applied."

However one feels about Dr. Daniel Ellsberg and his leaking of the once top secret, still classified Pentagon Papers, the fact is that the disclosure of those papers has made imperative a thorough overhaul of a faulty, outdated classification system.

At this moment, in one branch of the government alone, the Armed Forces, there are 31,048 people who have the original authority to classify documents.

Of this number, 803 have the authority to classify them "Top Secret" originally.

Another 7687 have the authority to classify them "Secret" originally.

And all have the authority to classify them "Confidential."

From these 31,048 persons emanates a derivative classification authority flowing to countless civilians, assistants, consultants, and others connected or under contract to the Defense Department. No one seems to know exactly how many.

CAN DECLASSIFY, TOO

In addition to the authority to classify documents, all these 31,048 people have the authority to declassify documents.

"But in most cases," affirms Daniel Z. Henkin, a Defense Department secretary in charge of public affairs, "people are generally too busy to declassify. There are millions of documents still classified 'Top Secret' and 'Secret' which don't belong in that category at all. It is the position of the Secretary of Defense Melvin Laird that as much material as possible be declassified."

History, however, will record Melvin Laird as the Defense Secretary who, from November, 1969, to the end of June, 1971, refused to make available, even on a classified basis, to the U.S. Senate Foreign Relations Committee a single page of the 7000-page-long Pentagon Papers.

At about the time he was publicly espousing declassification, Laird was writing Sen. J. William Fulbright of the Foreign Relations Committee such negations as" . . . Access to and use of this document [the Pentagon Papers] has been extremely limited. It would clearly be contrary to the national interest to disseminate it more widely." (Dec. 20, 1969.)

On April 20, 1970, addressing 1500 people at the annual luncheon session of the Associated Press in New York, Laird said: "Let me emphasize my convictions that the American people have a right to know even more than has been available in the past about matters which affect their safety and security. There has been too much classification in this country."

Months later, Senator Fulbright again asked the Defense Secretary to turn over the Pentagon Papers to the Senate Foreign Relations Committee. Laird ignored the request.

SENATORS REBUFFED

On June 14, 1971, Sen. Stuart Symington, another member of the Foreign Relations Committee, once more beseeched Laird for the Pentagon Papers on any kind of a classified basis. The committee members, he said, might study and glean from them some truth about our involvement in Vietnam so that they could legislate wisely on that prickly subject. Laird refused again, invoking his judgment which held that allowing a handful of U.S. Senators to see the documents would be contrary to the national interest.

Laird certainly did not read all 47 volumes of the Pentagon Papers before he himself refused to show any of them to the Senate Foreign Relations Committee. Says one of his assistants: "God, he was much too busy for that. I assume someone told him about them or he skimmed some of the papers, then decided against releasing any of them."

Had Melvin Laird declassified some of the Pentagon Papers, a large share of which are harmless, repetitious and incomplete history, Daniel Ellsberg might never have leaked them to The New York Times.

COPY TO FULBRIGHT

According to Dr. Ellsberg, he felt that Congress was entitled to know as much about the Pentagon Papers as he who was not a member of Congress. Which, he declares, is why he gave the first copy of the papers to Senator Fulbright in October, 1969. He hoped that Fulbright would get them declassified or made available to members of the Senate Foreign Relations Committee. Instead, Fulbright locked them in his safe and showed them to no one.

Ellsberg waited a year for Fulbright to surface the papers. Fulbright tried. He pressed the Secretary of Defense to release them on any basis. But Laird would not budge. He simply responded to Fulbright with a constant no.

Ellsberg thereupon consulted other members of the government who, themselves afraid to accept the papers, suggested that he leak them to *The New York Times*. Two who accepted the papers were Rep. Paul McCloskey of California and Sen. Mike Gravel of Alaska. Both felt that the people were entitled to some basic truths on how this nation went to war in Vietnam.

It was only after Daniel Ellsberg leaked some but not all of the Pentagon Papers to *The New York Times* two months ago, that Laird finally made the documents available to the House and Senate leadership on a classified basis.

By then two district Federal courts had held that there was nothing in the papers which clearly threatened the national interest, and the Supreme Court held that newspapers could not be restrained, prior to publication, from printing the Pentagon Papers or some similar study on the grounds of national security.

Ironically enough, it was not Robert McNamara, the Defense Secretary who originally ordered the Vietnam study, who classified it "Top Secret."

The Pentagon Papers were so classified by Leslie Gelb, the civilian head of the task force whose members wrote them. Says Gelb, now with the Brookings Institution: "I just assumed I had the right to originally declare them 'Top Secret.' I don't know who gave me that right. I remember discussing it with someone. Since some of the material used in the papers was top secret, I classified all of them top secret. I never knew I also had the right to declassify them since I also had the right to originally classify them. That comes as news to me. I guess I don't know the classification setup too well."

If there are 31,048 persons in the Armed Forces who have the authority to classify documents, how many are there in the State Department, the Justice Department, the Atomic Energy Commission, the Secret Service, the Treasury Department, and hundreds of other government branches and agencies?

Moreover, who are these classifiers? Who chooses them? What are their qualifications?

People in and out of government are given the authority to classify and declassify information not by any law legislated by Congress but by virtue of Executive Order 10501 issued in November, 1953, by Dwight Eisenhower and amended in February, 1963, by John F. Kennedy.

There is no section of the U.S. Constitution which grants the President express authority to issue any such order. One can find implied authority in Article II, Section 3, ". . . He [the President] shall take care that the laws be faithfully executed." But that is all.

EXECUTIVE ORDER 10501

Executive Order 10501 empowers persons in and out of government with classification authority by virtue of the position they occupy and not by their qualifications.

What about former Presidents of the United States? Are they allowed to take "Top Secret" documents and draw from them in writing memoirs for private gain? Or take Dean Acheson, Secretary of State under Truman and author of *Present at the Creation*—is it permissible for him mentally to declassify top secret information gleaned from top secret papers and incorporate them in his books? Or how about Acheson's son-in-law, William Bundy, who advised Lyndon Johnson on escalating the war in Vietnam? As the editor-to-be of *Foreign Affairs*, will Bundy filter from his mind all the top secret information he obtained while in government?

Presidents have always had broad discretion in selecting the documents, memoranda and other papers they take with them when they leave office. When Lyndon Johnson departed the White House he took 29 truckloads of documents for transplanting in the LBJ Library in Austin.

AUTHORITY UNTESTED

"Since the authority for classifying information came originally from the President while he was in office," says a Department of Justice spokesman, "the authority of a former President to declassify documents which originated during his tenure has rarely been questioned and never tested. While the government has strict rules prohibiting officials or former officials of the government from selling information which came to them as a result of their government work, these rules have not been applied to Presidential memoirs."

Neither have such rules been applied to the memoirs of generals, former Cabinet officials, secretaries or anyone else in government.

Lyndon Johnson who received a $1 million advance for his soon-to-be released memoirs entitled *The Vantage Point*, was so concerned about what his key White House aides might write about him and his Administration that again, according to the Justice Department, "He gave serious consideration to proposing that his appointees sign an agreement not to disclose information which came to them as a result of their work. Although Justice Department attorneys did considerable research on the legality of such an agreement, the whole project was finally shelved."

INCONSISTENCIES NOTED

All this of course is not to argue that the government has no right to or should not classify certain sensitive information. It *must* have that right. What it boils down to is that the government's present secrecy classification system is an undeniable mess riddled with inequity, stupidity and inconsistency.

It is quite in order for Lyndon Johnson, Walt Rostow, McGeorge Bundy, Dean Acheson and dozens of others in and out of government to make use of the raw materials which constitute the McNamara study. But the public is not allowed to see a single page.

Reform is in order—is it not?

GOLDBERG ON CLASSIFICATION

(By Arthur J. Goldberg)

(NOTE.—Testimony of Arthur J. Goldberg before the Foreign Operations and Government Information subcommittee of the House of Representatives, 23 June, 1971.)

". . . I have read and prepared countless thousands of classified documents and participated in classifying some of them. In my

experience, 75 percent of these never should have been classified in the first place; another 15 percent quickly outlived the need for secrecy; and only about 10 percent genuinely required restricted access over any significant period of time.

"Moreover, whatever precautions are taken, leaks occur in a government of fallible men. In short, the classified label in our experience has never been 100 percent respected.

"Let me give a case in point. On March 15, 1968, when I was Ambassador to the U.N., I made certain major policy recommendations relating to the cessation of bombing of North Vietnam in a cable to the President. My memorandum was marked 'for the eyes of the President, Secretary of State, and Secretary of Defense only.' It had a high security rating. This was not the only one of such memos. There were others submitted from my vantage point at the U.N.

". . . Through no disclosure of my own, this document has in recent months been discussed in two books of general circulation authored by former government officials and was the subject of comment by President Johnson in a television interview.

"Although its words may technically still remain classified, its substance has been disclosed, and, I must add, without injury to any national security interest. Some of those with access to it have described it publicly, but the Congressman and the citizen, the scholar and the critic, the journalist and the student—all who wish to know what their government has done—are presumably still denied the right to see the document.

"Mr. Chairman, in view of the fact that the substance of this document has been made a matter of public record and debate and has not impaired national security, I can see no compelling reason why this committee and the public it represents should not have access to the actual document.

"And as I reflect upon my three years at the U.N., I must conclude that nearly every other memorandum of mine to the President and other high ranking officials relating to Vietnam could safely be disclosed. I would welcome the general release of these and similar documents as an aid in informing Congress and the public."

HOW TO CURE OVERCLASSIFICATION SYNDROME

(By William G. Florence)

William G. Florence, a retired Pentagon security expert, helped during the Eisenhower Administration to write the original document (Executive Order 10501) which defines top secret, secret, and confidential information.

According to Florence, a former Air Force major, "Executive Order 10501 does not have the force of law and has in fact no application whatsoever to persons outside the Executive Branch of the government.

"A classification is merely an administrative indication," he explains, "to individuals of the Executive Branch that the information requires a certain degree of protection.

"Only one-half of one percent of all the information currently classified top secret, secret, and confidential, deserves such protection. The other 99.5 percent could easily be made public.

"In my 43 years of military and civilian service with the government involving responsibility for safeguarding defense information, I discovered widespread disorientation at all levels concerning the purpose and meaning of Executive Order 10501.

"The Defense Department has incorrectly imposed all kinds of classification restrictions on the press, its own employees, and government contractors. The basic classification system was originally designed for the very narrow field of military information that could be used by some foreign nation against the United States.

"Now, however, it's become a way of life, and it's used as a cover-up for all sorts of governmental inadequacy and failure, and these rightly should be made public.

"In addition to the 31,000 people in Defense," Florence continues, "about 10,000 of whom are civilians, with the authority to classify documents, there are another 6000 in the State Department with original classification authority, plus thousands in 57 other government agencies which have security information systems.

"Practically anybody in government can assign a classification rating to anything if it's related to something already classified. The problem of unnecessary classification and overclassification has become so serious that it demands immediate corrective action.

"I believe the Congress should enact new legislation to preserve U.S. Government military secrets from disclosure, and that such legislation should be similar to that which applies to the Atomic Energy Act of 1954. That act provides only one category of information to be withheld, and it is known as 'Restricted Data.'

"If Congress doesn't want to do that, then Executive Order 10501 should be revised. The classification system should apply only to official defense information of the government, the unauthorized disclosure of which would affect the national defense, and that no document or other item be incorporated in the system unless it actually contains such information.

"I believe the authority to classify information should be limited to persons specifically designed by the President and their designees and that classification assigned to information be canceled as soon as possible, and automatically at the end of six years unless the President or the head of some department specifies a longer period of time for a particular item of information."

The classification system now in effect Florence maintains, "is needless, extremely costly and serves mostly to keep useful information from our own people and their representatives."

MORE OIL UPON TROUBLED WATERS—NEW DRILLING PERMITS GRANTED IN SANTA BARBARA CHANNEL

Mr. TUNNEY. Mr. President, once again, the Department of the Interior has reverted to that ageless authoritarian principle that the public be damned. The Department has totally and, I must say, cynically disregarded the concern and the will of the people of Santa Barbara to authorize the construction of two more oil drilling platforms in the Santa Barbara Channel.

That channel already has been desecrated by the petroleum interests; yet the Department apparently condones the continued exploitation of that coastal area.

The administration puffed up headlines recently for using 100 sailors and marines to clean up 1,200 gallons of fuel oil that spilled from a refueling operation on the California coast. Yet that same amount seeps every 3 days from drilling operations presently underway in the Santa Barbara Channel.

Santa Barbara residents are understandably appalled and apprehensive by the current pollution of the channel, and they are joined by millions of Californians in opposing additional drilling. The administration's own Environmental Protection Agency has warned against new drilling operations. But the Department of the Interior remains oblivious.

It has issued a glib environmental impact statement that acknowledges the possibility that "a major oil spill would cause extensive short-term damage to beaches," but it suggests that "steps have been taken to minimize this possibility."

Mr. President, that impact statement simply would not do. The citizens of Santa Barbara, thousands of whom are outraged by this decision, demand and deserve better than this hopeful propaganda from the Department of the Interior. The fact of the matter is that existing technology is insufficient to safeguard against a massive oil spill of the type that devastated the channel in 1969. The Environmental Protection Administration recognized this in cautioning against further construction. The Department disregarded both the tragic experience of Santa Barbara and the advice of EPA in order to "permit complete recovery of reserves" to use the sterile phraseology of their summary statement.

The Department has defaulted in its responsibility to prepare an adequate and objective envirionmental impact statement. At the beginning of the year, residents and State officials who opposed further drilling contended that their objections were fruitless because the Federal Government was already determined to allow the platforms. And now, particularly in view of the Department's cavalier handling of the unfavorable EPA recommendations, it appears that they were right.

When the draft impact statement on exploratory drilling in the channel was first released I asked for a 60-day extension of time to allow for public comment on the disturbing provisions it contained. That request was flatly rejected.

Now we have another example of the Interior Department's casual indifference to a really desperate environmental situation. I join my senior Senator in urging the Committee on Interior and Insular Affairs to begin hearings on S. 373 which Senator CRANSTON and I jointly introduced which would impose an immediate moratorium on drilling in the channel, would forbid resumption of any drilling for 5 years and would require the Congress to approve the adequacy of tough drilling safeguards specifically set forth in that bill before any such drilling occurred.

I implore the Council on Environmental Quality to request the President to personally intervene and forestall construction of the platforms.

We have passed the point where we can afford to take chances with the environment. The citizens of Santa Barbara are in no mood to allow an oil company and the Federal Government to gamble with their beaches and shores—again.

ADDRESS BY SENATOR KENNEDY TO NATIONAL PRESS CLUB

Mr. MATHIAS. Mr. President, the distinguished Senator from Massachusetts (Mr. KENNEDY) returned recently from an important visit to India where he viewed the plight of millions of East Pakistani refugees. On August 26, Senator KENNEDY outlined his findings and recommendations in an important

speech before the National Press Club. As a member of Senator KENNEDY's Subcommittee on Refugees and Escapees, I ask unanimous consent that the speech be printed in the RECORD.

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

ADDRESS BY SENATOR EDWARD M. KENNEDY TO THE NATIONAL PRESS CLUB

I am grateful for this chance to speak to the members of the National Press Club and to share with you my experiences during a week-long visit to the refugee camps of India—to a scene which only can be described as the most appalling tide of human misery in modern times.

In just a few months, since early April, the civil war in East Bengal has driven nearly 8,000,000 men, women and children into India to escape conditions in their homeland. Unnumbered thousands of others have been slaughtered in the civil strife, or displaced within their country. Millions more in East Bengal face continued terror, disease and starvation, unless they receive immediate relief.

This stark tragedy is not yet understood by the world. And although it has been a source of urgent concern to me and the Senate Subcommittee on Refugees from the outset, I can tell you that not until you see it firsthand can you begin to understand its immensity. For only by being there can you sense the feelings and understand the plight of the people, and the forces of violence which continue to create refugees and increase the toll of civilian casualties.

In India I visited refugee areas along the entire border of East Bengal—from Calcutta and West Bengal in the west—to the Jalpaiguri and Darjeeling districts in the north—to Agartala in the State of Tripura in the east. I listened to scores of refugees as they crowded into camps, struggling to survive in makeshift shelters in open fields or behind public buildings—or trudging down the roads of West Bengal from days and even weeks of desperate flight. Their faces and their stories etch a saga of shame which should overwhelm the moral sensitivities of people throughout the world.

I found that conditions varied widely from one refugee camp to another. But many defy description. Those refugees who suffer most from the congestion, the lack of adequate supplies and the frightful conditions of sanitation are the very young—the children under five—and the very old. The estimates of their numbers run as high as fifty percent of all the refugees. Many of these infants and aged already have died. And it is possible—as you pick your steps among others—to identify those who will be dead within hours, or whose sufferings surely will end in a matter of days.

You see infants with their skin hanging loosely in folds from their tiny bones—lacking the strength even to lift their heads. You see children with legs and feet swollen with edema and malnutrition, limp in the arms of their mothers. You see babies going blind for lack of vitamins, or covered with sores that will not heal. You see in the eyes of their parents the despair of ever having their children well again. And, most difficult of all, you see the corpse of the child who died just the night before.

The story is the same in camp after camp. And it is complicated by the continually growing number of civilian casualties overburdening an already limited hospital system. Most of these casualties have been brought across the border by their fellow refugees. Yet there also are large numbers of Indians whose border villages have been subjected to shelling from Pakistani troops. In addition, there are the untold numbers of victims who remain uncounted and unattended in the rural areas of East Bengal.

The government of India, as it first saw this tide of human misery begin to flow across its borders, could have cordoned off its land and refused entry. But, to its everlasting credit, India chose the way of compassion. The Indian Government has made Herculean efforts to assist and accommodate the refugees—efforts which history will record and remember.

But even this noble work is being defeated by the sheer numbers involved in this calamity. At peak periods two months ago, refugees were arriving in India at the rate of 150,000 a day. Today they still arrive at the rate of 25,000 a day.

And while the magnitude of the problem staggers the imagination, the individual accounts of the people who have fled East Bengal tear at your heart.

A 55-year-old railway employee—he was a Muslim civil servant with 35 years of service—told me of an unexplained noontime attack by the Pakistani army on his railroad station. "I do not know why they shot me," he said. "I don't belong to any political party. I was just a railway clerk." Now he sits idly in an Indian refugee camp, financially crippled, and with no prospect of returning to receive his long-earned government pension that was to begin next month.

Even more tragic are the experiences of the innocent and uneducated villagers. You can piece together the mosaic of misery from dozens of interviews among new refugees on the Boyra-Bongaon Road north of Calcutta.

On the day we traveled this 20-mile road, at least 7,000 new refugees were streaming along the banks of the border river crossing near Boyra. Nearly all were peasant farmers. Most were Hindus, from the Khulna and Barisal districts south of Dacca—on the fringe of the area affected by last fall's cyclone.

The very young and the very old were exhausted from many days and nights in flight—usually on foot. Many were in a visible state of shock, sitting listless by the roadside or wandering aimlessly toward an unknown fate. They told stories of atrocities, of slaughter, of looting and burning, of harassment and abuse by West Pakistani soldiers and collaborators. Many children were dying along the way, their parents pleading and begging for help. Monsoon rains were drenching the countryside, adding to the depression and despair on their faces. To those of use who went out that day, the rains meant no more than a change of clothes. But to these people it meant still another night without rest, food, or shelter.

It is difficult to erase from your mind the look on the face of a child paralyzed from the waist down, never to walk again; or a child quivering in fear on a mat in a small tent still in shock from seeing his parents, his brothers and his sisters executed before his eyes; or the anxiety of a 10-year-old girl out foraging for something to cover the body of her baby brother who had died of cholera a few moments before our arrival. When I asked one refugee camp director what he would describe as his greatest need, his answer was "a crematorium." He was in charge of one of the largest refugee camps in the world. It was originally designed to provide low income and middle income housing, and has now become the home for some 170,000 refugees.

It is time—it is past time—for Americans to understand what has produced this massive human tragedy, and to recognize the bankrupt response by our own nation.

The issue from the beginning in East Bengal has been self-determination and democratic principle. After years of political and economic domination by West Pakistan—after years of martial law and unfulfilled election promises—a free election finally was conducted throughout Pakistan last December 7th. The election was administered under martial law and, at the time, loudly proclaimed fair by the government of President Yahya Khan. It produced in East Bengal an overwhelming mandate—almost 80% of the vote—for the Awami League party and its leader, Sheikh Mujibur Rahman.

The Awami League was thus given a majority in the forthcoming Pakistan National Assembly charged with drafting a new constitution for returning the nation to civilian, democratic rule. But what happened next formed a pattern of delay and deception, followed by the invocation of marital law once more. Negotiations between Sheikh Mujib and President Yahya over the party's six-point proposal for regional autonomy dragged on and deteriorated—erupting in terror and bloodshed suddenly on the night of March 25th.

While the East Bengalis negotiated for democracy and autonomy, the West Pakistan army prepared for systematic repression and organized terror. Countless thousands were butchered during the days that followed March 25th, and many millions more were dislocated within East Bengal. What I saw last week in India was the human debris from that night of terror and from the subsequent weeks of violence. Martial law remains, as does the military's violence. "Collective responsibility"—a policy of destroying whole villages on the suspicion that they harbor Awami Leaguers or Bengali guerillas—is now sanctioned by martial law, and it is reflected in the continuing flow of refugees.

Unfortunately, the face of America today in South Asia is not much different from its image over the past years in Southeast Asia. It is the image of an America that supports military repression and fuels military violence. It is the image of an America comfortably consorting with an authoritarian regime. It is the image of an America citing its revolutionary past and crowing about its commitment to self-determination, while it services military juntas that suppress change and ignore a people's aspirations.

The situation in East Bengal should particularly distress Americans, since it is our military hardware—our guns and tanks and aircraft delivered over a decade—which are contributing substantially to the suffering. And even more shocking is the fact that these military supplies continue to flow—apparently under instructions from the highest officials of our land. Pakistani ships loaded with U.S. military supplies continue to leave American harbors bound for West Pakistan troops. And it is all so shameful and so sad. For they could be halted with a simple stroke of a pen.

It is argued that the continuation of military aid to West Pakistan somehow gives us "leverage" to constructively influence the Pakistan military's policy in East Bengal. Well, where is that leverage? Where is the leverage to stop the use of U.S. arms which produce the refugees and civilian victims that we then must help support in India? Where is the leverage to halt the secret trial of Sheikh Mujib whose only crime is that he won a free election? Where is the leverage to prevent our humanitarian aid from being turned into military equipment, when American relief boats are transformed into American gun boats? Why, if we have the leverage to influence the government of Pakistan, must our great nation assist in this shabby and shameful enterprise?

It is time for Americans to ask their leaders: "Just what kind of government is it that we seek to influence—and for what purpose?"

For over ten tragic years, Americans have been asked to sacrifice nearly $100 billion and 45,000 lives to uphold the concept of self-determination and democratic principles in a land 10,000 miles from our beaches. Today,—in a land 12,000 miles away and with 5 times the population—America is being asked by its leadership to support the repression of self-determination—to cooperate in a conspiracy against the results of a free election.

Consider another pitiful parallel: after all our sacrifice and all our effort in South Vietnam, we are confronted with a so-called "democracy" that is ruled by a military elite which still cannot conduct a "free election"—which calls an election "free" when it eliminates all significant opposition. Meanwhile, in East Bengal—less than 2000 miles from Saigon—we ignore the results of a free election only to help a group of generals suppress an electoral mandate and, in the process, to subvert all the principles for which we have sacrificed so much for so long.

You may say that we have no business getting involved—that we cannot police the world. That may be true. But the cold fact is that we already are involved in East Bengal. Our guns are involved. Our money—invested over two decades of economic assistance—is involved. It is not a question of whether we should be involved but, rather how we should be involved. It is not a question of whether we should spend funds but rather, how are we spending funds. Whether we supply more guns, or invest in the humanitarian programs to bring peace and relief to a desparately troubled area.

There is irony in the voices of the leaders of East Bengal with whom I talked and who now constitute themselves as the Government of Bengal Desh. These leaders will not come to America to ask for assistance. As one Awami League official said: "Many nations and people come to America to ask for billions of U.S. dollars for more guns, more supplies. We Bengalis ask only that you provide nothing—no guns, no money to either side—that you simply remain neutral." To me this seems both sound from a political as well as moral view. Neutrality, rather than the mindless and fruitless practice of following old habits in our dealings with military cliques in South Asia, may provide us with leverage which is real and effective.

The nations of that region are struggling today against heavy odds to achieve democratic government. We in America do not fully realize how the spirit of democracy flourishes there. India a few months ago held, for the fourth time, the largest free election in the world. For Pakistan it has taken a longer period to arrange free elections. But the significance of last December's vote was not missed even by the martial law authorities in West Pakistan. They proudly and rightly, proclaimed it as a milestone in Pakistan's history. It had presented Pakistan with its first real opportunity to bridge its regional divisions and develop democratic institutions.

So it was that civilian leadership emerged in Pakistan, capable of pulling together the forces of history—of preserving the unity of Pakistan and the stability of the region. The full folly of the West Pakistan army's bid to undo what a whole people had set in motion—to suppress its best hope for unity—can only be understood in this context.

If some political solution is not found soon—if some mechanism is not established for cooling tempers and furnishing relief—the situation in East Bengal threatens to develop into terminal cancer both for Pakistan and Eastern India. For no issue has had more disruptive impact on the subcontinent since partition in 1947.

The implications for American foreign policy are clear.

First, we must arouse America to the real human tragedy now taking place in Pakistan and India. The tragedy of East Bengal is not only a tragedy for Pakistan. It is not only a tragedy for India. It is a tragedy for the entire world community, and it is the responsibility of that community to act together to ease the crisis. If America is to fulfill its role as the leading humanitarian nation of the world community, then America must take the lead in bringing international aid and relief to the millions of refugees and other victims of this international conflict.

We know, however, that the response of the United States and the international community has been far short of the need. To date, the United Nations has given less than $150 million for relief. Of this total, the United States has pledged about $80 million.

To be sure, as the Administration pointed out with pride, we have pledged a larger share of the total than the rest of the world combined. But the pride is quickly dispelled by the vastly greater burden now being carried single-handedly by the government and the people of India. When we realize that India herself faces the prospect of a budget for refugee relief of $500 million to $1 billion in the next year alone, we realize how little the outside world is really doing, and how paltry the American contribution really is.

Simple humanity demands that America and the United Nations must accept the truth that this heavy burden should be borne by the entire international community, and not by India alone. Consistent with the financial support we have traditionally given to United Nations aid and relief activities in the past, as well as with the level of support we are currently giving as a member of the international consortium for aid to that part of the world, the United States must be prepared to contribute at least 30 to 40% of the relief effort for East Bengal. If a billion dollars is needed through the United Nations, then America must have the courage not only to demand that the U.N. meet the need, but also to provide the $300 to $400 million that will be required as the American contribution to the effort. When Congress returns in September, I intend to offer appropriate legislation to achieve this goal.

Second, we must do an about-face in our relations with the nations in the area. Most important, our government must stop preaching "restraint" to India and start showing "restraint" ourselves toward Pakistan. We must end immediately all further U.S. arms shipments to West Pakistan. We must end all other economic support of a regime that continues to violate the most basic principles of humanity. We must demonstrate to the generals of West Pakistan and to the peoples of the world that the United States has a deep and abiding revulsion of the monumental slaughter that has ravaged East Bengal.

My experience in the field last week has strengthened these views immensely. No American who has seen the faces of children too weak to cry, too tired to live, too shocked to care, could settle for less. No American would recommend less against a government that tries a political leader in secret—and, as many fear, may put him to death—for the crime of winning a free election.

No American would support a regime that is alien to the principles for which so many of his fellow citizens have given their lives in virtually every corner of the world.

I do not, at this time, suggest a break in our diplomatic relations with Pakistan. Let us continue to talk urgently. Let us express our candid views. Let President Nixon make personal representations to President Yahya Khan about every aspect of the crisis. To the beleaguered Government of India let us reaffirm our faith in the ability of men of good will everywhere to work together to end the crisis.

Third, I believe that the United States should work strongly within the framework of the Southeast Asia Treaty Organization to bring as much pressure as possible to bear on the Government of West Pakistan to modify its cruel policy of repression toward East Bengal. If no alleviation of these policies is immediately forthcoming, the United States should lead the other SEATO nations in seeking to terminate the participation of Pakistan in the organization.

Similarly, we should re-examine every other bilateral and multilateral relationship we have with Pakistan. No forum of this nation, no forum of the world community, should hesitate to focus the bright light of informed opinion on the nightmare of terror and inhumanity now being perpetrated in South Asia.

As Chairman of the Senate Subcommittee on Refugees, I plan to file a formal report on the findings of my recent field investigation. Our Subcommittee will conduct further hearings at the end of September. These hearings will be an effort to document what our government is doing, what it is prepared to do, and what it is capable of doing to provide the leadership necessary to bring peace and relief to South Asia.

The prayers and dreams of people like those in East Bengal were stated eloquently a generation ago in the magnificent verse of Tagore, Bengal's greatest poet and philosopher. As Tagore wrote in an immortal ode to peace and freedom in words that could describe the aspirations of East Bengal today,

"Where the mind is without fear and the head is held high;
Where knowledge is free;
Where the world has not been broken up into fragments by narrow domestic walls . . .
Into that heaven of freedom, my Father, let my country awake."

With words like these as our inspiration, America can find the will to help these dreams come true.

INTERNATIONAL ASSOCIATION OF FIRE CHIEFS ESTABLISH FIRE SERVICE AWARD

Mr. McINTYRE. Mr. President, on behalf of the Senator from Washington (Mr. MAGNUSON), I ask unanimous consent to have printed in the RECORD a statement and an attached letter concerning the forthcoming annual conference of the International Association of Fire Chiefs.

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

STATEMENT OF SENATOR MAGNUSON

Mr. MAGNUSON. Mr. President, the International Association of Fire Chiefs will hold its annual conference in St. Louis, Missouri from September 19th through September 22nd. The Association established an award to promote citizen understanding for the important role of the members of the fire service.

I am proud to salute this fine organization on the occasion of its annual conference and I applaud the establishment of the Benjamin Franklin Fire Service Award.

I ask unanimous consent to have printed in the RECORD the letter of Mr. Donald O'Brien, which contains a statement of the criteria for the Fire Service Award.

SEPTEMBER 8, 1971.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This September 19–22, The International Association of Fire Chiefs will hold their annual conference in St. Louis, Missouri. At this conference they will discuss the latest technique and equipment being used to save and protect lives and property.

Seminars will deal with department administration, disaster control, fire prevention and community relations. Community relations is an area requiring specific attention, especially within America's urban centers.

One successful effort seeks to build a new recognition for the heroism of our firefighters by calling attention to their life-saving action in dangerous circumstances.

The International Benjamin Franklin Fire Service Award is a special campaign to pro-

mote citizen understanding and enthusiasm for the important role of the fire service. The program seeks to point up the professionalism we can expect of today's firefighters and the heroism that for them is a way of life.

The award is named for America's first fire chief, Benjamin Franklin. In accepting the first leadership position with the Union Fire Company in Pennsylvania, he established standards that serve as the basis for today's traditions. With achievements in statesmanship, science and invention, Chief Franklin became a model for fire service leaders to come.

The award includes a special plaque and $200 U.S. Savings Bond, and qualifications for recognition are simple. Eligibility extends to all active firefighters, paid or volunteer, on or off-duty, in any life saving rescue incident. They need only be nominated by their chief, who submits details of the incident and action to the Fire Service Award Coordinator. A special committee of international fire service leaders will select recipients from the many nominations reviewed in each judging period. Use of modern technique and equipment, teamwork and extraordinary effort by firefighters in rescue situations will be studied carefully.

The program was initiated through the joint efforts of the leadership of the International Association of Fire Chiefs and Motorola Communications & Electronics, Inc. In sponsorship, Motorola provides the awards and coordination support for the presentations and information gathering. The IAFC, partners in the fire service with the heroic firefighters all over the world, apply their expertise and close contact with emergency situations to select winners.

Additional information and nomination forms are available from the IAFC or Motorola:

International Association of Fire Chiefs, 1725 K Street, N.W.—Suite 1108, Washington, D.C. 20006, (202) 833-3420.

Motorola Benjamin Franklin Fire Service Award Coordinator, 1301 E. Algonquin Road, Schaumburg, Illinois 60172, (312) 358-7900 Ext. 3172.

Sincerely yours,

DONALD O'BRIEN,
General Manager.

EFFICIENCY IN POLICE WORK IN MISSOURI

Mr. SYMINGTON. Mr. President, the technology which brought increased enjoyment to viewers of television sports through the "instant replay" has been applied by the Creve Coeur, Mo., Police Department in the enforcement of traffic safety.

As a former resident of Creve Coeur for many years, I was pleased to see the story by Creve Coeur Police Lt. Thomas O. Gooch, "The Car With the Camera," in the September issue of the FBI Law Enforcement Bulletin.

In the article, Lieutenant Gooch describes how the system, involving a television camera mounted on a patrol car dashboard to view violations, has resulted in more careful driving through Creve Coeur.

FBI Director John Edgar Hoover described this splendid report on the work of Lieutenant Gooch's agency as "of interest to police officers throughout the country."

I ask unanimous consent that the article from the FBI Law Enforcement Bulletin be printed in the RECORD.

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

THE CAR WITH THE CAMERA

Traffic violators in our city, a St. Louis suburb with a population of about 9,000, have recently been surprised by a sophisticated method of traffic control. Chief of Police William L. Kisling, Jr., who heads our 17-man department, appointed Patrolman Franklin D. Harris a special traffic officer, and the 27-year-old policeman has devoted much of his time and effort to the use of a video tape unit in apprehending traffic violators.

The unit is comprised of a television camera, a video tape recorder, an audio tape recorder, and a modified television set, which is used to play back the video tapes. The system, which costs about $2,000, was purchased with funds from a Federal grant obtained through the Missouri Division of Highway Safety.

A judge here in Creve Coeur has rendered the opinion that video tapes of traffic violators are admissible in police court.

When a traffic officer who is on patrol activates the unit, the video tape will run for 30 minutes. During this time the television camera is aimed at various automobiles driving through a specific intersection under "surveillance." In the absence of any traffic violations, the tape is rewound and reused. When a violator is observed, the officer may use the high-powered zoom lens and focus in on the violator's license plate before making the apprehension. The tape of the license plate serves several purposes. It is used not only for identification but also for referral in the event a chase and investigation are necessary.

After stopping the errant motorist, the traffic officer usually invites him back to the police car, where the motorist can view the violation by means of a playback device built into the television camera. When this is done, an audio tape recorder is also operating, and all conversation between the traffic officer and the motorist is recorded for the mutual protection of both parties involved. The audio tape recorder can also be taken to the police courtroom.

All of the above-described equipment installed in the police vehicle can be plugged into the cigarette lighter and powered by the 12 volt automobile battery. The unit can also be plugged into a standard 110 volt outlet.

An officer with 8 hours of training in the use of this equipment can perform adequately in traffic control. Proficiency increases with continued experience.

The above-described system not only has increased the conviction of traffic violators but also has resulted in vehicle operators' driving more carefully. Creve Coeur residents have learned to drive warily in the city streets, not only obeying traffic laws but also being alert for the "car with the camera."

WILLIAM O. DOUB, OF MARYLAND, NEW MEMBER OF ATOMIC ENERGY COMMISSION

Mr. MATHIAS. Mr. President, the chairman of the Maryland Public Service Commission, William O. Doub, resigned to become a member of the Atomic Energy Commission when the Senate confirmed the President's nomination. The Nation gained at the expense of Maryland when he retired from the public service commission, but Mr. Doub leaves Maryland a tangible monument to his leadership and service to the people of Maryland during his 3 years as PSC chairman.

Mr. Doub told Horace Ayres of the Baltimore Evening Sun:

I think the principal accomplishment of my three years is being able to promulgate underground rules—residential, commercial and industrial—that are uniform in nature.

His reference was to a series of regulations requiring that electric and telephone lines be installed underground. With Mr. Doub spurring the commission, it extended these rules to all new housing in Maryland including trailer parks.

Shortly before he left the PSC, Mr. Doub called on succeeding public service commissions to continue the effort to keep utility lines underground and, when it becomes technically and economically feasible, require that high-power transmission lines be underground as well.

I ask unanimous consent that Mr. Ayres' excellent interview with Mr. Doub, published September 2, be printed in the RECORD.

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

[From the Baltimore Sun, Sept. 2, 1971]

VANISHING WIRES MADE DOUB A VISIBLE VICTOR

(By Horace Ayres)

GERMANTOWN, MD.—If one were to propose a monument to William O. Doub for his service as chairman of the Maryland Public Service Commission, Mr. Doub might hope it would be invisible—a wire buried underground.

"I think the principal accomplishment of my three years is being able to promulgate underground rules—residential, commercial and industrial—that are uniform in nature," said Mr. Doub, who left the PSC chairmanship last month to become a member of the United States Atomic Energy Commission.

"That was the main theme of the three years I was there."

Mr. Doub was referring to a series of regulations, initiated under Solomon Liss, his predecessor as PSC chairman, requiring electric and telephone wires to be installed underground.

This project was pushed forward during the three years Mr. Doub headed the commission, culminating in the promulgation early last month of rules extending the underground requirement to all new housing in the state, including trailer parks.

"While we were handling the greatest volume of rate cases the commission has ever had, our underground program has never halted, never faltered," the former PSC chairman said at the AEC headquarters here in Montgomery county.

HIGHEST PRIORITY

"When I became chairman, I said at the outset that in setting priorities of what we intended to do, undergrounding was the highest priority.

"What we've done in our undergrounding program is a substantial and permanent benefit for everyone in the state. Aesthetically, everyone will benefit." Maryland, he said, was the first state to adopt underground rules on a statewide basis.

The first rule, requiring electric and telephone lines to be put underground in new subdivisions of five or more houses, was adopted by the commission in July 1968, the month before Mr. Doub succeeded Judge Liss as chairman.

For a year before that, while the regulation was being drafted, Mr. Doub had served

as people's counsel to the PSC, representing the public interest in rate cases and other matters before the commission.

The 1968 rule was followed a year later with a rule that lines to all new commercial and industrial development also be placed underground.

"In the spring of 1970," Mr. Doub said, "we started looking at the residential rules. "They were working, except for a number of instances where we got limited cooperation from a number of utilities.

"LOT OF HAIRY PROBLEMS"

"We had a lot of hairy problems, problems of utilities in subdivisions that were already half finished when the rule went in."

In a few cases, he said, where overhead power or telephone lines had already been installed on a portion of a street, similar installations were allowed for the rest of the street.

The next step, after public hearings commenced in 1970 and continued this year, was the rule announced August 4 and to be effective September 1, extending the undergrounding rule to all new housing in the state.

This covers single houses, subdivisions of less than five homes, and mobile home parks, not covered by the earlier rule.

At the same time the commission revised the formula for paying the added cost of underground installation, shifting most of the burden from the homeowner or developer to the utility.

This cost will eventually be absorbed, through rates charged for services, by utility customers in general, on the theory that elimination of overhead wires is of general benefit.

HOPE FOR SUCCESSORS

Mr. Doub, in announcing the latest underground rules shortly before leaving office, expressed hope that his successors on the PSC would continue the undergrounding effort with the ultimate goal of getting existing electric and telephone lines out of sight and of some day, when it becomes technically and economically feasible, putting high-power transmission lines underground as well.

Much of the commission's time, as always, was devoted to rate requests by utilities.

"We couldn't stay away from rate increases," the former chairman said, "because of the commitment of the public utilities to meet the tremendous population growth."

"We held the rate increases as low as we could and in every rate order, there were a number of significant conditions that we attached.

"We gave them what we thought was a fair rate of return. We obtained commitments that we thought were in the public interest."

As an example, he cited the economy telephone service, directed as part of a new fare structure granted in 1970, to permit telephone service at a minimum cost for low-income users who make few calls.

CUSTOMER DEPOSITS

Another significant step accomplished by the PSC during his chairmanship, Mr. Doub recalled, was the adoption of a uniform set of regulations for customer deposits required by utilities before starting service.

This rule, effective July 1, 1970, Mr. Doub said, "established an equitable and indiscriminate policy governing all applicants without regard to the economic character of the area served" and based on "the credit risk of the individual without regard to the collective credit reputation of the area in which he lives."

"This required a complete restructure of gas and electric deposit practices."

Maryland was also a leader, he said, in adoption of promotional practice regulations to govern incentives offered by gas and electric utilities in encouraging new business, and the use of one type of energy in preference to another.

MODEL PROMOTIONS

"On the national level, I participated in drafting of model promotional practices bill, then we adopted it," the former PSC chairman said of the promotional regulations.

"I think we were the first state to do this."

"I think it was because of that that I was put on the executive committee of the National Association of Regulatory Utility Commissions," he said, citing these and other accomplishments of the PSC, "because of the Maryland commission's leadership."

"I was spokesman for the state commissions on the executive committee to the Federal Power Commission. It is that committee, working with the FPC that has made projections of energy needs and capacity for the next decade.

"I think all of this contributed to getting this job," he said of his AEC appointment. "I don't think there is any question about it."

FIRST OFFICE IN 1964

The Baltimore lawyer's political affiliation and past service to the party was no handicap either with a Republican administration in power in Washington.

His first public office, chairman of Baltimore city's first Minimum Wage Commission, came by appointment of Republican Mayor Theodore R. McKeldin in 1964.

In 1966, he was Spiro T. Agnew's running mate as a candidate for attorney general of Maryland, a post to which no Republican has been elected since 1919, when Alexander Armstrong won by a 589-vote margin.

Mr. Doub was snowed under by Democrat Francis B. Burch, 530,647 votes to 268,279, as Mr. Agnew, later to rise to Vice President, won the governorship in the face of Maryland's normally Democratic voting habits.

In July of 1967, Governor Agnew appointed Mr. Doub people's counsel to the PSC.

A year later, the Governor elevated Solomon Liss, an active Democratic politician, to the Supreme Bench of Baltimore City and named Mr. Doub to the vacancy thus created in the PSC chairmanship, traditionally a much desired political appointment.

When his term as replacement for Mr. Liss expired May 31 of this year, he was reappointed by Governor Mandel, a Democrat, to a full six-year term.

5-YEAR TERM ON AEC

Six weeks later, President Nixon announced the appointment of Mr. Doub to a five-year term on the Atomic Energy Commission.

Mr. Doub's chief experience in the atomic energy field prior to the appointment was in connection with the most controversial continuing issue before the Public Service Commission during his three-year tenure as chairman. This was the nuclear generating plant being built by the Baltimore Gas and Electric Company at Calvert Cliffs in Southern Maryland.

"The commission, under Sol Liss' leadership, persuaded the General Assembly to give us jurisdiction over new generating stations and transmission lines," Mr. Doub reminisced.

"Calvert Cliffs was the first case we had.

"The act giving us jurisdiction became effective July 1, 1968. We were faced with the question of whether construction had already begun."

After a series of hearings at which opponents of the nuclear plant contended that it might damage the ecology of the Chesapeake Bay, the PSC accepted the Gas and Electric Company's contention that construction of the $347 million plant had started before the effective date of the law requiring a permit from the PSC.

LEGAL QUESTION

The legal question at issue was whether excavation and other preliminary work undertaken by the company prior to the effective date of the law constituted a start of construction.

The PSC's ruling that construction had started before July, 1968, was upheld in a challenge before the Anne Arundel County Circuit Court, but overturned by the Maryland Court of Appeals last October, by which time the plant was 25 to 30 per cent complete.

After further hearings, the PSC issued a permit, with safety restrictions described as the most stringent for any nuclear generating plant in the country.

The controversy, fought before other state and federal agencies, as well as in the courts, is far from ended, however, and has followed Mr. Doub to his new federal post.

In July, the United States District Court for the District of Columbia found that the AEC's rules for environmental protection were inadequate. As a result of this ruling the commission is now in the process of rewriting its regulations on the subject.

2.3 BILLION BUDGET

For the AEC, licensing and regulation of nuclear reactors such as the one at Calvert Cliffs is a major function and a growing one, as the use of nuclear energy for the generation of electric power becomes more widespread.

The five-member commission, with its budget of $2.3 billion for the current fiscal year, also is responsible for production of nuclear materials and weapons and for research and development, both private as well as governmental.

"I think because of my experience, I would probably gravitate toward—have more of an interest in—the regulatory work of the commission," Mr. Doub said a few days after taking office.

His early days with the AEC have been spent in briefings and in studying volumes of documents to familiarize himself with the activities of the agency.

Much of this study was directed toward his first major assignment, as an alternate representative in the U.S. delegation to a 70-nation international conference to begin September 14 in Geneva.

The delegation will be headed by James R. Schlesinger, appointed AEC chairman at the same time Mr. Doub was appointed to the commission, and Glenn T. Seaborg, his predecessor who headed the AEC for more than a decade.

FOURTH CONFERENCE OF KIND

The conference, devoted primarily to the use of atomic energy for electric power, is the fourth of its kind to be held at Geneva since 1955.

In accepting the $40,000-a-year AEC post, Mr. Doub had to sever connections with his Baltimore law firm, Niles, Barton and Wilmer, giving up his law practice "with regret after 15 years."

Reviewing his stock holdings, Mr. Doub said, "I had to sell shares in four companies I thought had a remote connection, as subcontractors for contractors doing business with the AEC."

"I resigned all boards of directors, except the March of Dimes—I submitted that to the general counsel of the AEC for his review and he found no conflict of interest."

"I view it as a total commitment to the job."

Mr. Doub also plans to sell his home in Guilford and move to Germantown. He has lived in Baltimore since his days as a University of Maryland law student in the early 1950's.

EXECUTIVE "LEGISLATION"—A POLITICAL PARADOX

Mr. MATHIAS. Mr. President, the Washington Post of September 5 contains an article by Ken W. Clawson dealing with one of the more interesting current political paradoxes, "executive

legislation" by virtue of Presidential emergency powers. Mr. Clawson describes the vast array of special powers the President has at his disposal—some of them arising from the state of national emergency still in effect 21 years after Harry Truman proclaimed it in December 1950 during the Korean war. He points out the ease with which a Chief Executive can assume special powers at his discretion or through the action of a predecessor by the simple expedient of declaring a state of emergency.

Mr. Clawson examines the anachronistic pattern of emergency powers retained while the emergencies for which they were granted have faded into dim recollection. He also touches on Senate Concurrent Resolution 27, submitted in May of this year, to establish a congressional commission to consider ending the 21-year-old state of national emergency. His article does not suggest that all such emergency executive powers are undesirable, but it does strongly raise the question of whether available Presidential powers should relate to distant, unconnected, past events so that lawyers must labor to adapt the word to the deed and the general public is left in a state of confusion if not suspicion. I thoroughly commend this article to the Senate and ask unanimous consent that it be printed in the RECORD.

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

[From the Washington Post, Sept. 5, 1971]

CRISIS POWERS: NIXON'S BLANK CHECK

(By Ken W. Clawson)

The United States has been in a state of national emergency during the entire lifetimes of more than half its citizens.

When President Nixon established a wage-price freeze last month, he did so under special powers that are among those granted by more than 200 laws giving him virtually unlimited prerogatives anytime he feels the nation is in a crisis situation. In a sense, he filled out and cashed one of a pocketful of blank checks provided Presidents of the United States over the last generation.

Under emergency powers, for example, the government is not required to advertise for bids for property or services. The fact that it does so is cited by White House and Justice officials as "executive discipline" in not using powers it possesses.

The President may also requisition any ship owned by a citizen or under construction in the United States. He may seize foreign ships, even in the Panama Canal Zone, if he "finds it to be necessary to the national defense." Or he can take back portions of former federal property that have been turned over to others—such as a hunting and refuge area in Des Plaines, Ill.

No President has given the slightest indication of terminating the national emergency and relinquishing his special powers, even though most officials of the Executive branch will admit that conditions of the Depression, World War II and the Cold War are hardly applicable now. So the blank checks remain at hand.

When President Nixon ordered his wage-price freeze, he declared a national emergency with respect to floating the dollar and imposing a 10 per cent import tax. But the proclamation wasn't necessary, according to William Rehnquist, assistant attorney general in charge of the Justice Department's office of legal counsel.

The President already enjoyed the power to regulate financial transactions between Americans and foreigners by virtue of a national emergency declared by President Roosevelt in 1933 and superseded by another emergency proclaimed by President Truman in 1950.

Rhenquist said Mr. Nixon went through the motions to "focus public attention on the seriousness of the situation."

Mr. Nixon also was acting under color of the continuous national emergency earlier this year when he suspended the Davis-Bacon Act which stipulates that the government must pay prevailing wage rates in the construction industry. Although the President's action was designed to deal with the current problem of excessive wage rates in the industry, it was authorized by congressional mandate some 20 years earlier.

Mr. Nixon's first move under the banner of a national emergency was during the postal strike of 1970 when he called out troops to deliver the mail. In that instance a proclamation was required because presidential authority to activate up to a million reservists was not granted by Congress until Jan. 1, 1953, three years after the Truman emergency.

Rhenquist stressed that in Mr. Nixon's three actions the Executive was involved in "limited" usage of emergency powers. But he acknowledged the actions were only limited because the President deemed it so. All 200 emergency statutes, plus 13 post-1950 laws, are operative.

Six Presidents—four Democrats and two Republicans—have kept the national emergency and its special powers alive. President Nixon's use carries a special irony because of his overtures toward normalization of relations with mainland China, which he has called a necessary ingredient for his concept of "a generation of peace": his three emergency actions were taken under a proclamation issued shortly after masses of Red Chinese soldiers poured across the Yalu River in support of faltering North Koreans.

President Truman's Dec. 16, 1950, emergency mobilization call referred to the Chinese communists as an immediate and serious danger. "I summon all citizens to make a united effort for the security and well-being of our beloved country and to place its needs foremost in thought and action that the full moral and material strength of the nation may be readied for the dangers which threaten us," Mr. Truman said.

Another special power dates back to May 9, 1933, when President Roosevelt kept Congress in session through the night to pass the Emergency Banking Act, reorganizing the nation's banking system. The new law contained a little-noticed amendment to the Trading with the Enemy Act of 1917, which had transferred from Congress to the President the power to regulate overseas financial transactions in wartime. The 1933 amendment gave the President the same powers in peacetime.

Declaration of a national emergency triggers the power, of course, but neither Congress nor the courts set criteria or standards for what constituted a national emergency. Although the Supreme Court has not ruled, lower courts generally have refused to even consider what some judges have said is a peculiarly presidential function—the determining of a national emergency.

Declaration of a national emergency.

One court did rule—in 1962—that the Depression had ended. No judicial authority has yet challenged the validity of the continuing Korean emergency.

Incorporated into the 1950 emergency were Depression-era statutes against gold hoarding, foreign assets control regulations and, subsequently, regulations on Egyptian and Cuban assets. The Cuban trade embargo of 1962 was partly based on the Truman emergency.

In 1968, President Johnson invoked the emergency powers to restrict the amount of capital that American investors could transfer to or accumulate in foreign affiliates. He also compelled repatriation of short-term liquid balances such as foreign bank deposits.

This was Mr. Johnson's effort to reduce the balance of payments deficit growing out of economic competition principally with our European allies—a far cry from conditions that prompted enactment of the Trading with the Enemy Act of 1917, the Depression emergency or the Korean emergency of 18 years before.

So numerous are the emergency powers of the President that they are compiled in a book published by the Office of Emergency Preparedness. Even with that, no one is certain all of the statutes are included.

Most of the 200 or so special powers relate to the military. Reserve callups, extension of enlistments, the appointment of commissioned officers and other military-related housekeeping chores make up about 80 per cent of the emergency powers. Some are out of date.

Also, there are literally dozens of individual properties the government may use, lease or purchase merely upon a decision by the President to do so. These include the Boston Army Base pier, a former prisoner of war camp near Douglas, Wyo.; a former part of Camp Perry near Williamsburg, Va., and land in York County, Va., that was previously turned over to the county—as well as the land in Des Plaines, Ill.

Included in the emergency powers and written much more carefully than other statutes in authorization to declare an "Internal Security Emergency" where persons believed to be potential saboteurs can be detained without due process of law. Because such an emergency has not been declared, these powers are not in effect.

Before such a proclamation can be made, the nation or a possession must be invaded, or war must be declared by Congress, or there must be an insurrection in the United States in aid of a foreign enemy. An Internal Security Emergency can continue until terminated by the President or by concurrent resolution of Congress.

The Nixon administration indicated earlier this year it was in favor of repealing this statute, which is also ardently opposed by Japanese Americans who were subjected to detention during World War II.

Possibly because of the courts' timidity in dealing with the legality—no matter how out of date—of presidential emergencies, there have been no major challenges over the years.

Last May, however, Sen. Charles McC. Mathias (R-Md.) introduced a resolution to establish a joint congressional committee to study the termination of the Truman emergency.

Joined by Majority Leader Mike Mansfield (D-Mont.) and several other cosponsors, Mathias said termination would be another step in restoring to Congress the powers it has delegated to Presidents during crises only to discover the powers were unretrievable when the emergency passed.

"We must reassert the principle that emergency powers are available only for brief periods when Congress is unable to act and for puropses directly related to the emergency at hand," Mathias said.

When the Senate Foreign Relations Committee holds hearings on Mathias' resolution later this fall, it should become evident that the principle has not been practiced. Justice officials contend, for example, that President Cleveland's emergency calling out federal troops during the 1894 Pullman strike has not been terminated.

But Mathias' effort to reassert congressional jurisdiction in the wake of genuine emergencies handled by strong Presidents has historical precedent. For the sake of unified, quick response to crises, Congress has generally handed the President the tools—albeit sometimes after the fact.

For example, President Lincoln had an active interval between the fall of Ft. Sumter and the convening of Congress in special session on July 4, 1861.

During the 10-week period, Lincoln incorporated state militias into a 90-day volunteer force called 40,000 volunteers for three years' service, added 23,000 men to the regular Army and 18,000 to the Navy, paid $2 million from unappropriated funds in the Treasury to persons unauthorized to received the money, closed the Post Office to "treasonable correspondence," installed new passport regulations, blockaded Southern ports, suspended the writ of habeas corpus in various places and ordered the arrest and military detention of anyone suspected of even treasonous intentions.

Congress later ratified Lincoln's actions, none of which had previous statutory authority. The Supreme Court disagreed with his right to suspend habeas corpus, but that was in 1866 when it didn't matter any longer.

Lincoln's successor was plagued by Congress reasserting itself as a co-equal branch of government. And this seesaw between Presidents and Congresses continued to the modern era of ever-expanding executive power.

Mathias concedes that international involvements and their attendant crises, modern communications and the necessity of decisive action by Presidents makes it more difficult today for Congress to reassert itself.

But he adds, "The Constitution did not envision a state of national emergency to be the normal state of affairs."

ASA T. SPAULDING—BUSINESS LEADER

Mr. JORDAN of North Carolina. Mr. President, earlier this year the faculty and students of the Graduate School of Business Administration at the University of Michigan chose a distinguished North Carolinian, Dr. Asa T. Spaulding of Durham, to receive that institution's 1971 Award for Business Leadership.

His record as founder and developer of the North Carolina Mutual Life Insurance Co., now the Nation's largest black-owned insurance firm, was only one of the reasons he was singled out for that honor.

The citation he received also took note of his significant success in other business and professional enterprises.

At the same time it recognized another important facet of his career—the tremendous contributions he has made to education, community causes and public service on national and international levels.

As recipient of the award, Dr. Spaulding was also chosen to deliver the school's annual business leadership lecture.

It was an impressive, concise, and thought-provoking commentary on the complex problems confronting the Nation's business today which since its delivery has attracted attention throughout the country.

Because of its quality and the message it contains, I consider it a privilege to commend this very excellent speech to your attention. I ask unanimous consent that the text of the citation and of that address be printed in the RECORD.

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

CITATION

Asa T. Spaulding, former President of the North Carolina Mutual Life Insurance Company and one of America's most distinguished business figures.

Mr. Spaulding joined the North Carolina Mutual Life Insurance Company, the nation's largest black life insurance firm, in 1924. He served as the company's Actuary from 1933 to 1958, while concurrently serving as Assistant Secretary, Vice-President, and Controller. He was President of North Carolina Mutual from 1959 until his retirement in 1968 and is a director of the organization and of numerous other business enterprises.

Mr. Spaulding is a trustee of Shaw and Howard Universities and of the National Conference of Christians and Jews and the People-to-People Program. In 1956 Mr. Spaulding was a member of the U.S. delegation to the UNESCO General Conference in New Delhi, India, by appointment of President Eisenhower. He serves on several federal and state government commissions and with many professional, philanthropic, and youth organizations.

The recipient of a B.S. degree from New York University in 1930 and an M.A. degree from the University of Michigan in 1932, Mr. Spaulding has received honorary degrees from Shaw and Duke Universities, North Carolina and Morgan State Colleges, and the University of North Carolina. He was presented a Sesquicentennial Award by the University of Michigan in 1967.

In recognition of his distinguished record of business leadership and his noteworthy contributions to the public interest, the students and faculty of the Graduate School of Business Administration of the University of Michigan have chosen Asa T. Spaulding to receive the 1971 Award for Business Leadership.

FLOYD A. BOND,
Dean, Graduate School of Business Administration.

GEORGE E. LILLY,
President, Student Council.

OPENING PANDORA'S BOX: A MANAGEMENT DILEMMA

(By Asa T. Spaulding)

Thank you, Professor Fischer, for your very kind and gracious remarks, and good evening, ladies and gentlemen. Being invited to receive the 1971 Business Leadership Award and to lecture at my alma mater are both heartwarming and challenging experiences.

To be honored by one's alma mater is, I suppose, the ultimate recognition. The occasion blends older memories of student days with a pleasing sense of the here and now, combining in a way the best of two worlds. So this special occasion warms the heart in a manner that words alone cannot fully express.

I am challenged by the realization that the previous recipients of your award comprise a highly distinguished group of businessmen. I am familiar with their achievements and am inspired by their examples in the two spheres of education and business.

In my remarks this evening, I should like to focus on some of the dilemmas facing management today—especially those of recent origin—and to discuss what is being done and might be done to resolve them. In the latter context, I make no special claim to being clairvoyant or a seer; but a certain amount of handwriting is always on the wall, waiting to be read by those who will expend the time and effort to read it. I have always felt it vital that one should expend that effort.

At the outset, I think we can all agree that we live in a time of restless change, if not of turmoil and upheaval, that there remain great shortcomings in our society, despite considerable efforts to mend them, and that the quality of life is endangered in many ways. Value standards and life styles are being questioned as never before. The winds blow ever stronger about us; and while some people would increase their velocity, others look for stability and a safe anchorage that is increasingly difficult to find. Not since Pandora opened the box which Zeus had given to her, thereby releasing a host of evils, has man been so besieged by—and made fully aware of—the difficulties and imbalances around him and the dilemmas that they produce.

At this stage, some of us are questioning whether the competing forces that sway us can be controlled and reconciled—whether the tremendous amount of restless energy sweeping our nation can bring about a better society without destroying what we already have.

As for me, I am optimistic about the possible resolution of our problems. Even after recognizing the almost overwhelming difficulties which surround us and lie ahead, I am still sustained by the hope that remained in Pandora's box; along with faith, love, and compassion it is a quality and strength which should never be underestimated.

"Hope springs eternal in the human breast." Faith can be made stronger than doubt and despair; love, more overpowering and enduring than hate; and compassion, to win out over indifference if there is a strong enough will. If these qualities are permitted to operate freely in our society and are properly encouraged and nourished, we have nothing to fear. That they shall be so permitted and encouraged is one of the greatest challenges which can be accepted by a person in a position of leadership today!

Among the many dilemmas which face us today are a number which not only command the attention of society in general, but especially concern corporate management. Some of these problems are of such recent origin that we find it difficult to acknowledge them, let alone start dealing with them.

The matter of drug usage is a case in point. We've known for some years that drug usage has sapped the vitality of many urban blacks, while contributing to an increase in crime in the inner city. In more recent years we've found plenty of evidence of increased drug usage in the suburbs and on campuses, with corresponding increases in the crime rate. What has not been apparent until very recently, however, is the extent of drug usage in business, particularly in our factories. As yet, the scope of this problem has not been fully measured. But only a person wearing the most rose-colored of glasses would deny that it provides cause for alarm. Over the long run it may lead to a very real deterioration in the quality of the goods and services on which we depend. What we have here is a classic example of "spillover" into business of a problem that burdens society in general. Much as management might like, at times, to say that somebody else's problems are his alone, in the long run this cannot be. What affects some of us has a way, in the end, of affecting us all.

This principle also holds true with respect to the increasing crime rate, another dilemma which besets both society and management. Businessmen themselves are being hit on two fronts. One involves organized crime, replete with relentless shakedowns and large-scale theft. The other involves in-store and in-shop theft and burglaries. It is becoming increasingly apparent that management's dilemma in this area, as in the sphere of drugs, isn't going to be solved until the problem is dealt with in society at large.

Then there is the matter of race relations, a subject to which this entire lecture could be—but will not be—devoted. This audience scarcely needs to be told that for 350 years, although all Americans may have been created equal, not all Americans were treated equally, least of all in business. In fact, until a decade ago, except for Henry Ford's company, there was not a sizable industrial firm in the country which provided equal op-

portunities in employment to minority peoples or, in many instances, even paid minority laborers a comparable wage to what whites received for the same work. Business was, in fact, one of the great bastions of segregation.

Let me recount one example of how things were just ten years ago, inasmuch as many of you would have been only eleven or twelve, or at most thirteen years old at that time, and you might not remember how it was in 1961 or fully appreciate how far we have come since then. This example concerns a very large company, located not far from here, which a decade ago employed only two black men among the seven thousand people in its headquarters building. Both of these men, I scarcely need add, were on the end of a broom.

That corporation had the usual policy statement to the effect that it did not discriminate on the basis of race, religion, national origins, sex, and so on. But this statement wasn't worth the paper it was printed on. Neither Martin Luther King, Ralph Bunche, Whitney Young, nor Asa Spaulding could have got a job running an elevator in that company's building in 1960. But times and conditions have changed, and thanks to pressures applied by minority groups and government, improved educational levels and skills among members of minority groups, and a management that has come a long way, this particular corporation—along with a good many others in the same situation—is at last practicing what it has preached.

I recognize that some in this audience demand accelerated and more sweeping changes in employment opportunities than have been made thus far by business. While I look also toward your objectives, in my own perspective of the matter I am impressed by the changes that have been made. The hope left in Pandora's box, dormant for so long a time, has come to life in business within recent years. And what once was a management dilemma is now beginning to be a challenging opportunity. When doors swing open in like manner in other areas of society, in labor unions and in housing for example, we will have made a very long stride toward resolving one of the evils visited upon us by the opening of Pandora's box—inequality based on race, sex, and other forms of discrimination. Indeed, if every segment of our society gave as much encouragement to minority groups as business is beginning to do, we could rewrite the Kerner Commission's report—which warns us that "racism" is capable of dividing our nation and of moving America toward two societies, one black, one white, separate but unequal. Must this warning become reality? I think not, I sincerely hope not. Those of you in this room, those of you who can look forward to the next four decades or so in business—to the year 2010 or thereabouts—will help make the determination, and I have great confidence that you will make the right moves.

What I have said about the progress of minority groups in business is not to deny that business can and should do more than it has to provide equal opportunities for all. For one thing, many firms still need to furnish convincing proof to skeptical minorities of their total commitment to equal opportunity. To my mind, nothing could provide better proof of such a commitment than the appointment of qualified members of certain groups—blacks, chicanos, Indians, Puerto Ricans, and women—to the boards of directors of business enterprises. With this in mind, last year I suggested to 109 of our leading corporations that they consider electing qualified minority people to directorships. Sixty-five of these firms responded to my letter, most of them in an affirmative manner.

In my letter to these corporations, I pointed out that a well-qualified member of a minority group could be a valued member of a board—that his input could make a board better able to protect both shareholders' and consumers' interests. In making this suggestion, I emphasized that corporations should appoint to their boards those minority representatives who are knowledgeable in some important aspect of the business and capable of offering balanced judgment for policy decisions. The appointment of an unqualified person to a board would, in my opinion, not only be a disservice to a corporation but would also defeat the objectives envisioned. I am firmly convinced that a well-qualified minority member can bring an extra and needed dimension to a board and managerial body.

In an effort to assist corporations in making appointments to directorships and top-level positions, some of my associates and I have given thought to developing what might be termed a "bank" of qualified blacks and other minority peoples. Such a plan would provide a reservoir of skilled and experienced executives and administrators from which an interested corporation could choose from three to a half-dozen persons for immediate consideration.

Already, we are beginning to see some movement in the direction to which my letter to the corporations pointed. As I am sure everyone in this audience knows, General Motors recently named a black man to its board; and you may be interested to know that Chase Manhattan Bank, Pan American World Airways, First National City Bank of New York, CBS, Sohio, the A&P, and Commonwealth Edison of Chicago, among other firms, have done the same. Who, if I may pose a rhetorical question, could have foreseen such management decisions a decade ago? Only those, I suppose, with considerable optimism—and hope.

Drug usage, crime, and racial inequality are but some of the important dilemmas posed by the opening of 1960's version of Pandora's box. Another, and perhaps broader, question has to do with the quality of life itself. The President has informed us that in the next decade we will increase our wealth by 50 per cent, while asking whether this means that we will be 50 per cent richer in any real sense or 50 per cent happier.

I personally doubt that rising national income alone is a true barometer of our national well-being. Man does not live by bread alone, and any assessment of the quality of life must take this central fact into consideration. We all aspire to improvement in our life style. Yet we cannot be sure whether all of us—or, indeed, in some instances any of us—are going to attain it unless we face some hard facts.

Let's examine the matter of pollution as a prime indicator of the quality of life. Of what use is a pay check half again as large if the water is not fit for human consumption; and what use is recreation, if the air is not suitable for breathing, or if we are plagued by other forms of insidious pollution? Here is a dilemma worthy of the best brains among us—how to rectify the wrongs visited upon Mother Earth by its careless, reckless inhabitants.

Has business management stepped forward to confront the pollution problem? I'm afraid not. A good many people in and out of government have—as the song says—knocked three times for business to make a total commitment in this area, but mostly what they've heard in return is twice on the pipes, which means the answer is no. The fact is, management has not led the way toward pollution abatement and control. One can legitimately question whether it has been a good follower of those who have tried to lead the way. Is government regulation the only solution to the pollution problem? One hopes not. But it is an unhappy fact that most of the progress made in pollution control has not been voluntary, but rather has occurred in response to outside agitation and government regulation. Here is a dilemma which business, along with other polluters—and ultimately taxpayers and consumers—must resolve; and, like some other pressing problems, no one knows how much time we have left to resolve it.

Many other concerns of a socioeconomic nature have been released by the opening of Pandora's box of the 1960s. One is the recent phenomenon which we refer to as "consumerism." Is there one among us who does not feel that goods and services could be improved upon? And is there a business firm in the nation whose leaders would not agree in their heart of hearts that its goods and services could be improved upon? Here is a management dilemma of major magnitude—balancing cost consciousness and profit maximization against increased attention to consumer demands and needs. The long-term answer seems apparent: management must and will bend a great deal toward meeting valid demands for consumer protection.

Other concerns also weigh upon society's and management's minds—the war in Vietnam, inflation, unemployment, poverty, social justice, the role of our higher education, to name only a few. Where does management stand in relation to these dilemmas? Should it take a stand at all? These questions are not easily answered, and a mature person can see merit to arguments presented on two, or perhaps even twenty, sides of each of them. What is clear, however, is that more and more businessmen—but still too few—now understand as never before that there is a world outside the corporate headquarters or the factory, that they *are* their brother's keeper, and that they have to play a larger role in society than making a profit at any price. In saying this, don't think I am against profit; for I know as well as anyone that profits are the engine that makes this vehicle called America move forward. But I am for people, as well as for profit; and I believe in keeping concern for people and for profits in proper balance.

As most of you may know, a more enlightened view of corporate social responsibility by management is a fairly recent development. Thirty years ago, for example, few managements felt that they could justify diverting profits away from shareholders to support educational or charitable organizations. And true acceptance of corporate social responsibility had to await the mid- and late 1960s, when managements came to see that if maximizing profits for shareholders was a major job of management, so too was maintaining institutions capable of making profits over the long run. As a Ford executive recently said, a wise and farsighted management sees that its own best interests are served by doing unto others as it would have others do unto you.

Many of you in this audience are in the fortunate position of coming on the business scene at a time when profits will be increasingly available for helping society—and management—solve their dilemmas. In other words, unlike those who graduated from business school forty, thirty, twenty, or even ten years ago, you are embarking on your careers at a time when businessmen are becoming more a part of the solution than a part of the problem. Businessmen *are* beginning to step up to their responsibilities on an increasing scale, and for evidence we need only note the numerous socioeconomic programs introduced by individual companies and industries, including the $2-billion mortgage investment program of the life insurance industry, and activities of such organizations as the Urban Coalition, Urban America, Inc., the National Alliance of Businessmen, and Common Cause.

Where, you might ask, can you fit into the picture? You can, to be specific, be one of those who, as they ascend the management ladder, accept their full share of responsi-

bility, not only for the products each one markets, but for the schools we operate, the air we breathe, the water we drink, the government we support, the pictures in our museums, the music in our concert halls, the health of our citizens, the peace and tranquility of our neighborhoods, and the viability of our communities—knowing that tomorrow's balance sheet cannot be separated from the quality of our community life.

The creed of corporate social responsibility does not lend itself to the clear and precise measures of performance that profit maximizing does. And as you come to know the dimensions of your business, you are likely to become less sure that every aspect of corporate life can be reduced to an isolated, specific statistical or financial measurement. You will, in short, find yourself grappling more and more with imponderables. You will have to rely as much on your native intelligence and sound judgment as on the hard information that you will gather.

In facing challenges and dilemmas, you will have to bring to bear not only your judgment and training, but also courage and integrity. You will need, for example, the courage to ask your employer why he is not doing something that needs doing, as well as helping him accomplish something he is doing. You will need to be, in short, one who asks why—a person with the courage and integrity to say that the emperor-chairman is not wearing any clothes, if that is the case. Amazingly, most business organizations have very few such people. They need more.

Since the secrets and forces of history and science which have escaped from Pandora's box can never again be imprisoned, you must ever contend with them and try as best you can to master and control them. Finding a way out is destined to be an eternal quest. Or, as the British historian, Arnold Toynbee, put it, "All history can be written in terms of challenge and response." Today's management dilemmas offer you the challenge. Tomorrow's needs await your response.

This world of ours, if I may conclude on an optimistic note, has long known cycles, peaks and valleys marking the rise and fall of nations and civilizations. But the trend line of man's history has always been upward and onward toward a more humane and decent society, and I expect this trend line to continue. You will help in this endeavor as you strive toward a better balanced society both in your daily life and in your careers. And as you help to combine hope, faith, love, and compassion with the troubles from Pandora's box of the 1970s, may I wish you God's blessing.

The ride on which you will soon be embarking may be bumpy at times, but it will be continually interesting—and on occasion fascinating. I wish I were going along—and in one way or another, maybe I will.

EXECUTIVE SESSION—CONVENTION FOR THE SUPPRESSION OF UNLAWFUL SEIZURE OF AIRCRAFT

The PRESIDENT pro tempore. Pursuant to the previous order, the Senate will now go into executive session to vote on the resolution of ratification of Executive A—92d Congress, first session—which the clerk will state.

The assistant legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on December 16, 1970 (Ex. A, 92–1).

The PRESIDENT pro tempore. The yeas and nays have been ordered.

Mr. BYRD of West Virginia. Mr. President, I have been asked by the distinguished junior Senator from Arkansas (Mr. FULBRIGHT), chairman of the Committee on Foreign Relations, to make the following statement.

The Committee on Foreign Relations recommends that the Senate give its advice and consent to ratification of Executive A, 92d Congress, first session, the so-called Aircraft Hijacking Convention. This convention was negotiated at The Hague in December 1970 and signed by representatives of 50 nations, including the United States. It was submitted to the Senate on April 15, 1971.

I wish to summarize briefly the major provisions at this point:

In effect, article 1 states that in order for hijacking to be an offense covered by the convention, it must take place on board an aircraft "in flight." In this connection, pursuant to the provisions of article 3, an aircraft is considered to be "in flight" from the moment its doors are closed following embarkation until any door is opened for disembarkation. It should be added, however, that the convention applies only if the place of takeoff or the place of landing of the aircraft on board which the offense is committed is situated outside the territory of the country in which the aircraft is registered. Moreover, the convention does not apply to aircraft used in military, customs, or police services.

Article 2 provides that each contracting state undertakes to make hijacking punishable by "severe" penalties. This article is not defined, but it is understood that it is designed to encourage all parties to the convention—who have not already done so—to enact implementing legislation with strong penalty clauses which, hopefully, will have the effect of deterring hijackers.

Article 4 provides that each contracting state shall take "such measures as may be necessary" to establish its jurisdiction over the hijacker when the offense is committed on board an aircraft registered in that state; when the aircraft lands in its territory with the alleged offender still on board; and when the offense is committed on board a leased aircraft—without crew—to a lessee who has his principal place of business or permanent residence in that state. Article 4 also states that the convention "does not exclude any criminal jurisdiction exercised in accordance with national law."

One of the key provisions of the convention is contained in article 7, which provides that if the state where the hijacker is found does not extradite him, it shall be obliged "without exception whatsoever and whether or not the offense was committed in its territory" to submit the case to its authorities for prosecution. The effect of this provision is to insure that the hijacker will not escape prosecution, even though the offense may have been politically motivated—for example, an individual who hijacks an airplane to seek political asylum.

Article 8, another key provision, states that hijacking "shall be deemed to be included as an extraditable offense in any extradition treaty existing between contracting states." In other words there will be no need for the United States to renegotiate existing extradition treaties we have with parties to this convention in order to cover the crime of hijacking. In cases where the parties to the convention do not have extradition treaties, they are obliged to include hijacking as an extraditable offense in any future treaties concluded between them. In addition, in the absence of an extradition treaty between parties to the convention they may consider the convention itself as the legal basis for extradition in hijacking cases.

Article 9 provides that when a hijacking has occurred the parties to the convention "shall take all appropriate measures to restore control of the aircraft to its lawful commander." Each contracting state is also required to facilitate the continuation of the journey of the passengers and crew as soon as practicable and return the aircraft and its cargo to the person lawfully entitled to possession.

Under the provisions of article 12, any dispute between two or more parties concerning the interpretation or application of the convention which cannot be settled through negotiation shall—at the request of one of them—be submitted to arbitration. If the parties are unable to agree on the organization of the arbitration within 6 months from the date of the request, any one of the parties may refer the dispute to the International Court of Justice. Any state is permitted to declare that it does not consider itself bound by this provision.

Pursuant to the provisions of article 13, the convention is presently open for signature to all states—irrespective of whether they attended the Hague Conference or are members of the United Nations—at London, Moscow, and Washington. The convention will enter into force 30 days after 10 states which participated in the conference at The Hague have deposited their instruments of ratification. Any state may denounce the convention by giving 6 months' notice to each of the above depositary governments.

The Committee on Foreign Relations held a public hearing on June 7 at which it heard testimony from representatives of the Department of State, Department of Transportation, and the Federal Aviation Administration, as well as industry representatives. The lack of the Cuban adherence to the convention was further explored in executive session on July 20, 1971, at which time the committee, by voice vote, ordered the convention reported favorably to the Senate.

I ask unanimous consent that appropriate extracts from the committee report be inserted in the RECORD in further explanation of the convention.

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

BACKGROUND

An international conference to consider a hijacking Convention drafted by the Legal Committee of the International Civil Aviation Organization was held at The Hague

from December 1–16, 1970. The conference was attended by representatives from 77 countries and observers from 12 organizations interested in international civil aviation. At the conclusion of the conference on December 16, the "Convention for the Suppression of Unlawful Seizure of Aircraft" was signed by representatives of 50 nations, including the United States and the Soviet bloc countries. It was submitted to the Senate on April 15, 1971. Although representatives of the U.A.R. attended the conference, they did not sign the Convention. Cuba did not participate in the conference.

PROVISIONS OF CONVENTION

The final version of the Convention approved at The Hague consists of a three-paragraph preamble and 14 articles. A summary of its major provisions is set forth below.

In effect, Article 1 states that in order for hijacking to be an offense covered by the Convention, it must take place on board an aircraft "in flight." In this connection, pursuant to the provisions of Article 3, an aircraft is considered to be "in flight" from the moment its doors are closed following embarkation until any door is opened for disembarkation. It should be added, however, that the Convention applies only if the place of take-off or the place of landing of the aircraft on board which the offense is committed is situated outside the territory of the country in which the aircraft is registered. Moreover, the Convention does not apply to aircraft used in military, customs or police services.

Article 2 provides that each Contracting State undertakes to make hijacking punishable by "severe" penalties. This article is not defined, but it is understood that it is designed to encourage all parties to the Convention (who have not already done so) to enact implementing legislation with strong penalty clauses which, hopefully, will have the effect of deterring hijackers.

Article 4 provides that each Contracting State shall take "such measures as may be necessary" to establish its jurisdiction over the hijacker (a) when the offense is committed on board an aircraft registered in that State; (b) when the aircraft lands in its territory with the alleged offender still on board; and (c) when the offense is committed on board a leased aircraft (without crew) to a lessee who has his principal place of business or permanent residence in that State. Article 4 also states that the Convention "does not exclude any criminal jurisdiction exercised in accordance with national law."

One of the key provisions of the Convention is contained in Article 7, which provides that if the State where the hijacker is found does not extradite him, it shall be obliged "without exception whatsoever and "whether or not the offense was committed in its territory" to submit the case to its authorities for prosecution. The effect of this provision is to insure that the hijacker will not escape prosecution, even though the offense may have been politically motivated (e.g., an individual who hijacks an airplane to seek political asylum).

Article 8, another key provision, states that hijacking "shall be deemed to be included as an extraditable offense in any extradition treaty existing between Contracting States." In other words, there will be no need for the United States to renegotiate existing extradition treaties we have with parties to this Convention in order to cover the crime of hijacking. In cases where the parties to the Convention do not have extradition treaties, they are obliged to include hijacking as an extraditable offense in any future treaties concluded between them. In addition, in the absence of an extradition treaty between parties to the Convention they may consider the Convention itself as the legal basis for extradition in hijacking cases.

Article 9 provides that when a hijacking has occurred the parties to the Convention "shall take all appropriate measures to restore control of the aircraft to its lawful commander." Each Contracting State is also required to facilitate the continuation of the journey of the passengers and crew as soon as practicable and return the aircraft and its cargo to the person lawfully entitled to possession.

Under the provisions of Article 12, any dispute between two or more parties concerning the interpretation or application of the Convention which cannot be settled through negotiation shall (at the request of one of them) be submitted to arbitration. If the parties are unable to agree on the organization of the arbitration within six months from the date of the request, any one of the parties may refer the dispute to the International Court of Justice. Any State is permitted to declare that it does not consider itself bound by this provision.

DATE OF ENTRY INTO FORCE

Pursuant to the provisions of Article 13, the Convention is presently open for signature to *all States* (irrespective of whether they attended The Hague Conference or are members of the United Nations) at London, Moscow and Washington. The Convention will enter into force 30 days after 10 States which participated in the conference at The Hague have deposited their instruments of ratification. Any State may denounce the Convention by giving six months' notice to each of the above depositary governments.

COMMITTEE ACTION

The Committee on Foreign Relations held a public hearing on the Aircraft Hijacking Convention on June 7, 1971, at which time the following witnesses testified: Mr. John R. Stevenson, Legal Adviser, Department of State; Mr. James M. Beggs, Under Secretary, Department of Transportation; Mr. Jerome F. Huisentruit, Assistant General Counsel, Air Transport Association; Mr. J. J. O'Donnell, President, Air Lines Pilots Association; and Mr. Daniel Donnelly, Chairman, Hijacking Committee, Aviation Law Section, American Trial Lawyers Association.

On July 20, 1971, the Committee met in executive session and received testimony from Mr. Charles A. Meyer, Assistant Secretary of State, Bureau of Inter-American Affairs, and Mr. Robert A. Hurwitch, Deputy Assistant Secretary, Bureau of Inter-American Affairs. They were accompanied by Mr. Robert L. Funseth, Coordinator of Cuban Affairs, and Mr. Mark B. Feldman, Assistant Legal Adviser, Inter-American Affairs. Although this meeting was called primarily to discuss the hijacking problem, other matters dealing with United States policy toward Cuba were also examined.

The following day, on July 21st, the Committee met in executive session and ordered the Hijacking Convention reported favorably to the Senate for advice and consent to ratification. The Committee agreed, however, that the Convention should not be reported until the July 20th executive session was sanitized and printed together with the public hearing held on June 7th. This accounts for the delay in filing the Committee report with the Senate.

IMPLEMENTING LEGISLATION

In a letter dated June 4, 1971, the Department of Transportation transmitted to the Vice President proposed legislation to implement certain provisions of the pending Hijacking Convention. The letter and the proposed bill, which would amend the Federal Aviation Act of 1958, as amended, are reprinted in the appendix to the Committee's hearings.

In addition to amending existing law to make it conform with certain provisions of the Hijacking Convention, the legislation proposes a "special penalty" provision when the offense of hijacking is committed outside the United States and the offender is subsequently found in this country. In such cases, Under Secretary Beggs testified: ". . . we think it necessary that the courts be allowed to consider motivation and other special circumstances in sentencing."

In the Committee's view, this raises serious questions as to its consistency with the letter and intent of the Hijacking Convention. Article 2 of the Convention specifically provides that the parties thereto will undertake to make hijacking punishable by "severe" penalties and Article 7 requires that the parties either extradite or prosecute the hijacker, irrespective of whether the hijacking was politically motivated, as would be the case where a person hijacks an aircraft to seek political asylum. Moreover, Article 7 provides that if a Contracting State does not extradite a hijacker, it shall be obliged "without exception whatsoever and whether or not the offense was committed in its territory, to submit the case to its competent authorities for the purpose of prosecution." In addition, it is mandatory on those authorities to "take their decision in the same manner as in the case of any ordinary offense of a serious nature under the law of that State."

Under present United States law, a hijacker is subject to a minimum sentence of 20 years imprisonment and a possible death penalty (49 U.S.C. 1472(i)). It is the severity of this penalty which acts as a deterrent to hijackers and the Committee does not believe that it should be weakened through the enactment of legislation which appears to contravene the Hague Hijacking Convention which was signed in good faith by the other parties with the understanding that its provisions would be strictly construed. The Committee hopes, therefore, that the proposed implementing legislation, if enacted, will not result in any loopholes which would allow a hijacker to escape the full penalties of existing domestic law.

COMMITTEE COMMENTS

In reporting out the pending Hijacking Convention the Committee on Foreign Relations does not wish to give the impression that our hijacking problems are solved. On the contrary, as one Member put it, ". . . we don't solve these problems so long as there is a single sanctuary available in the international community."

In this connection, it is a matter of common knowledge that Cuba is the principal sanctuary of aircraft hijackers, especially in the Western Hemisphere. According to statistics furnished the Committee by the Department of Transportation in a letter dated July 16, 1971 (which is reprinted in the appendix to the Committee's hearings), of the 85 successful hijackings of United States registered aircraft, 75 (over 88 percent) were hijacked to Cuba. In addition, there were 135 successful hijackings of foreign aircraft and 59 (about 44 percent) of those went to Cuba. Thus, out of a total of 220 successful hijackings of United States and foreign aircraft, 134 (approximately 61 percent) have gone to Cuba.

Obviously the very core of the hijacking problem, particularly insofar as the United States is concerned, is with Cuba and it should be given special attention by our policymakers. This was made clear by witnesses who testified before the Committee during the public hearing on the Hijacking Convention which was held on June 7th. In response to a question dealing with Cuba, Mr. Jerome F. Huisentruit, Assistant General Counsel, Air Transport Association, stated:

"I certainly hope that every effort is made either to bring Cuba into this treaty multilaterally or to have the United States explore the bilateral approach, because I think it is obviously desirable, if not essential, that Cuba become a party to a treaty with respect to hijacking."

In addition, Mr. J. J. O'Donnell, President, Air Line Pilots Association, testified:

"We feel it is imperative that the United States enter into a bilateral agreement with Cuba for the immediate return of these criminals as one important means for deterring hijacking."

Moreover, he said:

"Cuba is the destination of the great number of hijackers in this country, and to ignore it is to ignore hijacking."

During the course of the Committee's executive session held on July 20th, Mr. Charles A. Meyer, the Assistant Secretary of State for Inter-American Affairs, testified that attempts were being made through our intermediary, the Swiss Embassy in Havana, to work out a solution to the hijacking problem with the Cuban Government.

Although the Committee recommends approval of the pending Convention, it urges the Administration to make greater efforts to reach an agreement with the Cuban Government. In the Committee's view, the conclusion of a hijacking agreement with the Cubans would represent a major achievement for the American airline industry and the travelling public whose safety is in jeopardy so long as Cuba remains a haven for hijackers.

INTERNATIONAL EFFORT NEEDED NOW TO CURB UNLAWFUL SEIZURE OF SCHEDULED AIRCRAFT

Mr. RANDOLPH. Mr. President, I believe we cannot overstate the seriousness, both as to lives and property, of the criminal actions of those who have seized aircraft operating internationally in increasing numbers during the past few years—not only aircraft that fly the flag of the United States, but aircraft that are flown by other governments of the world. Many are government-owned planes, in contrast to the operation of our own aircraft, which are privately owned and operated. There are approximately 26,000 daily flights of scheduled air carriers operating throughout the free world. There are approximately 850,000 people involved in these daily flights, as passengers and as members of crews. I emphasize, 26,000 flights occur every 24 hours over the skies of the earth on which we live, not including the flights of the major Iron Curtain countries. Each of these flights—9.5 million of them in a year, with 307 million passengers—is exposed to potential unlawful seizure.

In the past year, 2 years, and 3 years, criminal acts, which have increased at an alarming rate, have brought, not only to the people of our own country but to the people of other countries, the realization of the need for such an international treaty as the Senate takes action on today.

Mr. PEARSON. Mr. President, as I informed the Senate in July, there have been 116 hijackings of U.S. registered aircraft since 1961. The legislation before us, the Hague Convention Treaty, represents an important step in the continuing effort by the United States and other nations to deal with this difficult problem because it provides for extradition and equal punishment—deterrent measures which have been conspiculously needed.

It is obvious, that the solutions to hijacking are complex and interrelated. Especially with the introduction of new jumbo jets, bold and imaginative action by aviation management, technological advances, and firm law enforcement are increasingly necessary. But essential to our progress is the cooperation of the international community.

As President Nixon stated in an appeal to the United Nations:

This is an issue which transcends politics; there is no need for it to become the subject of polemics or a focus of political differences. It involves the interests of every nation, the safety of every air passenger, and the integrity of that structure of order on which a world community depends.

Mr. President, as one who has studied and introduced proposed legislation in this area, I must urge the President and Secretary Rogers to continue to press for some form of understanding with the one nation whose name, significantly, is not among the signatories to this treaty. Cuba is the intended destination of 93 percent of all U.S. hijackings. These dangerous acts cannot finally be deterred so long as such a sanctuary exists. We must, therefore, bilaterally or with other nations seek to resolve the dilemma of Cuba, and also of certain Arab nations. More lives depend each day on our ability to insure the safety of flight.

TWENTY MINUTES TO BE TAKEN ON ROLLCALL VOTES THIS WEEK

Mr. BYRD of West Virginia. Mr. President, for the information of the cloakrooms, the total time to be allotted on any rollcall vote during the remainder of this week will be the usual 20 minutes. Any change therefrom will not occur this week.

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.

CONVENTION FOR THE SUPPRESSION OF UNLAWFUL SEIZURE OF AIRCRAFT

The Senate continued with the consideration of Executive A—92d Congress, first session—a convention for the suppression of unlawful seizure of aircraft.

The PRESIDENT pro tempore. The yeas and nays having been previously ordered on the resolution of ratification, the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from North Dakota (Mr. BURDICK), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from North Carolina (Mr. JORDAN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Mr. MAGNUSON), the Senator from South Dakota (Mr. McGOVERN), the Senator from Utah (Mr. Moss), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), the Senator from Illinois (Mr. STEVENSON), the Senator from Georgia (Mr. TALMADGE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Montana (Mr. MANSFIELD) are absent on official business.

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from North Carolina (Mr. JORDAN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Mr. MAGNUSON), the Senator from Illinois (Mr. STEVENSON), and the Senator from New Jersey (Mr. WILLIAMS) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Colorado (Mr. ALLOTT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Nebraska (Mr. CURTIS), the Senator from New York (Mr. JAVITS), the Senator from Ohio (Mr. SAXBE), and the Senator from Pennsylvania (Mr. SCOTT) are absent on official business.

The Senator from Massachusetts (Mr. BROOKE), the Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Idaho (Mr. JORDAN, the Senator from Illinois (Mr. PERCY), the Senator from Maine (Mrs. SMITH), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Kentucky (Mr. COOPER), the Senator from South Dakota (Mr. MUNDT), and the Senator from Vermont (Mr. PROUTY) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) and the Senator from Texas (Mr. TOWER) are detained on official business.

If present and voting, the Senator from Kentucky (Mr. COOPER), the Senator from Nebraska (Mr. CURTIS), the Senators from Colorado (Mr. ALLOTT and Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Maine (Mrs. SMITH), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The yeas and nays resulted—yeas 53, nays 0, as follows:

[No. 213 Ex.]

YEAS—53

Allen	Griffin	Nelson
Baker	Gurney	Packwood
Beall	Hart	Pastore
Boggs	Hatfield	Pearson
Brock	Hruska	Proxmire
Buckley	Hughes	Randolph
Byrd, Va.	Humphrey	Ribicoff
Byrd, W. Va.	Inouye	Roth
Cannon	Jackson	Schweiker
Case	Long	Spong
Cook	Mathias	Stennis
Cranston	McClellan	Stevens
Dole	McGee	Symington
Eagleton	McIntyre	Taft
Ellender	Metcalf	Thurmond
Ervin	Miller	Tunney
Fannin	Mondale	Weicker
Gambrell	Montoya	

NAYS—0

NOT VOTING—47

Aiken	Eastland	Moss
Allott	Fong	Mundt
Anderson	Fulbright	Muskie
Bayh	Goldwater	Pell
Bellmon	Gravel	Percy
Bennett	Hansen	Prouty
Bentsen	Harris	Saxbe
Bible	Hartke	Scott
Brooke	Hollings	Smith
Burdick	Javits	Sparkman
Chiles	Jordan, N.C.	Stevenson
Church	Jordan, Idaho	Talmadge
Cooper	Kennedy	Tower
Cotton	Magnuson	Williams
Curtis	Mansfield	Young
Dominick	McGovern	

The PRESIDENT pro tempore. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to. Without objection, the President will be immediately notified of the Senate's consent to the resolution of ratification.

LEGISLATIVE SESSION

The PRESIDENT pro tempore. Without objection, the Senate will resume the consideration of legislative business.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Berry, one of its reading clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 395) providing for a joint session of the House and Senate on Thursday, September 9, 1971, to receive the President of the United States, in which it requested the concurrence of the Senate.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

The PRESIDENT pro tempore. Under the previous order, the Chair lays before the Senate the unfinished business, which will be stated.

The assistant legislative clerk read as follows:

A bill (S. 2007) to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDENT pro tempore. What is the pleasure of the Senate?

Mr. NELSON. 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. NELSON. 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.

Mr. BYRD of West Virginia. Mr. President, what is the business before the Senate?

The PRESIDENT pro tempore. S. 2007, authorization for programs under the Economic Opportunity Act of 1964.

Mr. BYRD of West Virginia. Mr. President, will the distinguished Senator from Wisconsin (Mr. NELSON) yield to me, without losing his right to the floor?

Mr. NELSON. I yield.

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, having consulted with the distinguished manager of the bill, the Senator from Wisconsin (Mr. NELSON), and with the distinguished acting Republican leader, and with Senators interested in offering amendments to the unfinished business, I propound the following unanimous-consent request:

I ask unanimous consent that time on any amendment to the bill be limited to 30 minutes, to be equally divided between the mover of such amendment and the distinguished manager of the bill, with the exception—as to time—of six amendments to be offered by the distinguished Senator from Ohio (Mr. TAFT) with regard to which, on each amendment, there be a time limitation of 1 hour, the time to be equally divided between the mover of the amendment and the manager of the bill; with the further exception that time on any amendment to an amendment and time on any motion or appeal, with the exception of a motion to lay on the table, be limited to 20 minutes, the time to be equally divided between the mover of the amendment in the second degree or such motion or appeal and the distinguished manager of the bill; provided further that time on the bill be limited to 2 hours, to be equally divided between the manager of the bill, the Senator from Wisconsin (Mr. NELSON), and the distinguished minority leader or his designee; provided further, Mr. President, that Senators in control of time on the bill may yield time therefrom to any Senator on any amendment, motion, or appeal, with the exception of a motion to lay on the table.

Ordered further, that no amendments not germane be received; with the further proviso that time on a motion to recommit, to be offered by the Senator from Ohio (Mr. TAFT) be limited to 2 hours, the time to be equally divided between the mover of the motion to recommit and the distinguished manager of the bill.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I thank the distinguished manager of the bill and all Senators.

The unanimous-consent agreement reads as follows:

Ordered, That during the further consideration of S. 2007, a bill to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes, debate on any amendment (except 6 amendments to be offered by the Senator from Ohio (Mr. Taft) on which debate is to be limited to 1 hour each) shall be limited to 30 minutes to be equally divided and controlled by the mover of any such amendment and the manager of the bill (Mr. Nelson). Debate on any amendments to amendments and motions or appeals, except a motion to table, shall be limited to 20 minutes, to be equally divided between the mover of the amendment in the second degree or motion or appeal and the manager of the bill. Debate on a motion to recommit the bill to be offered by the Senator from Ohio (Mr. Taft) shall be limited to 2 hours, to be equally divided and controlled by the Senator from Ohio (Mr. Taft) and the manager of the bill (Mr. Nelson). Provided that no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the Senator from Wisconsin (Mr. Nelson) and the Minority Leader or his designee: *Provided, however*, That the Senators in control of the time on final passage may allot additional time to any Senator during the consideration of any amendment, motion, or appeal, except a motion to table.

Mr. NELSON. Mr. President, I yield myself 15 minutes.

The PRESIDENT pro tempore. The Senator from Wisconsin is recognized for 15 minutes.

Mr. NELSON. Mr. President, the Committee on Labor and Public Welfare has unanimously approved bill S. 2007, to extend the Economic Opportunity Act for the fiscal years 1972 and 1973.

The administration has supported a 2-year extension of the Economic Opportunity Act in order to assure that a number of the vital programs operated under this act will continue supplying needed services to the public.

As the Director of the Office of Economic Opportunity testified before our subcommittee on March 24:

Extension of the Economic Opportunity Act is needed to assure that the OEO, and other departments that operate programs authorized under this legislation, may continue bringing needed services and support to the poor.

Extension of the legislation also will assure that during the next 2 years there will remain within the Federal Government an agency serving as an active advocate of the poor, so that the thrust of the effort to eradicate poverty maintains its momentum.

Failure to extend the legislation would, I am very much afraid, undo much of the progress made to date. It would imply to the Nation, the nonpoor as well as the poor, that the Federal Government was turning its back on the people who most need its assistance.

By extending the Economic Opportunity Act we will guarantee that the Headstart program can continue serving more than 260,000 children in year-round programs and more than 200,000 children in special summer programs.

We will guarantee that the Neighborhood Youth Corps can continue to provide hundreds of thousands of work and training opportunities for low-income young people who so desperately need such assistance during this period of extremely high nationwide unemployment. In fact if the bill passes as unanimous-

ly reported by the committee, we will authorize 100,000 badly needed new work and training opportunities for unemployed youth.

A 2-year extension also will guarantee that the growing network of neighborhood health centers will continue to operate and to grow in strength and effectiveness. We will continue the 65 Job Corps camps, the 930 community action agencies around the country each with its own board of directors made up of local officials, civic leaders, and representatives of the poor. We will continue programs such as emergency food and medical services, family planning assistance, special opportunities for senior citizens, alcoholic counseling, drug rehabilitation, State economic opportunity offices, migrant worker programs, research and development programs, community economic development programs, and VISTA programs.

But the bill which the committee has sent to the Senate will do more than just continue these vital programs as the administration has requested.

In addition it will break new ground in three important areas—comprehensive child care, improved legal services for the poor, and improved urban and rural economic development programs.

The bill's new title V will build upon the success of the Headstart preschool program and develop a new network of comprehensive child development centers designed and administered by local child development councils financed by 80-percent Federal funds. The child development councils would be made up of public representatives and child development specialists appointed by the chief executive officer of the community and of parents of children enrolled in the programs. Comprehensive child development programs would provide educational, health, and nutritional services to children and expert counseling to parents. An important feature of this title is that it broadens the base of participation to children through 14 years of age and families of four with incomes up to $6,960.

The new title IX establishes a National Legal Services Corporation in a manner strongly supported by the legal profession and by spokesmen for the broad variety of groups which have endorsed the concept of providing high quality legal representation to those whose financial means makes access to justice otherwise unattainable. The key feature in the Legal Services title—the makeup of the board of directors—results from a genuine bipartisan compromise. It gives the President, the Chief Justice, and the organized bar an opportunity to guarantee that the board will be of the highest professional caliber and free of any political influence or any factional domination.

I would urge Members to read the excellent statement by the junior Senator from Ohio (Mr. TAFT) on page 171 of the committee report in regard to the Legal Services Corporation title of the bill.

The new title VII sponsored by Senators KENNEDY, JAVITS, and CRANSTON combines the existing title I–D special impact program for urban areas and the existing title III–A rural loan program. It is intended to build upon the success of projects such as the Bedford-Stuyvesant project in New York, and create an expanded network of urban and rural corporations operating business enterprises and community improvement projects, create jobs and economic expansion as well as making our cities and depressed rural areas more attractive places in which to live, to work, and to raise a family.

The bill authorizes a special authorization of $500 million for fiscal 1972 only to expand the Neighborhood Youth Corps program to provide immediately an estimated 100,000 work and training opportunities for unemployed youth. As the Twentieth Century Fund documented in a detailed survey, and as the mayors of most of our large cities have testified before our subcommittee, we have an explosive problem today in many of our inner cities and in some rural areas. The unemployment rate for youth in low-income neighborhoods is presently calculated at more than 41 percent and in some cities, including Detroit, city officials have testified that the unemployment rate in inner cities among young people is 50 percent. The Neighborhood Youth Corps offers remedial education, on-the-job training, experience and a job paying the minimum wage to young men and women who may not be reached by any other program. Prompt passage of S. 2007 would indicate the determination on the part of Congress to do something promptly about this explosive problem.

The subcommittee held extensive hearings this year on the extension of the Economic Opportunity Act. Between March 23 and June 16 we held a total of 18 days of public hearings, taking testimony from administration officials in the Office of Economic Opportunity, Labor Department, and Department of Health, Education, and Welfare; operators of antipoverty programs at the State and local level; graduates of manpower training programs; spokesmen for farm organizations and rural areas; and a coalition of 90 major national organizations which joined together to support the extension of the Economic Opportunity Act.

Included among these 90 national organizations were the following:

Action for Legal Rights.
Actors Equity Association.
Adult Education Association of the U.S.A.
African Methodist Episcopal Church.
Alliance for Labor Action.
American Association of University Women.
American Baptist Convention.
American Ethical Union—Washington Office.
AFL–CIO Industrial Union Department.
American Humanist Association—Washington Office.
American Institute of Architects.
American Institute of Planners.
Hyman Bookbinder, American Jewish Committee.
American Jewish Congress.
American Veterans Committee.
Americans for Democratic Action.
Americans for Indian Opportunity Action Council.
Anti-Defamation League of B'nai B'rith.
B'nai B'rith Women.
Central Conference of American Rabbis.
Center for Community Affairs.
Church Women United—Greater Washington.
City Wide Tenants Union.
Common Cause.
Council for Christian Social Action, United Church of Christ.
Day Care and Child Development Council of America.
Delta Sigma Theta Sorority.
Environmental Action, Inc.
Friends Committee on National Legislation.
G.I. Forum.
Hadassah.
The Independent Foundation.
International Union of District 50, Allied and Technical Workers.
International Union of Electrical, Radio and Machine Workers, AFL–CIO.
Japanese American Citizens League.
Jewish War Veterans.
League of Women Voters of the U.S.
Mennonite Central Committee—Peace Section.
Nash United Methodist Church.
National Assembly for Social Policy and Development.
National Association for the Advancement of Colored People.
National Association of College Women.
National Association for Community Development.
National Alliance for Postal and Federal Employees.
Al Whitney, National Association of Government Employees.
National Association of Market Developers.
National Association of Social Workers.
National Bar Foundation.
National Beauty Culturist League.
National Catholic Conference for Interracial Justice.
National Conference of Catholic Charities.
National Council on Aging.
National Council of Catholic Women.
National Council of Churches.
National Council of Negro Women.
National Council of OEO Locals.
National Dental Association.
National Farmer's Union.
National Federation of Settlements and Neighborhood Centers.
National Jewish Welfare Board.
National Legal Aid and Defender Association.
National Medical Association.
National Medical Association Women's Auxiliary.
National Rural Housing Coalition.
National Urban Coalition.
National Urban League.
National Sharecroppers Fund.
National Student Association.
National Tenants Organization.
National Vista Alliance.
National Welfare Rights Organization.
OEO Local 2677 American Federation of Government Employees.
Pioneer Women—The Women's Labor Zionist Organization of America.
Planned Parenthood—World Population.
Southwest Council of La Raza.
Synagogue Council of America.
Union of American Hebrew Congregations.
Unitarian Universalist Association—Washington Office.
United Auto Workers—Women's Department.
United Methodist Church, Women's Division.
United Presbyterian Church of the U.S.A.
U.S. Catholic Conference, SW Regional Office, Division for the Spanish.
David Dorn, U.S. Youth Council.
United Steel Workers of America—AFL–CIO.
Vernon Jordan, Exec. Director, United Negro College Fund, Inc.

Washington Office of the National Board of YMCA's.
Washington Research Project—Action Council.
Women's International League for Peace and Freedom.
Workers Defense League.
National Board of the YWCA of the U.S.A.
Zero Population Growth, Inc.

Special hearings were held on the legal services program at which all the major bar organizations testified. Special hearings also were held on the child development title of the bill at which extensive testimony was taken from psychiatrists, educators, administration officials, and child development specialists.

The volumes of hearings on the extension of the Economic Opportunity Act, and on the legal services and child development proposals lay a solid foundation for bill S. 2007. They also provide impressive testimony as to the effectiveness of many of our existing antipoverty programs. One cannot read these hearings without being impressed at the results which are being obtained through some of our neighborhood youth programs for instance which have led disadvantaged young people into good paying jobs, through which they have already paid back in taxes more than the total cost of the Neighborhood Youth Corps training.

It is impressive to read of people who have been saved from hunger and starvation by OEO emergency food programs. It is impressive to hear a young Job Corps graduate tell how differently he views America now that he has been brought into the mainstream through some basic education and some training in a skill needed by society. It is impressive to read of Legal Services programs for the poor which have won more than 85 percent of the cases they have taken to court—as in the case of the California rural legal assistance program—and to realize that had there been no such program, injustice would have prevailed in those cases rather than justice.

PART 2—NELSON REMARKS ON S. 2007

I would like to deal with some of the specific issues which have come up in connection with the 1971 OEO amendments.

EARMARKING

Throughout the history of the Economic Opportunity Act Congress has written in earmarking provisions in one form or another. We have earmarked funds for rural areas, for youth, for women and for specific kinds of programs.

In 1969 there was extensive congressional debate on the whole issue of earmarking. The agency at that time wanted a flat authorization of approximately $2 billion to spend as it chose within the broad limitations of the act. Congress insisted, however, on earmarking a substantial portion of the authorization for specific programs, while at the same time giving the OEO Director considerable flexibility to reallocate funds from one program to another. That decision was tested in both houses of the Congress, and each time the Congress insisted upon earmarking.

The same practice has been followed in this year's amendments. For the most part, the committee selected the President's budget request for each program as the amount to be earmarked for that particular program.

For example, the President's budget proposes $61 million for legal services; bill S. 2007 earmarks $61 million.

The President has requested $114 million for comprehensive health services; the bill earmarks $114 million.

For family planning the budget request was $25 million; the earmark is $25 million.

For senior opportunities the budget request was $8 million; the earmark is $8.8 million.

For drug rehabilitation the budget request was $18 million; the earmark is $18 million.

For migrant workers the budget request was $38 million; the earmark is $38 million.

For administration the budget request was $18 million; the earmark is $18 million.

For the VISTA program the administration has requested $45 million; the bill earmarks $45 million.

OEO also requested a total of $117.6 million for four functions—research, development and evaluation; program support; training and technical assistance; and the funding of State economic opportunity offices. Once again, the bill earmarks $117.6 million for these purposes, the exact amount requested by OEO.

There are only four areas where the bill earmarks amounts different from those requested by the administration. In each of these instances the agency has proposed to eliminate or cut back on a function which the committee believes should be continued. In each case the bill simply earmarks the same amount of money earmarked in the 1969 Economic Opportunity Act amendments.

For example, the administration proposes no funding at all this year for the emergency food and medical services program, for which Congress had earmarked $62.5 million in the 1969 amendments and for which $45.2 million actually was made available to the agency in fiscal 1971.

Although planning to terminate the emergency food and medical services program OEO did propose to spend $3.5 million to continue a small number of projects serving Indians and migrant workers. Testimony before our committee indicates that the emergency food and medical services program is one of the most vital and the most broadly supported programs operated by OEO. In the opinion of the committee it would be a tragedy to terminate this program. The committee therefore has recommended a continuation of the same level of funding as in the last 2 years.

For alcoholic counseling and recovery programs, Congress earmarked $15 million for fiscal 1971 and the agency actually received $10.8 million. This year OEO proposes a drastic cutback to a level of only $2 million. Again, the committee feels that this program is absolutely vital, and has earmarked $18 million to continue it. OEO has suggested that the responsibility for alcoholism programs be taken up by HEW under the newly enacted Alcoholism Act. However, no appropriations have been requested for that purpose and the committee believes it would be a tragic mistake to terminate this program without the assurance that it would be fully replaced by other programs.

For local initiative funds, which provide the basic operating budgets for 930 community action agencies around the country, OEO has proposed to cut back from $328.9 million to $314.9 million. The U.S. Conference of Mayors has testified that local initiative funds presently are woefully inadequate and has recommended that the appropriation for this purpose be doubled. Directors of local programs and spokesmen for major national organizations have testified that the local initiative funds are the most vital of any in the antipoverty effort. The committee could not justify reducing the earmarking below the present level.

For community economic development programs the 1969 amendments authorized $46 million and the agency actually received $42 million in fiscal 1971. The agency proposes to cut back to $25 million. The committee has combined this title with the title III–A rural loan program and combined the amounts earmarked in the 1969 amendments for a total of $58 million, continuing the previous level of funding.

Those are the only four areas in which the committee has earmarked additional funds beyond what the agency requested—emergency food and medical services, alcoholic counseling, local initiative programs, and community economic development and rural loans combined.

The bill gives the agency ample flexibility to reallocate funds within the various titles in order to comply with the earmarking.

It has been suggested by some that the earmarking reflects a desire on the part of the committee to interfere with the agency's plans for research and development. Such an allegation is without any basis in fact.

In the first place, the bill earmarked funds for research and development just as it earmarks funds for other purposes. How can it be alleged that earmarking thereby penalizes research and development?

In the second place, the bill earmarks funds in the same manner as funds were earmarked in the 1969 amendments. Last year the agency spent $83.2 million on research and development, considerably more than it proposes to spend this year. How can it be argued that the same pattern of earmarking which made possible the spending of $83 million for research last year somehow hamstrings research this year when the agency actually plans to spend considerably less?

The fact is there is no relationship whatsoever between the committee's decisions on earmarking and the agency's plans in the field of research and development.

SEPARATING ISSUES WITHIN THE BILL

Some have suggested that the bill should be broken up into several parts and handled as separate pieces of legislation. For example, it is conceivable that the child development center title could be handled as a separate bill and the legal services title also could be handled as a separate bill.

It is important to note that no such proposal was made throughout the consideration by the subcommittee or the full committee. If it was in fact preferable or desirable to handle these issues as separate bills the logical place to have made that motion was at the subcommittee or committee level. But the fact is no such motion was made.

To separate the child development center title and the legal services title at this point would be the same as rejecting them. That would be unwise and irresponsible.

These proposals are included as a part of the Economic Opportunity Act for good and sound reasons.

The Headstart and Follow Through programs are already a major part of our package of antipoverty programs. They account for about one-fourth of the total budget in the act. They operate under guidelines developed by HEW based on 7 years of practical experience. It would be a tragic mistake to scuttle the existing Headstart programs in the Economic Opportunity Act, and undertake to set up a new system in a separate bill outside the Economic Opportunity Act. It would be equally irresponsible to continue the Headstart programs in the Economic Opportunity Act and set up a completely new child development program in a separate bill. Obviously if we are to expand our child development programs, and there is tremendous support to do so, we should build on what we already have and make certain that the new system is closely integrated with the existing system. That is exactly what bill S. 2007 does. It uses the HEW Headstart guidelines as the basic framework for an expanded system of locally controlled child development centers which are desperately needed all across the country.

The same arguments apply in the case of legal services. The present legal services program has been rocked by controversy. It is almost unanimously agreed that the program should be separated from the Office of Economic Opportunity and insulated to the maximum extent feasible from outside political pressure. Bill S. 2007 includes a bipartisan compromise proposal to achieve that exact goal. It would make little sense to pass legislation extending the present, controversy-ridden legal services program for 2 more years when we have before us a perfectly satisfactory solution to many of the problems which have plagued the program.

Those who argue that child development programs and a Legal Services Corporation should be rejected as titles within the Economic Opportunity Act and handled as separate bills because these activities are not directly operated by the Office of Economic Opportunity are on very unsound ground. The fact is, from the very outset there have been numerous programs within the Economic Opportunity Act which have been administered by other agencies, and some of those who presently argue that the Economic Opportunity Act should be strictly limited to programs operated by OEO are the same ones who support the idea that OEO programs spelled out in the Economic Opportunity Act should be progressively delegated to other agencies.

The fact is, less than half of the programs in the Economic Opportunity Act are now operated directly by OEO. The act simply embraces a broad variety of antipoverty programs, some of which are operated by OEO, some by HEW and some by the Labor Department. The treatment of child development centers and legal services in bill S. 2007 is perfectly consistent with the philosophy of the Economic Opportunity Act since its very beginning.

SPONSORS OF CHILD DEVELOPMENT PROGRAMS

There has been some debate as to whether sponsorship of child development programs as authorized in S. 2007 should be limited to States and to a few of the larger cities. The committee has carefully considered this idea and rejected it. Child development programs are analogous to local public school programs. They involve the most intimate relationships between parents and their children, their teachers and the community. It is the committee's desire that communities large and small have the opportunity to design and run their own programs. There seems to be nothing whatsoever in the basic structure of a child development program which requires a large population base. On the contrary, the committee expects that some of the finest programs probably will be developed in some of the smaller communities. Certainly, locally developed child development programs are just as needed and have just as much chance of success in small cities and in rural areas as in our very large cities.

It is true that this committee supported a population ceiling for manpower training programs in a bill reported out last year but vetoed by the President. However, there is a vast difference between comprehensive manpower training programs and child development programs. Manpower programs require linkages with vocational schools, community colleges, public school systems, the State employment service, and the jobs which are available in the public and private sector in a labor market area. Obviously it would be difficult to develop such a comprehensive manpower training program in a single small community. But this is not the case with a child development center. Child development specialists, medical advice, and the facilities of various educational and medical institutions are available throughout much of the Nation irrespective of population size in a given community. The committee felt it would be most unfortunate if responsibility for child development programs were restricted only to States and the largest cities.

TRANSFER OF OEO FUNCTIONS

Antipoverty programs have undergone tremendous changes in the 7 years of experience since passage of the act in 1964. Throughout this year's hearings a constant plea was expressed by operators of antipoverty programs and by the great number of national organizations which support and assist these programs. The plea was that there be no further changes in OEO programs for the next 2 years except through the traditional route of congressional consideration and approval. More than half of the programs in the Economic Opportunity Act have been "spun off" to other agencies in the past few years. The 930 community action agenices, the 800 or more Headstart centers, the 1,000 or more manpower programs operating around the country live in a state of desperate uncertainty wondering what will happen tomorrow. This handicaps them in their planning and in the recruitment and retention of competent staff. Worst of all, it damages their credibility in the community where they are fighting to mobilize resources and wage a coordinated attack against poverty. It seems perfectly reasonable to suggest that any further changes in the next 2 years should at least pass the route of congressional consideration and not be done suddenly and precipitously by executive order. In fact the administration has made clear that this is its intention. All of the further changes which the administration has proposed in OEO programs are in the form of proposed legislation. Bill S. 2007 simply writes that assurance into the act.

OVERALL AUTHORIZATIONS

Bill S. 2007 authorizes overall amounts comparable to those authorized in the 1969 amendments. It is assumed that the manpower training programs authorized under the Economic Opportunity Act will be handled in separate legislation beginning with fiscal 1973. Consequently the authorization for work and training programs in bill S. 2007 is for fiscal 1972 only. Thus although there is a substantial expansion of child development programs in the second year this expansion is offset by the expected shift of the work and training programs to separate legislation.

Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc and that the bill as thus amended be considered as original text for the purpose of amendment. The amendments are set out in the RECORD of August 6, 1971.

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

The time of the Senator from Wisconsin has expired.

QUORUM CALL

Mr. NELSON. Mr. President, I ask unanimous consent that there be a brief quorum call, the time not to be charged against either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NELSON. 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. NELSON. Mr. President, I yield 10 minutes of the time from the bill to the distinguished Senator from Minnesota (Mr. HUMPHREY).

RURAL POVERTY

Mr. HUMPHREY. Mr. President, I rise to commend the chairman of the subcommittee handling this bill, the Senator from Wisconsin (Mr. NELSON), for the far-sighted compassionate leadership he has again demonstrated in bringing to the Senate a bill designed to expand and improve this Nation's efforts to eradicate the causes and alleviate the symptoms of rural and urban poverty.

As Members of the Senate know, the Congress last year enacted and the President signed in title IX of the Agricultural Act of 1970, Public Law 91–524, section 901, a ringing declaration that highest priority shall be given, in all programs of the Federal Government, to revitalization of rural areas as an integral component of a national policy of balanced growth. Thus rural community development joined the war on poverty, adopted earlier in the first Economic Opportunity Act and the Employment Act of 1946, as a plank in the broad national effort to build a nation with a higher quality of life for all our people.

The bill that the committee has brought to the Senate today by a unanimous vote is in the spirit and in accordance with these great historic declarations of national purpose and policy—rural areas development, full employment, and elimination of the causes of poverty.

The committee has chosen to propose a bill to extend and improve the Economic Opportunity Act that does not retreat and withdraw from the war on poverty to a research and demonstration enclave but rather one that will move America forward toward a greater society, by giving strong support to revitalized programs of action that will actively attack the causes of rural and urban poverty on a broad front.

The Senator from Minnesota joins in support of the proposed legislation and will fight shoulder to shoulder with the Senator from Wisconsin (Mr. NELSON) not only to bring about its initial passage today but also to stay for the duration to see first that its intent and purpose is brought to final enactment, and second, that it is administered in the same spirit of rural-urban balance, and full employment as the bill has been presented by the committee.

The committee, in the bill before us, has chosen to expand and extend proven programs of action, not to terminate, spin-off, or terminate them.

The bill extends and expands the community action program that enables poor people to mount, with local community backing, their programs to eradicate the causes and conditions of poverty, more than half of which is in rural America.

The bill continues and improves the legal assistance program by which poor people are enabled to make some progress in attaining the common rights of citizens generally.

The bill expands and strengthens the child development programs that were such a success under the name Head-start.

The bill extends and expands the important youth employment and education provisions establishing the Neighborhood Youth Corps. There is no better program than this one addressed to the problems of the disadvantaged youth of the Nation.

The Senator from Minnesota invites attention to the table on the bottom of page 20 of the committee report which shows that as the number and percentage of unemployed teenage youth has greatly increased the administration has reduced funds for the Youth Corps. How callous can we get? The committee deserves every commendation for bringing forward a bill that will reverse this adverse trend. Nothing could be more important to the future security and welfare of this Nation than in new initiatives taken by the committee in this bill to establish a broad program for employment and training for young men and women.

The bill extends and expands the comprehensive neighborhood health centers, so badly needed in rural as well as central city areas.

The bill extends and improves the special food and medical services program that was born out of the tensions of the poor people's march on Washington.

The bill extends the Community Action Agency program, which, while it has never reached into rural areas in proportion to relative need, has nevertheless provided a mechanism with which within the framework of areawide multijurisdictional general purpose planning and development action. The special needs of the rural poor and their own aspirations and felt needs of the rural poor and their own aspirations and felt needs can be taken into account. The committee has recognized that more than half of the Nation's poverty is in rural areas. I am assured that the committee expects that a proportionate share of community action funds and attention will be devoted to poverty in rural areas.

The bill extends the other important action programs of the Office of Economic Opportunity—alcoholic counseling, drug rehabilitation, family planning, special programs for low income senior citizens, and the special assistance programs for the poorest of the poor—the migrant workers whose plight is sometimes the most talked about and the least done about problems in our country. All of these programs will contribute to rural development and to broadly based balanced national growth.

May I repeat, Mr. President, the committee is doing the Nation a great service by drawing its attention to its unfulfilled promises and proposing action to fill them.

I invite the attention of the Senators to three sentences on page 2 of the report:

> In the youth employment area, the bill would significantly expand the principal work and training program for youth, the Neighborhood Youth Corps program with particular emphasis on the out-of-school program. Despite an alarming increase in youth unemployment, this program has been steadily reduced in recent years. Its prompt expansion for this fiscal year is a constructive way of dealing with the explosive problem of massive youth unemployment in our troubled cities and depressed rural areas.

Mr. President, I could not agree more.

As the Senators know, the distinguished senior Senator from Georgia (Mr. TALMADGE), who last year pioneered and supplied the leadership to push through the national declaration of the national policy of rural areas development and revitalizaton, has this year, as chairman of the Committee on Agriculture and Forestry, established and strongly supported the Subcommittee on Rural Development, which it is my honor and privilege to serve as chairman.

We have been holding some hearings, across the country and in Washington. We plan to hold some more to determine what this Congress and this Nation needs to do to implement the policy declaration adopted last year in title IX of the Public Law 91–524, section 901(a).

But we have already held enough hearings to have learned that the special provisions recommended by the committee in the bill before us for community economic development will fill a great need and will be a constructive part of the total national rural areas development program.

I invite special attention of the Senate to pages 70 through 77 of the committee report on the bill. The committee adopted and has included in the bill before us a new title VII for community economic development which brings together, extends, and expands two important and needed programs designed for and of proven usefulness in rural areas—an absolutely essential part of a total program of rural community development—the special impact program provided for areas of high outmigration of rural people and designed to provide jobs and economic opportunities in such areas so the people will not have to join the flight from the land that has contributed so much to big city problems of the past decade; and the rural loan program that has been provided for the poorest of the poor in rural America to enable them to gain a stake in the free enterprise system.

The administration had recommended that the later program should be phased out and terminated and that the former should be removed from the departments where it can be vigorously pursued and competently administered. The Senator of Minnesota wishes to commend the committee for not following this unwise council. The committee instead has chosen to go back to the original recommendations for the war on poverty and has rescued important provisions that have been lost from attrition through the years.

The special impact program will be restored to viable administration; the loan program will be backed up with capital grants that are needed to give it the impetus and economic soundness required to enable those on the bottom rung to begin the climb toward economic independence in the free enterprise system as individual and cooperative enterprisers in their own right.

As chairman of the Rural Development Subcommittee that is currently pressing forward to bring about enactment of some system of rural nonfarm credit that will help recapitalize rural America, I welcome the emphasis and support given in the bill before us to special community development corporations of the poor. Working alongside the existing programs of Farmers Home Administration and the new programs proposed in S. 2223, which I have been joined by 49 Senators in introducing, the rural community economic development corporations provided in part A of title VII will help fill out the organization structure and fill the credit needs required to meet the objectives of title IX of Public Law 91–524, the balanced national growth policy declaration.

In this respect, it should be noted that the Farmers Home Administration of the Department of Agriculture has had several years of successful administration of the special impact program in rural areas of heavy outmigration.

In connection with the hearings of the Rural Development Subcommittee on the special rural revenue sharing proposal, we inquired about the record of this program. The reply provided by Secretary of Agriculture Hardin to our question on this program is as follows:

Late in fiscal year 1968, the Office of Economic Opportunity made $2.7 million available to the U.S. Department of Agriculture to carry out two impact projects, the purpose of each was to stem outmigration. The funds were turned over to the Farmers Home Administration to administer.

Two 4-county areas were selected—one in Eastern North Carolina, the other in Eastern Kentucky (Appalachia), similar proposals were written for each. A new non-profit organization made up of local citizens was set up to sponsor the North Carolina project composed of Hoke, Bladen, Columbus and Robeson Counties. The name of the organization was Advancement Incorporated. The Kentucky River Area Development District Board was selected as sponsor of the four-county area (Perry, Leslie, Knott and Letcher Counties) in Kentucky.

The basis on which the programs were developed was: To stem outmigration, jobs must be made available, to make jobs available, business and industry must locate or expand in the areas. For business and industry to come in, conditions conducive to their coming had to be developed. This meant the establishment of water and waste disposal facilities, housing and training, etc. when needed.

$1.3 million was made available to the North Carolina project. The sponsoring organization, Advancement Incorporated's report to FHA last January showed that 34 projects had been developed resulting from the use of impact funds. Impact funds were used as seed money to get projects launched. This money was used for a variety of items. Among them were water and/or sewer lines to industrial sites, renovation of buildings for industrial plants, housing, health facilities, industrial parks and loans to industry to purchase equipment. The financial assistance was provided in the form of both loans and grants.

Total investments in projects impact monies have gone into is $38.5 million. Of this, $1.3 million was impact funds. Local government, local development groups, and individuals have put up $1.9 million in money or in kind. State and other Federal money going into the projects was $3.6 million, and private enterprise has invested $31.7 million.

The results as reported are as follows: For each dollar of impact funds invested, $28 from other sources have been invested in 34 projects. One job was established for each $699 of impact funds invested. A total of 1,886 jobs have been established. Estimated payroll $8,826,000 when the 34 projects have been completed.

The ratio of dollars from other sources will be increased, and the cost of each job to impact funds invested will go down.

The Westinghouse Learning Corporation was employed to evaluate all impact projects first launched by OEO, and they said this was the most successful of all impact projects.

Revenue sharing will not have any effect on this program, since OEO has not refunded the program and does not plan to in the future.

The Senator from Wisconsin and his committee are to be commended for reversing the situation described in the final paragraph of Secretary Hardin's statement, and taking their lead rather from the true facts as expressed in next to the last paragraph in his statement.

Frankly, the Senator from Minnesota cannot understand the logic of the action by the Office of Economic Opportunity in the case of this program. An outside reputable firm employed to evaluate this program gives it a superlative rating—yet OEO determines, apparently knowing it is a proven success, not to refund the program nor to do so in the future, nor to support expansion of this kind of rural industralization.

The action of the committee in this bill will enable the Office of Economic Opportunity to reverse this unfortunate decision. I hope and trust that the decision will be reversed, I must assume that nothing in the language of the bill will prevent that.

Mr. President, rural areas have suffered from over 100 years of relative decline; they do not have capability to reverse this with their own financial resources alone. They need support for rebuilding community institutions, facilities, and services; to encourage and support rural industrialization.

Federal policy can support rural growth by strengthening institutional resources and capability. OEO has been one agency that is doing this—through a number of experimental and operational programs. The committee bill will extend and expand this worthwhile endeavor.

Here are some of the ways that OEO operating programs have supported rural areas development by especially helping the rural poor to participate in the process of growth:

First. The community action agency is a new local institution bringing resources and technical assistance into rural communities to help solve poverty problems which obstruct the ability of the rural poor to increase their incomes and prevent individuals from becoming self-supporting members of the community. I urge OEO to give greater emphasis and funds to rural community action agencies, truly to make this a major component of the broad nationwide rural development effort.

Second. The National Housing Corporation assists rural housing development by providing a network of regional and statewide housing delivery mechanisms to support local housing development organizations operated by the poor themselves to build adequate homes.

Third. A consortium of 15 black land grant colleges is being given special funds to do planning, training, technical assistance, and research to help local rural communities to solve problems of rural poverty—an effort that will help attain two important objectives simultaneously—improve the capability of the communities and strengthen the competence of the colleges.

Fourth. A federation of southern cooperatives to assist low-income people who have formed co-ops to help make them effective as business people and capable of becoming self-supporting. I hope and trust that careful attention will be given to this effort so that it will be fitted into the mainstream of economic life including the efforts of already existing cooperatives. The profitability and effectiveness of cooperatives depends, in part at least, on nonduplication of efforts, and cooperation within the cooperative movement itself.

Fifth. OEO is assisting multicounty rural planning and development districts to enable them to be more effective in bringing poor people into the planning and coordination process and to help them to meet the human needs of rural people. This will tie in effectively and smoothly with the emphasis given recently to the rural use of HUD 701 funds when the Senate considered the appropriation bill for that agency, as well as with provisions of the proposed farm and Rural Development Act, that gives special financing functions to areawide general purpose planning and development districts.

Sixth. Then OEO-funded special impact programs are enabling low-income people to set up economic development enterprises to produce jobs and income. I emphasize, Mr. President, the importance of expanding the number of those programs in rural areas of heavy outmigration of people.

Seventh. OEO is working with other Federal agencies and the Ford Foundation in funding a new type of training institution for entire families of poor rural people to assist them to become productive members of the community. The head of the family is trained for a job with which he can support his family, and all members of the family receive services and assistance which enable them to participate in the mainstream of community life. In conducting this program, I hope and trust the sponsors will keep in mind that sometimes more effort is required to insure the existence of an available job opening than to provide the training itself. Creation of new jobs in rural America must go hand in hand with training to disadvantaged rural Americans to perform those jobs. Training without jobs is futile, and if done on a large scale will be both frustrating and unsettling.

Mr. President, I ask consent to have printed in the RECORD at this point in my remarks an OEO fact sheet describing the rural programs of that agency.

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

OEO RURAL FACT SHEET

Rural programs of the Office of Economic Opportunity are aimed at carrying out the directive of Congress, contained in Section 201(b) of the 1967 Amendments to the Economic Opportunity Act, to provide opportunities for employment, education, health care, and other services to improve the quality of life of people in rural areas, in order to give them some alternatives to migration to major urban areas.

Poverty in rural America is the product of many factors, including industralization of agriculture and other rural enterprises, discrimination against minorities and inequitable allocation of national resources to rural areas. Rural America has 29 percent of the U.S. population but approximately 40% of the poverty. The target of OEO rural programs is the 11 million rural poor living on farms and in rural areas and small towns. One of every four poor rural families is a farm family. Less than one of four farm families is non-white. More than 25 percent of the rural poor are aged persons.[1]

The primary thrusts of OEO's rural efforts are:

a. Building rural CAAs as viable institutions to serve as vehicles for income-improvement and service-delivery, with emphasis on the areas of education, housing, legal services, health, emergency food and manpower services.

b. Working through SEOOs, to increase state attention to rural poverty.

c. Developing, by means of OPD[2] funds, enterprise models which involve the rural poor in business management while providing jobs in rural areas. Strengthening institutional structures of rural areas to create capability for rural development.

As mandated by the legislation, OEO directs approximately one-third of its budget towards rural areas. (33.5% in FY 70, 33.7% in FY 71, and 32.3% in FY 72). The cost-effectiveness of money spent in rural areas frequently is below that of funds spent in other areas. Such goals as community organization, service delivery, and increased employment are harder to attain in areas where a relatively small number of people is dispersed over a large area, where few if any strong community facilities already exist, and where the population is proportionately older. (Rural advocates feel, however, that the very fact that it is more costly per person to help residents of rural areas means that a correspondingly larger proportion of the OEO budget should be directed towards those people. It is also argued that although OEO spends one-third of its budget on rural areas, low-income people in rural areas constitute 50% of the poor.)

RURAL CAA'S

OEO funds 496 rural CAAs, as opposed to 430 urban and 66 Indian CAAs, and has been consistently allotting increasing amounts of money for those rural institutions. These CAA's often provide to poor and non-poor rural residents services they would not have received otherwise. They have also provided the portion of the rural poor they reach with a voice and a mechanism through which that group can articulate its needs to the rest of the community and can challenge and seek to change unresponsive institutions (public and private; Federal, State, and local).

RURAL RESEARCH AND DEMONSTRATION

OEO is conducting a number of research and demonstration projects in or for rural areas.

(a) A rural transportation study was funded in FY 71 for $235,000. The report was to be released in early FY 72, and the FY 72 budget plan was to fund pilot projects along the design lines suggested by the study but the allocation has not yet been made.

(b) The Rural Regional Coordination project has just been funded through FY 72 for $500,000. This money will be used to build a human resource capability into several state planning and substate planning districts.

(c) The Arizona Job College, funded in FY 71 for $550,000, will be refunded in FY 72 for another $1 million.

(d) A Black Land-Grant College Consortium, to help such schools attract and use private and public funds, will be funded for two years at approximately $290,000.

(e) There are nineteen rural Community Development Corporations, funded through Title ID. One of them is in Minnesota.

(f) OEO is currently running 13 economic development research and demonstration projects of various types in rural areas.

OTHER PROGRAM AREAS

1. Health programs—The slight drop in the percentage of total OEO FY 72 monies going to rural areas is largely the result of the zero-funding requests for Emergency Food and Medical Services and Alcoholic Counseling. Approximately 75% to 80% of the EF&M funds have gone to the smaller communities. FY 71 money will be used to maintain a substantial program level through FY 72 and FY 73.

An increase in the Comprehensive Health money has resulted in a rise from $15.1 million in FY 71 to $23 million in FY 72 for programs affecting rural areas. More Community Health Networks are planned, as are new efforts for rural areas.

2. The $17.8 million in FY 72 for Special Indian programs and the $29 million for Special Migrant programs will impact largely on rural areas.

3. Rural Loans—OMB eliminated the rural loan program from the 1972 budget on the basis of a 1969 GAO evaluation with which OEO generally agreed. The program was not seen as significantly raising the incomes of poverty people, despite the amount of money being spent. Although there may be merit in experimenting more in this field, it appears that the use of credit (adequate supervision and technical assistance from the Farmers Home Administration was not forthcoming) is not a particularly good approach to relieving poverty. The program's approach, helping people "make it" where they are, does not present a long-term solution to the problem of rural poverty. (In addition, the FHA did not administer the program effectively, in terms of the people reached and the nature of the loans extended.)

NEW THRUSTS

OEO rural policy reflects the Agency's interest in strengthening CAAs as local institutions, primarily through encouragnig them and supporting them in the areas of better mobilization of resources and improved relationships with state and local organizations and officials. Such an approach may include realigning rural CAA boundaries to correspond to sub-state planning districts, working through multicounty planning and economic development instrumentalities, and striving in other ways to improve CAA linkages with planning districts and other substate bodies.

OEO's rural efforts may also tend to reflect a greater concern with relating poverty to overall rural economic and social development, primarily through seeking the creation of strong rural institutions and rural leadership.

EFFECTIVENESS OF EXISTING PROGRAMS

Head Start programs are undoubtedly the most numerous and generally the most successful. Older persons programs, SOS and SOS-related, also are well-received.

Manpower programs have been less successful for a number of reasons. The age structure in rural areas is such that there is a smaller percentage of individuals in the prime working-age bracket. The large numbers of the aged and the young mean that a larger proportion of the problem is welfare-related rather than employment-related. Isolation and immobility are factors which decrease the number of people who can easily take advantage of job training and employment programs.

Mr. HUMPHREY. Mr. President, it is futile to try to get programs to work in rural settings if unique rural operating requirements are ignored during program formulating and staff planning. With over 50 percent of the Nation's poor people living in rural areas, we really need an Assistant Director of OEO primarily devoted to rural considerations. I am not suggesting that such a position be added at this time, but I mention it to support the efforts within OEO of people who do have a rural orientation.

If OEO is to make its major contributions to the war on poverty phases of rural development, it is essential that Economic Opportunity Act funds and other assistance be allocated and distributed on an equitable basis between rural and urban areas—the formula for such allocation being the proportion of Americans in poverty who are urban and rural, respectively, or a comparable, equally precise criterion. There are various references in the Economic Opportunity Act to the idea of rural-urban balance, including a mandate to the Director to establish criteria on which to achieve rural-urban balance. But since such a balance is not yet effective, an explicit reminder seems now in order.

Mr. President, so that the Rural Development Subcommittee can perform its oversight duties with respect to rural-urban balance, I hope that the OEO will resume making computer runs, on perhaps a bimonthly basis, yielding program account by program account breakdowns of funding levels for these community action agencies which are precoded as rural, with comparative runs for those precoded as urban. These computer runs were made until the middle of 1969, at which time they were discontinued, the data are an essential prerequisite to any attempt to achieve a rural-urban funding balance as required by title IX of the Agricultural Act of 1970. A similar reporting system should be established for other OEO programs.

Mr. President, the Senator from Minnesota is deeply concerned about the survival of the rural community action agencies and rural manpower programs. The commitment to the alleviation of poverty which forms the essence of the Economic Opportunity Act is and must continue to be a nationwide commitment—and the most effective way to meet this commitment is to retain Federal financing and basic direction of community action agencies and programs.

Mr. President, I am concerned as I read the several additional and supplemental views related to the committee report concerning the population re-

[1] The figures used in this paragraph are taken from the May, 1970 OEO Program Fact Sheet.

[2] R. & D.

quirements for the child development program under title V. This program should not be restricted only to the larger cities, this program is needed on a nationwide basis. It is particularly needed in rural areas which are short both of good mass transportation systems for low-income working people and of community centers of many kinds. I hope that upon completion of the debate today, and in the conference report it will be made legislatively clear that rural areas and rural communities are eligible and worthy to benefit from the child development program on the same basis that it is made available elsewhere and in proportion to need.

And now, Mr. President, I request permission to insert several examples of innovative, imaginative special rural demonstration and experimental projects that are underway in rural America.

First. The South Carolina Rural Regional Coordination programs—SCRC—will test a model for a State planning agency in strengthening institutional responses to problems of rural poverty by means of funding and technical assistance to a high-poverty multicounty target area. The State agency will develop a comprehensive strategy for addressing problems of rural poverty, and will involve appropriate State agencies in the strategy of development and implementation, including redirection of State resources toward rural poverty needs. The rural poor will also be involved in developing the strategy. Two planning districts comprising 10 counties have been designated as the target area in which the strategy will be implemented at the local level. Upgrading of the A–95 process to focus on rural poverty implications of program development at the State and planning district levels is a major objective of the grant.

Second. Upper Cumberland Regional Coordination project is intended to develop a mode of action for multicounty development districts to strengthen institutional responses to problems of rural poverty. The Upper Cumberland Development District will develop information on the dimensions of poverty and the resulting programmatic needs. It will involve local institutions in finding solutions and directing resources to meet poverty needs. The A–95 review will focus on rural development which includes needs of the poor. Rural poor will participate in A–95 review to insure that their needs are considered in Federal funding to the 14-county area.

The purpose of the Arizona Job Colleges is to deliver comprehensive training and services, in a residential setting, to entire families, to assist them in improving their socioeconomic situation and participating in the mainstream of community life. Directed to seasonal farm workers who have been alienated from the community by poverty and physical isolation, the program prepares them to move into more productive and self-satisfying roles in the community. Program services train the head of the family for a specific type of job opportunity, and concentrate on basic and remedial needs related to the living situation of the family unit.

The present grant will complete OEO's 3-year test of the AJC model for family rehabilitation, during which a total of 300 families—1,800 persons—will have participated. Families remain in the program 6 to 12 months, receiving vocational and academic training, job placement, counselling, tutoring, health care, child development, housing assistance, citizenship and community participation training, and cultural and recreational activities.

AJC is multifunded by Federal, State, and private sources which, in addition to OEO and HUD, include HEW, the Ford Foundation, Arizona State Health Department, and Arizona State Division of Vocational Rehabilitation.

OEO anticipates that AJC will provide a model for an institution which can be replicated by public or private agencies to enable disadvantaged families to become productive members of the community.

Mr. President, the committee has done a careful and competent job of determining the detailed ways in which the other resources of other agencies of the Government can be coordinated and brought to bear on supporting and expanding the rural economic development programs provided in the new title VII. I wish to commend the committee strongly and to be associated with the effort it is making in this regard.

Mr. President, nothing could be more correct than the committee statement when it says on page 71 of the report:

> Witnesses testified that if the problems of poverty are to be solved, income transfers and social services are not enough. And forced migration from farm to city does harm to both rural and urban areas. Means must be found to bring economic development to people where they live. While our current neglect of rural area development is successful in forcing people to leave rural America, to swell the unemployment and welfare rolls of the inner city, policies to disperse the ghetto residents to the suburbs face very powerful resistence.

Mr. President, extension, expansion, and improved administration of the Rural Economic Opportunity Loan programs by Farmers Home Administration, buttressed as it is in the committee bill by the grant program originally proposed for inclusion in the initial Economic Opportunity Act, will do much to give small farmers, displaced farmers, and low income nonfarm rural residents a chance to become owners and operators of small new economic enterprises that will provide both income and dignity.

In this connection, Mr. President, I hope and trust, that the Office of Economic Opportunity will continue to delegate this program for administration to the Farmers Home Administration where it can be carried out in accordance with the proven successful means of the individual borrower supervision techniques of that agency. I hope and trust that much less of these funds will be used by the Office of Economic Opportunity for making contracts with outside firms, no matter how needy those firms might be, to interfere with, supersede, or duplicate the work that history has proven that Farmers Home Administration is fully capable of doing. What we need is more grants and loan funds for the use of poor people to become entrepreneurs, not more money for technical assistance and evaluation contracts. I am told that in some cooperative loan projects, the money spent on nonfinancing activities almost equals the funds made available to the cooperative to construct its facilities and carry out its operations. I hope and trust this situation, if it exists, will be corrected.

Mr. President, the work that the committee has done on this Economic Opportunity Amendments bill fully complements the work that was done recently when we endorsed the work of the Appropriations Subcommittee of the Senator from Rhode Island (Mr. PASTORE) in suggesting specific attention to rural areas planning and development in the use of appropriated moneys for the Department of Housing and Urban Development. The bill before us also puts into place a very essential component of the broad rural areas development program required for implementation of title IX of the Agricultural Act of 1970.

I support this bill and urge my colleagues to join in its adoption by a very large majority. The provisions of this bill will be good for rural America; this bill will provide programs needed in the inner cities. This bill is in the spirit of balanced national growth and provides living evidence that the Senate cares, that the Senate wants even the poorest among us to participate in a truly balanced national growth policy.

Again, I commend the Senator from Wisconsin for his leadership in bringing before us a bill of this significance and excellence.

CHILD DEVELOPMENT

Mr. President, no more important legislation, as far as children are concerned, will come before the Senate this year than the bill we are considering today, S. 2007, which includes a comprehensive child development program.

Utilizing the knowledge gained from the popular and successful Headstart effort, local communities—and in some instances States, are authorized to establish child development councils to provide services of a medical, nutritional, educational and social nature for children through 14 years of age.

While children born in poverty would receive the greatest help in the child development centers, provision is also made for the handicapped as well as those in need of day-care-type services in other income groups—on a sliding fee basis.

And there is strong emphasis on parental and general community participation in the establishment and operation of these centers.

I joined Senator MONDALE and other colleagues in introducing the original legislation providing for this comprehensive child development program and it has my full and vigorous support as reported from the Senate Labor and Public Welfare Committee. I will oppose any amendments to weaken its effectiveness.

For many years there has been a critical need for quality child-care services in the United States. The availability of modern day-care help is no longer an individual convenience. It has become a community and a national necessity.

An increasing number of children are dependent on day-care services—not just children of poverty mothers, but children of working mothers generally. It is a fact that millions of children do not have adequate care while their mothers are away from home.

I am convinced that the needs will be met only if the Federal Government responds and assists States and local communities in providing the facilities and services which are needed.

A strong statistical case can be made for developmental day-care opportunity.

Census figures reveal that there are 6 million children under 14 who live in families with incomes under $4,000 and another 10 million children whose families make between $4,000 and $6,999.

In today's inflationary and depressed economy it is obvious that these income levels often necessitate two working parents to provide the essentials of life for a family.

And then there are the many households in this country which are headed only by women who must support their children—and a growing number of women who want to combine a career with motherhood.

Thus, a revolution has taken place as far as working mothers are concerned. And it is unlikely that we will ever return to the family working patterns of the past.

One-third of mothers with children under the age of 6, some 4½ million, are working today. This means that there are 6 million preschool children in need of developmental day-care service while their mothers are out of the home.

Yet, there are less than 700,000 licensed day-care opportunities available. And Headstart presently serves only about 263,000 children in full-year programs and 208,000 in summer programs.

Where are the children cared for then?

Middle-income parents search frantically and generally unsuccessful for day-care centers, many of which they sadly discover are not licensed or suitable for their young children. All too frequently, they must turn to family, neighbors or friends for babysitting services.

In less affluent homes this search is even more difficult. Parents are often forced to leave their children with unqualified babysitters or to wander aimlessly in the streets until they return. Or other children in the family, too young to have the responsibility, are put in charge of their care.

These children pay a heavy price for the inequities that exist in our society. Often, they arrive in the first-grade classroom severely handicapped by their environment and the lack of early childhood learning experiences.

If we are truly committed to assuring equal opportunity and eliminating poverty in this country, then we must find some way in which society can offer compensatory education and child-development opportunity for the very young whenever they are needed.

It must be provided during those early childhood years when it can have an effect on their direction in life, before the scars are so deep that an average school system cannot cope with them.

One of my personal concerns in early childhood care and education has been programs for the handicapped, especially the mentally retarded.

Day-care programs for this group are highly important in their development. Not only do they provide urgently needed training for the child, but they permit the mother a much needed respite to concentrate on the needs of her other children.

Often this relief from 24-hour care of a retarded child may make the difference between whether he can remain at home or must be institutionalized.

Adequate early childhood development programs can also prevent retardation itself. The President's Committee on Mental Retardation estimates that some 75 percent of the 6 million persons who are afflicted with this handicap are retarded because they have been deprived of the stimulation necessary for mental and social growth.

They are the victims of poverty, ignorance, urban crowding and rural isolation. With early and sustained help, the vast majority of this group can reach normal and sometimes superior intellectual levels.

Even more striking evidence of the possibility of preventing retardation is the fact that the United States has a higher percentage of retardation than every other country where there are early child care programs available to the general populace.

The special needs of the handicapped have been recognized in the drafting of the comprehensive child development program. Ten percent of the funds provided through this legislation will go to support programs for them.

Another important feature of the legislation is the provision for up to 20 national child advocacy projects.

Operated as demonstration programs, these national advocates for children will give special attention to the location of funds and services for mentally disabled and ill children for whom services and funding are often hardest to find and most urgently needed.

They will also assist children generally by "publicizing services, counseling families with children in need, assisting them in finding the necessary services—whether they be legal, psychological, medical, or educational."

Mr. President, as I have already stated I am concerned as I read the several additional and supplemental views related to the committee report concerning the population requirements for the child development program under title V. This program should not be restricted only to the larger cities, this program is needed on a nationwide basis. It is particularly needed in rural areas which are short both of good mass transportation systems for low-income working people and of community centers of many kinds. I hope that upon completion of the debate today, and in the conference report it will be made legislatively clear that rural areas and rural communities are eligible and worthy to benefit from the child development program on the same basis that it is made available elsewhere and in proportion to need.

The comprehensive child development program legislation does not do everything that needs to be done in the child development area, in providing day care services, in meeting the needs of the handicapped. But it is an impressive beginning. And it deserves the full support of the Congress.

It is true that the Federal Government cannot do it all alone. Along with more leadership and money from Washington, we will need a greater commitment from State and local governments on developmental day care for our children.

But the Federal Government cannot abdicate its responsibility and substitute rhetoric and fiscal sleight of hand for real leadership.

In his campaign for the Presidency, Mr. Nixon promised that every child would have the best education that our wisdom and schools can provide and an equal chance to go just as high as his talents will take him.

It is time that this administration lived up to this promise. It is time for Congress to act. The critical needs of our children dare no longer be ignored.

NEIGHBORHOOD YOUTH CORPS

Mr. President, let is be clearly stated that S. 2007, the Economic Opportunity Amendments of 1971, is historic legislation in its refusal to continue the Federal Government's recent retreat from the war on poverty—a retreat that has witnessed an increase, for the first time in a decade, in the number of poor people in America to a level of 25.5 million, with an additional 22 million persons now classified as "near poor." This legislation proposes that this Nation dig in and launch a second all-out attack on the shocking conditions of economic deprivation and isolation that are crippling the lives of millions of American families.

I strongly support this bill that will extend programs authorized in the Economic Opportunity Act, rather than permit their further weakening and dispersal, and that authorizes major new programs for comprehensive child development, legal services for the poor, and community economic development, while greatly expanding employment and job training opportunities for young men and women.

At this point, I want to draw the attention of my colleagues to a particular provision which I regard as of the highest importance: the additional authorization of $500 million to create 100,000 more work and training opportunities in the Neighborhood Youth Corps out-of-school program. In reporting this bill, the Senate Labor and Public Welfare Committee has insisted that this be "a high-quality program combining remedial education, skill training, and on-the-job training and work experience, paid at least at the level of the minimum wage."

The committee report notes my testimony of April 28, 1971, calling for a greatly expanded Neighborhood Youth Corps program that would provide jobs of great importance to our communities—for example, projects to provide a more livable environment and decent

parks and playgrounds—and that would include a strong, but flexible education program for those who have dropped out of school.

We will never see victory in the war on poverty unless we recognize the central importance of employment and education. Of the 15 million people who moved out of poverty in the past decade, over 99 percent were in families headed by men who would be able to find jobs. And in 1969, 50 percent of the poor aged 14 and over, had completed only 8 or fewer years of school. These facts clearly show that the main route out of poverty is through a good job, but the poor are at a distinct disadvantage in competing for jobs in today's highly skilled labor market.

Unemployment strikes especially hard among young people who are poor. By June 1971, there were 1,879,000 young people, aged 16 to 19, out of work. This alarming unemployment rate of 15.8 percent does not even take into account the hundreds of thousands of young men and women who have been looking for jobs since the end of the school year. But we are fully aware of the shocking fact that for black youth living in poverty areas, the unemployment rate has reached 41.2 percent.

These facts spell a national crisis that demands immediate action.

But while 16- to 19-year-old unemployment has more than doubled since 1969, the number of Neighborhood Youth Corps out-of-school job opportunity slots funded by the present administration has sharply declined, from 50,000 down to 36,800.

Meanwhile, the administration shut down 59 Job Corps camps, ultimately establishing only nine of the 30 inner city Job Corps centers it had promised. The result has been a 37.8-percent drop in the level of corpsmen over the past 3 years, to 23,000. Even direct employment by the Federal Government for disadvantaged young people has been cut back, from 76,000 in 1970 to 63,000 this year.

And it was not until April of this year that the administration requested supplemental appropriations of $64.3 million for the NYC summer job program, to provide a total of 514,200 job opportunities on a reduced 9-week basis. Yet, the League of Cities-U.S. Conference of Mayors had established a need for $157.4 million in additional funds to provide a total of 641,639 10-week summer job opportunities for disadvantaged urban youth, that could be effectively developed and supervised. The final additional appropriation passed by Congress raised the administration request by $40.7 million.

The three Neighborhood Youth Corps job programs—in-school, summer, and out-of-school—have a tremendous potential for reaching our economically deprived youth. Sponsored by local groups who would have the best insight into the needs and problems confronting these young people, these programs offer a young man or woman the vital opportunity and incentive to continue their education while also improving their employability, with paid work and training opportunities.

The typical NYC enrollee has dropped out of high school and lives in a family of eight or more persons, with an annual income of up to $2,000. Particularly in the out-of-school program, the enrollee has been employed and contributed to the family's support, but wants to improve his or her abilities to obtain a meaningful and decent paying job.

We must not continue to deny hundreds of thousands of our young people this vital opportunity to make something worthwhile of their lives. We are talking about human dignity, a right that has been cherished throughout American history. I urge the Senate to approve this additional appropriation for the Neighborhood Youth Corps out-of-school program.

Mr. MONDALE. Mr. President, I yield myself 1 minute.

I thank my distinguished colleague from Minnesota for these very kind comments. As one of the leaders in the whole effort to develop a meaningful and powerful program to eliminate poverty in this country, we are glad to have his support.

Mr. President, I understand the distinguished Senator from Pennsylvania (Mr. SCHWEIKER) may shortly wish to speak. Observing the absence of a quorum, I ask unanimous consent that there be a quorum call without the time being taken from either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

JOINT SESSION OF THE HOUSE AND SENATE TOMORROW TO RECEIVE THE PRESIDENT OF THE UNITED STATES

Mr. BYRD of West Virginia. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 395, and ask unanimous consent that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER (Mr. WEICKER) laid before the Senate House Concurrent Resolution 395 providing for a joint session of the House and Senate on Thursday, September 9, 1971, to receive the President of the United States, which was read by the the assistant legislative clerk as follows:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Thursday, September 9, 1971, at 12:30 p.m., for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

THE PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the concurrent resolution (H. Con. Res. 395) was considered and agreed to.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

The Senate continued with the consideration of the bill (S. 2007) to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

Mr. SCHWEIKER. Mr. President, I yield myself 10 minutes.

I rise in suport of S. 2007, the Economic Opportunity Amendments of 1971.

This bill extends for 2 more years, until June 30, 1973, the various programs under the Economic Opportunity Act of 1964. In addition, it authorizes a major new comprehensive child development program. It creates a National Legal Services Corporation to assume the functions of the legal services program now in the Office of Economic Opportunity. It makes a special additional authorization of $500 million to the Neighborhood Youth Corps to create 100,000 more work and training opportunities for youth. It strengthens the community economic development title of the EOA and adds to the EOA two promising new smaller programs, one in youth recreation and sports and the other to offer community design and planning assistance to low-income communities.

This is far-reaching, farsighted legislation and as ranking minority member of the Subcommittee on Employment, Manpower, and Poverty, it has been my privilege to work closely on all aspects of it. I feel much credit should go to the able chairman of the subcommittee, the distinguished Senator from Wisconsin (Mr. NELSON), and the ranking minority member of the full Commitee on Labor and Public Welfare, the distinguished Senator from New York (Mr. JAVITS), for their principal role in fashioning this legislation in our Subcommittee and Committee.

This bill assures that the Office of Economic Opportunity will continue as a vital catalyst of ideas and programs for aiding the poor, and indeed, as an advocate within our massive Federal Government structure for the special needs and aspirations of the nearly one-fifth of America's people who are poor. The programs of OEO have pointed the way for poor people to voice their needs and work for change within the system. OEO has been one of the few agencies, if not the only Federal agency, trying to bridge the gap between rich and poor, black and white, ghetto and suburb. In addition, it has been a bridge across the rapidly forming gap between big government and the individual citizen. So I support this bill as a continuation of congressional commitment to OEO and its programs.

CHILD DEVELOPMENT PROGRAM

The child development program authorized in S. 2007 is addressed to a critical community need in our Nation today, the need for child care in fami-

lies where the mother must work. Child care of a purely custodial nature is not enough. America's children are entitled to a full opportunity in preschool education, health care, nutrition, and other child development services. The comprehensive child development program authorized in this bill is a good start in that direction, building on the excellent work of Project Headstart, which, incidentally, has been a program of OEO.

In America today one-half of all mothers with preschool or school-age children are working at least part time. This means that professional daytime child care can no longer be regarded as just a luxury for a select few. We are woefully deficient in licensed day-care facilities today—there are less than 700,000 slots in such facilities—while in the poverty category alone, there are 3.2 million children under 6 who could benefit from child development services.

This is why, Mr. President, I was one of the initial sponsors of the Comprehensive Child Development Act, S. 1512, with Senators MONDALE, JAVITS, and NELSON, in April of this year. I am glad that this bill has been incorporated into the pending OEO bill S. 2007, so that it can receive prompt consideration and be passed by the full Senate.

In addition, Mr. President, I feel that this child development program is going to benefit not simply today's parents and children but tomorrow's communities and tomorrow's America. The early childhood period of a person's life is crucial insofar as it usually determines how that person is going to mature, and what kind of an adult and citizen he is going to become.

In fact, a just released study showed that even the IQ which was considered sacrosanct and unchangeable, is affected by the environment and social factors in the early life of that child.

Mr. MONDALE. Mr. President, will the gentleman yield?

Mr. SCHWEIKER. I am delighted to yield.

Mr. MONDALE. I am glad the Senator from Pennsylvania made that point. The Select Committee on Equal Educational Opportunity, which I am privileged to chair, has held extensive hearings on the problem of equality of educational opportunity. I would say, without any doubt, that the most promising single strategy to bring hope of equality of opportunity to the children of this country is to be found in a comprehensive child development program. I am very glad the Senator from Pennsylvania makes the point that quality education during the critical development years of life can have an important impact upon the intelligence and ability of children.

I think it is significant that the White House Conference on Children, which was perhaps the most illustrious meeting of experts in this field ever assembled, agreed, in a weighted vote, that the single most important factor in such an effort was the kind of comprehensive child development program recommended by the Committee on Labor and Public Welfare and supported by the Senator from Pennsylvania.

Mr. SCHWEIKER. I thank the Senator for his comments. I also wish to acknowledge the Senator's fine leadership and the work that he has done in the child development care field. I believe his leadership was primarily responsible for bringing this particular section of the act into being and making it an integral part of our program in this regard.

Mr. MONDALE. If the Senator will yield further, I thought it was significant that Dr. Reginald Lourie, who was the Director of the Joint Commission on Mental Health of Children which recently issued its report, said that mental retardation in the United States is higher than in any other civilized part of the world. Three or four percent of our Nation's youth are retarded, he said, while in every other country where there are programs for early child care, only about one-tenth of 1 percent of the population are retarded. In other words, the failure of the United States to have a comprehensive child development program in these first critical years of life is contributing enormously to the tragedy of retardation which strikes so many of our children.

Mr. SCHWEIKER. Yes. I think it has many ramifications, because in addition to the children who have special problems and special disabilities that have to be focused upon early in life, we now have this new concept that I referred to a moment ago, where more and more educational research is pointing to the fact that the IQ and the mental ability of a child is primarily a factor of his environment and social relationships, as the child develops the mental ability to assimilate information, to grow, and to develop. I think just that turn of events, the overturning of the stereotype about IQ, opens up a whole new horizon whereby this bill can unlock the door for America's greatest natural resource, its young people, in training them and getting them started early, just as the concept originally involved in OEO a few years ago, though at that time not with this wealth of new evidence behind it, of giving the child a "head start." I believe it now has far more significance than even the original concept and the original program envisioned.

This early childhood period of a person's life is crucial insofar as it usually determines how that person is going to mature, and what kind of an adult and citizen he is going to become. I have long believed that if society can deal fairly and generously with its children, giving them a full range of education, nutrition, health care, and other types of care, we will encounter fewer social problems from these children as they reach later life. This is why I consider the child development program in this bill not just a correct, humane, and badly needed program but also a very good investment in our Nation's future.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. SCHWEIKER. I yield myself 5 additional minutes.

LEGAL SERVICES CORPORATION

Mr. President, another key feature of S. 2007 is the establishment of the National Legal Services Corporation, to assume the functions of the legal services program now in OEO. The legal services program has performed excellently in the 6 years of its existence, serving both the poor with free legal services and the Nation as a whole because the program has given to poor people a means of redressing their legal grievances through our system of courts and laws. If the legal services program is going to continue and grow, it needs, however, insulation from political pressures that have plagued it throughout its history.

As President Nixon said in his message to Congress on May 5, 1971, concerning the legal services program:

> Even though surrounded by controversy, this program can provide a most effective mechanism for settling differences and securing justice within the system and not on the streets. For many of our citizens, legal services has reaffirmed faith in our government of laws. However, if we are to preserve the strength of the program, we must make it immune to political pressures and make it a permanent part of our system of justice.

I agree wholeheartedly with the President's views and hope that the Senate will act favorably on the creation of the National Legal Services Corporation embodied in S. 2007.

SPECIAL $500 MILLION AUTHORIZATION FOR NEIGHBORHOOD YOUTH CORPS

Mr. President, another provision of the bill that is most important, and to which I have given my full support, is the special added authorization of $500 million for Neighborhood Youth Corps activities to train and employ youth. Our subcommittee included this additional authorization after hearings on youth unemployment and after midsummer employment data indicated that there were more than 1 million unemployed teenagers—about 15 percent of the total teenage work force. Among black teenagers as a group, the unemployment rate was 30.3 percent, according to figures cited in the 20th Century Fund's Task Force report, "Youth Unemployment: Crisis in the Cities."

We concluded that something needed to be done within this bill to address this problem, which while it is a perennial one, is particularly acute this year as the general rate of unemployment is higher than usual. The Neighborhood Youth Corps, which offers jobs as well as training, must be given more resources to deal with this severe urban problem.

COMMUNITY DESIGN AND PLANNING ASSISTANCE

Mr. President, S. 2007 also includes authorization for OEO to assist local community-based organizations who are furnishing design and planning services to low-income neighborhoods. OEO has, on a pilot basis, been helping such groups provide design services to the poor, just as local agencies in the legal services program have been giving legal services to the poor. Now, through an amendment offered in our committee by the able Senator from California (Mr. CRANSTON), this OEO pilot program would be au-

thorized in law, so that it can go forward on a more secure basis.

The architectural profession, Mr. President, has adopted this program in the same public-spirited fashion as the legal profession has in the case of the legal services program. The American Institute of Architects, as well as local individual architects, fully support this provision in S. 2007. In Pennsylvania, there are at least five community architectural and planning groups in this movement. The largest is the Architects Workshop, in Philadelphia, which has been active in over 150 different projects and studies, working with over 200 volunteer professionals and a small administrative staff from a central office and seven mini-workshops around the city. The Philadelphia chapter of AIA has been strongly behind this project.

Two other smaller units in Philadelphia are the Urban Workshop at the University of Pennsylvania's Department of Architecture and the Young Great Society of Architecture and Planning Center, which serves the predominantly black Mantua area of West Philadelphia. Pittsburgh has the Architects Workshop and the Community Design Association, which has specialized in the planning and design needs of the hill district, another black neighborhood.

Mr. President, I am glad to see this movement in the architecture and planning field recognized in legislation.

The PRESIDING OFFICER. The Senator's additional 5 minutes have expired.

Mr. SCHWEIKER. I yield myself 1 additional minute.

It is a small program, but it is still a good illustration of the catalytic role that OEO plays in our governmental structure, as an advocate for the special needs of the poor. Mr. President, S. 2007, through its 2-year extension of the basic OEO programs and its innovations in child care, legal services, youth employment, and other vital areas of need, should be promptly passed by the Senate. This would demonstrate that we in the Congress want to build on the strengths of the Economic Opportunity Act and other programs to see poverty and its attending hardships eradicated in the 1970's.

Mr. President, the Senator from New York (Mr. JAVITS) and myself filed our supplemental views when the Committee on Labor and Public Welfare reported this bill S. 2007 to the floor. I hereby request unanimous consent that our views be printed in the RECORD.

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

SUPPLEMENTAL VIEWS OF MESSRS. JAVITS AND SCHWEIKER

We support the Economic Opportunity Act Amendments of 1971 and commend each of the four major elements of the bill as follows:

TWO YEAR EXTENSION

As requested by the Administration, and following S. 397, which we introduced earlier this year, the Committee bill would extend the basic authorization for programs under the Economic Opportunity Act for a period of two years, beyond expiration on June 30, 1971. While we regret that the poverty programs cannot be given even a more secure tenure, we are pleased that there has been bi-partisan agreement on this two year extension.

The extension must be viewed, of course, in the context of changes in the poverty program proposed by the Administration, as well as those recommended by the Committee. The Administration's long-term proposals include:

Administration of Community Action Agencies, Senior Opportunities and Special Impact programs by the proposed new Department of Community Development.

Administration of manpower programs, migrant programs. Head Start and Follow Through, Family Planning, Alcohol and Recovery, Drug Rehabilitation and Emergency Food and Medical program by the proposed new Department of Human Resources.

Incorporation, as of January 1, 1973, of community action programs under proposed urban and rural revenue sharing.

We consider the current method of conducting the program—by the Office of Economic Opportunity on the Federal level and through federally funded community action agencies on the local level—both as an effective means of attacking poverty and as a unique and successful approach to closing the gap in our society between the various racial and economic groups and between these groups and the governmental "establishment" at all levels.

Accordingly, we submit that the Administration must demonstrate that both benefits to the poor and the involvement of the poor can be preserved and increased in a new framework before such far-reaching changes are put into effect.

It is therefore essential that the Congress have a full opportunity to express its will in respect to any proposed changes. In that connection, we note the Administration itself has already indicated that it will proceed by seeking express legislative authority in respect to each of these major proposals outlined above. Accordingly, we support Section 10 of the Committee bill, which provides that no new transfer or delegations of programs administered by the Director of the Office of Economic Opportunity shall be made to the head of any other agency, during the two year period, unless by specific legislative enactment.

As noted in the Committee's report, the bill contains the following basic authorizations:

$950,000,000 for each fiscal year for community action programs conducted under the Act, with additional authorizations for Community Economic Development and Legal Services programs, as described below.

$1,400,000,000 for fiscal year 1973 for work and training programs administered by the Department of Labor under the Act, which amount includes a special authorization of $500,000,000 for that year for Neighborhood Youth Corps in school, out-of school, and summer programs. In anticipation of action this year on the President's proposed Manpower Revenue Sharing Act and other comprehensive legislation for a reform of currently conducted employment and training programs, the Committee bill provides an open authorization for such programs for fiscal year 1973.

$500,000,000 for fiscal year 1972 for Project Headstart and the Follow Through program, administered by the Department of Health, Education, and Welfare. As noted below, beginning in fiscal year 1973, these programs would be consolidated under the new Comprehensive Child Development title, with a separate authorization.

We support these authorization levels as reasonable projections of the amounts that could be used effectively in each of the areas involved.

We support also, as a general matter, the earmarking and reservation provisions applicable to the $950,000 authorized for community action programs, to ensure a continued priority to those programs which respect the essentially indigenous nature of the poverty program, for example, Local Initiative, Comprehensive Health Centers, Community Economic Development, Alcoholic Counseling and Recovery, Drug Rehabilitation and Emergency Food and Medical Services.

However, within that context, it is essential that the Director have considerable latitude to establish priorities and ensure that the most effective use is made of funds appropriated directly to the Office of Economic Opportunity (taking into consideration anti-poverty initiatives conducted by other Departments and agencies of federal, state and local government).

We note in that connection, that the Committee adopted a proposal made by Senator Dominick under which the Director would be authorized to transfer up to 20% of funds from a program in fiscal year 1972 and 25% in fiscal 1973 and to add funds to a program in each year without limitation, irrespective of earmarking. At the present time, under Section 616 of the Economic Opportunity Act, the Director is authorized to reduce a program by 15% and, with some exceptions, to increase programs by 35%. As the bill is considered by the Senate, we reserve the right to seek to provide the Director with increased flexibility, consistent with the priorities reflected generally in the Committee bill.

We are pleased also that we are able to include provisions which protect, to some extent, funds for training and technical assistance, state programs, research and development and program support against disproportionate reductions in the event that the full authorization for community action and related programs is not appropriated.

COMPREHENSIVE CHILD DEVELOPMENT PROGRAMS

Under the Committee bill, a new title would be incorporated in the Economic Opportunity Act, providing for the establishment of comprehensive child development programs.

The establishment of such programs, with emphasis on local decisionmaking, parental involvement, comprehensiveness of services, and adequate funding—was identified as the top priority for the next decade by the recent White House Conference on Children.

The title—which represents a bi-partisan effort—would implement that objective in each respect, as follows:

Decision-making at the local level.—The Committee bill provides that any city, municipality or county having general governmental powers (or any combination thereof), Indian tribe on a Federal or State reservation and, under certain circumstances, public and private nonprofit agencies or organizations are eligible to serve as prime sponsors for comprehensive child development programs, with the States serving as prime sponsors as to areas where local units do not qualify. This local emphasis was the thrust of the Comprehensive Community Child Development Act, introduced by Senator Javits in the previous Congress. While we regard this focus as desirable, we support provisions in the bill—elements of which we proposed—to permit the Secretary to determine the ability of units of local general government to carry out comprehensive child development programs, measured in terms of administrative costs of child development councils, and the capacity to provide or enter into arrangements for health, educational and other services.

We consider it essential that state governments—which have already contributed significantly in many cases to child development programs—have a role not only as prime sponsors in areas not covered by localities, but in reinforcing all programs conducted throughout the State. To that end, the bill includes a provision which we sub-

mitted authorizing the Secretary to utilize up to 5% of funds apportioned for use within a State for special grants to the State for the provision of technical assistance and to encourage coordination within the State; the bill also authorizes the Governor of the State to review and comment upon prime sponsorship and child development plans submitted by localities to the Secretary.

Parental involvement.—The bill requires that parents constitute at least one-half of the members of Child Development Councils, which are responsible for formulating the programs for the area under the title and that each project applicant maintain policy committees with similar parental representation. These provisions, coupled with sections of the bill encouraging parental participation in the programs themselves, should ensure that programs under the title reinforce rather than obstruct the family life and environment.

Comprehensiveness of services.—The bill emphasizes the need for services that will provide the educational, health, nutritional and related elements necessary for the full development of each participating child.

While child development programs are necessary in many cases to permit parents to work, we should keep in perspective their principal objective of providing adequately for the child. It is appropriate therefore that the bill takes as its base the successful Head Start program, which has placed great emphasis on such services.

Adequate funding.—The bill authorizes $2 billion for fiscal year 1973, the first full year of operation, as well as $100 million for fiscal 1972 for start-up costs. These are substantial sums in terms of present federal expenditures for child development programs, but, as noted in the Committee report, they are in a sense grossly inadequate to needs, at even the present time.

We believe that the legitimate desires of parents to seek employment, and the right of children to have a full opportunity for development will require a much more substantial commitment in the coming decade, and that this is essential in addition to the otherwise commendable commitment pledged by President Nixon under the child care provisions of the Family Assistance Act.

We hope that these elements, together with special provisions for children of federal employees—where the government may serve as "model" employer for child development—establish a legislative framework which will be the basis eventually for universal availability of child development programs. As noted in the Committee's report, a principal objective of the bill—which we share—is to provide comprehensive child development programs in such a way as to bring together and meet the needs of children from various socioeconomic backgrounds.

LEGAL SERVICES CORPORATION

We are pleased with the Committee bill's incorporation of a new Title under the Economic Opportunity Act, establishing a nonprofit corporation for the Legal Services program. This step, which was proposed by the Administration in S. 1769 and by a number of Senators in S. 1305, represents a general bi-partisan consensus on the desirability of giving top priority to the program as an effective anti-poverty effort, insuring its independence from political influence, and preserving the right of the legal services attorney, to do what he considers to be in the best interest of his client. As President Nixon stated, in his message to the Congress of May 5, 1971:

The legal problems of the poor are of sufficient scope that we should not restrict the right of their attorneys to bring any type of civil suit. Only in this manner can we maintain the integrity of the adversary process and fully protect the attorney-client relationship so central to our judicial process.

We submit that on the crucial matter of the composition of the Board, the bill strikes an appropriate balance between the need for independence on the one hand, and executive prerogative on the other.

Under the Administration's proposal, the President would be empowered to appoint an eleven member board. S. 1305, provided for a nineteen member board consisting of the executive director, five members appointed by the President, one member appointed by the Chief Justice, six members serving by reason of legal organizational office (for example, the Persident of the American Bar Association) and three each selected by a Clients Advisory Council and a Project Attorneys Advisory Council.

The Committee bill adopts with slight modification an amendment which we proposed jointly with Senator Taft, for a fifteen member board, consisting of one member appointed by the Chief Justice, five members serving by virtue of legal organizational office and nine members appointed by the President as follows: 4 from members of the public, 3 from a list of ten submitted by the Clients Advisory Council and 2 from a list of ten submitted by the Project Attorneys Advisory Council.

The Committee bill contains a provision which we submitted ensuring the continued focus of the program on representation in civil matters, while permitting the Board to establish guidelines to provide services in criminal proceedings where such services are not otherwise adequately available.

In light of the facts that the current program is now reaching only approximately twenty percent of the need of poor persons in the civil area, and that assistance in criminal cases is often available through other public and private sources, we considered it advisable to place the burden on the Board in this regard. S. 1305, as originally introduced contained no restriction on representation in criminal cases; the Administration's bill limits representation to civil matters.

We note also that the Committee bill contains a number of other provisions from the Administration's proposal, in some cases in modified form, dealing with such matters as guidelines for consideration of possible appeals, a graduated schedule of fees, and lobbying, and the outside practice of law.

In light of the high priority that should be given to the program, we support the reservation of $61,000,000 for legal services for each fiscal year—approximately the current level—as well as the additional authorizations provided in Section 3 of the bill.

COMMUNITY ECONOMIC DEVELOPMENT

The Committee bill includes a new Title for Community Economic Development, co-authored by Senator Javits and Senator Kennedy, which would:

Authorize grants to Community Development Corporations and their nonprofit partners as the principal delivery vehicles for programs, and encourage greater assistance to such corporations from a number of federal and other sources.

This part builds upon title I-D of the Economic Opportunity Act, "Special Impact" which was included in the law in 1967 by Senator Javits and the late Senator Robert Kennedy, on the model of a very successful program in the Bedford-Stuyvesant section of Brooklyn, New York.

In a recent task force report, the Twentieth Century Fund of New York, concluded on the basis of a review of the experience of more than 75 urban and rural Community Development Corporations throughout the country that: such corporations have a "unique capacity for pooling a community's talents and resources . . . for linking together a variety of businesses and projects . . . and for organizing the community to accept and effectively utilize resources and assistance from outside the poverty area."

Authorize grants to rural cooperative programs in poverty areas engaged in farming, processing, marketing and producing. There are hundreds of rural cooperatives throughout the country but only a few are linked to low income persons or areas. Existing anti-poverty efforts by such organizations have proved effective in a number of cases.

Provide technical and financial assistance to community development corporations and rural cooperatives in support of their efforts and long-term viability.

The Committee bill authorizes a total of $60,000,000 for fiscal 1972 and $120,000,000 for fiscal 1973 for these programs, amounts specifically recommended by the Twentieth Century Fund.

* * * * *

We submit that the new initiatives contained in the Economic Opportunity Act Amendments of 1971 are in furtherance of the basic purpose of the Act, to give each individual:

the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society.

In sum, we believe that the Economic Opportunity Act Amendments of 1971 will enable the poor to move out of isolation from the remainder of society—through continuation of existing programs; through greater access to our system of justice, and by new child development and economic development efforts linking the community of the poor to the community at large.

JACOB K. JAVITS.
RICHARD S. SCHWEIKER.

The PRESIDING OFFICER. Who yields time?

Mr. SCHWEIKER. I yield 5 minutes to the Senator from Ohio.

Mr. TAFT. I thank the Senator for yielding.

I should like to open my remarks on the bill by commending the Senator, the chairman of the subcommittee, and the members of the committee for their diligence in hearings and for their action taken on this bill. By and large, I think it is an excellent piece of legislation and one that is much needed.

Certainly, we must move, and move rapidly, to extend the OEO legislation that we have before us. I feel that this, however, should not prevent us from taking a look at the important implications which are involved in some of the other provisions of the bill. I have long been concerned with the legal provision in particular and have studied it. I feel that our society today has come to recognize, on a far broader basis than ever before, the desirability and necessity of providing adequate legal remedies to all our citizens for wrongs, real or imagined, for the full exercise of rights they have under the law; and I think this bill goes a long way in that direction.

I think it is unfortunate in some ways, however, that the extension of the poverty act really was not brought up separately as an independent matter, even with the Legal Services Corporation bill, although, of course, the entire legal services program has grown up, insofar as the Federal concern is involved, under the poverty program. But the inclusion of a legal services provision under this bill, with which I am agreeable—also has

served as a sort of excuse for turning this an omnibus bill to handle the entire child development programs under the bill.

I should like to point out at the outset that while OEO, it is true, is a child development program, it is a child development program which primarily, and from the very start, has been aimed at the economically disadvantaged, and basically only at the economically disadvantaged. That has been the purpose of that program insofar as its relationship to the poverty program is concerned. The child development program applies to all our children and youth throughout the Nation, as was ably pointed out by the Senator from Minnesota a few moments ago. But this broadening of the scope and broadening of the concern of the entire area, it seems to me, makes this a sufficiently important area for independent and full consideration by the Senate and by the House of Representatives.

I do not know what the House will do with the appending of this particular measure to the extension of the economic opportunity bill, but it seems to me that it does not help either concept, insofar as a sound judgment by Congress is concerned, in combining them. So that while I feel that these concepts are sound, I think it is unfortunate that they come before us in the way they do. I am afraid that not only will it be confusing for the Members of the Senate, but also, it will be even more confusing to the Members of the House, to the public, and to the press, and for public opinion generally, in following just exactly what the issues are and what decisions are being made.

As we proceed with the pending measure, I intend to offer a number of amendments along the lines of some of the comments I have already made. I should like to comment at this point on what those amendments and proposals will be. They have not been offered as yet, but I believe most of them will be submitted shortly.

First, I hope to offer a motion to recommit, to strike section 6 of the bill, which would take out of the bill all the items, from pages 10 through 71, relating to the child development program.

Mr. BYRD of West Virginia. Mr. President will the Senator yield?

Mr. TAFT. I yield.

Mr BYRD of West Virginia. Is it the intention of the able Senator to offer his motion to recommit today? Did I correctly understand the Senator to say that he intends to offer it today?

Mr. TAFT. I would reply to the distinguished majority whip by saying that I believe that we will probably offer another amendment today before the motion to recommit. If we can dispose of the amendment that is offered, I think probably we will then move to the motion to recommit.

Mr. BYRD of West Virginia. Today?

Mr. TAFT. Today.

Mr. BYRD of West Virginia. I thank the Senator.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. SCHWEIKER. I yield 5 additional minutes to the Senator.

Mr. TAFT. I thank the Senator.

In addition to the motion to recommit, which would simply send the child development program back to the Committee on Labor and Public Welfare, presumably to be reported as separate legislation in the immediate future—and I am sure it would be acted on very promptly, considering the importance of the legislation—I would expect also to offer several other amendments.

One of the most unfortunate provisions in the bill to which I would offer my next amendment to delete would be the ban on transfer of functions from the OEO to other agencies of Government as would presently be authorized, were it not for this provision, under the Administrative Reorganization Act.

The bill we consider today, to extend the Office of Economic Opportunity for 2 years, is a creature of multiple parts and many missions. It would continue the vital research and demonstration programs of America's national poverty agency through fiscal year 1973. This is the constructive part of the bill, as I have said.

But the bill would through the addition of a single punitive, restrictive, and backward-looking provision, divest the poverty agency of one of its key strengths—the latitude to shed itself of fully operational programs that can best be administered by other departments of Washington's pervasive bureaucracy. Under the Senate bill, the OEO could not continue its principle mission—research and development, analysis and strategy in the attack on poverty. This is what the amendment would relate to, and it would eliminate the provisions on page 119 of the bill which make this restriction.

In addition, this section, which we would eliminate, would prohibit transfers or delegation of programs administered by OEO under titles II, III, VI, and VII and would seriously cripple the prospects of the agency discharging its mandate.

More than 25 million Americans live on the dark fringes beyond the great American dream. The light of American abundance and affluence has not touched them. Given the complexity and temper of the American nation, it is not likely that these people can by themselves exercise the great bootstrap option of decades ago to pull themselves up by only their own initiative.

What the Nation seeks and what OEO strives to accomplish is not another layer of dole and largess. OEO seeks, instead, national programs that can educate, inspire, and show the way out of the poverty cycle for millions of Americans whose aspirations are not less than ours, but whose opportunities are pitifully inadequate.

It is not by happenstance that Congress named the poverty agency the "Office of Economic Opportunity." In another age or another country it might have been the "National Poor Corporation," the Poverty Department, or some other uninspiring pejorative term. It was not crated packages of largess that Congress had in mind in passing the poverty bill a half decade ago, but rather created circumstance for expansion of opportunity to the very young, the very old, the disenfranchised, the disillusioned.

The agency has succeeded admirably in giving millions of Americans the first opportunity that they have had to climb from the dark well of economic oppression to the broad sunlit uplands of economic promise.

The heart of this promise and the basis of its opportunity is innovation. We must, as a nation, find ways to give the poor the chance to help themselves. The Office of Economic Opportunity remains our last best chance to that end, but it cannot achieve its mandate if in well-intended but ill-considered judgment the Congress of the United States wraps OEO in an iron cocoon by circumventing its spin-off authority.

It is section 10 that would vitiate much of the potential for success now enjoyed by the Office of Economic Opportunity. Passage of section 10 might well be compared to saddling a highly successful inventor with the burden of mass producing, advertising, and marketing the products he invents.

Since its enactment in 1964, the administration of OEO programs has been transferred and delegated to departments and agencies other than OEO. Some of these transfers were effected by congressional action while others were at the initiative of the executive branch.

The PRESIDING OFFICER (Mr. WEICKER). The 5 minutes of the Senator from Oregon have expired.

Mr. SCHWEIKER. Mr. President, I yield an additional 5 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 5 additional minutes.

Mr. TAFT. Mr. President, either way, the intent has been to relieve OEO of the burden of operational responsibilities, keeping the agency from becoming merely one more administrator of social programs.

Section 10 of the bill before us now would prevent fulfillment of this intent by prohibiting the delegation of programs without prior congressional approval. What should properly be an administrative decision based on an objective analysis of each program's role within the Federal Government would run the risk of becoming a political issue. The merits of the decision would be lost in the rhetoric.

In carrying out its mandate, it is essential that the Office of Economic Opportunity retain its authority, which is subject to the approval of the President, to delegate the day-to-day operation of programs to agencies whose missions are that kind of daily operation.

Operating agencies such as HEW, Labor, and HUD are equipped, staffed, and funded for precisely the mission of operating extensive nationwide Federal programs created in many instances through the constructive intervention of other agencies.

To create from the innovative efforts of OEO, another monstrous multitenta-

cled burgeoning bureaucracy that would carbon copy the functions of other agencies would be the epitome of shortsightness.

If OEO can be said to have one key mission in its congressional mandate, it is the mission of building and testing; of creating programs of merit and promise, seeing them into maturity and then giving them to agencies prepared to oversee long and productive tenure. Section 10 of S. 2007 would wipe out the authority for such transfers.

I urge my colleagues to remove this ill-considered restriction from legislation that has as its basic mission the antithesis of what section 10 would require.

Now, Mr. President, I expect to offer shortly an amendment which would strike section 10 from the bill. A further amendment which I will offer as to child sponsorship is a matter on which there is a great deal of difference of opinion. Much of it is covered in the minority committee supplementary views on pages 161 through 167 of the committee report. The present amendment's provision would limit to 100,000 the size of a unit of government which might be a prime sponsor under the development program. This amendment makes certain changes in that.

A further amendment to the child development program which I expect to offer by amendment shortly would be relating to the makeup of the Child Development Council.

A fifth amendment which I expect to offer would relate to the economically disadvantaged definition. This provision relates to the level of income of those participating in the program—that those participating in the program might have in the family income without being charged additionally. The bill at present relates to the fair labor standards definition of that provision. It seems to me that while perhaps the provision suggested in committee as an alternative is not wholly satisfactory, at the poverty level, it seems to me it is too low, that the actual determination of who should be charged or not charged to participate in the program should not be made by any independent agency, or by the Bureau of Labor Standards or any *x* department decision. It seems to me in administering properly a child development program, the agency to develop the program is the only one that can really justifiably and soundly make a decision as to who should receive the services without charge, because of the lower level of family income, and who should not be. The amendment I propose to make would move in that direction.

The next amendment would be to eliminate from the bill the provision of $10 million for setting up the child advocacy program. This is an entirely experimental matter. It was not covered in any degree at all in the hearings. No witnesses, as I recall, appeared to testify either for or against the provision. It came at a late time in the hearings.

I believe that while it may be a program of great merit, it is something on which the committee should have a great deal of further discussion and investigation before it takes off to recommend to the Senate and House that we pass this program.

A final amendment would be one which would go into the earmarking provisions in the pending bill. This was covered in the supplemental views fully.

In many ways I think it is the most dangerous provision in the entire bill because it can very well hamstring, from the point of view of resources, many of the ongoing, existing programs which I think are good and need additional help.

I therefore expect to offer an amendment which will have the effect of mollifying, to a great degree at least, the earmarking provisions of that bill.

Mr. President, that concludes my remarks on the bill and I am ready to offer the amendments.

Mr. SCHWEIKER. Mr. President, those are all the requests for time the minority has at this point.

The PRESIDING OFFICER (Mr. WEICKER). Does the Senator from Ohio now wish to offer his amendments?

Mr. TAFT. Mr. President, I offer an amendment and send it to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment as follows:

On page 119, strike out lines 15 through 23.

On page 119, line 25, strike out "SEC. 11." and insert in lieu thereof "SEC. 10.".

On page 120, line 15, strike out "SEC. 12." and insert in lieu thereof "SEC. 11.".

The PRESIDING OFFICER. The Chair would inquire of the Senator from Ohio whether this is one of the amendments on which there is a 1-hour time limitation to be equally divided.

Mr. TAFT. Yes, Mr. President, the Chair is correct. I mentioned all six of the amendments in my remarks to which the unanimous-consent agreement applies.

The PRESIDING OFFICER. Does the Senator from Ohio ask unanimous consent that the pending amendments be considered en bloc?

Mr. TAFT. Yes.

The PRESIDING OFFICER. The amendments will be considered en bloc.

Mr. TAFT. Mr. President, I have already covered, to some extent at least, the reasons why I am offering this amendment. Its effect will be to delete lines 15 through 23 on page 119 which states, "Notwithstanding any other provision of law, unless enacted hereafter in limitation of the provisions of this section," and then it states certain titles of the OEO Act which may not be transferred to the head of any other agency, thus cutting into the authority that the President otherwise has under the Executive Reorganization Act.

The issue here goes beyond, however, the effectiveness of OEO. It strikes at the difference in the role which the Senate is now being asked to assign that agency and the role which the President of the United States sees for it. Section 10 of the committee bill is a microcosm of this issue, in my judgment.

I do not believe that any Member of the Senate believes in his heart that the Office of Economic Opportunity has a record without blemish. Its early history is a record of false starts, expectations which gave rise to the kind of hope among the poor which belied the expectations of the Congress and the country and frequently resulted in dashed hopes, increased frustrations, undelivered promises and, in general, often left a bad taste in the mouth of those who need the benefits which the agency can provide.

And at the same time, frustrations were piled upon frustrations in the minds of those who footed the bills. The American taxpayer who did not benefit in any tangible way from the programs of OEO found themselves frustrated, too, by that same gap between promise and fulfillment which troubled the poor themselves. The generosity of the American people, their essential deep-rooted understanding that something new was needed to deal with the problems of poverty in this country rebelled, too, at the examples of inefficiency, corruption, wasted talent, needless confrontation between the interests of the country as a whole and those whom the OEO is empowered to help.

Of course, growing pains were in considerable part responsible for these frustrations. After a few years, the agency learned its first lessons in walking before it could run. Many of the management problems and the confrontative attitudes that prevailed in its early days have been blunted in most recent years.

But who can say that the President is wrong when he suggests that we are undertaking the expenditure of millions and billions of dollars on behalf of programs within and without the poverty field which need study, demonstration and evaluation before we decide that we want to continue to operate these concepts. Just because we have been running programs does not mean that we need to continue to run programs if they fall short of their mark and if we learn new lessons about poverty.

Mr. President, I think we need to learn more things and we need to attack new problems. I do not believe it was ever the intention of this Congress to perpetuate the OEO as a top-heavy, bureaucratic, business-as-usual operating agency of Government—built along the same lines as all the other departments and agencies are built, repeating the same missions that other line agencies and departments are already at work doing. Rather, I believe, the President is right when he sees OEO as the cutting edge of social change in America.

Incidentally, I served on the Education Subcommittee in the House of Representatives at the time this program was proposed. And from the very beginning, the concept of the program was not that it should be an ongoing program, but that when the program had been developed, the program should be transferred to other agencies of the Government, thus avoiding the duplication of agencies within the Government.

The Senate committee, through this section, is telling a President and a Director of the Office of Economic Opportunity, for the first time, that they cannot delegate a single project without prior congressional approval. This means that a family planning project that has matured and is ready to be administered

by another department, cannot be transferred. Section 10 means that a comprehensive health center that has proved its point and has been tried in the field by OEO and its grantees cannot be moved over to HEW, as a number of them have done in the past.

Instead, OEO must continue to operate projects which have proved their value and are ready to move on, thus reducing the agency's inherent flexibility. If OEO is required to continue to do the same old things, how can it learn to do new things? How can the President's mission for it be realized in the educational area, through its voucher and performance contracting experiments and its health programs as part of a quest for the identification of new delivery systems for health services—how can new thrusts be developed when the agency is top heavy with old projects?

The President does not have on his agenda program changes in OEO which are not considered by the Congress. But it is a total denial of the kind of agency OEO is, to require it to keep on doing everything it has been doing and preventing it from constructively changing into a broader and more effective research and development arm of the Federal Government.

What we are saying in this bill is that OEO is to be an operating agency. The President is saying that its first function should be as an R. & D. agency. By requesting a 2-year extension of the Economic Opportunity Act and its programs, the President is not saying it shall be only an R. & D. agency, for most of the programs which would be extended under this bill are in the operating field.

It is a distortion of priorities which my amendment seeks to redress. I would strike section 10 as a wholly undesirable limitation on the goals and objectives which the President of the United States seeks for the Office of Economic Opportunity.

Make no mistake about it. We are not just voting for a 2-year extension of the OEO as a top-heavy operating agency if we accept this bill as it came from committee. We are putting a stamp of approval on a principle. We are really saying to this and to future Congresses that we intend OEO to continue as an operating agency of government—just like every other one. We are tying the hands of the President; we are tying the hands of the agency to do useful work; we are telling the American people that its record is unblemished, which it is not, and we are saying that we stand in the doorway of change, preventing it from taking place.

That is why I have proposed the amendment today and that is why I recommend it to the Senate.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 5 minutes.

Mr. NELSON. Mr. President, it is important to understand precisely what section 10 of the bill does. It simply says that no new transfers or delegations of OEO programs shall be carried out during fiscal 1972 and fiscal 1973 unless Congress approves.

This is perfectly consistent with the administration's own plans for OEO.

The administration has proposed a 2-year extension of OEO as it now stands. It has also proposed that manpower programs be transferred to State and local government, that community action agency funds be transferred to State and local governments, and that a number of OEO programs be spun off to other agencies. But in each case, the administration has proposed to make these changes through legislation.

That is all we ask in section 10 of the bill—that changes for the current 2-year period be made through legislation.

I think we have a right to expect that such a procedure be followed.

We have more than 900 local agencies operating poverty programs around the country. They have their own budgets, their own staffs, their own commitments and their own plans for the future. They do not want to open up tomorrow morning and find out that their funding has been taken away and their programs transferred or abolished without any public notice, debate, discussion or congressional action.

Tremendous changes have been made in OEO programs in the last 2 or 3 years. More than half of the money in the OEO budget has been spun off to other agencies. All section 10 asks is that there be no further changes for the current 2-year period unless Congress approves.

I would like to point out that at the time we were marking up the OEO bill, the administration spokesman in discussions with me and with staff members of the Employment, Manpower, and Poverty Subcommittee assured us that the administration had no intention whatsoever of delegating any further functions of the OEO by Executive order. And they agreed that they would furnish us with a letter to that effect.

I assured them, and so did the distinguished Senator from New York (Mr. JAVITS), that if a letter were furnished by the administration saying that they did not intend to and would not delegate any further functions of the OEO to any other agency during the period of this 2-year extension, we would accept that letter in place of the amendment we had placed in the bill.

We were assured that such a letter would be forthcoming. However, it has not been forthcoming. Perhaps that was because they did not want to write a letter to that effect and did not care enough about the amendment. In any event, there has not been a letter, but there have been repeated assurances to us from the representatives of the administration that they have no intention of delegating any more OEO programs without going through the traditional legislative process.

I can see no reason to object to the provision in the bill that there should be no new delegations of programs unless there have been congressional hearings and approval by Congress. And since the delegations that the administration spokesmen have proposed to me have, in fact, been proposed to be done in the legislative forum anyway, there is no necessity for their having in reserve the right to delegate functions when they are proceeding under the legislative route. Their present proposal, I think, means that the appropriate committees of the respective bodies, as well as the two Houses themselves, have an opportunity for hearings, discussion, debate, and a vote on the floor of the Senate on the proposals that are basic and fundamental to the OEO bill.

I cannot see why there would be any objection to that procedure on the part of the administration.

Mr. BYRD of West Virginia. Mr. President, does the Senator from Ohio wish to ask for the yeas and nays on the pending amendment?

Mr. TAFT. Mr. President, I request the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, I take this time merely to reply in brief to the remarks of the chairman of the subcommittee, the Senator from Wisconsin (Mr. NELSON).

I assure him, first of all, that the administration cares and cares very deeply about the question of retaining this priority transfer of activities of OEO to other agencies of Government. It is not merely a matter of what particular agency might or might not be transferred; and I believe the letter which has been discussed was not sent because it was felt that it would be impossible to predict completely over a period of 2 years what might seem desirable to do in this kind of activity in the future. Therefore, I think the plans with regard to the letter were changed, but there is very deep concern and it relates not to any particular transfer but to the question of the principle involved here: Is OEO to be an operating agency?

This battle has been going on since the inception of OEO and it will continue throughout the life of OEO. The only thing to prevent OEO from becoming a permanent, built-in, bureaucratic operating agency with its own cadre of force and plans of promotion and the like, as every other department or agency of government operates, is the Congress of the United States by insisting upon the principle that was originally in the OEO Act being maintained. That principle is that this is basically a research and development agency into innovative ideas and testing and probing into new fields which other agencies might find embarrassing or beyond their scope or that are not high priority items on their agenda. That is the question involved in this amendment.

The PRESIDING OFFICER. Who yields time? Do Senators yield back their time on the amendment?

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

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

Who yields time?

Mr. NELSON. Mr. President, I yield whatever time is needed to the distinguished Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SCHWEIKER. Mr. President, I would like to ask the distinguished chairman of our subcommittee to clarify one point of the amendment, as well as the pending bill, relative to the amendment.

The original wording of the text refers to the "transfers or delegations of programs administered by the Director of the Office of Economic Opportunity." As I understand it, in the past there have been some other temporary assignments and transfers of individual projects on a limited basis for the convenience and efficiency of the Government, such as OEO asking a particular department to operate an individual project because it is more efficient and advantageous for the Government to handle it in this matter.

Is my understanding correct that this language of the bill as written, prior to the amendment of the Senator from Ohio, would still permit that temporary delegation of individual projects without changing the ultimate responsibility for the total program in OEO? Would that still be allowed by this bill as reported by the committee?

Mr. NELSON. Yes. I think it is broader than that, depending on the interpretation of the word "temporary." If an innovative project in the field of family planning or a health project were instituted by OEO, and after it had developed and performed, and was functioning and after it became a mature program, that particular project may be delegated to HEW.

All this amendment provides is that the functions and programs assigned to the Director of OEO may not be delegated by any of these kinds of projects if it is more efficient for them to be handled by HEW or some other agency. Once they have been tried, tested, and mature, they may be delegated to other agencies. It provides considerable flexibility.

We are only talking about prohibiting the delegation of functions and programs assigned under the act.

Mr. SCHWEIKER. In view of that, I do not see that this would impose any hardship on the department as it is now operating, as the chairman of the subcommittee mentioned.

We had hoped to have a letter which was never forthcoming, which would allude to this very problem. We are still hopeful that by the time of conference we may have such a letter.

However, I think the language of the bill as written does not handicap or crimp the style of OEO, as long as we have clarified the distinction that the chairman has just made on the floor of the Senate.

Mr. NELSON. I think the Senator is correct. If at the time of conference there was a letter from the administration I am sure the majority and minority leadership would agree to accept the letter. In fact, we did have a letter, and as I read it I thought it was slightly vague and that it should be sharpened up a little bit; but the revised version never came back.

My interpretation really is that the administration does not feel strongly about this, except perhaps as a matter of principle, since they have assured us time after time that there is no intention whatsoever to delegate any programs or functions of the OEO Director during this 2-year period.

Mr. SCHWEIKER. I think the distinguished Senator is correct in his assumption. We are still cautiously optimistic that we might have a letter.

I thank the Senator.

Mr. NELSON. Mr. President, I yield back the remainder of my time on the amendment.

Mr. TAFT. I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. BYRD of West Virginia. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. BIBLE), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from North Carolina (Mr. JORDAN), the Senator from Washington (Mr. MAGNUSON), the Senator from Wyoming (Mr. McGEE), the Senator from South Dakota (Mr. McGOVERN), the Senator from Utah (Mr. Moss), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Virginia (Mr. SPONG) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Montana (Mr. MANSFIELD) are absent on official business.

On this vote, the Senator from Indiana (Mr. BAYH) is paired with the Senator from Mississippi (Mr. EASTLAND).

If present and voting, the Senator from Indiana would vote "nay" and the Senator from Mississippi would vote "yea."

I further announce that, if present and voting, the Senator from North Carolina (Mr. JORDAN), the Senator from Washington (Mr. MAGNUSON), and the Senator from Arkansas (Mr. FULBRIGHT) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Colorado (Mr. ALLOTT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Nebraska (Mr. CURTIS), the Senator from New York (Mr. JAVITS), the Senator from Ohio (Mr. SAXBE), and the Senator from Pennsylvania (Mr. SCOTT) are absent on official business.

The Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Maine (Mrs. SMITH), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Kentucky (Mr. COOPER), the Senator from South Dakota (Mr. MUNDT), and the Senator from Vermont (Mr. PROUTY) are absent because of illness.

The Senator from Maryland (Mr. BEALL), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are detained on official business.

If present and voting, the Senator from New York (Mr. JAVITS), would vote "nay."

If present and voting, the Senator from Maine (Mrs. SMITH), would vote "yea."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from Alaska (Mr. STEVENS). If present and voting, the Senator from Texas would vote "yea" and the Senator from Alaska would vote "nay."

The result was announced—yeas 26, nays 31, as follows:

[No. 214 Leg.]

YEAS—26

Allen	Dole	Packwood
Baker	Ellender	Pearson
Boggs	Ervin	Roth
Brock	Fannin	Stennis
Buckley	Goldwater	Taft
Byrd, Va.	Griffin	Talmadge
Byrd, W. Va.	Gurney	Thurmond
Chiles	Hruska	Weicker
Cook	Miller	

NAYS—31

Bentsen	Inouye	Pastore
Brooke	Jackson	Proxmire
Cannon	Kennedy	Randolph
Case	Long	Ribicoff
Cranston	Mathias	Schweiker
Eagleton	McClellan	Stevenson
Gambrell	McIntyre	Symington
Hart	Metcalf	Tunney
Hatfield	Mondale	Williams
Hughes	Montoya	
Humphrey	Nelson	

NOT VOTING—43

Aiken	Fong	Mundt
Allott	Fulbright	Muskie
Anderson	Gravel	Pell
Bayh	Hansen	Percy
Beall	Harris	Prouty
Bellmon	Hartke	Saxbe
Bennett	Hollings	Scott
Bible	Javits	Smith
Burdick	Jordan, N.C.	Sparkman
Church	Jordan, Idaho	Spong
Cooper	Magnuson	Stevens
Cotton	Mansfield	Tower
Curtis	McGee	Young
Dominick	McGovern	
Eastland	Moss	

So Mr. TAFT's amendment was rejected.

Mr. KENNEDY. Mr. President, I take pride in supporting S. 2007, to extend the Economic Opportunity Act for 2 years. I believe the Employment, Manpower, and Poverty Subcommittee under the leadership of its chairman, Senator NELSON, has prepared an impressive hearing record that amply justifies the

extension and expansion of the programs authorized by the pending legislation.

Studies by OEO have tabulated 25.7 million persons living in poverty and another 22 million near poor with incomes ranging from 1 percent to 50 percent above the poverty level.

For the first time in a decade, the number of persons living in poverty has actually increased. Although the Census Bureau had recorded an average annual decline of 5 percent in the poverty population during the previous 10 years, between 1969 and 1970 the trend was reversed and there was a 5-percent rise in the number of persons living in poverty.

So it was that the subcommittee acted this year with the recognition that much greater momentum had to be generated in OEO.

Therefore, the committee rejected administration proposals to cut various OEO programs and instead proposed four major reforms.

First, to expand the special impact program into a major drive toward urban and rural community economic development;

Second, to establish a new Legal Services Corporation to assure the separate identity and independence of legal services for the poor;

Third, to commit the Nation to comprehensive day-care and child-development services for the poor;

Fourth, to propose a fivefold increase in Neighborhood Youth Corps programs to cope with the effects of massive unemployment among poverty area youngsters.

I was particularly pleased that the committee accepted legislation I introduced to create a separate community economic development title within the act, a title that reflects the belief that the major demonstration project within the Office of Economic Opportunity should be a program to promote economic development in the poverty areas of the Nation.

For those who view the answer to the plight of the inner cities as dispersal to the suburbs and for those who view the answer to the plight of rural America as dispersal to the cities, I say you are deluding yourselves and the Nation.

We cannot turn our backs on the Harlems, the Bedford-Stuyvesants, the Wattses, the Roxburys, the East Los Angeleses, or the rural reaches of west Texas or northeast Oklahoma areas. We must find ways to strengthen those communities and promote economic development so that residents have a place to shop, a place to work, a place to live.

Five years ago, Robert Kennedy walked through the streets of Bedford-Stuyvesant and was stunned by the unfulfilled potential that he saw. It was not just the broken windows or deteriorating housing or other physical evidence of poverty that depressed him. He was also appalled by the failure of a nation to harness the energies and abilities of the human resources of this community.

Last June, I walked through the same streets and I saw change. The steel girders of a new office and apartment building spanned nearly a full block. And this was not economic imperialism by an outside developer. This was a building that was planned by the community. This was a building that would provide new homes for members of that community. This was a building that would provide income from the community-controlled corporation that would use those new funds to spark another wave of community development.

This was the work of the Bedford-Stuyvesant Restoration Corporation.

The lesson that Robert Kennedy learned when he toured the streets of Bedford-Stuyvesant was that the human resources of the community had to be mobilized and linked to the technical skills and capital of the business world and government. From that lesson he and Senator JAVITS devised the Community Development Corporation. Their design was contained in the title I–D Special Impact Amendment to the Economic Development Act adopted in 1967.

Under that title, Bedford-Stuyvesant has been receiving Federal assistance since 1967. And for each dollar of Federal money that has been granted to the community-controlled corporation of Bedford-Stuyvesant, $2 in private capital have been attracted.

The results that the poverty subcommittee saw last month in hearings I chaired in New York included a $100-million mortgage pool, a 240-man IBM plant, a $2-million assistance program, 48 local businesses, construction of a modern neighborhood and community center, 1,450 renovated homes in a program employing 900 formerly unemployed and unskilled youth and planning for a new modular housing factory.

But beyond those physical testaments, we have the testimony of residents who now have pride in their community and hope in their future.

Lloyd Doyle, a 30-year Bedford-Stuyvesant resident, told the committee:

> We have seen houses . . . in this community become vacant lots, garbage uncollected, broken-up cars . . . so this causes our hopelessness. . . . Now this hope is given to people that in your community you have an organization (Bedford-Stuyvesant Restoration Corporation) that can help you renovate your home, give you a decent place to live, and it gives hundreds of thousands of people hope . . .

And not only in Bedford-Stuyvesant are these results taking place—I ask unanimous consent to have inserted in the RECORD a list of the CDC's funded under I–D programs—but in 37 communities, Federal grants have been extended to sponsor community development corporations. And in some five other communities, planning grants are permitting new CDC's to begin work. But the need for additional Federal support goes far beyond what is now provided.

There is simply no adequate justification on the part of the administration for its decision to cut funding back to $25 million this year. Last year some $36 million was appropriated, yet that was still below the authorization of $48 million. This year we have brought that authorization to $60 million and proposed doubling it to $120 million for fiscal year 1973.

Beyond the evidence of the accomplishments of communities such as Bedford-Stuyvesant to convince us of the need for this program, we also have seen the mounting number of petitions from other communities anxious for I–D funding. Since November 1970, 100 new proposals have been received. OEO has been able to fund only five.

For the current fiscal year, the existing 36 CDC's will undoubtedly exhaust the available funds. This means that for another year, nearly 100 communities with the need for a starting assist from the Federal Government will be turned away.

The most recent evaluation of the special impact program, a 6-month inquiry by the 20th Century Fund, was overwhelming in its endorsement of the CDC as "the most promising economic structure presently operating in the ghettos." The study recommended vastly expanded Federal support to permit the CDC's to achieve economic as well as social aims. For, as the study chairman, economist Robert S. Browne stated:

> The demands of the ghetto are not exclusively for bread—although the basically economic nature of the ghetto's problem is readily admitted—but also for dignity, for self-pride, and for a measure of control over one's life situation.

For all of these reasons, I introduced legislation, along with Senator JAVITS, to reemphasize and improve Federal support for community economic development.

First, this legislation seeks to continue and expand the urban community economic development program, the present I–D program, and to extend its benefits to rural areas.

Second, the legislation would continue the rural loan program which the administration proposed to phase out. Testimony from rural groups emphatically asserted the need to continue this program. The legislation now incorporates the concept of providing a full range of grant, loan, and technical assistance to aid small farmers and rural cooperatives.

Third, the legislation establishes an expanded program of technical assistance, including a development loan program for both urban and rural CDC's and rural cooperatives.

Finally, the legislation removes a barrier to full Federal cooperation with community development corporations by directing the Small Business Administration, the Economic Development Administration and the Department of Housing and Urban Development to take all steps necessary to insure that CDC's have full access to their programs.

In this way, we hope to make clear the commitment of the Federal Government to the concept that communities have the right to control and direct their own social, economic, and poltical development.

LEGAL SERVICES

The second major area of change within the OEO extension bill is the establishment of a private, nonprofit corporation, to administer the present legal services program. As an independent, self-corporation, the National Legal Services Corporation will be authorized to make grants and contracts to provide comprehensive legal services and assistance to low-income persons.

The 15-member board will include representatives of the public, representatives of the poverty community, representatives of the legal services attorneys, and the presidents of the American Bar Association, the National Bar Association, the American Trial Lawyers Association, the Association of American Law Schools and the National Legal Aid and Defender Association.

The continuing threat of political interference has necessitated the establishment of this independent corporation.

The legislation introduced by Senator MONDALE, which I cosponsored and which has been incorporated into S. 2007, has the endorsement of State bar associations as well as the American Bar Association. The ABA president, testified:

These recurring attacks on the legal services program have helped shape our view that the legal services program should be provided a new and independent home . . .

The new corporation will provide legal services, conduct research, training, technical assistance, and clinical legal-education programs.

I believe that in its new home it will be in a strong position to continue the remarkable record achieved since its inception in 1965.

The poor people of America have every right to expect the same treatment from the courts of our land as the wealthy, and I believe this program will insure that lack of knowledge of the law and lack of funds to hire the services of a lawyer will no longer deny justice to any American.

COMPREHENSIVE CHILD DEVELOPMENT PROGRAM

The OEO legislation protects and expands the enormously successful Headstart program, committing the Nation to a comprehensive child-development program. The record of testimony has demonstrated the lack of prenatal and postnatal health care, adequate nutrition and proper educational stimulation for children in their first 5 years—children among poor families but among thousands of families with working mothers.

The magnitude of the problem is amply demonstrated by testimony showing 4½ million working mothers with children under the age of 6 while the number of licensed day-care openings number only 700,000. It is to this enormous gap in day-care facilities that the legislation addresses itself. The bill authorizes $100 million for fiscal year 1972, in addition to the $500 million continuing Headstart authorization and adds another $2 billion in fiscal year 1973.

The central concern of the child-care program is to emphasize the development of the child rather than simple custodial care. For that reason, the bill covers a wide range of services including physical and mental health, learning development, food and nutrition, and insures special programs responsive to the needs of minority children, bilingual children, migrant children, Indian children, and handicapped children.

An equally important element in the child care legislation is the requirement that local parent councils participate fully in the planning, implementation, and administration of the child-care programs. Only in this way can we assure that these programs will reflect the needs of local communities.

NEIGHBORHOOD YOUTH CORPS

At a time when the indicators of youth unemployment have been rising to alarming heights, the Nation's efforts to provide employment opportunities have been on the decline. In 1966, the number of 16- to 19-year-old youths unemployed was 836,000 according to the Labor Department while the number of Neighborhood Youth Corps out-of-school job slots was 98,600. Today, there are an estimated 1,879,000 16- to 19-year-olds out of work, yet the number of Neighborhood Youth Corps job slots has dropped to 36,800.

Frustration in the ghettos is increasing today at a time when the opportunities in the normal job markets are almost nil. After testimony from Neighborhood Youth Corps workers, from Senator HUMPHREY—former Chairman of the President's Council on Youth Opportunities—from the Labor Department and from union leaders, it is apparent that the Nation must expand job opportunities for poverty youngsters.

With that intention, there is an increase of $500 million proposed for the Neighborhood Youth Corps program, an increase that will fund 100,000 new jobs. I can think of no more important action on the part of the Congress than to speedily adopt this measure and bring some relief to the young men and women who are experiencing the full impact of our declining economy.

There are two additional programs that I would call to the attention of the Senate. I joined with Senator CRANSTON and Senator TUNNEY in introducing the youth recreation and sports program which will establish on a permanent basis the pilot national summer youth sports program that has operated for the past two summers. Under this program, some 124,500 youngsters from around the country participated in summer sports and recreation programs at area colleges and universities.

In my own State, at Boston College, Boston University, Springfield College, and Boston State College these programs have been operating successfully for the past several years. The intent of the administration to end this program flies in the face of positive evaluations that have been received.

The reports from around the country and from the areas in my own State where they have been conducted have demonstrated that they can be a mechanism for bringing disadvantaged youngsters together with collegiate personnel and at the same time strengthen the ties between colleges and local communities.

Also, because of the past success of this program, we have authorized up to $6 million annually to operate this program on a year-round basis.

The committee also included permanent funding for design and planning assistance centers to give low-income persons the tools to participate in the planning and development of their communities.

Just as legal services offers long-denied legal rights to citizens, so too do the design and planning centers offer the poverty community the chance to be represented in city, county, and State planning and redevelopment councils.

Since 1967, we have seen the pilot planning organizations spring up in Harlem, in San Francisco, and in Boston. These OEO-funded programs have convinced the committee of the need to provide permanent status for them in the Economic Opportunity Act. In Boston, urban planning aid now has three neighborhood-based workshops staffed by local architects, planners, and engineers—all working as volunteers. They offer a wide range of skills to the poverty community and have provided plans ranging from housing rehabilitation to public transportation.

Other local private design centers include urban field service at the Harvard Graduate School of Design and the community design-development centers operated by the Boston Society of Architects. These experiences convinced me of the need to build a permanent nationwide program of community design centers for the poverty community.

I believe these new programs add to the weapons available to OEO in meeting the challenge of reducing poverty in this Nation. The measures we adopt in the Economic Development Act are the most visible expression of a continued Federal commitment to eradicate poverty. I believe we have furthered that commitment by this legislation and I urge its passage.

The PRESIDING OFFICER (Mr. BUCKLEY). What is the pleasure of the Senate?

Who yields time?

Mr. TAFT. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 64, beginning with line 1, strike all through line 6 and insert in lieu thereof the following:

"(5) 'economically disadvantaged child' means a child of a family with an insufficient annual income to permit the use of a child development program if a charge is made, as determined in accordance with criteria prescribed in regulations by the Secretary, taking into consideration family size, urban-rural differences, and other relevant factors;"

Mr. TAFT. Mr. President, I yield myself 10 minutes or such time as I may require.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield.

Mr. BYRD of West Virginia. Is it the able Senator's intent to ask for the yeas and nays on the amendment?

Mr. TAFT. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, in the child-development program advocated by this bill, in section 6, starting on page 10 of the bill and going all the way through to page 71, the question arises as to who will qualify and under what circumstances children will qualify for participation in the program.

Mr. BYRD of West Virginia. Mr. President, the Senate is not in order. May we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. TAFT. The intention of the program, of course, is to extend beyond the mere poverty level and beyond the scope of the present Headstart program a program for all children in America who are needful of the services of the program. This would include those in families at poverty level and would also go on up, and the concept is included in the program that a fee schedule would be set up to be charged to those who are participating in the program whose families are able financially to meet the requirements of the fee program. This would be a sliding scale fee program. The issue raised by this amendment, which would strike the language on page 64, lines 1 through 6, and substitute the language of the amendment, is whether or not the fee schedule would start at a level of $6,900 for a family, which is the present standard as determined by the Bureau of Labor Statistics of the Department of Labor for a lower living standard budget family, or whether it would start at some other figure.

In the committee, there was discussion of using the poverty level figure. The average poverty level figure for a family would have been $4,320 per family. There was a good deal of feeling in the committee—which I must say I shared to some extent—that the position that some took, that the poverty level should be the base at which the fee schedule would start to operate was too low, that a family with an annual income of only $4,320 should not be required to pay a fee. I concur in that.

On the other hand, the bill as it presently reads, on page 64, would set it at the lower living standard budget as determined by the Bureau of Labor Statistics of the Department of Labor, and that would be at the $6,900 level, which in some communities in the United States, it would seem to me, would probably be excessive. I think that many families in the $6,900 level, if their children are to receive help under the program and are to participate in the program, would be glad, and perhaps might even want, to pay a fee.

For many years, I have been associated with a child welfare agency in the adoption field; and we found that even with families at a relatively low income, the acceptance of a fee schedule is indeed very broad. In many cases there is a feeling on the part of the adopting parents that if they are to adopt a child, they want to pay at least the expenses of the agency in going through the adoption process and the other expenses attendant to such a service.

I have a feeling that the American people have this kind of ethic, in any event, and that we ought to consider this; that the fee schedule and the level at which we set this provision ought to be flexible, and it ought to be related specifically to the purposes of the child development program. It should not be set by the Bureau of Labor Statistics. For that matter, I think it should be set at the same level as the poverty program. These are different concepts and different needs.

It seems to me that the only standard that makes any sense is the standard that the Secretary of Health, Education, and Welfare develops as a sensible standard in connection with the administration of this particular program. I believe that if Congress accepts the amendment I am now proposing, the Secretary of Health, Education, and Welfare will do just that.

There is some fear, I know, that because of the language that was offered to amend this section to go to the poverty level, the Secretary would go immediately to the poverty level and say that any family with an income over $4,320 would be required to participate in a fee schedule. The fee schedule could be set so low that that might even make sense. But it should not be an arbitrary standard. It should not be set by some extraneous program or extraneous requirement. It ought to be set by the people administering and running the program. I believe that the language I propose in this amendment would accomplish this objective.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. I yield to the Senator from Minnesota (Mr. MONDALE) such time as he desires.

Mr. MONDALE. Mr. President, I rise to oppose the amendment offered by the distinguished Senator from Ohio.

One of the key principles involved in this measure is that quality developmental child care should be available to the children of all income levels. After reserving $500 million for Headstart and similar programs serving children from families with incomes below the poverty index, the committee bill reserves 65 percent of the funds for services without charge to children from families with incomes below the BLS lower family budget figure, and 35 percent of the funds to provide services to children from families with incomes above that level, who would pay part of the cost, according to a fee schedule established by the Secretary of Health, Education, and Welfare. The pending amendment would permit the Secretary to impose a fee upon families who make less than $6,900 a year.

I ask unanimous consent to have printed at this point in the RECORD a table prepared by the Bureau of Labor Statistics showing how the BLS lower family budget for a family of four has been established.

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

Food	$1,905
Housing	1,429
Transportation	505
Clothing and personal care items	807
Medical care, hospital insurance	562
Other family consumption:	
Recreation, school expenses, tobacco, miscellaneous items	345
Contributions, gifts	165
Life insurance	120
Occupational expenses	58
Social security	345
Personal taxes	719
Total	6,960

Mr. MONDALE. Mr. President, a quick reading of that table will show that a family making that amount of money simply cannot afford to pay any significant amount—indeed, it should not be asked to pay any amount—for the care of their children under this program.

There is a second reason why the committee rejected the proposal. We strongly believe this should not be another welfare program, that it should not carry the stigma of failure which so many welfare programs carry. We believe that this should be a program for children who need quality child-care services—while their mothers are working, in many instances. Nearly one-third of the mothers in this country today who have children below the age of 6 are at work. Nearly 6 million preschool children presently need these kinds of services. If this amendment is adopted, and if the administration imposes fee schedules beginning at the welfare level, what we will be saying to the mothers of this country is, "Do not go to work if you want your children to have quality developmental care. Stay home, stay on welfare, and then you will get free day care services; but if you go to work, most of your increased income could be taken up by fees imposed on you under this amendment, to pay for the cost of day care."

Mr. President, we would much prefer to see a program analogous to the public school system where children, as a matter of right, because they are children, get the decent care to which they are entitled.

We think that this amendment would have a serious deleterious effect on the future of a quality comprehensive day care developmental program and, therefore, I oppose the amendment and hope that it will be rejected.

PRIVILEGE OF THE FLOOR

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. Spring and Mr. Johnson of the subcommittee staff on manpower and poverty be permitted the privilege of the floor during the course of debate. That will be two in excess of those permitted under the rule.

The PRESIDING OFFICER (Mr. WEICKER). Is there objection? The Chair hears none, and it is so ordered.

Mr. NELSON. Mr. President, I am opposed to the amendment proposed by the distinguished Senator from Ohio because I am concerned that the Secretary or any other Secretary might—it is likely, in fact—set an income level lower than what I think, as a matter of policy, it should be.

As I am sure the distinguished Senator from Ohio realizes, the distinguished Senator from Minnesota (Mr. MONDALE) and myself proposed an amendment, which was adopted, 2 years ago, providing that children of parents with an income above the poverty level may participate in the Headstart program under regulations spelled out by the Secretary. The Secretary's regulations provide that 90 percent of all the children participating in the Headstart program must be children of parents with an income below the poverty level—$4,000 or less—and that 10 percent may be in an income level between $4,000 and $5,500.

The committee felt, after much consideration, that the level of $6,960, which is the BLS's low-income budget figure, should be the breakoff point; and that at $6,960, by regulations spelled out by the Secretary, a fee could be set in accordance with the income of that family.

I think it is clear to anyone who gives any thought to this, that a family with an income of $6,500 is in no position to spend very much money, if any money, to help pay for a child development program, if they want their children to participate.

My only objection is that I disagree with the level established by the current Secretary. If he is going to establish the level at or near the present poverty level, which he would be free to do under this amendment of the Senator from Ohio, then I would object strenuously. If, however, he were going to establish it at a level somewhere around that established by the committee, of course it would not be objectionable. Thus I would hope that the Senate will reject the pending amendment.

Mr. TAFT. Mr. President, I would ask the chairman of the subcommittee his opinion as to the number of children who might be served under the program in fiscal 1973. We have a problem that demonstrates the difficulty of trying to establish some hard and objective standard, and the difficulty of taking away from the Secretary his discretion to make a decision.

The $2 billion funding would not, I believe, be anywhere near sufficient to take care of all the children who would become eligible under the $7,000 or the $6,960 average income figure. This would give the Secretary and the administrators of the program a good deal of latitude to make a decision as to who would participate in the program and who would not. It might work to the disadvantage of the children whose families have the least income. It would, really, defeat the purpose of helping those people in the lower incomes. In other words, the higher we set the standard for which the fee would not be charged to the family, the more likely we are, I think, to be discriminating against those children whose parents have the lowest income.

Let me cite some figures which have been provided by HEW.

The number of children in this country of families whose incomes are under $4,320, would be 3,463,202 children. We can scale that up to the $5,000 level, up to 4,100,000; $5,500, 4,800,000; $6,000, 5,500,000; $6,500, we get up to 6 million; and the $7,000 figure, the approximate figure put in the bill, we are dealing with 6,800,000 children.

What I am saying is that there is limited funding which seems likely under the bill and that if we take the 6.8 million children, we would be leaving, unless by regulation we provided the Secretary with the power to say we are limiting it by agreeing that we are going to charge a fee, nominal, perhaps more than nominal, on some of the families between the level of $4,300 and $7,000. So that automatically we will be making an adverse selection. Everyone likes to make a program look good. In the Headstart program, in some of its initial phases, it was the experience, the tendency, to upgrade the families with which we were dealing, rather than getting down to dealing with the hard cases involving low-income families.

I wonder if the chairman has any figures as to how many children he thinks will be served for such a program for the year 1973?

Mr. NELSON. Mr. President, I yield to the distinguished Senator from Minnesota.

Mr. MONDALE. Mr. President, there are already several safeguards in this measure to protect against the diversion of funds from the most needy.

First of all, we earmark the first $500 million of the $2 billion authorization for Headstart and similar programs serving the very poor. Second, two-thirds of the remaining funds are reserved for economically disadvantaged children as defined by the law.

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

Mr. MONDALE. There is a good deal of protection already in the bill.

Mr. TAFT. Mr. President, I point out that under the definition in the bill of economically deprived children, if we are talking about the family with an income of $7,000, we are talking about 6,800,000 children, as I just mentioned.

Mr. MONDALE. Mr. President, first of all, if we really want the children of those who work to participate in this comprehensive child development program, we must include people who earn up to $6,900. Otherwise, we would be in a position of saying, "If you want quality care for your children, stay on welfare and do not work." It seems to me that we want to go in just the opposite direction—and make this more than a welfare project.

The second point is that among those who most strongly favor the formula in the bill are the poor themselves.

I call the attention of the Senator from Ohio to the list of organizations who developed this measure. That list includes many of the organizations that speak for the poor of this country. They are pleading with us to change the nature of these programs so that they will not just be welfare programs. They feel very strongly that the formula for care and assistance set forth in the bill constitutes a quality program.

Mr. TAFT. Mr. President, that does not answer my question. How many would be dealt with under the authorization? It seems to me that the question really is what level we are going to start with. Just because the economically disadvantaged want this bill does not mean that the purpose of the bill—which I share—would preclude the charging of a fee.

I would feel that a minimal fee of $1 might be charged to everyone as some recognition that this is not being provided free, but it is a service that is being provided.

Let us not keep the cat in the bag. The basic question is whether we will make this a free program for every child in America.

The feeling of the committee was that it should not be a free program for every child. That is why the bill was reported in this fashion. The Senator may well feel that it ought to be a free program. I can see arguments in favor of that position. I do not have to agree with that position, however.

I feel that families that can afford to pay something for this service ought to pay if they want to have the service. It is there for those who need it. That is the whole concept of the bill.

Mr. MONDALE. Mr. President, if I might respond to the Senator, the committee itself in determining the point at which it ought to be proper to establish a fee for the use of these services set the figure at $6,900 based upon the Bureau of Labor Statistics figures. Those below that level do not have the funds with which to pay for it. The committee called for adjustments in the BLS figure for differing cost of living areas.

Mr. TAFT. Mr. President, if the Senator would yield, I would like to point out that as far as the Bureau of Labor Statistics setting that figure for a family because it felt that had something to do with whether a fee ought to be charged for the services, that is baloney. They set it as a statutory standard that they are called upon to establish. That has nothing to do with the child development program. It has nothing to do with what the proper level is at which to start charging a fee.

Mr. MONDALE. The Bureau of Labor Statistics set forth in their calculations where the money goes in that family. It set the figure at $6,900. I put those figures in the RECORD. If the Senator will read them, he will find that families with incomes at that level have no money available to them with which to pay fees for quality developmental child care. That is why, among other reasons, the committee decided that they have to begin the fee schedule for the use of these services at a point no lower than $6,900 for a family of four.

The second reason is that we do not want another welfare program. We want a program which encourages a family with children to work and be assured that their children will be properly cared for while they are working.

The amendment offered by the Senator from Ohio gives us a program for the very rich who can afford it and for the very poor people on welfare who cannot afford it. The committee feels strongly that families from all income levels should be able to participate. The White House Conference on Children made the same recommendations. The organizations representing the poor unanimously agree that this is one of the most important elements of the program—they are sick of being called welfare recipients and losers.

More than that, they would like to be able to have their children in programs with the children of people from the upper and middle class incomes instead of always with the children of the poor. We want to diversify.

Mr. TAFT. Mr. President, the Senator is saying that a family in this country with an income of $7,000 would not want to help support such a program, that a family with an income of $7,000

does not have a single dollar to allocate for that purpose. What about the family at the $3,000 level? What about the original question which I yielded to the Senator so that he might answer, and that concerned how many children he thinks will be served under the authorization.

Mr. MONDALE. Mr. President, we are not talking about charging a single dollar. In fact, under the limited authority that the Secretary has today, he presently charges the family with an income of $6,900, $480 for the Headstart program. Levying of fees based on ability to pay was made possible under my amendment 2 years ago. Now I find that even though the family at that level cannot afford it, the Secretary nevertheless imposes a charge of $480, virtually destroying the chance for the average family with such an income of going into the program.

Mr. NELSON. Mr. President, would the Senator yield?

Mr. TAFT. Mr. President, I would like to yield the floor.

Mr. NELSON. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Wisconsin has the floor and yielded to the Senator from Minnesota.

Mr. NELSON. Mr. President, would the Senator from Ohio wish to make further remarks?

Mr. TAFT. No. Not at this time.

Mr. NELSON. I would like to ask the Senator from Minnesota where in that Bureau of Labor Statistics "lower" family budget of $6,960 would there be found room for this charge the Secretary asks for? What was the charge?

Mr. MONDALE. $480.

Mr. NELSON. If the Senator will look at the "lower" family budget of the Bureau of Labor Statistics on page 6 of the committee report, food is shown as $1,905 for this family of four for a year. That is $37 a week for four people to eat for a total of a week.

Then, when we come to housing, they allow this family $1,429. That is $119 a month for housing for a family of four.

Mr. MONDALE. In a city.

Mr. NELSON. Yes. Does the Senator know of any housing in Minneapolis, St. Paul, Chicago, or Washington, D.C., where there is decent housing available at $119 a month? Where in this budget is this family going to squeeze out $480, or whatever the amount is, to pay for the child to participate in the child development program?

Mr. MONDALE. I appreciate the question. The Bureau of Labor Statistics established by the most relevant statistics available to us what it costs a family to live on and what they should spend it for. They developed this formula which they call the "lower" family budget. It concluded that the family of four living in an urban environment needs $6,960—with not a penny going to a quality development program for their children. That is why we have so many children, hundreds of thousands of children in this country, who are "latchkey" children. The mother is working. She does not have a dime to have them taken care of. They stay at home under no one's guidance. If they have difficulty, there is no one to take care of them; no one to look after their education, their health care, and there is no stimulation. They stay home in a situation which I think will cause a great deal of trouble in years to come.

I believe children should have decent quality care.

Mr. NELSON. Mr. President, will the Senator yield for a question?

Mr. MONDALE. I am glad to yield.

Mr. NELSON. I am looking down this list of items that make up the $6,960 for the "lower" family budget. I not only cannot find a penny in here that could be diverted but it is difficult to understand how that family could live in one of our major cities and make ends meet without some welfare assistance. I think the Bureau of Labor Statistics has squeezed this budget as far as it is possible to do so.

With reference to this $480 presently being charged under the amendment of the Senator from Minnesota for the Headstart program, under medical care and hospital insurance they allow $562. Perhaps it could be taken out of there. That would leave about $80 for medical care and hospital insurance.

Mr. MONDALE. They could pick up $120 by canceling the life insurance, and gamble they would not die.

Mr. NELSON. Then, the Senator will notice "other family consumption: recreation, school expenses, tobacco, and miscellanous items." Perhaps it could be taken out of there.

I do not see how anybody could conclude other than that anybody in the $6,960 level in a major city in America is living in poverty and cannot afford to participate in the child development program, and I do not think they should be denied the opportunity to participate by setting a fee.

Mr. MONDALE. What that means is this. If the Senator would imagine a mother on welfare, with preschool children at home, and unskilled—and that is true of most. That mother could say, "I would like to go out and earn a living rather than live on welfare," and if the offer of work pays $6,960 a year or less, which is true in the case of almost all of these persons, under our bill we can say we will give decent care to the children so that the mother can work and earn a living.

Under the present regulations, and quite possibly under the proposed amendment, really the only alternatives she would have would be to stay on welfare or leave her children at home with no care, no assistance, and no help at all. Surely, that is the worst thing we could do.

Therefore, I am very hopeful the committee position will be sustained.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I yield whatever time the Senator from Pennsylvania desires.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SCHWEIKER. Mr. President, I rise to oppose the amendment of the Senator from Ohio. The issue here is very simple and quite clear. It is whether we are going to offer some opportunity for educational hope to the whole realm of middle America families in the $4,000 to $6,900 range. That is what the issue is. Are we going to give them the opportunity to take advantage of the new child care concept? Are we going to let their children participate in the type of comprehensive child development program our educational scientists are now saying is all-important to shape the child for later growth and development, in that 2- to 6-year preschool age? Are we going to give them the right to participate?

We are kidding ourselves if we think that a family in the $4,000 to $6,900 range today, which has to fight to keep its head above water for food, clothing, and shelter, will be able to budget something extra for a preschool activity when it normally does not budget for any preschool activity. A family in this income bracket would not possibly make a decision nowadays to sacrifice food, clothing, or shelter for something they consider to be a fringe benefit, but which educational scientists are telling us can greatly help the most important and formative years of the lives of children.

If this amendment is agreed to, we will be building a program that will benefit the rich and the poor, and the people in between will not participate in it. They will decide not to participate in it, and they will not be able to participate in it. I think the issue is very clear. The issue is: Are we going to ignore the vast area of middle America, the taxpayers and working people whose children should have the opportunity to be in this program but will not be able to participate because of the economics of the situation. That is one issue.

Another issue is under the amendment we would be relegating the decision on eligibility for free child care to one man. A Cabinet Secretary would make that decision as to whether middle America is going to participate in the program or not. Why should one person decide that? Why should not this deliberative body of the United States decide that? Why should not we, the representatives of the people, make that decision? Why should we expect the executive branch to make a decision that we should make?

Mr. President, I suggest that we reject the amendment of the Senator from Ohio.

The PRESIDING OFFICER. Who yields time?

Mr. TAFT. Mr. President, I have not yet received an answer to the question of how many children would be taken care of under the $2 billion program that is authorized by the legislation. I do have, from the report, on page 43, the statement that:

> Programs which meet the standards of title V will require significant expenditures per child. The Office for Child Development has estimated that desirable programs of group day care for 3- to 5-year-old children would cost an average of $2,372 per child, and that programs for children in school would cost an average of $653 per child. But the same OCD study found that purely custodial services for children aged 3 to 5 would cost an average of $1,425 and $310 for children in school.

Just how this works out is a little hard to get, but I think one would be reasonably accurate to say we would be paying an average of about $1,000, as a minimum. If that is so, the $2 billion funding is going to take care of only 2 million of the 6 million children in families with incomes of under $7,000, and take care of only two-thirds of those, if we limited it to those below the $4,000 level. So it would take care of only two-thirds of them.

Therefore the answer is clear. If we pushed it up to the $7,000 level, the effect of the provision in the bill is going to be to deprive some children in families with incomes of less than $4,200 of the availability of the program that might otherwise be available.

I am not saying what the level should be or what the proper mix should be. My amendment does not point out any specific figure. It leaves it to the Secretary of HEW, who is in charge of the program, to make the determination as to how this balance should be maintained.

We talk about the Bureau of Labor Statistics as being such an excellent judge as to what a family ought to be spending and what fees ought to be proper under a child development program—something which the Bureau of Labor Statistics would shy away from very, very fast. They are not set up for or trained for that and do not have the experts to determine what the proper, allowable charge for fees for a child development program should be. It is the Department of Health, Education, and Welfare which has the expertise and the knowledge in this field.

When we look at the budget items, we see we are talking about every item in the budget.

I noticed with some amusement that in this list of items in the family budget provision for alcoholic beverages is left out of the budget of $6,900. I am not against there being a figure in that budget for alcoholic beverages, but I make the point that there is an item of $345 for recreation, school expenses, tobacco, and miscellaneous items; and an item of $165 for contributions and gifts. These are normal expenditures. However, these are just statistics, and nothing more than that. When it is said that not one dollar of the $7,000 can be put into fees, I say that is "bunk," because that is what it is.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I am prepared to yield back my time if the Senator from Ohio is prepared to do likewise.

Mr. TAFT. Mr. President, I am prepared to yield back my time.

Mr. NELSON. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Ohio. 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 New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. BIBLE), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from North Carolina (Mr. JORDAN), the Senator from Washington (Mr. MAGNUSON), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Montana (Mr. MANSFIELD) are absent on official business.

On this vote, the Senator from Washington (Mr. MAGNUSON) is paired with the Senator from Mississippi (Mr. EASTLAND). If present and voting, the Senator from Washington would vote "nay" and the Senator from Mississippi would vote "yea."

I further announce that, if present and voting, the Senator from Indiana (Mr. HARTKE) and the Senator from North Carolina (Mr. JORDAN) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Colorado (Mr. ALLOTT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Nebraska (Mr. CURTIS), the Senator from New York (Mr. JAVITS), the Senator from Ohio (Mr. SAXBE), and the Senator from Pennsylvania (Mr. SCOTT) are absent on official business.

The Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Idaho (Mr. JORDAN), the Senator from Illinois (Mr. PERCY), the Senator from Maine (Mrs. SMITH), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Kentucky (Mr. COOPER), the Senator from South Dakota (Mr. MUNDT), and the Senator from Vermont (Mr. PROUTY) are absent because of illness.

If present and voting, the Senator from New York (Mr. JAVITS), and the Senator from Illinois (Mr. PERCY) would each vote "nay."

If present and voting, the Senator from Maine (Mrs. SMITH) would vote "yea."

The result was announced—yeas 20, nays 44, as follows:

[No. 215 Leg.]

YEAS—20

Allen	Ervin	Miller
Brock	Fannin	Pearson
Buckley	Gambrell	Stennis
Byrd, Va.	Goldwater	Taft
Cook	Griffin	Thurmond
Dole	Hruska	Tower
Ellender	Long	

NAYS—44

Baker	Chiles	Humphrey
Beall	Cranston	Inouye
Bentsen	Eagleton	Jackson
Boggs	Fulbright	Kennedy
Brooke	Gurney	Mathias
Byrd, W. Va.	Hart	McClellan
Cannon	Hatfield	McGee
Case	Hughes	McGovern
McIntyre	Proxmire	Stevenson
Metcalf	Randolph	Symington
Mondale	Ribicoff	Talmadge
Montoya	Roth	Tunney
Nelson	Schweiker	Weicker
Packwood	Spong	Williams
Pastore	Stevens	

NOT VOTING—36

Aiken	Dominick	Mansfield
Allott	Eastland	Moss
Anderson	Fong	Mundt
Bayh	Gravel	Muskie
Bellmon	Hansen	Pell
Bennett	Harris	Percy
Bible	Hartke	Prouty
Burdick	Hollings	Saxbe
Church	Javits	Scott
Cooper	Jordan, N.C.	Smith
Cotton	Jordan, Idaho	Sparkman
Curtis	Magnuson	Young

So Mr. TAFT's amendment was rejected.

Mr. ALLEN. Mr. President, I call up my amendment at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 87, strike all of title IX—National Legal Services Corporation.

Mr. ALLEN. Mr. President, this amendment has been offered as a vehicle to allow me to deliver a speech upon a most important subject. The amendment will not be voted upon, because it is the intention of the junior Senator from Alabama to withdraw the amendment upon the conclusion of his remarks.

BUSING OF SCHOOLCHILDREN

Mr. President, today literally millions of innocent schoolchildren, white and black, are being herded into buses to be transported against their wills—against the wills of their parents—and contrary to the best judgment of locally elected public school officials. They are being uprooted from their neighborhoods in cities and from their home communities in rural areas. These children will spend the better part of their waking hours in strange schools and strange communities—separated from their parents—isolated from their brothers and sisters and friends and teachers with whom they have been reared.

Mr. President, it is not possible to say with preciseness how many million children are involved in this human tragedy. It is safe to say that from the standpoint of numbers, more children are affected by the gargantuan uprooting of human beings by Federal court decrees than were involved in the Children's Crusades of medieval times.

However, the magnitude of this busing operation may be less important than what it tells us of the convergence of totalitarian trends in the U.S. Supreme Court. We are confronted with a totalitarian power in the Court to dictate to citizens in matters vitally affecting the health, safety, education, and general welfare of their children. This is an extraordinary and dangerous power in the hands of any men and particularly in the hands of men who are not responsible to the people.

Mr. President, let us examine how the Supreme Court undertakes to justify acquisition of this power. The Charlotte-Mecklenburg opinion talks about busing,

but never mentions children. It talks about racial ratios, but not about human beings. It talks about schoolteachers, but not about the powers of Government to order their lives—to deprive them of vested teacher tenure rights, to uproot them, and to deprive them of jobs by Federal court decree.

I am delighted to see the distinguished senior Senator from North Carolina (Mr. ERVIN) at his seat beside me in the Chamber at this time. He knows whereof the junior Senator from Alabama speaks in criticizing this opinion of the Supreme Court.

Mr. President, in the opinion to which I have referred, there is not a line—not even a word about the parents of these children. The opinion does not suggest the mental and emotional anguish of parents and children. It says nothing of their deep concerns and fears of parents for the safety of their loved ones. The Court speaks of busing to schools, but not busing from homes and communities and neighborhoods.

The refusal of the Court to recognize or to give consideration to the human condition should alert us to the real nature of the problem which confronts the people and for that reason a problem which confronts the Court.

Furthermore, when we examine the sophistry employed by the Court to justify the reduction of human beings to the status of mere digits in a mechanistic formula to achieve ideological conformity, it will be seen that the Court confesses the irrationality of its decree and its willingness to rely on force to effect its will.

The Court seeks to justify massive uprooting of school children and their transportation to distant schools and communities by blatantly crude sophistry. The Court begins with an obvious fact which no one has ever questioned. It says:

> Bus transportation has been an integral part of the public education system for years, and was perhaps the single most important factor in the transition from the one-room school house to the consolidated school. . . . The importance of bus transportation as a normal and accepted tool is readily discernible in this and the companion case.

Mr. President, no one questions that statement of the obvious, but it does not support what the Court contends for and what it compels.

The truth is that busing has never before been used to uproot children and haul them past perfectly good neighborhood and local schools closed on orders of Federal Courts. Busing has never before been used to transport children from their local rural community schools to distant and strange communities.

Busing has never before been used to transport children away from walk-in schools in their neighborhoods to schools in the far corners of populous cities. Massive "cross busing" has never before been used and it is not part of public school policy or tradition in this country, nor has it ever before been used without consent of the parents of the children involved.

Busing has never before been compulsory but on a purely voluntary basis, nor has it ever been considered the best method of transportation of children to schools. It has always been used to serve the convenience, and not the inconvenience, of pupils involved and never before in the history of our Nation have taxpayers been compelled by court decrees to purchase schoolbuses and compelled to participate in bizarre busing schemes contrary to their wishes and desires. And never before in this Nation's history has the Supreme Court of the United States undertaken to prescribe bizarre busing schemes and, therefore, been forced to attempt to justify them.

Mr. President, I consider it deplorable that the U.S. Supreme Court would resort to such palpable non sequiturs to mask the use of force and justify the use of force.

I am equally appalled that the present Supreme Court continues to perpetuate the palpable absurdity that local school boards have now or have ever had the power to dismantle State imposed segregation. Yet, the Supreme Court continues to assert that this is the responsibility of local school boards. These boards continue to be hauled into Federal courts for failures to do what they have no power to do.

The people of the United States know, and members of the U.S. Supreme Court should know, that local school boards cannot repeal constitutional provisions or laws enacted by State legislatures. Segregation of races was imposed by State constitutions or statutes. Surely the Court knows that. But for the Court to continue the pretense that local boards of education could undo what has been done by the legislatures of States leads one to wonder if any judge on the Court has ever bothered to look at any one of the 50 separate and voluminous State school codes.

Is the Court aware that school boards are agencies of the executive branch of State governments and that they have no legislative powers? Is the Court aware that school boards derive their powers from State constitutions or from State statutes enacted pursuant to the constitution? Do these judges imagine that local school boards can levy taxes? Do they imagine that they can spend State or local tax funds without limitation as to purpose?

Yet, the U.S. Supreme Court persists in this foolishness. In the Charlotte-Mecklenburg opinion, the Court said:

> School authorities are clearly charged with the affirmative duty to take whatever steps might be necessary to convert to a unitary system in which racial discrimination would be eliminated root and branch. 391 U.S. at 437–438.
>
> * * * courts will have to consider whether the action of (local) school authorities constitutes good faith implementation of the governing constitutional principles. . . .
>
> If school authorities fail in their affirmative obligations under these holdings, judicial authority may be invoked.

Mr. President, I do not believe I have ever before read such nonsense in a Supreme Court opinion. On the one hand, the Court imposes upon local school boards a responsibility which they have no power to perform. On the other hand, the Court says that if local school boards do not do what they have no power to do, then Federal district courts will issue judicial decrees and compel local boards to do what they have no power to do.

Mr. President, time will not permit adequate comment on numerous fallacies and contradictions in the opinion accompanying the Charlotte-Mecklenburg decision. I do want to note, however, a problem presented by one of many contradictions.

According to the Supreme Court, there is nothing in the Civil Rights Act of 1964 which provides the Court with "material assistance in answering the questions of remedy for State-imposed segregation." We might ask what assistance Congress gave local school boards to remedy State-imposed segregation. The answer is "none."

However, Congress has imposed limitations upon the expenditure of appropriations made to the Department of Health, Education, and Welfare for the purpose of desegregation. For example, Congress has said that Federal fund cannot be used to achieve racial balance in local public schools "except as required by the Constitution." But in Charlotte-Mecklenburg the Supreme Court said:

> If we were to read the holding of the district court to require, as a matter of substantive constitutional right, any particular degree of racial balance or mixing that approach would be disapproved and we would be obliged to reverse.

It follows that if racial balance is not required by the Constitution, the Department of Health, Education, and Welfare may not use its funds to prescribe racial balance or to implement school plans designed to achieve racial balance. So much for remedies provided by Congress. So what about Court remedies? The Court states:

> Absent a constitutional violation there would be no basis for judiciary ordering assignment of students on a racial basis.

So, if racial balance is not required by the Constitution, racial imbalance in schools is not a violation of the Constitution and courts have no authority to assign students to achieve racial balance. It must follow that U.S. district courts have no authority in shaping remedies to order busing to achieve racial balance in schools.

Yet, the U.S. Supreme Court approved a lower court order in the Charlotte-Mecklenburg case, which order involved massive crosstown busing to achieve a racial balance of 71 percent to 29 percent in all schools in the system. Furthermore, the Supreme Court indicated that the lower court order requiring racial balance was justified "as a beginning," even though not required by the Constitution. The Supreme Court also justified what it called "administratively awkward, inconvenient or even bizarre" school plans to achieve racial balance which is not required by the Constitution.

Mr. President, the people are becoming fed up with this sort of sloppy reasoning. The Supreme Court is walking on quicksand and its decisions are being ridiculed and rejected. The Court in turn is compelled to resort to force to get temporary acceptance of its decisions. Public disillusionment is widespread. The basis

of this discontent is touched upon by the distinguished Governor of Florida, in a commencement address at the University of Florida on August 28, 1971, in which he observed:

The busing, certainly, is an artificial inadequate instrument of change. Nobody really wants it—not you, not me, not the people, nor the school boards—not even the courts.

The discontent results from the fact that nobody wants involuntary busing of school children except members of the ideological left, including zealots in the Department of Health, Education, and Welfare and hidebound ideologists among members of the U.S. Supreme Court and other U.S. courts.

The situation has deteriorated to the point that U.S. district court judges are beginning to rebel against what they are compelled to do under orders of the U.S. Supreme Court. It is not uncommon today for district court judges to speak in caustic terms about the compulsion under which they issue decrees which violate their conscience. Mr. President, I say that it violates the Constitution as well as the consciences of the judges. One district court judge in Virginia used the word "criminal" to describe the school plan he was compelled to impose upon the people. James J. Kilpatrick in a recent nationally syndicated column commented on a meeting of public school officials in which they mentioned their fear of speaking out against unreasonable and irrational busing decisions imposed upon them.

Nationwide polls indicate a mounting revulsion against dictatorial school decrees. Governors and distinguished Senators are speaking out against them. Petitions, telegrams, wires, and letters of protest pour into my office—and not merely from Alabama constituents—and there is a marked change in this general tenor of these letters.

For one thing, some ask why countless thousands of public officials are submitting to judicial tyranny. One constituent asked if district court judges and other public officials are not falling back on Wirz' defense as expressed in the play, "The Andersonville Trial":

WIRZ. That one does as he is ordered. That he keeps his feelings to himself. That he does not play the heroic game which some people who are not in his position think he could play. That he obeys. That he does not concern himself with the policies of his superiors—but obeys. That he does his assigned job and obeys. That when the order to charge is given—he obeys. That when ordered to keep prisoners—he obeys. And if in so doing he must die, then he dies.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ALLEN. Mr. President, who is in control of the time?

The PRESIDING OFFICER. The manager of the bill.

Mr. BYRD of West Virginia. Mr. President, how much time does the Senator from Alabama desire?

Mr. ALLEN. Mr. President, I would like to have an additional 15 minutes, for the distinguished Senator from North Carolina would like to engage in a colloquy. It is my intention to withdraw the amendment, as stated at the outset of my remarks. If extended 15 minutes by the opposition, it will result in the amendment being withdrawn.

Mr. NELSON. Mr. President, I yield my time to the Senator from Alabama.

Mr. ALLEN. Mr. President, I thank the Senator from Wisconsin.

Mr. President, how long will the people continue to obey the Court when they know that the Court is wrong? The people know that U.S. courts have no legitimate power to snatch up children and herd them into buses for any reason—good or bad. Courts have no authority to close down local public schools either by torch or by decree. Courts have no authority under the Constitution to abolish vested teacher tenure rights and to issue orders to schoolteachers or any other adult concerning terms and conditions of their employment. The U.S. Supreme Court can claim this power until its members are blue in the face, but the people will not believe them.

Thus, the Supreme Court is compelled to resort to force—and this is the hideous thing that repels all thinking persons. In this connection, the following observation from the spring 1970 special issue of Boston University Law Review is worthy of note:

In the event that the threat of sanctions is inadequate, the Court must rely upon the process of "force" to bring about the change in the status quo. By this process, the Executive actually invokes its sanctions against those who are resisting the mandate of the Court. An example of the use of force is the use of troops in Little Rock, Arkansas. The values held by the people in Little Rock were so "deeply felt" that the threat of sanctions had no effect; it was therefore necessary *to force* the people to abide by the Court's decision. However, the use of power and force do not, by themselves, legitimize an opinion. Rather they serve to bring about only a temporary acquiescence in the opinion; if the opinion is to become legitimate, it must subsequently be acceptable on its own merits. The continued reluctance to desegregate the schools in the South perhaps best illustrates this limitation in the effectiveness of force and power.

Mr. President, I mention these things because it is my personal conviction that the thinking of a majority of the members of the U.S. Supreme Court is confined by an ideological straitjacket. They have lost sight of reality. I concur in the judgment of Eric Hoffer, who said that:

Those who would sacrifice a generation to realize an ideal are the enemies of mankind. . . . no matter how noble the objectives of a government, if it blurs decency and kindness, cheapens human life, and breeds ill will and suspicion, it is an evil government.

In this regard, I also agree with the observations of Sidney Hook who condemns authoritarian and totalitarian regimes as characterized by: "A total absence of concern for the individual person, an attitude of high official quarters and low, which regarded the lives of human beings as if they were so much raw material like iron, coal, and scrap."

Mr. President, I am firmly convinced that the vast majority of the people of this Nation are not going to be dictated to by nine nonelected Supreme Court Judges in matters that adversely affect the life, safety, physical and emotional health, education, and general welfare of their children. They are not going to be treated as if they or their children are raw materials to be utilized by courts or anybody else to achieve some socialistic ideal of mathematical equality.

Mr. President, let me quote a conclusion expressed by George E. Reedy, a former member of the White House inner circle who in the final paragraph of his book, "The Twilight of the Presidency," had this to say:

Somehow this thing must be made human again. Somehow we must learn to govern our people from an office that is secular and not from a court that is sanctified. If our destruction comes, it will be because we placed our faith—our unquestioning faith—in institutions that were only brick and wood and in men who were only flesh and blood and this seems to be the condition of the last half of the twentieth century.

Mr. President, the "court" to which Mr. Reedy refers is not the U.S. Supreme Court, but the Office of the President. However, the conclusion is applicable to the U.S. Supreme Court.

The U.S. Supreme Court has invited a confrontation with the people. Something has to give. The institution of public school education is threatened by the loss of public support. The institution of the Supreme Court of the United States is threatened by loss of its authority. I repeat, something has to give. For my part, I intend to support public school education in this Nation, and I intend to do everything within my power to divest the U.S. Supreme Court of powers which it does not have under the Constitution and which it cannot have in a free society.

Mr. President, I ask unanimous consent to have printed in the RECORD an item appearing on the AP news ticker this afternoon.

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

SCHOOL BUSING

School integration by busing produced a violent scuffle in Pontiac, Mich., a white boycott in Boston, and peaceable compliance in Mobile, Ala., today.

Nine pupils were injured and five pickets arrested at Lincoln Junior High School in Pontiac as demonstrations against the busing program continued for the second day.

At another Pontiac school, two women pickets were arrested for trying to halt buses by leaping onto the hoods. Four male pickets were arrested at a bus parking lot for trying to stop buses from leaving. Police cleared a path for the buses through about 175 demonstrators.

In Boston, only a handful of the 396 white children assigned to a school in a black neighborhood showed up on opening day. Two came by bus, and a half-dozen on foot.

Many white parents in Boston took their children to their old schools, where they were told they could sit in classrooms, but could not be registered. Announcement of the Boston plan led to a day of demonstrations on Tuesday.

Mr. ALLEN. Mr. President, I point out that the item on the AP ticker states in part:

School integration by busing produced a violent scuffle in Pontiac, Michigan, a white boycott in Boston, and peaceable compliance in Mobile, Alabama, today.

Mr. President, that gives credence to my statements made on the floor many times that the people in the South will solve this problem before the people in any of the other sections of the country.

Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a great speech made by the distinguished assistant majority leader, the able Senator from West Virginia (Mr. BYRD), at the national convention of the Young Americans for Freedom on September 3, 1971. This is a great speech, and I think that all Members of the Senate should have the opportunity to read it. It deserves to be heard in this great forum, the U.S. Senate where it will take rank as one of the most logical and statesmanlike speeches given in this Chamber.

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

SCHOOL BUSING AND FORCED INTEGRATION: A DISSENTING OPINION

(Speech by U.S. Senator ROBERT C. BYRD, Democrat of West Virginia to the national convention of the Young Americans for Freedom, Houston, Tex., September 3, 1971)

Members of Young Americans for Freedom, ladies and gentlemen, the issue of busing pupils to bring about forced integration in public schools is stirring controversy throughout the ountry as schools open again. Despite what is depicted in some segments of the news media as generally quiet acceptance, such busing is widely resented and opposed. Inasmuch as this emotion-charged issue vitally affects some very basic concepts of American society and American freedom, I propose to discuss it briefly with you today.

The busing of children is really not the bedrock issue. In fact, it is but the surface manifestation of the basic issue involved—it is really just the tip of the iceberg. That part of the iceberg which is of more basic significance and which does not immediately surface in the emotion-packed discussions and speeches by presidents, governors, and outraged parents, is the simple issue of assigning pupils in the public schools on the basis of race.

For the moment, however, I shall eschew the basic issue and direct my attention briefly to that more volatile subject of busing.

There are those who say we have always had busing of students, so why be concerned when there is busing of students now. But such an argument misses the point. True, we have had busing for many, many years in this country—prior even to the 1954 decision in the case of *Brown* v. *Board of Education*. I remember riding a school bus myself back in Mercer County, West Virginia, forty years ago. But it was because the nearest high school was seven miles away, and the only way to get there was partly on foot and partly by bus—far different from today's denial of access to a neighborhood school and forced attendance—based solely on race—of a school seven or ten or twenty miles away just to satisfy some arbitrary formula regarding racial balance.

But, some will say, what about the busing that occurred for years in support of segregation? The answer is that school segregation was the law of the land in that day—by statute and by court decision based on the interpretation of the Constitution. The people generally—black and white—accepted school segregation as the law; the people generally were satisfied with the law as it was, and wanted it that way; and the people were willing, voluntarily, to pay the financial costs of busing to maintain a segregated school system.

Now, the situation has changed. The U.S. Supreme Court in 1954 ruled out forced racial segregation in the public schools. The people, north and south, have now generally accepted that decision as the right one. But the financial costs of senseless, mass busing, arbitrary assignments and attendance ratios based purely on race—unsupported by the constitution—are not being borne by the taxpayers today either voluntarily or willingly. They are being forced against their will to bear such costs.

Forced integration and busing programs are contributing very materially to the advancing deterioration of the inner-cities. Whites who can afford to do so are moving farther and farther away into the suburbs, with the result that shopping centers and other outlying developments are taking away the business and tax base upon which cities—and their school systems—must depend. Busing thus becomes a self-defeating process. When children are going to be hauled willy nilly away from their homes and neighborhoods it lessens the chances for improvement of the inner-city schools which are most in need of improvement.

In Richmond, Virginia, a suit is presently underway to force the merging of the Richmond city school system and the adjoining Henrico and Chesterfield County school systems in order to rescue the city schools from their deterioration. The city schools have become predominantly black because of the flight to the suburbs of whites, while the two county school systems are predominantly white.

But whites are now moving farther into the country, and it could become a physical impossibility to achieve a theoretical racial mix. Are the courts going to require that children be transported thirty, forty, fifty, sixty miles a day? Where is the line to be drawn? Or, are the federal courts prepared now to try to impose racially-determined housing and residential quotas?

To cite another example of white flight to the suburbs, one need only look at the public school system in Atlanta, Georgia, which was 70 percent white and 30 percent black just 13 years ago, in 1958. Successive desegregation orders during this period have resulted in an exodus of white population to the suburbs. Enrollment in the public schools of Atlanta is today the exact reverse of 13 years ago—30 percent white, 70 percent black. Earlier this summer, two federal judges refused to order further desegregation, saying that it would simply hasten this white flight. "The problem," they said, "is no longer how to achieve integration, but how to prevent resegregation."

The same thing has happened—and partly for the same reasons—in Washington, D.C., where the school population is 95 percent black. How tragic that the courts have been so blind, until it is too late, to the reality that parents simply do not intend to trust the welfare or safety or the education of their children—their most priceless possession—to the social experimentation of judges and HEW officials.

White persons alone are not the only persons concerned about the growing trend toward busing. Blacks are also concerned. An all-black school does not, per se, necessarily have to be an inferior school, a school without quality or educational opportunity. The concept that mass busing and racial quotas constitute the only way to improve education for blacks rests on an extremely faulty premise. It should be obvious that the way to improve educational opportunities for blacks is to improve the schools which they attend—and that is what the courts and the government really should be concerned with. The vast amounts of money that are being used to purchase great fleets of school buses could much better be used for the upgrading of sub-standard schools. The courts could do much more for the improvement of black education, and for making better economic opportunities available to blacks, if they would require, under the equal protection clause of the Constitution, that *equal amounts* of *money* be *expended per pupil* on *blacks* and *whites*. That would be a much sounder approach than the present disruptive busing approach.

The strangest aspect of the forced integration and busing craze is that improving education for all children—and especially for blacks, where their schools have been substandard—has taken a back seat to the achievement of racial quotas in the schools. There is no evidence that I know of to indicate that such quotas enhance education for either blacks or whites—and there are good reasons to think that the opposite is true.

Polarization of the races is intensified when neighborhood and school identities are destroyed and when students find that they cannot compete successfully with other students who may have had superior educational opportunities in the past.

What is most likely to be achieved by busing and forced integration is increasing mediocrity in education. A leveling process will have been set in motion which can have the effect of stifling incentive for the bright and gifted while discouraging the less well prepared and the slow learner. In this situation the skyrocketing growth in private schools, as opposed to public education, can be expected to continue—to the detriment of the public schools.

Along with busing, there is the equally nonsensical obsession these days with racial quotas. Education by racial quotas is not quality education. I don't care what court or what HEW bureaucrat says it is. It just isn't so. Too many judges and HEW officials, television commentators and newspaper columnists these days believe that unless there is forced integration there can be no quality education. Perhaps I shouldn't say they really believe this; they only act that way. If they really believed it, they wouldn't send their own children to private schools or to predominantly white schools in suburbia. They would live in the inner-city and send their children to schools there where they could help bring about racial balance.

Were the imposition of racial quotas in the public schools necessary in order to conform to the equal protection clause of the Fourteenth Amendment, no fair-minded individual could legitimately complain. But can it be seriously contended that in a city, the population of which is, say, 65 percent white and 35 percent black, the Constitution requires the placement of 520 whites and 280 blacks, or some comparable ratio, in each school—with all of the cross-city busing that would be entailed? Doesn't it all become a little silly to argue that the Constitution requires such?

We are told that forced integration is important because it will teach the races to live together in peace. But will it? Judging from the many racial incidents of fighting, knifing, and shooting that are increasingly occurring in the nation's high schools, there is cause to question the efficacy of such forced race mixing as a way to achieve racial peace and understanding. Wouldn't voluntary integration—based on freedom to choose the closest neighborhood school—be the wiser, more common-sense approach?

Can anyone seriously contend that, to uphold and enforce the Constitutional right of Negro students to equal protection, they must be uprooted and forced to travel against their own wishes—by foot or by bus—away from their own neighborhood schools and to some distant school, merely that they may attend classes with white children? How utterly nonsensical have the courts become? What a distorted, twisted interpretation of the equal protection clause!

What kind of national madness has ob-

sessed us! And madness it can only be when courts and government agencies impose their own arbitrary choice of schools to be attended—a choice based solely upon race—regardless of the wishes, nay, even in complete opposition to the wishes of parents and children, Negroes and whites alike.

The Washington Sunday Star for August 29 said: "Repeated instances of black parents in the South balking at school desegregation plans are making civil rights lawyers and government officials wonder whether a new outlook toward integration is developing among Southern blacks".

A former director of the Department of HEW's Office of Civil Rights, Mrs. Ruby Martin, now with the Washington Research Project, a private organization that serves as a watchdog over desegregation, was quoted in the article as saying that blacks "often have a very big feeling of being had" when desegregation plans put the burden of busing exclusively on black children and when the closing of formerly black schools results in black principals and teachers losing their jobs.

Little wonder that infuriated black parents are threatening boycott! Little wonder that outraged white parents have filed request after request for pupil records as a preliminary to placing their children in private schools!

Would the people of this country tolerate this nonsense if it were sought to be perpetrated on them by legislative bodies? The answer has to be no, because the people then would have the recourse of the ballot in purging from public office those who would visit upon them and their children such a monstrous and costly madness. But the people are helpless in the face of edicts from the courts that obstinately and stubbornly refuse to follow a rule of reason in this most delicate of all problems. And why do the courts—and particularly the Supreme Court—persist in their authoritarian course? Is it because they are unwilling to admit error in having gone too far already and are determined at all cost to force people, over a period of time, to become resigned to the inevitableness of school assignments based on racial formulae?

Any Negro child has a constitutional right to attend the public school of his choice, and state authorities ought to be bound to guarantee and, if need be, to enforce that right. It would seem to be clear that any act of the state to force that child, because of his race, to attend a particular school against his wishes and in preference to the school of his choice would be violative of his constitutional rights.

It is preposterous to maintain that those who wrote the Fourteenth Amendment intended that a Negro child should be forced by the State to attend a public school in which his race is in the minority when he may desire to attend his neighborhood school where his race is in the majority? He may just prefer to be with his own race! How can any court seriously contend that it protects that child's constitutional rights when it forces his school to be closed, and forces him to attend—on foot or by bus—a school which is to his cost and inconvenience and which he does not want to attend?

Now, let me proceed to that which is really basic to this whole emotion-packed subject—to wit, forced integration, or the assignment of pupils in the public schools on the basis of race.

Does the Constitution, in fact, require forced integration? Does the Constitution, in fact, countenance pupil assignment on a racial basis?

In dealing with these questions, let us go back to December 9, 1952, when the five cases ultimately decided under the name of *Brown* v. *Board of Education* were first argued before the United States Supreme Court. Mr. Thurgood Marshall, then the chief counsel for the NAACP, arguing the case of *Briggs* v. *Elliott*, from South Carolina, made some most interesting comments. His point was that what the plaintiffs wanted was the *voiding*, on constitutional grounds, of the South Carolina statute requiring school boards to segregate children by race. "(I)f this Court would reverse and the case would be sent back," he told the Court, "we are not asking for affirmative relief. That will not put anybody in any school. The only thing that we ask for is that the state-imposed racial segregation be taken off, and to leave the county school board, the county people, the district people, to work out their own solution of the problem to assign children on any reasonable basis they want to assign them on."

I think it is reasonable to say that none of the other attorneys representing Negro plaintiffs said anything to contradict Mr. Marshall's assertion that *all* that they sought was an *invalidation of school assignments by race or color* and an affirmative requirement that assignment be on a *nondiscriminatory* basis, through districting or proximity of schools or some such neutral standard. And that in essence is the relief which the plaintiffs *properly* received in the *Brown* decisions.

Today, however, an amazing transformation has been wrought. Now it is not the *absence* of discriminatory standards in assignment which is the keystone of desegregation law. Indeed, *race must* be taken into account, because what is now forbidden are all-white and all-black schools or schools made up predominantly of one race or the other. Pupils, teachers, and supporting staff must all now be assigned *by race*, and by race alone. Racial ratios have become the order of the day.

It need hardly be said that when the States and localities are required to operate school systems to serve the primary purpose of integration rather than education, and to conduct one long complicated experiment in sociological leveling, public support of public education is bound to suffer.

The difficulty simply is that some of the federal courts leave the impression that they are no longer concerned with adjudicating rights under the Constitution, no longer concerned with determining the meaning of the equal protection clause for school assignments but are, instead, relying on the Constitution to carry out a visionary and impractical program of social engineering which, I am convinced, most Americans would reject out of hand were it to emanate from Congress or the Executive.

Before we can successfully oppose implementation of this grand design which apparently exists as a base plan somewhere so strongly that it has survived a change of Administrations and a change in leadership on the Supreme Court, before we can turn things around and put the Constitution and the education of our children in first place, we must get our bearings and take our stand on fundamental things. What we need to do is think long and hard and place our position on fundamentals—the most fundamental fact being that the equal protection clause forbids segregation but it does not command integration.

That distinction has been much belittled by the social engineers on and off the bench in recent years. But Thurgood Marshall was right when he assured Justice Frankfurter that all the plaintiffs wanted was an order ending state-compelled segregation, right because that was all they were constitutionally entitled to. Chief Judge John Parker was eloquently simple in the opinion in *Briggs* v. *Elliott* on remand. "Nothing in the Constitution or in the decision of the Supreme Court takes away from the people freedom to choose the schools they attend." Or as an eminent successor of Judge Parker, Chief Judge Clement Haynsworth, wrote in 1967: "If each pupil, each year, attends the school of his choice, the Constitution does not require that he be deprived of his choice unless its exercise is not free."

Judge Haynsworth paid dearly for his adherence to that simple idea. And the Justices of the Supreme Court, however they may qualify their pronouncements, have effectively renounced the idea. The tragedy was that there has been no Justice on the Court who would give voice to the dissent from the majority's edict, no Justice who by example or reason and historical soundness of interpretation could have given those of us who deplore the Court's excesses a standard to repair to. In the absence, then, of such a Justice, such a standard, it is up to us the American people, dealing in reason with the issue, to formulate a stand and to urge its acceptance by the U.S. Supreme Court, which cannot long remain ignorant of the trauma which its present standard is inflicting not only on the South but, in time, will also inflict throughout the Country.

Let me say for the record that I fully agree with *Brown* v. *Board of Education*, which forbade pupil assignments on the basis of race. I want that clearly established.

But the district judge in the *Swann* case brought a new and different rationale into the desegregation picture. He found that the school board had selected school sites in such a way as to promote segregation of the races. This rationale was accepted by both the Fourth Circuit and, incredibly, by the Supreme Court. I think the speciousness of this rationale is going to be more and more recognized inasmuch as it is not only the South which is to be affected but the entire North as well. The social planners now have a theory, a doctrine, a concept, a legal handle, so to speak, by which they can turn aside the *de jure–de facto* segregation distinction, and it is going to be in the North that the real crunch will come.

If the location of school buildings in all-black or all-white areas is itself discriminatory because it promotes separation, then suddenly every northern jurisdiction is under the gun. Indianapolis was recently held to have maintained *de jure* segregation by the federal court. Los Angeles and San Francisco are under court order and the Chinese in San Francisco are up in arms, as they should be. Pontiac, Michigan—where the fire bombing occurred earlier this week—is under a court order which will require extensive busing. The number of suits is growing daily. And the breakthrough has come primarily because of the argument of discrimination through site selection.

In *Swann* v. *Charlotte-Mecklenburg Board of Education*, Chief Justice Burger solemnly assures us that it is merely the traditional equity powers of the courts which the federal courts are using to require the cessation of discrimination. As far as it goes, his statement is correct. But he does not tell us that some concept of constitutional requirements should underlie the judgment of the courts with regard to the way the equity power is exercised. He does not tell us why the undoubted power to remedy past discrimination should be utilized to destroy the neighborhood school system. Why is it that the federal courts now are to use the *standard of race* as the *criterion* of approval of a desegregation plan?

To sum up, I think we must go to the basic question of what the equal protection clauses really require. Contrary to the social engineers, it does not require that every child must absolutely—and without consideration of the wishes of his parents and himself—attend a school in which he is exposed to children of all racial, economic, and social classes which make up that community. The equal protection clause does

require that state and local officials deal fairly with every child, regardless of race, that they not assign him on the basis of race or class, and that in terms of faculty and staff and facilities his school be treated as all others.

It may well be that as a Nation we are bound for a great leveling of class and status, a homogenization of persons so that eventually we all will seem to have come out of some bland mold all alike. That may well be, though I hope not. But, if it is going to be, let it be the result of policies formulated and executed by elected officials responsible to the people, let it be the result of policies debated and subject to rejection. Let it not be the edict of judges appointed for life and unaccountable to anyone. We have had more than enough judicial lawmaking.

It is time for the Supreme Court to tailor its results more closely to what it says. Time and again in the *Swann* opinion the Court speaks common sense. The objective of the Court, the Chief Justice tells us, is to outlaw de jure discrimination in the schools. It is not, in his words, to deal "with (the) myriad factors of human existence which can cause discrimination in a multitude of ways." It is not to achieve broader social purposes. And, yet, after the soothing language, the result approved is the assignment of public school pupils on a racial basis.

In referring to the "tools employed by school planners and by courts to break up the dual school system," the court took note of "attendance assignments made deliberately to accomplish the transfer of Negro students out of formerly segregated Negro schools and transfer of white students to formerly all-Negro schools." In other words, *attendance assignments made deliberately on a racial basis!* The court said, "As an interim corrective measure, this cannot be said to be beyond the broad remedial powers of the court." In other words, the court was willing to condone pupil assignments on a racial basis—which is clearly unconstitutional—"as an interim corrective measure" within the "remedial powers of a court."

And the amazing part of it all is that there was not one Justice among the nine members of the high court who entered a dissenting opinion.

Does it not seem strange that, notwithstanding the deep and unbridgeable division among the American people—yea, even among distinguished lawyers and judges of lower courts—with regard to the question of forced integration, mass cross-city busing, closing of schools, and imposed racial ratios, the Nation's highest tribunal, composed of nine men, would find itself without a single dissenter on such a debatable question! Think of it! Complete unanimity in its support of school assignment based on *race*, when not one word of the Fourteenth Amendment's equal protection clause has been changed during the 17 years that have passed since the Court in 1954 ruled that school assignment based on race was violative of the equal protection clause of the Fourteenth Amendment to the Federal Constitution. A complete 180 degree change in the position of the Court! And complete unanimity! Can the answer be so clear to nine judges and so unclear to 200 million people?

Voices must be raised throughout this country which will move the Nation's highest tribunal to the realization that the position it took in the *Swann* case—of giving approval to pupil assignments on a racial basis and to racial quotas as "a useful starting point" in shaping a remedy—is going to impair public support of the public school system and will continue to produce chaos in the public schools.

Let us now finally look briefly at the *Swann* case and also at what Chief Justice Burger said on Tuesday of this week about that case.

In *Swann* v. *Board of Education* the Court, speaking through the Chief Justice, stated that "absent a constitutional violation there would be no basis for judicially ordering assignment of students on a racial basis." While Chief Justice Burger has no greater admirer than I—because I believe that the Court under his leadership is returning to a course of judicial moderation, restraint, and respect for legal precedent—I have to say that I feel that this was specious reasoning. The Court seemed to be saying that, given a constitutional violation, there is an adequate basis for ordering assignment of students on a racial basis. And what is the constitutional violation?

Prior to the year 1954, the assignment of students on a racial basis did not constitute a constitutional violation. But the 1954 decision in *Brown* v. *Board of Education* made it unconstitutional to assign students to public schools on the basis of race. Now the Court, in April 1971, maintains that if there is a constitutional violation (growing out of the previous state-enforced system of assignment of students on the basis of race), the court may judicially order assignment of students on a racial basis. In other words, two wrongs will make a right!

I maintain that, if the 1954 court decision, making it a constitutional violation to assign students on the basis of race, was a correct one—and I believe it was—no pupil assignment on the basis of race can be constitutional, whether ordered by a court or otherwise. In others words, if it is a constitutional violation for school authorities to assign students on the basis of race, it is a constitutional violation for the courts to assign students on the basis of race. A court has no power to suspend the operation of the Constitution, even for a moment; hence, how can the Nation's highest court, speaking through the Chief Justice, maintain that there can be any basis whatsoever for violating the Constitution—to wit, by ordering the assignment of students on a racial basis? Yet, the court has proceeded to, in effect, suspend the Constitution by taking the position that given a constitutional violation on the part of school authorities, namely, utilizing various means calculated to maintain a dual school system, the courts may resort similarly to a violation of the Constitution—assigning students on the basis of race—in order to correct that constitutional violation by state or school authorities. I submit that, in the light of the 1954 decision in *Brown* v. *Board of Education*, there can be no basis whatsoever for the assignment of students to public schools solely on the basis of race, and I further submit that such assignment, even when made by order or approval of a court, is not, by virtue of such court sanction, clothed with constitutional respectability.

* * * * *

The Judiciary was created by the Constitution. The Judiciary can interpret the Constitution, but it cannot interpret that document in such a way as to put itself above and beyond the reach of the Constitution. The Court cannot say on the one hand that school assignment on the basis of race is unconstitutional, while on the other hand the Court proceeds to order or approve pupil assignment on a racial basis by judicial decree.

"I deny that any judicial tribunal may have regard to the race of citizens when the civil rights of those citizens are involved." So write Mr. Justice Harlan in his dissenting opinion in the case of *Plessy* v. *Ferguson*, in the year 1896. What else but a civil right, the right of children to attend their neighborhood school! What else but a civil right, the right of taxpaying parents to select the neighborhood school as the school to be attended by their children. Would that there had been one dissenting Justice on the Supreme Court of the United States in the *Swann* case who had said, as did Mr. Justice Harlan 75 years ago, "It is therefore to be regretted that this high tribunal, the final expository of the fundamental law of the land, has reached the conclusion that it is competent for a state (or for any court) to regulate the enjoyment by citizens of their civil rights solely upon the basis of race." Because that is precisely how the enjoyment by citizens of their civil rights regarding school assignments are being regulated—solely upon the basis of race!

Let me say in conclusion that I believe the Chief Justice, and possibly other members of the Supreme Court, are now aware of the damage which has been done to many school systems as a result of the *Swann* ruling.

Only Tuesday of this week, the Chief Justice has stated that judges in lower federal courts were misreading the high court's opinions if they were ordering busing of pupils in the belief that the Supreme Court has "required" racial balance in every school. Chief Justice Burger said that this "is disturbing."

He took the unusual step of writing a 10-page opinion in the Winston-Salem busing case in which he sought to clarify the high court's position—and in which he revealed his own misgivings over the extent to which some federal judges and some school districts have gone in ordering busing to bring about racial quotas.

The Chief Justice refused a stay in the Winston-Salem busing plans, but he cautioned that—and I quote—"if the Court of Appeals or the District Court read this court's opinions as requiring a fixed racial balance or quota, they would appear to have overlooked specific language of the opinion in the *Swann* (v. Charlotte-Mecklenburg) case to the contrary."

Chief Justice Burger recognized the "confusion" which presently permeates through much of the federal court system in regard to the problem of forced integration in the public schools. It all adds up to a pretty sorry mess, much of which has been created by the federal courts themselves.

This week's opinion by Chief Justice Burger, I hope, is a straw in the wind which may give us some hope that reason may one day prevail over the utter confusion which today reigns completely in the matter of school desegregation, and that, at some future date—hopefully not too far away—children, both black and white, will no longer be treated as guinea pigs in a social experiment that amounts to pure folly and that the needless hauling of them, like cattle, for countless miles and at a wasteful price will cease to be an obsessional fetish!

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

Mr. ALLEN. I would be delighted to yield to the distinguished Senator from North Carolina.

Mr. ERVIN. Mr. President, I would like to ask the distinguished Senator from Alabama if the Chief Justice did not declare at least 20 times in his opinion in the Swann case that the Federal Government has no constitutional power to interfere in the assignment of children to the public schools of the State unless there has been a discrimination which has resulted in the denial to a child of the right to attend a school solely on the basis of race.

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Mr. President, I ask the Senator from Alabama if in 1964 the Congress of the United States did not insert a title in the Civil Rights Act of 1964 which stated in as plain words as can be found in the English language that in the assignment of children to public schools, race should be ignored.

Mr. ALLEN. The Senator is eminently correct.

Mr. ERVIN. Did it not also define desegregation in two ways, the second way being that desegregation should not consist of the assignment of children to schools to overcome racial imbalance?

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Did not Congress say in that same act that no Federal officer or no Federal court should enter any order requiring the busing of children to achieve a racial balance in public schools?

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Mr. President, I ask the Senator from Alabama if, under the decision of the Chief Justice in Swann case, Congress had no power to pass any law relating to the assignment of children to public schools except in cases where there had been discrimination.

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Mr. President, despite the fact that his opinion asserted that to be true on at least 20 occasions, the Chief Justice held in that case that the Civil Rights Act of 1964 insofar as it prohibited busing and the assignment of children to overcome racial imbalance had no application whatever to the only things Congress had the constitutional power to act on.

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. In other words, it is not only the little children who have their rights destroyed by the Supreme Court of the United States, but the Congress of the United States is also told by the Supreme Court that the act it passed did not have any application whatever to the only thing it could apply to under the Constitution.

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. I ask the Senator if this is not the effect of the holding in the Swann case; namely, that a Federal district judge can order a school board which is found to have practiced discrimination to do anything that the district court judge thinks proper to mix the children of the races in the public schools in a proportion that is satisfactory to the district court judge.

Mr. ALLEN. The Senator is correct. They made district judges dictators of the local school systems.

Mr. ERVIN. Does not the Senator from Alabama agree with the Senator from North Carolina that the Constitution of the United States was written to establish a government of laws and not a government of men?

Mr. ALLEN. Yes, sir. That is the principle on which the greatness of our Government rests.

Mr. ERVIN. Can the Senator from Alabama imagine any kind of government that is more a government of men rather than a government of laws than for the Supreme Court of the United States to say that a district judge can take complete charge of the situation and require the school board to mix the children according to race in a manner satisfactory to his own notions?

Mr. ALLEN. The Senator is correct. That makes our Government a government of men and not a government of laws because they completely disregard the Constitution. Their own decision in the Brown case in 1954 ruled that the State could not impose segregation and now they have changed course 180° and they say the State must implement integration of the schools.

Mr. ERVIN. Is it not the effect of the decision in the Swann case that where a State school board denies children the right of admission to schools on account of race, the Federal judge shall enforce the equal protection clause of the 14th amendment by requiring the school board to practice much more massive violation of the 14th amendment?

Mr. ALLEN. Yes, sir. They seem to operate on the theory that two wrongs make a right; that this is a wrong that accomplishes a sociological goal and that, therefore, it is all right.

Mr. ERVIN. Did not the Supreme Court decision in the Brown case in 1954 merely require a school board to assign children to the schools under its jurisdiction on a nonracial basis?

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Does not the Court hold in the Swann case that where a school board fails to perform that duty the Federal judge can require them to assign children to school solely on a racial basis?

Mr. ALLEN. Yes, and to use that as the criterion, which is 180 degrees removed from the holding in the Brown case.

Mr. ERVIN. Does the Senator from Alabama take issue with the Senator from North Carolina when he says it is a manifest constitutional absurdity to say that the Federal courts in enforcing a constitutional provision can require violation of that constitutional provision on a larger scale?

Mr. ALLEN. No. I would agree on that point.

Mr. ERVIN. The Senator quoted a statement from the Swann case in which the Chief Justice said if there had been an assignment on a racial quota basis—that is what Judge McMillan said was the ideal solution—71 children in each room, with 21 black children, the Supreme Court would have set aside the ruling.

Mr. ALLEN. Yes, sir.

Mr. ERVIN. But in the next sentence he said that that is a good starting point.

Mr. ALLEN. Yes. He did not say how far they should go from that starting point, if any distance at all.

Mr. ERVIN. He said that where the school board violated the equal protection clause in any degree the Federal District Court had authority to require the greatest possible mixing of the races which is practicable, did he not?

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Does not the Senator from Alabama agree with the Senator from North Carolina that the Supreme Court has covered the equal protection clause with so much judicial sophistry it has lost the capacity even to see the equal protection clause?

Mr. ALLEN. I certainly agree.

Mr. ERVIN. I ask the Senator if all the equal protection clause says is that no State shall deny to any person within its jurisdiction the equal protection of the law.

Mr. ALLEN. Yes, sir.

Mr. ERVIN. It has been interpreted in hundreds of cases to mean simply that a State must not treat in a different manner persons similarly situated. Is that true?

Mr. ALLEN. Yes, sir. That is the universal rule.

Mr. ERVIN. In the Swann case did not the Federal judge say to children in a geographic zone, "Some of the children can go to the neighborhood schools and others cannot go to the neighborhood schools"?

I ask the Senator from Alabama if that order of the court was not a violation of the equal protection clause because it took children similarly situated and treated them in a different manner.

Mr. ALLEN. So it seems to the Senator from Alabama.

Mr. ERVIN. Did not the Court say that the reason the school board could not let some children go to their neighborhood schools was because they had to be bused elsewhere, either to decrease the proportion of children of their race in their neighborhood schools or to increase such proportion elsewhere.

Mr. ALLEN. The Senator is correct.

Mr. ERVIN. Oceans of judicial sophistry cannot wash out the truth that that is denying those children who are to be bused the right of admission to neighborhood schools on the basis of their race.

Mr. ALLEN. So it would seem to the junior Senator from Alabama.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. ALLEN. I thank the Senator for yielding.

Mr. ERVIN. I thank the Senator from Alabama.

Mr. ALLEN. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

LEGAL SERVICES

Mr. TAFT. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

Beginning on page 7, strike out line 14 and everything which follows through line 2 on page 8, and insert in lieu thereof the following:

"(2) The amounts appropriated pursuant to paragraph (1) of this subsection shall be allocated and made available, subject to the provisions of section 616 of such Act, in such a manner that for each such fiscal year not to exceed—".

On page 8, line 3, strike out "$363,900,000" and insert in lieu thereof "$753,800,000".

On page 8, line 4, insert after the word "which" the following: "$328,900,000 shall be for the purpose of carrying out programs under sections 221, 226, and 227, $61,000,000 shall be for the purpose of carrying out Legal Services programs under section 222(a)(3) and title IX,".

On page 9, strike out line 8 and all which follows through line 17.

The PRESIDING OFFICER. The Chair wishes to ask the Senator from Ohio whether or not he asks unanimous consent to have his amendments considered en bloc?

Mr. TAFT. The Senator from Ohio does so request.

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

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BYRD of West Virginia. Is it the Senator's intention to request the yeas and nays on his amendment?

Mr. TAFT. It is the intention of the Senator from Ohio.

Mr. BYRD of West Virginia. Will the Senator do so now, so that his speech in the RECORD will not be interrupted?

Mr. TAFT. Yes. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, the Office of Economic Opportunity was envisioned by its creators as a pathfinder against poverty. As originally constructed, it was to chart new courses to alleviate ancient ills, to experiment with new methods and concepts that held promise of breaking the chain of circumstances that hold whole families in bondage generation after generation.

But as is so often the case, the problems of operating programs soon loomed larger to those in charge than did original research. And even when a demonstration program had proven effective, the supporters of the agency grew loath to turn it over to another, operations-oriented department and thereby let OEO get on with its assigned task—trying out and proving other, promising new approaches.

President Nixon endorsed the original concept of OEO as the social research arm of the Federal Government. He promised to expand the agency's research and development capabilities—and he has. At the same time, he called upon OEO to continue operating programs, but only until they had been effective and could be delegated to other departments in an orderly fashion designed to assure their maintenance and further improvement.

In asking for a 2-year extension of the Economic Opportunity Act, the President is pursuing his constituent course—a course designed to reestablish OEO as the research and development agency it was originally intended to be.

This legislation, replete with earmarks on virtually every facet of the agency's operations, strips OEO of flexibility—and it robs the agency of its greatest potential, its research and development potential.

To meet the earmarking requirements of the legislation, the agency will be forced to gut its R. & D. initiatives in such crucial areas as day care, education, and income maintenance. And that loss will not simply be the agency's, but the Federal Government's, and thus the people's, because there is no social research arm within the Federal establishment to compare with OEO, or to assume its pioneering task.

One of the problems of earmarks stems from the fact that we generally appropriate less money than the President requests in his budget. The current request for OEO for fiscal year 1972 is almost 20 percent less than S. 2007 authorizes. Last year, the final appropriation was closer to 30 percent below the authorization figure. Furthermore, past and proposed legislation provide a pro rata formula for adjusting earmarks to reduced appropriations that is precise, but because it is arithmetical, it does not account for a shifting balance between refunding grants-in-being and starting new activities that takes place as total funds are reduced.

The major effect of the committee's bill is to require that approximately $60 million be added to the President's request for OEO in certain specified program areas, including emergency food and medical services, alcoholic counseling and recovery, local initiative, and a new title VII, established to cover economic development programs. These increases will necessarily have to be funded from offsetting reductions in other programs which exceed their minimum allocations under the earmarking formula.

The areas hardest hit by the requisite reductions include the developmental health programs such as comprehensive health, family planning, and drug rehabilitation, and the general research and demonstration programs of OEO—all areas of high national priority.

I have received from the Office of Economic Opportunity the research and demonstration projects in some of the States of the Union. These generally are not esoteric projects, but, rather, they seek to test the concepts that have direct bearing on efforts leading to the elimination of poverty. They are bread and butter projects and involve thousands of people participating in a number of programs designed to increase economic and educational opportunities. These projects represent an effort to learn what works and what may have wider application in breaking the cycle of poverty.

I think Senators may be interested in projects in their particular States. Let me read some of the projects.

The total in Ohio is $1,906,000, for such projects, as, in Akron, South High School skills centers. There is a project in Adams and Brown Counties, in Decatur, to test whether organized poor people can plan and implement programs which provide medical, legal, housing, consumer, and other services funded through non-OEO sources.

In Cleveland there is Metropolitan Coop Service, the urban cooperative development program.

In Kent, the Akron-Kent State University neighborhood faculty program.

I could point out projects in the State of Wisconsin: In Madison, the rural housing project, $150,000. In Madison, the Institute for Research on Poverty, at the University of Wisconsin, $1 million. The rural negative income tax experiment, at the University of Wisconsin. The urban negative income tax experiment is being carried out in the States of Pennsylvania and New Jersey, in the amount of $3,300,000.

These are ongoing programs.

I have a whole host of these, which I shall be glad to show to any Senator who may be interested in one of these projects in his State.

I ask unanimous consent that this entire tabulation be printed in the RECORD at this point.

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

Project title	City	Description	Fiscal year 1971 funds
CALIFORNIA			
Institute for Personal Effectiveness in Children	San Diego	Culture-Fair Testing	$217,000
Youth Opp. Foundation	Los Angeles	College Opportunity. To demonstrate that barriers to higher educational opportunities for the Spanish-speaking poor can be broken through experimental secondary education motivation & enrichment programs, student income maintenance programs, & college trust fund investment.	175,000
Deganawidal-Quetzalcoatl University	Davis	Institutional Curriculum Development. Planning grants for the development of bilingual and bi-cultural "land grant"-type institutions of higher learning for the Spanish-speaking.	200,000
Mexican-American Studies Ctr. of the Clarement Univ. Center.	Claremont	Same as above	68,000
Bd. of Regents U. of California	Santa Barbara	Ombudsman Activities Project	82,000
U. of California	Berkeley	Community Planning Services. To test whether the poor can have an impact on urban development, given professional technical assistance, by developing alternative plans that take into account the needs of the poor.	193,000
Casa Loma College	Pacoima	Para-Medical Training	345,000
Crenshaw Com. Youth Study Assn	Los Angeles	Consumer Commodity Distribution Center	13,000
Berkeley Unified School District	Berkeley	Exemplary Child Care Demonstration Centers	69,000
Richmond Neighbor-House	Richmond	Communications Project	106,000
Planned Parenthood World Population	Oakland	Family Planning	29,041
California Youth Authority	Sacramento	Family Planning	120,557
Harbor General Hospital	Torrance	Family Planning	111,338
Rand Corp	Santa Monica	Development of experiment for health utilization	279,372
UCLA	Los Angeles	Research on social and ethnic stratification on racism	15,338
Fresno Unified School Dist	Fresno	Performance Incentive Education experiment	300,265
San Francisco Unified School Dist	San Francisco	Education voucher feasibility study	53,025

Project title	City	Description	Fiscal year 1971 funds
CALIFORNIA—Continued			
UCLA	Los Angeles	Early childhood research	$291,820
AlumRock School District	Alum Rock	Education voucher feasibility study	72,995
Stockton Unified School District	Stockton	Performance Incentive education experiment	57,146
Univ. of Calif. Nat'l Housing & Econ. Dev. Law Project	Berkeley	National Housing Back-up Center	354,955
Univ. of Calif. Nat'l Housing & Econ. Dev. Law Project	Berkeley	Economic Development Back-up Center	198,151
Univ. of Calif. Nat'l Legal Prog. on Health Problems of Poor.	Los Angeles	Health Back-up Center	[1] 0 ($316,058—FY 70)
Pilot	Oakland	Joint Funding of SF Regional Council with equal participation by DOL, HEW, HUD, and OEO. To unify Bay area Indians into an effective umbrella organization.	50,000
Manpower	Fremont	To assist Bay area CAAs in developing Manpower programs	80,000
Manpower	Los Angeles	To provide Manpower TA to CAAs and other operators of manpower programs in Los Angeles County.	99,954
Manpower	Stockton	To build manpower capability in 8 CAAs of the San Joaquin Valley	80,000
Resource Mobilization	Redding	To staff a CEDC with a team of specialists to manage the developmental, financial and TA leveraging operations of this corp.	40,000
Resource Mobilization	Susanville	Attitudinal change prog. dealing with low-income children's educational deficiencies	30,000
Total			3,731,957
COLORADO			
Uplands, Inc	Durango	Colorado-Utah FURPO. Provides training and technical assistance in economic development through an accounting-financial specialist, economic developer, co-op specialist and three economic development supervisors in establishing such businesses as leather goods manufacture, fabric design and production.	225,000
Conejos-Costella Community Action Association	San Luis	Rural Cooperative	285,000
Greeley Parent Child Center	Greeley	Exemplary Child Care Demonstration Centers. To demonstrate exemplary program components, upgrade weaker components, assess program impact, and validate measurement instruments, so as to develop a variety of cost-effective program models.	114,000
University of Colorado	Boulder	New Gate. Institutions of higher education and correction institutions working together to reduce recidivism rates and promote better post-release adjustment of prisoners by providing college preparatory and college level courses to inmates prior to release.	79,000
Resource Mob	Grand Junction	Training—developing low income business—industry	72,000
Manpower	Boulder	Manpower	50,000
Regional council	Denver	Developing housing program for seasonal workers	85,000
Legal Aid Society of Metropolitan Denver	Denver	Paraprofessional demonstration project	50,766
University of Colorado Indian Law School	Boulder	Indian Back-up Center	130,000
Total			1,090,766
CONNECTICUT			
Hartford School District	Hartford	Performance incentive education experiment	321,823
Manpower Dev	Thanes Statewide (SEOO)	Manpower planning; Development of a State manpower development	100,000
Total			421,823
HAWAII			
Univ. of Hawaii	Honolulu	Early childhood research	349,262
IDAHO			
Manpower	Lewistown	Job placement and advancement for hard to employ types	55,000
INDIANA			
Manpower Demo	Indianapolis	Provides funds for the planning and carrying out of comprehensive manpower programs	50,000
Manpower Demo	Vincennes	Same as above	25,000
Manpower Demo	Terre Haute	Same as above	25,000
Reg'l Council Flexible Funds	Notre Dame	Project to meet the problems of the migrants	200,000
Resource Mobe	Fort Wayne	Seeks to raise money from the City and county gov'ts and through united funds to assist the CAA to strengthen the economic base of the poor people's movements so they may deal more effectively with their problems.	49,000
Hammond City School Dist	Hammond City	Performance incentive education experiment	1,250
School City of Gary	Gary	Preplanning grant for Education Voucher experiment	23,028
Total			373,278
ILLINOIS			
Amalgamated School Benefit Association	Chicago	Exemplary Child Care Demonstration Centers. To demonstrate exemplary program components, upgrade weaker components, assess program impact, and validate measurement instruments, so as to develop a variety of cost-effective program models.	60,000
Ecumenical Council	Chicago	Same as above	421,000
Southern Christian Leadership Foundation	Chicago [2]	Crawfordville, Ga. Project. To demonstrate that a community owned and operated business can stem out-migration and raise the standard of living. (Through a sewing plant, day care center, a buying club, a housing project, etc.	201,000
Manpower Demo	Suburban Cook Co	Provides funds for the planning and the carrying out of comprehensive manpower programs.	35,000
Manpower Demo	East St. Louis	Provides funds for the planning and the carrying out of comprehensive manpower programs.	53,000
Resource Mobe	Suburban Cook Co	Establishes a Law Clinic and neighborhood law office to handle legal services to the poor	64,000
Reg'l Council Flexible Funds	Rock Island	Project to meet the problems of the migrants	200,000
Commerce Clearing House	Chicago	Poverty Law Reporter	290,000
American Bar Association Fund for Public Ed	Chicago	Boston Lawyers for Housing	35,000
American Bar Association Fund for Public Ed	Chicago	Council on Legal Education Opportunity (CLEO)	750,022
Lawyers' Comm. for Civil Rights Under Law	Washington, D.C	Cairo, Illinois Demonstration project	99,000
Cook County Legal Assistance Foundation, Inc	Chicago	Computer Demonstration Project	150,000
National Legal Aid and Defender Association	Chicago	National Clients Council	[3] 0
Total			2,358,022
IOWA			
Accounting Aid Society of Polk County	Des Moines	Financial Management Assistance. To demonstrate that professional financial management assistance can help poor consumers and small businessmen with their financial problems and to press for consumer protection legislation.	63,000
Furpo	Des Moines	SEOO Housing	80,000
Pilot	Waterloo	SEOO Housing	60,000
Manpower	Dubuque	Manpower	22,000
Manpower	Burlington	Manpower	22,000
Total			247,000
KENTUCKY			
Housing Opportunity Centers, Inc	Louisville	Fair Housing Project. To test whether black families, given assistance, can take better advantage of fair housing laws by moving poor families into new neighborhoods or to find adequate housing in their present neighborhoods; tries to insure strong enforcement of the state's fair housing law.	305,000

Footnotes at end of table.

Project title	City	Description	Fiscal year 1971 funds
KENTUCKY—Continued			
Leslie, Knott, Letcher, Perry Com. Action Council	Whitesburg	Home Repair. To test the use of existing Federal housing programs to provide much needed repairs to the homes of ABD welfare recipients in Eastern Kentucky.	$489,000
Leslie, Knott, Letcher, Perry Com. Action Council	Whitesburg	Eastern Kentucky Housing Development Corporation. To demonstrate that a group of interested people including a large number of poor people can actually turn the Federal housing programs into houses for the rural poor.	100,000
University of Kentucky	Louisville	New Gate. Institutions of higher education & correction institutions working together to reduce recidivism rates and promote better post-release adjustment of prisoners by providing college preparatory and college level courses to inmates prior to release.	240,000
Kentucky Child Welfare Research Foundation	Frankfort	Exemplary Child Care Demonstration Centers. To demonstrate exemplary program components, upgrade weaker components, assess program impact, and validate measurement instruments, so as to develop a variety of cost-effective program models.	143,000
Manpower	Olive Hill	Coordinate CAP and non-CAP programs with goal of improving service to clients	27,000
Manpower	Louisville	Same as above	28,600
Manpower	Lexington	Same as above	27,043
Total			1,359,643
MASSACHUSETTS			
Harvard Univ	Cambridge	Indian Education Legal Back-Up Center	[4] 250,000
Hampshire College	Amherst	Early Identification Program. To test whether low-achievers around age ten who are guaranteed eventual college admission and financial support and who are given additional academic help can make dramatic changes in their academic performances.	123,000
Dept. of Attorney General	Boston	Consumer Protection. Research and investigation of complaints by low-income consumers to insure that the rules and regulations to be issued under new FTC-type state statute really deal with the consumer problems of the poor.	131,000
Urban Planning Aid	Somerville	Community Planning Services. To test whether the poor can have an impact on urban development given professional technical assistance, by developing alternative plans that take into account the needs of the poor.	263,000
The Tenant Management Corp. Inc	Boston	Tenant Management. To demonstrate that given a sympathetic housing authority a tenant management corporation can be successfully established and will alleviate problems in public housing projects caused by poor relations between the tenants and authorities.	195,000
Harvard Univ	Cambridge	Early childhood research (2 separate grants)	90,374
			75,443
Urban Systems Research & Engineering	Cambridge	Effects of housing on child development	142,886
Resource Mob	Boston	Health resources mobilized training for paraprofessionals	30,000
Resource Mob	Gloucester	Front end funds for 500 housing starts in rural areas	250,000
Furpo	Montachusett	TA in housing to low-income individuals and groups; provide funds for 200 farmers homes; front end money for HUD rehabilitation 25 units.	185,000
Boston College Law School Nat'l Consumer Law Center	Brighton	Consumer Back-up Center	373,145
Harvard College Center for Law & Educ	Cambridge	Education Back-up Center	329,380
Manpower	Farmington	Manpower planning	75,000
Manpower	Franklin Co	Manpower planning	25,000
Total			2,413,228
MARYLAND			
Univ. of Md	College Park	Study of the Economics of Discrimination in Employment	125,000
Operations Research Inc	Silver Spring	Evaluation of Four Manpower Programs	2,068,000
GEOMET	Rockville	Evaluation of Neighborhood Health Centers	536,000
Mayor and City of Baltimore CAA	Baltimore	MUND—Model Urban Neighborhood Demonstration—To test whether business, industry and community corporations, with assistance of systems management groups, can develop an effective anti-poverty program.	508,333
FURPO	Annapolis	Full Utilization of Rural Program Opportunities—opportunity to develop capability of ownership.	150,000
Manpower	Dorchester	Coordination body for manpower operations	50,000
Manpower	Annapolis	Coordination body for manpower operations	50,000
Total			3,487,333
MICHIGAN			
Univ. of Mich	Ann Arbor	Longitudinal manpower study	447,565
Michigan State University	East Lansing	Early childhood research	306,268
Grand Rapids Public Schools	Grand Rapids	Performance Incentive Education experiment	323,714
Manpower Demo	Kalamazoo	Provides funds for the planning and carrying out of comprehensive manpower programs	43,000
Manpower Demo	Grand Rapids	Same as above	40,000
Resource Mobe	Kalamazoo	Development of a Human Resource Dept. to mobilize all available resources to address poverty related problems.	62,000
Resource Mobe	Barryton	Mobilization of local government and business units to develop the tourist industry in the area which will provide jobs for the poor people and attract additional revenue into the area.	63,000
Wayne State Univ. Michigan Legal Services Asst. Program	Detroit	Michigan Statewide Back-up Center	176,940
United Community Services/CAP	Grand Rapids	Mobilization of resources	199,000
Total			1,661,487
MINNESOTA			
Univ. of Minnesota	Minneapolis	New Gate. To demonstrate that institutions of higher education, working with correction institutions, can reduce recidivism rates and promote better post-release adjustment of prisoners by providing college preparatory and college level courses to inmates prior to release.	211,000
Manpower Demo	Little Falls	Provides funds for the planning and carrying out of comprehensive manpower programs	52,000
Resource Mobe	Crookston	Assists 3,000 low-income people in 18 counties by providing prof. marketing and production consultants to assist low volume manufacturers.	84,000
Reg'l Council Flexible Funds	St. Paul	Project to meet the problems of the migrants	200,000
Total			547,000
MISSOURI			
St. Louis Univ. Nat'l Juvenile Law Center	St. Louis	Juvenile Law Back-up Center	[5] 0
Legal Aid Society of the City and Co. of St. Louis	St. Louis	Paraprofessional demonstration project	50,000
Manpower	Columbia	Manpower planning	22,000
Manpower	Joplin	Manpower planning	22,000
Manpower	Trentor	Manpower planning	22,000
Manpower	Appleton City	Manpower planning	22,000
Resource Mobe	St. Louis	Economic development	175,000
Total			313,000
NEW JERSEY			
Pilot Prog	Ocean Co	Senior Opportunities and services	20,000
Manpower Dev	Plainfield	Increase CAA capacity in manpower programing	45,000
Resource Mobe	Camden	Housing Development Program	42,000
Manpower Dev	Paterson	Increase relationship between CAP and city government in manpower programing	40,000
Manpower Dev	Newark	Create a "bridge position" between CAA and Mayors CAMPS secretariat	20,000
Office of the Mayor	Newark	Newark Ombudsman	[4] 262,000
Com. Dev. Admin	Newark	Newark Consumer Protection	[4] 300,000
Nat'l Council on Crime and Delinquency	Paramus	New Gate Resource Center	[4] 300,000
Total			1,009,000

Footnotes at end of table.

Project title	City	Description	Fiscal year 1971 funds
NEW YORK			
ASPIRA	NYC	College Opportunity	$498,000
Architects Renewal Committee in Harlem	NYC	Community Planning Services	239,000
National Urban League	NYC [6]	School-Industry Placement Program	300,000
ADP Personnel Data Sys., Inc	NYC	Job-Client Matching	174,000
Mobil. for Youth	NYC	Urban Cooperative	350,000
Consumer Act. Prog. for Bedford-Stuyvesant, Inc	NYC	Comprehensive Consumer Action	330,000
Nat'l. Council of Jewish Women	NYC	Day Care Survey	24,000
Com. Dev. Agency	NYC	Exemplary Child Care Demonstration Centers	421,000
Broad Jump	NYC	Broad Jump	69,000
Nat. Urban League	NYC	Day Care-Community Education Program	486,000
Nat. Urban League	NYC [7]	Street Academies	1,500,000
College of Hum. Services	NYC	Professional Education and Credentialling Program	302,000
Com. Film Workshop	NYC [8]	Film Workshop	675,000
Nat'l Urban League	New York	Family Planning	232,241
American Public Health Assoc	New York	Family Planning	1,122,250
CDA	New York	Family Planning	158,459
Yonkers Comm. Action	Yonkers	Family Planning	70,918
Bronx School Dist. No. 9	Brooklyn	Performance Incentive Education experiment	1,250
Bank Street College of Educ	New York	Early childhood research	356,262
State Univ. of New York	New York	Early childhood research	134,746
Nat'l Student Service and Fund for Negro Students	New York	Analysis of data on black college students	200,000
Columbia Univ. Center on Social Welfare Policy and Law	New York	Welfare Back-up Center	366,901
Columbia Univ. Nat'l Employment Law Proj	New York	Employment Back-up Center	32,836
Manpower Dev	Westchester Co	Increase CAA capacity in manpower programing	35,000
Manpower Dev	Yonkers	To create improved working relationship between CAA and city government for manpower programs.	35,000
Manpower Dev	Syracuse	Increase CAA capability for manpower programing	20,000
Manpower Dev	Suffox Co	Increase CAA's capability in manpower programing	25,000
Manpower Dev	Utica	To increase CAA's capability in manpower programing	40,000
Manpower Dev	Niagara Falls	Increase the working relationship between CAA and city government in manpower programs.	40,000
Resource Mob	Nassau Co	Economic Development—CORE staffing	149,000
Total			8,387,863
NORTH CAROLINA			
Shaw Univ	Raleigh	Family Planning	99,554
Population Servs. Inc	Chapel Hill	Family Planning	47,066
Low-Income Housing Dev. Corp., Inc	Durham	Rural Housing Development Corporation	[4] 480,000
Regional Education Lab. for the Carolinas and Virginia	Durham/Raleigh	North Carolina Community College program	35,000
Manpower Dev	Raleigh	Coordinate CAP and non-CAP programs with goal of improving service to clients	28,000
Manpower Dev	Durham	Same as above	28,000
Total			717,620
OHIO			
Akron Public Schools	Akron	South High School Skills Center. To test whether the educational programs and techniques of the Job Corps can successfully be applied to a high school located in a low-income urban area and thereby reduce the drop-out rate and better prepare students for either employment or college.	284,000
Adams and Brown Counties EO, Inc	Decatur	Ohio FURPO. Testing whether organized poor people can plan and implement programs which provide medical, legal, housing, consumer and other services funded through non-OEO sources.	150,000
Metro. Co-op Service	Cleveland	Urban Cooperative Development Program. To demonstrate a consumer cooperative can become self-supporting after three or four years with a small amount of funds and good technical assistance.	35,000
Kent State Univ	Kent	Akron-Kent State University Neighborhood Faculty Program. To test whether the urban poor can contribute as faculty members to the development and teaching of university courses on poverty.	143,000
Dayton Youth Patrol	Dayton	Dayton Youth Training and Counselling Program. Demonstrate disadvantaged youth and adults can work together to provide services which meet important needs of disadvantaged youth, including job training for health-related services, in furniture manufacturing and repair, and in housing construction.	25,000
Battelle Memorial Inst	Columbus	Evaluation of performance incentive education experiment	938,346
Ohio State Legal Serv. Assoc	Columbus	Ohio Statewide Back-up Center	135,000
Central State Univ	Wilberforce	Dayton Student Citizenship, Rights and Responsibilities Center	[5]
Manpower Demo	New Boston	Provides funds for the planning and carrying out of comprehensive manpower programs	33,000
Manpower Demo	Toledo	Same as above	26,000
Manpower Demo	Ravenna	Same as above	33,000
Manpower Demo	Columbus	Provides funds for the planning and carrying out of comprehensive manpower programs	34,000
Resource Mobe	Marietta	Mobilizes the resources of and for 28 counties in Appalachian Ohio	70,000
Total			1,906,346
OREGON			
Univ. of Oregon	Eugene	New Gate	366,000
Resource Mobe	Albany	Manpower	75,000
Resource Mobe	Medford	Rural Transportation	59,600
Manpower	Salem	Employment Program	40,000
Portland Metro Steering Com	Portland	Parent-Child Development Center	[10] 30,529
Nero & Assoc., Inc	Portland	Effects of housing location change	52,500
Total			623,629
PENNSYLVANIA			
School District of Philadelphia	Philadelphia	The 12th and Oxford Corporation. Demonstrate the natural social organizations of youth could be directed toward constructive enterprises—a film making company, a laundromat, appliance repair training program and a tutoring program.	67,000
School District of Phila	Philadelphia	Hartranft Project. Demonstrate that youth are capable of administering youth centers, of making constructive contributions to the planning of center programs and of motivating other youth.	87,000
Pa. Bureau of Corrections	Harrisburg	New Gate. Institutions of higher education and correction institutions working together to reduce recidivism rates and promote better post-release adjustment of prisoners by providing college preparatory and college level courses to inmates prior to release.	155,000
Freedom House Enterprise, Inc	Pittsburgh	Ambulance Service and Para-medic Training Program. To demonstrate unemployed adults and high school drop-outs can be trained as para-medic ambulance attendants and that such a service can become self-supporting after two and a half years.	88,000
University of Pa. Health Law Center	Philadelphia	Development of Health Law curriculum	[11] 235,855
Philadelphia City Schools	Philadelphia	Performance Incentive Education experiment	1,250
Univ. of Pa	Philadelphia	Evaluation of Baltimore CAA	10,510
Resource Mobilization	Meadville	Develop capability to operate small business and attract industry to area	75,000
Manpower	Erie	Plan collectively with other agencies for manpower program	50,000
Total			769,615

Footnotes at end of table.

Project title	City	Description	Fiscal year 1971 funds
RHODE ISLAND			
Manpower Dev	Warick	Manpower Planning	25,000
Manpower Dev	Blackstone Valley	Manpower Planning	25,000
Total			50,000
VERMONT			
Champlain Valley OEO	Burlington	Vermont FURPO. Developing a self-supporting transportation system in a four-county area by providing low-cost transportation, by operating a mechanic training program, a maintenance repair garage, and a training program for employees and board members which will enable them to control and operate the corporation once funding is discontinued.	150,000
Vermont Regional Community College Commission	Montpelier	Vermont Rural Education Network. To demonstrate the impact on rural education and job training opportunities of a coordinated community-oriented, and responsive statewide network of outreach training centers serving the needs of disadvantaged rural residents.	[12] 485,000
Manpower	Orleans Co.	Manpower planning	15,000
Manpower	Champlain Co.	Manpower planning	35,000
Total			442,500
WASHINGTON			
Seattle-King Co. Econ. Oppor. Board, Inc	Seattle	Paraprofessional Demonstration project	50,000
Wash. Board for Community College Education	Olympia	Washington Community College program	60,000
Northwest Rural Opportunities	Pasco	Exemplary Child Care Demonstration Centers	[4] 172,000
Washington State Attorney	Olympia	Consumer protection	[4] 146,000
King County	Seattle	Seattle-King County Office of Citizen Complaints	[4] 94,000
Resource Mobe	Aberdeen	Developing Coalition	60,000
Resource Mobe	Seattle	Mobilize resources through the churches	90,000
Resource Mobe	Pasco	Provide job counseling and referral systems for youth	9,400
Manpower	Olympia	Creation of jobs	55,000
Seattle Public Schools	Seattle	Feasibility study education vouchers	123,942
Seattle Public Schools	Seattle	Performance Incentive education experiment	1,250
Washington State Econ. Oppor. Office	Seattle	Statewide social welfare planning and information system	30,026
Grand total			891,618
WEST VIRGINIA			
Tech Foundation, Inc	Montgomery	Mountain Artisans. To demonstrate that a well organized handicraft industry can be financially feasible if its products are designed for the high fashion urban market.	266,000
Tech Foundation, Inc	Montgomery	Business Cooperatives. To demonstrate that by organizing small producer and service cooperative businesses which fit the resources and needs of the people, their expertise and business credibility will be developed to the point where larger businesses can be organized and new business can be induced to come into the area.	305,000
Manpower	Parkersburg	Plan collectively with other agencies for manpower programing	50,000
Furpo	Williamson	Economic development for small business	75,000
Total			696,000
WISCONSIN			
Wisconsin Electric Co-op	Madison	Rural Housing Project. To test the feasibility of using a statewide rural electric cooperative as the delivery mechanism for a rural housing program, and to demonstrate that many of the advantages of urban housing cooperatives such as common planning and purchasing, collective training for self-help, etc., can also accrue to rural housing cooperatives.	150,000
United Migrant Opportunity Service	Milwaukee	Family Planning	290,625
University of Wisconsin	Madison	Institute for Research on Poverty	1,089,000
University of Wisconsin	Madison	Rural Negative Income Tax experiment (experiment is being carried out in the States of North Carolina and Iowa).	2,858,756
University of Wisconsin	Madison	Urban Negative Income Tax experiment (experiment is being carried out in the States of Pennsylvania and New Jersey).	3,388,780
University of Wisconsin	Madison	Clearinghouse for SEO data files	22,500
Manpower Demo	Milwaukee	Provides funds for the planning and carrying out of comprehensive manpower programs	49,000
Manpower Demo	Madison	Same as above	27,000
Regional Council Flexible Funds	Beaver Dam	Project to meet the problems of the migrants	200,000
Total			8,075,661

[1] $316,058—Fiscal year 1970.
[2] Grantee located in Illinois. Project in Georgia.
[3] $118,100—Fiscal year 1970.
[4] 2-year funding.
[5] $260,000—Fiscal year 1970.
[6] Grantee in New York, project operates in Atlanta, Pittsburgh, Washington, D.C., and Minneapolis.
[7] Grantee in New York, project operates in Phoenix, Ariz., and New Orleans, La.
[8] Grantee in New York, project operates in Hartford, Conn.; New York, N.Y.; Chicago, Ill.; Atlanta, Ga.; and Santa Fe, N. Mex.
[9] $126,750—Fiscal year 1970.
[10] Transfer $175,000 to HEW for the center.
[11] OHA.
[12] Total includes only $242,500 for this project (2-year funding).

Mr. TAFT. Mr. President, let us not be misled by the easy argument that the committee bill earmarks R. & D. at $65.4 million, the same level requested by the President in his budget. By earmarking at an overall level of $170 million above that suggested by the President, and by requiring pro rata apportionment in the very likely event of a reduced appropriation, the committee will force the Agency to remove close to $29 million from its R. & D. effort alone and apply it to programs whose earmarks exceed the levels requested in the budget.

One of the programs whose earmark exceeds the level requested in the budget is the Emergency Food and Medical Services Program. The President requested $3.5 million for this program and S. 2007 authorizes $62.5 million. Assuming an ultimate appropriation near the level of the budget request, the proration, based on the total authorization, to the level of the budget request, would bring this program to $43.6 million. The flexibility allowance could reduce it further to a minimum level of funding of $34.9 million. This figure is still some $31.4 million above the budget request. To meet the prorated earmark requirement funds would have to be taken from other programs, such as the Comprehensive Health Services program, which is budgeted and authorized at $114 million. Its prorated level is $79.5 million and its minimum level is $63.6 million. The minimum level is $50.4 million less than the budget request and thus, $50.4 million of developmental health activities would be jeopardized because of the need to meet an earmark such as that of EFMS.

The scope of reductions necessary in research and in other areas is such that all new program initiatives would be eliminated and many on-going activities would be abandoned. Reductions in some areas may approach 50 percent of the total national program level.

Let us think for a moment what a substantial reduction in OEO's research and demonstration budget would mean for the government and for our people. Seven years ago there was no Headstart program. Now this program serves nearly half a million children of preschool age. Headstart would not be in existence if it

were not for OEO's role as an innovator of new social programs.

When OEO was first authorized there was no Legal Services program. Today more than 2,000 lawyers serve in 270 projects to insure that the poor have equal access to the judicial system. Again, without OEO's experimentation this program would not have been established. If OEO's budget in the area of research and development is drastically reduced, where will we look for tomorrow's Headstarts and Legal Services?

Particular experiments which are presently underway, such as the New Jersey income maintenance experiment, performance contracting, and education vouchers, would be jeopardized by a substantial cut in the R. & D. area and, most likely, forced to abandonment. While there may be differences of opinion over the desirability of some of these experiments as operating programs, it is unthinking to deny investigation of these concepts under the limited and controlled conditions of social science experimentation. It should be remembered that 4 years ago, when OEO contemplated undertaking the New Jersey experiment, there was great opposition. Now the experiment is not only well accepted, but is considered as landmark in the field of social science and public policy analysis.

If we do not allow for further research, we run the risk of being remembered in the company of a former Senator who, at the end of the last century, while debating the extension of a patent law, suggested, in effect, that such legislation was not required for we had learned all we need to know.

The flexibility and innovative nature of OEO that have enacted its greatest successes would be stopped if the earmarks in S. 2007 are allowed to remain and to restrict the agency's research and demonstration functions.

I do not believe the President will accept this legislation as now written.

I have mentioned a number of provisions which I find objectionable and which I think should be changed, but I think there is none more objectionable and none which is more likely to lead to a veto and a delay of this legislation than this particular provision, unless the Senate accepts my amendment.

I do not believe the President endorses the further bureaucratization of an agency whose essence was always intended to be experimentation. And, frankly, I do not see the loss of OEO as constituted and controlled under this legislation to be a serious one. Other departments of Government, I believe, are better equipped than OEO to operate massive social service programs.

What would be an irreparable, truly catastrophic loss, I believe, would be the demise of OEO as a pioneering agency finding new answers to old problems, breaking down old shibboleths, providing us with new weapons with which to assault poverty, and impacting its research findings on the consciousness of this Nation's people.

Mr. President, may I suggest that whether OEO lives or dies is not really at issue here. What is at issue is whether the spirit that created OEO, the spirit that said this Nation would renew its search for ways to let all Americans share in their country's affluence, whether that spirit continues or is crushed.

Legislation that would turn OEO away from its goals, and merely add its name to the proliferating pantheon of bureaucratic service agencies, adds up to nothing less than a death knell for the once-bright hopes of this agency, and for the hopes of some 25 million poor Americans.

The amendment I offer at this time is simple and returns the Congress to its accepted practice for authorizing appropriations—exactly as it does for virtually all other programs, and indeed, for the economic opportunity program prior to the last amendments in December of 1969. That is, it would authorize precisely the sum specified in our committee's report, distributed to individual programs in precisely the same fashion as our committee recommends. It would, however, remove the unwarranted and punitive provisions which specify both rigid "reservations" for certain programs and overly "neat" proration formulas for the rest. I cannot readily recall another instance where the Congress has rigidly prejudged both the President's stewardship of a program or its own appropriation process as in the complicated directions for how to distribute any sum that might be appropriated for economic opportunity programs. Surely the committee must have an extreme and compelling justification. I recall that the primary program to be "protected" by the 1969 amendments was community action's local initiative funds. The record shows in fact that OEO substantially exceeded the congressional mandate. Why then this need for a statutory straitjacket?

I believe OEO has demonstrated exemplary performance in allocating tight appropriations among many strong claimants. It has made difficult choices between projects, generally maintaining proven activities, yet continuing to develop better ways of dealing with poverty. It has responded to the expressed intent of the Congress, frequently made more difficult by overly detailed earmarking. Indeed, its record compares quite favorably with other agencies in this bill, which have strangely escaped the imposition of severe earmarking restrictions.

Further, the amendment permits Congress to exercise its right to earmark, but it preserves, at the same time, reasonable flexibility for the President in ordering priorities.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I yield myself 15 minutes. Will the Senator from Ohio yield for a question?

Mr. TAFT. I am glad to yield.

Mr. NELSON. So that I may understand the Senator's amendment, am I correct in concluding that the amendment preserves the earmarking for the local initiative programs at $328,900,000 and legal services at $61 million, and removes earmarking from all other aspects of the program?

Mr. TAFT. That is correct.

Mr. NELSON. I thank the Senator.

Mr. President, this earmarking dispute is exactly the same issue we dealt with previously, in the 1969 OEO amendments. At that time we had a series of rollcall votes on earmarking, on the authorization bill in the Senate, in which the Senate rejected the request of the administration that earmarking be removed.

Then in the conference between the House of Representatives and the Senate on the authorization bill, the exact same issue being raised in this amendment was taken up in conference, and the conference rejected it.

We had a second rollcall vote here on the Senate floor, on the appropriations bill, in which the Senate again rejected the administration position of removing the earmarking.

So we have dealt with this matter in successive rollcall votes, and the House and the Senate have rejected that position repeatedly.

I think that the real point here actually is that the administration does not wish to have $62,500,000 authorized for the Emergency Food and Medical Services program; they want $3,500,000. And they do not want the $18 million authorized for Alcoholic Counseling and Recovery; they want $2 million. That is, I think, where the real issue is, and we could get to the heart of the matter a whole lot more quickly if amendments were offered to reduce the Emergency Food and Medical Services from $62,500,000 to $3,500,000 and the Alcoholic Counseling and Recovery from $18 million to $2 million.

But the fact of the matter is that we settled that issue. This is what we authorized in the committee, this is what we authorized in votes on the floor of the Senate in the previous authorization bill, and this is what the committee provided for this year without any opposition at the subcommittee level and at the full committee level. What is at issue is simply this: the administration would like to reduce by some $60 million the Emergency Food and Medical Services and by $16 million the Alcoholic Counseling program.

I would think the position of the administration should now have changed on the emergency food and medical services program, because that position was based on the expectation that Congress would pass the family assistance plan, and that the emergency food and medical services program would therefore be unnecessary in this bill. But now the President has asked that we delay for a year the effective date of the family assistance plan. Therefore, that argument in support of reducing the amount of money here by some $60 million for emergency food and medical services in this bill is washed out, because it appears to me that the President will probably prevail in his request that we delay the effective date of the family assistance plan for another year—until 1973. This bill's earmarking for 2 years extends until June 30, 1973—which is the earliest realistic effective date for the family assistance plan.

The emergency food and medical services—EFMS—program was established in 1967 to provide special assistance to meet severe hunger and health problems not met by other programs. For fiscal 1971 Congress earmarked $62.5 million and the agency actually received $45.2 million. Funds support 660 programs, mostly rural. The administration now proposes that this program be terminated; it requested no funds for the basic authorization although it proposes to spend $3.5 million for EFMS-type projects serving migrants and Indians. The emergency food and medical services program is one of the most popular and successful of all OEO programs. Impressive testimony before our subcommittee made a convincing case for continuing it at least at present funding level. Bill S. 2007 earmarks $62.5 million, the same amount earmarked last year. Following are some quotes from the testimony:

Wesley Hjornevik, OEO Deputy Director:

We believe that the kind of reforms that Congress has passed are going to have major impact on the Food Stamp program and will tend to obviate the need for the EFMS program in the future. It is our hope that Congress will address the issue of welfare reform in an aggressive fashion which will also mitigate the need for this . . . If the assumptions on which we based our program plan do not come to pass . . . we will reprogram funds or we will be back before the Congress for additional funds . . . We are hopeful that we won't need to continue an Emergency Food and Medical Services program. If that does not turn out to be the case, we want the authority in our legislation so that we will be free to come back to Congress for the resources necessary to make sure that we arrest hunger in this country. (P. 1993 hearings).

Robert Choate, hunger expert:

The EFMS legislation is the broadest piece of health-related legislation that exists on the statutes today. It is the only real piece of health legislation that can act on personal family emergencies as opposed to national or natural disaster emergencies. For this reason alone, it should be maintained. In the counties where EFMS has been effective, it has initiated Federal food assistance programs where there were none; it has supplemented services or staff wherever such programs already existed but were not reaching all potential recipients; and it provided the means by which the poor themselves could devise solutions to their own food needs. For example, in Oxford County and Cumberland County, Maine, the poor, through EFMS funds, operate their own donated commodities program—and boast almost 100% participation. They find, transport, certify and distribute goods to all eligible families in those counties, and have demonstrated how efficient a program run by recipients can be. In Everett, Washington, minimal EFMS funds provide an occasional hot meal to a total of 5,000 elderly poor. In that manner, EFMS has brought the aged into Senior Citizens' Centers for the first time and is now holding classes and giving consultation in health and nutrition, food stamp certification, social security, legal aid, special diets and employment services. In central Minnesota, the EFMS staff discovered that many schools were reporting a certain number of "free" lunches served daily to the neediest children and then were charging these students for their "free" lunches. They spoke with local school officials, the state School Lunch Director, USDA Regional representatives, and the Governor. Now there is a concerted state effort to implement a truly free and reduced-price lunch program in every school in the state.

Mayor John Driggs, Phoenix, Ariz.:

This program has been very beneficial to the residents of the inner-city of Phoenix and I would not like to see it cut back without definite assurance that the service it offers would continue at no less than the current level through some source of Federal funding. The social service agencies in Phoenix have asked me to emphasize the importance of the EFMS program. Their employees spend much of their time simply trying to obtain food for hungry people. I think that no one can seriously question the need for Emergency Food assistance. The staff of our CAA estimated that 36,000 people in Phoenix need Emergency Food assistance

Mrs. Catherine Williams, Troy, Ala.:

Just last week, I came in contact with a family where the father was killed and the family had no food. Emergency Food came to their rescue . . . Often times we came in contact with families who have never taken their children to have their shots. If we were not there, possibly they would not get their shots. If Emergency Food is cut out, I don't know what people in Pike, Bullock, Crenshaw, and Butler Counties would do.

Senator Ernest F. Hollings, South Carolina:

I don't know any better way to get support for the elimination of hunger than the OEO Emergency Food and Medical Services program. I cannot imagine, in this day and age in America, eliminating medical services as a policy or eliminating emergency feeding of the hungry.

The Reverend James Webb, Troy, Ala.:

Emergency Food and Medical Services in our area is a life saver. Many people would just starve without the benefit of EFMS. Emergency Food in an area like Pike County is able to provide kids and families with food so he does not become a criminal (by stealing to eat) . . . I have seen funerals where people have died for lack of medical attention and medical service. For a kid to die for not having shots and for not having what we consider normal medical aid is ridiculous in 1971 in a country as affluent as ours.

Mrs. Beatrice Jenkins, Rosston, Ark.:

Here in southwest Arkansas, where rural people have little or no employment and where you will find some of the poorest people in our country, the cessation or the reduction of the program would be chaotic to old and young. EFMS is truly a godsend for these destitute people.

Ben McFarlin, Murfreesboro, Tenn.:

In our area Emergency Food has helped to wipe out the garbage can scroungers and children who dip into slop buckets for food.

Navarro County Action Committee, Corsicana, Tex.:

The total families served by this program is 585. Over half are children under 16. About three-fourths were in households which had an income of $1500 or more below the poverty line.

FUNDING FOR PROGRAMS ADMINISTERED BY OEO

[In millions of dollars]

	President's budget	Proposed earmarking (S. 2007)	Earmarking prorated budget re	Minimum (with 20 percent flexibility)	Fiscal year 1971 Earmarking	Fiscal year 1971 Actual
RESERVED FUNDS						
Local initiative (sec. 221)	314.9	328.9	328.9	328.9	328.9	350.0
Legal services	61.0	61.0	61.0	61.0	58.0	61.1
AMOUNTS SUBJECT TO PRORATION						
Title II:						
Comprehensive health services	114.0	114.0	87.2	69.8	80.0	99.0
Emergency food and medical services	3.5	62.5	47.8	38.2	62.5	45.2
Family planning	25.0	25.0	19.1	15.3	15.0	18.6
Senior opportunities and services	8.0	8.8	6.7	5.4	8.8	8.0
Alcoholic counseling and recovery	2.0	18.0	13.8	11.0	15.0	10.8
Drug rehabilitation	18.0	18.0	13.8	11.0	15.0	12.8
Other title II [1]	117.6	117.6	90.0	72.0	69.0	129.5
Title III-B: Migrant and seasonal farmworkers	38.0	38.0	29.1	23.3	34.0	37.0
Title VI: Administration	18.0	18.0	13.8	11.0	16.0	18.3
Title VII: Community economic development	25.0	58.0	44.4	35.5	58.0	42.0
Title VIII: VISTA	45.0	45.0	34.4	27.5	37.0	36.4
Total	790.0	912.8	790.0	709.9	797.2	868.6
Other		37.2		80.1	100.0	25.8
Total authorization		950.0		790.0	897.2	894.4

[1] Other title II programs and activities (flexible in Director's discretion):

	Fiscal year 1972 proposed	Fiscal year 1971 actual
Training and technical assistance	$13.5	$14.7
State economic opportunity offices	13.0	12.5
Research, development, and evaluation	65.4	83.2
Program support	25.7	19.1
Total	117.6	129.5

We have debated earmarking twice here and in the House of Representatives on successive occasions, and debated and voted on the issue. I understand the administration's position. I might very well take that position myself, if I were in the executive branch. I am sure I would rather have all the money handed over to me as an administrator without any earmarking, and be permitted to spend it on whatever programs I happened to think were the best, without Congress deciding how much money ought to be spent on these programs. But that is not the way I feel as a legislator, and that is not the way the majority in the House of Representatives feels on this matter, nor the majority in the Senate, based upon votes in each House. We feel that we have the right to earmark moneys for certain specific programs upon which we have conducted extensive hearings, on which we have had executive sessions at the subcommittee level and the full committee level, and I think we feel that we are qualified to make certain decisions about what the programs ought to be, and at what levels the programs ought to be funded.

As the distinguished Senator from Ohio knows, the bill provides flexibility in the form of 20 percent transferability in a number of these programs which would total $80 million the first year, and 25 percent transferability, which would total $100 million, the second year. So we have put substantial flexibility into the bill.

Not only do I oppose the administration position personally, as I think the Senate does, but the House conferees are unlikely to accept it, either. We had a very difficult conference disagreement with the House conferees on the 1969 amendments, trying to put the flexibility into the bill which we had put in on the Senate side the last time it was before us. They did not want to go beyond 15 percent flexibility, and we were arguing for 20 and 25 percent flexibility. We got 15 and 20; we could not get 20 and 25 percent. Now we have, in this bill, 20 and 25 percent. So we have gone a distance beyond the position the Congress has taken in the past on flexibility, and quite a distance beyond what the conferees would agree to the last time we had a conference with the House. They did not want any flexibility at all.

So I would hope that the Members of the Senate would not support the elimination of the earmarking of these programs.

The PRESIDING OFFICER. Who yields time?

Mr. TAFT. Mr. President, the only difficulty in the position being taken by the Senator from Wisconsin is that we might agree or not agree on the desirability of earmarking funds. I have sometimes in the past been personally responsible for earmarking certain funds for certain purposes in bills, and I may well be again. I do not object to it as a principle. If Congress feels it wants to earmark in a certain area, fine; Congress will do so.

The problem that arises here, and the problem I have tried to bring out in my remarks on this amendment, and the reason for this amendment, is to avoid the very serious dilemma that is going to result if, as is very likely, the appropriations that are put into this bill are not up to the full authorization that is put into the bill. Under those circumstances, as I pointed out, it means a mandatory reduction in certain programs that are in the research and development field and the mandatory funding of certain other programs. It is not even a pro rata reduction. I do not think a pro rata reduction would make too much sense, either, because it is often a kind of arbitrary thing in its application. The problem as I see it, as I pointed out, is that I do not think it has been dealt with by the Senator from Wisconsin.

Mr. NELSON. Mr. President, in response to the remarks of the Senator from Ohio, I point out that last year $328,900,000 was authorized and appropriated for local initiative programs. That amount was earmarked. It was objected to by the administration at that time, but they spent not only the $328,900,000 but approximately $350 million. Now we are authorizing again $328,900,000, which is the amount authorized last year, less than the amount the administration spent last year. They had no difficulty living with earmarking before—although they objected to it when we enacted it—and in fact put more funds into local initiative than Congress reserved.

The next point to make is that in the earmarking process, except for four items, we earmarked exactly the amount that was requested by the administration in their budget justification.

The President's budget proposes $61 million for Legal Services; that is the President's proposal. We authorized $61 million.

The President requested $114 million for comprehensive health services. The bill earmarks $114 million. However, if the administration decides that they do not want to spend the full amount, they can take 20 percent away and spend it on any other program they wish; and the next fiscal year they can take 25 percent of that away and spend it on any other program.

The family planning budget request is $25 million, requested by the President. Our committee earmarked $25 million. If the administration decides they do not want to spend the full amount, they can take 20 percent of that and spend it on any other program they wish. The next fiscal year, they can take 25 percent.

For the senior opportunities budget, the President requested $8 million. Our committee earmarked $8,800,000. If they do not want to spend the full amount, they can transfer 20 percent this fiscal year and 25 percent next year.

For drug rehabilitation, the budget request was $18 million. The earmarking by our committee is $18 million. The 20-percent transferability this fiscal year applies to that, and 25 percent next year.

For migrant workers, the President's request in the budget was $38 million. We earmarked $38 million, and 20 percent of that is transferable by the administration this fiscal year, and 25 percent next year.

For the VISTA program, the administration requested $45 million. We authorized precisely $45 million. The 20 percent transferability the first year applies to that $45 million, and a 25 percent transferability applies to that money for the next year.

Except for the four programs which we are sustaining at last year's levels, we built our earmarking around the requests made by the administration. Then, recognizing that those judgments might be mistaken—a few dollars one way or the other—and that they might wish to make some adjustments, we put in the 20 percent flexibility for the first year and 25 percent the next year. That means that $80 million can be pulled out of other programs the first year and put wherever the administration wants it.

I think the difficult argument is not going to be whether or not we can justify that 20 or 25 percent on the floor of the Senate. Our problem is going to be whether we can persuade the House conferees to give the administration a flexibility of $80 million in this bill the first year and approaching $100 million the second year.

The PRESIDING OFFICER. Who yields time?

Do both Senators yield back their time?

Mr. TAFT. I yield back the remainder of my time.

Mr. NELSON. I yield back the remainder of my time.

Mr. BYRD of West Virginia. Mr. President, will the Senator from Ohio yield me 1 minute?

Mr. TAFT. I yield.

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. I thank the Senator.

Mr. President, I ask unanimous consent that, upon the disposition of the pending amendment, the Senator from Ohio (Mr. TAFT) be recognized to offer his amendment on prime sponsors; that upon the disposition of that amendment, he be recognized to offer his amendment on child development councils; that upon the disposition of that amendment, he be recognized to offer an amendment on child advocacy; that upon the disposition of that amendment, he be recognized to offer his motion to recommit; that upon the disposition of the motion to recommit, the distinguished Senator from Kentucky (Mr. COOK) be recognized for the purpose of calling up an amendment.

The PRESIDING OFFICER. Is there objection?

Mr. NELSON. Does the Senator from West Virginia intend to dispose of the motion to recommit tonight?

Mr. BYRD of West Virginia. Mr. President, the able manager of the bill has asked whether or not it is the intention to dispose of the motion to recommit tonight. It is not our intention to do so. It would be the hope of the leadership that we could dispose of the remaining amendments today which are to be offered by the distinguished Senator from Ohio (Mr. TAFT). He has three remaining amendments. It is my understanding, after discussing the matter with him, that it is not his intention to utilize the

full time on at least two of the three remaining amendments. It is also my understanding that he does not intend to ask for a rollcall vote on two of the remaining three amendments, which would mean that there would be only one more rollcall vote today after the rollcall vote which is about to occur.

Following the disposition of his amendments, he would then make his motion to recommit, and some time on that motion would probably be utilized tonight, with the understanding that the vote on the motion of the Senator from Ohio (Mr. TAFT), would go over until the morning.

Mr. TAFT. The assistant majority leader has stated it correctly.

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

Mr. TAFT. I yield to the Senator from Wisconsin.

Mr. NELSON. The distinguished Senator from West Virginia has said that the Senator from Ohio would ask for a rollcall vote on one amendment and not on two. Would the Senator inform me which amendment?

Mr. TAFT. At the present time, the intention of the Senator from Ohio is to ask for a rollcall vote on the amendment dealing with child development councils, but not on the amendment dealing with prime sponsorship of child advocacy.

Mr. NELSON. I thank the Senator.

Mr. President, did I yield back the remainder of my time?

The PRESIDING OFFICER. The Chair has not ruled on the yielding back of time in light of the statements of the Senator from Wisconsin and the Senator from Ohio, unless the Senator from Wisconsin now cares to.

Mr. NELSON. I had intended to yield 5 minutes to the Senator from Iowa (Mr. HUGHES). So before I yield back my time, I yield 5 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 5 minutes.

Mr. BYRD of West Virginia. Mr. President, will the Senator from Wisconsin yield me 1 minute prior to the recognition of the Senator from Iowa?

Mr. NELSON. I yield.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent—in order that Senators on both sides of the aisle will be on notice that there will be one more rollcall vote today—that it be in order to order the yeas and nays at this time on the amendment of the Senator from Ohio dealing with child development councils.

The PRESIDING OFFICER. The Chair would indicate that on the previous request of the Senator from West Virginia the Chair did not respond to the Senator from Wisconsin asking a question and it is so ordered without objection at this time.

Mr. TAFT. Mr. President, I ask for the yeas and nays on my amendment dealing with child development councils.

The yeas and nays were ordered.

Mr. HUGHES. Mr. President, I wish to thank the distinguished manager of the bill for yielding in order for me to speak to the particular amendment in question.

My interest in the amendment is the fact that on this particular piece of legislation there is earmarked $18 million for alcoholism programs and $18 million for programs dealing with drugs and narcotics. The administration asked for only $2 million in the OEO for alcoholism, stating that they were transfering the remainder of the programs to the new Institute of Alcoholism in HEW.

In legislation already passed with the distinguished chairman of the Appropriations Committee being here on the floor at the present time, we sought and did get appropriated, if my memory serves me correctly, $50 million for alcoholism, $30 million of which was for grants to individual States and $20 million for project grants.

The programs to be transferred from OEO to HEW, totaled $13 million. This means that for the entire United States there will be only $7 million in new money to cope with the problems of alcoholism unless money is earmarked.

I believe it is absolutely essential that we earmark funds in this particular bill, because without it we will not have adequate funds to deal with this problem, which this body has passed on unanimously, which was funded by the Appropriations Committee of this body, and which the administration has indicated an unwillingness to fund through OEO. So, I feel, as chairman of the subcommittee dealing with the problem of alcoholism and narcotics, this amount of money must be earmarked in this particular bill.

Also, the success of OEO in dealing with the high impact of narcotics addiction in poverty areas is dependent on adequate funding and hearings held in major cities have shown the problems of drug addiction in poverty areas. One of the greatest contributors to delinquency, crime, and poverty is drug addiction. Various Senators now on this floor have seen, heard testimony, and know from personal experience in visiting those areas and the effect that drugs have had on the population. It is my feeling that this amount of money must be included and earmarked for drugs. If not, we would indeed not be doing our duty in line with the recommendations of this body. We would not be meeting the needs of the people in these high impact poverty areas.

For all these reasons, Mr. President, I oppose the pending amendment. It would be to the best interests of our country and the people we serve to see that this amendment is rejected.

I thank the Senator from Wisconsin for yielding to me to make these comments.

Mr. TAFT. Mr. President, I do not care to go into any great detail on the position of the distinguished Senator from Iowa (Mr. HUGHES). I certainly believe that all of us on the committee are deeply concerned with the problem of alcoholism and drug addiction.

The question is whether there should be an earmarking for these programs under the OEO Act to the exclusion of almost any other program, because that is what the effect could be.

I have not yet had answered the question I put to the chairman of the subcommittee some time ago, as to whether it was not a question of the appropriation not coming up but whether this would not result automatically in a cut in research and development and some of these other efforts made to deal with alcoholism and drug addiction, and that there was nothing to exclude OEO under the various programs from accepting a program dealing with alcoholism and drug addiction. It is a question of earmarking one thing to the exclusion of others.

I take some issue with the Senator from Iowa, without having the statistics available at hand, as to the problem of alcoholism and drug addiction being really exclusively or not exclusively intended to be importantly related to a particular income level. There is much evidence with regard to this program that is quite the contrary, that the percentage of youth involved in drugs and alcohol runs the whole gamut of all income levels. What is true of the problem of alcoholism is true of drug addiction. It has a definite relationship to poverty, but more to solving the problems, whether we can really solve them under OEO or under the massive program departments of HEW, or by State and local efforts in this connection, or in the comprehensive and broad, I hope, continuing private efforts to deal with the problem.

The PRESIDING OFFICER (Mr. WEICKER). Do the Senators from Wisconsin and Ohio now yield back their time?

Mr. NELSON. I yield back the remainder of my time.

Mr. TAFT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back the question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT).

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 New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. BIBLE), the Senator from North Dakota (Mr. BURDICK), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Washington (Mr. MAGNUSON), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Montana (Mr. MANSFIELD) are absent on official business.

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK), the Senator from Mississippi (Mr. EASTLAND), the Senator from

Minnesota (Mr. HUMPHREY), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from Washington (Mr. MAGNUSON), would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Colorado (Mr. ALLOTT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Nebraska (Mr. CURTIS), the Senator from New York (Mr. JAVITS), the Senator from Ohio (Mr. SAXBE) and the Senator from Pennsylvania (Mr. SCOTT) are absent on official business.

The Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Idaho (Mr. JORDAN), the Senator from Maine (Mrs. SMITH), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Kentucky (Mr. COOPER), the Senator from South Dakota (Mr. MUNDT) and the Senator from Vermont (Mr. PROUTY) are absent because of illness.

The Senator from Tennessee (Mr. BROCK) is detained on official business.

If present and voting, the Senator from New York (Mr. JAVITS), would vote "nay."

If present and voting, the Senator from Maine (Mrs. SMITH) would vote "yea".

The result was announced—yeas 17, nays 47, as follows:

[No. 216 Leg.]

YEAS—17

Beall	Goldwater	Pearson
Boggs	Griffin	Roth
Buckley	Gurney	Taft
Cook	Hruska	Thurmond
Dole	Miller	Tower
Fannin	Packwood	

NAYS—47

Allen	Hatfield	Pastore
Baker	Hughes	Percy
Bentsen	Inouye	Proxmire
Brooke	Jackson	Randolph
Byrd, Va.	Jordan, N.C.	Ribicoff
Byrd, W. Va.	Kennedy	Schweiker
Cannon	Long	Spong
Case	Mathias	Stennis
Chiles	McClellan	Stevens
Church	McGee	Stevenson
Cranston	McGovern	Symington
Eagleton	McIntyre	Talmadge
Ellender	Metcalf	Tunney
Ervin	Mondale	Weicker
Gambrell	Montoya	Williams
Hart	Nelson	

NOT VOTING—36

Aiken	Dominick	Magnuson
Allott	Eastland	Mansfield
Anderson	Fong	Moss
Bayh	Fulbright	Mundt
Bellmon	Gravel	Muskie
Bennett	Hansen	Pell
Bible	Harris	Prouty
Brock	Hartke	Saxbe
Burdick	Hollings	Scott
Cooper	Humphrey	Smith
Cotton	Javits	Sparkman
Curtis	Jordan, Idaho	Young

So Mr. TAFT's amendment was rejected.

Mr. MONDALE. Mr. President, I commend the distinguished junior Senator from Wisconsin (Mr. NELSON) for his wise and patient leadership in the development of the pending bill.

S. 2007, the Economic Opportunity Amendments of 1971, extends the Economic Opportunity Act of 1964 for 2 years through fiscal year 1973. This extension reflects the national consensus that OEO programs have materially assisted in removing substantial numbers of people from poverty. I believe the programs operated by OEO itself could well use more than the $950 million authorized for fiscal 1972 and for 1973. However, these sums and the earmarking provisions should assure the continuation of a number of effective efforts now underway.

I have long supported OEO's neighborhood health centers, emergency food and medical services, community action programs, alcoholic and drug treatment, family planning, older workers programs, and migrant assistance. I shall turn in a moment to the greater strengthened child development and legal services programs which the bill also includes.

I am pleased to support the bill's expanded and strengthened programs for community economic development and for employment and training of young people. I also welcome the specific authority to offer financial assistance to community-based organizations which will furnish professional design and planning assistance to people in urban and rural poverty areas who want to improve the physical development of their communities.

I am especially proud that the bill incorporates the basic provisions of two bills which I have had the privilege to sponsor, with bipartisan support—S. 1512, the Child Development Act of 1971, and S. 1305, the National Legal Services Corporation Act.

CHILD DEVELOPMENT

The major provisions of S. 1512, the comprehensive child development bill of 1971, are incorporated in section 6 of the pending bill. This section creates a new title V in the Economic Opportunity Act, which expands the existing and highly successful Headstart program. It is designed to meet the rising need of families from all economic levels for quality comprehensive child development services.

Joint hearings of the Subcommittee on Manpower and Poverty and Children and Youth clearly demonstrate that need. Half of all mothers of children under 14, and one-third of all mothers of children under 6, are working today. Yet less than 700,000 licensed day care opportunities are currently available to serve the nearly 6 million preschool children whose mothers work. And the need for child development services is increasing—an additional 1.5 million mothers will enter the work force during the remainder of this decade.

The report to the President by the White House Conference on Children and Youth states:

> To discuss at length whether day care is an economic luxury, a political right, or a social tool ignores the tremendous need for supplementary care which exists today, a need which parents will continue to meet the best they can with whatever resources are available. The question is not whether America "should" have day care, but rather whether the day care which we do have and will have, will be good—good for the child, good for the family, and good for the nation.

Children from all economic backgrounds share the need for developmental day care services while their parents work. In addition, children who live in poverty often need supplemental nutritional services, health care, and learning opportunities if they are to avoid falling hopelessly behind, perpetuating the endless cycle of poverty and despair.

Today there are 3.2 million preschool children from impoverished families, and perhaps as many from families slightly above the poverty line. Too many of these children suffer needless damage in early childhood, damage which schools will attempt to repair in later years at untold cost, and often with little success. Yet existing Headstart programs reach only one-tenth of impoverished preschool children.

Early in his administration, President Nixon called the Nation's attention to the urgent need for expanded child development services. In his economic opportunity message of 1969 he stated:

> So critical is this matter of early growth that we must make a national commitment to provide all American children an opportunity for healthful and stimulating development during the first five years of life.

The committee bill seeks to fulfill this national commitment, and begin to meet the urgent need for expanded quality child development services—a need emphasized by the President, underscored by the White House Conference on Children, and documented in hearings before the Committee on Labor and Public Welfare.

Section 6 contains the basic elements of the Comprehensive Child Development Act of 1971 (S. 1512) which I introduced in April with Senators JAVITS, NELSON, SCHWEIKER, and 28 cosponsors. This bill was developed in large part, through the exhaustive efforts of a broad coalition of organizations interested in child development, including:

> AFL–CIO; Americans for Democratic Action; Americans for Indian Opportunity Action Council; Black Child Development Institute; Committee for Community Affairs; Common Cause; Day Care and Child Development Council of America, Inc.; Friends Committee on National Legislation; Interstate Research Associates; International Ladies Garment Workers Union; League of Women Voters; Leadership Conference on Civil Rights; National Council of Churches; National Council of Negro Women; National Education Association; National League of Cities and U.S. Conference of Mayors; National Organization of Women, president, and vice president for Legislation; National Welfare Rights Organization; United Auto Workers, U.S. Catholic Conference, Family Life Division and Washington Research Project Action Council.

Like Headstart, the new comprehensive program would be administered by the Office of Child Development in the Department of Health, Education, and Welfare. Units of local government, States and nonprofit agencies and organizations would be eligible for prime sponsorship of child development programs.

This bill maintains Headstart's priority on economically disadvantaged children, but also extends child development services to families above the poverty level, especially children of working

mothers and single parents. Families with incomes above the Bureau of Labor Statistics minimum family budget would pay part of the cost for services according to a sliding scale established by the Secretary of HEW.

We need this expanded scope of service for several reasons. The facts I have cited earlier reveal quite clearly that the need for quality day care programs is not exclusively or even primarily felt by the poor. Mothers in all income levels are working and are unable to find the creative day care opportunities their children need and deserve. And testimony indicates that the expansion of services beyond the poverty line—which permits socioeconomic diversity within the programs—makes good educational sense.

As Dr. Edward Ziegler, now Director of the Office of Child Development, testified in 1969 advocating socioeconomic diversity in child development programs stated:

> Another important reason for guaranteeing a good socio-economic mix in Headstart centers is a growing body of evidence that children learn a great deal from one another. The middle-class child does have a number of attributes that the poor child can profitably model. By the same token we often find in poor children particular strength and characteristics worthy of emulation by the middle-class child. We must see to it that Headstart centers are institutions, where our Nation's children, regardless of economic status, can enrich one another.

The bill places priority on preschool programs continues, but also authorizes infant care and before and after school services for children in school, as well as prenatal services and child development training for parents and prospective parents.

The committee bill reflects our belief that quality, developmental programs must be firmly grounded on four essential and interrelated principles.

First, we believe parents must have an integral role in planning and operating child development programs affecting their children. The most recent Headstart guidelines, published in August of 1970, support this conclusion:

> The success of Head Start in bringing about substantial changes demands the fullest involvement of the parent, parental-substitutes, and families enrolled in its program. This involvement begins when a Head Start program begins and should gain vigor and vitality as planning and activities go forward.

Closely paralleling the structure established in the Headstart guidelines, the committee bill requires each prime sponsor of child development programs, and each child development project, to establish a committee at least half composed of parent representatives to approve policy decisions and actions.

The second fundamental ingredient in our approach, and one which is closely related to our concern for parental involvement, is the principle of local control. The committee bill places priority on prime sponsorship by local governmental units, whenever it is administratively feasible.

The committee considered and rejected a proposal to limit prime sponsorship to States and cities of over 100,000 persons. We felt that the necessity of making programs responsive to parents and local communities far outweigh any considerations of administrative convenience, to HEW which might result from limiting prime sponsorship to States and large cities.

Although we rejected a population limitation on prime sponsorship, the committee bill does include requirements that prime sponsor applicants must provide assurances: First, of a capacity to enter into necessary linkage arrangements with related health, education, nutrition and social service programs, and; second, that prime administrative expenses of its Child Development Council will not exceed 5 percent of the total cost of programs it administered.

The committee bill attempts to assure balanced and cooperative participants of State and local governments, with primary responsibility for training and programs coordination resting with the State, and priority for program operation resting with units of local government.

The primary role of the States is to provide training, technical assistance, coordination, and experimentation resources for programs within their borders and 5 percent of the funds allotted for grants in each State is reserved for this purpose. In addition, the Governor of each State, or his designee, is asked to comment on all prime sponsorship applications from within the State, and for areas for which a locality has not qualified to serve as prime sponsor, or has not applied, States may become prime sponsors of child development programs.

The third major element in our proposal concerns the availability of child development services to children from all income levels. The committee bill reserves two-thirds of the funds for services, without charge, to children from families with incomes below the Bureau of Labor Statistics' lower family budget—adjusted for regional and metropolitan, urban and rural differences and for family size. Up to one-third of the funds are available to provide services to children from families with incomes above that level who would pay part of the cost, according to ability to pay on a sliding scale to be established by the Secretary of HEW.

Mr. President, I ask unanimous consent that the BLS lower family budget for a family of four in an urban metropolitan environment be printed at this point in my remarks.

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

Food	$1,905
Housing	1,420
Transportation	505
Clothing and personal care items	807
Medical care, hospital insurance	562
Other family consumption:	
Recreation, school expenses, tobacco, miscellaneous items	345
Contributions, gifts	165
Life insurance	120
Occupational expenses	58
Social security	345
Personal taxes	719
Total	6,960

Mr. MONDALE. Mr. President, families below this level, as adjusted for regional, and metropolitan, urban and rural differences, and family size, cannot afford significant additional expenditures for child care. The committee rejected an effort to reduce the level at which free services are provided, on the grounds that this would effectively bar many working families from participating by imposing fees on those who cannot afford them and by raising fees all along the sliding scale. We feared that such a change would have the effect of limiting these child development programs to children of the very wealthy and the very poor.

Our fourth and most basic requirement concerns program quality. The committee bill requires that child development programs must, in fact, be developmental—centered on the needs of the child—and not simply custodial in nature.

This requirement is not just rhetoric. It reflects the experiences and findings of many countries; that purely custodial day care is not simply a neutral experience for children, but often a damaging one.

The report of the White House Conference on Children made this point well:

> Quality services geared to the needs and abilities of each child can be an enormously constructive influence. But a poorly funded program, where children are left with few challenging activities and have little relationship to or guidance from adults, can seriously jeopardize development.

The committee report emphasizes that "programs which do not provide developmental services may in fact have a stunting effect on the intellectual and emotional growth of the child."

We cannot afford to overlook or downplay the significance of these findings. As increasing numbers of children from all backgrounds enter child care programs in the next few years, failure to provide quality services could have truly tragic consequences for the Nation as a whole. But sensitive and comprehensive child development services can enrich the lives of millions of children and their families. The committee bill is a thoughtful and well-considered beginning toward making those services available.

I sincerely hope it receives the support of the Senate and the House, and adequate funding, so that the dream of the recent White House Conference on Children—reflected in the fact that the delegates of the Conference voted developmental day care as their first priority—can become a reality.

Mr. President, I ask unanimous consent that an editorial entitled "A New Chance for Children," published in the Washington Post of August 4, 1971, be inserted at the close of my remarks.

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

(See exhibit 1.)

NATIONAL LEGAL SERVICES CORPORATION

Mr. MONDALE. Mr. President, title IX of S. 2007 establishes a private, nonprofit National Legal Services Corporation to carry out the activities of the present legal services program now administered by OEO. Funded by Congress, the Corporation will be authorized to make grants and contracts to provide

comprehensive legal services and assistance to low-income persons.

The Corporation will be administered by a 15-member board of directors. One director will be appointed by the Chief Justice of the United States after consultation with the Judicial Conference of the United States.

Nine directors will be appointed by the President with the advice and consent of the Senate in the following manner:

Four directors shall be appointed as representatives of the general public.

Three Directors shall be appointed solely from a list of 10 persons submitted by the Clients Advisory Council—established by the legislation—and the list shall consist of persons eligible for assistance under the act.

Two directors shall be appointed solely from a list of 10 persons submitted by the Project Attorneys Advisory Council—established by the legislation.

Five directors or their designees will serve on the Board by virtue of their office: The president of the American Bar Association; president of the National Bar Association; president of the American Trial Lawyers Association; president of the Association of American Law Schools; and the president of the National Legal Aid and Defender Association.

The Corporation is authorized to provide financial assistance to qualified programs furnishing legal services; to carry out research, training, technical assistance, experimental education programs; and to assist disadvantaged persons in obtaining a legal education.

Title IX represents a fair and reasonable compromise between the two bills calling for a private corporation to administer legal services: S. 1305, introduced by a broad bipartisan coalition in both the Senate and the House, and S. 1769, the administration bill. It is a compromise which adapts certain features of the administration bill, while preserving the Corporation's integrity and independence from political attack.

On the crucial issue of the composition of the Corporation's Board of Directors, the committee's bill strikes a balance between the approaches taken by S. 1305 and the administration bill. S. 1305 called for a 19-member Board, with five members appointed by the President; the administration's bill proposed an 11-member Board, all of whom would be appointed by the President.

The committee approved a 15-member Board, with nine members being appointed by the President. While five of these Presidential appointments must come from lists submitted by the Clients Advisory Council and the Project Attorneys Advisory Council, the President will, nevertheless, have the final say in choosing particular individuals from these lists.

In other important areas, the committee adopted certain concepts advocated by the administration. For example, activities of Legal Services attorneys will be governed by guidelines issued by the corporation—consistent with professional ethical obligations—in the areas of legislative advocacy, appeals, criminal representation, and the outside practice of law. Furthermore, these lawyers will be prohibited from engaging in partisan political activities in their capacity as legal services attorneys.

The committee also adopted the user's fee called for in the administration's bill. Title IX requires the Corporation to establish a graduated fee schedule for clients able to pay some portion of the cost of service whose income is over the poverty level.

The fact that the committee was able to reach agreement on this legislation—and the fact that title IX is strongly supported by both Republican and Democratic members of the committee—clearly demonstrates that legal services is not a partisan issue.

This type of bipartisan support is based on the recognition that free and open access to the legal system is not a matter of partisan politics. And when this access has been challenged, support for the legal services program has cut across party and ideological lines.

Despite the strong support Legal Services has enjoyed in the past—not only in Congress, but also from the organized bar and client groups—the time has come to insulate this program from harmful political pressures. For as a result of these pressures, the provision of legal services has become an issue to be considered politically at every level of government. The poor are beginning to surmise that this program—in which they have developed such great confidence—will be subjected to a political litmus test.

Most of the opposition to the program has arisen because of the so-called law reform cases which these attorneys have won. The program's critics somehow consider these cases a form of legal agitation.

But the landmark cases won by Legal Services lawyers were based on real problems experienced by individual clients seeking legal assistance. When a California court prevented the Governor of California from drastically reducing payments under the State's medicaid program, it did so because a CRLA lawyer was pressing the legitimate claim of his client—a man unable to obtain a badly needed operation without medicaid.

In all of these cases, legal services attorneys were merely fulfilling the clear mandates of their profession. Canon 7 of the code of professional responsibility states that "A lawyer should represent a client zealously within the bounds of the law." Ethical consideration 7–1 elaborates on this canon in the following manner:

> The duty of a lawyer, both to his client and to the legal system, is to represent his client zealously within the bounds of the law, which includes Disciplinary Rules and enforceable professional regulations. The professional responsibility of a lawyer derives from his membership in a profession which has the duty of assisting members of the public to secure and protect available legal rights and benefits. In our government of laws and not of men, each member of our society is entitled to have his conduct judged and regulated in accordance with the law; to seek any lawful objective through legally permissible means; and to present for adjudication any lawful claim, issue or defense.

In light of these ethical requirements, a legal-services attorney—like any other lawyer—cannot stop and weigh the political consequences of contemplated legal action. But those who have attempted to curtail this program are not overly concerned with the ethics of the legal profession.

Despite the impressive accomplishments of legal services, there can be no doubt that constant political interference has taken its toll. For once political pressure is apparent, legal services attorneys inevitably begin to consider the consequences of bringing certain types of legal actions.

There are many kinds of reprisals against a program whose attorneys are considered too aggressive in representing their clients. The next grant can be vetoed by the Governor; debilitating restrictions can be placed on the grant; and the program's funds can be reduced by cautious officials unwilling to offend powerful local interests.

These are serious and substantial fears—which many attorneys in the field have experienced at one time or another. And even if these fears do not materialize, the perception of pressure and reprisals can hamper an attorney's ability to fully and effectively represent his client.

While the legal services program has survived past attacks on its independence, its integrity, and its capacity to provide full legal representation to the poor, each challenge has drained the program's energy and diverted its resources. As long as the program remains vulnerable to political attack or manipulation, the damage will grow worse until it could be fatal.

That is why the committee concluded that a new structure for legal services was necessary—a structure which would insure the program's independence and which would insure that its attorneys would be able to represent their clients as required by the mandates of the legal profession.

These mandates reflect the fact that our system of justice is based on the adversary process, which in turn depends upon effective advocacy. A dilution of the lawyer's independence threatens this adversary process. As former Chief Justice Warren has stated:

> A right without an advocate is as useless as a blueprint without a builder or materials.

No attorney can meet his professional responsibilities to a client if there are outside restraints on the types of cases in which he can participate or the kinds of issues he can raise. No large corporation would tolerate outside interference with their retained attorneys. Certainly the poor should not be expected to tolerate such interference.

The National Legal Services Corporation will do far more, however, than protect the professional integrity of Legal Services attorneys. It will help protect the integrity of our entire system of government.

Under our system, the courts are the forum of last redress. We understand, as a people, that we must respect the supremacy of law—and the inviolability of recourse to the courts for those who

are disenfranchised and for those who have been dealt with unfairly and arbitrarily.

In this decade, it is a singularly small but visible effort which has come to symbolize the possibility of a new period of maturity, of conscience, of self assurance, for our Nation—the legal services program.

I believe that our Government has reached the point where it can admit that it is capable of error, that it no longer need claim infallibility or hide behind sovereign immunity. We are ready to set up mechanisms whereby the people can hold the Government accountable—not only every 2 or 4 years—but can challenge individual acts and specific policies as contrary to law.

This is the genius and historic significance of the legal services program—that a government can offer to the powerless the opportunity and the resources needed to challenge improper acts by both private and public bodies.

If the poor and the powerless do not have free access to our legal system, government by law is a failure.

The creation of a National Legal Services Corporation is designed to insure that access. In this basic respect, it represents a traditional and time-honored means of achieving orderly change.

EXHIBIT 1

A NEW CHANCE FOR CHILDREN

There is no way of figuring the United States Congress. Sometimes they take their own sweet time over major social legislation. The passage of Medicare took a whole generation of pressure, debate and publicity. At other times the wheels of change turn quickly and almost silently. We may witness this second phenomenon in the current session if—as now seems at least possible—Congress passes a Comprehensive Child Development Act. This piece of legislation could be as important a breakthrough for the young as Medicare was for the old.

The Senate Committee on Labor and Public Welfare has reported, as a new title of the Economic Opportunity Act, a Comprehensive Child Development Bill, sponsored by Senator Mondale and 29 of his colleagues from both sides of the aisle. A somewhat similar bill is being shepherded along on the House side by Congressmen Brademas and Reid.

The Mondale Bill would provide federal funds for locally administered child development programs of an extremely comprehensive sort. The emphasis would be on child development centers for preschool children, which would be much more than day care centers. They would aim to provide a stimulating educational experience, as well as health services and attention to nutrition. Funds could also be used for infant care, after-school activities for older children, parent education programs and a variety of other activities. Parents would have a strong voice in the decision-making process through a series of local child development councils. Priority would be given to low income groups, but this is not just a program for welfare families. Services would be extended to all children, with special emphasis on children of working mothers and single parents. Families with incomes above a certain level would pay part of the cost.

Although some details might be improved, it is our view that the Mondale Bill embodies a highly constructive new approach to the well-being of children. It gets away from the dismal question of whether mothers participation would be voluntary—and recognizes the fact that millions of mothers should be forced to work—of course not, do work and more would like to if they could only make satisfactory arrangements for their children.

As every working mother knows, unless she is lucky enough to have a trusted relative down the street, it is almost impossible to find a good child care setup in most communities at any price. All-day programs for preschool children, even where available, are usually dreary, under-staffed, custodial arrangements that promise little more than to keep the child from physical harm, if that. Good nursery schools provide intellectual stimulation and creative play programs, but the private ones are expensive, the public ones are usually restricted to the very poor, and hardly any are geared to the needs of working mothers. Most nursery schools operate three to six hours a day, send the child home if he has a sniffle and close down for the whole summer. Even when the child reaches school age the average working mother is constantly worrying over makeshift arrangements for coping with after-school hours, illness and the long vacations. Those nice pictures of children learning and playing happily and safely while their mothers work will always seem to be taken in Scandinavia or Israel or Eastern Europe.

The Comprehensive Child Development Bill is a recognition that good child-care arrangements are not just a concern of the poor, but of vast numbers of middle-income families. Indeed, the main reason why "day care" has such a dismal image and such inadequate support may be that it has mistakenly been regarded as just "something for the poor." A law giving the non-poor a stake in good public programs may be needed to break out of the current mold. It could also provide an opportunity for mixing children from different economic and racial groups and for genuine cooperation among diverse groups of parents. Bringing in the non-poor does not have to mean that services are free to everybody. One can have a sliding scale of fees for those who can afford them.

But the most important thing about this bill is that it is not a day-care bill; it is a child-development bill. It is not primarily intended to free mothers to work, but to provide comprehensive development services for children, whether their mothers work or not. This shift of emphasis to the child and his well-being may be the bill's most important feature. Day care of the custodial variety is probably not a good national investment even in the strict economic sense. But there is accumulating evidence that the early years of life are crucial—that stimulating the natural curiosity of children and developing their creativity and self-confidence can make a vital difference. This bill just might provide a vehicle for a new national effort to make childhood livable.

Mr. TUNNEY. Mr. President, the Congress of the United States has gone on record in full support of the Economic Opportunity programs year after year since we passed the original Economic Opportunity Act in 1964. S. 2007, extending, expanding that commitment for 2 more years, has my full support and will today, I hope, gain the support of the full Senate.

Our commitment to fighting poverty has meant nearly $12 billion over 7 years devoted to the basic strategy of providing services—legal services, child development services such as Headstart, and manpower training and economic assistance services—to enable the poor to join the mainstream of American society. It has meant innovation in the way we approach the problem of helping millions of poor people lift themselves out of the environment of poverty. Finally, it has made us aware of the toughness of the task and stimulated a constant stream of constructive responses from all sectors of our society. Poverty has been there all the time. In the past it was ignored but certainly one of the greatest results of the Economic Opportunity Act is that now a substantial proportion of our population is aware of the dimensions of the problem.

Today, we are considering the 1971 amendments to the Economic Opportunity Act that will continue that tradition of commitment, innovation, and the seeking of constructive answers. S. 2007 will provide for the continuation of the programs already authorized under the Economic Opportunity Act of 1964, upgrade several existing activities, and add new authorities to strengthen our efforts to eliminate poverty in this country.

The fight against poverty must go hand-in-hand with a healthy economy. Census statistics indicate that the number of people below the poverty level dropped a consistent 4 percent or more over the 10 years between 1959 and 1969, but unfortunately the most recent figures show the first increase in a decade. This increase in the number of poor to 25.5 million in 1970 can be attributed to the economic decline that began in 1969 and the massive unemployment that has resulted. Again and again, the committee report points out the special importance of jobs in the programs to eliminate poverty. When an economic decline sets in and that vital underpinning of employment is lacking, poverty programs must almost go it alone. In light of these facts, I am especially pleased that the Labor and Public Welfare Committee of the Senate has acted so quickly to provide continuing support for our antipoverty effort. Also, the committee is to be commended for its regard for the problems of the "near poor" of this country—those who hold jobs and have an income slightly above the poverty level of $3,970 for a family of four. This also sets a new standard for comprehensiveness in the consideration of poverty programs. These are the people who might very well fall below the poverty level if they lose their jobs during this period of high unemployment.

The Economic Opportunity Amendments of 1971 first provide for the 2-year extension of the full range of Economic Opportunity programs. This was the basic proposal that the committee worked with and has reported to us. This 2-year extension is strengthened by a legislative assurance of a period of stability for OEO programs. S. 2007 specifically directs that, during fiscal years 1972 and 1973, there shall be no new transfers or delegations of programs administered by OEO unless such changes are enacted by Congress.

The existing programs that are extended in this act are: first, all the manpower training provisions, including Job Corps, the concentrated employment program, Operation Mainstream, and

others; second, all the local initiative community action programs such as Headstart, Comprehensive Health Services, Emergency Food and Medical Services, and the drug rehabilitation program; and third, VISTA. These are the programs that, together with legal services proposed as a separate corporation, reach some 11 million of the poor each year. They form the heart of the antipoverty program and have proved their effectiveness as they have matured over the past 7 years.

In extending these programs for 2 more years, this act makes some changes in the way they will operate that will hopefully produce both flexibility and responsiveness to local needs. The Director of OEO is authorized to transfer a larger percentage of funds between programs—from 15 to 20 percent in fiscal 1972 and 25 percent in fiscal 1973, in order to give him the leeway to concentrate resources where they can be most productive. Second, community action boards, the fundamental mechanism of the antipoverty effort, are given a chance to use the services of members who have served long enough to gain experience and maturity in operating the programs. The existing law's limitation on the length of time a person may serve on a community action board is increased from 6 to 12 years.

S. 2007 also improves on the existing set of programs by adding two new programs, and expanding aid to Puerto Rico and outlying territories. Under the Community Action title of the Economic Opportunity Act, a new program for designing and planning assistance grants and another for youth recreation and sports are added. These improvements along with the renewed emphasis S. 2007 puts on the Neighborhood Youth Corps program should go a long way in upgrading programs that have proved their effectiveness over the past few years despite continued controversy.

The second major group of provisions in this bill is the establishment of new initiatives: First, a new, independent National Legal Services Corporation; second, an integrated community economic development program; and, third, a comprehensive child development program.

As I pointed out earlier, one of the traditions of Congressional action on the Economic Opportunity Act has been innovation and the incorporation of new proposals into the basic structure of OEO and the programs it has originated. By establishing an independent national corporation to help in the provision of legal services to the poor, we, in Congress, will be assuring that poor people in this country receive necessary legal representation, advice, and education without the interference of politics.

The legal service program as it has developed under OEO has grown to a position where the program will provide assistance in well over 1 million cases next year. Nearly 1,000 offices and 2,000 attorneys help insure that lack of income will not mean that justice cannot be served. This program has operated with other OEO programs in providing legal services that have resulted in an increased voice for the poor and movement toward the goal of peaceful change through the system.

Unfortunately, political controversy and indignation stirred by the program's challenges to the established way of doing things have brought political and sometimes administrative interference. This interference has too often resulted in limitations on legal services and a lack of attention to the voices of the poor and their attorneys in setting policy.

The provisions which establish a separate, nonprofit legal services corporation with funding of $61 million are a positive step to remedy this situation. This bill incorporates most of the major provisions and the basic concept of the bill that I cosponsored with Mr. MONDALE. Representation of those eligible for assistance and legal services attorneys on the board of directors is specifically insured. Within guidelines established by the corporation, legal services attorneys will be able to handle some criminal cases. And most important, the President alone will not have the sole responsibility for appointment of the board of directors. He will choose a majority of the presidentially appointed members from lists of nominees submitted by groups representing clients and legal services lawyers. Adequate, but not over-restrictive limitations are also placed on the operations of the program which will enable lawyers to represent the interests of their clients as fully as they would in a private relationship.

S. 2007 also establishes a new community economic development program. This consolidates the special impact and rural loan programs that are currently operating in OEO, expands authorization, and provides for grants as well as loans to rural cooperatives. The provision for $58 million for this new program is more than double the administration request in this area and gives it enough money to carry out its purpose of concentrating enough resources in one community to significantly increase chances for economic development. Programs in this area have been operated in six communities over the last 4 years and the principles of involving the private sector while affording poverty area residents an opportunity for self-help and self-determination have been developed and tested. The Community Development Corporation that implements this program provides the ideal instrument for managing long-delayed development in poverty areas and linking the private financial world with the poor community.

Title V, the comprehensive child development program is a fine example of the progress we have made since the early days of OEO. The urgent needs of the young child for health care, proper nutrition, and a stimulating educational environment have now been nationally recognized. The accomplishments of Project Headstart have made it clear that a strengthened and expanded child development program is both necessary and feasible.

Headstart currently reaches only about one-tenth of the poor children who could benefit from early child development programs. Six million preschool children of working mothers need quality child care, but less than 700,000 can presently be served licensed day-care centers. Research results indicate that the years before age 6 are crucial to the later realization of one's full potential for cognitive, emotional, and physical growth. Clearly, there is a need for more and better child care in this country.

Title V speaks to this need in a thoughtful, compassionate, and effective manner. It would focus on the needs of the child, with emphasis on local control and parent participation. Prime sponsors would be required to provide a full range of services designed to respond to each child's developmental requirements. Two-thirds of the funds authorized would be reserved for programs for children from families with incomes below the Department of Labor's minimum living standard. Up to one-third would be available for other children on a sliding scale fee basis. Funds would be set aside to provide: First, model programs for the economically disadvantaged, minority groups, or bilingual preschool children; second, year-round programs for children of migrant workers; third, programs serving Federal and State Indian reservations; fourth, special services for the handicapped; fifth, model programs in the Federal Government, and sixth, demonstration projects in child advocacy.

One hundred million dollars would be available in fiscal 1972 for training planning and technical assistance, and $2 billion in fiscal 1973 for the expansion and operation of child development programs. This would allow for the continuation of Headstart programs through 1972 and would insure a smooth transition to the new prime sponsorship system in fiscal 1973. The continued funding of existing Headstart programs would be given priority so long as they provide effective service.

Questions have been raised concerning the advisability of extending the right of prime sponsorship to all localities regardless of their size. The committee has concluded, however, that "prime sponsorship mechanisms must be designed to promote effectiveness of individual programs rather than the administrative case of the Federal Government." This conclusion is well justified in the light of the Headstart experience, for much of Headstart's success was the result of the great involvement and commitment inspired by control at the local level.

Other critics of title V contend that a new program of child development should be considered on its own merits rather than in the context of the OEO extension. I would suggest, however, that our approach to the problems of poverty already suffers from procrastination and excessive fragmentation. During the past 2 years extensive hearings have been held on early child development in the Senate. Further delay would serve no useful purpose. Title V is the logical outgrowth of Headstart which has been an integral and essential part of the anti-

poverty program, and as such should be considered in this context.

The needs of the Nation's preschool children would be well-served by the bold and imaginative programs proposed under title V, and I would urge unqualified support of this vital new approach to comprehensive child development programs.

I have become very concerned with cries from California's community action programs. Some have been told of discontinued funding due to administration threats to OEO. One case in particular, but indicative of many, threatens senior citizens Meals - on - Wheels program which means many will have to go to nursing homes or State hospitals to receive the services which have been continuously provided by emergency food and medical services program of OEO. Surely, the administration has overlooked this unfortunate, and indeed more mostly consequence of the phaseout of EFMS in favor of food stamps and commodity distribution. I firmly support the authorization of $62,500,000 for emergency food and medical services. The use of food stamps does not make up for the services of the emergency foods which provides transportation, counseling and health and nutrition programs.

EFMS provides consistent contact with the poor that no food stamp office could provide. It certainly costs less to keep a child healthy than to treat his illness. Surveys such as that Senator Hollings has released shows malnutrition-caused growth retardation with the highest percent among Mexican-American children. How can the administration purposely cover these facts in order to justify cutbacks when three times the present funds are needed to reach all the Nation's poor? We should not substitute for community action agencies like emergency foods, but instead should supplement them. These programs have been peoples' only hope for a worthwhile and independent survival. The present world may otherwise overlook even their most basic needs of health and some degree of dignity by putting them away to be taken care of in institutions. Mere food stamps cannot provide the services fostering independence and sense of self-worth that community action programs are now doing.

Whereas, such programs as legal services contribute to individual dignity, and rights, the primary needs of food and health should have the highest attention—for without health, little else matters. I strongly support the continuation of the Emergency Food and Medical Services program.

The third major group of provisions in the Economic Opportunity Amendments of 1971 accomplish the task of making certain that funds available to OEO reach individuals, areas, and problems that are judged to deserve special attention and guarantee the continuation of programs meeting vital needs. By "earmarking" funds for each set of programs, the bill has set relative priorities within the total authorization and guaranteed the necessary support for each of the Economic Opportunity programs. Some critics have charged that this earmarking provision will create problems if appropriations are less than the full amounts authorized. But I feel that the bill contains more than enough flexibility to enable the agency to comply with the pattern of earmarking. This procedure is a necessary method for assuring that administrative decisions do not interfere with the priorities set by Congress, such as the Migrant programs or Emergency Food and Medical Services so important in my home State of California.

The act's funding authorizations for programs under the Economic Opportunity Act total $2,950 million, a significant advance over the stable funding of $2 billion over the past few years. The authorizations for fiscal 1972 are basically divided into three parts: $950 million going to the community action programs, Legal Services, VISTA, Migrant programs and Community Economic Development; $1,400 million for manpower training programs, with a specific $500 million authorized for expansion of the Neighborhood Youth Corps program; and $600 million authorized for child development, including Headstart.

I hope that the Senate today will approve this renewed commitment to eliminating poverty.

EXTENSION OF THE ECONOMIC OPPORTUNITY ACT; A RENEWED AND EXPANDED ATTACK ON POVERTY

Mr. CRANSTON. Mr. President, in the years 1959 through 1970, the numbers of persons living in poverty in our Nation decreased at an average of 5 percent per year. Last year, for the first time in a decade, this record of progress was reversed. Last year, the number of persons living in poverty increased by 5 percent.

In 1970 there were 25.5 million poor people in our Nation—13 percent of our population—as well as an estimated 22 million "near poor" with incomes 1 to 50 percent above the arbitrary poverty line but still far below the Labor Department's minimum urban family budget level: a total of 47.5 million people.

It is in this context that we must consider today S. 2007, a bill for the continuation of programs and appropriations authorized under the Economic Opportunity Act of 1964, as amended.

Before discussing S. 2007 further, however, I would like first to congratulate the distinguished Senator from Wisconsin (Mr. NELSON) for his vigorous efforts in the development of this important legislation. As chairman of the Subcommittee on Employment, Manpower and Poverty, on which I serve, of the Labor and Public Welfare Committee, Senator NELSON has worked long and hard throughout this first session of the 92d Congress with a determination that the bill to extend the Economic Opportunity Act would reach the floor of the Senate before the August recess. The fruit of his efforts is, I firmly believe, one of the most important legislative measures we will be considering during this session of Congress.

S. 2007, as reported from committee, is much more than an extension of the Economic Opportunity Act of 1964. It includes a new title IX, incorporating the National Legal Services Corporation proposal, a modification of S. 1305, the proposed National Legal Services Corporation Act. I was privileged to join as a principal sponsor of this legislation with the Senator from Minnesota (Mr. MONDALE), and the Senator from Ohio (Mr. TAFT) and a bipartisan group of our colleagues.

S. 2007 includes, too, in a new title V, a modification of S. 1512 the proposed "Comprehensive Child Development Act," which I also cosponsored with Senators MONDALE and NELSON and the Senators from New York (Mr. JAVITS) and Pennsylvania (Mr. SCHWEIKER) and others, and combines the existing title I–D special impact program and the OEO rural loans program into a new title VII—Community Economic Development. I was pleased to cosponsor with the Senator from Massachusetts (Mr. KENNEDY) and Senator JAVITS the amendment offered in subcommittee which resulted in this important revision and expansion of the Economy Opportunity Act.

It is obvious from the foregoing that in addition to the outstanding leadership of Chairman NELSON, this bill has been the subject of extensive bipartisan cooperation and has benefited greatly from individual contributions of a number of Senators. Foremost among those contributions is the highly effective work of my good friend and colleague from Minnesota (Mr. MONDALE) with whom I have been honored to join in sponsoring and shaping the two major provisions of the bill—the National Legal Services Corporation and the Comprehensive Child Development programs. Were it not for the enormous skill, insight, persistence, and compassion of the Senator from Minnesota (Mr. MONDALE) we would have before us a far less comprehensive and, in my view, far less desirable bill in terms of serving the needs of the poor and the others we intend to benefit through these programs. The Nation owes a substantial debt of gratitude to the able and dedicated senior Senator from Minnesota.

We were joined in a bipartisan spirit in working out much of the detail of the Legal Services Corporation title by the junior Senator from Ohio (Mr. TAFT) who is a highly effective and dedicated advocate of the legal services program and who, as an excellent attorney himself, has brought to our deliberations a firm recognition of and commitment to the essentiality of protecting the integrity of the attorney-client relationship and the need to remove legal services from political control or interference.

Finally, I want to note the most substantial efforts on behalf of the whole bill by the new ranking minority member of the subcommittee, the Senator from Pennsylvania (Mr. SCHWEIKER) and the ranking minority member of the full committee (Mr. JAVITS). They have continued in this legislation the bipartisan approach they bring to all measures before our committee and have cooperated on numerous occasions to improve and expedite these proposals. Senator SCHWEIKER has been a staunch defender

of the rights and interests of the poor and disadvantaged who are the principal targets of our efforts on the Employment, Manpower, and Poverty Subcommittee. And I want also to pay my respects to the chairman of the full Labor and Public Welfare Committee, the Senator from New Jersey (Mr. WILLIAMS), for his devotion and contributions to this legislation and for his cooperation in scheduling such prompt full committee consideration of S. 2007.

In addition to the three major new titles—XV, VII, and IX—in the act, I am pleased that several amendments which I introduced in subcommittee and full committee were added to the bill by my colleagues. These are section 9 of the bill adding sections 226—design and planning assistance—and 227 to title II, part B of the act—relating to financial assistance for community actions programs and related activities—parts D and E of the Child Development title V—relating to research and development and national child advocacy projects—so much of part A of that title—sections 514 and 516(a) (2) through (5)—as relate to the composition, role method of selection and functions of child development councils and project policy committees and to uses of funds for special Headstart continuation programs—and the inclusion post partum medical services—including family planning information—for new mothers—section 512(a) (H) and (N); and the increase in appropriations authorization to $100 million for the fiscal year 1972 transitional period.

The new section 226 provides for financial assistance to programs conducted by nonprofit community-based design and planning organizations—such as community design centers—which provide technical assistance to low-income groups in overall community planning and development. Section 227 provides for an annual youth recreation and sports program, concentrated in the summer months and continued throughout the year, affording valuable contact between disadvantaged youth and collegiate athletes in the environment of a university community.

Prototypes of both these sections have formerly been funded through OEO's research and demonstration programs—section 232—authority. Together they raise the important question of what should happen to successful demonstration programs, once they have proven their effectiveness, when local resources are not adequate to assume the full financial responsibility. The committee, by adopting these amendments, endorsed the notion that these programs should be carried on, improved and expanded, not discontinued—the unfortunate prescription offered by OEO.

Now, I would like to discuss each of these provisions in more detail, and mention, too, other aspects of S. 2007 which I think deserve my colleagues' special attention.

NATIONAL LEGAL SERVICES CORPORATION

Mr. President, last March, when a bipartisan group of 23—now 29—Senators joined in introducing S. 1305, I expressed my belief that the legal services program, by providing the poor with some of the vital tools they need to help themselves, has been one of the most productive of all war on poverty programs. I also expressed my strong feeling that the integrity of the adversary system of justice in the United States, and indeed, of the attorney-client relationship, requires that the performance and provision of legal services be free from the political interferences which have plagued the OEO legal services program in the past 2 years.

The attempts to destroy what has been commonly considered the most effective legal services operation in the Nation, the California Rural Legal Assistance program, is the clearest and most tragic illustration of the kind of political gamesmanship to which I refer. The trials and tribulations of CRLA over the last 6 months—despite the fact that it has finally been fully refunded, have convinced me and many of my colleagues that the legal services effort cannot survive unless it is insulated from partisan politics. To illustrate this, I ask unanimous consent, Mr. President, that there be set forth in the RECORD at the conclusion of my remarks my July 8 speech before the young lawyers section of the American Bar Association Convention.

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

(See exhibit 1.)

Mr. CRANSTON. We must not forget, Mr. President, in the euphoria of achieving substantial justice and total vindication for CRLA that in the 6-month process of vacillation and political maneuver, attack and counterattack, as the program was squeezed between President Nixon and Governor Reagan, millions of dollars intended for the poor were wasted and CRLA was often, of necessity in fighting for its life, sidetracked from its purpose of providing legal assistance and advocacy for California's rural poor.

I am particularly pleased that the National Legal Services Corporation provision in section 8(a) of S. 2007 incorporates most of S. 1305 as introduced last March 19. It provides for a nonprofit corporation which will not be an agency of the Federal Government, and which, until incorporation, will operate under the trusteeship of the presidents of the American Bar Association, the National Legal Aid and Defender Association, the American Association of Law Schools, the American Trial Lawyers Association, and the National Bar Association. After incorporation, the program would be carried out under a 15-member board of directors comprised of five public members—four appointed by the President, with the advice and consent of the Senate and one appointed by the Chief Justice—five organizational members—representing the presidents of the American Bar Association—the National Legal Aid and Defenders Association, the American Association of Law Schools, the American Trial Lawyers Association, and the National Bar Association—and five clients' and attorneys' representatives—three representing the Clients Advisory Council, selected by the President from a list of 10 names submitted by the Clients Advisory Council, and two members representing legal services attorneys, selected by the President from a list of 10 names submitted by the Project Attorneys Advisory Council. In addition, the executive director of the corporation would be a nonvoting director.

The list of names would be submitted by each Council on an annual basis for the President to make his nominations for the Board.

The question of the composition of the Board is at once the most important as well as potentially controversial of all the legal services issues under the new title IX. It is an issue on which, I believe, there is no further room for significant compromise. The entire principal behind the new corporation—of insulating legal services from politics—is tied up with how the Board is composed and who controls it.

I fervently believe, and I know that Senators NELSON and MONDALE join me in this belief, that the Board must not be controlled by any politician or political interests. The President has sought to have the committee give him control of a majority, indeed all members, of the Board subject to Senate confirmation. Opposition to that position is an absolutely gut issue for me.

Giving the President that kind of control over the Directors of the Board seriously threatens to dump the legal services program right back in the mainstream of political pressures and strains. I thus wish to make perfectly clear my view that if appointment of a majority of the Board is ever placed in the control of the President I will no longer support the establishment of the corporation. Better, in that sad event, to continue legal services under OEO. That is how crucial I believe this issue to be.

Inclusion on the Board of Directors of representatives of the Clients Advisory and the Legal Services Project Attorneys Councils is I believe, vitally important to the success of the National Legal Services Corporation. It is the expectation of the committee that minority groups be adequately represented on the Board—blacks, Spanish-surnamed, Orientals, Indians, and women. Indeed, section 905(a) of the new title IX requires that procedures for selection of the Clients Advisory Council must insure that all "significant segments of the client population are represented," meaning that all major racial, ethnic, or other minority groups should be represented on the Council. Moreover, I am hopeful that the Councils, the legal organizations, and the President will take care in making their selections to see that such representation is provided for on the Board of Directors.

It is regrettable that the second largest minority in the country and the largest in my State and the Southwest—the Spanish-surnamed—has no single legal organization to represent it and thus could not be insured representation on the Board as could blacks through the National Bar Association. Yet I very much hope that this problem can be overcome by the selectors I have just referred to. In determining the makeup of the Board, the selectors should also take into account that the majority of

legal services clients have traditionally been women, and that women are joining in increasingly large numbers the ranks of attorneys and particularly legal services attorneys in our country.

In this connection, I wish to note an amendment which I offered in committee and which I think is a vitally important addition to this title concerning the definition of legal services. The committee agreed to expand this definition so that, in areas where a significant portion of the potential client population speaks a language other than English or is bilingual, services to those members of the client community must be provided in the appropriate language other than English.

The bill includes in section 906 (d) through (h) of title IX certain carefully written restraints on the activities of legal services employees, attorneys, and expenditures of funds that by and large sketch broad outlines but leave the details to the Board of Directors to determine. These relate to outside pro bono publico practice of law by full-time legal services attorneys; legislative advocacy by legal services attorneys while engaged in activities carried out by Corporation-funded programs; guidelines for consideration of possible appeals consistent with the attorneys' professional responsibilities; graduated fee schedules for those who can afford to pay; and representation in criminal proceedings.

These provisions are the result of compromise between S. 1305 and the administration's proposal for a Legal Services Corporation, which were painstakingly worked out in subcommittee. I am delighted that the thrust and integrity of our original bill remains in tact.

Two relatively minor changes which I offered to this title of the bill, and which I am pleased to say the committee adopted, would benefit to existing legal services programs. The first added to section 906(b)(6), concerning the composition of legal services programs policymaking boards, a parenthetical providing for an exception to the requirement that at least a majority of such board members must be attorneys. My amendment empowered the Corporation to grant waivers of this requirement in cases where, upon the date of enactment of the Economic Opportunity Amendments of 1971, an existing legal services program has a majority of nonlawyers on its policymaking board. This waiver provision would be applicable to the six of the eight Indian Legal Services programs across the Nation which presently have a majority of nonlawyers on their boards. These programs have already been granted exceptions, by the OEO Legal Services program, to the present OEO policy requiring a majority of lawyers on legal services boards.

The second amendment in the new title IX is contained in section 915. This section enables the President to direct that certain support functions of the Federal Government, such as the General Services Administration, the Federal telecommunications system, and other facilities, be utilized by the Corporation or its grantees or contractees to the extent consistent with law. The Corporation can redirect the savings derived from having access to these support functions to more vital aspects of the program. This authority must be read in tandem with section 913 which prohibits any officer of the United States from exercising control over the Corporation or any of its grantees or contractors or attorneys providing legal services thereunder.

CHILD DEVELOPMENT PROGRAMS

Section 6(a) of S. 2007 adds a new title V to the Economic Opportunity Act, for child development programs. The new title incorporates the concept of S. 1512, the proposed Comprehensive Child Development Act, which I was privileged to cosponsor with Senator MONDALE, to establish comprehensive child development programs patterned after and expanding upon existing Headstart programs. It authorizes appropriation of $500 million in fiscal 1972 to continue Headstart and Follow Through, and an additional $100 million for training and planning for the expanded comprehensive child development programs to become effective in fiscal year 1973. The $100 million authorization figure for this gear-up process was added to the bill as a result of an amendment I offered to increase the authorization for this purpose from the $25 million authorized in the original bill.

For fiscal 1973 the bill authorizes an appropriation of $2 billion for the combined Headstart child development programs, of which the first $500 million must be spent for the neediest children, essentially to continue Headstart programs and related training and supportive services.

The Secretary of HEW—through the Office of Child Development—will generally provide 80 percent Federal assistance for child development programs to provide comprehensive medical, nutritional, social, and educational programs for children, and prenatal, post partum, and other medical services to mothers. One hundred percent Federal funding is required for child development programs on Federal or State Indian reservations—including in California "rancherias"—and programs serving migrant agricultural workers' children, and funding above 80 percent is authorized when necessary to provide adequate services for economically disadvantaged children.

At the city/county level, programs will be under the general direction and financial control of child development councils which shall generally serve as prime sponsors for those areas. At least half the Council's members shall be parents of children enrolled in programs selected by all those parents; one-fourth of the Council members shall be community representatives named by the chief executive officer, and one-fourth child development specialists.

Community members must be approved by parent members. This structure and these functions, which closely follow the Office of Child Development Headstart regulations for Headstart policy councils, resulted from an amendment I offered in committee. Section 514(b)(2) of the new title also requires that the OCD must insure that at least one-fourth of the Council membership must be broadly representative of the economically disadvantaged, a modification of a similar proposal I offered in committee.

My amendment also established the structure and functions—policies, personnel, budgetary approval—for the project policy committees set up by each individual grantee of the prime sponsor. Under my amendment—again modeled on current OCD guidelines for Headstart policy committees—the project policy committee would generally be composed as follows: not less than one-half of the members shall be parents of participating children and the other half shall be composed of at least one-third and no more than one-half of persons particularly skilled in child development and the rest shall be community representatives appointed by the project agency and approved by the parent members.

Child eligibility under this new title extends to families of four with incomes up to $6,960, and higher income families may participate by paying a graduated fee. Such eligibility is intended to assure participation of mixed socio-economic families to a far greater extent than the 10 percent above-the-poverty-level children now permitted in Headstart programs.

I am delighted that section 512(2)(N) of this new title includes an amendment I proposed to provide for programs designed to extend comprehensive prekindergarten early childhood education techniques and gains—particularly parent participation—into kindergarten and early primary grades—one through three—through the use of former assistant Headstart teachers, or similar early childhood education teachers, as assistant teachers working closely with classroom teachers in the kindergarten and primary grades in which are enrolled children they taught in Headstart or other early childhood education programs. A pilot project to this effect which had my strong endorsement and involvement has recently been funded by the Office of Child Development through the Foundation for Early Childhood Development in Los Angeles.

Section 512 of this title defines the uses of funds available for comprehensive child development programs to include programs designed to meet the special needs of minority groups, Indians, and migrant children for the development of skills in English and another language spoken in the home, and for understanding the history and cultural backgrounds of the minority groups to which they belong. During hearings on S. 1512, Cecelia Suarez, research coordinator for Chicano studies at UCLA, testified with a panel of witnesses to the vital need for greater bilingual education in Headstart programs. This provision in section 512(2)(D) of the new title responds to this very important need for emphasis on the development of skills in English and other languages spoken in the home.

In addition, this subsection—in clause (H)—provides for the expenditure of

funds for prenatal, and other medical services to expectant and recent mothers who cannot afford such services. Under an amendment I offered in committee and which was accepted by my colleagues postpartem and other medical services, including family planning information, is included in the definition of medical services to be available to new mothers under child development programs.

CHILD ADVOCACY PROJECTS

S. 2007 also includes a part C authorizing up to 20 child advocacy projects on a pilot project basis. This program was incorporated into the bill through an amendment which I offered on behalf of the Senator from Connecticut (Mr. RIBICOFF), Senator MONDALE and myself. Under this part, the Director of the Office of Child Development would be authorized to fund selected public or private nonprofit agencies willing to establish a Neighborhood Office of Child Advocacy.

The Joint Commission on the Mental Health of Children and the White House Conference on Children have stressed that every year thousands of America's children fail to receive proper assistance from child care services simply because neither they nor their parents know where to go or whom to ask for help. The Commission and the Conference both called for the establishment of a child advocacy program to aid those youngsters who now fall through the cracks in the existing system. The amendment which I offered and which was accepted by the committee is a condensed version of S. 1414, Senator RIBICOFF's proposed National Child Advocacy Act, introduced on March 30.

Under the part C provisions in this bill, the Neighborhood Office of Child Advocacy—NOCA—composed of child care professionals, would be the local representative of the neighborhood children. The advocates would then assist parents and their children in finding the service they might need whether it be legal, psychological, medical, or educational. For example, a mother in a poverty area might come to the advocate with a child suffering from an unusual hearing problem. The advocate would direct the mother and child to the proper care center, check to see that the service was provided, and follow up later to see how the child is progressing.

In those unusual cases where a family brings a child with a problem no existing local agency can handle, the NOCA would be permitted to contract with another person or institution to provide the necessary service. Such a purchase is not expected to go on indefinitely. The NOCA would be required to review every 6 months the effectiveness of the purchased service and the need for continuation. If it were necessary to continue it, the NOCA would make every effort to have another agency assume the burden. For nondisadvantaged families, there would be a small charge—based on a sliding scale according to family income—for provision of such services arranged and paid for by the NOCA.

Any purchase which continued for 12 months would be required to be reported to the Director of the Office of Child Development along with a full report of the number of similar problems in the neighborhood and the possibility of State and local authorities establishing a program to treat such problems.

This continuous review of the NOCA's operations would be an important part of the advocacy concept. The advocacy system is not expected to replace existing delivery systems, but rather is designed to act as a catalyst. As an independent, trained observer of child care needs and programs, the advocate would be able to analyze the shortcomings of the existing structure and, hopefully, recommend needed changes.

RESEARCH AND DEMONSTRATIONS

Part D of the new title V authorizes the Secretary to carry out and coordinate a program of research and demonstration grants in child development and related programs through the Office of Child Development. The present version of this part results from an amendment I offered in committee combining in a more abbreviated form the original R. & D. provision in the Mondale bill (S. 1512) with certain provisions desired by the administration.

COMMUNITY ECONOMIC DEVELOPMENT

Another major part of S. 2007 is the new title VII which section 7(a) of the bill would add to the Economic Opportunity Act of 1964, as amended. This new title resulted from an amendment I was privileged to cosponsor with the Senator from Massachusetts (Mr. KENNEDY) and the Senator from New York (Mr. JAVITS). The new program consolidates the current title I–D—special impact—and title III–A—rural loan—programs in this new community economic development title. S. 2007 authorizes—in section 3(c)(2)(D) and (3)(1)—appropriation of $60 million for fiscal year 1972 and $120 million for fiscal year 1973 for programs under the new title.

The community economic development title revises the special impact programs to focus more sharply on urban and rural community-based corporations, to emphasize the crucial role played by federally supplied equity capital, and to encourage the cooperation of other Federal agencies in the growth of community development corporations. It provides for grants and loans—which are essential to help launch small cooperatives and help low-income farmers—to low-income farm families and rural cooperatives. This type of authority, originally contained in the Economic Opportunity Act of 1964, was delegated to the Farmers Home Loan Administration and apparently used only for a selected few individual—rather than group—loans.

Finally, the new title VII authorizes making financial assistance available for training and technical assistance and authorizes long-term loan funds for urban and rural areas. It would extend the existing $100 million EOA title III–A rural loan revolving fund, which the administration wishes to terminate, and provides for the eventual creation of a matching urban development loan fund. The interest on loans made by the fund, in conformity with other federally supported revolving funds, could be used to defray administrative, technical assistance, and supervisory costs of the fund, rather than being paid back to the Treasury.

Presently, OEO has nearly 40 grants outstanding for economic development programs. These range from grant amounts of $10 million—for Bedford-Stuyvesant in New York—to the $100,000 range—for groups now in the beginning stages, such as the West Side Planning Group in California's San Joaquin Valley, and the East Los Angeles Community Union.

The West Side Planning Group, a cooperative of Chicano farmworkers, is successfully utilizing its grant from OEO to develop plans for the creation of an interchange enterprise on the new Route 5 crossing the valley; the development of a cooperative furniture operation; and a joint venture with an established distributor of liquid petroleum. The East Los Angeles Community Union—TELECU—also a Chicano group, is involved in the development of a mattress factory, and in housing development planning. These grants have afforded both groups the opportunity for self-help and self-determination in the economic development of their areas.

California also has, in the Watsonville area, a successful agricultural marketing cooperative in operation—the Central Coast Counties Development Corp. This group was unsuccessful in securing a title III–A loan from the Farmers Home Administration, but was fortunate enough to receive a grant from the OEO regional office's discretionary fund. Once the OEO loan was granted, a private lending group became interested in this growing cooperative, and it loaned additional funds to the group. A highly successful strawberry cooperative is the result.

Mr. President, I mention this success story as an illustration of the kind of effective Federal/private-sector cooperation which the new title VII can foster by granting loans to low-income rural cooperatives.

COMMUNITY DESIGN ASSISTANCE

The community design assistance amendment which I offered in committee adds a new section to title II, part B, of the Economic Opportunity Act of 1964, regarding community action programs. The new provision is contained in section 9 of S. 2007.

While the ongoing programs of OEO have dealt primarily with the legal, educational, and health problems of the poor, the worsening state of their everyday environment has been sadly neglected. Conditions in urban slums and remote rural areas continue to deteriorate. Housing is overcrowded and inadequate; expressways and renewal projects rip up neighborhoods with little or no plans for adequate restoration or relocations.

Low-income persons must have access to design and planning assistance just as they now have access to legal services and health care. With such assistance available, communities can have the opportunity to make constructive inputs into

the physical and environmental development of their neighborhoods.

OEO has already granted research and demonstration funds to three existing community-based architectural and planning workshops known as community design/development centers, which are among 73 such centers operating in 56 cities across the country. These centers provide free design and planning technical assistance to indigent communities, as is consistent with OEO's goal of increasing community awareness, community involvement, and community self-help. Staffed by architects, planners, engineers, and other design professional, these community design projects vary from minor renovation work on individual dwelling units to the development of comprehensive planning documents for the future growth of neighborhoods. VISTA volunteers presently are assigned to many of these centers.

The committee believed that up to $10 million available under part B of title II could be effectively granted annually for assistance to these design centers, especially those which have proven their effectiveness. A January 1971 evaluation conducted by Kirschner Associates, Inc., under OEO contract No. B89-4558, studied the seven community design centers which OEO had funded for at least 1 year. The report stated in concluding that Federal support for these programs should be continued and expanded:

There is considerable evidence from experience of the demonstration programs that advocacy planning can generate major changes in urban planning and implementation processes, particularly in urban renewal, housing and transportation, which give community residents greater and more significant voice in determining program goals and plans of local and state agencies. In many cases, these changes have converted latent and overt resistance of low-income neighborhoods to urban renewal and related development activities into positive support for such public programs. In some instances, their involvement has been expanded to give the neighborhood key roles in implementing the plans and controlling their execution. Also, the advocacy planning demonstrations have succeeded in effecting important changes in the goals and substance of proposed public plans affecting the interests and neighborhoods of their low-income client organizations. . . .

It is clear . . . that advocacy planning is now and can continue to evolve as an exciting process within the general framework of a participatory democracy. It is a concept combining professional competence, the needs and desires of the residents of poor communities, and the growing need for a feeling of "community". It is also developing as a legitimate link between the public agencies and an important part of their constituency. It is an approach that has already made modest headway and, in the future, can provide constructive positive solutions to urban problems. . . .

Based on the observations and analyses of the current demonstrations, it is believed that such programs should continue to be supported for the following reasons:

1. These programs generally provide a means of establishing more effective communication and relationships between poor citizens and public planning bodies so that each is benefited as well as the community as a whole.

2. The concept and practice of advocacy planning appear to be in a relatively early stage of evolution and it is likely that much more can be learned from such programs about how to involve citizens in the cooperative and constructive solution of urban problems.

3. Although many advocacy planning programs have established their legitimacy and even a constituency, they have not yet nor are they likely to become financially self-sufficient. . . .

The effect of the new community design assistance provision is to insure that these valuable programs, having proven their effectiveness, continue to be funded under the Economic Opportunity Act. For precisely that reason—because these programs have proven their effectiveness—OEO is reluctant to continue their funding under a research and demonstration authority.

One of the programs to benefit from this amendment, for example, would be the San Francisco Design Center, which was established in 1967 by the University of California extension. Past OEO funding enabled it to improve and expand its services so that currently the center operates with a small full-time staff and a roster of part-time volunteers who are professionals with the skills needed to deal with urban problems. The center has responded to requests from low-income residents for assistance in developing housing programs, long-range planning studies, preparing working drawings for store front offices, designing letterheads, tot-lots, playgrounds, and a host of other requests involving community improvement and development.

YOUTH RECREATION AND SPORTS PROGRAM

Also included in section 9 of the bill are provisions added in an amendment I offered along with Senators KENNEDY, RIBICOFF, and TUNNEY. This amendment inserted a new section 227 in title II, part B, of the Economic Opportunity Act, regarding financial assistance to community action programs and related activities. This new section would enable the Director of OEO to provide for the operation of an annual youth recreation and sports program for disadvantaged youth. The program would be concentrated in the summer months and continued throughout the year.

This program is an expansion of the national summer youth sports program which has been operating during the past three summers under OEO's research and demonstration program. Funds for the program were delegated to the Department of Health, Education, and Welfare, which in turn contracted with the National Collegiate Athletic Association. The President's Council on Physical Fitness and Sports has been the Government's administrative and monitoring agency. My amendment would establish the program on a permanent basis and expand it to provide for related educational and counseling services, especially drug abuse education.

The present program has served approximately 124,000 participants during its 3 years of operation. Eleven colleges and universities in my own State of California are working with nearly 4,000 participants this summer. The program provides valuable contact between disadvantaged youth and collegiate athletes, and affords to its participants the multiple resources available at college and university campuses.

As adopted by the full committee, this new section assures that community residents will work with the young participants and collegiate personnel in planning and operating the program. The committee believes that for the fiscal year ending June 30, 1972, and thereafter up to $6 million annually could be effectively used for the purpose of continuing, improving, and expanding this program on a year-round basis.

YOUTH JOBS

S. 2007 also earmarks for the manpower training programs operated by the Department of Labor $900 million for fiscal year 1972, and in addition, contains a special authorization for a $500 million appropriation for the expansion of the Neighborhood Youth Corps program. This expansion would create 100,000 additional work training opportunities for young people in this most important program. In June of this year there were 1.9 million 16- to 19-year-old youths out of work—this is reason enough for this special authorization and our hope that it will be fully funded.

MISCELLANEOUS

S. 2007 also earmarks a basic authorization higher than that set in the President's budget for four specific programs—local initiative, emergency food and medical services, alcoholic counseling and recovery, and community economic development programs. I strongly support the committee judgment that these programs deserve a greater degree of emphasis than contained in the proposed budget. Since the amount earmarked—328.9 for local initiative, $62.5 million for emergency food and medical services, $18 million for the alcoholic counseling and recovery program, and $58 million for economic development programs—is approximately the same as that earmarked for these programs last year the committee is merely endeavoring to assure that these programs will be maintained at the same level as in fiscal 1971.

CONCLUSION

I urge my colleagues to give their total support to S. 2007 as reported from committee. We have worked long and hard on this bill.

We have endeavored to strengthen and expand those programs which have proven the most effective—legal services, Headstart, community economic development, Neighborhood Youth Corps, community design and youth sports programs—and extend the authority to carry out other valuable Economic Opportunity Act programs. S. 2007 thus represents a comprehensive, integrated attack on the causes and symptoms of misery, frustration and hopelessness among the economically deprived and depressed men, women, and children of our land.

The continued effectiveness of the war on poverty depends upon speedy passage of S. 2007 as reported. We must not delay any longer in acting to express our deep commitment to wage this crucial war in the 2 years ahead.

EXHIBIT 1

PREPARED REMARKS OF SENATOR ALAN CRANSTON FOR LEGAL SERVICES PANEL AT ANNUAL MEETING OF ABA YOUNG LAWYERS SECTION, BILTMORE HOTEL, NEW YORK CITY, JULY 8, 1971

Addressing this meeting of the Young Lawyers Section of the American Bar Association today is a particular pleasure. The attorneys here are representative of young lawyers across this country who are in the forefront of the struggle for needed change—both in society and the legal profession itself. You should be proud of the special sensitivity the legal profession has shown throughout the years toward defending the privileges and rights of all our citizens, regardless of race, creed or economic means. Most particularly, the past six years since the beginning of the legal services program have been a crucial period in the development of law in our society. Many major reforms made during these six years are due, in large measure, to the efforts of the more junior members of the bar.

Lawyers have always held a special position in a society of laws. They are an essential ingredient of the adversary system—and crucial to ensuring equal access to our system of justice. The lawyer has been at the point of the lance in effecting change to ensure that laws are enforced, the Constitution is upheld, and that our system of justice is truly even-handed.

Until six years ago, a significant portion of our population had virtually no access to our system of justice in civil cases. Although great strides had been made in affording counsel as a matter of right in serious criminal matters, only $4 million was being spent in 1965 for civil legal aid in this country. All too often, the poor viewed the law as an enemy—not as a friend.

This crying need for civil legal representation was noted by lawyers, legal scholars and the Federal Government. The OEO Legal Services Program was initiated in 1965, and by 1971 $60 million was appropriated by the Congress for 265 programs, over 800 offices, and 2,000 attorneys. It is estimated that last year Legal Services lawyers worked on over 1,000,000 problems for their clients.

Even with the magnificient work of these attorneys and wide public acceptance and approval, the history of the Legal Services program has been marred by a number of controversies. The most important of these went to the very heart and guts of the Program: its independence—the insulation of legal services attorneys from undue and unwarranted political pressures—and the integrity of the lawyer-client relationship. The fear of this reaction had prompted the ABA in 1965 to insist that a National Advisory Council to Legal Services be established prior to giving their support for the program in order to ensure professionalism and immunity from political attack.

The importance of the role of the professional bar in this program cannot be overemphasized. Local bar associations have made recommendations on particular grants; they have appointed members to local Boards of Directors; their representatives have served with distinction on the National Advisory Council; and, most importantly, they have come to the aid of the Program when it was threatened either in the Congress or the Executive Branch.

Events of the past eighteen months—with which I believe all of you are familiar—clearly indicate that this program cannot survive with integrity in its present form. In incident after incident, powerful interests—economic and political—have sought reprisals against individual projects or the Program as a whole as retribution for representing the interests of their clients. Attacks were mounted in the Congress as well. The most disturbing aspect of these incidents was that, for the most part, they were responses to activities which were in the finest tradition of the bar and the American legal system.

Witness after witness who have appeared before our [Labor and Public Welfare] Committee representing the major bar associations in this country—hardly enclaves for radical thought—have described legal services attorneys as "bright", "dedicated", "committed" and "effective".

But the political attacks continue . . . interestingly enough from those who most vociferously profess to be the guardians of law and order. It is ludicrous that these guardians of liberty are attacking a Program designed to preserve that liberty—*within the system*. Today when youth is questioning—and rightly so—all our institutions, these young legal services lawyers are helping to infuse new confidence in the system. This is equal justice; this is justice under law and order.

The most vivid example of these unwarranted attacks occurred in my home state. For five years the California Rural Legal Assistance program (CRLA) has served its clients with unparalleled distinction. It has been commonly recognized as one of the best legal services programs in the country. Rights and privileges have been vindicated by CRLA on behalf of the poor with unprecedented success. However, with each victory the pressures to eliminate the program grew geometrically. These attacks culminated in Governor Reagan's veto of CRLA refunding in December, 1970.

Instead of immediately overriding the veto, OEO . . . with some gentle guidance from above . . . chose to appoint a commission to study and evaluate the Governor's spacious charges and make appropriate recommendations. OEO appointed three prominent jurists—two are former Chief Justices of their state Supreme Courts and one is presently an Associate Justice of the Colorado Supreme Court. The Commission reported to Mr. Carlucci on June 25, 1971.

I have thoroughly studied the complete report of the Commission on CRLA.

The people of California and the nation, especially the poor served by CRLA and the federal taxpayers paying CRLA's costs, should feel gratified to know that the Commission has unequivocally vindicated CRLA and fully endorsed its operation and grant performance.

The Commission reports that it took voluminous testimony from 165 witnesses during 20 days of public hearings and reviewed hundreds of exhibits. The Commission concluded that CRLA has operated, and is still operating, in accordance with applicable OEO standards and standards of professional responsibility, and with its OEO grant restrictions and "that CRLA has been discharging its duty to provide legal assistance to the poor under the mandate and policies of the Economic Oportunity Act in a highly competent, efficient, and exemplary manner."

The Commission made no mention of the need for any further review of CRLA or of any special conditions to be attached to its grant.

In the body of its report, the Commission exhaustively reviewed every significant charge leveled against CRLA by the Uhler report to Governor Reagan, which had formed the basis for his veto of CRLA refunding. The Commission consistently found that CRLA acted "responsibly" and "absolutely ethically," and that the Uhler report charges were "completely unwarranted" and "unfounded" in each basic category. The Commission found that "the charges in the California Evaluation (Uhler Report) . . . were totally irresponsible and without foundation."

In report Appendix A, the Commission sets forth a point-by-point analysis of each of 135 incidents or charges included in the Uhler report. It found that these charges were without merit or evidentiary support in 124 instances and trivial in three other instances. In only eight instances did the Commission find any substance to the charges, though the Commission characterized them as "not of any great magnitude." The Commission found only isolated instances of a lack of judgment by individual CRLA attorneys and specifically exonerated CRLA of any organizational wrongdoing.

Moreover, Commission members stated they were "most favorably impressed" by CRLA's internal policies and its fiscal and management controls over both its operation and the conduct of its attorneys.

It concluded: "The evidence from all sources made it clear beyond peradventure that CRLA attorneys are legal craftsmen of the first order. In addition, they are thorough, intelligent young men dedicated to vindicating the legal rights of their clients."

The Commission report makes it unquestionably clear that there is no justification whatsoever in law, fact, or logic for any further delay, doubt or equivocation about CRLA's future operations.

Yet, in spite of this ringing endorsement, OEO saw fit to attempt to bury the Commission report by issuing a misleading and ambiguous press release on June 30, 1971, which announced the refunding of CRLA. The OEO press release highlighted the granting of $2.5 million to a new corporation, presumably to be operated by the Governor's office, through the State Office of Economic Opportunity for a Judicare program in California.

This continual resort to political considerations in the face of programmatic imperatives is a dramatic example of the need for an independent non-profit corporation to administer the legal services program on a national basis. This corporation must be insulated from unwarranted pressures of the intensity of those generated in California.

I have expanded on the CRLA situation at considerable length because the Commission's vindication of CRLA's efforts serves as a ringing tribute to all legal services attorneys and programs and because if political pressures can so seriously threaten the life of even the best of legal services programs, no program can be secure in its independence and integrity.

There are presently two major bills before Congress which would establish a National Legal Services Corporation. One was introduced for the Administration (S. 1769); the other is a bi-partisan approach involving over 130 members of Congress (S. 1305). I am a principal sponsor of the latter.

Although the Administration bill gives the President the power to appoint all members of the governing Board of the Corporation, the bi-partisan bill involves all three branches of the government, the professional bar, and legal services clients, and lawyers. In my opinion, we can insulate the program from politics only if we are able to keep the politicians from dictating control of the board. By insuring that diverse groups—all with the goal of providing full legal representation to the poor with the integrity and independence required by the Canons of Ethics and the Code of Professional Responsibility—each have real input, and decision-making power, independence is best insured along with professional responsibility. In addition, commitment and expertise are provided by including the bar, clients, and lawyers.

The Administration bill would severely restrict the activities of legal services lawyers. I wholeheartedly agree with the report made to the White House by this Young Lawyers Section, which states in part, "the legal services program should be placed in an organizational setting which will minimize its dependence on and subjection to the political processes of government while

guaranteeing . . . grantee attorneys . . . the freedom to exercise the professional judgment which is demanded by the attorney-client privilege . . . [and] . . . the recipients of legal services the right to seek any lawful objective through legally permissible means granted by our system of law."

Some of the restrictions offered by the Administration would mandate second-class justice for our poor. Instead of opening the doors of our Courts even wider, this bill's limitations on professional activities approved and indeed mandated by the Canons of Ethics and the Code of Professional Responsibility (legislative advocacy filing of appeals, appropriate *pro bono* outside practice) would virtually slam them shut in the face of the poor in many avenues of crucial concern. These limitations, in their present form in the Administration bill are unacceptable.

I am delighted to report that with the outstanding bipartisan cooperation of Senators Mondale, Nelson, Taft and Javits, we have resolved these issues and other basic differences between S. 1305 and S. 1769 in an amendment adopted by the Employment, Manpower, and Poverty Subcommittee to the bill (S. 2007) to extend the expired Economic Opportunity Act.

I believe this legislation would free legal services from burdensome governmental bureaucracies and extricate it from possible political pressure. It would return the program to the people for whom it was intended: clients and their lawyers. And it would keep the program under close professional supervision.

The ability of our institutions to absorb new ideas and new methodologies is more than ever important in the modern era of intensive urbanization and mounting technology.

Wealth and power have come increasingly under the control of big, faceless institutions —big business, big labor, big government. Democratic man, if he is to survive as a free and independent individual, must find ways to personalize these basically impersonal institutions and make them more responsive to his needs. Modern man has become so dependent on mammoth institutions that he risks becoming their slave rather than their master.

All of us are aware of the burgeoning problems our specialized and sophisticated society has thrust upon us: polluted air and water, despoiled land and deafening noise, crime and congestion, inferior goods and indifferent services, arbitrary decisions that rob us of our privacy and our individuality, that both compromise our rights and our ability to defend those rights.

Americans have traditionally resorted to the ballot box and the courts to redress their grievances. But our court system, like our political system, has become bogged down in red tape, bureaucratic tangles, and demands that far exceed the resources available to meet them.

Probably at no time since our independence has such a large segment of the American people challenged the aims, institutions and methods of democratic government and private enterprise. Many Americans are frustrated and angered by what they see as the inability, sometimes the unwillingness, of the system to be responsive. It must once again be made responsive. To be true to America's heritage, we not only must solve the pressing problems that afflict us, we must allow all Americans to participate in the solution.

The democratic process is, by definition, a process: a way of doing things that is quite as important as what is being done. Substance and procedure are so delicately intertwined in a free society that often to tamper with procedure is to kill the substance.

Our highest priority today, it seems to me, must be to provide all Americans, of all status and income levels, of all colors and creeds, an opportunity to participate effectively in the system. National commission after commission has reported a common denominator running through all civil disturbances: the sense of frustration people feel because of their presumed lack of power—their inability to make their voices heard in the process of government.

I propose that we rededicate ourselves to making our institutions more accessible to our citizens. All members of society would benefit. The institutions would become stronger and more viable. The people, by having a personal stake in their institutions, would have a deeper understanding of how they work, a greater sensitivity to the problems of problem-solving, and a higher respect for democratic order and due process of law. People once more would seek "equal justice under law" through the voting booth and the courts rather than in the streets.

All of us here today are dedicated to justice. Justice is a reality only when all men have access to legal counsel. If social stability as well as justice is our goal—and I know it is—we must make doubly certain that such access is available to the poor as well as those who can afford it.

Mr. WILLIAMS. Mr. President, I am pleased to express my support for S. 2007, which has been reported to the Senate by unanimous vote of the Committee on Labor and Public Welfare.

This bill would extend the authorization for the Office of Economic Opportunity for 2 years, with funds earmarked for its most successful and meaningful programs. In addition, the bill provides new emphasis on community economic development programs, authorizes an expansion of the Neighborhood Youth Corps, and contains significant new departures in the areas of legal services and child development.

The need for this legislation was fully developed during 12 days of hearings by our Subcommittee on Employment, Manpower and Poverty, and 6 days of joint hearings by that subcommittee and our Subcommittee on Children and Youth. During these hearings, the importance of extending the Economic Opportunity Act was emphasized by Mr. Frank Carlucci, OEO Director, who stated on behalf of the administration:

Extension of the Economic Opportunity Act is needed to assure that the OEO, and other departments that operate programs authorized under this legislation, may continue bringing needed services and support to the poor. Extension of the legislation, also will assure that during the next two years, there will remain within the Federal government an agency serving as an active advocate of the poor, so that the thrust of the effort to eradicate poverty maintains its momentum.

Failure to extend the legislation would, I am very much afraid, undo much of the progress made to date. It would also imply to the Nation, the non-poor as well as the poor, that the Federal government was turning its back on the people who most need its assistance.

The thrust of these comments is underscored by the fact that the present economic recession has resulted in raising to new heights the hurdles that must be surmounted by the poor in their struggle to achieve a fuller life. For the first time in a decade, as we learned in detail during our hearings, the number of poor in America—which had been declining by an average of 4.9 percent each year from 1959 to 1969—has been on the increase, with the result that over 25 million Americans, representing 13 percent of the population, are now classified as poor by the Census Bureau.

Since this sudden reversal of a decade of progress in reducing poverty has been occasioned by a period of economic decline during which the number of unemployed has doubled, strong measures to restore and expand our ailing economy are obviously essential. At the same time, there is as much need as ever for the kind of programs—job training, child development, comprehensive health services, emergency food and medical services, migrant and seasonal farmworker assistance, legal services, community action programs, senior citizen opportunities—which are designed to deal with the problems of the poor and to enable them to join the mainstream of American life. The effectiveness of OEO in developing and fostering such programs was strongly attested to in a joint statement submitted by a coalition of 90 major national organizations testifying in behalf of extending the act:

The Office of Economic Opportunity is the only Federal agency whose primary mission is "to strengthen, supplement and coordinate efforts in the furtherance" of a policy to "eliminate the paradox of poverty in the midst of plenty." Its continued, strengthened existence is crucial to antipoverty efforts, both as a symbol of the Federal government's lasting commitment to the war on poverty and as a Federal rallying point around which poor and disadvantaged people can command attention and assistance.

At the local level, through community action and other related programs, OEO has helped poor people to share in the planning and decision-making processes of their communities. They, as well as others, serve on the boards of neighborhood councils, community action agencies and delegate social agencies, thereby constituting one of the largest voluntary action efforts in the country. Their participation has helped make social services and agencies, both public and private, more relevant to the needs of poor people, and therefore more efficient and economical. In helping to determine the use and allocation of significant sums of money, they and their community action agencies have exercised an impressive degree of sound judgment and responsibility. This unique and successful effort in citizen participation is the heart of the OEO antipoverty program.

Through its research and demonstration activities, OEO has initiated and supported innovative projects that are gradually becoming an accepted part of public and private social and economic policy. Through VISTA it has afforded young Americans the opportunity to help bring about necessary changes within the system. It has performed and still performs functions as an advocate of the poor and institutional gadfly that other agencies, public or private, cannot implement or duplicate. No other oragnization has done more to champion the importance of the non-professional in our society. It has generated leadership opportunities for minority representatives and poor people unmatched by any other agency or institution.

We believe that the Office of Economic Opportunity must be permitted to build on this impressive record. It must continue to focus national attention on the needs of the poor. The lessons of the past should be used to give OEO a new vitality.

The bill before us today provides the basis for continuing and strengthening

these programs. It represents a renewed commitment to the effort to eradicate poverty and to provide 25 million poor Americans with a measure of hope for a better future.

I am most appreciative of the work of Senator NELSON, Chairman of our Subcommittee on Employment, Manpower and Poverty, who has labored so diligently and with such great skill to bring this bill before us, and who has managed to accommodate so many points of difference in the process.

I would like to comment in particular on two new departures contained in S. 2007. One of these is the establishment of an independent legal services corporation. Since its inception in 1965, OEO's Legal Services program has been one of its most successful undertakings. It is now composed of over 2,000 lawyers, located in 900 neighborhood offices, handling more than one million cases a year.

The efforts of legal services attorneys have involved not only coping with the individual problems of individual clients, but also bringing about broad reforms through "impact litigation" affecting large numbers of the poor. Success, however, had kindled the opposition and hostility of special interest groups as well as political figures at all levels of government, with the result that attempts have been made to place restraints upon legal services lawyers—restraints which would never be contemplated in the case of lawyers representing businesses or individuals possessing resources of their own.

As a consequence, there has developed widespread agreement that a legal services program for the poor can best flourish if placed in an institutional setting which will minimize political interference and provide legal services attorneys with the freedom of professional judgment demanded by the concepts of responsibility and ethics of the legal profession. A broad consensus has formed that a legal services program could best be administered by an independent nonprofit corporation. As the President's Commission on Executive Reorganization recommended in January, 1971:

> We believe strongly that its (the Legal Services Program) retention in the Executive Office of the President is inappropriate. At the same time, it is a unique Federal program which extends the benefits of the adversary process to many who do not have the ability to seek legal help.
>
> In our view, this program should be placed in an organizational setting which will permit it to continue serving the legal needs of the poor while avoiding the inevitable political embarrassment that the program may occasionally generate * * *.
>
> Therefore, we recommend that the functions of the Legal Services program be transferred to a nonprofit corporation chartered by Congress.

Similar recommendations have also been made by the administration, the National Advisory Committee on Legal Services, the American Bar Association, and a greater number of other professional organizations.

S. 2007 responds to these recommendations by incorporating, in a new title IX of the Economic Opportunity Act, the essential features of S. 1305, a measure introduced by Senator MONDALE with broad bipartisan support. As reported by our committee, the new title IX would establish a National Legal Services Corporation, administered by a 15-member board of directors, consisting of nine persons appointed by the President with the advice and consent of the Senate (four of them appointed from the general public and five from lists submitted by a clients' advisory council and by legal services project attorneys). One member would be appointed by the Chief Justice of the United States, and the remaining five would be presidents of named professional organizations. With a board of directors constituted in this manner, I believe the legislation will not only assure the future independence of the legal services program, but will provide appropriate representation of the constituent groups involved in its operation. In addition, the board will be accountable to the Congress and the public.

Under our bill, the corporation will have authority to provide financial assistance to qualified programs furnishing legal services to members of the client community. The Board of Directors, which is charged with the maximum utilization of the expertise and facilities of organizations presently specializing in the delivery of legal services, would be given wide latitude in determining the most appropriate method and manner for delivering such services in any particular area of the country or to any particular group of clients. The corporation is also authorized to carry out research, training, technical assistance, and clinical assistance programs, as well as to provide for and promote the use of legal paraprofessionals.

Mr. President, the legal services provisions of our bill are the result of the most careful deliberations, and every effort has been made—particularly through the devoted and imaginative work of Senator MONDALE and Senator JAVITS—to reconcile varying points of view concerning particular facets of the legal services corporation concept. I believe it is a most worthy product, and one which will provide a sound basis for our future efforts to provide low-income persons with access to legal remedies and protections, thereby giving meaning to the concept of "equal justice under law."

The other innovative portion of S. 2007 that I would like to discuss is the provision for a comprehensive child development program.

During the past 2 years, the committee has held extensive hearings on early childhood development—hearings which revealed the extensive damage that had been caused to young lives by lack of health care, adequate nutrition, and proper educational stimulation. These hearings demonstrated that despite its great success, the Headstart program has reached only one-tenth of the impoverished preschool children who need it.

The hearings also pointed up another aspect of the need—the lack of quality, developmental day care for children of working mothers. Despite the fact that there are more than over five million preschool children whose mothers must work, existing day care opportunities are available for less than 650,000. And too many of the limited day care programs now in existence are simply custodial centers: children are fed and watched until the parent returns. Little attempt is made to stimulate or expand the curiosity of the children in a way that will nurture their real creative and learning ability. In a country so dedicated to allowing its citizens to develop to their fullest potential, this record is astonishing.

Evaluation of existing Headstart programs indicates that custodial services are insufficient and even harmful to the natural development of a child. Evaluation studies have also shown that beginning Head Start at the age of three is often too late because a very important part and most intensive stage of a child's development takes place much earlier.

S. 2007 provides a framework and structure for greatly expanded child development programs that will be truly developmental in nature, rather than simply custodial—programs that will bring to each participating child the full range of health, nutritional, educational, social and other essential services.

This proposal reflects the judgment that locally run programs are necessary to assure the accessibility, responsiveness, parental participation and sensitivity that child development programs require. Accordingly, the prime sponsorship provisions of the bill permits any city or county, regardless of size, to be designated a prime sponsor, provided that it can meet certain assurances as to administrative efficiency and has the capacity to enter into arrangements for the necessary linkages with related health, education, nutrition, and social service programs. I believe this to be a most worthwhile provision, as it serves to effectuate the view that control and responsibility at the local community level will best promote the effectiveness of individual programs. In addition tc government agencies, nongovernmental institutions—such as community action agencies. Headstart agencies, labor unions, employers, parent cooperatives, and others—will be able to qualify as prime sponsors.

This legislation will provide Federal support for broad services for all children, with priority for children under 6 years. While there will be program emphasis on economically disadvantaged children who will receive these services without cost, the bill will enable all children to benefit by providing a sliding fee schedule based on a family's ability to pay. The bill also provides for parental participation in the planning, programing and running of child development centers, and sets up programs for inservice and preservice training in the area of early childhood development.

Mr. President, the child development provisions of S. 2007, in which the compassion and concern of the Chairman of our Subcommittee on Children and Youth, Senator MONDALE, have played such an instrumental role, provide the means for ending the shameful neglect that so many of our children have suffered, and make clear our commitment to

the principle that each child in the land shall be given an equal opportunity to realize his maximum potential. I most strongly commend these provisions to my colleagues for their approval.

The PRESIDING OFFICER. Under the previous unanimous-consent agreement, the Senator from Ohio (Mr. TAFT) is recognized, the yeas and nays having been ordered on his amendment.

Mr. GRIFFIN. Mr. President, will the Senator yield me half a minute?

Mr. TAFT. I yield to the Senator from Michigan.

PROGRAM—UNANIMOUS-CONSENT AGREEMENTS

Mr. GRIFFIN. Mr. President, I asked for recognition so that I might inquire of the acting majority leader if he can advise Senators on the floor of the program for the rest of the day, and for the rest of the week.

Mr. BYRD of West Virginia. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. HUGHES). The Senate will be in order.

Mr. METCALF. Mr. President, will the Senator from Ohio yield to me for a moment?

The PRESIDING OFFICER. The Senator from West Virginia has the floor. He has been yielded to by the Senator from Michigan.

Mr. BYRD of West Virginia. Mr. President, would the able Senator from Montana like me to yield to him?

Mr. METCALF. No; the Senator can go right ahead.

Mr. BYRD of West Virginia. Mr. President, in response to the inquiry of the assistant Republican leader, may I say that there will be one more rollcall vote today. The amendment which the distinguished Senator from Ohio (Mr. TAFT) is about to call up deals with the Child Development Council.

Mr. President, I ask unanimous consent, after having conferred with the distinguished Senator from Ohio, that time on this amendment be limited to 30 minutes, to be equally divided between the mover of the amendment and the manager of the bill.

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

Mr. BYRD of West Virginia. In further response to the deputy minority leader, there will be a rollcall vote on this amendment, the yeas and nays already having been ordered.

Following that vote, the Senator from Ohio will offer two additional amendments, on which there is 1 hour allotted to each.

After having discussed this matter with the distinguished Senator from Ohio, I ask unanimous consent that time on each of his two remaining amendments be limited to 20 minutes, the time to be equally divided between the mover of the amendment and the manager of the bill.

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

Mr. BYRD of West Virginia. Mr. President, further responding to the assistant minority leader, it is the intention to dispose of the three remaining amendments to be offered by the Senator from Ohio, Mr. TAFT, today. Then the junior Senator from Ohio will be recognized, under the previous order, to make a motion to recommit. On that motion there is a limitation of 2 hours, to be equally divided. It is assumed that some of that time, possibly half of that time, will be consumed this evening, and that the remaining time will be consumed tomorrow morning, following which there will be a vote on the motion to recommit. I assume that Senator from Ohio will ask for the yeas and nays on that motion to recommit.

ORDER FOR ADJOURNMENT UNTIL 10 A.M.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10 o'clock tomorrow morning.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that immediately following the recognition of the two leaders or their designees under the standing order, there be a period for the transaction of routine morning business tomorrow for not to exceed 15 minutes, with statements therein limited to 3 minutes.

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

ORDER FOR CHAIR TO LAY BEFORE THE SENATE THE UNFINISHED BUSINESS TOMORROW

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that immediately following the disposition of routine morning business tomorrow morning, the Chair lay before the Senate the unfinished business and that the Senate resume its discussion, under controlled time, of the motion to recommit.

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

ORDER FOR YEAS AND NAYS ON MOTION TO RECOMMIT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that it be in order at this time to order the yeas and nays on the motion to recommit which will be offered by the Senator from Ohio, (Mr. TAFT).

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

Mr. BYRD of West Virginia. I ask for the yeas and nays.

The yeas and nays were ordered.

PROGRAM

Mr. BYRD of West Virginia. Further in response to the distinguished Senator from Michigan (Mr. GRIFFIN) may I say that following the vote on the motion to recommit tomorrow, the distinguished Senator from Kentucky (Mr. COOK) will be recognized to offer an amendment, on which there will be controlled time, the time to be limited to 30 minutes.

At 12:13 tomorrow the Senate will proceed, in a body, to the other body for the purpose of a joint session which will be addressed by the President of the United States.

Following that joint session there will be a joint meeting of the two Houses, which will be addressed by the astronauts from the most recent Apollo flight.

At the conclusion of the joint meeting, the Senate will return to the Chamber, where the Senate will resume its consideration of the unfinished business.

It is hoped that the Senate will complete action on the unfinished business, the Economic Opportunity Act, tomorrow, in which event it is the intention of the leadership to lay before the Senate the military procurement bill, under the management of the distinguished Senator from Mississippi (Mr. STENNIS).

The Senate will be in session on Friday, when it will resume its consideration of the military procurement bill, and rollcall votes could occur.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

The Senate continued with the consideration of the bill (S. 2007) to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

Mr. TAFT. Mr. President, I have an amendment at the desk, which I ask the clerk to read, and ask the Senate to proceed to its immediate consideration.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read the amendment, as follows:

On page 22, line 18, strike "supervising, coordinating, monitoring,".

On page 30, beginning with line 12, strike all through line 17 and insert in lieu thereof the following:

"(4) such Council shall have an opportunity to review and comment on basic goals, policies, actions, and procedures of the prime sponsor; and"

On page 34, line 17, strike "under the supervision" and insert in lieu thereof, "with the concurrence".

On page 38, beginning on line 5, strike all through line 10 and insert in lieu thereof the following:

"(5) project policy committees shall have an opportunity to review and comment on basic goals, policies, actions, and procedures for the project applicant;"

The PRESIDING OFFICER. Who yields time?

Mr. TAFT. Mr. President, the method by which the child development program proposed by this legislation would operate would be for a prime sponsor qualifying under the bill to make application to the department for approval of a particular program, and then undertake, after approval, to administer that program.

However, there is a requirement set out starting on page 28 of the bill as to the makeup of the body known as the Child Development Council and as to the operation of the program in connection with that Child Development Council.

The amendment which I have offered goes to the question whether the Child

Development Council shall in effect be really a policymaking body, a directive body, and a vetoing body over the operation of the program, or whether it shall be an advisory type of body.

I feel for the purpose of operating the program properly, to insure the success of the child development program, it would be desirable to make the participation of the Child Development Council advisory rather than directive and, really, policymaking.

I call to the attention of the Senate the fact that the makeup, as designated on page 28 of the bill, for the Child Development Council, would be that a Child Development Council consist of not less than 10 members, comprised of "not less than half of the members of such Council to be parents of children served in child development programs under this part."

I call to the attention of the Senate the fact that we discussed earlier, under another amendment, the fact that we are dealing with families with limited income, by and large.

The remaining members of such council shall be appointed by the chief executive officer or officers of the prime sponsor to represent the public, but not less than half of such members—in other words, one-quarter altogether—shall be persons who are broadly representative of the general public, including government agencies, public and private agencies and organizations in such fields as economic opportunity, health, education, welfare, employment and training, business or financial organizations or institutions, labor unions, and employers, and who are approved by the parent members described in paragraph (1), and (B), the remaining members, the number of which shall be either equal to or one less than the number of members appointed under clause (A), shall be persons who are particularly skilled by virtue of training or experience in child development, child health, child welfare, or other child services.

I think the makeup of the council is such that it would be ideal for the purpose of an advisory body to which proposed programs and steps are referred by the sponsoring agencies, the prime sponsors, but I question very seriously whether such a development program can operate efficiently if the policymaking body of the program is to be made up of a body such as the child development council is intended to be made up.

By modifying the responsibilities of the CDC, we provide the opportunity for the CDC to share in decisionmaking rather than to exercise veto power.

We believe that the services for children authorized in this bill could be delivered much more effectively if final responsibility for policy and program administration clearly resides with the general purpose government of the prime sponsorship area. Effective coordination and integration of service can only occur when the chief elected officials who are responsible for other necessary resources have authority over children's programs and are held accountable for them.

If a council, apart from general purpose government and the resources it controls, has the major responsibility for children's programs, coordination and integration of all needed services is unlikely to occur and accountability for program effectiveness is unclear. It is also difficult to hold a council accountable for the administration of children's programs, in that the council itself may be divided on important issues.

However, if the chief executive of GPG is to be held accountable for child development programs in the prime sponsorship area, he must be free to make key policy decisions and to supervise the actions of the delegate agency designated by him to implement the prime sponsor plan. This would not be possible if the CDC had authority to supervise the delegate agency and to block all actions which it did not approve.

The participation of parents and community members in the preparation of project applications and program activities is most desirable if programs are to be truly responsive to local needs. However, we have recommended that project policy committees have authority to review and comment upon, rather than approve, basic goals and policies of the project applicant. If approval of the committee on such issues were required prior to submission of a project application, many delays in the creation of new resources may be anticipated. Once a project has been funded, a project operator could not be accountable to the prime sponsor for program effectiveness if his decisions were subject to veto by the policy committee. Through our amendments we seek to strike a balance between the need for clear accountability for programs serving children and the need for community participation in the conduct of such programs.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. Mr. President, I yield 5 minutes to the Senator from California.

Mr. CRANSTON. Mr. President, the amendment of the Senator from Ohio would in effect delete an amendment which I offered to the pending bill in subcommittee. My amendment established most of the basic structure and described the purposes of the child development councils and the project policy committees.

My amendment was totally consistent with, indeed was modeled upon, the current administration's guidelines for Headstart. And the amendment of the Senator from Ohio is totally inconsistent with those present HEW guidelines. I should like to read briefly from the HEW Office of Child Development Headstart guidelines dated August 10, 1970, wherein the section relating to parents states:

> Head Start believes that the gains made by the child in Head Start must be understood and built upon by the family and the community. To achieve this goal, Head Start provides for the involvement of the child's parents and other members of the family in the experiences he receives in the child development center by giving them many opportunities for a richer appreciation of the young child's needs and how to satisfy them.
>
> Many of the benefits of Head Start are rooted in "change". These changes must take place in the family itself, in the community, and in the attitudes of people and institutions that have an impact on both.
>
> It is clear that the success of Head Start in bringing about substantial changes demands the fullest involvement of the parents, parental-substitutes, and families of children enrolled in its programs. This involvement begins when a Head Start program begins and should gain vigor and vitality as planning and activities go forward.
>
> Successful parental involvement enters into every part of Head Start, influences other anti-poverty programs, helps bring about changes in institutions in the community, helps bring about changes in institutions in the community, and works toward altering the social conditions that have formed the systems that surround the economically disadvantaged child and his family.
>
> Project Head Start must continue to discover new ways for parents to become deeply involved in decision-making about the program and in the development of activities that they deem helpful and important in meeting their particular needs and conditions. For some parents, participation may begin on a simple and move to more complex levels. For other parents the movement will be immediate, because of past experiences, into complex levels of sharing and giving. Every Head Start program is obligated to provide the channels through which such participation and involvement can be provided for and enriched.

A little later, the guidelines set forth the makeup of the Headstart policy councils and committees, and in regard to the Headstart Policy Committee it states:

> This committee must be set up at the delegate agency level when the program is administered in whole or in part by such agencies.

Chart A goes on to require that a majority of the members of that committee are to be parents of Headstart children.

Then the guidelines state, in regard to the Headstart Policy Council:

> This Council must be set up at the grantee level.

Again, provision is made for the majority of the members to be parents of Headstart children.

Other charts later on indicate that as to many of the basic functions allocating responsibility for policymaking and action, there must be approval by the respective committee or the Council, again with a majority on those bodies being parents involved in making those key decisions before action can be taken.

If this is the procedure deemed best for parents in the most deprived segments of our society, it would seem quite appropriate to have the same approach followed in regard to parents a little higher up the economic ladder. Both the parents from the most deprived classes of our society as well as those of the middle class should have the same right to make decisions affecting the planning, the commencement, and the future direction of the education of their children. Certainly middle-class parents are no less qualified to exercise that responsibility in regard to their children than are the most economically deprived parents in our society.

The 1970 White House Conference on Children moved in the same general

direction as my amendment offered in subcommittee—not in the direction of the amendment of the Senator from Ohio. That Conference recommended that parents be involved very early in planning their children's education. It stressed the need for family-oriented and community-oriented approaches most of all, at the earliest levels in the process of education.

The fundamental tradition of education in our American society, in our democracy, in our Republic, is for parental involvement and parental control through local school boards, where parents have the opportunity—and it is an opportunity they normally exercise—to run for and to serve on those school boards, so that they may exercise a major voice in the education of their children. When we look at other nations such as the Soviet Union, we find a great separation of parents away from any say in the education of their children—with representatives of the State, politicians, and others having that vital control. Cerainly, we do not want to move in that direction in our society.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. NELSON. Mr. President, I yield the Senator from Pennsylvania (Mr. SCHWEIKER) whatever time he may require.

Mr. SCHWEIKER. I request 2 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 2 minutes.

Mr. SCHWEIKER. Mr. President, I rise in opposition to the amendment. I think this particular section of the bill is a very important part of the bill. I think the Child Development Council is the key to bridging the gap between the people and our Government today.

Certainly if there is one thing we in Government realize it is that, more and more, people feel that big government no longer represents them, that even we in the legislative bodies are not as directly sensitive to some of the more pressing needs of our people as we should be. Or at least they think we are not, even though perhaps we are trying.

I think that is the key to this particular section. We are building a bridge, by the Child Development Council, between the people who use the program and the Government, so that this will not be just another government-run program, with some bureaucrat dictating policy with no regard to the needs of the local people, no regard to the needs of the people who use the program, the children in the program or their parents. This Child Development Council is the link across the gap between the Government and the people using the program, to make sure it will be oriented toward the needs of the people in the communities in which it serves.

I think as we pass more legislation——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SCHWEIKER. I yield myself 3 additional minutes.

I think as we pass more legislation, we have to be more aware of this problem, and build mechanisms into the legislation so that we do make for responsive Government, attuned to the needs of the people. That is exactly what the Child Development Council would do. But when you come along with an amendment such as that of the Senator from Ohio, which would gut that section, you are creating another gap between the people involved in the program and some bureaucratic tyrant, between the people who use the program and the Government officials at the top. If we take that bridge out, then we are building one more gap between the people and the users of the program.

I oppose the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. TAFT. Mr. President, there has been much talk by the Senator from Pennsylvania and others about keeping the program close to the people. The question always arises, when we see these programs giving powers to a council, that perhaps these people are close to the people when they are appointed. But do they remain there? What about the people who are to participate in the program? What recourse do they have if they do not like what is going on in the programs? The answer is, "very little."

If we put this program into effect, I am afraid that we may see some rather unfavorable results from the point of view of public opinion reaction to the entire child development program, which I think would be most unfortunate.

It seems to me that the way to make this system run effectively is to give the responsibility to the prime sponsor. Then you have some responsibility centered on a particular organization, a particular elected official, particular groups of people. They are required, under the amendment—and should—to keep in consultation with the parents of children who are involved and with experts in the community who are involved in the program. It is a question of what is a workable type of approach toward administering a program of this sort.

It has been said by the Senator from California that Headstart works the same way. In the first place, the scope of this program is going to be considerably different from Headstart—a little more experimental, a great deal less tried water. In Headstart, you are dealing primarily with school bodies which are already constituted. You are dealing with the same type of groups you have in school boards, and you are dealing with the same types of people in PTA's. By and large, the program has been such that it has not been as clear, as challenging, or as innovative in the sense of program content as would be the case with the Child Development Council. So I think there is a difference in philosophy here as to how you should be close to the people. Frankly, I do not think you can keep governmental programs close to the people unless you have political responsibility involved. I think this amendment is closer to political responsibility, and the bill as it is presently written tends to divorce that responsibility from the public and even those participating in the program, other than those who happen to be on the Council.

The PRESIDING OFFICER. Who yields time?

Mr. NELSON. I yield back the remainder of my time.

Mr. TAFT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Ohio. 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 (after having voted in the negative). On this vote I have a pair with the distinguished Senator from Massachusetts (Mr. KENNEDY). If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." Having already voted in the negative, I now withdraw my vote.

Mr. BYRD of West Virginia. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. BIBLE), the Senator from North Dakota (Mr. BURDICK), the Senator from Mississippi (Mr. EASTLAND), the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Mr. MAGNUSON), the Senator from Wyoming (Mr. McGEE), the Senator from Utah (Mr. Moss), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), and the Senator from Alabama (Mr. SPARKMAN), are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Montana (Mr. MANSFIELD) are absent on official business.

On this vote, the Senator from Minnesota (Mr. HUMPHREY) is paired with the Senator from Mississippi (Mr. EASTLAND). If present and voting, the Senator from Minnesota would vote "nay," and the Senator from Mississippi would vote "yea."

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK), the Senator from Louisiana (Mr. ELLENDER), the Senator from Indiana (Mr. BAYH), and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Colorado (Mr. ALLOTT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Nebraska (Mr. CURTIS), the Senator from New York (Mr. JAVITS), the Senator from Ohio (Mr. SAXBE), and the Senator from Pennsylvania (Mr. SCOTT) are absent on official business.

The Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Wyoming (Mr. HANSEN), the Senator from Idaho (Mr. JORDAN), the Senator from Maine (Mrs. SMITH), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

The Senator from Kentucky (Mr. COOPER), the Senator from South Dakota (Mr. MUNDT), and the Senator from Vermont (Mr. PROUTY) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER), the Senator from Tennessee (Mr. BROCK), and the Senator from Connecticut (Mr. WEICKER) are detained on official business.

If present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from Maine (Mrs. SMITH) would each vote "yea."

The result was announced—yeas 17, nays 41, as follows:

[No. 217 Leg.]

YEAS—17

Baker	Fannin	Roth
Beall	Griffin	Stennis
Boggs	Gurney	Taft
Buckley	Hruska	Thurmond
Byrd, Va.	Packwood	Tower
Dole	Pearson	

NAYS—41

Allen	Hughes	Pastore
Bentsen	Inouye	Percy
Brooke	Jackson	Proxmire
Cannon	Jordan, N.C.	Randolph
Case	Long	Ribicoff
Chiles	Mathias	Schweiker
Church	McClellan	Spong
Cook	McGovern	Stevens
Cranston	McIntyre	Stevenson
Eagleton	Metcalf	Symington
Ervin	Miller	Talmadge
Gambrell	Mondale	Tunney
Hart	Montoya	Williams
Hatfield	Nelson	

PRESENT AND GIVING A LIVE PAIR AS PREVIOUSLY RECORDED—1

Byrd of West Virginia, for.

NOT VOTING—41

Aiken	Ellender	Mansfield
Allott	Fong	McGee
Anderson	Fulbright	Moss
Bayh	Goldwater	Mundt
Bellmon	Gravel	Muskie
Bennett	Hansen	Pell
Bible	Harris	Prouty
Brock	Hartke	Saxbe
Burdick	Hollings	Scott
Cooper	Humphrey	Smith
Cotton	Javits	Sparkman
Curtis	Jordan, Idaho	Weicker
Dominick	Kennedy	Young
Eastland	Magnuson	

So Mr. TAFT's amendment was rejected.

The PRESIDING OFFICER (Mr. MONDALE). Under the previous order, the Chair recognizes the Senator from Ohio.

Mr. TAFT. Mr. President, I have amendments at the desk and I ask that they be reported.

The PRESIDING OFFICER. The clerk will report the amendments.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. TAFT) proposes the following amendments:

On page 54, line 10, after the comma, insert the following: "including the establishment of a national child advocacy system on a demonstration basis,".

On page 56, beginning with line 18, strike out through line 9 on page 63.

On page 63, line 10, strike out "part F" and insert in lieu thereof "part E".

On page 63, line 12, strike out "SEC. 581." and insert in lieu thereof "SEC. 561.".

On page 66, line 5, strike out "SEC. 582." and insert in lieu thereof "SEC. 562.".

On page 66, line 14, strike out "SEC. 583." and insert in lieu thereof "SEC. 563.".

On page 66, line 24, strike out "SEC. 584." and insert in lieu thereof "SEC. 564.".

On page 69, line 9, strike out "SEC. 585." and insert in lieu thereof "SEC. 565.".

On page 70, line 12, strike out "SEC. 586." and insert in lieu thereof "SEC. 566.".

Mr. TAFT. Mr. President, the effect of the amendment is to strike out of the bill the provisions relating to the Child Advocacy Council. There may be a good deal of merit in this proposal. I do not know what the merits are, however, because the measure was not heard before the committee. It was put into the bill at the last minute really in the hearings of the committee, and what the merits and demerits of the proposal might be are pretty hard to speculate. There is a $10 million authorization for this provision and it authorizes the creation of 20 neighborhood offices of child advocacy to explore the feasibility of the national child advocacy system.

The amendment I propose would eliminate this portion from the bill and include the development and testing of model child advocacy testing programs in the research and development authority in the bill. The child advocacy concept is now very much in the experimental phase. We believe it would be unwise to develop this concept in S. 2007.

Under our amendment we dispose of the testing of many models of child advocacy. This is given optimal use in the research and demonstration funds we allocate to that effort.

The PRESIDING OFFICER. Does the Senator from Ohio wish to have his amendments considered en bloc?

Mr. TAFT. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

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

Mr. NELSON. Mr. President, I yield 5 minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 5 minutes.

Mr. RIBICOFF. Mr. President, I think it would be worthwhile to explain to the Senator from Ohio and other Members of the Senate the background of the amendment.

At the present time in this city there is being inaugurated the Kennedy Memorial Center. After assassination of John F. Kennedy and the Warren Commission report, a study of that report caused me to become deeply concerned over the background of Lee Harvey Oswald. Lee Harvey Oswald was born in New York and came into conflict with the authorities there time and time again. It was recommended that Lee Harvey Oswald be given psychiatric treatment and care. However, Lee Harvey Oswald never received this care. No one took up the cause of aiding this mentally unbalanced youngster at a time in his youth when help would have been meaningful. There was neither an ombudsman nor a concerned parent to help him.

I was concerned, having acted as Secretary of Health, Education, and Welfare, that the one great void in the entire field of mental health care was the mental health care of children and that only a very small percentage of the children of this country who need psychiatric care receive that care. These children were growing up as criminals, as murderers, and as people who were a great drag to themselves and society.

In 1965, I caused an amendment to be included in the Social Security Act of 1965 to provide money for a study of the mental health of children. This body at that time voted $1.5 million for that study.

Approximately 40 national organizations organized a study which was financed under a grant given by the Secretary of Health, Education, and Welfare, and every major child-care group in the United States was included in these 40 national organizations. This group brought together some 500 leading authorities on early childhood, adolescence, and young adults, and they worked in various task forces. Most interesting, out of all this work and study which took over 3 years, these leading experts on the question of childhood came up with one main suggestion, and that was the founding of a child advocacy system because they found that the whole question of care for children was so chaotic and contradictory that children all over the country were not getting the care they should receive from organizations that existed because of bureaucracy and ignorance. Organizations which supposedly were taking care of the problems of children actually were working at cross purposes.

They looked at the child advocate as someone who would coordinate all activities involving children, so that, if a mother, schoolteacher, or preacher came across a child with a problem, instead of running the child and the parent through this bureaucratic maze, they advocated that there be included in the social service field a person known as a child advocate to coordinate and take care of the problems of children.

To reiterate this concern, one of the prime recommendations of the last White House Conference on Children was the child advocacy system, and this was placed high on the list of priorities of this recent conference.

I think one of the most important parts of the bill is this child advocacy system.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIBICOFF. Will the Senator yield to me for 3 additional minutes?

Mr. NELSON. I yield 3 minutes to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I discussed this matter with the distinguished Senator who is now presiding, the Senator from Minnesota (Mr. MONDALE), and the distinguished Senator from California (Mr. CRANSTON). We all agreed that this was most important and after studying it they agreed with the points of view I now express and which I expressed in committee. I think what is happening in this section should receive the strong support of the Senate because we are advocating a pilot program to allow the Secretary of Health, Education, and Welfare to have 20 pilot programs of varying character to try to establish a sound advocacy system. Before committing large sums of money, we will have these pilot programs which can be tested. Then we can come back to committee and Congress with a program we feel will do something for children, one of the

most neglected groups in American society.

Mr. President, I am pleased to support S. 2007, particularly those provisions that establish a national pilot child advocacy program. This is an urgently needed program that has received widespread consideration and support.

The Joint Commission on the Mental Health of Children studied the problems of children for 3 years. The Commission's major recommendation in its report in 1969 was for the establishment of a child advocacy system. The Commission found that such a child advocacy system could be the first step toward reforming the present chaotic child-care system and insuring that no American child lost his chance in life because no one cared about or understood his problem.

Last year the White House Conference on Children reiterated this concern and placed an advocacy system high on its list of priorities.

No matter how comprehensive a system of child care we devise, some children will slip by unnoticed and untreated. To help correct this inadequacy I introduced the child advocacy amendment with Senators MONDALE and CRANSTON.

All too often we have adopted billion-dollar full-scale programs for areas about which many questions are still unanswered. The only result is waste and confusion.

The program I propose, therefore, would begin with a series of pilot programs in communities across the country. This process will give us the information and experience necessary to implement a complete national program at a later date.

The general role of the advocate should be made clear. He will not coerce any family or any child to participate in any program. His services will be available to those who voluntarily seek him out for guidance and assistance.

Millions of families confronted by countless bureaucracies are bewildered and confused. In city after city, parents who desperately need and want services for their children do not know where to turn. This is where the child advocate comes in.

The role of the child advocate will be a dual one. First, he will be the link between the child in need and the program that fills that need. Most children are lost to society, not because of poor care, but rather because they never received any care.

A child advocate will help those children who now fall through the cracks in the existing systems that deliver needed treatment. The advocate will not be wedded to any specific professional group or theory, but will be interested only in the welfare of all chlidren. These children will be his clients and his task will be to insure that their basic needs are met. The advocate will see that they obtain the necessary services and that those who provide these services are accountable.

For example, a mother in a poverty area might come to the child advocate with a child who has an unusual hearing problem. The advocate will direct that mother and child to the proper care center, check to see that the service was provided, and follow up later to see how the child is progressing. The child will not be abandoned in the bureaucratic morass of the present system, but will be guided through and helped at every turn.

The advocate's second role will be to monitor all children's programs. Since he is an independent agent solely concerned with the welfare of his clients he will be best able to assess the needs of a community's children, to evaluate the adequacy of the community's performance and to set goals and priorities. He will spot inefficiencies and inadequacies in the present system and press for their solution.

The same advocate, for example, who aided the child mentioned above may find other children with undetected and untreated hearing problems. As he moves through the community he may discover that the local school system has not been conducting the required annual hearing tests and that some children have gone for years with their impairments undiagnosed. The advocate will call attention to the deficiency and ask that the local authorities redress the situation and insure that similar oversights are not occurring in other areas as well.

The amendment approved by the committee empowers the Director of the Office of Child Development in the Department of Health, Education, and Welfare to establish and administer up to 20 demonstration projects across the Nation by funding selected public or private nonprofit agencies to establish a neighborhood office of child advocacy—NOCA.

The group selected to establish the NOCA will also form a neighborhood council of child development which will serve as the governing body of the local NOCA. At least one-half of the members of the Council will be residents of the neighborhood to be served. The neighborhood council will select the Director of the office, establish personnel and fiscal policies, and generally oversee the office's operations. In addition, it will use the information its members gather to develop a comprehensive plan for providing services to the local children.

The NOCA, composed of child-care professionals, will be the local representative of the neighborhood children. These advocates will assist parents and their children in finding the services they might need whether they be legal, psychological, medical, or educational.

If a child comes in with a problem no existing agency can handle, the NOCA will be permitted to contract with another person or institution to provide the necessary service. Such a purchase is not expected to go on indefinitely. The NOCA would be required to review every 6 months the effectiveness of the purchased service and the need for continuation. If it is necessary to continue it, the NOCA will make every effort to have another agency assume the burden.

Any purchase which continues for 12 months must be reported to the Director along with a full report of the number of similar problems in the neighborhood and the possibility of State and local authorities establishing a program to treat such programs.

This continuous review of the NOCA's operations is an important part of the advocacy concept. The advocacy system will not be expected to replace existing programs. It is not intended to become a permanent institution, but rather is designed to be the catalyst for revamping and modernizing the present system.

Unless we begin this pilot program now, we will condemn the parents of this country and their children to more years of confusion and heartbreak.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Mr. President, will the manager of the bill yield to me for 2 minutes?

Mr. NELSON. I yield 2 minutes to the Senator from California.

Mr. CRANSTON. Mr. President, I simply rise to join with the distinguished Senator from Connecticut in support of the existing language in the bill and in opposition to the amendment of the Senator from Ohio.

It was my privilege, on behalf of the Senator now presiding (Mr. MONDALE) and the Senator from Connecticut, to introduce this language which is a condensation of S. 1414, the proposed Child Advocacy Act which was introduced by the Senator from Connecticut on March 30.

It has been said quite often by some who support the administration approach to disbanding parts of OEO, that it is very important to continue to extend the Economic Opportunity Act to experiment with pilot projects in new fields. That is what this particular part of the bill does. It proposes 20 child advocacy pilot projects to find out what is needed, what works, and to provide a firm basis to move ahead on that front. This is fully consistent with that view that we need more research and development in poverty programs.

I find it quite inconsistent now to have an amendment, presumably on behalf of the administration, proposing to delete this program. This program is designed to aid those youngsters who manage to fall through the cracks in the existing system because there is no program—no service—to take care of their needs. I can think of no better way to take care of those children who are in need than to support this particular provision as it is contained in the bill—in part E of the new title V—and to defeat this amendment.

I thank the Senator from Connecticut for steering us in this direction.

Mr. TAFT. Mr. President, I think there is some confusion with regard to this matter, in view of the remarks of the Senator from California. This points up clearly the initial point I made as to why I offered this amendment. I have not offered the amendment because I disapprove of the proposal; it may be an excellent proposal. I say it was not before the committee. I think we should have hearings quickly on it.

I was hopeful there would be an agreement today with the introduction of this amendment to withdraw this bill.

The confusion that exists is patent here when the Senator from California talks about this being research and development under OEO. It has nothing to do with OEO.

As the Senator from Connecticut accurately stated, the report is to HEW. It goes back to the same confusion I talked about earlier, where research and development properly belong under OEO, and when they become operational, transferred to HEW, or some other agency.

There may be some reason for putting this activity under HEW or OEO. I do not know the reasons either way. However, the fact is the committee was not properly prepared and the Senate is not properly prepared to vote on this legislation. In view of that I think it would be a good idea to defer action on this title, and get to it soon.

The PRESIDING OFFICER. Is all time yielded back?

Mr. NELSON. I yield back my time.

Mr. TAFT. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was rejected.

The PRESIDING OFFICER. Who yields time?

Mr. TAFT addressed the Chair.

The PRESIDING OFFICER. Under previous order the Chair recognizes the Senator from Ohio.

Mr. TAFT. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 21, line 22, strike out all through line 24 on page 25 and insert in lieu thereof the following:

PRIME SPONSORS OF CHILD DEVELOPMENT PROGRAMS

"SEC. 513 (a). The following shall be eligible to be prime sponsors of a comprehensive child development program in accordance with the provisions of this section—

"(1) any State;

"(2) any city, county or other unit of general local government or any combination of such units having a total population of one hundred thousand or more persons on the basis of the most satisfactory current data available to the Secretary and which he determines, on the basis of the criteria set forth in subsection (c) to have the capability to carry out effectively a comprehensive child development plan in the area to be served. The Secretary may disapprove a prime sponsorship plan submitted by such a unit or combination thereof only upon a finding by the Secretary that the criteria set forth in subsection (c) cannot be met;

"(3) any Indian tribe on a Federal or State reservation:

"(4) any public or private nonprofit agency or organization pursuant to subsection (h) and which demonstrates to the Secretary, on the basis of the criteria set forth in subsection (c) the capability to carry out effectively a comprehensive child development plan in the area to be served.

"(5) any other unit or combination of units of general local government designated by the Secretary.

"(b) each prime sponsor may carry out child development programs under this part only upon the approval by the Secretary of a prime sponsorship plan, which includes provisions—

"(1) describing the prime sponsorship area to be served;

"(2) setting forth satisfactory provisions for establishing and maintaining a Child Development Council which meets the requirements of section 514;

"(3) providing that the Child Development Council shall be responsible for developing and preparing a comprehensive child development plan for each fiscal year and any intervening modifications thereof;

"(4) setting forth arrangements under which the Child Development Council will be responsible for evaluating child development programs in the prime sponsorship area;

"(5) setting forth such information as the Secretary may require to determine the capability of units of general local government or combinations of such units or public or private nonprofit agencies or organizations to carry out effectively a comprehensive child development plan, pursuant to paragraphs (2), (3), and (5) of subsection (b) and to subsection (c) of this section.

"(c) In determining the capability of a unit of general local government or a combination of such units or of public or private nonprofit agencies or organizations to carry out effectively a comprehensive child development plan, the Secretary shall consider—

"(1) the extent to which the educational, health, nutritional, family, social and rehabilitative services and professional personnel necessary to maintain a comprehensive child development program may, with financial and other assistance to make available under this title, be provided adequately for programs in the area to be served;

"(2) the extent to which arrangements for coordination of programs and for joint services, training and other joint activities may be undertaken in the area to be served;

"(3) the cost effectiveness of the staff and other administrative expenses that may be incurred by the appropriate Child Development Council under paragraph (3) of section 512 in planning, supervising, coordinating, monitoring and evaluating child development programs in the area to be served.

"(d) The Secretary shall approve a prime sponsorship plan submitted by any unit of general local government or any combination of such units which meets the requirements of paragraphs (2) or (3) of subsection (a) and of subsection (b). In the event that the area of such unit or units of general local government includes any geographical area common with that covered by another such unit or combination of units which has submitted a prime sponsorship plan, the Secretary shall designate to serve such area the unit of general local government or combination thereof which he determines has the capability of more effectively carrying out the purposes of this part.

"(e) In the event that the Secretary determines that the prime sponsorship plan of a unit of general local government or a combination thereof is to be disapproved for the reason that the Secretary has determined that it does not have the capability to carry out effectively a comprehensive child development plan, he shall take steps to encourage the submission of a prime sponsorship plan covering the area of such unit or units in combination with other units of general local government, which plan may meet the requirements of this section.

"(f) The Secretary shall approve a prime sponsorship plan submitted by an Indian tribe on a Federal or State reservation if he determines that the plan so submitted meets the requirements of subsection (b) of this section and includes adequate provisions for carrying out comprehensive child development programs in the area to be served.

"(g) In the event that the Secretary determines, with respect to the area of a particular locality, that a prime sponsorship plan meeting the requirements of this section has not been submitted by a unit of general local government or by a combination of such units or by an Indian tribe on a Federal or State reservation, or in the event that prime sponsorship designation has been withdrawn in accordance with subsection (j) of this section, the Secretary may, with respect to any fiscal year when no such prime sponsorship designation is in effect, approve a plan submitted by the State which includes adequate provisions for carrying out comprehensive child development programs in each such area.

On page 25, line 25, strike "(f)" and insert in lieu thereof "(h)".

On page 26, line 9, after "(a)" insert "and of subsection (b)".

On page 27, line 5, strike "(g)" and insert in lieu thereof "(i)".

On page 27, line 12, strike "(h)" and insert in lieu thereof "(j)".

On page 27, line 22, strike "(i)" and insert in lieu thereof "(k)".

On page 27, line 23, strike "(g)" and insert in lieu thereof "(j)".

The PRESIDING OFFICER. Does the Senator ask unanimous consent to have the amendments considered en bloc?

Mr. TAFT. I so request.

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

Mr. TAFT. Mr. President, the purpose of this amendment, which relates to the prime sponsors of the child development programs under section 513(a) is to insert into the bill certain standards with regard to these prime sponsorships that do not presently exist as to the mandatory qualification of prime sponsors insofar as governmental units are concerned. It brings in a provision which would limit prime sponsors to those cities, counties, or other units of general local government or any combination of such units having a total population of 100,000 or more persons on the basis of the most satisfactory current data available to the Secretary and which he determines, on the basis of the criteria set forth in subsection (c) to have the capability to carry out effectively a comprehensive child development plan in the area to be served.

That is the only change of any importance that is made with regard to the provisions presently in the bill.

This matter was discussed at great length in the committee and among the committee members, as to what the size of the units might be and how many units could effectively be handled by the Department of Health, Education, and Welfare.

The supplemental views indicate that there are some 1,700 individual grantees under the Headstart program. It was felt that with a limitation of 100,000, we would be hitting somewhere around this provision.

I also call to the attention of Senators who might be concerned the fact that there is in the language of the amendment a provision whereby the Secretary, if he finds good reason for doing so, may qualify as prime sponsors those units or combination of units of general local government which have a population of less than 100,000. It was not proposed in that form in the committee. The amendment considered by the committee was

mandatory as to the 100,000 requirement.

Mr. NELSON. Mr. President, the distinguished Senator from Ohio is correct when he says we discussed this amendment at some length both at the subcommittee level and at the full committee level. It was the judgment of the committee that we should not adopt this prime sponsorship plan, which would permit only units of government of 100,000 or over to be sponsors of these programs. That would mean, of course, in many States that the States themselves would be sponsors of these child development programs because there would be no cities that would qualify.

Second, it was the judgment of the committee that the small communities are just as qualified to manage the child development program as the big cities, and probably better qualified to do so, at least in many instances.

In my State there are dozens and dozens of smaller communities just as qualified to manage effectively a broad based child development program as the cities of Milwaukee or Madison, which would be the only two cities in my State which would qualify under this amendment.

I think the amendment would have an adverse effect upon all of the rural programs that are now being successfully conducted in Headstart in small communities all over the country.

The committee considered this proposal in some detail, and rejected it, and I would hope that the Senate would turn down this proposal.

This is a strange procedure because the committee voted unanimously to report out the bill.

Most of the time in executive session was spent on the child development section.

The question of separating child development into a separate bill was discussed. Good reasons were given for combining these two issues into one bill.

The result was that no motion was made—in subcommittee or in committee—to separate these issues.

The Senator from Ohio joined in voting to approve the bill as it now stands.

Now the Senate is asked to recommit the bill. For what conceivable reason?

We held 18 days of hearings—5 days on child development. We heard from the most distinguished child experts in the Nation.

We heard from the administration.

Secretary Richardson has endorsed the concept of the child development program; 28 Senators cosponsored the child development section.

There are some rather minor differences on how child-care programs should operate.

We can settle those differences speedily on the Senate floor.

There is no reason whatever to send the bill back to a committee which has approved it unanimously.

I hope this amendment to recommit is quickly rejected so we can move forward on the bill.

The committee considered the idea of limiting child care programs to sponsorship by States and larger cities and rejected it for good and solid reasons.

We feel strongly that communities which desire to do so, and which have the capability, should be allowed to run their own Headstart and child development programs. There is no rationale whatever for limiting community-run programs to the larger cities and requiring that programs elsewhere be run by State agencies.

We are convinced that small communities and rural areas can run just as good programs as large cities. In fact, we expect that the small city and rural programs in many cases will probably be superior to the big city programs.

In some States a population minimum of 100,000 would mean that all Headstart programs and all child development programs would be run by the States.

The Department of Health, Education, and Welfare presently contracts with 1,700 community agencies to operate 8,300 year-round Headstart centers and about 5,000 summer Headstart centers. To take all or much of this system away from the communities and turn it over to the States would be a massive and unjustified upheaval.

Programs for small children are best run at the community and neighborhood level with strong parental involvement. This is what has made Headstart a success; this is what is needed in the new comprehensive child development programs.

Here are some comments I have received recently from operators of Headstart and child development programs.

From Hollis D. West, Knox County Economic Opportunity Council, Barbourville, Ky.:

Setting a population limit such as 100,000 would require an inter-county Headstart program which would ultimately lead to state control . . . If this amendment is accepted the Knox County Headstart program may just as well close its doors.

From Cisto Martinez, Fredericksburg Child Development Agency, Fredericksburg, Tex.:

The proposed amendment writing in population minimums of 500,000 or 100,000 appears as a real threat to Headstart and Child Development programs in Texas because it would deprive so many areas of its benefits. Comparatively few communities would qualify for Headstart.

From Robert Guth, Tri-County Development Corp., Guernsey, Wyo.:

It seems inconsistent that a limitation of population would even be proposed. If this population limitation was enforced our Head Start program would suffer an irreversible setback. The children of poverty are not restricted to urban areas or ghettoes. There are just as many in rural areas.

From Joanna Hullinger, Western South Dakota Community Action, Rapid City, S. Dak.:

I concur with the rejection of the co.nmittee regarding population criteria. Our community desperately needs an expanded comprehensive Child Development program. We would never meet the guideline with our population of only 50,000.

From the Small Tribes Organization of Western Washington State:

An amendment limiting the size of communities eligible to administer pre-school programs would certainly be most detrimental to our Indian people. We strongly protest this.

From Kent County Headstart Child Development Corporation, Dover, Del.:

It would be most unfortunate for Kent and Sussex counties if a population minimum of 100,000 were set . . . . Neither county has a community which would qualify. It would be a sad situation should the bill be amended as indicated.

From Nancy Jones, Early Childhood Development Director, Eastman, Ga.:

I strongly urge opposition to any amendment setting a minimum size for communities wishing to run Child Development programs. Rural areas of Georgia have been sadly left out of funds for such programs in the past. In a twelve-county area we have programs for 220 children when we need them for over 10,000. A population minimum would defeat any hope for these thousands and thousands of poor rural children to receive any help toward overcoming developmental deficits.

From Richard B. Knotts, superintendent, Klatsop County Education District, Astoria, Oreg.:

The 500,000 limit would exclude the entire state of Oregon. The 100,000 limit would exclude the entire state except for the city of Portland.

From the Colorado Migrant Council, Denver, Colo.:

We are against any amendment to set a minimum size for communities wishing to run child development programs . . . . Since most states do not provide any services toward child care for migrant farm workers, we do not support states operating Head Start.

The PRESIDING OFFICER. Is all time on the amendment yielded back?

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

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

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Ohio.

The amendment was rejected.

The PRESIDING OFFICER. Under the previous order, the Senator from Ohio is recognized.

Mr. TAFT. Mr. President, I move to recommit S. 2007 to the Committee on Labor and Public Welfare with instructions to report it back forthwith with section 6 eliminated.

The PRESIDING OFFICER. Who yields time?

Mr. TAFT. Mr. President, as has been noted already by the distinguished majority whip, acting floor leader, a vote will take place tomorrow on the motion to recommit. I think, however, I would like to talk for a few minutes about it tonight to give those Members who read the CONGRESSIONAL RECORD in the morning the benefit of a few comments with regard to it.

We believe that the child care provisions of S. 2007 are of such importance and character that they should comprise a separate piece of legislation. The comprehensive child development provisions of S. 2007 would establish a service program for which children of all economic

groups would be eligible to participate, some on a sliding scale fee basis, and would create a delivery system which could be utilized for a variety of child development programs. A broad array of services are authorized and many new models of development programs may be created.

Because these programs will have such far-reaching effects on the structure of family life and preschool education systems, we believe they are worthy of separate attention. Further, S. 2007 contains special provisions, such as the National Child Advocacy program, on which hearings have never been held. This, too, warrants further debate.

Equally as important, we believe that the new child care programs which would be authorized by the provisions of S. 2007 should not necessarily be tied to the Headstart authority. Headstart has always been described as an experimental program under the Economic Opportunity Act, and it was specifically directed at economically disadvantaged preschool children. Headstart has provided one basic model for the delivery of child development services aimed at a specific segment of the total population.

Since the programs established by S. 2007 would be different from Headstart in character and in the population ultimately to be served, it would be inappropriate to tie the new child development system to existing authorities. Legislation containing the breadth of programs and innovations of S. 2007 should stand as a separate bill and be the subject of separate hearings and debate.

As Senators know, we have today considered on the floor a number of amendments to the child development program portions of the bill. I would specifically like to point out that all of those provisions, which I felt were debated, at least from our side, in proposing this motion, rather fully, will still leave uncertain many, many questions. I believe that many Senators will feel, in reviewing the record of today, that they do not have answers to what this is all about.

The reason for that is that it is tied directly to the extension of the Economic Opportunity Act and to a multiple approach—I would not say it is a Christmas tree, as it does deal with services to people and children, but it is a bill with a multiple approach rather than a specific approach, but embraces a problem which I believe deserves separate consideration.

I point out, with respect to defeat of the provision with regard to 100,000, it was apparent at this late hour that it was not going to pass the Senate. There was much misunderstanding about it. Many Senators spoke to me as to what its application would be, and apparently there was some campaigning by mail over the country from small communities that thought they were going to be left out automatically, not knowing what this provision would mean to them.

I feel that with more time in the committee, and with the possibility of representation from local units of government, they could have gotten over the feeling that they might be excluded, and that it might have been helpful to the Senate in coming to a sound proposal.

I have also proposed today and seen turned down by the Senate a provision relating to the child development councils, which will now be major policy bodies insofar as the setting up and the operation of the programs are concerned, raising serious questions of political responsibility that I think ought to be examined more fully by the Senate.

Also, we have seen turned down an amendment to modify the definition of "economically disadvantaged," so that as the bill now stands, unless we send it back to the committee for further consideration, no fees of any kind may be charged to any family with an average income of $6,900. I think that many Senators will feel that this was a mistake, and that they ought to take another look at this particular provision and try to set up some standards, perhaps, for which we may wish to specify ourselves the criteria which may be involved toward establishing what is the proper approach to this problem of the economically disadvantaged family, and whether we ought to use either of the standards proposed originally, the Bureau of Labor Statistics low income family provisions or, on the other hand, the poverty levels.

As I indicated in the amendment that I proposed, I do not feel that either are sound. I feel that the body administering the program itself is the one that must, in the long run, make the determination as to what is a proper fee schedule, and as to at what level family income, in particular areas, under particular circumstances, fees ought to be charged.

I believe the real issue is whether or not this program is eventually for all children, not to be related to family income standards at all, but rather to be a free service. I question whether the American people wish that, and I feel that the provision as presently incorporated in the bill is a pretty strong step in that direction that ought to be considered very carefully by the Senate, and would be considered far more carefully if this motion to recommit were adopted and the committee would report out further legislation relating to this bill.

Finally, we have just finished discussing the child advocacy program. I think this is a most blatant example of legislation coming in here without any real hearings or real understanding as to what the effect might be, as to where the program might best be carried out and how it might best be promoted, and what is really the net effect of the program.

I cannot believe that the child advocacy program, with the little background we have had on it here, is ready for legislation or amendment. Our position with regard to it is somewhat reminiscent, to me, of Pat Moynihan's statement one day when I was talking to him about the poverty program.

He said:

There is one thing sure about the poverty program, and that is that the Ph. D.'s did not have poor mothers.

I question whether the proposal is sufficiently developed and sufficiently zeroed in on the overall program we are attempting to tackle to really do much good.

With these remarks, I expect to close briefly. I might say that we have received, and I ask unanimous consent to have printed in the RECORD at this point, a letter from the Appalachian Regional Commission with regard to the question of whether or not the child development programs should be included in this legislation. They feel quite strongly that it should not be, for the reasons brought out in the letter.

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

THE APPALACHIAN REGIONAL COMMISSION,
Washington, D.C., Sept. 8, 1971.

Hon. ROBERT TAFT, Jr.
United States Senate,
Washington, D.C.

DEAR SENATOR TAFT: This is in response to your request for information on how the Child Development portion of the OEO Amendments of 1971 (S. 2007) would affect the Child Development program which the Commission operates.

As presently written, S. 2007 would not recognize the Appalachian Regional Commission program, and it is unlikely that our State and local Child Development programs would be eligible for funds provided by S. 2007.

Congress, in adding the Child Development program to our Act, recognized the need for a comprehensive and coordinated approach to the problems of Child Development in each State. Thus, under our program, State Interagency Committees, established by the Governor and composed of State-level agencies providing services to children throughout the State, form the nucleus of the planning and project development effort. We recognized that the bulk of Federal funds for children will, regardless of S. 2007, continue to flow through State agencies. S. 2007, however, would bypass those very agencies which presently provide the critical services and through which Federal funds are now channeled, in favor of local groups having 50 percent parent membership.

Therefore, in the absence of any provision for allowing the Commission's program to be eligible for funds, we believe that the Child Development portion of S. 2007 should be returned to Committee for further consideration.

We would also note that the Appalachian Act provides for 100 percent funding for Child Development in the first two years, but under S. 2007 the Appalachian counties would have to find 20 percent local money. In view of the traditional difficulty of poor Appalachian governmental units to raise such funds, Appalachia, particularly in rural areas, risks losing the 80 percent as well.

Sincerely yours,

DONALD W. WHITEHEAD,
Federal Cochairman.
JOHN D. WHISMAN,
States' Regional Representative.

Mr. TAFT. Mr. President, that terminates my remarks at this time.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD of West Virginia. Mr. President, on behalf of the manager of the bill, I yield whatever time he may require to the distinguished Senator from Wisconsin (Mr. PROXMIRE).

THE PRESIDENT'S NEW ECONOMIC POLICY

Mr. PROXMIRE. Mr. President, I thank the Senator.

The Joint Economic Committee has now held 7 days of hearings on the President's New Economic Policies. Summaries of the testimony received to date have been prepared by the Joint Economic Committee staff in order to help fill the need for prompt dissemination of expert analysis of these major new policy initiatives. I ask unanimous consent that these summaries, together with the texts of the witnesses' prepared statements be printed in the RECORD.

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

SUMMARIES OF INDIVIDUAL STATEMENTS

DR. WALTER HELLER

Professor of Economics at the University of Minnesota, served as the Chairman of the Council of Economic Advisers during the Kennedy Administration, and has authored numerous books and articles, including New Dimensions of Political Economy, and Perspectives on Economic Growth. Dr. Heller's main points of emphasis were:

International: That cutting the dollar loose from gold was an essential and correct act that he hopes will lead to long-run planning that will introduce more flexibility into the international exchange rate system;

Wage-Price Freeze: That the wage-price freeze was an essential shock treatment that he hopes will provide government, industry, and labor, together, to develop a stabilization system for the post-freeze system.

Tax Composition: That the President's tax program is heavily biased against modest and low income families and in favor of business—especially big business. There is a $9 billion tax relief for business while the "consumer gets little more than a soupbone.";

Expenditure Reductions: That spending reductions on welfare and other public programs are not merited given the level of poverty, environmental pollution, and the like;

Fiscal Stimulus: That the President's program of expenditure reductions to offset tax reductions cancels out much of the fiscal stimulus necessary to close the 70 billion aggregate demand gap. To offset this, the Congress should substitute the investment credit for the accelerated depreciation provision, that this would allow an increase in consumer tax reductions, which should be further coupled with a postponement of social security payroll tax increase.

DR. OTTO ECKSTEIN

Head of Data Resources, Inc. and professor of Economics at Harvard University, served as a member of the Council of Economic Advisers during the Johnson Administration, and has authored numerous articles and books, including Water Resources Development and Public Finance.

Dr. Eckstein's main points of emphasis were:

International: That cutting the dollar loose from gold was correct policy that should be followed by U.S. efforts in developing a more viable set of international financial arrangements;

Wage-Price Freeze: The freeze is a valuable short-term economic gain in that it is likely to contribute to consumer confidence and additional consumer spending. Further, the freeze creates an opportunity to create a long-term wage-price policy focusing on a limited set of major prices and wage bargains. This system would be administered by a small central staff, led by high officials, and operating with the advice of business and labor.

Tax Composition: Argues that tax changes, such as repeal of the auto excise tax, seems to have been chosen without much reference to social priorities. Questions whether there is too much of a tax reduction designed to stimulate business investment. Cautions that the investment credit and repeal of the auto excise tax mean a permanent loss in Federal revenues.

Expenditure Reductions: Raises questions about the alternative of accelerating welfare reform rather than postponement of it, as is the case under the President's program.

Fiscal Stimulus: States that the domestic fiscal measures are limited in scope and by themselves would not have a decisive effect. The greatest effect would be to increase business fixed investment by an estimated $2.4 billion in 1972. A larger and significant stimulus would come from the improved consumer confidence resulting from the freeze and the international readjustments.

DR. CHARLES SCHULTZE

Senior Fellow of the Brookings Institution, served as Budget Director during the Johnson Administration, and has authored numerous articles and books, including Setting National Priorities: The 1972 Budget and The Distribution of Farm Subsidies.

Dr. Schultze's major points of emphasis were:

International: Dollar devaluation is needed and cutting the dollar free from gold is to be welcomed. The 10% surcharge may be an essential bargaining chip but should be eliminated soon in order not to disrupt the fabric of international trade. The effect of the 10% surcharge on the domestic economy is self canceling.

Wage-Price Freeze: Emphasized that we should concentrate on the post-freeze period and outlined four alternatives: (1) continuation of freeze would be an admission of defeat and inequitable; (2) a lifting of the freeze with no replacement would be naive and lead to renewed inflation; (3) detailed wage and price controls enforced by law would put the economy in a permanent straitjacket; (4) announce quantitative guidelines for reasonable wage and price behavior backed by presidential sanction—the most likely alternative.

Fiscal Stimulus: That the President's policy change would provide significant stimulus to aggregate output and employment because many of the expenditure reductions proposed in his program are expenditures that would not have occurred anyway. Stresses that this stimulus program suffers from the fact it would bring about a permanent $5 billion annual loss of government revenues.

Tax Composition: Also emphasized that the President's tax stimulus program was not well balanced from the standpoint of national priorities: an $18 billion tax reduction did not seem merited given the current rate of business investment and degree of excess capacity; that it could not be shown that the $2 billion auto tax cut was a high social priority when it would stimulate the additional production of autos on already congested and polluted highways.

Expenditure Reductions: Similar distortions characterize the expenditure reductions proposed: postponement of welfare puts it at the bottom of the priority list.

Alternative Recommendations: Substitute the investment credit for the accelerated depreciations provision; do not enact the auto excise tax repeal; inaugurate a counter-recession grant for State and local governments; postpone social security; continue work on the enactment of the Family Assistance Plan.

DR. JOHN SHEAHAN

Professor of Economics at Williams College, and author of a well known work on incomes policy, "Wage-Price Guideposts."

Dr. Sheahan limited his testimony to the wage-price aspects of the President's program. He suggested that the 90-day wage-price freeze must be followed by a more flexible alternative. A wage-price policy based on a two-year program would progressively reduce the rate of inflation by focusing governmental guideposts on selected industries and unions that exercise arbitrary market power.

Less than 20 percent of manufacturing industries show a high degree of concentration which permits significant market control. So that guideposts could be limited to these few and to the strongest unions—automobiles, metals, transportation and public services. In his opinion most of the remaining industries and unions would follow suit. If at the same time government acted to control medical and other service fees, and followed more competitive practices in government-regulated industries, Dr. Sheahan believes that labor would be willing to cooperate.

The guideposts suggested by Dr. Sheahan are modeled on the earlier wage-price guideposts, with wage increases tied to increases in productivity. During the initial two-year period, however, he suggests that it would be unrealistic to try to halt inflation completely, and that wage increases slightly in excess of productivity should be permitted. Absent the cooperation of the labor movement Dr. Sheahan's alternative would be to use the government's power through import and regulatory policy to limit price increases.

DR. RAYMOND SAULNIER

Chairman of the Council of Economic Advisers during the Eisenhower administration, now a professor of Economics at Columbia University.

With respect to the international aspects of the New Economic Program, Dr. Saulnier was in general agreement with the President's moves. Closing the gold window and allowing the dollar to float against other currencies is in his opinion the only course of action that could lead to international monetary stability. In the longer run, he suggested that pegged exchange rates, with a maximum permissible fluctuation of three percent around par would be desirable. Existing restrictions on capital flows should be eliminated because they are an inefficient and counter-productive method for meeting our balance of payments deficits.

His major reservation on the international program was on the import surcharge. He advocated removal as soon as possible, since its continuation may provoke reactions from our trading partners which may complicate the process of finding new exchange rates.

On the domestic side, Dr. Saulnier prefers that the 90-day price freeze be followed by a more flexible and more selective wage-price review board rather than by mandatory ceilings. As long as the 90-day freeze is in effect, exemptions must be minimized, otherwise the public's willingness to cooperate will be undermined.

Dr. Saulnier cautioned that expansionary monetary and fiscal policies would serve to rekindle inflation. He suggested that the Federal Reserve pursue a more restrictive policy than it has in the recent past. He approved of the President's fiscal proposals, especially the investment tax credit. Dr. Saulnier did not regard the proposed fiscal measures as being unduly expansionary.

MR. RALPH NADER

Lawyer and consumer advocate.

Mr. Nader's testimony stressed the gross inequities and misplaced priorities inherent in the President's Economic Program. The proposed fiscal program offers significant tax relief to business but very little to the consumer. The investment tax credit and the Domestic International Sales Corporation

(DISC) combined with the Accelerated Depreciation Range already in effect will give business a $9 billion tax windfall in the first year of operation, which amounts to a 15 percent tax cut. The consumer on the other hand will receive a tax cut of 1.2 percent.

He suggested that government could more equitably and more efficiently stimulate the economy through better antitrust enforcement, use of an excess profits tax for corporations and reduction in the personal income tax. At the very most, he would allow the investment tax credit to be substituted for the depreciation allowances for a maximum of two years. The DISC amounts to a special interest tax cut that is also quite inefficient—at relatively high cost, it provides little stimulation to the economy.

The import surcharge should also be removed quickly. If retained it may provoke a trade war, and it becomes increasingly counterproductive as it stifles one of the few sources of competition for many domestic goods.

According to Mr. Nader the President's program favors not only large corporations, but particularly the auto industry. The investment tax credit, the depreciation allowances, the import surcharge and the proposed repeal of the auto excise tax all serve to stimulate auto production and auto purchases.

A more equitable alternative would reduce taxes for lower income groups rather than repeal the auto excise tax. Instead of cutting taxes only for the car purchaser, the government should cut personal taxes and allow the consumer to decide where he wishes to spend the additional income. If tax cuts were made for lower income groups, the economic stimulation would be greater since these groups have a very high propensity to consume out of incremental income.

MR. PAUL PORTER

Administrator of the Office of Price Administration, World War II, now an attorney; Dr. George Taylor, Chairman of the National War Labor Board, World War II, now professor of Economics at the Wharton School, University of Pennsylvania; and Hon. Michael DiSalle, former Governor of Ohio, Director of the Office of Price Stabilization during the Korean War, now an attorney.

These three former price administrators emphasized that the freeze on wages and prices provides the time necessary to work out a more equitable and selective control system and to assemble the staff necessary to administer it. The incomes policy that is adopted after the freeze expires should concentrate only on those industries and labor unions that exercise significant market power.

The witnesses also suggested that some exceptions might have to be made during the 90-day freeze to correct gross inequities. Without such exceptions, labor, business and the public's cooperation might be lost.

To make the freeze and later selective controls workable, a forum where the public can express its grievances is needed. The Office of Emergency Preparedness, as it is presently structured, is not equipped to handle complaints. While the bureaucracy for administering controls and hearing complaints need not be as large as during our two previous experiences, it must be considerably expanded from the present OEP.

A possible approach to setting and enforcing wage and price guideposts in the future is to create a tripartite board, including representatives of labor, industry and government which could approve or disapprove suggested increases. Such a board could also mediate collective bargaining disputes. While the board would only concentrate on selected industries and unions, it would retain the power to roll back unfair or unwarranted price or wage increases.

PAUL W. M'CRACKEN, GEORGE A. LINCOLN, ARNOLD R. WEBER

Paul W. McCracken, Chairman, Council of Economic Advisers.

George A. Lincoln, Director, Office of Emergency Preparedness.

Arnold R. Weber, Executive Director, Cost of Living Council.

These three witnesses presented and explained the Administration progam. (Mr. Weber had no prepared text.) Dr. McCracken offered two basic reasons for the new policy steps: (1) the unsatisfactory foreign trade position and (2) the lack of more rapid progress toward full employment and reduced inflation. He stresed the need to develop a post-freeze price-wage policy which would be effective in achieving a long period of reasonable price stability yet would allow the market pricing system sufficient scope to perform its basic economic function. He estimated that the President's fiscal proposals, together with a hoped-for improvement in consumer confidence, would increase 1972 gross national product by $15 billion. The employment effect was estimated at 500,000 jobs. Dr. McCracken expressed the hope that the balance-of-payments measures taken by the Administration would not only strengthen the U.S. trade balance but would lead to a more flexible international monetary system.

General Lincoln described the steps to be taken to administer and enforce the price-wage freeze. These steps include the use of Internal Revenue Service and Agricultural Stabilization and Conservation Service field offices to handle questions and reports of alleged violations and use of IRS investigative officers and U.S. attorneys to handle compliance problems.

DR. GARDNER ACKLEY

Professor of Political Economy University of Michigan; former Chairman, Council of Economic Advisers; former Ambassador to Italy. As member and later Chairman of the Council of Economic Advisers, Dr. Ackley helped formulate and administer price-wage guideposts during the Kennedy and Johnson Administrations. He earlier held high administrative positions in the price control offices set up during World War II and the Korean War.

Dr. Ackley's prepared text concentrated on the price-wage aspects of the President's program, although he also indicated his support for revising the fiscal policies to provide less tax relief for business and more stimulus to consumption either through temporary tax relief or temporary expansion of Federal spending.

Dr. Ackley stated his belief that the price-wage freeze would be effective during a 90-day period, but must be followed by a more flexible price-wage policy. Such a policy has its best chance of success if (1) it is accompanied by vigorous growth of real output and (2) major groups in the economy participate fully in policy development. Some type of price-wage policy will be needed indefinitely.

Dr. Ackley outlined several possible types of post-freeze policy and expressed his preference for price and wage guideposts which would be applicable throughout the economy, backed up by selective use of legal sanctions against clear violations in important situations. Dr. Ackley did not advocate formal control of either profits or interest rates. He opposed an excess profits tax and suggested an increase in the corporate tax rate as a better way of reducing profits if they became too high.

ARTHUR M. OKUN

Senior Fellow, Brookings Institution. As member (1964–1968) and Chairman (1968–1969) of the Council of Economic Advisers and as a Member of President Johnson's Cabinet Committee on Price Stability, Dr. Okun participated in the formulation and execution of price-wage policy. He is also an outstanding student of the effect of fiscal policy changes on the level of economic activity. His latest publication is "The Personal Tax Surcharge and Consumer Demand" (Brookings Papers on Economic Activity, 1971: 1).

Dr. Okun expressed agreement with the price-wage and international aspects of the President's program, but recommended major revision of the fiscal policy proposals. The President's fiscal proposals he argued, provide insufficient total stimulus and are far too heavily weighted toward aid to business. The average wage earner may actually experience an increase in Federal taxes next January, as the rise in Social Security taxes will, for many, outweigh the reduction in income taxes. Dr. Okun recommended postponement of scheduled social security tax increases. He also recommended that Congress take legislative action to prevent adoption of the accelerated depreciation provisions promulgated earlier by the Administration. Dr. Okun advocated additional expenditure measures and tax relief for individuals, provided such measures were temporary and would have no permanent budgetary effect.

Dr. Okun expressed the hope that the balance-of-payments measures taken by the Administration would lead to a more flexible international monetary system not based on convertibility between gold and the dollar. The United States should never resume the purchase of monetary gold.

Dr. Okun recommended a post-freeze price-wage policy of economywide guideposts backed up by selective application of legal sanctions. The sanction could take the form of an order to roll back price or wage increases which were flagrant or highly visible guidepost violations. That particular price or wage could then be frozen for a substantial period. He suggested that an initial wage guidepost standard of 5 percent increase would allow for average productivity gains plus about one-half the increase in the cost of living over the past year. This would need to be accompanied by price increases averaging 1 to 2 percent.

DR. EDWARD M. BERNSTEIN

Was Chief Technical Adviser and Executive Secretary of the U.S. delegation at Bretton Woods, former Director of Research for the International Monetary Fund, and now President of EMB Ltd.

Summary of statement by Edward M. Bernstein to the Joint Economic Committee, entitled "Restoring International Monetary Stability."

The objective of recent changes in U.S. international economic policies, Dr. Bernstein says, should be to achieve a balance-of-payments position on an official reserve basis such that there will be no further decline in U.S. reserve assets or an increase in dollar reserves unwanted by other countries. Realization of this objective will require a surplus on goods, services, and remittances of about $8 billion a year in contrast to the deficit of $1.2 billion in these accounts during the first half of 1971. This improvement, he maintains, should be effected in a relatively short period of time and via a fall in the foreign exchange value of the dollar rather than through the retention of the 10 percent import surcharge.

A depreciation of close to 15 percent will probably be necessary to secure a sufficient improvement in the trade balance. Bernstein suggests that this shift in the external value of the dollar will be most easily achieved through an increase in the dollar price of gold of about 8 percent and the remainder by a series of upward movements in the dollar value of other currencies according to the competitive position of other industrial countries as of last May. Thus the Japanese, German, and Swiss currencies would be revalued most. The Netherlands, Austria, and Belgium would be required to move their currency values upward by a smaller

amount; while if the gold value of the dollar is increased appropriately, the United Kingdom, France, Italy, and the Scandinavian countries would have to take no initiative to adjust their exchange rates. Bernstein maintains that if the depreciation of the dollar is left entirely to the initiative of other countries via currency revaluations and any change in the dollar price of gold is ruled out, the fall in the external value of the dollar will be considerably less than is necessary to establish a strong balance of payments for the United States. He believes that as a practical matter, an appropriate new pattern of exchange rates cannot be achieved solely through the operations of the exchange market, but will have to be agreed upon in a conference of the large industrial countries and in consultation with the IMF.

Turning to long-run reforms of the international monetary system, he suggests that the band of exchange-rate fluctuations be widened to 3 percent on either side of parity and that a gradually moving parity could be useful to keep a country's international payments position in line if its relative competitive abilities are steadily deteriorating. He suggests that all reserve assets be earmarked in a Reserve Settlement Account and that the settlement of payments surpluses and deficits be made in Composite Reserve Units, which would reflect the proportionate composition of the ear-marked reserves. Under his proposed system, no central bank would independently buy or sell gold, and payments deficits would be settled only through the Account.

The improvement in the U.S. trade balance should be achieved insofar as possible, through an expansion of U.S. exports so as to minimize the painful shifts in the composition of domestic employment that will be imposed upon other countries. To this end, the surcharge should be abolished as soon as possible. Bernstein concludes, "Until the surcharge is terminated, it will be impossible to establish an appropriate pattern of exchange rates among the large industrial countries and it will hamper all negotiations for reforming the international monetary system. The early removal of the import surcharge is in the interests of the United States and the entire world. It should be made the first order of business in the discussions of the United States with other countries and with the International Monetary Fund, along with agreement on a new pattern of exchange rates and reform of the international monetary system."

DR. ROBERT NATHAN

An economist and lawyer, head of Robert Nathan Associates, was Deputy Director of the Office of War Mobilization and Conversion, and served as Chairman of the Planning Committee of the War Production Board.

Dr. Nathan's main points of emphasis were:

Wage-Price Freeze: Commenting on the post-freeze program, he called for flexibility, the need to take into account the administered prices in many sectors of the economy, to make a program that allowed labor to participate and they regarded as fair, and opposed an excess profits tax;

Fiscal Stimulus: Argues that the President's program is inadequate and does not foresee any substantial number of jobs resulting from the net fiscal impact of the program. Stresses the fact that a more expansionist fiscal policy is needed not only to put people back to work but also to increase productivity and stabilize prices;

Tax Composition: The President's fiscal proposals for automobile excise tax cuts and huge investment incentives reflect a distorted sense of the priorities of the Nation's needs;

Expenditure Reductions: Does not see the merit of reducing public expenditure for stemming pollution, urban rehabilitation, and other programs to improve the quality of life.

STATEMENT OF DR. WALTER HELLER, PROFESSOR OF ECONOMICS, UNIVERSITY OF MINNESOTA, AUGUST 19, 1971

Dr. HELLER. Thank you.

Mr. Chairman, Senator Mansfield, I welcome this opportunity to examine with you the historic initiatives the President took Sunday night, initiatives, by the way, for which your committee laid much of the groundwork not only by stimulating the Congress through its farsighted action in forcing the necessary standby authority for a wage-price freeze on rather a reluctant President, but also by the prophetic work of the Reuss Subcommittee on cutting the dollar free from gold, and I would say that your recent program for fiscal stimulus is also right on the mark. Indeed it points the way for Congress to bring some balance and to put some real thrust into the President's lopsided and rather weak-kneed program of fiscal stimulus.

Now in my informal opening remarks this morning I would like to do three things: First make a few observations on the President's bold new economic package as a whole. Second, comment briefly on the wage-price-rent freeze and the floating of the dollar and then, third, zero in on the President's fiscal package on which I believe the Congress has a great deal of work to do, not merely in responding to the President's initiative but in adjusting the package so that it will have more thrust, as I say, and will be better balanced.

I referred a moment ago to the historic nature of the President's about face on economic policy, sort of an economic trip to Peking, if you will, and it is historic. The economic world will never be quite the same again. Floating the dollar really pulls out the linchpin of the world's monetary system, and inevitably puts the world on a new and, I hope, more flexible monetary course.

And the first peacetime wage-price freeze in our history means that both business and labor and the consumer are on notice that the government is going to be a price-wage watchdog from here on out, that we have added to our traditional fiscal and monetary weapons against inflation the big stick, not always the fact but always at least the threat of direct intervention in private wage-price decisions, and that is a major change, not just in this administration, but in the basic setting of the economic policy in the future, and I don't think that any economic calculus of the future can ignore that.

Sunday night, I think, the country heaved a hugh collective sigh of relief that the President was at long last biting the economic bullet, and indeed he deserves high marks for his courage and his logic in floating the dollar, and clamping on a temporary wage-price-rent freeze and reversing himself on the tax stimulus to put more starch into our wobbly recovery.

But now that the initial Euphoria is wearing off a bit, the country is also saying "you know that was great for openers but where do we go from here." And that is why your Joint Economic Committee hearings are so timely and so vital.

The President's blockbusting initiatives are just that, initiatives. They open your doors that the administration had kept securely locked for over two and a half years, but now that they are open, where do we go from here?

In addressing myself to that question, I don't intend to be a carping critic today, no carping criticism, just constructive criticism, and I hope that you can discern the difference.

Never mind the two and a half years of hands off economics, and an economic game plan that was more talk than action, had a lot to do with the economic fix we are in, the conversion of the "economic mess," in quotation marks, that the administration inherited into an economic crisis that was catching up with us this summer.

Never mind either that the President's rhetoric isn't really consistent with his logic. In effect he has told us the patient is doing fine, so we are going to operate. But actions do speak louder than words. The President has moved from a do-nothing to a do-something policy, from a no-no to a go-go policy, and that, I think, is enormously important in the country's reaction and certainly in terms of consumer and taxpayer confidence.

But the critical point now is to recognize that these bold initiatives really are only first steps to cope with a three-ply crisis of a faltering recovery, of a vicious price-wage spiral, and a teetering dollar.

The White House, the Congress, and the country are going to be judged not by what the President did last Sunday but by the follow-through, by how we capitalized on the new options and opportunities that he so unexpectedly opened up, and let me illustrate that with some specifics in the international and wage-price field.

In the international field he set the dollar free unilaterally and without consultation. Now that lanced the boil, that took the unbearable immediate pressure off the dollar and is something that I think economists and other observers throughout the country, at least, almost universally applaud. But now we have to go into multi-national and full consultation, we have to convert that action into a more lasting and more flexible adjustment of the dollar to other currencies, that is use the golden opportunity that he has created, perhaps it wasn't quite the right adjective, but use that opportunity not simply to rejigger the fixed parities but to set the world monetary system on a new course of automatic and elastic adjustment, of wider band, a broader currency base, and so on, that will end the periodic crises that have bedeviled us over the past ten years in particular; or take the wage-price field, and the wage-price-rent freeze that superb shock treatment, we needed that, but what comes next. After the shock therapy do we slide into a straight jacket of direct mandatory controls because of inadequate planning or impatience with some of the reactions to the freeze or the messiness of a voluntary freeze or do we, as I would prefer, use the time and the leverage that the President's hasty but courageous freeze order has given us to develop not a binding strait jacket of controls that fastens a huge bureaucracy on us and erodes our economic freedom but a set of carefully thought out wage-price tranquilizers that will replace the wage-price freeze with wage-price moderation?

And here again the President has laid the groundwork. But there is not a moment to lose, it seems to me, in getting the labor, the business, and the public representatives in this country to hammer out some kind of a social compact, some kind of ground rules, some kind of a plan for a wage-price review board, not mandatory controls, that can replace the freeze once the 90 days are over. 90 days is a terribly short time and, it seems to me, the President and his advisers should be spending virtually full time on their economic program postponing for a moment the visit to Peking in their attentions.

We have already seen, Mr. Chairman, what a Pandora's Box direct controls open up. Now this is a largely voluntary system but look at the problems we already have about teachers, for example, who just happen to be unlucky enough to have their salary increases go into effect on a nine month or ten month basis and they are frozen out, whereas if they worked on a 12 month basis they would be in or, you know, when is an egg a raw agricultural product and when does it become a processed food, or what about pro football players. Imagine the government being in the business of deciding all of these slippery and often almost ludicrous questions.

I think it is going to be an extremely informative lesson of the mass of bureaucracy

and eventual corruption we get into if we try to fasten a full fledged system of controls on this enormous economy.

So I think that it is of enormous importance to work out some ground rules, to set in motion the price-wage guidelines or ground rules, we won't call them guideposts, and I am sure they are a forbidden word, that we will have to put in place as a substitute for the wage-price freeze when it peters out at the end of 90 days or possibly after some period of extension.

Now, let me turn to the program for fiscal stimulus because that is, I think, where the program that the President announced on Sunday night leaves most to be desired. His tax program and budget program are heavily biased against the modest and low income families. His program puts its big chips on business and investment when it is the consumer who needs the stimulus, it is strictly cart-before-the-horse economics as it stands today, and if the Congress does not bring more balance and more thrust into the President's tax and budget program, more relief for the little fellow, I am afraid that what the President gains in the swings he will lose in the roundabout; what he gains in the intangibles of consumer confidence and at least temporary relief from the inflation bugaboo he will lose in the specifics of his wrong side to fiscal program.

Let me get to the specifics. Look at, first of all, the tax relief for business. Earlier this year, by executive action, the President put into place an accelerated depreciation that is worth as it matures about $4 billion a year to business. Now he is proposing to superimpose on that $5 billion more of relief for business, at least in the first year, cutting it to two and a half later. That is $9 billion of relief for business. That is raw meat for business, and the consumer gets little more than a soupbone.

He gets an acceleration of the exemptions, which is worth perhaps an extra two and a half billion dollars, and he gets a relief from the automobile excise tax in the save Detroit part of the program. Granted that is a two and a half to three billion dollar relief but for a very select and generally middle and higher income group of taxpayers.

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Dr. HELLER. It is not often that I ask for a Wall Street Journal excerpt to be entered into the record, especially after they defined an economist as a man who would marry Elizabeth Taylor for her money.

(Laughter)

This is an excellent exception that I think is worthy of inclusion in these hearings.

But I want to note that both from the standpoint of, what it seems to me, fairness in taxation, and from the standpoint of what seems to me to be the essential economic problem today or the key to the sluggishness that we have continued to experience, and the way of overcoming that sluggishness, that the President's program is wrong side to. He has that $9 billion, essentially of tax relief, coupling those two measures, the accelerated depreciation and the investment credit for business. He has about two and a half billion dollars for the general taxpayer, and then in what strikes me as a rather contradictory move he offsets a very considerable part of that, there is the net stimulus of $4 billion or so but he offsets a very considerable part of that, with budget cuts in the areas that hurt the little man most.

It seems to me he should have done exactly the opposite with the welfare program. That as part of a recovery program focused on the consumer, the fellow that we need to stimulate, he should have tried to accelerate that program rather than postpone it for a year, and so I am not surprised that a considerable part of the disadvantaged and lower income population of this country, as they look more closely at that program of the President, will say "it looks to us as though there is a big boon to business and a big stimulus to the automobile industry at our expense," and I would say with very considerable justification, and that is where the Congress surely has a great deal of work to do.

Look at the economics of it. 72, 73, 74 percent of our operating capacity, of our industrial capacity in manufacturing is in operation. Somewhere between 25 and 30 percent of that capacity is idle. Under those circumstances it would seem to me that good economics would say get the consumer back into the market place, get him to increase demand, get him to thereby turn the wheels of industry by the process of increasing consumer spending.

Now someone might say but won't that touch off inflation! Mr. Chairman, we have today a $70 billion deficiency of aggregate demand. We have not only broken the back of demand inflation, we have killed it, and we are running $70 billion dollars below the capacity of the economy to produce. And, at the same time, it is worth noting that cost-push inflation is very considerably abated as compared with last year. That is to say, last year we had about a 7½ percent wage increase offset by less than one percent increase in productivity. This year the average increase in average hourly compensation may again be 7 percent but it is offset by a three or four percent increase in productivity. So that we have a situation in which both profit margins and inflation, cost-push, should be affected favorably by the developments that we have seen, and under those circumstances for the President to say "no" to the consumer "you stay out very largely in the cold and we will give you this measly two and a half million dollars of income tax relief," and "yes," to business, "we will give you 8 or 9 billion dollars of relief" just seems to put the economic part of the package, the economic stimulus part of the package, entirely in the wrong context.

If I were making a specific suggestion as to how this could be improved I would certainly pay a good deal of attention to what the Joint Economic Committee has just suggested, but let me tick it off in terms of what seems to me the kind of a program that the Congress might well want to consider as a substitute for the President's very lopsided program which he has suggested in pursuit of very laudable objectives.

Number one, substitute the investment credit for the accelerated depreciation. That depreciation provision is already tied up in the courts, it is not having much stimulative effect on investment. It is very slow acting, it undercuts and compromises the long run productive power of the revenue system.

The investment credit has much more bang for a buck, operates much faster. Why not simply substitute that $5 billion for the program that has already been announced by executive order, and in effect, use that $4 billion for more individual tax relief, in part, bringing those tax cuts, the tax exemption increase and the standard deduction increase, forward into 1971, backdate them to July 1, no reason that can't be done. That would provide some additional stimulus, some refunds next year, and so on; and, secondly, do by all means what the committee has recommended, postpone that onerous increase in payroll taxes for social security purposes that would otherwise go into effect on January 1st.

That is a whopping tax increase of somewhere around four and a half billion dollars, and it has no business going into effect in an economy that is struggling hard to recover under very heavy—in a process of very heavy going.

So I would simply summarize by saying once more that we can welcome the President's bold initiatives, they are a great relief. They will contribute both in the price wage freeze and in the fact that the President has grasped it, netting, they will contribute, it seems to me, to consumer confidence and will through that increase spending.

When it comes to the fiscal provisions for stimulus of the economy they are sadly deficient and need correction in the course of Congressional consideration.

ECONOMIC IMPLICATIONS OF THE PRESIDENT'S PROGRAM

(Prepared by Otto Eckstein, Data Resources and Harvard University)

The President's program contains the promise of a substantially improved economy. In many respects, the program is an opening move. It it is followed up effectively, the benefits should be great. If the succeeding moves are weaker or less successful, disappointment will be great and the economy is in worsened straits.

Data Resources has developed a solution to its econometric model which provides a first approximation of the economic effects of the President's program. The solution assumes that the follow through of the program is successful. Specifically it assumes

1) that the Congress enacts the necessary legislation;

2) that the wage-price freeze is followed by a more permanent but limited machinery to assure that wages and prices do not return to their previous inflationary track;

6) that the import surcharge is only the first step towards a negotiated revaluation of the major currencies; and

4) that monetary policy remains accommodating to economic growth, albeit at a somewhat lower rate of expansion of the monetary aggregates.

Table 1 summarizes the prospects for the economy under the old policies, as illustrated by the Data Resources forecast of July 26, 1971, and compares them with the new solution which assumes that the policies are made effective. The highlights of the comparison are these:

1) The unemployment rate, which would have hovered not far from 6% both this year and next, now may fall below 5% by the end of 1972.

2) The rate of inflation, as measured by the GNP deflator, drops from 4% to 2.6% for next year.

3) Lower long-term interest rates, resulting from less inflation, enables 100,000 more housing starts.

4) The nominal value of the Gross National Product is little changed, and will continue to be projected at about $1,147 billion.

5) But real GNP will grow at a significantly higher rate, at 7% for 1972 as compared to the earlier inadequate projection of 5.4%.

6) The real income of the average American family should rise by 5% in 1972.

SHORT-TERM ECONOMIC GAINS

In the short run, the biggest economic improvement is produced by the wage-price freeze. The inflation has created economic uncertainty and contributed to the extreme caution of consumers. The wage-price freeze will contribute to consumer confidence, and the real purchasing power of their incomes will be enhanced. The temporary nature of the freeze will produce some extra consumer spending while there is the assurance of price stability. For example, consumers may feel that the 1972 automobiles are a particular bargain during the period of freeze. While the dollar volume of business and consumer spending may not change significantly, the real volume of purchases is raised substantially, leading to greater production, employment and profits.

The domestic fiscal measures are limited in scope and by themselves would not have a decisive effect. The personal tax speedup is desirable but small. The repeal of the auto excise focuses additional spending on a private sector with little social priority; it does serve as another minor stimulus. The

temporary 10% investment credit is a powerful device designed to make early investment in equipment more profitable, thus accelerating the upturn in the capital goods cycle. The effectiveness of the investment credit will be limited by the general excess of physical capital developed in the recent boom, but its impact on the profit arithmetic of investment is so great that a major effect should result. According to our model projections, real outlays for business fixed investment should rise by 2.4 billion dollars for 1972 as a result.

The proposed expenditure reductions are in part symbolic. Postponement of revenue sharing and of welfare reform were about to be produced by the political process in any event. Reduction in the number of federal and civilian employees reflects the general emphasis of this economic package which seeks to move the economy ahead through private spending and which sets aside questions of social priority. The postponement of the federal pay increase by a full year is an inequitable measure that will be hard to justify if the freeze on other wages is brief.

In the long run, the major benefit for the American economy will spring from new exchange rates among the advanced countries. American industry has lost a significant portion of its growth of markets to Western Europe and Japan because of the long overvaluation of the dollar. This lost growth of markets induced losses of productivity, employment and profits. The achievement of a more viable and equitable set of exchange rates will give American industry a greater share in the growth of world trade and will produce important benefits.

THE CRITICAL QUESTION OF FOLLOW-THROUGH

Our analyses conclude that the benefits of a successful execution of the President's program are very considerable. So far the programs have only just begun. The newspapers report that the Congress will agree to the various fiscal measures, although there is nothing sacrosanct about the exact, proposed form. But in the other two components of the program, the wage-price freeze and the international monetary changes, only the first steps are known.

What Follow-up to the Wage-Price Freeze?

The public has greeted the wage-price freeze with a sense of relief. Public support is running high because of the discomfort of the inflation and the knowledge that the freeze is truly short-lived. Nonetheless, inequities created by the freeze will become troublesome rather quickly. Since the freeze is almost totally dependent on good will and voluntary compliance, the public must be assured that on the one hand the freeze is truly temporary, and on the other that the government will take additional steps to assure that the freeze will not have been in vain.

If all government intervention on wages and prices were to cease after the ninety day freeze, the subsequent catch up of wages and prices would wipe out the immediate gains very quickly. The wage-price freeze creates a great opportunity. Just a few months of price and cost stability can set the stage for breaking the very tight price-wage spiral which has been the critical element of the recent inflation. If consumer prices can be kept virtually stable for a period, the next collective bargaining round could achieve results consistent with reasonable cost-price stabiltiy and still be fair to the workers. On the price side, we have passed through a round of increases in the concentrated industries some of which did represent a catch up with competitive prices. With a brief but good cost record, it should be possible to keep the concentrated sector of the economy on a more even price keel.

But this cheerful sequence of events will not occur of its own volition. Three months of freeze, without clear indication of subsequent policies, will not totally eliminate inflationary price and wage expectations. The wage-price freeze must be followed by a strong and meaningful incomes policy which will guarantee that the economy will remain off the disastrous inflationary track. Further, to make the three month freeze effective, the public, business and labor must receive the signal that a longer term wage-price policy is being developed.

A wage-price policy focusing on a limited set of major prices and wage bargains should be sufficient to assure this result. In the more competitive industries, prices will not rise substantially if the overall wage pattern of the economy is brought to a noninflationary state. No such assurance exists in the concentrated industries, yet these are the industries in which government has the greatest possibility of influencing prive actions. In the case of wages, unemployment will remain above normal for another year or two even with the current set of limited measures. It will not be supply and demand by labor markets that will raise wages, but rather inflationary expectations in collective bargaining. Here again it is in the large bargaining situation that government has the greatest opportunity to assert the national interest.

The United States does not want elaborate control machinery and it does not need it. A small, central staff in Washington, led by high policy officials and operating with the advice of business and labor, could keep track of developments in the top 50 or 100 price situations and in the major collective bargains. The ninety day freeze is ample time to put together such a staff, to develop the rather transparent necessary principles and to obtain the collaboration of various representatives of business and labor. Presumably the authority for the new incomes policy would be found in the standby powers that are now being used. The transition from freeze to wage-price policy would come gradually in the form of increasing exemptions of competitive prices. The key prices and wages could only be changed after government evaluation with the new wage-price principles.

FOLLOW THROUGH ON INTERNATIONAL FINANCE

The floating of the dollar and the imposition of the surcharge on imports have converted a situation of acute disequilibrium into one of fluidity. For practical reasons it was probably impossible for the United States to act other than unilaterally. Our trading partners recognize the basic disequilibrium that we faced, and on the whole, their reaction has been reasonably sympathetic considering the hardships that these measures bring upon their export industries. It remains to be seen, however, whether they will now cooperate in developing a more viable set of international financial arrangements. The United States could begin the current process of change by herself, but its successful conclusion requires the good will and collaboration of the major industrial countries. After some temporary dislocations in their export industries, all countries will benefit from an international economy brought into equilibrium. Furthermore, continued recession in the United States has had a major impact on other advanced economies, most of which are either in recession or on the edge of it. Yet there was no way for the United States to achieve recovery while clinging to its obsolete exchange rate.

SOME ISSUES OF POLICY

The President's program has many elements of strength. The wage-price freeze and the international measures correspond closely to the recommendations of economists and other experts, and if they prove ineffective we will all be wrong together.

The particular character of the fiscal package of stimulus is more open to challenge. The major questions are these:

1) Does the fiscal package rely too heavily on stimulating business investment? The investment credit follows close on the heel of the more liberal depreciation, giving business a corporate tax reduction of close to $8 billion. These measures will stimulate investment substantially but, given the current state of general excess capacity, the stimulus per dollar of lost tax revenue may be quite modest. Given its greater power, the investment credit could be treated as a substitute from more liberal depreciation allowances. There are other opportunities to stimulate the economy through tax reduction if that should be the chosen route: for example, the proposal by Chairman Mills to raise the minimum standard deduction has much merit. Alternatively, expenditures could be increased. While public works may be too slow, the welfare reform could be accelerated rather than postponed.

2) Although some of the fiscal measures are temporary, others have a more permanent influence on the allocation of resources and social priorities in this country. The 5% investment credit and the permanent repeal of the automobile excises continue the repeated shrinkage of the federal revenue base. The resources that could be devoted to meeting our essential goals, to investment in education, research, health, revenue sharing or welfare reform, are continuing to be frittered away in piece meal tax reductions. There were few fiscal dividends for the next several years even before the current round of measures: new tax reductions postpone the day when the budget can afford new initiatives. Perhaps we should treat the auto excise and investment credit measures as temporary rather than permanent.

Let me emphasize that disagreements over detail should not detract from the basic thrust of the President's program. The social cost of inadequately performing economy is very great. The benefits from reducing the rate of inflation and of moving employment toward our targets are so great that they can override disagreements about the exact nature of the desirable measures. Expansionary action is so critical at this time that it should not be lost in a political impasse. I therefore recommend the President's program to you (albeit with the Congressional prerogative to improve its structure). I also hope that the administration will take the follow-through actions that will make th program live up to its promise.

TABLE 1.—A COMPARISON OF DATA RESOURCES MODEL SIMULATIONS FOR THE 1972 ECONOMY WITH AND WITHOUT THE NIXON PROGRAM

	Without program (control July 26)	With Nixon program
Billions of current dollars:		
Consumption	725	723
Business fixed investment	111	112
Residential construction	45	45
Inventory investment	8	9
Net exports	3	5
Federal military	76	75
Federal civilian	29	27
State and local	150	145
Gross national product	1,148	1,147
Billions of 1958 dollars:		
Consumption	519	525
Business fixed investment	78	81
Residential construction	28	30
Inventory investment	7	9
Net exports	2.6	4
Federal Government	63	63
State and local	81	81
Gross national product	779	793
Other measures:		
Real rate of growth	5	7
Inflation rate	4.1	2.6
Unemployment rate year	5.9	5.4
Unemployment rate end of year	5.7	5.0
Housing starts	1.91	2.07
Profits after tax	46	53

STATEMENT OF CHARLES L. SCHULTZE, SENIOR FELLOW, BROOKINGS INSTITUTION [1]

Mr. Chairman and Members of the Committee: I am pleased to accept your invitation to discuss the broad outline and major elements of President Nixon's new economic game plan. A detailed evaluation of many of its components will have to await the unfolding of events, and further information on how the Administration proposes to carry out some of the detailed provisions of its program. But some broad judgments can be made at this time.

I think everyone must welcome, with great relief, the President's decision to take firm and vigorous action on the unemployment, inflation, and balance-of-payments fronts. To those outside the Administration, it had been clear for some time that the original economic game plan was not working. The private economy showed no signs of rebounding of its own accord, and apart from a few statistical quirks the unemployment rate had been hanging stubbornly around 6 percent for more than a half year. Economic slack had produced some deceleration in the rate of inflation, but of very modest proportions, and expectations of continued inflation were rife, partly accounting for the failure of long term interest rates to come down. And despite the slack in the American economy, our trade balance had taken a serious turn for the worse, accompanied in recent weeks by a serious hemorrhaging of dollars.

The program announced last Sunday by the President addresses each of these problems directly. While the proof of the pudding will eventually be in the eating, it is already clear that the elements of this program have the potential of making important gains in each of the three problem areas. This week's reaction of the stock and bond markets shows that the financial community, at least, shares this hopeful view.

For the Committee this morning, I would like to concentrate on the first two components of the President's program—the fiscal package of tax cuts and expenditure reductions, and the wage-price freeze. About the remaining component, the actions concerning the balance-of-payments and the international value of the dollar, I shall have less to say, partly since my own knowledge and experience in these areas is somewhat wanting and partly because their ultimate effects are still clouded by uncertainty over the eventual reactions of other countries.

THE FISCAL PACKAGE

With respect to the fiscal package there are three points to be made: (1) on balance the proposals should provide welcome and significant stimulus to aggregate employment and output; (2) the particularly pieces of the package, however, reflect I think, a wrong view of national priorities; and (3) a large part of the tax cuts will result in a *permanent* loss of federal revenues—affecting the budgets of 1974, 1975 and beyond—at a time when we may need all the revenues we can get. Let me spell out each of these points.

First, the fiscal package should provide needed stimulus to economic activity. This fact is obscured by some of the statistics and the rhetoric with which the program is clothed. On paper the President proposes to reduce fiscal 1972 expenditures by $4.7 billion, slightly more than the $4.2 billion net revenue loss from his tax proposals. In the President's speech announcing the program, and in the explanatory material released by the White House, the statement is made that the tax reductions will not be inflammatory because they will be balanced by expenditure cuts. This is, of course, economic nonsense. A program which really reduced expenditures dollar for dollar with taxes would *not* stimulate the economy, and would *not* increase the total jobs available.

Fortunately, however, the substance of the President's program contains much more economic sense than the rhetoric. In real economic terms, the measures he has proposed will effectively cut taxes by more than expenditures. Some of the announced expenditure reductions are on paper only: the 3-month postponement of the proposed effective date of revenue sharing from October 1, 1971 to January 1, 1972, merely reflects what would, at a minimum, have occurred in any event. The $700 million "saved" by delaying parts of the President's "special revenue sharing" proposals falls into the same category. Moreover, the $3 billion estimated revenue loss in fiscal 1972 from the 10% investment credit reflects the lag in tax collections relative to corporate tax liabilities—corporations will get a tax break of about $5 billion in fiscal 1972, of which only about $3 billion will show up in revenue loss this year. With respect to the fiscal effects of the revenue collections from the 10% import surcharge, several important points need to be made: If this surcharge is to be handled as it should, namely as a bargaining tool to get dollar devaluation, then it should be in effect only for a very short period—a matter of weeks or a few months—and should have virtually no fiscal impact. If, on the other hand it should be in force for a longer period (running the risk of wrecking the international trade structure), its immediate domestic impact will be approximately neutral—the depressing effect on buying power which results from collecting $2 billion taxes from those who do buy imported goods, should be roughly offset by the switch from imports to domestic production occasioned by the 10% added tariff.

In the table below I have attempted to give a very rough estimate of the net fiscal stimulus emerging from the President's fiscal proposals. The time has been too short to make very precise estimates; but the general magnitudes are, I think, in the right ball park.

TABLE 1.—FISCAL IMPACT OF THE PRESIDENT'S FISCAL PROPOSALS

[Billions of dollars; annual rates; national income account concepts]

Item	Calendar year— 1971, 4th quarter	1972 1st half	1972 2d half
Real expenditure cuts:			
Federal pay postponement		−3.0	
Federal employment cut	−0.3	−.6	−1.2
Postponement of welfare reform		−.3	−4.5
Other deferrals	−.2	−1.1	−1.1
Subtotal	−.5	−5.0	−6.8
Tax reductions:			
Accelerate income tax relief		2.3	2.3
Investment credit	[1] 5.5	5.5	2.8
Auto excise repeal	[1] 2.3	2.0	2.0
Subtotal	7.8	9.8	7.1
Net fiscal stimulus	+7.3	+4.8	+.3

[1] Does not take into account the retroactive features of the investment credit and auto excise tax repeal.

These numbers should be interpreted carefully. They do not measure the economic response, only the size of the fiscal stimulus.

The economic response will lag behind the stimulus. Moreover they do not reflect the impact of the program on actual tax collections of the federal government, but rather its impact on the accruing tax liabilities of individuals and corporations.

Despite the rhetoric about balancing tax cuts with expenditure cuts, the President's fiscal program quite appropriately provides a significant overall fiscal stimulus, when we compare its results with what would have occurred in its absence.

My *second* point has to do with the particular components of the President's proposals. While welcoming their aggregate stimulating effect, I do not believe they are at all well balanced from the standpoint of equity or national priorities.

In January the President announced a major liberalization of depreciation regulations for business firms, worth about $3 billion in reduced tax liabilities at the present time. The 10% investment credit adds $5 billion in additional tax relief for business. Given the great investment boom of the late 1960's, the current rate of business investment, and the state of excess capacity in large parts of the economy, I do not believe that national priorities dictate this double tax relief addressed to business investment. Nor do I think that it will have the same job creating stimulus at the present time, as tax relief to individual consumers.

Other elements of the President's fiscal program exhibit the same kind of problems. The auto excise tax repeal represents a permanent loss of $2 billion in revenues. The important social programs which could have been financed in future years by that $2 billion, are in effect being sacrificed in order to stimulate yet additional production of automobiles on already congested and polluted highways. On the expenditure side of his program, the President proposes to postpone the effective date of welfare reform for another year, from July 1, 1972 to July 1, 1973. While this would only reduce outlays by several hundred million dollars in fiscal 1972 (administrative and "made ready" costs) it would reduce payments to the poor, principally the working poor, by $4 to $5 billion in the next year. Moreover, the proposal has unfortunate symbolic meaning, insofar as it explicitly puts the fight for welfare reform effort at the bottom of the priority list, while long-term stimulation of automobile production and private investment goes to the top.

A *third* and related point has to do with the *permanent* nature of part of the tax reductions proposed by the President. The auto excise tax repeal and 5% of the investment credit represent permanent tax reductions, losing about $5 billion a year in revenues. While we need tax cuts at the present time, to help bring the economy out of recession, we will—once the economy has returned to full employment—need every dime of revenue generated by the present tax system to meet even a minimal estimate of national needs in the public sector. Almost every future projection of the fiscal dividend for the mid 1970's shows that it is very slim indeed, and far too small to be eroded by permanent tax cuts.

Indeed, it is undoubtedly the longer term effects of the tax proposals which led to the highly dubious recommendation to postpone the welfare reform package. In reviewing his 1973 budget, in its formative stage, the President most certainly was faced with a difficult problem even before last week's decisions. Preliminary estimates of federal expenditures most probably were significantly in excess of projected full employment revenues. And the President has repeatedly stressed his intention never to propose a budget in which expenditures exceeded full employment revenues. Hence a difficult budget paring job was already in prospect. Then, to this set of facts, was added the $5 billion or more revenue loss from the permanent 5% investment credit and the auto excise tax repeal. The problem became even more critical, from the President's view. Postponement until July 1973 of the welfare reform package, which for-

[1] The views expressed here are those of Mr. Schultze, and do not necessarily represent those of the trustees, officers or other staff members of the Brookings Institution.

tuitously would lower estimated 1973 expenditures by the same amount as the loss from permanent tax cuts, was seized upon as the means out of this dilemma. Quite explicitly, therefore, a priority choice was made between autos and machine tools on the one hand and the poor on the other. The poor lost. This was a pure priority choice, since the net economic impact of the decision was neutral—$5 billion in revenue losses were offset by $5 billion in expenditure cuts.

If the overall stimulus of the President's fiscal proposals is highly desirable, but the particular components are wanting on grounds of social priorities and excessive *permanent* loss of revenue, what alternatives are available which meet the highly laudatory Presidential objective of stimulating the economy, while avoiding the unwanted side effects of his proposals? There are such alternatives. One such set is laid out below:

1. The Congress could attach to the law reinstating the investment credit, a provision in effect repealing the administratively instituted depreciation liberalization. This would eliminate a permanent revenue loss of about $3 billion, without significantly affecting the prospects for private investment over the next several years. On the one hand, as it now stands, the depreciation liberalization actions will be tied up in court review over the next several years, and businessmen will be hesitant to base investment decisions on its permanent validity. At the same time, a 10% investment credit this year followed by a permanent 5% credit should give a significant, and sufficient, boost to investment incentives.

2. Do not enact the auto excise tax repeal.

3. Enact the speed-up in individual income tax relief, as proposed by the President.

4. Inaugurate, as part of the fiscal package, an immediate program of relief for state and local governments hit hard by the loss of revenues accompanying the recession, based on an automatic formula. Unlike the federal government, these governments cannot maintain their expenditures during periods of economic slowdown and revenue shortfall, but get caught in an economic vise which forces them to scramble about cutting highly needed public services. A program of general federal aid, replacing their temporarily depressed revenues, would put about $4 billion a year into hard pressed state and local services. But as the economy picked up, and state and local revenues rebounded, this particular aid would gradually taper off. This is *not* revenue sharing, nor should it be subject to the controversies which surround a permanent revenue sharing bill. Rather it is an income security measure for states and local governments, much in the spirit of unemployment compensation. A relatively simple formula could be developed to accomplish this purpose, and I would be happy to discuss this further with the Committee.

5. Postpone for one year, part or all of the social security tax increases scheduled to take effect next January. In total these will add $7 billion to the tax bill paid by workers and employers in calendar 1972 (assuming enactment of the social security provisions in H.R. 1). A fully employed worker, earning $10,000 per year will pay $175 extra in social security taxes next year (and his employer another $175). On the other hand, that same worker, assuming he headed a family of four, would get only about $80 in income tax benefits from the speedup in tax reliefs proposed by the President. If half of the scheduled social security increase were postponed, the fiscal impact would be a $3 billion reduction in tax liabilities.

6. Continue work on the family assistance plan, already passed by the House in H.R. 1, retaining the effective date of July 1, 1972. Even if it cannot be completed by the end of this Congressional session, as the Senate Finance Committee gives first attention to the President's fiscal package, passage of the Family Assistance Plan by next March or April would still allow it to go into effect on or about the currently scheduled July date.

The Table below shows the fiscal impact of these proposals, assuming that the other parts of the President's package are not changed. Aside from modest differences in timing, the fiscal impact is about the same as that proposed by the President during the next twelve months, and provides some net stimulus in the second half of 1972. But two major differences between the two sets of proposals stand out: *First*, as the economy returns to full employment all of the fiscal stimulus in the alternative package disappears. There is no permanent loss of revenues, relative to present tax laws and administrative regulations. Repeal of depreciation liberalization roughly offsets the revenue loss from the permanent 5% investment tax credit. The acceleration of individual tax relief and the postponement of social security tax increases represent changes in timing, not permanent losses. The cyclical aid to state and local governments phases out as the economy moves closer to full employment, again leaving no net drain on the budget. Fiscal stimulus is provided, therefore, without giving away the long-term revenues we will sorely need in later years.

TABLE 2.—ALTERNATIVE FISCAL PACKAGE

[Billions of dollars; annual rate; national income account concepts]

Item	Calendar years— 1971, 4th quarter	1972 1st half	1972 2d half
Expenditure reductions:			
President's proposals	−0.5	−5.0	−6.8
Less maintaining July 1, 1972, date of FAP		+.3	+4.5
Equals revised expenditure reduction	−.5	−4.7	−2.3
Tax reductions:			
Repeal depreciation liberalization	−3.0	−3.0	−3.0
Investment tax credit	5.5	5.5	2.8
Cyclical aid to State and local governments [1]	4.0	3.0	2.0
Postpone ½ of social security increase [2]		3.0	3.0
Accelerated income tax relief		2.3	2.3
Total tax reductions	6.5	10.8	7.1
Net fiscal stimulus	6.0	6.1	4.8

[1] Assumes the fiscal program is sufficient to drive the average unemployment rate for the second half of 1972 down to 5 percent, as a consequence of which the amount of cyclical aid to State and local governments would decline over the next 18 months.

[2] This particular estimate assumes that all of the tax rate increases now scheduled for Jan. 1, 1972, and ½ of the ceiling increase in H.R. 1 are postponed for a year.

The second set of differences between the two packages lies in their different priority choices. The alternative package does provide needed investment stimulus, but in a reasonable amount. The remaining fiscal stimulus then flows through state and local governments, individual taxpayers (via accelerated income tax relief) and workers (via postponement of the social security tax increase). Moreover, the alternative package does not set priorities in terms of providing permanent tax losses at the expense of the poor—it does not require the postponement of the Family Assistance Plan for another year.

In summary then, the President's proposals would provide needed fiscal stimulus, but could well be modified to provide the same stimulus without the sacrifice of permanent budgetary resources and with a more balanced view of national priorities.

THE WAGE-PRICE FREEZE

As a means of beginning the fight to break the wage-price spiral, the President's 90-day freeze is to be welcomed. It will undoubtedly create much confusion, and cause some short-lived inequities. But these will be trifling compared to the alternative inequities caused by the combination of heavy unemployment and continued rapid inflation.

The purpose of the 90-day freeze is twofold: to break inflationary expectations through a sharp and dramatic action, revising the Administration's prior stand on the question of directly influencing wage and price decision; and to buy time during which a longer-term incomes policy can be worked out.

This week's upsurge in bond prices testifies to the measure's success, at least for the moment, in its first objective, changing inflationary expectations. But the real test of this policy will come at the end of the 90-day period. What longer term policy will have been developed to replace the freeze which cannot be continued for a significant period?

It seems to me there are four possible lines of action which could be announced at the end of the 90-day period:

1. A continuation of the freeze for another short period. That I think would be very bad. It would be tantamount to a confession that the Administration had been unable to develop a meaningful incomes policy. This would have a very bad effect. Moreover, the inequities of a freeze—particularly one which has no effective enforcement machinery—grow worse and worse as time passes.

2. An announcement that this freeze had worked, that the inflationary spiral had been broken, and that the freeze could be lifted without the substitution if any longer term incomes policy, except perhaps pious and generalized injunctions to business and labor to be good boys. This would, I believe, be both naive and disastrous. However useful the freeze is to buy breathing room, it will not in 90 days break the back of inflation. I cannot really imagine that this will be the announcement we will hear at the end of the freeze period.

3. Inauguration of full-blown wage and price controls, enforced in detail, by law. Again I find it hard to believe that this Administration would resort to such controls on a long term basis. I agree with what has been their view that this would put the economy in a permanent straitjacket, and ultimately poison domestic political life with the frustrations, pettiness, and ill-feeling that would accompany rigid detailed controls in peacetime.

4. Announce, in quantitative terms, guidelines or standards for reasonable wage and price behavior. These standards would be basically voluntary in nature, but could be backed up by a Presidential statement that he would resort to his standby powers under the Economic Stabilization Act of 1970 to use the force of law against flagrant violation.

By this device, many of the advantages of wage and price controls could be achieved without most of their disadvantages. Detailed supervision over the pricing practices of each of America's 4 million businessmen, and minute inspection of every aspect of every single wage bargain would be unnecessary. No massive bureaucracy would be required. Flexibility for meeting individual situations could be retained. But flagrant violation of the wage-price standards could, as a last resort, be contained by the force of law. In an overheated economy this approach would not work. The pressure of demand would inevitably lead to all sorts of devices to circumvent the standards. But

when the price and wage spiral exists in the absence of excessive demand, as unions strive to "catch-up" on the cost-of-living and in relationship to each other, and when business firms mark up prices to cover cost increases fully, even in a weak market, then the effective moderation of wage increases in major bargaining situations and of large administered price increases, should spread throughout the economy. Overheated demand will not, in these circumstances, drive non-union wages up in relation to those won in major contracts, nor will the prices charged by small producers or retailers in competitive markets begin to outstrip the pace of advance in administered prices, at least in any generalized way.

In short the President has bought time to develop a reasonable set of wage and price standards. I believe that an equitable set of standards taking into account the legitimate interests of both business and labor can be developed. Finally, I believe that the standards can be applied flexibly, with primary reliance on voluntary cooperation, but with the "club" of mandatory controls in the background. Such standards won't work forever. But they could ease the economy out of the present spiral into a more stable future.

THE INTERNATIONAL ASPECTS OF THE PRESIDENT'S PROGRAM

As I mentioned earlier this is an aim on which I feel much less confident to speak than is the case with the domestic aspects of the program. There is, however, one major point I would like to make.

The 10% surcharge on imports is presumably a bargaining tool, designed to provide some leverage to the U.S. position in negotiation over devaluation of the dollar. It is the ABM of the economic package. If it is truly only a bargaining tool, then it need be imposed only during the critical stage of negotiation over exchange rate realignments. And, in turn, that means that it should not be in effect for more than several weeks, or several months at the outside, while talks proceed between ourselves and the Japanese, the Common Market countries, the U.K. and Canada. Should other nations come to believe that it is more than a bargaining tool, that it will be used to ease domestic political pressures for protectionist measures, then the fabric of international trade relationships so painfully built up in the postwar period can come unravelled at frightening speed.

Dollar devaluation is needed. And the U.S. does perhaps need additional leverage in the negotiations directed to this end. But whatever good might come from devaluation could be far more than offset by the proliferation of protective devices around the world, if any suspicion occurs that the 10% U.S. surcharge represents our long-term response to balance-of-payments difficulties.

SUMMARY

As an evaluation of the President's proposals, this presentation has necessarily concentrated on areas where I believe the Congress could serve the public interest by modifying particular elements of those proposals. That fact should not obscure the point I made at the outset. The comprehensive initiatives taken by the President should be highly welcomed. He has begun a process which can very quickly result in significant progress towards three major objectives: the return to prosperity, the control of inflation, and the restoration of balance of payments equilibrium.

As the President himself pointed out there is plenty of credit to go around, and if in an expeditious manner the Congress modifies some of his proposals—retaining the fiscal stimulus while securing greater equity and a better balanced set of priorities—there will still be plenty of credit available for the Administration itself.

STATEMENT OF DR. JOHN SHEAHAN, PROFESSOR OF ECONOMICS, WILLIAMS COLLEGE

The 90-day freeze now in effect is an understandable reaction to a situation that was out of control. But perhaps the worst possible next step would be to extend it. The economy needs enhanced flexibility, and needs a flexible system of wages and prices to promote it. Even if a general freeze could be enforced for a longer period it should not be. What is needed instead is a limited, selective system directed at a few key sources of special difficulty. A general freeze is an abdication of the responsibility to tackle the difficult job of selective action.

The Administration will deserve great credit if it is able to present a system geared to the guidance of change *before* the stated period of the freeze is up. If it does not, we will be faced with the equally unhappy alternatives of letting accumulated pressure lead to a sharp jump in wages and prices immediately after the freeze, or of keeping what is essentially a negative and inefficient blanket control in effect indefinitely. It might be useful to plan on something like a two-year period of limited intervention. The basic problems are unlikely to disappear in two years so something else will probably be needed afterward. But the best of programs will prove to raise some unnecessary headaches and to miss some objectives, so it may be preferable to plan on something that will come to an end and need rethinking fairly soon.

A comprehensive system of controls for the whole economy is unnecessary and undesirable because the great majority of labor and product markets in the United States are characterized by a reasonable facsimile of competition. Trade associations and union pressures abound, but in most cases they do not greatly change the course of wages and prices. The other side of the coin is that there are a relatively small number of labor and product markets in which changes are much more arbitrary. They are never completely free of market restraints, but the scope for setting charges higher than they could have been in a competitive context is sometimes fairly wide. When these groups defend themselves against what they consider to be encroachments on the earnings to which they are entitled, they take away from the rest of the society part of its real income. They impose a tax on the people who do not have such power: a tax which simultaneously transfers income to themselves and lowers real national income by distorting the structure of prices and wages.

Which group is which, and what to do about it? None of them wear white hats, and of course we are not talking about two sharply defined categories but about shadings of power that change constantly. But it might make the point more concrete to suggest some orders of magnitude and some plausible candidates for special attention. Within manufacturing, problems of market control are often associated with high degrees of concentration. Those industries in which the 4-firm concentration ratios are above 60 percent, and thus particularly likely to be able to control their markets include something under 20 percent of all manufacturing industries with almost exactly 20 percent of manufacturing value added. * But some of these cases have little effective control, either because of imports competition or close domestic substitutes. So the problem area within manufacturing is less than 20 percent of all industries, and is probably confined to that quite small list in which new entry is especially difficult. But manufacturing should probably not be the first target anyway. I would nominate two that may be both more important and easier to supervise: medical fees and the pricing practices of industries in which the government itself acts to enforce market control, perhaps especially in the oil industry and transportation.

On the side of labor, the majority of workers have mighty little bargaining power. It is surely nominal or nonexistent for workers in retail and wholesale trade, secretaries and office workers in general, migrant farm labor, nurses, workers in laundries and motels, and probably in a wide range of manufacturing such as canneries, textiles and clothing, sawmills, and small-scale local manufacturing of all kinds. At any rate, there is a world of difference between the demands these workers can exert and what can be done by the printers, construction unions, coal miners, automobile and steelworkers, and the public service employees in some of the large cities. The differences can be seen readily enough in the wage rates that now exist and the ways in which they have been moving. Average hourly earnings in transportation equipment are double those in retail trade; when the former group forces through an increase in wage rates far above the trend of productivity improvement it is not taking money away from the large corporations, it is taking real income away from lower-wage workers. Workers in contract construction had average wages roughly 50 percent above the average for manufacturing in 1969, and have been widening the gap since. The characteristic of the period through which we have been passing is that the better placed workers have been gaining at the expense of the poorer.

To divide workers into the privileged and the exploited, and industries into those which can defend themselves readily and those which cannot, is a treacherous exercise. But the differences cast an interesting light on the arguments by some unions and industries that it is unfair to pick them out for restrictions and leave the rest of the economy free. It is not the weak groups which make this complaint: it is the ones which have been raising their incomes at the expense of the rest. It is a false idea of equity to treat the weak and the strong exactly the same. And since a general economy-wide system of controls is neither workable nor desirable, to argue against selectivity is to hand the advantage to the strong.

But if there are a number of groups strong enough to extort special advantage from an uncontrolled economy, how could it be possible to get them to accept a reduction of their advantage? What, if anything, might be done? I would like to consider the question under two alternative hypotheses: (1) that the Administration genuinely wishes to moderate wage and price inflation without a permanently depressed economy, and has the political skill to enlist the cooperation of some of the stronger unions, and (2) the possibly more plausible assumption that the Administration would like to do something but maybe not too much, and cannot get the unions to cooperate.

On the more optimistic assumption, the solution would not be difficult. The earlier wage-price guideposts, moderately amended to take account of some valid technical criticisms raised in subsequent analysis, would serve to provide a norm for wage settlements in those power-play negotiations where the public nearly always loses. If they could be applied only to automobiles and metals, transportation and public services—that is, if workers in these fields could be assured the right to raise their incomes at the same rate as national output per man, but no more—a significant fraction of other negotiated contracts would line up on the same norm and the dimensions of the problem could be cut in half. If I were a union

* Source: U.S. Senate, Committee on the Judiciary, Subcommittee on Antitrust and Monopoly, *Concentration Ratios in Manufacturing Industry*, 1963 (Washington, 1966), summarized and discussed in F. M. Scherer, *Industrial Market Structure and Economic Performance* (Chicago, 1970), chapter 3.

leader I would not agree to it unless something were also done to stipulate guidelines for medical fees, to block price increases in conditions of excess capacity in the concentrated industries, and to stop using governmental controls to back up arbitrary pricing in oil and transport. But if the optimistic assumption had any validity it would not be difficult to do these things too. The essence of the question is whether or not the Administration believes in such efforts at stabilization and equity, and is willing to take the trouble of exerting pressure when it is needed. It would be needed. People do not give up privileged positions easily.

It is worth noting that a potentially helpful background factor at present is that productivity could increase at rates well above trend averages if demand were stimulated. We have enormous excess capacity and if, profits could rise rapidly even with fixed prices. This provides some extra lee-way, not present when the guideposts were put under such strain in 1965–66, to authorize wage increases while blocking price increases, without fear of squeezing profits and the capacity to invest. That extra room might well be used to allow unions which have not negotiated new contracts so far this year to make settlements for increases above any normal trend-line rate of productivity increase. That is, it seems both unfair and unnecessary to insist that negotiations in the immediate future be settled at rates that would be consistent with an economy that had eliminated inflation. This would mean that wage-price inflation will not be stopped cold. But that is probably an unrealistic goal at best, especially when it is necessary to increase the prices of imports. It seems too much to aim at complete stabilization, but a two-year program aimed at a progressive reduction of the rate of inflation could permit lower settlements, without inequity, before the period is over.

On the less optimistic assumption, that something is to be done but that it is not possible to get any cooperation from the union it is not necessary to throw in the towel. Without the cooperation of any union at all, the government can bring down the price of oil, or at least stabilize it, by permitting American oil companies to bring in more of their external supplies. Similarly, the many government agencies which regulate rate-making could be directed to introduce somewhat more concern for the public in their decisions. To raise airline rates this year, when airline load factors were perhaps as low as they have ever been in history, was a depressing example of a company-oriented decision adverse to efficiency as to stabilization. I was delighted to read of the activity of The Regulations and Review Board, in intervening before the ICC to force reconsideration of rate increases that might otherwise have been approved automatically on traditional regulatory grounds. And I was disgusted last year when the government supported Florida tomato growers in limiting imports of Mexican tomatoes for the specific purpose of raising prices in the United States. If the Administration wishes to do something serious about inflation, the best place to start may be with the government itself.

Beyond that, a national health system creates both the means and the responsibility to do something about norms for medical charges, the heavy governmental role in construction provides great possibilities for affecting wage trends and labor practices in this area, the use of subsidies and regulation of rates gives an important toehold in transportation, and a return to more active antitrust enforcement could increase the odds against arbitrary pricing in industry generally. None of that requires explicit cooperation from unions. But if something genuine were being accomplished in these areas, the chances of such cooperation might well improve.

The idea of a freeze is worrisome. It is as if the hard work of selecting the targets that matter most and devising ways to cope with individual cases could be escaped by waving a magic wand. It is wrong to think that everything can be controlled, and perhaps even worse to try to do it. The most likely result would be general failure that could discredit the selective effort that is needed. A selective effort, in turn, is unlikely to mean that inflation will be stopped completely. But it should be reduced, and some other objectives which are at least equally valuable could be served at the same time. Perhaps the most worthwhile goal is to cut down on the uneconomic wage and price changes that both hurt the weak and reduce real income: to use the powers of government to define and promote a more coherent evolution of monetary claims in the interest of both efficiency and fairness.

TESTIMONY OF RAYMOND J. SAULNIER, PROFESSOR OF ECONOMICS, BARNARD COLLEGE, COLUMBIA UNIVERSITY

NEW YORK CITY,
August 19, 1971.

Mr. Chairman: I appreciate very much the opportunity to participate in your Committee's review of President Nixon's recently announced economic stabilization program. I shall be happy to respond to specific questions, but let me begin with a few brief comments.

1) With one exception, the foreign exchange side of the program strikes me as entirely reasonable.

First, it was a prudent move to close the gold window. As a practical matter, letting the dollar float against other currencies is the only way to find new rates of exchange that can be maintained with some hope of stability. And I do not expect the dollar to go to discounts much beyond those already established.

Second, my major reservation has to do with the import surcharge. For one thing, it has the effect of complicating the process of finding equilibrium rates of exchange. Moreover, there is a risk that whatever its merits as a negotiating asset, the surcharge will engender reactions from other countries that will complicate the problem of reaching agreement on new exchange rates and new machinery for settling imbalances in international payments. Hopefully, it will be removed soon—in my judgment, the sooner the better. It would be constructive for the Joint Economic Committee to encourage the administration to this end.

Third, I hope the arrangements designed to replace the now-abandoned US dollar standard will involve pegged rather than unpegged exchange rates. A wider band of permissible fluctuation around par could be helpful, but three percent on either side of parity is surely the outer limit of what would be desirable. Naturally, it should be understood that pegs can be adjusted without the act becoming an international incident of great moment, and that they will in fact be moved up or down as circumstances require. It should not be too great a challenge to foreign exchange technicians to devise arrangements and understandings to help assure that result, and I suggest they be asked to do so.

Fourth, the present flexibility of exchange rates should be taken as an opportunity to throw off the whole apparatus of restrictions on capital flows. These have been in effect now for about eight years, all the time regarded as temporary, and it should be clear now that they are ineffective and counterproductive as an approach to meeting a balance of payments deficit. Actually, it will be impossible for the dollar to float to true equilibrium values while restrictions on international flows of capital are still in effect. I hope your Committee will urge the administration to act promptly to remove them.

Fifth, it should not be difficult to devise satisfactory arrangements for holding international monetary reserves. This is another task for technicians. What is important is that reserves should function not only as a means of settling payment imbalances but also as a force for exercising discipline on the monetary and fiscal policies of nations participating in the system. The object should be to devise machinery that will have that result.

2) The immediate problem on the domestic side of the stabilization program is to make the statutory freeze on prices, wages and rents, and the voluntary freeze on dividends, work effectively and equitably. This will require a hard line on exemptions. The granting of exemptions, even those with merit, will undermine the willingness of those not exempt to cooperate and ultimately make the whole program unworkable. I have been pleased to see that early rulings on key questions suggest a hard line is being taken. I hope your Committee will support such a policy.

For the longer run the problem is to devise a follow-on approach that will be more viable than a freeze. Of course, the ultimate goal must be to eliminate controls altogether, and return to a free market, but it is inconceivable that the need for restraint will have disappeared in ninety days, and unthinkable that the freeze could be lifted in the face of continuing upward pressure on wages and prices without some alternative arrangement in its place. Obviously, plans must go forward at once—on a kind of crash basis—for an arrangement more flexible, more selective and more equitable than a freeze. My preference is for something of the review board type rather than a system of specific, mandatory ceilings. Your Committee will, I am sure, be making suggestions in this connection.

3) Let no one delude himself that freezes or review boards put an end to inflation—they only suppress it temporarily. But they do provide time in which to apply fundamental correctives—the point is that the time be used productively. One need not be a hard-shelled monetarist to know that inflation is basically a monetary phenomenon and cannot be brought under control except in a context of noninflationary monetary policy. Accordingly, it is absolutely essential to understand that a freeze on prices and wages will ultimately come to nothing—and the same applies to any other program of direct controls—unless accompanied by a policy involving money supply increases consistent with stable prices. Considering that money supply has been rising for over six months at 10-to-12 percent a year, it is obvious that the road back to price stability must be a long one. I have all along warned that money policy since early 1970 was essentially inflationary. However, now that we are on an inflationary money supply path, it is no time for the Federal Reserve authorities, in a burst of new-found prudence, to apply monetary brakes abruptly. My suggestion is that they concentrate on short term money rates, not on monetary aggregates, orthodox monetarists to the contrary notwithstanding. In the circumstances, an escalation of short term rates, up to and possibly above six percent on 90-day Treasury bills (which seemed imminent two weeks ago) would surely start another disintermediation process, stop the housing expansion, and reverse the recovery. Fortunately, money rates and bond yields moved down in the past few days, particularly since the President announced his program. The object of Federal Reserve policy must be to encourage that trend.

4) Admittedly, a monetary policy designed to avoid disintermediation could, and probably would, slow the process of overcoming inflation. But not necessarily, and in any case it is a risk that has to be taken. There is a greater risk, however, in that inveterate expansionists, of which there are a good

number, will seize on direct controls as a shield behind which to pursue essentially inflationary monetary and fiscal policies. This has happened again and again in the wake of devaluations and behind the presumed protection of incomes policies. If this happens in our case, it can be forecast with complete confidence that the present freeze, and whatever else follows, will ultimately break down Therefore, it is vitally important that your Committee support not only a Federal Reserve policy that will avoid expansionist errors but a budgetary policy that will do the same. In this connection, I believe it would be constructive to abandon use of the full employment budget concept. It should be clear by now that a large federal deficit, even though it is expected to disappear at full employment, helps perpetuate inflation side-by-side with unemployment by worsening inflation psychology and putting upward pressure on interest rates.

I doubt that the fiscal proposals in the President's program will prove unduly expansionary or interfere with achievement of antiinflation objectives. In particular, the resumption of the investment tax credit is a sound proposal. It will help revise a severely depressed capital goods industry. It will create jobs. It will promote higher productivity and help reduce costs. And by reducing costs it will help overcome inflation. All in all, a constructive step. I hope your Committee will advocate prompt action by Congress on the President's tax and budget proposals.

5) My conclusion is that: provided the freeze is accompanied by an adequately disinflationary monetary and fiscal policy; provided it is replaced in due course by more flexible and selective control arrangement; and provided everyone cooperates, the President's stabilization program will put us in a position to overcome cost and price inflation and ultimately to resume growth, without the impediment of direct wage and price controls, at a rate consistent with our national potential.

The strategy of the program looks good to me. What is needed to make it work is cooperation—from the Congress, from the leadership of labor and business and from the whole body of Americans. If I may say so, Mr. Chairman, I believe the primary aim of your Committee at this juncture should be to do everything it can to enlist the needed cooperation. This is not a matter in which we can afford to fail.

RAYMOND J. SAULNIER.

STATEMENT BY RALPH NADER

Mr. Chairman, distinguished members of the Joint Economic Committee, I am grateful for the invitation to extend my comments on aspects of the Administration's new economic policies and proposals submitted to Congress.

It is not difficult to penetrate the semantic whirlwind, the facile assurances and the insupportable economic reasoning which have been issuing from government spokesmen this week if the Administration's package is broken down into its constituent parts, confronted with its alleged objectives and evaluated within this context. First, however, it is appropriate to comment briefly on the process of this decision-making.

The Administration presents a fairly persuasive case against the signaling of its move with regard to the dollar, given the rampart speculation thereto in international money markets and other well known variables. There is no excuse however for the inordinate secrecy attending its other decisional preliminaries, particularly when there is a great need for public consideration and discussion and fact gathering. As my subsequent observations will illustrate, such preliminaries, both with and outside of Congress, might have restrained the most outrageously special interest features of the package. Beyond that, it is now clear that a number of corporate leaders knew in advance of portions of the package. Judging by its exceptional communique to dealers to start selling 1972 model cars with their new price increase immediately on receipt last week, General Motors knew what was coming by way of the price freeze and tried unsuccessfully to slide under the deadline. The public will never know probably what other early alerts there were and what other, if any, quid pro quos were agreed to in this ex parte, informal process of government-corporate understanding. The process of secrecy also permits these policies to be announced or proposed with all kinds of projections for job development and inflation reduction that are not substantiated in any way be the Treasury. They are issued or proposed either as fiat or faith.

The declared objectives of the Administration's proposals and actions are to increase employment, reduce inflation and improve our competitive position in world trade. The proposed speedup of the $50 personal exemption increase for calendar year 1972 and the devaluation of the dollar should help one or more of these aims. The rest of the Administration's package is grossly inequitable, cynically indifferent to the needs for a progressive tax policy in actuality. It will not result in more jobs that are needed and is harmful of consumer interests. Let us take these actions or proposals one by one:

1. The indefinite 10 percent import surcharge will become increasingly counterproductive the longer it is allowed to stay in effect. It will erode one of the few sources of price competition for many domestically produced goods, thus raising prices to the consumer indirectly as well as directly for the imported products. It has a regressive effect on lower income families who purchase more of these cheaper goods. It may well encourage a retaliatory trade war. And as a Presidential action, the surcharge is of dubious legality under the Trade Expansion Act of 1962—a serious question into which the Congress should soon inquire. It is possible that the surcharge will be revoked shortly, owing to the powerful opposition of the multinational corporations. Indeed, already representatives of General Motors, the Bank of America and other companies have voiced their displeasure publicly. It could also be that the surcharge is being used for short range tactical purposes in the negotiations over the dollar, and other trade matters (especially with Japan) which are commencing. Whatever may occur, the surcharge is no ally of the consumer or anti-inflationary policy.

2. The tax policies and proposals have to be taken with the accelerated depreciation range (ADR) issued earlier this year by the Treasury. Taken together, the investment tax credit, the Domestic International Sales Corporation tax windfall, and ADR, will amount to a massive tax relief to corporations of nine billion dollars in the first year of their operations. This is at the very least a 15% tax cut for large corporations especially, compared with a $1 billion one-shot accelerated personal exemption cut for the average citizens or roughly 1.2% tax reduction. This is, of course, per se grossly inequitable. The only possible justification left for the Administration to provide its evidence that such a discrimination will trickle down more purchasing power and produce more jobs. The Treasury has absolutely no studies available to make this justification, not to mention the weakness of its case when compared with more effective alternatives such as strong antitrust enforcement, corporate excess profits tax, a reduction in personal income tax to increase consumer demand in a underutilized economy, and federal expenditures in effective manpower training, mass transit systems, and other job creating activity of high social utility. These alternatives, coupled with anti-inflationary policies toward interest rates, would improve the efficiency of the economy and permit consumer demand to direct productive decisions much more than the corporate welfare program of the Administration.

In particular: The proposed investment credit of 10% for fiscal 1972 and 5% thereafter will provide a tax subsidy of from $4 billion to $2.5 billion annually to big business. This proposal comes on top of the ADR (depreciation) regulations which are supposed to become a tax subsidy of $3.9 billion annually to corporations. And once again DISC (Domestic International Sales Corporation) is resurrected to provide an annual tax windfall of almost a billion dollars to the large export corporations.

Taken together, these tax breaks amount to $7 to $9 billion annually. By comparison, in fiscal year 1970, the last year for which published data are available, corporations paid a total of only $35 billion in Federal income taxes. In short, the President is using the excuse of a mismanaged economy and the resultant crisis atmosphere to cut corporate taxes by 15 to 20 percent. And corporate profits this year are already running at the rate of the early 1969 pre-recession period (2nd quarter profits are up 12% over 2nd quarter 1970). It would have been a triumph of honesty in public information if the President had so stated the facts in his dramatic announcement of last Sunday night. However, the message was clear to Wall Street, where stock prices jumped 30 points in the first day of trading.

Look at these corporate tax bonanzas one by one. The so-called "ADR" depreciation regulations were announced by President Nixon last January. These regulations are supposed to provide an annual $3.9 billion tax windfall to corporations by allowing them to write off machinery and equipment faster than it is actually used up. President Nixon termed ADR a "reform to create jobs and growth." However, since his pronouncement the regulations have been subjected to healthy public scrutiny. It is now fairly well agreed that ADR will have no significant short term effects for at least 18 to 24 months.[1]

That estimate does not include the delay due to reluctance of business to rely on ADR unless the regulations are upheld by the courts. A lawsuit currently in Federal District Court, to be argued by Dean Bernard Wolfman of the University of Pennsylvania Law School, charges that the regulations constitute an unlawful usurpation of Congressional taxing powers by the executive. The Treasury estimates that ADR, if legal, would cut corporate taxes by about six percent.

It is dismaying to observe the Administration attempt to impose a big business investment tax credit in addition to the expensive depreciation subsidy. The investment credit of 10% for fiscal 1972 and 5% thereafter would provide, to repeat, a tax subsidy of from $4 billion to $2.5 billion annually to corporations.

Professor Robert Eisner, a prominent economist specializing in the study of determinants of capital investment, finds the investment credit unwarranted. I insert for the record a letter written this week to the New York Times by Professor Eisner. (INSERT EXHIBIT # A). He notes that the investment credit is "a huge multi-billion dollar tax concession to essentially large, capital-intensive business while welfare reform and direct efforts to aid the cities, and aid the poor and put the unemployed back to work are delayed or abandoned."

As Professor Eisner noted in his earlier statement of opposition to ADR (which I introduce into the record) (Insert Exhibit B) ". . . one of the last places where I would think that government intervention, help or subsidy is called for is in the investment de-

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Footnote at end of article.

cisions of the great bulk of American industry. There is no need for a handout to American industry to persuade them to do what should be in their own interest, that is have the optimal capital and investment policies for their own efficiency and profits."

Furthermore, even if the Administration is committed to provide tax rewards for conventional business investment decisions, are there not means of applying the investment credit to provide economic stimulus at far less cost? The most simple modification in the Administration proposal would be to apply the investment credit at 10% this year, and 5% next year, with termination the year after. There is concern about stimulating the economy this year. Conditions in two years may be as different as they were two years ago, when the Administration sought repeal of the 7% credit. The need to stimulate the badly managed economy in the short run should not be used as an excuse for a perpetual tax concession to big business. The fact that the Administration went whole hog in its proposals further supports the contention of a growing number of critics including Professor Paul Samuelson that this move was a bonanza for big corporations while citizens receive a tiny one year tax reduction.

Another modification in the Administration's expensive proposal would be to apply the investment credit on an "incremental" basis. There is no need to subsidize industry for the bulk of investments which take place in the ordinary course of business. A substantially higher rate of tax credit could be applied just to equipment spending which would not have been undertaken in the absence of the tax subsidy. Again, I draw attention to Professor Eisner's April 5 letter opposing ADR.

Finally, it should be noted that the term "job development tax credit," as applied to the investment credit is a political deception of serious proportions. The investment credit will stimulate purchase of capital equipment, thereby making industry less labor-intensive than otherwise would be the case.

The proposed reduction in Federal employment by 5% in one year will cost roughly 150,000 jobs. When Tom Stanton attempted to learn how many jobs the Administration felt would be created by the investment credit, he was given a remarkable run-around.

A call to the White House press office led to a referral to the Treasury office of public information. A Treasury public information officer then suggested he call the Council of Economic Advisers, saying that the job development figures were "not produced in Treasury as far as I know."

A CEA official stated that "the estimation of jobs created is difficult. If the figures were developed, they should have been developed in the Treasury."

The call to an official of the Treasury tax policy branch brought the response that "there are no figures for release at this time."

As Mr. Stanton concluded, trying to pin the Administration down was about like "trying to nail a four foot slab of jello to a wall."

The Administration was not content to add the expensive investment credit subsidy to the depreciation windfall. It has further attempted to resurrect the DISC (Domestic International Sales Corporation) proposal as a means of reducing corporate taxes by yet an additional billion dollars a year. The DISC idea is a proposal virtually to exempt exports profits from income taxation. As with the investment credit and the depreciation regulations, DISC will primarily benefit large corporations. The Commerce Department estimates that about 100 of the largest U.S. firms count for over half of all U.S. exports. This means that over half of DISC's windfall benefits will automatically go to those same large corporations.

As Chairman Russell Long (D.-La.) noted when the DISC giveaway failed last year, the Senate Finance Committee decided that the proposal would cost more than the Administration estimated, and "wouldn't do nearly as much good as the Administration hopes."

The Administration announced Sunday night that "DISC will increase export sales roughly $1.5 billion a year." This is the same kind of exaggerated estimate presented by the Administration last year. The staff of the Congressional Joint Committee on Internal Revenue Taxation found no basis for such optimism. Their more sober analysis sets the likely export gain at $300 to $480 million per year. (I introduce a copy of that important report into the record). (INSERT EXHIBIT # C). The cost of DISC claimed by the Administration has also been challenged as unrealistic. The Administration claims a cost of $600 million, while some members of the House Ways and Means Committee convincingly argue that the cost will be closer to $955 million annually. DISC is a billion dollar boondoggle. Its inclusion with the President's other tax proposals highlights the tendency to clothe special interest tax cuts in the garb of economic stimulation. The absence of any available Treasury study to support its export gain predictions under present conditions either shows that the Department doesn't want the public to know what it's doing or the Department itself doesn't want to know what it's doing to the public. In either case this Committee should find out.

In addition to these corporate tax windfalls, the Administration proposes abolition of the automobile excise tax. Before the Congress accepts this proposal, which will cost $2.3 billion in the remainder of this fiscal year alone, it should carefully consider what the Nixon Administration has already done for the automobile industry:

1. On June 22 of this year the Administration adopted a set of accelerated depreciation regulations, which are now being challenged in the courts, which would allow the auto manufacturers to depreciate their purchases of capital equipment 20% faster than they could before. These regulations were made retroactive to January 1 of this year which granted the industry an extra windfall since the regulations apply to purchases made before the auto manufacturers knew whether or not they would be adopted. Since the auto industry invests substantial regular amounts in capital equipment and machinery, this tax break is even more valuable for them than for corporations in general.

2. The President has now proposed a tax investment credit (which he and his Treasury Secretary euphemistically refer to as a "job development credit") of 10% for one year (until August 16, 1972) and 5% thereafter. Again, because the auto industry tends to be a capital-intensive industry, this proposal is especially generous to it.

3. In addition, the President has imposed a 10% surcharge on imports which has had the effect of dampening what little price competition the American automobile industry faces, namely foreign cars. With the surcharge of 10% added to the prices of the one sixth of the auto market which foreign imports now control, the only beneficiaries will be Ford, GM, and Chrysler, not the American consumer.

4. As a final act of beneficence for the auto industry, the Administration is in the process of negotiating a devaluation of the dollar which, according to newspaper reports (*Washington Post*, August 19, 1971, p. 1) will amount to around 12%. What this means for the auto industry is that once the "temporary" surcharge of 10% is lifted, prices of foreign cars will *permanently* increase by around 12%.

Rarely has any government done so much for an industry in so short a time.

Finally, the auto industry apparently will be only slightly affected by the 90 day wage-price freeze. The *Wall Street Journal* reported yesterday that: (WSJ, August 19, 1971, p. 14, col. 1)

The auto industry's large wage increases late last year have largely been covered by a series of hefty price increases on 1971 models. This fact alone makes the companies more fortunate—at least for the moment—than those firms locked into a combination of recent wage increases and frozen, or rescinded, prices.

Even if the auto industry were not to raise its prices, the proposal of the President appear misplaced in terms of national priorities. In the United States there are over 100 million registered vehicles; about 9 million cars are sold each year; profits for the industry this year (especially for General Motors) are substantial; the problems of air pollution and traffic congestion caused by these vehicles are enormous. It is difficult to ascertain a reason for stimulating increased purchases from this industry. It has been having a record year in sales and employment and profits are up substantially. In addition, the UAW doesn't approve of the President's domestic proposals.

Of equal importance, the President's proposal is misplaced in terms of equity. Lower prices for new cars—at least for the next 90 days—constitutes a saving for those Americans who are wealthy enough to afford them in the first place. According to the President this class consists of 8 million Americans. On the other hand the tens of millions of less fortunate Americans who would have been assisted by welfare reform and the benefits of effective and equitable revenue sharing have been asked to pay the price of the Nixon tax-cut program.

Even putting the question of equity aside, it makes more sense to put a dollar in the hands of low income families who will spend it rather than the higher income family who will buy a new car and who will be inclined to save part of it. It makes more sense to cut personal income taxes by the equivalent of the auto excise tax, letting consumers decide what they want to buy. Rather the Administration is saying in effect that they should buy more cars. Putting the auto excise tax incomes into a mass transit program would employ new workers rather than afford more overtime to auto workers if more cars are sold due to abolition of the auto excise tax. The Administration oft-repeated figure of 125,000 new auto worker jobs, if the auto tax is abolished, is as phony as a new car's chrome ornamentation. They cannot support this figure with any hard data.

The prospect of what will happen to car prices after the 90 days are over should make Congress extremely reluctant to repeal the auto excise tax. The auto industry has been notorious for its lack of competition in prices. The Nixon Administration has assured the auto industry that foreign competition will be placed permanently at a substantial disadvantage. The auto manufacturers have the power to raise its prices by 7% after the freeze and still maintain a favorable competitive advantage over imported cars. Should this happen then the effect of repeal of the excise tax would be to take $2.3 billion in revenues and pour into the profit statements of GM, Ford, and Chrysler. (The dealer would have additional flexibility to combine variables at the retail level to mask their slice of the auto excise tax gap. The net effect of this change when combined with the President's proposed cutback in federal expenditures would be decreased aggregate demand, hence more recession. This is so because currently the government is spending the $2.3 billion. Should this money be transferred to the auto manufacturers it is clear that they would retain

some, distribute some as dividends, and spend the rest on investments. However, they would not spend the 100% of the $2.3 billion which is being spent right now.

The prospects of this bonanza have not been unnoticed on Wall Street where the stocks of the auto manufacturers have skyrocketed upwards.

The risk of the President's proposal resulting in higher auto prices and decreased demand can best be avoided by continuing the auto excise tax. There are several other ways to cut taxes which are more equitable and more likely to result in increased aggregate demand.

It seems clear that the Administration has no plans for forcing the auto manufacturers to insure that repeal of the excise tax would be passed along to the consumer. In his television speech of Sunday night the President did say:

I shall insist that the American auto industry pass this tax reduction on to the nearly 8 million customers who are buying automobiles this year.

However, the President did not elaborate then nor has any Administration spokesman explained since, how this is to be accomplished. In fact, the White House explanation (which was printed in the *New York Times*, August 16, 1971) of the President's new policies implies that the Administration intends to rely on voluntary efforts by Detroit to keep car prices down. Specifically, the White House explanation stated:

It is anticipated that all of this tax reduction will be reflected in lower automobile prices. This will mean an average reduction in new automobile prices of $200 per car . . . (Emphasis added)

On Monday, Ford President Lee Iacocca conceded that his company could not control the dealers in this regard. Congress should not have faith in the use of moral suasion to prevent rising prices in the auto-industry. Congress should also accept no delay by the automobile industry in compliance with safety and pollution standards already long overdue, with such government largess going to the industry.

For the past 17 years the Congress has acquiesced in Executive initiatives to shift the burden of taxation away from corporations, and especially large corporations. Specifically:

1. In 1954 the Congress passed legislation enabling companies to depreciate their machinery and equipment at accelerated rates.

2. In 1962 the Kennedy Administration adopted new regulations shortening the lives of many different types of machinery enabling even faster write-offs.

3. Also, from 1962 to 1969, Congress enacted the 7% investment tax credit, which among other things, was supposed to make our industries more competitive abroad and thus help solve the balance of payments problem. The decision of the Nixon Administration to devalue the dollar is an appropriate measure of the efficacy of the investment tax credit in solving our balance of payments problem.

4. In 1964 the corporate tax rate was lowered in stages to 48% from 52%.

5. In June of this year the Administration adopted new regulations of questionable legality which allowed corporations to depreciate qualified machinery and equipment 20% faster than was previously allowed.

6. Now the Nixon Administration has proposed yet another raid on the treasury for the benefit of corporate America: a 10% investment tax credit for one year and a 5% credit thereafter. This will cost, according to the Administration's own estimates, $3 billion in fiscal 1972, $4 billion in fiscal 1973, and $2.5 billion annually thereafter in tax revenues. This is in addition to the tens of billions in lost tax revenues which corporate America has received in the past 17 years due to the generosity of Congress and, especially, the Executive.

Obviously, the government must raise a substantial amount of revenue each year to pay for its functions. To the extent that corporate taxes are lowered, whether directly by decreasing the rates or indirectly by IRS regulations, credits, and accelerated depreciation; other taxes must be either increased or remain at artificially high levels. The taxes on personal income of the individual in the United States—though filled with exemptions, exclusions, deductions and exceptions, mostly for the wealthy—bear heavily on the average taxpayer. The time has come for the Congress to restore the imbalance or, at the very least, to insure that it is not further distorted.

FOOTNOTE

[1] Economist Dale Jorgenson, speaking on behalf of AT&T in favor of the ADR depreciation regulations, concluded that "there is a general consensus that the [economic] impact will not be an immediate one; that the average lag in investment expenditure requires about 18–24 months." It should be noted that Mr. Jorgenson believes that the regulations will have beneficial long run effects, although other economists differ sharply with him on the value as compared with other economic measures of similar cost.

STATEMENT OF PAUL PORTER, ATTORNEY-AT-LAW, WASHINGTON, D.C., FORMER ADMINISTRATOR, OFFICE OF PRICE ADMINISTRATION

I am glad to accept the Committee's invitation to be present. I have no prepared statement but I have over the weekend done a little research, and I have some statistics that I would briefly like to refer to reflecting the experience that George Taylor and I shared, and later Mike Di Salle, attempting to administer wage and price control.

First of all, let me say I endorse and support the President's policy for the 90-day wage and price freeze. As I shall subsequently observe, what happens after 90 days, I think, is the critical and important thing.

Now both OPA and OPS issued price freezes which remained in effect throughout the period of regulation, although subsequently modified by special regulations and exemption procedures. In each case this freeze came after a six-month period of very severe inflation, and was intended to prevent further inflation at the cost of some injustice of a more detailed pattern of regulation was begun and the necessary bureaucracy was assembled.

For example, in the six months following Pearl Harbor, December 1941 through May of 1942, the Consumer Price Index increased at the rate of one percent a month. In May of 1942 prices were ordered frozen at the March 1942 levels by the general maximum price regulation. Promptly——

Senator PROXMIRE. Mr. Porter, when you say prices increased at the rate of one percent a month, are you talking annual rate or was that the actual increase for each month?

Mr. PORTER. Actual increase for each month.

Senator PROXMIRE. The annual rate was around 12 percent?

Mr. PORTER. Yes, sir. After the General Max, as it was popularly known or unpopularly known, I might say, the next 12 months the rate of increase was slowed down to about .65 percent per month so it did work, but the greatest proportion of those increases——

Senator PROXMIRE. What you did was cut it in half, is that right?

Mr. PORTER. I am talking about after the general maximum price regulation of 1942 was put into effect, and the rate was then one percent a month, slowed down to .62 percent a month.

Senator PROXMIRE. So, from one percent to .62 would mean it was cut about in half.

Mr. PORTER. Cut about in half and the biggest proportion of that, Mr. Chairman, represented agricultural commodities which were not then under regulation.

Senator PROXMIRE. I see.

Mr. PORTER. Now, April 1943 there came the hold-the-line order, and over the next three years the rate of inflation was slowed down to .13 percent or a total of 6.6 percent for a period of 37 months, which at the time was a very commendable record.

During the period of June 1946 to March 1947 prices were decontrolled very rapidly, and after VJ–Day, the lid was taken off practically completely.

During this 9-month period the Consumer Price Index increased 17.3 percent or an average of nearly two percent per month.

Now, the Second World War experience in rents shows even a greater stability than prices in general, and I take particular pride in this because I was the first Federal Rent Administrator in March of 1942, and by August of that year we had over 400 defense rental areas under regulation. We not only froze the rents but we rolled them back, and in the six months increase, six month period following Pearl Harbor, rents had increased at the unbelievable rate of 32 percent per month. You recall the housing shortages at that period, the influx of the labor supply into the congested shipyard areas and shipyard plants, but during the one year following the general freeze rents declined, actually declined, at the rate of .14 percent as opposed to an increase of .65 per month in the Consumer Price Index. And in the three years following the hold-the-line order rents increased only slightly as opposed, to .01 percent per month as opposed to .18 percent per month in consumer prices.

Senator PROXMIRE. You say .01?

Mr. PORTER. .01.

Senator PROXMIRE. And this was 1/100th of one percent.

Mr. PORTER. Precisely.

Senator PROXMIRE. In other words, practically stable.

Mr. PORTER. Well, rents remained under control during the initial period of decontrol, and increased only by 6/100ths of one percent per month from July of 1946 to March of 1947 at a time when the consumer price index was going up at the rate of about two percent per month.

Then came decontrol but from March 1947 through December 1948 when controls were eased to allow increases in rents, rents increased at about a half of a percent per month or a total of 8.6 percent in the year and a half period, but the increase between June and December of 1947 was more than the entire prior eight year period under controls.

In other words, the rent control was held at about one point during the period of the war.

Now, if at this point I may indulge in a little personal reminiscence I would like to volunteer gratuitous advice to my friend John Connally, because the role of a price controller as Governor Di Salle will verify, Dr. Taylor will, is not a happy one. My secretary had dug this out over the weekend that I consider one of my most priceless momentoes. It was from Headlines, a publication of the National Real Estate Association on the occasion of my resignation from the Stabilization Board and return to the private sector. There was this tribute that was paid to me:

"Farewell to Porter

"Paul Porter has announced his resignation.

"He'll probably beat the bouncer to the door by a hop and a skip. Eight million small property owners will cheer the bouncer.

"He was a faithless public servant. He was

given vast discretionary power by a trustful Congress.

"He was given a blueprint of fair procedure in dealing with rents. Rents were to go up if taxes and costs went up. The directive was clear. He followed no part of it.

"Paul Porter had in his hands the saving and welfare of eight million small owners of rental properties, mostly one- to four-family homes.

"He chose to ignore every tenet of decency and good faith.

"In no area did he increase rents in spite of increased taxes and costs.

"His kangaroo court gave relief almost solely to owners who invested more capital", which as I read the statute is what we were supposed to do.

"He misrepresented facts to Congress when he said that owners had better income by reason of more tenants when 90 percent of the owners had not.

"He ridiculed millions of small people, whose property the Government had seized and held, in their utter helplessness.

"He compelled owners living on reduced incomes from services rendered, to subsidize tenants whose incomes were doubled or trebled.

"He was the polished demagogue, the stooge for left wing planners of a proletarian dictatorship."

I consider this, Mr. Chairman, one of my priceless mementoes because rents did not move——

Senator PROXMIRE. Are you saying, Mr. Porter, that your advice to Mr. Connally is to be tough, to provide no exceptions, to insist on full and complete enforcement right across the board?

Mr. PORTER. For the first 90 days, yes, and thereafter as long as he can get away with it. [Laughter.]

Senator PROXMIRE. Very good.

Mr. PORTER. I have commented on rents and I am sure that your very capable expert staff has these data but I have a table here that I would like to offer for the record that shows the behavior of prices beginning with December of 1941 through December of 1948, and I think this statistically reflects in a rather dramatic way the impact of the general maximum price regulations and the hold-the-line order, and I will ask Mr. Di Salle to update that when he assumes jurisdiction.

The Korean War, as Governor Di Salle can testify, that experience was somewhat similar. Prices were relatively stable in the first half of 1950, prior to the North Korean invasion in June. Beginning in June, however, retail prices increased at a rate of over one percent per month while wholesale prices increased by over 1.5 percent.

Now, Governor Di Salle then ordered a general freeze under the General Ceiling Price Regulation, as it was then called, which was instituted 1951, January 26, 1951, to remain in effect until March of 1953. At that point there was no significant inflation following decontrol, and I have here a brief summary of the behavior of the Consumer Price Index, the housing or rent index from February of 1950 through March of 1954, to show the Consumer Price Index, using February of 1950 as 104, it rose to 114.9 by March of 1954, which was a relatively stable movement pricewise. Housing which included shelter as well as a house from 104.6 in February of 1950 rose to 118.9 in March of 1954.

The parallels to the current situation are obvious. A general freeze on prices was invoked in each case to stabilize the situation followed by the issuance of more selective controls to alleviate the inherent arbitrariness and the inequities of the general freeze. In brief, I think that a freeze buys the time necessary to work out further controls after gathering the staff necessary to enforce them.

But, as I have indicated in this tribute paid to me by the Real Estate Association, both OPA and OPS were unpopular agencies. The reaction of organized labor in the current wage and prices freeze as well as the confusion surrounding it, indicates that controls in 1971 will probably not differ in popularity from earlier occasions, that is, from the business community and labor. I do hope they receive general public support. And the issuance of controls in peacetime, I think it can safely be predicted, perhaps will meet other public opposition than did the earlier controls in wartime where a certain degree of sacrifice could be demanded.

Now, the points of difference between the contemporary situation and those of the wartime situation are equally obvious.

The rate of inflation which triggered the present controls are far less than the approximately one percent a month that was present in the prior cases of Korea and World War II. The most recent Consumer Price Index shows an annual rate of change of 3.9 percent for the six months ended in July. The wholesale price index, however, shows the seasonally adjusted annual increase of 4.7 percent for the six month period ending in July and that is the highest rate in recent years.

The increase in wholesale industrial prices in July, for example, was .7 percent, which is the fastest monthly rise since 1965.

Now, I think that the important differences, Mr. Chairman, is that the necessity for controls during the OPA and OPS was created by a wartime situation in which demand far exceeded supply. As a matter of fact, we used to maintain at the agency a chart, which I was unable to find, and I would have it updated each month, called the inflationary gap. I am sure Dr. Taylor and Governor Di Salle are completely familiar with the inflationary gap, and that was taken from the Bureau of Labor Statistics and it represented the measure of available consumer purchasing power as against available goods and services, and during those war years there was an unprecedented rate of sales above income, 20 percent above income for a period of three years.

Now the major problem in holding down prices in these years involved the uncontrolled products such as agricultural goods which were in short supply and whose costs increased at an extraordinary rate. And I am sure we can all recall the grave difficulties we had with our subsidy program efforts to maintain a stable cost of living.

For example, all food prices increased by 17.6 percent between May of 1942 and May of 1943, 17 percent in one year. Some foodstuffs were brought under control during that period, but those that were not controlled before October 1942 showed a price increase of 62.3 percent.

Senator PROXMIRE. What period was that?

Mr. PORTER. That is before October 1942, and in a one year period.

Senator PROXMIRE. One year period ending October 1942?

Mr. PORTER. One year period ending October 1942.

Foodstuffs which remained——

Senator PROXMIRE. How much of the food production was not under control, what proportion, a third of it, half of it?

Mr. PORTER. Over half, Mr. Chairman.

Senator PROXMIRE. Over half, and that half increased 62 percent?

Mr. PORTER. 62 percent.

Senator PROXMIRE. In one year.

Mr. PORTER. Yes.

Senator PROXMIRE. How does that square with the figures you have given us before on the increase of cost of living in view of the fact you have more than half of the food increasing 62 percent in price?

Mr. PORTER. I think the Consumer Price Index will show the components, rent is 25 percent or it was then. That was the important thing, keeping—25 percent of the wage earner's income went for rent or shelter, and my mandate was to keep that down and other costs would be more easily controlled, wage levels, et cetera. Food probably about 30 percent, maybe a little more. I am sure Dr. Taylor must remember those figures, around 30 percent is my recollection. But there were certain foodstuffs that were, remained uncontrolled throughout the year that showed a fantastic increase of 73 percent during that same period.

Now, it is my understanding that no such inflationary force reflecting shortages in supply appear just now. Indeed, the major inflationary force appears to be wage settlements which, in turn, are followed by price increases. In other words, as I think some of the economists, and I am no economic pundit, put it, and that in the war days there was a demand push that created inflationary pressures. Today there appears to be the cost push, and I think this leads to the thing that I hope that this Committee, Congress, as well as the Cost of Living Council will give careful consideration to during the next 90 days.

In November of 1970, and I am talking now about recent wage settlements, in November of 1970, the United Auto Workers obtained a settlement with General Motors involving a 25 percent increase over three years. The Ford settlement followed the same lines, and Ford immediately announced its third price increase on 1971 cars. A price increase of 3.9 percent on 1972 models was announced by GM while Ford was considering a five percent increase. Now, presumably these increases have all been cancelled following the repeal or the recommended repeal of the automobile excise tax and the wage-price freeze, but even a higher settlement was given to the rail workers by Congress in December of 1970, 13.5 percent increase retroactive to January, 1970. The rail workers subsequently negotiated a 42 percent increase over 42 months.

The can industry settlement in the spring of 1971 set the pattern, as we know, for subsequent agreements. It gave the workers a raise of approximately 31 percent over three years, including an unlimited cost of living clause, escalation clause. Following the wage increase, the wholesale price index for cans increased from 115.6 percent in April to 124.3 percent in March. And the aluminum settlement was patterned after the can settlement. Shortly after that aluminum wire and cable prices rose by five percent, and the aluminum industry has planned, according to information that I have obtained, to increase prices of fabricated products by six percent in September.

And we also know, of course, that in July the postal workers reached an agreement with newly independent postal corporation involving a billion dollars increase in labor costs.

Now, postage rates, as we all know, have steadily gone up in the past and a new increase reflecting these higher labor costs is probably inevitable.

Also in July the Communications Workers of America signed a new agreement with the Bell System, which gave them a 33.5 percent raise over a three year period. Perhaps in anticipation of such a settlement Bell had obtained rate increases, and this is in the long lines department, of nearly a half a billion dollars in 1970 and the first two months of 1971. As of late February 1971 the Bell System had pending before the various State regulatory bodies applications for almost two billion dollars additional rate increases, the exact figure is one billion 946 million 900,000 dollars.

And, as we know, the most recent wage settlement was in the steel industry. The new contract price for a 31 percent raise over three years. The larger steel companies immediately announced plans for an eight percent increase across the board. This is in addition to the steel price increases which took place earlier this year.

Now, Mr. Chairman, the reason I made reference to these wage increases, it seems to me that after the 90-day freeze and the moratorium, that the critical issue will be for some mechanism, for some policy, that some legislative authority be developed which will deal with the problem of dominant power in industry and dominant power in labor of making these kinds of agreements which have created this cost push type of inflation. There have been suggestions that a selective price control system may be the answer. I do not know. I do not have the wisdom to other than suggest the problem, but it seems to me that the possibly, and I know this is anathema and a red herring to most labor and large industry, certain anti-trust concepts may be involved here, and that is when a dominant, strong union, doing its job as best it can on behalf of its constituency, gets together and forces a wage increase of the settlement of the magnitudes that I have referred to, and immediately thereafter it is reflected in the price level, that calls for the wisest consideration that I think the Congress and the Administration must, as Dr. Taylor will well remember during his days on the Wage Stabilization Board, the price stabilizers, collective bargaining was still in process, but under no circumstances would we permit a price increase as the direct result of a negotiated wage settlement. We said the collective bargaining process had to be exhausted, we would take a look at it and if industry could possibly absorb it we would require them to do so.

As Dr. Taylor can say with all of his experience and expertise, I think that that contributed somewhat to the moderation at the bargaining table on both sides, a characteristic which has been lacking in the recent settlements to which I have referred and which, in my view, are responsible for the problem we are facing today.

STATEMENT OF GEORGE W. TAYLOR, PROFESSOR OF ECONOMICS, UNIVERSITY OF PENNSYLVANIA, FORMER CHAIRMAN, NATIONAL WAR LABOR BOARD AND WAR STABILIZATION BOARD

Mr. TAYLOR. I sort of agree with Mr. Porter about the worthwhileness of the freeze that was undertaken. I think I differ with him with respect to saying we can wait until the end of 90 days before mechanisms are considered in order to deal with gross inequities, especially as this is true with respect to some current labor agreements, and people do feel that there are such great inequities involved. I am not talking about the substance of our policy but a procedure.

You can say to me that this immediately drives you into bureaucracy. Well, you do not control wages and prices without some bureaucracy. It cannot be solely on a voluntary basis. The voluntary approach indicates that those who are good fellows are at a disadvantage compared with those—

Senator PROXMIRE. Are you saying you have to develop that enforcement bureaucracy during this 90-day period and not wait until the end and put it into effect after the freeze, more than we have now, sort of an OPA?

Mr. TAYLOR. Some due process for people to express their feelings, deep feelings, for gross inequities.

Senator PROXMIRE. You are calling for it right now?

Mr. TAYLOR. I always like to think of—I never like to take steps 1, 2, 3 until I have thought out 8, 9 and 10. I think maybe four has not been thought out in this case, step 4, and at least people with a grievance should have a forum before which they could express their dissatisfaction because it is great.

Senator PROXMIRE. Well, at the present time, as I understand it, the Administration's feeling is that the OEP, the Office of Emergency Preparedness, is some kind of a forum of that sort.

Mr. TAYLOR. I understand.

Senator PROXMIRE. You feel that is inadequate?

Mr. TAYLOR. I do feel this is inadequate. This is a very technical complex question.

Senator PROXMIRE. And you think they should provide this kind of forum, this kind of opportunity for people to take their inequities to about which they complain, that should be developed within a matter of days, is that right?

Mr. TAYLOR. Indeed, and out of the complaints that would arise from the claimed inequities there might be the straw from which you can build a policy based upon your analysis of what is taking place.

Senator PROXMIRE. I see. So that the kind of forum in which you develop a more permanent arrangement would emerge out of the complaints that you received, that processing those complaints, the inequities that you experienced rather than the freeze itself.

Mr. TAYLOR. At least they would be real complaints and not imaginary ones so that the 90-day period could provide a means of really more carefully evaluating the nature of the problem.

I understand the desire not to have a bureaucracy but when you get into these fields some bureaucracy, it seems to me, is unavoidable.

So, I do have that footnote to Mr. Porter's statement.

Mr. PORTER. Mr. Chairman, I would like to say that I did not intend to imply—I agree with Dr. Taylor—that everybody should sit on his hands during these 90 days. Obviously, gross inequities should be considered but I think more importantly planning for what is called phase 2 should move rapidly forward, that is what I intended to say.

Senator PROXMIRE. I think both of you gentlemen are in agreement on that but I think Dr. Taylor's position is that there is now no opportunity for people with a grievance to have a hearing and to have something evolve out of it and to have on the basis of it develop an experience which will permit a fairer ruling or a fairer enforcement in the future. That is not in existence, that phase at the present time, is that right?

Mr. TAYLOR. That is my step 4. I think Mr. Porter and I would both recommend what would be after 90 days, would be step 5. I think we can get too complacent about it after 90 days without due process and I think people, rightly or wrongly, agree this will develop very strongly after the 90 day period.

Senator PROXMIRE. I think Congress will be back, having been out in their States, be back, with a tremendous number of complaints. I was out in my State this weekend, and by and large they approve it, the polls showed they approved it, they wanted it, they were fed up with those conditions and feel the President has done the right thing. But many people are very unhappy about the inequitable position they have been put in and, as you say, there is no place to go.

Mr. TAYLOR. Exactly so, and this can boil up a great deal in the 90-day period.

The same thing about strikes about which I am going to talk a little bit later. It is one thing to say "Don't strike", but you then have to provide an alternative means for developing the differences that are present. This cannot be in limbo either, and it is one thing to say, "Don't strike and don't bargain". Another think is to say, "Go before this Board and present your case". It is related to the first point that I made.

I do not know, my judgments can differ on whether you can freeze for 90 days without recourse to those who have grievances. I think it is a very dangerous approach to assume.

Senator PROXMIRE. Well, whether you can or not I take it your conclusion is you will have a better situation after 90 days if you meet the legitimate objections in some way.

Mr. TAYLOR. Indeed.

Senator PROXMIRE. At least, hear them and try to find out what they are and try to modify the situation after the 90 day period is over in view of the difficulties.

Mr. TAYLOR. Indeed, this is the basic to the comment I have made, and I am sure Mr. Porter would add that to his—or I am not sure.

Mr. PORTER. George, I used to have a big penant back of my desk which saved me an awful lot of time. It read in letters that high, "Now take my case", if you have some citizens grievance committees, "I'm against inflation but now take my case," he would look up at this.

Mr. TAYLOR. When I was talking over with my colleagues here about what I was going to say I said this could be like yesterday's newspaper, and Mr. Porter said, "NO, it could be archeology". On the other hand, sometimes you get something out of yesterday's newspaper if you are discerning enough.

The big difference, I think, on the wage side and the strike side in World War II, and the Korean War was simply this. We had a no-strike agreement for World War II, and we did not have for the Korean War.

The trouble when you have the right to strike and wage settlement by formula is that you have two methods for determining what the proper wage is going to be, and they give different answers. This was true in the Korean War, as my colleagues would know. The Wage Stabilization Board at that time set up a formula based on the old Little Steel formula with modifications. But the right to strike was maintained and it was legal, and some unions could opt for taking the formula or the strike, whichever served their interest the better and, of course, the Board broke up when the steel workers decided not to follow the stabilization program, guides, guidelines, but rather to exercise their right to strike. This is probably the most difficult and disturbing aspect when a free country goes into the business of limiting the latitude of both unions and management in respect of the prices which they charge for their services and products.

Fortunately, in World War II there was a summit conference, you know, right after Pearl Harbor in which labor and management and the Government got together and said under what conditions can there be a revocation of the right to strike.

Now, the circumstances were different than they presently are, I understand that. But it was agreed, and the labor fellows said, "We will give up the right to strike if you establish a tripartite board on which we sit, and we will accept the majority ruling of that board as a substitute for the strike."

Well, as I look back on those archeological days it was, the power behind the deal was, that when a strike did occur it was the responsibility of the labor leaders to get it settled, and I must say many of them did valiant service in taking on that responsibility and going out and saying, "We agreed not to strike."

It was quite different in the Korean War where I always thought that the guidelines, so-called in the Korean War, with the retention of the right to strike were much more like the voluntary guidelines of more recent vintage where the right to strike was retained.

I think in a country like ours the way to limit the right to strike is by agreement of those who have to make it work, and have to make the no-strike work. This is what is so distressing to me about the inability of the organized labor movement to cooperate. We ought to be able to cooperate together. This has to be rebuilt, as it had to be rebuilt during the Korean War when all the labor fellows pulled out from cooperation with the Government at all levels, and it was an extremely critical time to get this cooperative endeavor again.

Senator PROXMIRE. Refresh my memory on that. I do not recall that. You say during the Korean War the labor leaders pulled out of cooperation with the Government on price stabilization?

Mr. TAYLOR. They did indeed. May I be personal about this?

Senator PROXMIRE. Yes, I wish you would.

Mr. TAYLOR. Mr. Truman had asked me to be chairman of the Wage Stabilization Board during the Korean War and I said no, you cannot run a wage stabilization program with the right to strike at the same time, these give different answers. Well, some things happened and the labor movement all said, "We will not cooperate with any governmental agencies at all." They pulled out from all of the agencies, I have forgotten the year, would you remember that—1951, and I remember the President saying, "Our big job here goes far beyond wage stabilization. It is that an important segment of our population feels that it is at odds with our Government and the job then was to get the labor fellows to return to cooperate with the Government, which we succeeded in doing.

But then, we were unable to get an agreement on a wage policy.

I thought we had a wage policy that worked fairly well in World War II for another reason.

Senator PROXMIRE. Let me just interrupt to say, Dr. Taylor, the trouble I am having with your suggestion of trying to fit it into the present situation is that the Administration has asked that unions not strike, they just asked they not do it, with no penalties, no law, and they just said, "We hope you will not strike." Now during this period you say you should substitute something for the strike. It is awfully hard to see how you can substitute anything under these circumstances. You have a freeze which means no increase in wages. How do you negotiate that? After the period Secretary Connally, who is the expert in this area, says "We do not know. We do not know." So, there is no way you can negotiate something where you have a Government which is in a position to stop an increase but have not indicated what it is going to do about it so I do not see how you can substitute any action for the strike now at the same time we are in such a weird and unusual and almost unprecedented situation. I do not know, I do not see what labor can gain by a strike now.

Mr. TAYLOR. Well, they can stop work.

Senator PROXMIRE. They can stop work. What does that gain them, how do they negotiate?

Mr. TAYLOR. I do not know.

Senator PROXMIRE. It seems to me management is in a position where they cannot very well agree to a wage increase.

Mr. TAYLOR. I understand.

Senator PROXMIRE. If they do they cannot reflect it in their increased costs, in their prices.

Mr. TAYLOR. Senator, the problem goes deeper than the union because it goes right back to the people in these factories and plants and so forth, all of whom have been led to expect——

Senator PROXMIRE. Now, addressing yourself on the present situation where you have a freeze that is going 90 days, with no notion of what is going to happen in the future but a freeze on wages and prices, what kind of recommendations would you make that you think would be realistically acceptable to organized labor?

Mr. TAYLOR. Well, the second part I do not know. This is a bargaining——

Senator PROXMIRE. That is what we have to live with.

Mr. TAYLOR. Except for this.

Senator PROXMIRE. We have to recommend something.

Mr. TAYLOR. There should be available a forum by which these disputes which should, that could, erupt into a strike would be worked out well enough so that there would be a forum before which the problem could be placed and it could very well be that modifications of the freeze in the 90-day period would be a desirable thing to do in order to avoid exceedingly gross inequity. But this is a matter of high policy, and I understand the difficulties of it. But this is not an easy situation either.

Senator PROXMIRE. So you are saying, Paul Porter told us and I thought there was a kind of fundamental principle, that many people can accept with enthusiasm, no exceptions, you have got to be tough during this 90-day period, you are saying well, you have to look at the practical situation here and you may have to make some exception even during the 90-day period, is that not right?

Mr. TAYLOR. You can be tough but if you are wise or foolish about being tough the results are quite different and I do not think toughness in itself is necessarily a virtue.

Senator PROXMIRE. Well, certainly during 90 days, if we cannot have a situation where we stabilize wages and cut into this wage-push inflation we have during the 90-day period we do not have much basis for winning public support, do we, for this program?

Mr. TAYLOR. You do not win public support if some people are going to be so adversely affected in their position by virtue of a date. If a wage increase, for example, was quite valid on one day and the next day it is not, it is going to be very difficult with that group of people to say—

Senator PROXMIRE. Maybe we can do better if we get to specifics. Can you think of any group, the teachers, for example, are one group, the Government workers in Texas and in other States, or the State workers are another kind of group, the labor unions. UAW, for example, has a contract which right after the 90-day period brings them a three percent increase, that is another category. Can you think of any of those where the Government might possibly go ahead and provide an exception?

Mr. TAYLOR. Yes, I could in automobiles, for example.

Senator PROXMIRE. UAW.

Mr. TAYLOR. If the Board would say, "Now we understand that inequities have been created by virtue of this date between the basic automobile manufacturers and the suppliers, there is an inequity which has to be brought into account in the final wage which is to be paid", and I would set up an agency by which the nature of that inequity would be worked out and presumably a decision made after 90 days, if you wish, because these wages are going to go up in the last analysis, and I think the labor market is going to see to it that this happens. You can freeze for a while and then you unfreeze.

Senator PROXMIRE. Well, I think that almost everybody agrees that after a 90-day period you have to have kind of an adjustment to recognize at least the productivity increases in our society where compensation can increase consistent with stable wage costs, consistent with stable prices.

Mr. TAYLOR. Yes.

Senator PROXMIRE. The big issue is whether or not you can hold down that wage increase close to the productivity increase so that you can break the back of inflation, at least the very high inflation rate we are suffering.

Mr. TAYLOR. I have great doubts whether you can break the back of it by just the freeze without just the procedures I have talked of.

Senator PROXMIRE. All right.

Mr. TAYLOR. Because resentment can gather and final settlements may be more costly than they otherwise would be, because do not forget, when a union signs an agreement it has to be ratified by its membership, and the moods of the membership can be extremely important to both management and labor, as to whether to sign an agreement. In other words, I would do some things looking now to how you are going to get out of the freeze.

Senator PROXMIRE. Well, I think, I certainly agree with that but it would seem to me that rather than pick out the auto workers or any other group, strong as their case may be, for exception, it would be best to develop some kind of principles——

Mr. TAYLOR. I agree.

Senator PROXMIRE. And try to stick with that which would permit a wage increase. After all, we had wage increases in the period 1962 to 1966 when we had stable wage costs, that is perfectly possible and consistent.

Mr. TAYLOR. Yes.

Senator PROXMIRE. Wage increases, but those wage increases should be based on some principle which we could apply across the board.

Mr. TAYLOR. It could very well be, you know, that a hearing on some of these cases could be a show cause hearing, which would at least channel conflict, which is really what we are talking about, how we channel conflict, and maybe show cause hearings would be the thing to do.

Senator PROXMIRE. Thank you very much, Dr. Taylor. I want to ask you gentlemen some questions.

Mr. TAYLOR. May I say one other thing, Mr Senator? There is one aspect of the more recent experience, that is in the guidelines, I happened to have been on the Advisory Committee, that was at the time the guidelines of the two previous administrations were in effect, of talks about those guidelines as being resurrected or something like it, but you know those guidelines started out to be wage and price guidelines, and there were, if you read them, you will find there were conditions under which prices should be—

Senator PROXMIRE. You are talking about the guidelines in the Kennedy and Johnson Administrations?

Mr. TAYLOR. Yes, I am. There were conditions under which prices, spelled out under which prices, were to be decreased. Well, by some means, I do not know just how this happened, it all simmered down to a 3.2 control of wages, and—

Senator PROXMIRE. That is about all you got out of it.

Mr. TAYLOR. Excuse me?

Senator PROXMIRE. That is what you got out of it.

Mr. TAYLOR. That is what got the emphasis, and while there was jawboning and this sort of thing, it was always you do not raise prices as much as you otherwise would have or you do not raise prices. I do not know of a single case where any issue was made of the price decrease which was—

Senator PROXMIRE. I think maybe in the appliance industry you got some price decreases, there were a few exceptions.

Mr. TAYLOR. I do not know about any governmental action with respect to effectuating that part of the guidelines and, of course, it turned down to this 3.2 which, for reasons I will not bother you with, I think was a very faulty guideline. The 3.2 was based on factors which you do not hear around the bargaining table. I never—one exception which I will not go into, I never—heard management and labor say, "Well, what is the increase in national productivity?" This is not mentioned when people start talking about wages. They talk about cost of living.

Senator PROXMIRE. There was a new concept, maybe it was right, maybe it was wrong, but it was based on the notion that we could theoretically, at least, pay 3.2 percent more because that was the overall growth of productivity in the economy across the board and then in those industries which were more productive than 3.2 they could have price increases, 3.2 they would have price stability, less productive they could have some modest price decreases.

Mr. TAYLOR. But then, of course this price aspect to which you just referred was never

effectuated about the cuts that were supposed to take place, and so I think it is fair to say that when labor was being asked to hold to the 3.2, this was predicated upon a stability of prices.

Senator PROXMIRE. I think this is very helpful because you are focusing now on what I think is the problem with our present situation, that is why labor feels they were burned in the 1962–66 period.

Mr. TAYLOR. Indeed.

Senator PROXMIRE. You had profits increased 60 percent, you had wages increased for organized labor about 16 percent, about one-fourth as much, they feel they made the sacrifice.

Mr. TAYLOR. Sure.

Senator PROXMIRE. And they got—management and stockholders got the benefits.

Mr. TAYLOR. And they did moderate their wage demands during part of this period.

Senator PROXMIRE. The big unions did.

Mr. TAYLOR. The big ones did, and they were being asked to stabilize their wages on the ground that prices were stable, where prices were not stable at all. So it was an entirely incongruous situation for them.

STATEMENT OF MICHAEL V. DISALLE, ATTORNEY-AT-LAW, WASHINGTON, D.C., FORMER DIRECTOR, OFFICE OF PRICE STABILIZATION

Mr. DISALLE. Mr. Chairman, after listening to Paul Porter and Dr. Taylor, I am terribly concerned about the condition we are in.

But actually, I agree with most of the statements made by both.

But I want to point out a few things about some of the differences that exist today with the situation that existed both in World War II and Korea.

We talk about the need for a large bureaucracy. In World War II we had rationing, which is not a need today, and was not a need during Korea. We had plenty of goods and we have plenty of goods today.

During, when we entered into Korea in June 1950 there was a great deal of talk about price and wage control and nothing was done for a long, long time but discussions, and the discussions helped feed the inflationary fires in those days. The inflation of those days was not caused by lack of goods but by the wage price spiral that was accelerating at the rate of 13 percent, annual rate of 13 percent, between June 1950 and January 26 of 1951 when the freeze was imposed.

Now the 11 months following 1951 prices were held to a 4 percent increase, and in the following year, 1952, they were held to less than one percent. So it demonstrates that price controls, price-wage controls, were effective during that period, they can be effective today providing they are administered effectively.

Under the present system, the 300 people in OEP won't be able to answer the phone calls that are generating throughout the country today. I know Congressional offices that are being swamped by inquiries and that are having trouble getting through to the various offices to try to get information for their constituents. This is bound to cause trouble.

Now, in 1951 we very seldom heard about conglomerates. Today they are a large part of our economy. In 1951, between 1951 and today there have been great changes in productivity, improvement in productivity as a result of improved technology so this is a new factor that has to be considered.

We talk about whether or not people are going to be satisfied. Of course they are not going to be satisfied. Consumers are not going to be satisfied because prices are never low enough for the consumer. The businessmen are not going to be satisfied because prices are never high enough for the businessmen. If we look back today at the price levels of 1951 we find there was a substantial change and the consumer was still complaining in 1951 about the size of the prices.

Now, I think the principle cause of inflation today is the lack of competition in certain areas. Large labor unions are much more powerful than they were and certainly business itself is much more powerful and the lack of competition certainly does not make it necessary for them to put on a big fight about a wage increase which can automatically be passed on to the consumer.

Now we are not going to be able to have effective price controls in this period unless we do something about everything along the line. You can't hold beef prices and permit the price of livestock to go up; you can't hold the price of cotton shirt and permit the price of raw cotton to move up without some sort of controls and I cannot agree more with Dr. Taylor for the need of some type of machinery where people can go and get answers. This is part of the effective administration of the program. Without it you might as well give it up right now.

Now, we talked about November 12 as the final date. November 12 can be the biggest price holiday in the history of this nation, if we just let November 12 come along and say "this is the day that all controls are off and people can fix their own prices" there would be a catch up period, they will be catching up for the 90 days that they were held in restraint, so it is necessary right now to start building the kind of an organization that will phase out the freeze, phase it out in those areas where there is no substantial impact on the economy. Phase it out——

Senator PROXMIRE. Such as.

Mr. DISALLE. Well, let's say canned rattlesnake, and chocolate covered ants. There are millions of items.

Senator PROXMIRE. Are you saying you phase it out where you have small firms that manufacture goods that are in competition.

Mr. DISALLE. Those where the impact on the economy is not substantial and this you can do and you can then devote your organization that you had to those areas where there are inflationary fires still burning.

Senator PROXMIRE. Now you say you can phase it out with respect to certain prices in competition. How about phasing it out with respect to certain particular wages.

Mr. DISALLE. I think that can be done.

Mr. PROXMIRE. For example.

Mr. DISALLE. For example, let me give you one instance:

We had a glass manufacturer come in and ask for an increase on the basis of having a hardship. We reviewed the case and decided there was a hardship.

We granted a price increase. For fully a year after that they were never able to place this increase into effect because the competition was so strong, and would not move their prices up, they kept their prices still. So the number four manufacturer had to hold his in order to stay in business, even though he was having great difficulty. In many areas, we have automatic price controls and always have them.

Senator PROXMIRE. You see, Governor, what bothers me about this that once you begin to exempt any significant group, once you begin to make any substantial exception, I would be afraid the whole thing would crumble in as much as this is pretty much a voluntary operation anyway. You can say we can apply that $5,000 penalty which we have in the law in some areas and not others but even the President indicated, and I think he is right, this is going to take a great deal of voluntary cooperation. We don't have a popular war going on, you say we will have to exempt a substantial number of people, and you can't do that during the 90 day period. If you do that isn't it a formula for torpedoing it on the ground it is not consistent, not fair.

They can point to a neighbor getting an increase, they can point to another businessman getting a price increase and he is not, don't you have a pretty difficult situation unless you make it universal?

Mr. DISALLE. Mr. Chairman, OPA was the result of a failure of the voluntary approach, OPS was the result of failure of voluntary approaches, the present freeze is the result of the failure of the voluntary approach. You can't have them. But you can do this, you can hold prices and you can hold wages but in those areas where prices and wage controls are not necessary you can decontrol and take off an administrative burden and hold it where it is necessary.

Now, in late 1953 when OPS was finally wound down, we had achieved stability in most price areas, and price stability can be achieved, but there is no need in wasting your time on those areas which are not important to the economy.

Senator PROXMIRE. You say the areas that are not important to the economy you can permit to pay wage increases and permit to provide price increases if they wish to do so.

Mr. DISALLE. They are ordinarily not in position to produce wage increases or price increases or to achieve them. Many luxury items——

Senator PROXMIRE. What you say is not inconsistent with what the economic experts told us, Heller, Eckstein, Schultze and Saulnier and the others, they seem to feel you should end up when the 90 day period is over at least concentrating on the big companies, say the hundred biggest companies, in the country, maybe 500, and you should concentrate on the big labor unions. I am not sure I agree with that description because how can you get the big labor unions to agree on that, and I must say if I were the head of a big labor union I would be pretty reluctant to know "you fellows are going to be limited, you are going to be limited" or if I were the head of a big company that I am going to have my price frozen but the others are not. I wonder what you tell the other people there are going to be exceptions to the rule. It is one thing to say everybody has to stay in line here, it is another thing to say we are going to single out some and say you are going to have to be limited but we are going to have to exempt the majority.

Mr. DISALLE. For example, if in some areas where you have people come back with what they think is an unfair price increase which breaches the line, you can still bring it back, bring it back under control and roll them back to this point, and with that threat alone only people who are very necessarily in need of an increase would risk increasing their prices.

STATEMENT OF PAUL W. MCCRACKEN, CHAIRMAN OF THE COUNCIL OF ECONOMICS ADVISERS

"America today has the best opportunity in this century to attain two of its greatest ideals; to bring about a full generation of peace, and to create a new prosperity without war." With these words the President on August 15 proceeded to unveil what, in the quite literal sense, must be called the most far-reaching program for economic policy during the history of this Committee and the Council of Economic Advisers. Indeed, the significant feature of the program is to be found in its scope and in its integrated approach to three difficult problems that have characterized American economic developments in recent years—inflation, unemployment, and unsatisfactory developments in our external payments position.

Progress was, of course, being made on our economic problems. The economy generally was expanding. The domestic demand for output, in real terms, during 1971 rose at the rate of 7.7 percent per year in the first quarter, followed by a 6.9 percent annual rate in the second quarter. Retail sales from January (to avoid the strike-depressed December level) to July rose at the rate of 11 percent per year, even though during half of July

a substantial part of our railroad system was down from the strike. Americans have been buying automobiles at a 9–10 million rate during 1971. In July, housing starts reached their highest rate in history. Clearly the economy has been moving upward. Business has been better than sentiment about business.

There had also been progress on the price front. Thus far in 1971 the consumer price index has been rising at the seasonally adjusted rate of 4 percent per year. This is well below the 6 percent figure reached at the crest in the first half of 1969, and it is less than half that which would have occurred if the post-1965 trend had continued to prevail. The private GNP deflator (to avoid the effect of Federal wage increases on the price index) in the first half of 1971 rose at the annual rate of 4.3 percent, compared with 4.9 percent in the first half of 1969. And a broadly comparable picture is evident for key components of the wholesale price index.

ANNUAL RATE OF RISE IN SELECTED PRICE INDEXES
(SEASONALLY ADJUSTED ANNUAL RATES)

WHOLESALE PRICE INDEX
[In percent]

Period	Consumer price index	Percent	Consumer finished goods	Producer finished goods	Private GNP deflator
1969:					
1st half	6.2	5.4	5.5	3.5	4.9
2nd half	6.0	4.3	4.4	5.5	4.7
1970:					
1st half	6.0	2.2	.6	3.9	4.7
2nd half	4.9	2.2	2.2	6.0	5.6
1971: 1st 7 months	3.8	4.6	2.6	3.3	[1] 4.3

[1] 1st half of 1971.

Source: Department of Labor and Department of Commerce.

Our international trade performance has been more erratic. By 1968 the surplus of merchandise exports over imports had declined to $0.8 billion from its peak in 1964 of $7.1 billion. For a nation which should be a capital exporter, and has substantial other international obligations this $0.8 billion clearly was an insufficiently strong external trade performance. After an improvement in 1969 and in the first half of 1970, our trade position began to deteriorate again, and since April merchandise imports have been exceeding our exports. It is worth pointing out that the rise in our consumer price index during the last year has been less than that for the industrial world generally. Indeed, only Canada, Belgium, and Austria among the industrial nations have done better. Price comparisons during the last years for manufactured goods are, however, less favorable for this country.

RISE IN PRICE INDEXES DURING THE LAST 12 MONTHS FOR SELECTED COUNTRIES [1]

[In percent]

Country	Consumer price index	Wholesale price index for manufactured goods [2]
Austria	3.9	[3] 4.9
Belgium	4.0	(4)
Canada	2.4	2.3
France	5.0	[5] 2.3
Germany	4.9	[6] 9.2
Italy	5.2	[6] 1.2
Japan	6.6	[6] 1.0
United Kingdom	9.9	[7] 8.6
United States	4.4	3.5

[1] The 12-month period varies from country to country, depending on the latest available data.
[2] Except as noted.
[3] All items.
[4] Not available; indexes for 1970 and 1971 are not comparable.
[5] Intermediate goods.
[6] Investment goods.
[7] Excludes food.

Source: Organization for Economic Cooperation and Development.

II

Progress, however, was not rapid enough on the domestic front, and as already indicated our trade position in recent months weakened further. Economic policy, therefore, was faced with an exceedingly complex problem. Concentrating attention on any one of our problems would court the risk of aggravating the others. Severely restrictive policies would slow the domestic economy, and thereby reduce the demand for imports and perhaps reduce further the rate of inflation, but they would also tend to raise further a level of unemployment already too high. Vigorous policies to expand the demand for output would help to reduce unemployment, but they would also court the risk of impairing further an already weak external payments performance.

To break out of these dilemmas a comprehensive program of interlocking parts was required in order that we could move on all fronts simultaneously. This the President's program provides. To hasten the process of establishing the basis for a more stable level of costs and prices, the President invoked the authority given him in the Economic Stabilization Act of 1970 to impose a wage-price freeze. While the Act does not extend this authority to dividends, the President in his address called on businesses to observe the terms of this freeze in dividend payments. And interest rates, also not covered in that Act, are now generally at levels below those prevailing during the base period for the freeze. To administer the freeze, a Cost of Living Council was created consisting of the Secretaries of the Treasury, Agriculture, Commerce, Labor, and HUD, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Director of the Office of Emergency Preparedness, and the Special Assistant to the President for Consumer Affairs. The Secretary of the Treasury is the Chairman of this Council, and the Council of Economic Advisers is Vice Chairman.

A freeze by itself cannot be expected to do the long-run job. Indeed, by itself a freeze is apt to pile up ammunition for an explosion of wages and prices at the end. That, in fact, has tended to be international experience with freezes as such. Thus the newly-created Cost of Living Council has also beeen directed by the President "to work with leaders of labor and businesses to set up the proper mechanism for achieving continued price and wage stability after the 90-day freeze is over." Work is now under way on a program for this post-freeze period, though it is too early to anticipate what this program will be. The objective of this program for the second phase is, however, clear enough. It is to achieve a long enough period of a reasonably stable level of prices and costs per unit of output to create a new confidence in the purchasing power of our dollars, at the same time enabling the pricing system to resume its basic function as the sensitive and sophisticated communications network for the economy.

Another set of proposals in the President's program is directed at invigorating the pace of the economy. Reductions in individual income taxes now scheduled for January 1, 1973, are to be made effective at the beginning of 1972. Elimination of the excise tax on automobiles is also proposed, and the industry has promised to pass the full amount of this reduction through the price of automobiles. A Job Development Credit is also proposed consisting of a 10 percent investment tax credit for one year, and dropping to 5 percent thereafter. This near-term will create jobs and production in a segment of the economy that has been particularly sluggish, and for the longer run it will stimulate the modernization of our productive facilities so necessary to maintain our competitive position internationally and to achieve the gains in productivity out of which improvements in real wages and material levels of living are achieved.

III

What is a reasonable estimate about the impact of this program on the economy? This has been the subject of some discussion. Budget proposals call for reductions in outlays which, together with revenues from the new import surcharge, slightly exceed the projected reductions in other taxes. In the purely static sense such a fiscal program might be deemed to be slightly deflationary. This essentially static arithmetic will not do here, however, because of the sharp incentive effects of the tax proposals. The Job Development Credit, for example, does more than leave after-tax income of the private sector some $3 billion higher. It also increases the after-tax rate of return on investment, with a particularly large increase for projects undertaken during the year immediately ahead. Obviously the impact of the import surcharge on the domestic economy is not measured by the $2 billion estimated revenue yield. Its major impact on the economy will be the stimulus to domestic output that comes from redressing the imbalance between external and domestic price-cost levels.

Our own work indicates that for calendar year 1972 the various expenditure reductions (including reduced Federal employment) would have about a $9 billion adverse effect on GNP, and the other elements of the program would add about $24 billion to next year's GNP, with a net positive impact of $15 billion. This includes an effect of $8 billion due to a substantial shift in consumer confidence as a result of the President's Program.

The impact on employment of an additional $15 billion for GNP in 1972 would be substantial. If we simply divided this $15 billion by the current $13,000 of GNP per employee, the increment to employment would seem to be large indeed (well over one million). This, however, would overestimate the employment effect. An abnormally large part of this increased output will come through the sharp gains in productivity that should be realized as the economy's operating rate improves. Even with a generous allowance for unusually large productivity gains, however, the number of new jobs that will result from this program in 1972 will be large.

At the same time that domestic expansion and progress toward greater stability of our cost-price level needed to be accelerated, two international economic developments emerged. One was the clearly unsatisfactory trend in our own balance of payments, which by the second quarter was producing a net import surplus. And the other was evidence that our international financial system was becoming more crisis-prone. Indeed, as of August 15 currencies of countries accounting for roughly one-third of our foreign trade were already floating against the dollar.

Measures to deal with our external economic problems, therefore, had to be an integral part of the program.

In his Executive Order Providing for Stabilization of Prices, Rents, Wages, and Salaries the President noted that this action was necessary in part "to improve our competitive position in world trade and to protect the purchasing power of the dollar." Also, in his Proclamation imposing a Supplemental Duty for Balance of Payments Purposes, the President referred to the "prolonged decline in the international monetary reserves of the United States" and the threat to our "trade and international competitive position."

The developments to which the President referred have already been indicated and are well-known to the members of this Committee. Our monthly average trade surplus, which was $590 million in 1964, all but disappeared in 1968, and then after a brief recov-

ery in late 1969 and early 1970, suffered a rapid erosion that turned it into deficits after March of this year.

The whole account of our balance of payments with foreigners has been dragged in the direction of the trade balance. Our current international account changed from a surplus of $5.8 billion in 1964 to deficits of $386 and $899 million, respectively, in 1968 and 1969, and the brief merchandise trade recovery in 1970 only supported a current account surplus of $444 million. The official reserve transactions balance of payments was in deficit by nearly $10 billion last year, and the liquidity balance deficit was $4.7 billion. The balance of payments deficit on official reserve transactions skyrocketed to an annual rate of $23 billion in the second quarter. Our net official reserve assets, in spite of being supplemented by new issues of SDR's, declined to $13.5 billion, the lowest level since World War II, and our gold stock in June was $10.5 billion. These developments clearly indicate that a serious disequalibrium had emerged in the pattern of international exchange rates, making actions to correct this imbalance necessary.

Several of the steps taken on August 15 will have effects on our trade and balance of payments positions. The freeze on wages and prices will prevent our competitive position in world markets from eroding further while more fundamental readjustments are brought about. The Job Development Credit for investment in new machinery and equipment will apply only to equipment of U.S. origin and hence favor domestic suppliers. The President directed the Secretary of the Treasury to study measures for stimulating research and development of new industries and technologies. The President has also ordered a 10 percent cut in foreign aid. But the two measures in the new program that are of greatest immediate importance to our balance of payments and our international economic relations are the surcharge tax of up to 10 percent on merchandise imports and the suspension of the convertibility of the dollar into gold.

In conclusion, a few comments on systemic matters may be in order here. Our international financial system had become more crisis-prone. At the same time it has served the world economy well during the quarter of a century since World War II. The remarkable thing is not that it has developed some problems but that this system, developed at Bretton Woods in the closing days of the war and against the backdrop of great disorders in the international economy during the prewar decade, has endured so well. What we must do now is to correct the imbalances that have developed and to build more capability for flexibility and adjustment into a system which is fundamentally sound and useful. All nations have a stake in achieving these modifications in this system which will make possible another outward-looking quarter of a century of expanding international trade and vigorous economic progress.

OEP Role in the Wage-Price Freeze

(Statement by G. A. Lincoln, Director, Office of Emergency Preparedness)

The operations delegated to me by the Chairman of the Cost of Living Council, Secretary Connally, include responsibility and authority to implement, administer, monitor, and enforce the stabilization of prices, rents, wages, and salaries.

What those words mean to us in the President's Office of Emergency Preparedness is information to the people, replies to questions, an impetus system for getting the needed policy formulated by the Council, an exemption system, a compliance system, and a reports and analysis system to gage the progress of the 90-day program and to help with planning for Stage 2 after the 90-day freeze.

Now, let's go over some of the functional aspects involved in the management of the freeze. First, policy formulation. Daily, my office and other agencies develop policy questions and issues which require decisions. Daily, a small policy group, of which I am a member, meets in the morning to insure that these issues are properly formulated and to suggest answers to the policy questions for consideration that afternoon by the Cost of Living Council.

I might note here that the public questions we receive from our Regions and also in Washington via Congressional offices are very helpful in identifying policy areas which need clarification.

The daily decisions of the Cost of Living Council have come out thus far in the form of questions and answers which are published and are widely disseminated through our 10 Regional Service Centers, 360 offices of the Internal Revenue Service and 2,819 local offices of the Agricultural Stabilization and Conservation Service (see chart). The Council has also sent 10 million copies of an eight page booklet: "The Wage-Price Freeze: Questions and Answers," which covers some of the most typical and frequent queries, to these field units and to more than 32,000 post offices.

From the public's standpoint, what is more important is that they have a convenient place to which to address their questions or report alleged violations—in person, by phone or in writing. The 3200 IRS and ASCS offices give us this capability. And all other agencies with field establishments have been asked to assist in answering or referring questions of their "clientele." OEP is providing guidance to all of them.

Monitoring and reporting functions are also accomplished through this network of IRS and ASCS offices to OEP and the Cost of Living Council.

Compliance problems, as they arise, will be handled largely through the trained investigative officers of the Internal Revenue Service and U.S. attorneys working with our Regional Offices.

Finally, both the Cost of Living Council staff and my national headquarters are involved in analysis and evaluation of the freeze and in looking ahead to what lies beyond the 90 days.

Before the freeze, OEP had eight Regions coterminous with the 10-region structure of several other major agencies But, with one exception, our Regional offices were not in major cities. Because of our wartime responsibilities, we were in locations relatively remote from the big cities. Sunday night, August 15, at 9:30, I ordered our Regional Directors to move to the headquarters cities for the Federal Regions, and sent OEP headquarters officials to set up offices for two new Regions. By Wednesday, August 19, we were operational in all 10 cities: Boston, New York, Philadelphia, Atlantic, Chicago, Dallas, Kansas City, Denver (the one office we did not have to move), San Francisco, and Seattle. These are the OEP Regional Service and Compliance Centers (see map).

Our "instant" though temporary expansion has been from a total staff of some 300 to a present complement of about 700, mostly borrowed from other Federal agencies or 90-day detail This was achieved largely through the extraordinary cooperation of the General Services Administration, in finding space and equipment for our regional offices, and the Civil Service Commission, in finding other Federal personnel to use those facilities Some of these people are experts on specific areas; others are information officers and clerical staff.

Meanwhile, OEP is continuing to carry out its normal responsibilities, including the Natural Disaster Assistance Program.

Statement by Gardner Ackley, Henry Carter Adams University Professor of Political Economy, University of Michigan, Before the Joint Economic Committee, August 31, 1971

I am pleased to appear before this Committee today to explore some of the issues raised by President Nixon's New Economic Policy, announced two weeks ago. I am pleased to appear because I believe that the President's dramatic switch of direction in economic policy—although seriously flawed in several respects—at least represents the repudiation of a course of action which was pointing toward disaster. It has provided this Nation—and to some extent even other countries as well—with an opportunity for a new start in more constructive directions. It seems to me most important that this opportunity not be thrown away. As on so many occasions in the past, your Committee will play a crucial role in the redirection of economic policy now taking place in this country. If I can contribute anything to your deliberations, I shall be more than happy.

I intend to be highly selective in these comments. I do not intend to discuss the parts of the program relating to the dollar and the international monetary system. I have views on these matters; but your Committee can call on many economists far more expert than I am in this area, and whose judgments will be more important for you to consider. I shall even refrain from extended comment on the fiscal aspects of the President's program, not because I do not have strong views on these aspects, but because I can record them simply by saying that I am in essential agreement with the positions on fiscal policy recently expressed to you by my former colleague Walter Heller.

Instead, I want to concentrate on the price-wage aspects of the President's program. This is an area in which I have perhaps had as much and as varied experience as any of the economists appearing before you so far. Beginning in July, 1941, and for most of World War II, I worked in a variety of commodity areas of the Office of Price Administration (and in its predecessor agencies, engaged in "jawbone" price control). I rose, ultimately, to the highest level of responsibility in OPA that the Congress—through its "anti-professor amendment"—would permit an academic economist to hold. Somehow, I was persuaded to accept double jeopardy, and served as a price controller again during the Korean war—as Economic Advisor and Assistant Director of the Office of Price Stabilization. On my return to the University of Michigan in September 1952, I devoted substantial effort for a year to the preparation of a book-length study of some crucial aspects of the Korean War price controls, under a contract with the Office of Defense Mobilization. Then, during my more than three years as Chairman of the Council of Economic Advisors, I served as one of the principal agents of President Johnson's efforts to restrain inflation through the promulgation of "Guideposts" for noninflationary wage and price behavior, and through repeated and numerous interventions (made both publicly and privately) in the attempt to prevent or moderate important price and wage decisions that were judged inflationary.

These experiences have stimulated a longstanding professional interest in the economics of inflation and its control, a subject that I have dealt with repeatedly in my research, writing, and lecturing. One of the papers of which I am most proud, called "A Third Approach to the Analysis and Control of Inflation", was prepared at the request of this Committee, and published by it in its compendium of papers, *The Relationship of Prices to Economic Stability and Growth*, March 31, 1958. My most recent publication is a monograph entitled *Stemming World In-*

flation, published last month by The Atlantic Institute.

Unfortunately, this long experience and reflection has provided me with more questions than answers, and has developed a great skepticism about the validity of all dogmatic views on this most complex, most delicate, yet most important subject of inflation and its control. However, it is often useful at least to know what the right questions are.

THE FREEZE

Although not all of my professional colleagues agree with me, it is my view that, having waited so long to take any effective action against inflation, the Administration probably had little choice but to invoke a freeze, as the necessary first step toward getting a handle on the problem. I congratulate the Administration at least for its decisiveness, and for knowing not to give any advance hint of its thinking—which could have made the problems of the freeze even more difficult when that step finally was taken.

I think that the freeze will work, in the sense that the rise of prices will be virtually halted for at least 3 months. At the very least this will spare us from having to listen to three more of those monthly explanations why this month's increase in the CPI or WPI was unusual and next month's will be smaller, or—if the month's increase should happen to be more favorable—exultant claims that inflation is now being conquered. In fact, the freeze can do more than this. Even 3 months of virtual stability, if properly used, can be significant for the whole future course of prices, as I will try to show.

However, one thing everyone agrees on is that the freeze contains dramatic distortions and inequities—as is always the case when a freeze suddenly stops in mid course prices and wages that have been rising rapidly. (And that is usually precisely when a freeze is invoked!) So long as the freeze is brief—and 90 days is probably close to the limits of tolerance for a rigid freeze without adjustments—these distortions and inequities can be ignored, and the freeze can work. But further perpetuation of these inequities would quickly erode the support or at least tolerance of those affected and of the public—which has to be the basic reliance of any system of direct wage and price restraints. After about 90 days, too, enforcement—which may not be a significant problem in the early weeks or months of a wage-price restraint program—would begin to loom as a major problem; and the freeze is not easily enforceable.

What then should happen on or about November 14?

One solution would be simply to end the freeze, replacing it with nothing. If this were done, some small contribution might have been made to the slowing down of inflation. But if there is any such contribution, it will not have been worth the fuss and fury, the hardships and inequities suffered, the expectations aroused and disappointed, the new bitterness or resignation engendered. Almost everyone agrees that this must not happen.

If it is not to happen, the freeze must be replaced after 90 days (or thereabouts) with some other form of restraint that is more viable. I want to outline some of the basic considerations that should guide our choice of that substitute system. These considerations relate both to the nature of the new system when it is fully in effect, and to the means of transition to that system from the freeze. The first of these choices is, however, the more basic. Problems of how we can get there from here—difficult as they may be—can probably be handled once we know where it is we are headed. First, however, let me make three or four general points which are more or less independent of how these choices are made.

FISCAL SUPPORT FOR THE TRANSITION

The first observation is that, because the early stages of any restraint program require more sacrifices (or surely *appear* to do so) than are necessary once the program is in operation (for reasons that I will explain in a moment), it is highly essential that we have a rapidly expanding economy as the new restraint system takes hold. Many businesses are going to have to do things about their prices that they won't like. Wage increases will often be less than workers think is fair. The pain and stresses of this period will be greatly eased if profits are being supported, or even allowed to expand, through greater sales volume, the spreading of overheads, and the abnormally fast productivity gains that come with rapid expansion of output; and if labor incomes are being enlarged through the return to full work weeks, increased overtime hours, and the expanding availability of employment for the wives, husbands, or teenagers in workers' families. (I am not here making the argument, sometimes heard, that faster expansion automatically reduces the upward pressures on costs and prices. I happen to believe that faster expansion under present circumstances would not add much to inflationary pressures—but it surely would not reduce them. Rather, my point is that if society is asking or demanding restraint, cooperation is more readily forthcoming if incomes are rising than if they are stagnant.)

Thus, it seems to me absolutely essential that both fiscal and monetary policies be unmistakably geared toward expansion in the months ahead. Any doubts should be resolved on the side of expansion. In my view, this reinforces the considerations advanced by Walter Heller in favor of a substantially more expansionary fiscal policy than the President proposes.

THE ECONOMICS OF CONSENT

My second general observation is that we must not exaggerate the difference between systems of restraint that are called compulsory and those called voluntary. Even the most fully compulsory system cannot work for long in a democratic society unless it has at least the tolerance of those regulated, as well as broad support by the general public. This support or tolerance can usually be assumed to be forthcoming in a nation at war, or facing a profound emergency. It cannot possibly be taken for granted at a time like this.

Suppose that a labor union in an important industry regards a compulsory wage ceiling as unjust, and goes on strike for a wage increase in excess of the ceiling. Whether the wage ceiling survives this challenge surely will depend on the extent to which other unions—and the general public—support the restraint system or the strikers. Suppose that a major industry, or industry generally, believes that its compulsory price ceilings are creating serious hardship. Business does not have a weapon quite like the strike; but, as an old price controller, I know that there are often many ways—legal, questionable, and illegal—to take advantage of almost any price regulation. Moreover, the history of price controls is replete with episodes of major industries demanding approval of what the regulators have determined are unjustifiable increases in price ceilings before they will settle with their unions for wage increases which the law permits to be paid. They are thus in a position to force a strike unless their price ceilings are unjustifiably raised. Where then are your compulsory price controls, unless they have at least the tolerance of other businesses, as well as the strong support of the public?

What I am saying is that any successful stabilization system—"compulsory" or "voluntary"—demands the consent of those whose wages and prices are to be stabilized. For this consent to be forthcoming, those regulated—and the general public as well—must see the system as one that is basically fair and equitable, or, at least, that embodies sacrifices by "our side" that are roughly equivalent to those imposed on the "other side". Moreover, members of each group must believe that the restrictions its members accept on their freedom to do as they please will achieve something important—that slowing down the rise in prices is a highly desirable objective, and that this system will be effective in achieving it.

In my view, this consent can only be forthcoming through a widespread participation by all groups in our society—and particularly by the organizations of labor and business—in a process of recognizing quite explicitly the need for the program, and in determining the broad features of its initial design, and, thereafter, its modification and redesign. With all due respect for the abilities of Herb Stein and Arnie Weber, and, indeed, of all members of the Cost of Living Council, they are not going to be able to dream up a plan, announce it to a waiting world, and then expect it to work. To a considerable extent, the Kennedy-Johnson "guideposts" were simply dreamed up by economists and then promulgated. I have long considered the absence of any real participation by the interest groups in the origination and modification of the guideposts—and, as a consequence, the absence of any sense of responsibility on their part for the success or failure of the effort—to have been the greatest weakness of the guidepost system.

On the other hand, you cannot simply summon a group of businessmen and labor leaders and tell them to agree on some plan. The requirement instead is for political leadership of the most superlative quality, leadership which I believe can only be provided by the President himself. Somehow, he and his associates must bring together, both separately and jointly, representatives of all segments of the public and of all major interest groups, explaining, exhorting, proposing—as necessary, conceding, cajoling, and threatening—ultimately finding compromises both of form and substance which will permit at least a significant proportion of the leaders of every group in fact to support (and, in public, at least to appear to tolerate) what is an effective program of restraint. Economists can help to decide what can and cannot be conceded and still have an effective program. But, essentially, the task of constructing a new system of restraints is one for political leadership—and of the highest order. Moreover, it is a process that will necessarily take considerable time. It will not be accomplished in one big mass meeting in the East Room.

In peacetime—and in a Presidential election year—it may well appear to be almost impossible to negotiate a social compact among the great economic interest groups in support of any "voluntary" stabilization plan. But let us not believe that—if this should be the case—we can then simply opt for compulsory controls. Perhaps we can; but unless the social compact is subsequently achieved, the controls will not last. Moreover, any such social compact tends to become unstuck over time; its maintenance and renewal must be a continuous objective of statesmanship.

THE NEED TO PLAN FOR THE LONGER TERM

My third general comment is this: what we are building to replace the freeze on November 14 must not be considered a temporary system that will serve for a year or so and can then be forgotten. Every bit of historical evidence—and it is all around us—and every consideration of economic analysis convinces me that the problem of creeping inflation, or perhaps I should say walking inflation, is not going to disappear. Any modern industrial society that is determined—as ours surely is—to permit, at most, brief lapses below full employment is bound to suffer continuing or recurrent inflation unless a whole range of permanent institutional changes is undertaken to contain it. This, I suppose, is the principal message of my *Stemming World Inflation*. I will not repeat the argument why inflation must now be

considered "endemic" in the western world; but I believe it very strongly.

That does not mean that the system we adopt on November 14 need be a system that we expect will last forever. But it is surely relevant to some of our choices.

BREAKING THE PRICE SPIRAL

In thinking about the transition to longer-term arrangements, it is important to understand clearly why it is that an inflation—like ours today—tends to keep on rolling long after its initial cause (whatever that may have been) has disappeared. Indeed I have come to believe that understanding the "initial causes" of inflations—those which might convert a situation of price stability into one of price rise—is often less relevant than understanding how a price spiral keeps turning once it has begun. Unfortunately, there are many kinds of things that can set off an inflation—not all of them always avoidable. Understanding how inflation perpetuates itself is often considerably more important than determining whether it was really the chicken which preceded the egg or the reverse.

One key to understanding the inflationary process is the recognition that not many prices and, particularly, almost no wage rates are adjusted continuously. Rather, they are predetermined for periods that often run up to three years for wages, and even longer for some long-term price contracts, or regulated prices. Some individual prices and wages come up for revision each day or week, but only a small proportion of the total number. If an inflation is to slow down, obviously today's wage and price increases must be smaller than yesterday's, tomorrow's smaller than today's, and so on.

Those making decisions each day are adjusting a wage or a price that has not changed for some time. If prices and costs, including the cost of living, have been generally rising during this period (for the moment, we can ignore escalator clauses), then the purchasing power of the existing wage rate has been steadily eroding ever since it was established; and the profitability of the existing price may have been eroding ever since it was last changed. The rate of this erosion is determined by the pace of the inflation. With each new adjustment of price or wage, the seller expects—an expectation generally regarded as entirely legitimate—to restore the real value of the preexisting wage or price as of the time it was last changed—that is, to "catch up" with subsequent changes in prices and costs—and, in addition, to secure some "normal" or "fair" rise in his real income (at least insofar as his real income is affected by prices and/or wage rates received and paid rather than by volume of work or production).

Whether, when people behave this way, an inflationary spiral will accelerate, decelerate, or continue its previous pace can be shown to depend on the magnitude of the desired increments of real income which each new wage or price tries to achieve. It is possible that the prevailing concepts of "fair" or "normal" income increases for individuals may, in the aggregate, be consistent with the gains permitted by the continuing increment of real output (*i.e.*, of productivity) which is occurring in the economy. In that case, the adjustments being made each day in wage rates and prices will simply perpetuate whatever rate of inflation has been occurring. If the rate of inflation has been zero, it will remain that. If it has been six percent, it will remain that. However, if the aggregate expectations of "normal" or "fair" increments of real income which wage and price decisions attempt to provide should exceed the growth of aggregate real output, the rate of inflation will necessarily accelerate.

For sellers of labor or goods to participate in a self-perpetuating inflationary spiral does not require any of them to demand wage or price increases that will (in the average case) directly reduce the market for their services or products. If average wage rates have been and are generally advancing at about 8 percent a year, average productivity at about 3 percent, and average prices at about 5 percent, individual employers who today agree to pay 8 percent wage increases can expect an average 5 percent rise of their unit labor costs. If their individual price increases should therefore also average 5 percent, this will not be out of line with the increases recently and presently occurring in other prices and costs, and in buyers' incomes. The wage rates and prices they set will not cause them to lose sales or their workers to lose employment.

To be sure, depending in part on the fiscal and monetary policies being followed, a given rate of inflation may be accompanied by some shrinkage (or expansion) of aggregate output and employment. But these global, impersonal forces of contraction or expansion have little impact on any given day's individual price and wage decisions—or, at least overall *contractionary* forces are likely to have little impact in *reducing* the daily increments. Any individual wage or price setter who accepts smaller increments in the wages or prices he receives than have recently been occurring—perhaps because unemployment is high or markets are slack—does not thereby reduce the rate of increase in the prices or wages he must pay. Rather, he will just reduce his own real income and raise that of everyone else. Who knows whether unemployment will be increasing or decreasing in the months ahead—markets tightening or slackening—and whether or how this will be altering the wage and price decisions then being made, thus altering the rate of future erosion in the purchasing power of the wages and prices now being set? Catch up to where you were, get what else you think is fair or you can get away with, and, if possible, build a fence around your real income gains by an escalator clause—that is the only safe guide.

The spiral character of an inflationary process is why it is often so nearly pointless to argue whether it is labor or business—wages or profits—that are to blame for inflation, particularly once the inflation is well underway. The fault may be neither's; it is just that what labor and business do to try to protect themselves from an inflation in being turns out simply to perpetuate the inflation against which they are trying to protect themselves. The fault in this case is society's—for not providing a social mechanism through which labor and business can climb off of this treadmill. The freeze can be a vital first step in this process.

THE CONTRIBUTION OF THE FREEZE

If, beginning on August 16, the freeze halts all further new price and wage increases, then the pressures for price and wage increases later on by others will automatically also be reduced. After 90 days of this, the cumulative erosion of the real value of the wage or price that has been fixed for a year will be appreciably less than it would otherwise have been. When the time comes that something can be done about that wage or price, the pressures for catch-up will be distinctly reduced—unless, of course, at the end of the ninety days, wages and prices are all allowed to jump up to where they would have been on that date in the absence of the freeze.

But if, for 90 days—and then for another 90, and 180 beyond that—price increases, and wage increases in excess of productivity gains, could all be distinctly reduced or even eliminated, the pressures for catch-up—which are the basis for the perpetuation of the spiral—would increasingly be dissipated. "Catch-up" is a force like inertia. If prices are in motion, it tends to keep them in motion; if prices are at rest, it tends to keep them at rest. That is why it is so hard—yet so vital—to break through a spiral. That is why the pressures on a system of restraint are far greater when the objective must be to *restore* a reasonable stability of prices, if that has been lost, than when the objective is merely to *preserve* a reasonable stability already attained.

THE WAGE LAG

Most prices (as opposed to wages) are adjusted with reasonable frequency. Thus, there are probably relatively few prices now caught by the freeze that had not been adjusted or at least considered for adjustment within a month or so prior to the freeze. During the freeze, wage rates and materials prices will not have increased. Moreover, productivity gains averaging nearly 1% (more if expansion is rapid) will have occurred during this period, providing equivalent reduction in unit costs. Thus, at the end of the freeze, there should be little immediate need for price increases (other than, of course, some utility and transportation rates); some should even be ready to come down a bit. In any case, the immediate policy on price increases can be and ought to be fairly tough, providing only for cases of obvious inequity. If subsequent average wage increases could then be held equal to productivity gains, prices on the average could thereafter be stabilized about where they are. Or, if wage increases could be held to two percent in excess of productivity, the rise of prices might be held to around two percent.

But, unfortunately, when the freeze ends, there will still be a fair amount of catch-up needed on the wage side. Wage rates which were last increased early in 1971, during 1970, or even before, if not protected by a cost-of-living escalator, will need varying amounts of catch-up in addition to any new real-income gains. Here, then, is the real nub of the problem of transition from inflationary spiral to reasonable price stability: what will happen to pre-August 15 wage contracts as they come up for renewal, and especially to those not previously containing escalator provisions. If it were possible to spread their cost-of-living catchups over several years, and to allow in addition only tightly defined productivity increases, reasonable stability of the price level might be achieved fairly quickly. For so tough a standard to be applied to new contracts, it would obviously also be necessary for deferred wage increases built into pre-existing contracts to be superseded to the extent that they, too, should exceed a tight productivity standard. If these requirements are impossible to achieve, the best that any new stabilization policy can aim for is a rather painfully slow running-down of the spiral. One of the crucial tests of the new system will be how effectively it can respond to these requirements for a prompt and lasting slowing down of inflation: an immediate tough control on further price increases; the spreading out over time of cost of living catch-ups; and the superseding of deferred wage increases that exceed productivity gains.

THE NATURE OF THE NEW SYSTEM

A wide variety of designs is possible for the system of restraints that will replace the freeze. It may be that the Administration's planners are exploring some entirely new ideas; if so, it is understandable that they are not ready to talk about them. Public discussion, however, has so far been concentrated on only a few standard options, and the wide range of possibilities for social invention seems to me not to have been adequately explored.

Let me refer briefly to four basic models that have been proposed, including some variants of some of them. These differ in the nature of the machinery and procedures that would be set up, in the extent or character of the enforcement that would be undertaken, and in other ways. For the present, I will concentrate on where we might want to end up, not how we get there.

PERMANENT CONTROLS ON THE CONCENTRATED SECTORS

First, there is the model that might be associated with the name of J. K. Galbraith: a system of continuing compulsory controls over the "concentrated sectors" of our economy—big industry and strongly organized labor—with the rest of the economy (agriculture, trade, personal services, some highly competitive manufacturing industries) essentially free of restraint. Presumably, prices would be regulated by detailed, what price controllers call "tailored" regulations for each industry, each with appropriate standards and administrative machinery for permitting necessary adjustments and exceptions, for handling the pricing of "new" goods and services, etc. The wage regulations would presumably take the form of a series of detailed standards to govern wage and salary increases including changes in wage and salary differentials—along with machinery of some kind to supervise the application of these standards in the negotiation of particular labor contracts and the construction of particular salary and fringe benefit schedules—including those applicable to Presidents and Chairmen of the Board. A moderately large administrative staff would be needed because, in any permanent system, significant changes in the *differentials* among the millions of individual prices, wage rates, and salaries would be essential. Yet these changes would have to be rigorously controlled to keep them from affecting wage and price *levels*. Criminal sanctions would be available against every detectable violation of these regulations. However, with coverage limited to the concentrated sectors, enforcement would be relatively simple; the serious problems would not be those of detecting clandestine violation or evasion, but rather, perhaps meeting open challenges by managements or unions.

I assume that the ceilings would be set at levels such that most prices and wages would be at ceiling most of the time. Ceilings high enough that contact of prices and wages with ceilings was intended to be only occasional would only invite the rise of prices and wages, with ceilings having then to be lifted from time to time, and perhaps more and more frequently. If ceilings are designed to be in continuous contact with prices and wages (and some price ceilings to decline from time to time, as would be appropriate), so that almost all actual changes in prices and wages are the result of changes in ceilings, then every major industry has become, in effect, a public utility. The controllers must take responsibility for not only the prices but the quality of products and service; for assuring that adequate expenditures being made for social purposes—such as job training or pollution control; for the legitimacy of costs incurred (*e.g.*, for advertising); and for rates of return on capital—over and above approved costs—that would be both "fair" and would induce "necessary" or desirable investment. Yet these are not industries from which market risk is virtually absent, as is the case for utilities. Thus, if managers (or the controllers) guess wrong, and firms sustain losses which—not offset by adequate profits earlier—threaten bankruptcy, must not the government (a la Lockheed) come to the rescue? Of if absence of sufficient private investment threatens to create future shortages, must not the government then require and finance it? It think that I would prefer nationalization directly rather than indirectly and gradually.

On the wage side, are we really ready to accept permanent wage controls, which I think means essentially the abolition of the right to strike, except perhaps to achieve wage gains which the regulators permit but employers refuse?

And if controls are held tightly on the concentrated sectors, and wages or profits should rise faster in the uncontrolled sectors, will there not be irresistible pressures to extend the controls to those sectors, too, in order to prevent inequity?

I cannot believe that anyone can seriously think through the problems raised by permanent wage-price controls on the heart of our economy and still advocate it.

A NEW SYSTEM OF GUIDEPOSTS

A second model frequently discussed is a system of guideposts or guidelines (surely to be given a new name), presumably applicable across-the-board to all prices, wages, salaries, perhaps rents, and possibly dividends. These guidelines would resemble the Kennedy-Johnson ones, although they would probably be more detailed, with the exceptions spelled out more clearly.

The standards would presumably apply to all firms and unions, in all industries, even though their real impact would be intended for the concentrated sectors. There would have to be at least a small staff to help interpret the standards, to call attention to "violations", to attempt to persuade potential "violators" to refrain, to amend the standards as necessary. The tough questions arise when we ask how these guidelines might be enforced. One possibility is to rely only on public opinion. To allow for the more effective mobilization of public opinion, administrators might be given authority to require postponement of wage or price changes while their legitimacy is studied, to compel testimony, and to publish reports and recommendations. But in the end, the decision what price or wage to set would be made free of compulsion.

This seems to me to be a clear-cut proposal. Its perhaps fatal weakness is that it might not work. Some firms and unions might be prepared to flaunt the guideposts, and the public might not care enough to make them change their minds. A certain amount of such violation is clearly quite tolerable—indeed a necessary and desirable safety valve. But once the violators become sufficiently numerous so that the cooperators feel that they are suffering serious inequity, the system must progressively break down. Recognition of this weakness prompts the suggestion of alternative enforcement methods.

One proposal—surely not serious—is to give the guideposts the force of law. This would make them into a system of comprehensive compulsory controls using the most "untailored" and imprecise kind of self-administered wage and price regulation that one could imagine. Anyone who ever was closely associated with the old guideposts knows that the determinations they require are—particularly on the side of prices—both exceedingly complex and exceedingly approximate; for some of them, the only possible determination is an educated guess. I cannot imagine any court finding any firm or union, except the most egregious violator, guilty of violating a standard which can be interpreted only by an educated guess. And even if the violation is sufficiently egregious to be penalized, what does the violator have to do to come into compliance? If, to avoid these problems, you attempt to make the guideposts sufficiently precise and detailed so that any violation might be determined in less than five years of litigation, you find yourself with a comprehensive wage-price control system that is an administrative nightmare, one that—as it is made more effective—loses all flexibility and begins to raise all the problems of permanent controls that I have just been discussing, except on an across-the-board basis.

A third guidepost variant is perhaps more promising—the provision, at least for a time, of some process which would permit legal sanctions to be invoked in the case of clear violations in highly important situations. I do not know precisely how it might work. But perhaps provision could be made whereby the authorities might seek from a special tribunal an order prohibiting a clear and open violation of the standards in a specific economically or strategically important case. The order sought would enjoin specified behavior for a specified period of time, subject to penalties for violation. The complaint would be that the behavior sought to be enjoined was clearly and significantly in violation of fair and equitable standards which had been properly promulgated by the guidepost authorities, and which were being generally accepted by others. This "big stick" in the back of the closet, the use of which was not entirely predictable, could mightily enhance the force of public opinion in deterring clear and deliberate violations of the standards.

I think this last variant may have some promise.

A WAGE-PRICE REVIEW BOARD

Some have identified the guidepost approaches I have just been discussing with the institution of a wage-price review board. But it need not be the same at all. Suppose that Congress creates a wage-price review board of distinguished citizens (*not*, in my view, serving as "representatives" of specific interest groups), and gives it various types of procedural authority: to require advance notice of price or wage increases under circumstances which the board may prescribe; to delay by order the effectiveness of any specific wage or price change for any period up to some maximum time limit; to compel the production of records and the giving of testimony; to publish such reports and recommendations—to the parties, to Federal, State or local governments, to private groups or associations, to consumers, or to all of these.

Such a board would not have to begin operations by promulgating any standards—except perhaps in the broadest terms—or by specifying the scope of its jurisdiction. It would pick out its cases—basically ones which it thought it might win, and which it believed would be strategic for subsequent price or wage developments. It would use its powers to achieve what it thought was achievable, and if possible, build up its authority by its successes. Sooner or later, its choice of cases and the nature and success (or failure) of its recommendations would begin to create a pattern of jurisdiction and of standards; but not necessarily a pattern fixed for all time. Possibly it, too, might be given some opportunity—through special procedures—to seek to give certain of its specific recommendations the force of law for specified periods.

As an economist, I prefer the approach that starts with generally-applicable guideposts. But I am not certain that taking on the whole world all at once is necessarily the course of wisdom for a new institution.

INDUSTRY-BY-INDUSTRY MACHINERY

Some propose that the model of the construction industry councils be generalized, by creating similar machinery—which seeks to act by conciliation but backed by legal authority—for a number of industries. I confess to some skepticism about this approach, unless it is supplementary to one of the others. So far as I know, the machinery to regulate salaries and prices in construction has not yet been established. I do not believe that, in general, wage rates can or should be regulated without corresponding regulation of salaries and prices. I do not quite see how this kind of machinery can ever easily abandon an area of control on which it has entered; and I wonder if it is not a rather haphazard system of price-wage control, likely to grow like Topsy, with different standards applied in different industries. However, as an *adjunct* to a guidepost or review-board, system, I think it has real possibilities.

As I said earlier, there is wide scope for innovation in setting up new restraint machinery, and I believe that it is useful for public discussion to begin to focus more concretely on what the shape of the new system might be, and not simply to repeat phrases such as "a wage-price review board", or a "guidepost system".

MOVING FROM THE FREEZE

Without specifying the nature of the restraint system to be adopted after the freeze, it is difficult to make specific suggestions about the nature of the transition process from freeze to the new system. It should not, however, be taken for granted that, as of November 14, *all* prices and wages must automatically move in one fell swoop from the freeze to the new system, whatever that may be. Selected sectors might usefully remain temporarily under the present freeze—e.g., prices of a selected list of basic industrial products when sold by their producers. Other prices or wages might remain temporarily under the freeze but with a specific, simple, self-administered adjustment permitted. But the freeze should surely be suspended on November 14 for all prices at retail (except *possibly* a few big-ticket items), all rents (except *possibly* where a city government asks for a temporary delay while it develops its own rent control system), all personal services, wage rates in low-wage industries, and as much else as does not clearly require some transition period to the new arrangements.

While I see no reason why the transition to the new system need occur completely and simultaneously on November 14, I should hate to see any transition that would involve, for any appreciable number of cases, an intermediate stage of "tailored" price or wage control regulations, or any elaborate effort to "adjust" or administer" the freeze for any large range of commodities or services. The Korean War experience surely proves what an administrative nightmare this would involve. Moreover if—as I believe—we are going to have to develop institutions that will be viable for a considerable period of time, I think that we must learn to stay as far away as we can from the traditional patterns of direct controls. They are indispensable in an emergency. But their role—if any—must be minimized under non-emergency conditions.

CAN AN INCOMES POLICY BE EFFECTIVE?

You may have noticed that I have not up to now used the term "incomes policy." There is often argument about what it means or should mean. Basically, I use it to mean an organized system of restraints on attempts to expand individual profits, wages, and other incomes through the raising of prices charged in the marketplace for products or productive services of all kinds. These restraints may apply to prices, wage or salary rates, professional fees, or whatever; but their purpose is to keep the attempted growth of individual incomes in reasonable line with each other and with the expansion of aggregate real output. The term also connotes an effort to accomplish this objective with minimum reliance upon legal sanctions. Yet, in fact, what are called incomes policies abroad run the whole gamut from pure exhortation at one extreme to complete compulsion on the other.

There should be no question that my preference is to depend on compulsion to the minimum extent that is consistent with reasonable effectiveness. This preference rests both on an ideological commitment to freedom and on observation and analytical conclusions about the distorting and ultimately self-defeating effects of widespread direct controls. However, the minimum amount of compulsion that may be necessary for effectiveness is not always the same; it depends on where you are and how quickly you want to move somewhere else. Right now, I would be willing to contemplate more compulsion at strategic points and times—in order to hasten the transition to reasonable price stability—than I would want to use or think is needed to maintain stability once that is achieved.

I think it is regrettable that the President has seen fit—in the past at least—to caricature incomes policies by identifying them with either one or the other extreme of the spectrum of compulsion: either as purely voluntary—in which case he has called them completely ineffective (incorrectly in my view)—or as complete systems of state controls—in which case they are stifling and intolerable. Sometimes they are even characterized as such—completely ineffective *and* stifling—which is quite a trick. But the real question is how effective a policy can be which makes only modest use of legal sanctions. The record of effectiveness of incomes policies is not brilliant—although it may not be as bad as the platitude contends. Yet that does not prove either that they have been useless or that better ones cannot be devised.

I have argued that consent of those affected and support by the general public are essential for the effectiveness of any system, voluntary or compulsory. Is it an illusion to suppose that such consent and support can be forthcoming? My reading of what labor and business are saying and feeling is that there is at least a good chance that it can be forthcoming, given strong and sympathetic political leadership. Those trying to lead must have conviction that what they are trying to do is feasible and worth doing. This is why the Herb Steins and the George Shultzes must not have central roles in the program. But a number of the leaders of labor and business understand—perhaps better than Stein and Shultz—that labor and business are on a treadmill that is getting them no place, and the general nature of what must be done to get off it. I have never had any doubt about the willingness of the leaders of organized labor to accept social responsibility for labor's actions, once they were convinced that the social requirement was both necessary and equitably imposed. And the June 1971 report of the CED on *The Social Responsibilities of Business Corporations* shows how far many businessmen have come in accepting the need for business to subordinate immediate profit maximization to social objectives. Most Americans would regard the containment of inflation as an important social objective.

Once the need for restraint is generally accepted, and once the leaders of the main economic interest groups come to accept, however grudgingly, the general design of the restraint system—as the best they can expect to get—what is the role of compulsion, in the form, presumably, of legal sanctions? It seems to me that the primary role of compulsion is to assure that the system is not undermined by the subsequent actions of a noncooperating minority sufficiently large and important to threaten to cause withdrawal of the support or tolerance of the majority. That amount of compulsion is probably a crucial requirement for the effectiveness of the system.

WHAT ELSE IS NEEDED

Although I have long been a strong advocate and supporter of incomes policies I have tried never to exaggerate how much they can accomplish by themselves. I have always put it that they can make a modest but useful contribution. My second principal theme in *Stemming World Inflation* was that containing endemic inflation requires a whole range of instruments: fiscal and monetary policies, incomes policies, "structural policies", and a serious attack on the whole range of private and governmental measures and devices designed to "protect" particular groups from competition, domestic or international. And I tried to spell out at some length how these other instruments could and should operate. I have already exhausted my assigned time and your patience; so I will only close by stressing the point which is so obvious yet so important about President Nixon's New Economic Policy. It is that if the new policy is only a start—the opening of a door—which could lead to a healthier, more rewarding economy than the one which we have been experiencing. In almost every aspect of the program, success will depend not on what has been done so far but on steps still to be taken.

In the area of inflation control, the immediate next step must be to replace the freeze with an effective incomes policy. But, beyond that, an incomes policy must be buttressed by a whole range of further institutional changes. Some of these necessary changes will be as difficult to accomplish as the design and acceptance of an effective incomes policy. I hope that some of them will be on this Committee's agenda for future hearings.

STATEMENT BY ARTHUR M. OKUN, SENIOR FELLOW, BROOKINGS INSTITUTION

Whatever the longer run and more far reaching consequences of the program the President outlined to the nation on August 15, it has created an immediate boom in the demand for the words and, hopefully, the wisdom, of economists. It has unleashed an unprecedented volume of discussion, analysis, and debate. Some of the most illuminating dialogue has already taken place before this Committee, and hence I feel relieved of any responsibility for a comprehensive coverage of all aspects and issues in the program. Rather, I will take advantage of the privilege of your invitation to get some particular thoughts off my chest.

On the whole, the President's program has markedly improved our opportunities to get on the path of noninflationary prosperity. As I will emphasize, however, it offers *opportunities*—rather than solutions. Viewing the program's three basic parts—the wage-price, international, and fiscal components—I will offer two cheers. I am in general agreement with the wage-price and international initiatives and will focus on the need for follow-through, particularly for an effective and equitable "phase two" price-wage program. In the case of the fiscal proposals, however, a drastic overhaul rather than a follow-through is in order. I shall first turn to the dismal story of the fiscal program and then move on to more cheerful matters.

FISCAL PROPOSALS

All three parts of the President's program have some bearing on the nation's most urgent economic problem of launching recovery toward full employment. If, as a result of the price-wage measures that follow the freeze, inflation is significantly reduced during the year ahead, that success will contribute to more production and more jobs by lowering interest rates, facilitating easier credit conditions, rebuilding consumer confidence, and increasing the real purchasing power of pensions and liquid assets. If the international program restores our net export surplus, that too will add to domestic demand and jobs. Of the three parts, however, the fiscal program was most clearly aimed at job creation and it seems least promising in pursuit of that goal.

Stimulus? In the past two weeks, the amount of stimulus in the fiscal proposals has been appraised by various economists in ways that seem miles apart. But the apparent differences are largely semantic, stemming from varying interpretations of the precise proposals. Taken literally and as officially estimated, the President's program consists

of $4.2 billion of proposed tax reduction, which would create jobs; and $4.7 billion of proposed reductions in federal expenditures, which would destroy jobs. As Paul Samuelson and I, among others, have previously stated, this would be essentially a balanced program of job creation and job destruction that would net out approximately to zero. This result cannot be guaranteed by the fact that 4.7 is close to 4.2: Various types of federal expenditures and tax cuts have different amounts of bang for a buck. For example, government payrolls and purchases have a somewhat larger and prompter impact on GNP than do tax changes. The investment tax credit is likely to provide more stimulus per dollar than would most tax reductions. The import surcharge has less restrictive effects per dollar on domestic demand than would most tax hikes. Still, when I perform all the fancy and arcane calculations that allow for these differential effects, my final conclusion reaffirms the simple first approximation that the pluses and minuses virtually balance out.

One might prefer a liberal, rather than a literal, interpretation of the proposals. As Charles Schultze pointed out to this Committee, nearly half of the $4.7 billion reduction in expenditures may be viewed, not as a recommendation, but rather as a recognition of congressional delay in enacting revenue-sharing. That view implies that federal expenditures would not be significantly lower than was previously indicated, and hence points to the verdict that the fiscal program will create jobs on balance. On either interpretation, it follows that, to ensure that the fiscal program does help create jobs, Congress should reject the proposal for a net expenditure cutback. More serious problems arise, however, because the tax proposals would 1) have unbalanced effects on income distribution and on production incentives; and 2) make a major long-term sacrifice of precious federal revenues.

Imbalance. The imbalance of the tax proposals is self-evident. It is reflected in Table 1.

TABLE 1.—*Liability effect of scheduled and proposed changes in Federal taxes—at annual rates as of January 1, 1972*

[In billions of dollars]

1. Increased personal exemption and standard deduction:	
Scheduled	−2.8
Proposed by President	−2.3
2. Social security payroll tax:	
Scheduled	+2.9
Proposed—H.R. 1	+4.5
3. Auto excise repeal:	
Proposed by President	−2.3
4. Accelerated depreciation:	
Promulgated by President	−3.0
5. Investment tax credit:	
Proposed by President	−5.5

As the Table reveals:

The combination of the acceleration rules promulgated earlier this year and the enactment of the investment tax credit would provide about $8½ billion a year of tax relief for business, a reduction in the income taxation of business of nearly 20 percent. They would make 1971 the year of the greatest business tax cut in our history.

In sharp contrast, the proposed change in the effective date of increases in the standard deduction and the personal exemption would lower individual income taxes during calendar 1972 by about $2.3 billion. In combination with previously scheduled reductions, total income tax relief for consumers would slightly exceed $5 billion, at most a 7 percent reduction in the income taxation of nonbusiness families.

Social security taxes are slated to rise on January 1, 1972—$3 billion is scheduled by present law and an additional $4½ billion is proposed by H.R. 1. If the H.R. 1 provisions are enacted, a family with a $10,000 income will have a net *increase* in combined income and payroll taxes.

The tax proposals are also unbalanced in their effects on various industries. They would provide $8 billion of incentives for the production of business equipment and automobiles, on top of the $3 billion from accelerated depreciation. In contrast, they virtually ignore all other industries, which produce nearly 90 percent of our national product.

The imbalances are incontrovertible. They are also, in my view, economically and socially unjustifiable.

Long-term sacrifice. Even more seriously, we would squander nearly $10 billion a year of the long-term revenue capacity of the federal tax system as the result of the 1971 measures of accelerated depreciation, excise tax repeal, and the investment tax credit. The first casualty of the proposed tax cuts was the President's welfare reform; he felt obliged to drop his own baby because he could no longer afford it during fiscal 1973. The entire calendar of social progress in this country would slip seriously if these permanent tax cuts are made. We will sorely need these revenues when the economy recovers to full employment. How can anyone who sees the shame of poverty, the plight of our cities, and the state of our environment want to cut into the revenues that offer our main hope for correcting these ills? This is a grievous misassessment of the nation's priorities.

And I am alarmed that some who correctly sense the uneven shape of the tax proposals seek to balance the large tax relief for business by enlarging the tax cuts for households. I read about intentions to give the consumer a better tax break—I submit that the proper word is "fracture." Permanent tax cuts would fracture the welfare of the American consumer by giving him worse public services, more inflation, and/or tighter money when the economy recovers. It is a key challenge to the democratic process that Congress right the balance by reducing the tax relief for business and by providing only temporary tax reductions for individuals.

I shall not try to spell out a complete alternative to the Administration fiscal program. But I would underline two recommendations. First, the accelerated depreciation provisions should be overruled by legislative action. At best, they are an ineffective way to stimulate business investment; and at the present time, while clouded by doubts because of pending court action, they offer no reliable tax relief to business and hence very little incentive to invest. They harm the Treasury far more than they benefit business. Even the proponents of accelerated depreciation should want the air cleared: Congress should specifically either endorse or overrule this executive action. If it approves, the uncertainty about judicial revocation would be removed, and at least a little extra investment would result. And if—as I would hope—Congress rejects the measure, the tax system would be improved.

Second, a particularly attractive alternative stimulus would be a deferment—in whole or in part—of the payroll tax increase for January 1, 1972. Such a delay would not infringe on the long-run revenue capacity of the federal system. And it would head off a rise in the cost of labor to business and a dent in the take-home pay of workers—two things this country simply does not need at the present time.

INTERNATIONAL

I cheer the President's decision to take the handcuffs off the dollar, enabling it to fluctuate unfettered by gold, relative to other currencies. The United States has several objectives for international economic reform. Our first aim is an adjustment of exchange rates that would put a realistic price tag on the dollar in world markets. Fortunately we seem well on the way toward that objective; and, once it is clearly achieved, I would hope the import surcharge is terminated. Whatever value it has had as a bargaining chip to achieve an unpegging of exchange rates, the surcharge has only costs—to us and other nations—once exchange rates are freed. Maintenance of the surcharge would prevent the full adjustment of exchange rates that would take place in a world market unimpeded by its uncertainties and inefficiences. It can hold down our imports only by holding down our exports.

The international monetary system came to the brink of crisis because it lacked provision for small and continuing adjustments of exchange rates, and, in particular, for U.S. initiative to alter the exchange rate of the dollar. In accomplishing our objective to negotiate a revised international monetary system with our trading partners, these lessons should be remembered. The new system should permit a wider range of flexibility in currency prices; it should contain an automatic process to generate smaller and smoother revaluations in the future. It should help phase gold out as a monetary asset, and should not be based on convertibility between gold and the dollar. The United States should never again buy an ounce of gold for monetary purposes. If we follow that course, we can relax about the price of gold. The $35 price became a symbol of denying preeminence to gold over national currencies. But if that objective is achieved in other ways, the price of gold would become just another metals price, which could move up or down with no particular significance to the U.S. economy. I should like to call the attention of the Committee to a specific plan consistent with these aims that was outlined by my colleague Lawrence Krause in yesterday's Washington Post.

WAGE-PRICE POLICIES

In my view, the wage-price freeze marks the beginning of a new era in which the United States must develop a viable wage-price policy to make prosperity consistent with reasonable price stability. After President Nixon's action, I doubt that any President of the United States will ever again claim that wages and prices are none of the government's business. The principle has been recognized and thereby finally removed from the sphere of partisan debate.

On the other hand, the experience of the 90-day freeze should demonstrate that across-the-board, rigid wage-price control is not appropriate business for the government. It may even help to teach people why most economists have been so unenthusiastic about such a system. It is a sad spectacle to view high government officials drawing arbitrary dividing lines between old and new pro-football agreements, between ten-month and twelve-month teacher contracts, and between pickles and cucumbers. It is upsetting to witness the use of presidential power to abrogate lawful contracts freely arrived at by the participants. All of us can and should accept the costs of the 90-day freeze, but the nation should not and will not accept stifling controls for long.

By mid-November, the United States should have a new price-wage program that meets the following tests:

1. It should restore to the private sector the basic responsibility for decisionmaking over prices and wages.

2. It should nonetheless ensure a process of decelerating inflation.

3. It should be adaptable for the long run.

I believe the system should, at least for the time being, be backed up by some legal sanctions, but its ultimate success will depend upon the basic acceptance and support

by the American people of its effectiveness and its equity. Hence, an intensive dialogue should be conducted in the next two months so that the major concerns and aspirations of various groups in our society can be clearly expressed and so that the program can be formulated in light of their views.

As a possible contribution to that dialogue, I should like to outline the elements of one approach designed to limit both bureaucracy and inflation. In particular, it attacks the basic mechanism of the price-wage spiral. Our current inflationary problems can be reasonably traced back to the second half of 1965 when the added impetus of Vietnam expenditures and military orders turned a brisk expansion into a rip-roaring boom. Initially, inflation erupted in prices of raw materials and in wages of unorganized workers, and particularly in the wages and prices of service industries. Not surprisingly, since these prices and wages were the most flexible, they responded most rapidly to excess demand. As a result of high volume and strong demand, business profits reached extraordinary levels in 1966. Meanwhile, unionized labor, tied down to longer term contracts, fell behind. When the boom was ultimately halted by fiscal and monetary restraint, organized labor was understandably determined to recapture the loss it had taken during previous years. As a result, the negotiated settlements in the last "wage round" between 1969 and 1971 were large; these, in turn, bolstered wage increases for unorganized workers, even though people were begging for jobs. At a time when 9 and 10 percent a year wage contracts were front-page news, increases of similar size became accepted as an equitable standard for all wage earners. Business profits were then squeezed, and firms passed their cost increases on to customers with a markup. The resulting spiral prevented the normal operation of the laws of supply and demand which should have slowed price and wage increases in a weak economy.

At present, the spiral is no longer speeding up, but neither is it significantly slowing down. Wages are rising at a rate that parallels the cost of living plus the normal growth of productivity, and additional unit labor costs are being fully passed along through price increases. Something has to give for the wage-price spiral to slow down. In principle, success could be achieved from either direction. Once price increases stopped for a time, labor would then be satisfied with noninflationary wage increases that essentially paralleled the growth of productivity. Of course, such an approach would require business to carry the full transition burden of stabilization through lower profits. On the other hand, business would no doubt agree that, once wage increases stop exceeding productivity growth, it would no longer raise prices. Obviously that approach would make labor absorb the full initial adjustment through curtailing wage incomes. Neither approach is reasonable: the equitable solution must involve mutual deescalation, requiring labor to accept wage increases less than the sum of the past cost-of-living increase plus productivity and requiring business to absorb some past increases in the cost of production and thus to pass into prices less than the full increase. Some central direction and some assurance of compliance on both sides is essential to get the deceleration process going.

There is no demonstrably equitable or symmetrical way of specifying the amount of absorption of past cost-of-living increases that labor should accept and the amount of absorption of past cost-of-production increases that business should accept. But let me mention a pair of standards that might serve as a reasonable basis for discussion. First, on pay, the hourly compensation of employees (including fringe benefits and including executives as well as production workers) should rise no more than the sum of normal economy-wide productivity growth (3 percent) plus half of the past year's cost of living (a little more than 2 percent), adding up to slightly more than 5 percent. Special qualifications might be made for productivity incentives, for profit-sharing arrangements that extend to all employees, or for grave inequities. Obviously, promotions and normal seniority advancements can be fully consistent with an overall pay structure that does not rise by more than the specified standard.

Second, on prices, increased costs of labor or material (reckoned after allowance for normal improvement in productivity) should be absorbed by business firms unless and until unit production costs are increased by 1 percent, and beyond that, may be passed along with no markup as price increases. Qualifications on cost absorption may be required for firms operating unprofitably or at abnormally low margins on sales. Past cost increases should be calculated over the period from the last price adjustment on any product or, at most, from a year earlier. Raw materials and other products traded in commodity markets, should be exempt. Indeed, to guarantee against the creation of black markets, exemption should be given for any product (or any type of labor skill) for which the standards would create a genuine shortage. But so far as I know, lumber is the only commodity that would qualify on those grounds. The current inflation stems purely from cost-push, rather than excess-demand. Under this set of standards, industrial price increases exceeding 1 or 2 percent would be unusual.

A brief general statement and interpretation of the standards could be issued in mid-November, calling them to the urgent attention of every American. All prices and wages should be simultaneously unfrozen. However, the government would retain the power to roll back any price or wage increase that flagrantly violated the standards and to freeze that price or wage subsequently for a substantial period. The sanction would be applied very selectively to those prices and wage settlements that would be particularly important to the overall price level or that would establish significantly adverse precedents and patterns. The more general success of the program would depend on the cooperation of the American public and the change in the behavior of the visible prices and wages.

Under such a system, direct controls on profits should be no more necessary or appropriate than would controls on payrolls. More jobs and better jobs should expand real payrolls; and more production should raise real profits. Increases in labor and business earnings from noninflationary prosperity would be a mark of success rather than a sign of failure. Of course, the government would use profit and cost data as tests of compliance with the price standard, but with the clear aim of holding down *prices*. Indeed, most of the government's staff effort should be focused on such monitoring of the price standard—since employers will help enforce the wage standard. But neither direct controls nor penalty taxes on profits could help enforce the price standard. Rather they would encourage wasteful advertising, expense account living, and overfull employment of shrewd accountants. Why such measures should have the slightest appeal to American workers is simply beyond my comprehension.

Nor would interest rates require special control measures. If the economic program is successful, interest rates will fall further and stabilize as prosperity is regained. Any upsurge of interest rates would be a symptom of important problems that should be diagnosed promptly rather than suppressed by a freeze. It would mean either that the nation's economy had begun to soar too rapidly or else that Federal Reserve monetary policies had become inordinately tight. Under this system, the Federal Reserve would surely recognize that moderate interest rates were a social target, and would be obliged to focus on the price of money as well as its quantity.

In a variety of other ways, the government could demonstrate its wholehearted dedication to the objective of noninflationary prosperity and could provide a powerful set of supports for the success of the price and wage standards.[1]

Congress should ensure that pay increases for federal employees are fully consistent with the wage standard.

The cooperation of mayors and governors should be sought. They could help the national effort by invoking a moratorium on increases in those taxes which feed directly into the cost of living, such as excises and general sales taxes. Congress might act to prevent the use of any federal grant to states or cities to defray price or wage increases that exceed the national standards.

The heads of federal and state regulatory agencies should be asked to apply the standards to regulated public utilities to the full extent permitted by federal and state laws.

If major increases in the prices of exempted farm commodities threaten to raise food prices, the President should use the discretionary powers available to him under the farm program, such as the setting of rates for commodity loans, the sale of surplus stocks, and the establishment of acreage levels and of beef import quotas.

In the area of medical costs, the Department of Health, Education, and Welfare should develop rules for reimbursing physicians and hospitals which would be consistent with the price and wage standards. The cooperation of Blue Cross and other major private insurance programs should be sought.

I have gone into considerable detail on the "phase two" program, but not because of any great personal attachment to the specifics or even the overall design of this particular approach. Indeed, the key economic feature of standards calling for mutual deescalation on prices and wages can be traced back to George Perry's statement before this Committee in January, 1968. The key enforcement feature of picking rotten apples out of the barrel rather than trying to define ideal apples also has widespread precedents. The "phase two" issue is critical and it needs a prompt and intensive public airing. I hope this sketch may provoke questions and reactions and may illustrate some of the problems and opportunities of any wage-price policy.

No American wants a license to depreciate the purchasing power of the dollar. Stagflation has had no villains—it has only had 200 million victims. No single group could stop inflation; all groups have beeen on a treadmill where they had to run fast merely to keep up. With leadership and a spirit of cooperation, the nation can get off the treadmill, and can begin to achieve prosperity and price stability simultaneously.

Restoring International Monetary Stability

(Statement of Edward M. Bernstein to the Joint Economic Committee

Depreciation of the Dollar

The decision of President Nixon to terminate the gold convertibility of the dollar and to permit the exchange rate to depreciate in foreign exchange markets was essential for strengthening the U.S. balance of payments and rebuilding confidence in the dollar and the international monetary system. This is widely recognized by other countries

[1] Charles Schultze suggested several of the following items, as well as additional ideas, for a supporting program.

and many of them have in the past advocated such measures by the United States. As nearly all large industrial countries have a strong balance of payments and are well-supplied with monetary reserves, there is no reason why they should oppose the action taken by the United States to strengthen its balance of payments, at least in so far as it is to be accomplished by a depreciation of the dollar.

The restoration of the U.S. balance of payments will require an increase in the balance on goods, services and remittances to a level adequate to finance U.S. foreign aid and U.S. net private capital outflow, after allowing for normal foreign capital inflow. The objective is to have a balance of payments on an official reserve basis in which there will be no further decline in U.S. reserve assets nor an unwanted increase in foreign holdings of dollar reserves. It would require a balance of about $8 billion a year on goods, services and remittances to achieve this. As there was a deficit of about $1.2 billion in these accounts in the first half of 1971, despite the inadequate recovery of output and employment, it is obvious that a very large increase in the balance on goods, services and remittances will be necessary to establish a strong balance of payments for the United States.

Understandably, all countries are concerned as to how such an enormous change in the U.S. balance of payments will be brought about. While there will be some improvement in the service accounts, including investment income, by far the greatest part of the increase will have to be in the trade balance. The depreciation of the dollar will have to reverse the deterioration in the trade balance that occurred between 1964 (when the surplus was $6.8 billion) and the first half of 1971 (when the deficit was at an annual rate of $1.5 billion). Moreover, this large increase in the trade balance cannot be made gradually, but will have to be achieved in a relatively short period of time. Such a shift in the U.S. trade position will require great adjustments in the economies of other industrial countries that have become accustomed to very large exports to the United States. It will be much easier to make these adjustments in an environment of expanding world trade. For this reason, the depreciation of the dollar is a far more constructive way to increase the U.S. trade balance than the imposition of the 10 per cent temporary surcharge on imports.

The depreciation of the dollar will have uneven effects on other countries. The less-developed countries will want to avoid any decline in the volume and prices of their exports. Those in the dollar area will probably retain the present exchange relationship of their currencies to the dollar. In any case, the improvement in the trade balance of the United States will be almost wholly through an increase in exports of manufactured goods and a decrease in imports of such goods. Thus, the depreciation of the dollar will be largely confined to the currencies of the other industrial countries. Because of the differences in price competitiveness among them, in the strength of their own balances of payments, in the importance of their trade with the United States, and in the adequacy of their reserves, the depreciation of the dollar cannot be the same with respect to the currencies of all these countries. Thus, the depreciation of the dollar makes it necessary to establish a new pattern of exchange rates for the currencies of the twelve or so large industrial countries.

The central problem is to determine what the average depreciation of the dollar should be in terms of these currencies, after the import surcharge is terminated. There are several ways of estimating the appropriate depreciation of the dollar. The deterioration in the U.S. trade balance was primarily due to the greater inflation in this country, particularly in the prices of exports of manufactured goods. Between 1964 and 1970, prices of such exports in terms of dollars rose by about 23 per cent in the United States, by about 9 per cent in Japan, and by about 13 per cent in Western Europe. The loss in price competitiveness for the United States in this period averaged about 11 per cent. Moreover, in recent years other industrial countries have become more effective competitors in many manufacturing industries, quite apart from the change in relative prices. The depreciation of the dollar must offset not only the differential rise in prices, but the adverse change in the reciprocal supply and demand for exports and imports of manufactured goods. This would indicate that the depreciation of the dollar would have to be well over 12 per cent.

The problem can also be analyzed by considering the commodity composition of U.S. exports and imports and the response that might be expected to a depreciation of the dollar. In 1970, U.S. exports, excluding military grants, amounted to about $42.7 billion on a census basis. About 45 per cent of the exports consisted of foods, feeds and beverages, and industrial supplies and materials for which foreign demand is very inelastic in terms of price. U.S. imports amounted to about $40.0 billion of which about 53 per cent consisted of foods, feeds and beverages, and industrial supplies and materials for which U.S. demand is very inelastic in terms of prices. The ratios were not essentially different in the first half of 1971 when U.S. exports were $22.2 billion and U.S. imports were $22.6 billion, seasonally adjusted. Thus, the merchandise trade which would be expected to respond to a change in relative prices has been running at an annual rate of about $45 billion this year. Assuming an average price elasticity of 2.0 for such exports and imports, a depreciation of 14 per cent would be expected to improve the trade balance by about foods and raw materials must be expected to $8.5 billion. As U.S. demand for imports of increase proportionately with the expansion of output and employment, a depreciation of close to 15 per cent will probably be necessary to secure a sufficient increase in the trade balance.

There is another test of the expected depreciation of the dollar. The import surcharge of a maximum of 10 percent, along with the average depreciation of the dollar already realized, has probably raised the dollar cost of manufactured imports by an average of about 15 percent. It will not be as much for goods subject to a slightly smaller import surcharge or for goods imported from countries with a smaller depreciation of the dollar, but it will be more for other goods subject to the maximum surcharge and imported from countries with a larger depreciation of the dollar. Having given U.S. manufacturers the benefit of such a change in price competition with import goods, the Administration is not likely to want it to be significantly less after the import surcharge is removed. This would seem to confirm the view that the average depreciation of the dollar will be in the range of 12 to 15 percent after the surcharge is removed, and probably closer to the upper than to the lower limit of this range.

The depreciation of the dollar cannot be the same against the currencies of all industrial countries. As the pattern of exchange rates has been distorted by the action taken by several European countries to avoid the further accumulation of dollar reserves, the base from which to measure the order of magnitude of the appreciation of other currencies with respect to the dollar is the parities that exist at the beginning of May 1971. On the basis of the criteria already noted, the depreciation of the dollar in terms of the currencies of other industrial countries should be about in the following order, starting with the highest:

Japan, Germany and Switzerland.

Netherlands, Austria and Belgium.

United Kingdom, France, Italy and the Scandinavian countries.

The economic relations of Canada with the United States are so close and have such an enormous impact on its economy that the best way to fit the Canadian dollar into a new pattern of exchange rate will be to adjust it to the appropriate level after the rate for the U.S. dollar is agreed in terms of the European currencies and the yen.

In the nearly three weeks since the dollar has been allowed to float, the average depreciation (measured from beginning of May parities) has been about 5 percent. The lag in the depreciation of the dollar is due to a number of factors. Until the yen was permitted to float, the Europeans were reluctant to see a greater appreciation of their currencies. While Europe can afford to yield its excessive competitive advantage to the United States, it is not in a position to give any further competitive advantage to Japan. Furthermore, all countries hesitate to allow their currencies to appreciate sufficiently until they know to what extent the depreciation of the dollar is to be achieved through an upward adjustment in the parities of their currencies and through a downward adjustment in the parity of dollar.

Most important, it is not possible to have an adequate depreciation of the dollar so long as the import surcharge is in effect. With the surcharge, U.S. importers must limit their bid for foreign exchange, as a 12 to 15 per cent depreciation on top of the surcharge would mean a 22 to 25 per cent increase in the dollar cost of some imports. The foreign exchange market is dominated by the bids of importers who account for about 70 per cent of the demand for foreign exchange for current payments and over 50 per cent of the demand for all payments, including U.S. private foreign investment. Even large movements of short-term funds cannot offset the effect on the exchange rate of the sharp decline in the demand for foreign exchange by importers. For this reason, a new pattern of exchange rates with an appropriate depreciation of the dollar will have to be conditioned on the termination of the import surcharge.

While the average depreciation of the dollar will have to be between 12 and 15 per cent, any doubt as to the precise amount of depreciation should be resolved on the high rather than the low side. The prestige of the United States is not involved in minimizing the depreciation. It is involved in making the depreciation successful—that is, in establishing a strong balance of payments and in restoring confidence in the dollar. The rates that have been emerging in the exchange markets are not a measure of the depreciation necessary for the dollar, although they are a rough indication of the order of the appreciation there will have to be in the currencies of other industrial countries. As a practical matter, an appropriate depreciation of the dollar and a new pattern of exchange rates cannot be achieved solely through the operations of the exchange market. It will have to be done through agreement among the large industrial countries and in consultation with the International Monetary Fund.

REVALUATION AND DEVALUATION

The first task is to secure agreement on the average depreciation of the dollar necessary for a strong balance of payments. The second task is to agree on how much the depreciation should be in the currencies of each of the large industrial countries. This will be more difficult as it involves the relationship of these currencies to each other as well as to the dollar. The most difficult task is to agree on how much of the depreciation of the dollar and the corresponding appreciation of other currencies should

be achieved through an upward change in the parities of some currencies and a downward change in the parity of the dollar. For depreciation and appreciation of currencies are decisive; not the changes in parities. Nevertheless, there are some practical aspects of the revaluation-devaluation alternatives that cannot be ignored.

The depreciation of the dollar will involve great adjustments in the export industries of other industrial countries. The exporters in these countries want the appreciation of their currencies to be as small as possible. If some countries, such as Germany and Japan, had to raise the parities of their currencies by more than 15 per cent, they would face serious opposition at home. On the other hand, if the parity of the dollar is simultaneously reduced, so that their reevaluation need not be more than 8 or 10 per cent, they can take the view that this part of the depreciation of the dollar is beyond their control. To put it plainly, if the depreciation of the dollar must be achieved solely through a revaluation in the parities of other currencies, the average depreciation will be considerably less than is necessary to establish a strong balance of payments for the United States.

The present distortion in exchange rates is mainly the result of the persistent deficit in the U.S. balance of payments. The United States has an obligation under the Bretton Woods Agreement to correct this as far as possible through a devaluation of the dollar. Because the depreciation must be different in terms of the currencies of the other industrial countries, a change in the parity of the dollar alone will not restore an appropriate pattern of exchange rates. Revaluation of the parities of some other currencies will be necessary in any case. The number of changes in parity can be kept to a minimum, however, if some of the adjustment of exchange rates is made through a devaluation of the dollar. If the dollar were devalued by 7 or 8 per cent, no change in parity would be needed at all for sterling, the French franc, the Italian lira, and the currencies of the Scandinavian countries. That is to say, with a moderate devaluation of the dollar only half as many changes in parity will be necessary in order to achieve an average depreciation of 12 to 15 per cent in the exchange rate for the dollar.

All sorts of reasons will be put forward against a devaluation of the dollar. It will be said that the Congress will never approve an increase in the dollar price of gold. It will be urged that this involves penalizing the countries that held dollars as reserves instead of converting them into gold. It will be argued that this will be a windfall for Russia, South Africa and the gold speculators. These are not economic reasons and they have no economic merit. They reflect ideological prejudice and good policy cannot be made on such a basis. A devaluation of the dollar is in the interest of the United States and it is necessary to prevent a decline in the value of the monetary reserves of the entire world, including those of the United States.

There may be opposition in the Congress to raising the monetary price of gold from $35 to $37.80 an ounce (a devaluation of 7.4 per cent). The opposition will be partly due to the view that the $35 price is somehow sacred, but mainly to a fear that it would enhance the monetary role of gold. Actually, there is no low that specifically sets the price of gold at $35 an ounce. The Gold Reserve Act of 1934 authorized the President to set the content of the gold dollar between 50 and 60 per cent of its old content—that is, at a price between $34.45 and $41.34 an ounce. By Executive Order, the President fixed the content of the dollar at 15-5/21 grains of gold, nine-tenths fine—that is, at $35 an ounce. The Bretton Woods Agreement Act did specify that no change in the gold parity of the dollar shall be proposed to the IMF without the prior authorization of the Congress.

If the Congress were to take the view that all changes in the foreign exchange value of the dollar must be made entirely by changes in the parities of other currencies it would be abdicating its Constitutional prerogative. Article I, Section 8 of the Constitution states: "The Congress shall have power . . . (5) to coin money, regulate the value thereof, and of foreign coin." The United States is now in the midst of making the most important change in the dollar since the Great Depression of 1933, when Congress authorized the President to devalue the dollar. Yet this change of up to 15 per cent in the foreign exchange value of the dollar, taken on the initiative of the Executive Department, will be made without any action of the Congress if ideological prejudice is allowed to overcome common sense and good economics.

The declaration of a new parity for the dollar does not enhance the monetary role of gold. The sole purpose of declaring a parity in gold is to have a common denominator for all currencies—a measure of the par of exchange between the dollar and other currencies. It does not involve any obligation to buy or sell gold. In fact, now that the United States has withdrawn its commitment to the IMF, no country has undertaken to buy and sell gold freely and no country ever will. Of course, it would be possible to declare parities in units of SDRs if the Fund Agreement were amended, but the unit of value of SDRs is already defined as 0.88671 grams of fine gold—that is, 35 SDR units to an ounce of gold. It would be nonsense to declare a new parity of the dollar in terms of SDRs and to pretend that this is not the same as a devaluation in terms of gold.

The view that devaluation would be unfair to countries that hold dollar reserves is not correct. The real loss sustained by the holders of all reserve assets (gold, dollars and SDRs) came from the inflation in the United States and other countries that reduced the purchasing power of reserves in terms of goods and services. The depreciation of the dollar will reduce the value of the dollar in terms of foreign currencies—that is, in paying for imports from Europe and Japan. The loss in the foreign exchange value of dollar reserves is precisely the same whether it is done through a revaluation of other currencies, a devaluation of the dollar, or partly in one and partly in the other. Even then, it is questionable whether the countries that decided to hold dollar reserves are worse off than those who chose to hold gold reserves. With the high yields on U.S. Treasury bills, any country that held dollar reserves would have earned more than enough interest since January 1970 to offset an 8 per cent devaluation of the dollar. For dollar reserves held since mid-1968, interest earnings would not only have compensated for a devaluation of the dollar in terms of gold, but even for a 15 per cent average depreciation of the dollar in terms of foreign exchange.

All holders of reserves would benefit from a devaluation of the dollar. If the depreciation of the dollar is achieved entirely through a revaluation in the parities of other currencies, the reserves of the world would be virtually unchanged in dollars, but would be sharply reduced in terms of the currencies of the other industrial countries. On the other hand, if the depreciation of the dollar were achieved by a devaluation of the dollar and an equal average revaluation of other currencies, the reserves of the world would be increased in terms of dollars, although there would still be some decrease in terms of the currencies of the other industrial countries.

Aggregate reserves of all countries were about $104 billion at the end of June 1971. They are considerably larger now, but they will probably revert to about that level when funds start moving back to the United States. A 14.8 percent rise in the average parities of other currencies would result in a reduction of the equivalent of $14 billion in the value of reserves in these currencies. On the other hand, a devaluation of 7.4 per cent in the dollar (an 8 per cent rise in the dollar price of gold) and an equivalent revaluation of other currencies, would increase the dollar value of reserves by $5 billion and reduce the value of reserves in other currencies by the equivalent of $9 billion. Of the $5 billion increase in the dollar value of reserves, nearly $1 billion would accrue to the United States. Moreover, a revaluation of other currencies by 14.8 per cent would reduce the value of the quotas in the IMF in these currencies by the equivalent of $4 billion. A devaluation of the dollar by 7.4 per cent would raise the dollar quotas of all countries by $2.3 billion and the quota of the United States by over $500 million.

EFFECT OF DOLLAR DEPRECIATION ON VALUE OF AGGREGATE RESERVES

[In billions of dollars or equivalent in other currencies]

	Dollars or other currencies June 30, 1971	Value with dollar parity unchanged [1]		Value with dollar devaluation [2]	
		Dollars	Other currencies	Dollars	Other currencies
Gold	37.0	37.0	31.5	40.0	34.3
SDR's	5.9	5.9	5.0	6.4	5.5
Reserve position in IMF	6.9	6.9	5.9	7.5	6.4
U.S. reserve liabilities	33.7	33.7	28.7	33.7	28.7
Other foreign exchange [3]	20.5	22.1	19.0	21.3	19.7
Total	104.0	105.6	90.1	108.9	94.6

[1] 14.8 percent average depreciation of the dollar through revaluation of other currencies.

[2] 7.4 percent devaluation of the dollar (8 percent rise in the dollar price of gold) combined with an equal average revaluation of other currencies.

[3] Sterling, French francs, Deutsche marks, and other currencies, including Eurodollars and U.S. reserve liabilities denominated in foreign currencies. Half of the total amount is assumed to be affected by revaluation and devaluation.

The only economic argument against the devaluation of the dollar seems to be that it will benefit the Soviet Union, South Africa, and the gold speculators. This is not correct. The Soviet Union has not sold gold at the monetary price since 1945. With the free market price for gold well above the monetary price, the Soviet Union could not benefit from a moderate increase in the monetary price of gold in terms of dollars. South Africa has sold small amounts of gold to the IMF at the monetary price. These sales were made not for the purpose of reducing supplies in the free market, but to establish the position of gold as a monetary reserve asset which the IMF buys for currencies. Total purchases of gold for currency by the IMF in the first half of 1971 amounted to $102.6 million of which $12.6 million was paid for in dollars. The termination of the U.S. undertaking to buy and sell gold will almost certainly lead to fundamental changes in the present system of holding and using reserves, and this will inevitably result in a far-reaching change in the monetary role of gold.

Speculation in gold is based solely on the expectation that a breakdown of the international monetary system will ultimately lead countries to restore the old gold standard. In order to have enough reserves for such a system, speculators believe that the price of gold will have to be doubled in terms of all currencies. Every monetary crisis results in a rise in the free market price of gold because speculators hope that the breakdown of the international monetary system is that much nearer. Every resolution of the crisis results in a fall in the free market price of gold because it shows that international monetary problems can be solved without a large and uniform increase in the monetary price of gold. In the recent crisis,

the free market price of gold rose sharply before the announcement of the depreciation of the dollar, and fell after the dollar depreciated. A moderate devaluation of the dollar would end all hope for a large and uniform increase in the monetary price of gold and would result in a fall in the free market price. If it were also agreed to reform the reserve system, the monetary role of gold (except as a common denominator) would be ended and there would be no basis whatever for speculating in gold except for expectations regarding its price behavior as another commodity.

REFORM OF THE INTERNATIONAL MONETARY SYSTEM

The recurrent crises are evidence that the Bretton Woods system of fixed parities and of reserves composed of gold and dollars has not worked well in recent years. This is not because of inherent defects in the system. In fact, the Bretton Woods system provided greater flexibility than ever before for balance of payments adjustment without requiring inflation in surplus countries or deflation in deficit countries. Until a few years ago it would have been generally accepted that the Bretton Woods system had been outstandingly successful in creating an international monetary system well suited to an expanding world economy.

The Bretton Woods system is based on two assumptions. The first was that international monetary stability would be achieved if the United States maintained a high level of production and employment without inflation and if other countries were to regard the maintenance of the foreign exchange rate for their currencies in terms of the dollar as one of the major objectives of economic policy. Thus, the United States was expected to discipline itself and other countries were expected to be disciplined by the need to keep in step with the United States. The second assumption was that the reserve needs of other countries could be met from newly-mined gold supplemented by a gradual redistribution of U.S. gold holdings (the United States had 75 per cent of the gold reserves in 1949) and through the gradual accumulation of dollar reserves. Short-term needs of deficit countries for reserves could be met through reserve credit provided indefinitely through limited increases in gold production and continued impairment in the reserve position of the United States.

The system of fixed parities, subject to change after consultation with the IMF and with its approval, worked very well so long as the United States avoided inflation and had a strong balance of payments for a reserve center. Countries that had persistent payments deficits were expected to devalue their currencies, and the United States was foremost among those urging that such adjustments should be made promptly. There was only one case of a large industrial country that found the system of fixed parities onerous. In 1950, Canada decided to cut the tie to parity and to allow the Canadian dollar to appreciate in a free market. Even then, the real purpose was to minimize the effect of the impending inflation in the United States because of the Korean war. No country argued that the system of fixed parities with a limited range of exchange rates hampered balance of payments adjustment.

Doubts about the functioning of the system of fixed parities came only with the inflation in the United States and the sharp deterioration of the U.S. balance of payments after 1965. It is then that foreign monetary authorities began to seek means of avoiding the flood of dollars that was coming to them. While the academic community had long had some advocates of greater flexibility of exchange rates, Governments and central banks did not regard this as a practical policy until late in 1968. Even then, their main concern with greater flexibility of exchange rates was to find a means of avoiding the transmission of inflation from the United States. As I concluded in a paper on Flexible Exchange Rates and Balance of Payments Adjustment (68/24, p. 14): "If the international monetary system is not to have an inflationary bias with flexible exchange rates, it would be necessary to have a strong dollar and a stable and prosperous U.S. economy. Of course, if the United States could achieve this there would be much less reason for changing the present system of fixed parities."

At Bretton Woods, the U.S. delegation proposed that the range of exchange rates be 2 percent above and below parity. Perhaps an even wider range of 3 percent could be useful in minimizing non-equilibrating short-term capital movements. A gradually moving parity could also be useful, but only in a limited degree. Where a country's international payments position is being eroded by a deterioration in its real international economic position, apart from competitive prices, a gradual devaluation of its currency by 1 or 2 percent a year could keep the balance of payments in order. Even then, the best test of whether a small change in parity is necessary is not whether the exchange rate is at the bottom of the range, but what is happening to the balance of payments and the reserve position of a country. Neither wider margins nor gradually moving parities would be of much use where the balance of payments goes into large deficit because of a prolonged inflation which permanently alters the price competitiveness of a country in world markets.

The other change that is essential in the Bretton Woods system is to establish a rational method of holding, using and increasing reserves. Until about 1958, the reserves of other countries did grow adequately through the acquisition of newly-mined gold and limited redistribution of the reserves of the United States. From the end of 1950, to take account of the first effects of the devaluation of 1949, to the end of 1957, the reserves of all countries other than the United States increased by about $3.7 million in gold and by about $4.2 billion in dollars. In the same period, the reserve assets of the United States were virtually unchanged. There was a $40 million increase in U.S. gold reserves to $22.9 billion and a $520 million increase to $1,980 million in the U.S. reserve position in the IMF. Even then, it had become evident that this method of providing reserves could not continue indefinitely. At a seminar at Harvard on October 17, 1958 (58/13), I said:

"The increase in reserves that can come from newly-mined gold and a payments surplus with the Communist bloc is probably quite limited during the next few years. Any substantial improvement in the reserve position of other countries can come only from a reduction in U.S. gold holdings and an increase in foreign official dollar balances. While the reserves of the United States are adequate to allow for some decline in its gold holdings and a considerable increase in foreign official dollar balances, this is not the best way of meeting the long-run problem of reserves. The time has come to place the growth in world reserves on a more rational basis, related to the new institutional developments and to future needs."

The establishment of Special Drawing Rights has provided a new reserve asset that could become the means for assuring an adequate but not excessive growth of reserves on the basis of the trend needs of the world economy. This is not possible, however, as long as there are large fluctuations in the dollar reserves of other countries. Since 1966, the dollar component of reserves has varied sharply—increasing by $3.3 billion in 1967, decreasing by $3.4 billion to mid-1968, and increasing by $9 billion to the end of 1970 and by a further $10 billion in the first half of 1971. The growth of reserves must be freed from the uncertain changes resulting from the U.S. balance of payments. Furthermore, the preference for gold as reserves and its function as the one final and unlimited reserve asset has become a seriously destabilizing factor in the international monetary system. The ability of countries to alter the composition and use of the reserve assets—the preference for gold and SDRs over dollars and other foreign exchange—could lead to massive conversions of existing foreign exchange reserves and disrupt the international monetary system.

Since 1967, I have been urging that the reserve system be rationalized by having countries earmark their gold, SDRs and other foreign exchange in a Reserve Settlement Account administered by the IMF. Countries would be given a credit balance equivalent to their earmarked reserves in the form of a Composite Reserve Unit (CRU). All transactions in reserves would thereafter be through transfers in the Account. A country with a deficit would run down its CRU balance, implicitly reducing its different reserve assets in the proportions in which they are earmarked in the Account—that is, the same proportions of gold, SDRs, dollars and other foreign exchange as it held. A country with a surplus would build up its CRU balance, implicitly increasing its different reserve assets in the average proportions in which they are earmarked in the Account by the deficit countries. Thus, countries would no longer be able to alter the composition of their reserves. They would be required to use and accept the different reserve assets without discrimination between gold, SDRs and foreign exchange.

Under this system, no country would any longer buy and sell gold for its currency. As payments deficits would be settled only through the Account, there could be no increases or decrease in the dollar component of reserves. If the United States had a deficit, it would have to meet it through use of its balance in the Account or through use of reserve credit from the IMF or from other countries. For the United States, such a system would have the advantage of ending the possibility of massive conversions of outstanding dollars. For the other countries, it would have the advantage of ending the unlimited creation of dollar reserves by the United States to finance any future deficits on an official reserve basis. The necessary growth of reserves would come solely from the issue of SDRs by the IMF which would be allocated to its members and which would be added to their earmarked SDRs in the Account.

The establishment of a Reserve Settlement Account would involve no basic change in the present methods of dealing in foreign exchange. There would be no limitation on private holdings of dollars. They would remain, as they are, freely convertible into other currencies through the exchange market. The accumulation of additional dollar reserves by monetary authorities, however, would be limited to the necessary increase in working balances. Countries requiring additional dollars for intervention in the exchange market would sell CRUs to the Federal Reserve Bank of New York, just as they have hitherto sold gold. And countries acquiring excess dollars that they have taken out of exchange market would convert them into CRUs at the Federal Reserve Bank of New York, just as they have hitherto converted dollars into gold. The United States would have the obligation it now has of converting official holdings of dollars, but such conversion would be made at the option of the United States either in CRUs or in the

currency of the country requesting the conversion. Convertibility of currencies into gold would be impossible, as countries would not hold gold outside the Reserve Settlement Account.

U.S. POLICY AND THE WORLD ECONOMY

The United States should make it clear to all countries that the sole purpose of the measures it has taken is to establish a strong balance of payments and to restore confidence in the dollar. That will require a depreciation of the dollar and a new pattern of exchange rates among the large industrial countries, to be achieved by agreement and in consultation with the IMF. The reform of the international monetary system is also important, and such discussions will undoubtedly take place in conjunction with the discussions on exchange rates.

The depreciation of the dollar will have far-reaching effects on the economy of other countries. The direct effect of the restoration of the U.S. trade balance will be to increase output in the United States by over $8 billion a year. As the increase in the U.S. trade balance will be matched by a corresponding reduction in the trade balance of other industrial countries, it will have an equivalent contractionary effect on them. In the aggregate, the output of all other industrial countries is about the same as that of the United States, after adjusting for the depreciation of the dollar. Although international trade is more important for them than for the United States, the depreciation of the dollar will affect a relatively small part of their trade—only that part represented by exports to and imports from the United States and by the displacement of their exports in third markets.

The adjustment to the depreciation of the dollar is simple for the United States. As there is considerable unused capacity and unemployment, the increase in the trade balance will act as a stimulus to recovery in much the same way as an increase in domestic investment. In other industrial countries, the decrease in their trade balance will reduce aggregate domestic demand and compel adjustments in their export industries and in domestic industries competitive with imports from the United States. In a very few countries where there is a demand inflation, the reduction in the trade balance will not be unwelcome, although it will still necessitate adjustment in the export industries. In other countries where the economy is not booming, the adjustment to a reduction in the trade balance will necessitate an expansion of domestic demand for consumption and for private and public investment to offset the reduction in the trade balance. Even with such policies, the process of adjustment will be difficult for all industrial countries and especially for those with the closest trade relations with the United States.

Unless the United States and other large industrial countries follow expansionary policies, the depreciation of the dollar may lead to a contraction of world trade or a temporary halt in the growth of world trade. The experience of the past is that world trade grew rapidly when U.S. imports increased considerably and stopped growing for a year or two when U.S. imports declined. If the depreciation of the dollar were to halt the growth of world trade, even temporarily, it would be harmful not only to other industrial countries but to the less-developed countries as well. Thus, the trade objective of the United States should be to see that the improvement in its trade balance is accomplished as far as possible through an increase in exports rather than through a decrease in imports. All countries can contribute to the necessary adjustment without a contraction of world trade by maintaining a high level of domestic demand and by reducing the restrictions they have on imports. For the United States, this would require an acceleration of the recovery and a prompt termination of the import surcharge.

The most constructive way to restore the U.S. balance of payments is through the depreciation of the dollar. While it would not reduce U.S. foreign investment, particularly if the restrictions on direct investment are relaxed, it would improve the service accounts as well as the trade account. A depreciation of the dollar would stimulate exports as well as restrain imports. If the recovery in the U.S. economy is accelerated, the demand for imports will respond to the increase in output and income. This will moderate the reduction in imports as a result of the depreciation of the dollar. On the other hand, the import surcharge places almost the entire burden of adjusting the U.S. balance of payments on the restriction of imports. As the surcharge also limits the depreciation of the dollar, it holds back the expansion of exports. Moreover, by holding down the depreciation of the dollar relative to what it is expected to be, it encourages speculation and capital outflow, at least for the time being.

The import surcharge is unfair to all countries, has an uneven incidence among countries, and undermines the hitherto successful efforts to reduce barriers to the expansion of world trade. The surcharge applies to dutiable imports from the less-developed countries, even though the United States has no desire for a change in either their currency or trade policies. It does not apply at all to Russia and most other Communist countries and is a heavy burden to the countries that trade most with the United States. Although less than half of all U.S. imports are subject to the surcharge, about 93 per cent of the imports from Japan are under this penalty. The import surcharge raises all U.S. tariffs, except where there are statutory quota restrictions, in many instances to the level of the Hawley-Smoot Tariff Act of 1930. It wipes out most of the reductions in tariffs negotiated since the first reciprocal trade agreements in 1934. If other countries were to respond by withdrawing the tariff concessions they have made, the world economy would be back to the disastrous trade restrictions of the 1930s.

The import surcharge is a denial of the principle of international cooperation on monetary and economic affairs. Until the surcharge is terminated, it will be impossible to establish an appropriate pattern of exchange rates among the large industrial countries and it will hamper all negotiations for reforming the international monetary system. The early removal of the import surcharge is in the interest of the United States and the entire world. It should be made the first order of business in the discussions of the United States with other countries and with the International Monetary Fund, along with agreement on a new pattern of exchange rates and reform of the international monetary system.

STATEMENT BY ROBERT R. NATHAN

All economists are deeply concerned over the continuing damage inflation has inflicted and the desperate need to slow the pace of price increases quickly and enduringly. There is also an urgent need to bring an early end to the recession and to reduce the levels of unemployment and other idle resources, reflecting an annual rate of some $75 billion losses in output.

The long overdue Administration decision to move off dead center on these important issues is welcome. The direction and content of the President's proposals should be constructively and critically evaluated just because the subject matter is so crucial to the national interest and because the best policies are needed to maximize the chances of success. The economic situation is too serious to condone petty bickering, but the problems are too important and too complex to have a moratorium on public debate. In such a highly charged subject there is no virtue in unanimity.

The inter-relationship between price stabilization and economic expansion particularly needs more attention. Having undertaken the wage-price freeze, one would expect the Administration to adopt vigorous programs to accelerate the pace of recovery rather than continuation of very cautious recovery policies. The expansion program proposed by President Nixon is inadequate as well as inequitable. It is difficult to foresee any substantial number of jobs resulting from the net fiscal impact of the program. Any likely stimulus from the proposed tax reductions will be negated by reduced public spending and less public employment.

The Administration resorted unsuccessfully to unemployment and recession as the only means of fighting inflation. The continued high rate of inflation has inhibited the Administration from seeking a strong recovery because of the fear of more inflation. But, having imposed the freeze, it is hardly rational to continue to fear the inflationary impacts of recovery. The failure to adopt a more expansionist set of fiscal policies may be attributable to grave doubts concerning the success of the price freeze and subsequent stabilization efforts. A timid approach to economic recovery will not only delay the return to full employment but can also make it more difficult to achieve a better price performance.

The United States economy experienced one of its longest and largest lags in productivity in the period from mid-1968 to mid-1970. Productivity gains which tended to average about 3 percent a year in most of the post-World War II period fell about 15 percent below the trend line by the middle of last year. There are a great many causes for the lag in productivity, but certainly the low ratio of capacity utilization has been an important contributing factor. Even the modest recovery to date has begun to make inroads into that gap. If a substantial recovery can be initiated, there ought to be a rapid rise in output per man-hour with the result that labor costs and capital costs per unit of output should rise substantially less than hourly earnings or the cost per unit of capital. The anti-inflation fight can be helped along by accelerating economic recovery. Also, with the GNP gap at 75 billion dollars it is not the time to put high priority on the danger of early overheating of the economy.

The Congress will have a voice in the fiscal program and I would urge a more expansionist orientation as well as a more equitable set of recovery measures. The existence of so much idle capacity makes it doubtful whether even the bountiful pouring of goodies into the corporation hopper will bring a quick and large spurt in private investment. With our cities and states in dire need of financial help, with air and water pollution, with required massive urban rehabilitation, with tens of millions of Americans living at poverty levels in a trillion dollar economy, with billions needed for mass transit to overcome congestion, with more health and recreation facilities and services required, it is hardly the time to choose lower taxes rather than higher expenditures to restore full employment. The President's fiscal proposals for automobile excise tax cuts and huge investment incentives reflect a distorted sense of the priorities of our nation's needs.

No sane person expects that the battle against inflation will have been won by mid-November when the present freeze is scheduled to come to an end. Nor should the freeze be extended in its present form beyond mid-November. Clearly, if we are going to bring inflation under control, the freeze must be followed by organizational

and procedural arrangements to slow the pace of increases in prices and costs.

I agree with those witnesses who emphasize the importance of mobilizing support of various groups and of the general public for anti-inflation measures. But rhetoric alone will not suffice. Labor is especially concerned about the principles and techniques that will underlie on-going stabilization programs. If the same degree of equity which characterizes the President's expansionist measures were to be applied in the stabilization field then labor's alarm is understandable. If the brunt of the battle against inflation is borne more heavily by labor than by business, labor's cooperation will not be forthcoming. In 1965 and 1966 when price inflation got underway, wage restraints did not pay off. Labor fell behind in its pursuit of rising real income because of the erosion of earnings as the cost of living rose. Labor has continued to race after prices ever since.

I am convinced that workers across this nation are tired of inflation and want greater price stability. I believe most labor leaders feel the same way. The problem is one of assuring that the burdens inevitably inherent in slowing the pace of inflation will be fairly shared. Labor as well as business should be invited to participate actively in shaping the programs and policies that will come after the 90-day freeze. In the final analysis, cooperation will depend on fairness. The element of equity is going to depend on government policies. It cannot be repeated too often that the price of cooperation will be the assurances of fair and equitable treatment.

Obviously, neither wages nor prices can be allowed to increase without restraint if we are to enjoy greater stability. But we must apply restraints with utmost wisdom as well as firmness. It is clear that wage increases are more visible and can be more readily controlled than prices. That is why those in charge of the stabilization plans should do everything possible to prevent profit margins from rising as a consequence of more effective wage than price restraints. I do not believe an excess profits tax is feasible under present circumstances. That is all the more reason to pursue policies which will clamp down on prices with at least as much pressure as on wages.

Let me repeat that labor has reason for concern over bearing most of the sacrifice in slowing inflation. There are some who say that if only wage increases are halted or slowed prices will follow suit. History hardly bears out this simplistic generalization. For about two years we have had a depressed economy and price competition has not been effective in cutting down inflation. In recent months inflation has continued more serious than in the pre-recession days. There are too many administered prices in this economy to rely entirely on price competition in the fight against inflation or to expect that price competition will keep profit margins within reason. Too many industries have raised prices both before and after wage increases and too many have sought to widen profit margins in an effort to maintain high aggregate profits when the economy has been depressed. Profits are low, maybe abnormally low, but what economic rule calls for high profits in a recession? I believe we need direct and strong measures to slow the pace of inflation but these measures must lean heavily against prices if we expect them to be effective in slowing wage gains.

Inequities are already becoming apparent under the freeze. We must not permit serious erosion of the impact of the freeze, but it would seem wise to begin well before the 90 days are over to introduce some flexibility and some adjustments so as to ease the most severe inequities. We are not going to reduce inflation from 5 or 6 percent a year to zero or 1 or even 2 percent in three or six months. If we can get the consumer price index consistently below an annual rate of increase of 3 percent by mid-1972 that will be quite an achievement. A steady reversal of the inflationary spiral will achieve more over time than a one shot freeze without further measures that can succeed.

In essence what is needed is a combination of a substantial revamping by the Congress of the President's recovery program so as to make it more expansionist and more equitable, and an early formulation of an on-going stabilization program in which all segments of our society have an opportunity to offer their ideas and to participate, and in which equitable treatment and fair sharing of burdens are assured.

Mr. PROXMIRE. Mr. President, among the witnesses who appeared before the committee were Walter Heller, professor of economics, University of Minnesota; Otto Eckstein, professor of economics, Harvard University; Charles L. Schultze, senior fellow, the Brookings Institution; John Sheahan, professor of economics, Williams College; Raymond J. Saulnier, professor of economics, Barnard College; Ralph Nader; Paul Porter, attorney at law, Washington, D.C.; George W. Taylor, professor of economics, University of Pennsylvania; Michael DiSalle; Paul W. McCracken, Chairman, Council of Economic Advisers; George A. Lincoln, Director, Office of Emergency Preparedness; Arnold R. Weber, executive director, Cost of Living Council; Dr. Gardner Ackley, professor of political economy, University of Michigan; Arthur M. Okun, senior fellow, the Brookings Institution; Edward M. Bernstein, president, EMB Ltd.; and Robert R. Nathan, of Robert Nathan Associates.

In general, our witnesses applauded the fact that the President had now adopted the more activist policies they felt were necessary prerequisites to an improved trade balance, a more stable price level, and a vigorous expansion of output. Our witnesses were virtually unanimous in their support of the wage-price freeze and the floating of the dollar. They stressed that these were temporary measures which must be followed by wise long-term policies. In contrast to their support of other aspects of the program, the majority of our witnesses felt that both the amount and composition of the fiscal stimulus proposed by the President were inappropriate and that major revision of this aspect of the program was needed.

To summarize the views of the witnesses on major aspects of the new economic policy, with respect to the wage-price freeze, all witnesses who addressed themselves to this felt the freeze was necessary or desirable, given the difficult inflationary situation which existed at the time it was imposed. All agreed that the freeze must be temporary and that it must be followed by a firm and active policy of price-wage restraint, but a policy allowing for some adjustment of wages and prices.

With respect to effectiveness, some witnesses, including Ackley and Nathan, believed the freeze would be observed and that monitoring and enforcement procedures were adequate so long as the freeze was limited to 90 days. Others, including Taylor and DiSalle, were less certain that an adequate administrative staff had been set up. Taylor stressed the need to establish grievance procedures during the freeze period, and this has not been done.

With respect to the issue of a post-freeze policy, all witnesses who addressed this question opposed a permanent system of mandatory comprehensive controls. They were equally opposed to the opposite policy extreme of having no price-wage policy at all after the freeze.

They wanted a system in which market forces would determine the majority of prices, but in which there would also be standards or guideposts set by the Government. Most felt some type of legal sanctions would also be required, at least for a time.

Many witnesses, including Schultze, Sheahan, Ackley, Okun, and Nathan, favored the establishment of economywide quantitative standards—similar to the Kennedy-Johnson guideposts. These guideposts would be based on average productivity gains plus, initially, some cost-of-living or "catch-up" factor. Schultze and Okun suggested a wage standard of productivity plus one-half the cost-of-living increase—which would be a total of a 5-percent increase at the present time. Robert Nathan suggested about a 6-percent wage increase might be needed initially.

Other witnesses, including Saulnier, suggested a wage-price review board which would gradually evolve general standards through its decisions in specific cases.

One type of enforcement, suggested by Ackley, would be the authority to seek court injunctions against behavior which clearly violated price-wage standards. Another possibility suggested by Okun would be authority to roll back and freeze prices—or wages—which violated Government standards. Most witnesses agreed that some enforcement authority was needed but that enforcement efforts should be concentrated on clear violations of standards in important or highly visible situations.

With respect to procedures for developing postfreeze policy, all witnesses agreed that labor, business, and other major groups in the economy must be involved in developing policy. The importance of full consultation with organized labor was especially stressed. Many witnesses, including Taylor, Porter, and DiSalle suggested a tripartite board—business, labor, and the public—to administer policy. Others, including Ackley and Schultze, preferred an administrator or board drawn from the general public and not identified with any particular group.

With respect to transition policies, several witnesses, including Gardner Ackley, and Robert Nathan, argued that the freeze should be lifted gradually, first decontrolling those sectors most subject to competition. Arthur Okun suggested the freeze be lifted for all prices and wages simultaneously, provided guideposts had been developed and there was authority to roll back unwarranted price or wage increases.

With respect to control of profits, witnesses who commented on this opposed

profit controls at present. They argued that if wages and prices are controlled, then unit profits are determined. Where productivity gains are above average, prices should be reduced, thus limiting unit profits. Increased profits which result from greater sales volume are normal during a recovery period and are a needed incentive to efficiency.

If profits are to be controlled, which was not advocated by the witnesses, some form of taxation was the only method suggested, some form of excess profits tax. Most witnesses stressed the inequities and administrative difficulties of an excess profits tax. Gardner Ackley suggested an increase in the corporate tax rate as preferable to an excess profits tax. Many witnesses stressed the importance of effective control of prices as an indirect control on profits.

With respect to interest rates, none of the witnesses favored interest rate controls at present, although there is a law on the books that came out of our Banking Committee which provides for a comprehensive opportunity for the President to control, limit, reduce interest in any sector of the economy. Many made the pragmatic argument that effective anti-inflationary policy would cause interest rates to fall. They stressed the danger that an interest rate ceiling would in practice turn out to a floor. Okun urged that monetary policy be more specifically directed toward encouraging lower interest rates.

POLICIES TO EXPAND EMPLOYMENT

EMPLOYMENT EFFECT OF PRESIDENT'S PROPOSALS

Fiscal measures: Several witnesses, including Heller and Okun, stressed that since the administration's proposals balanced tax cuts with expenditure cuts, there would be little expansionary or job-creating effect. By making certain adjustments in the administration's estimates, Charles Schultze estimated a stimulative impact of $5 billion. Many witnesses, including Heller, Ackley, Okun, and Nathan, felt that greater fiscal stimulus was needed and stressed that the degree of slack in the economy together with price-wage policy meant rapid stimulus need not increase inflationary pressures. Raymond Saulnier opposed further stimulus, and so did Dr. McCracken, Chairman of the Council of Economic Advisers, of course, for the administration.

Confidence effect: Most witnesses agreed that an effective anti-inflationary policy would have at least a modest favorable effect on consumer confidence. Dr. McCracken, Chairman of the Council of Economic Advisers, estimated this could have a total impact of $8 billion on 1972 GNP. However, several witnesses, including Nathan, stressed the need for evidence of reduced unemployment in order to achieve a major improvement in consumer confidence. They argued that our productivity is going to rise so rapidly and the increase in the work force is going to be so great that unemployment may not be reduced at all even if we do have something of a boon and a substantial stimulus.

Total impact: Dr. McCracken estimated the total impact on 1972 GNP—including the confidence factor—at $15 billion and the employment effect at 500,000 jobs. Without necessarily disputing these estimates, a number of witnesses, including Heller, Schultze, Ackley, Okun, and Nathan, stressed the very large gap—about $70 billion—between actual and potential output and the very large number of unemployed—5½ million unemployed and 500,000 new jobs obviously is not an adequate answer.

In general, these witnesses urged the need for more vigorous fiscal stimulus.

With respect to the composition of the President's fiscal program, all witnesses who commented on this, with the exception of administration witnesses and of Saulnier, felt that the composition of the fiscal program was badly unbalanced. Witnesses who stressed this included Heller, Eckstein, Schultze, Nader, Ackley, Okun, and Nathan. They argued that this program represents a poor choice of social priorities; that it makes an unwise and unnecessary permanent sacrifice of Federal revenues; and that it is of doubtful effectiveness since it stresses the further stimulation of investment at a time when manufacturing capacity utilization is extremely low.

As to the auto excise tax repeal, with the exception of the administration witnesses, this received virtually no support during our hearings. It was felt to be a poor priority choice because of the environmental problems associated with increased automobile use; because it would be of benefit only to those who can afford to buy new cars; and because it would permanently sacrifice Federal revenues which will be needed to finance social programs. It was pointed out that general tax relief to consumers instead of a specific excise tax repeal would leave consumers freedom of choice on how to spend their tax saving.

With respect to the investment tax credit, most witnesses who commented on this, again with the exception of the administration, felt that together with the already promulgated accelerated depreciation regulations—ADR—the investment tax credit would represent far too much tax relief for business and far too high a cost in terms of revenue loss relative to the amount of investment which might be induced. They agreed that if there is to be an investment tax credit, then the ADR should be withdrawn.

With respect to the income tax speedup, all witnesses supported this. Several, including Nathan and Okun, would support making this action retroactive to last July.

With respect to postponement of welfare reform, most witnesses felt this was a most unfortunate decision, given the urgent need for this measure and the hopes that have been raised. It also delays putting purchasing power in the hands of those who would spend this money and thus assist general economic recovery.

As to alternative fiscal measures, postponement of social security tax increases scheduled for next January received widespread support from witnesses, including Heller, Schultze, Ackley, Okun, and Nathan. That will be the biggest increase we have ever had. They all said that we ought to suspend it, that we should not impose it, that it would depress the economy, that it is unnecessary and could be postponed without a permanent loss of revenue.

Increased Federal expenditures of a temporary nature also were widely suggested. Schultze urged counter-cyclical grants to State and local government. Eckstein and Okun urged speed-up, rather than postponement, of welfare reform.

III. INTERNATIONAL ASPECTS OF THE PRESIDENT'S PROGRAM

With respect to the suspension of gold transactions, this action received support from all witnesses who commented. They stressed, however, that it is an initial step which must be followed by negotiations to develop a new and more flexible system of international exchange. Bernstein, who is probably the most competent in this area and the most experienced and authoritative, argued that this floating of the dollar would not, by itself, achieve all of the needed readjustment in exchange rates, but should be accompanied by an increase in the dollar price of gold. However, other witnesses, including Okun, argued that currencies need no longer be defined in terms of gold at all and that the United States need never again buy gold for monetary purposes.

With respect to the import surcharge, while most witnesses agreed that this might be a useful temporary bargaining tool to encourage the needed adjustment of exchange rates, great concern was expressed that the surcharge must be lifted as quickly as possible. If the surcharge should remain in effect for any substantial length of time, it would invite retaliation and constitute a damaging step toward protectionism in world trade. It was emphasized that while the surcharge is in effect, imported equipment would not benefit from the proposed investment tax credit, making the package doubly protectionist. That is the first time we have done that. In the past we have provided, when a business bought equipment, even if bought abroad, that they would get an investment tax credit. The President's program would suspend that. So there is a double protectionist element, which is perhaps necessary in this temporary period of negotiations, but it should be voided by the President as soon as possible.

With respect to DISC, many witnesses felt that, given the other measures to improve our trade balance, continued support of the DISC export incentive proposal was unnecessary. Nader's testimony brought out the inefficiency of the DISC method of export promotion. The benefits of DISC would go to all exports and not just to the additional exports induced by the program. The budgetary cost is thus very high relative to the export-inducing effect.

Mr. President, may I summarize it by saying that, in general, the economic profession, as represented in our hearings, was favorable to the President's action. They applauded his activist steps in providing for a freeze, providing for a suspension of gold, providing for some stimulus to the economy, although, as I pointed out, they strongly criticized

some of the details of the President's proposal. I have inserted in the RECORD a summary of the views of each of the experts who appeared, as well as the full text of their statements.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1971

The Senate resumed the consideration of the bill (S. 2007) to provide for the continuation of programs authorized under the Economic Opportunitly Act of 1964, and for other purposes.

Mr. BYRD of West Virginia. Mr. President, how much time remains to both sides on the motion to recommit?

The PRESIDING OFFICER. Fifty minutes to the Senator from Ohio and 45 minutes to the Senator from Wisconsin.

UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent, after having consulted with the distinguished Senator from Ohio (Mr. TAFT) and the distinguished manager of the bill, the Senator from Wisconsin (Mr. NELSON), that the remaining time on the motion to recommit be limited to 45 minutes, the time to be divided between the Senator from Ohio (Mr. TAFT) and the manager of the bill as follows: 25 minutes to the Senator from Ohio (Mr. TAFT), and 20 minutes to the manager of the bill.

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

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that time on the motion to recommit not be charged against any Senator during the remainder of the day today.

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

COMMISSION ON SECURITY AND SAFETY OF CARGO

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 354, S. 942.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

S. 942, to establish a Commission on Security and Safety of Cargo.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Commerce with amendments, on page 1, at the beginning of line 6, change the section number from "1" to "2"; on page 2, line 1, after the word "of", where it appears the second time, strike out "such goods and"; on page 3, at the beginning of line 20, strike out "commerce. It is a further purpose to create an organization which will administer this Act and implement its purposes by establishing liaison and coordination with, by and between the common carriers, their agents and assigns, as well as supporting organizations such as private terminal operators, port authorities, and others, engaged in all modes of transportation, distribution, and storage of goods and cargo in transit, and by fostering consultation and coordination with appropriate governmental and private agencies and concerns. and insert "commerce, and shall administer this Act so as to implement its purpose by establishing liaison and coordination with and between common carriers, their agents and assigns, as well as supporting organizations such as private terminal operators, port authorities, and others, engaged in all modes of transportation, distribution and storage of goods and cargo in transit, and by fostering consultation and coordination with appropriate governmental and private agencies and concerns."; on page 4, at the beginning of line 14, change the section number from "2" to "3"; on page 5, line 5, after the word "of", strike out "Commerce." and insert "the Treasury. If a member designated to represent the Federal Government on the Commission is unavoidably absent, he may designate any officer of his department appointed with the advice and consent of the Senate to serve on the Commission as his alternate."; in line 15, after the word "Chairman", insert "and Vice Chairman"; in line 21, after the word "Commission", strike out "the Commissioner of Customs;" and insert "a representative of the Secretary of Commerce;"; on page 6, at the beginning of line 7, strike out "industry." and insert "industry and one representative from the freight forwarders industry to be appointed by the President."; after line 17, insert:

(h) In addition, the Commission shall have four advisory members composed of—

(1) two Members of the House of Representatives who shall not be members of the same political party and who shall be appointed by the Speaker of the House of Representatives, and

(2) two Members of the Senate who shall not be members of the same political party and who shall be appointed by the President of the Senate.

The advisory members of the Commission shall not participate, except in an advisory capacity, in the formulation of the findings and recommendations of the Commission.

On page 7, at the beginning of line 5, change the section number from "3" to "4"; in line 6, after the word "Government", insert "(including advisory Members of Congress appointed under section 3 (h) of this Act)"; in line 8, after the word "compensation", strike out "in addition to" and insert "except for"; at the beginning of line 22, change the section number from "4" to "5"; on page 8, at the beginning of line 2, strike out "subtitle 3" and insert "chapter III"; in line 3, after the word "rates", insert a comma and "but no individual so appointed shall receive compensation in excess of the rate authorized for GS–18 under such title."; at the beginning of line 17, change the section number from "5" to "6"; on page 10, after line 14, strike out:

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research, or surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

And, in lieu thereof, insert:

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research, surveys, and the preparation of reports. All contracts negotiated without advertising pursuant to this subsection shall include a clause to the effect that the Commission and the Comptroller General of the United States or any of his duly authorized representatives shall until the expiration of three years after final payment have access to and the right to examine any directly pertinent books, documents, papers, and records of the contractor or any of his subcontractors engaged in the performance of and involving transactions related to such contracts or subcontracts.

On page 11, line 18, after the word "permit", strike out "business firms or individuals" and insert "persons"; at the beginning of line 20, strike out "them" and insert "such persons"; on page 12, at the beginning of line 4, change the section number from "6" to "7"; on page 14, line 4, after the word "security", strike out "standards and encouragement of voluntary implementation by the various industries involved" and insert "standards"; at the beginning of line 13, change the section number from "7" to "8"; at the beginning of line 18, change the section number from "8" to "9"; in the same line, after the amendment just above stated, strike out "There is authorized to be appropriated for the purposes of this Act not to exceed $250,000 for each fiscal year." and insert "There are authorized to be appropriated such sums, not to exceed $2,000,000, as may be necessary to carry out the provisions of this Act."; at the beginning of line 24, change the section number from "9" to "10"; in the same line, after the amendment just above stated, strike out "(a) Prior to the termination" and insert "Upon the submission"; in line 25, after the word "Commission's", strike out "established pursuant to" and insert "final report as provided in section 12 of"; on page 15, after line 9, strike out:

(b) Regulations promulgated pursuant to this section shall be deemed to have been promulgated pursuant to the Interstate Commerce Act, the Federal Aviation Act of 1958, and the Shipping Act of 1916, respectively.

At the beginning of line 16, change the section number from "10" to "11"; in line 19, after "(b)", strike out "Each common carrier subject to this Act shall submit to the Federal Maritime Commission, for each three month period, a report listing and evaluating all cargo damaged, lost, missing, stolen, or presumed stolen from such carrier or any agent thereof during such period." and insert "(b) The Federal Maritime Commission is authorized to require of each common carrier subject to this Act periodic reports listing and evaluating all cargo damaged, lost, missing, stolen, or presumed stolen from such carrier or any agent thereof during such period. The Commission is authorized to promulgate such rules as may be necessary to effect the provisions of this subsection."; and, on page 16, after line 9, strike out:

SEC. 11. The Commission shall continue in existence for a period of not to exceed two years after the appointment of its members

pursuant to the provisions of this Act, at which time it shall cease to exist. Prior to such date, it shall provide the Congress with a complete report on its activities pursuant to this Act, and its final recommendations.

And, in lieu thereof, insert:

SEC. 12. Not more than two years after the appointment of its members pursuant to the provisions of this Act, the Commission shall submit to the President and the Congress a final report on its activities pursuant to this Act, and its recommendations. The Commission shall cease to exist ninety days after the submission of such report.

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 this Act may be cited as the "Cargo Commission Act of 1971".

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 2. (a) The Congress finds that one of the fundamental bases for the development and growth of commerce and trade on an interstate and international basis is the security and safety of movement of cargo. The Congress has become aware that there is an alarming growth of criminal activity which results in loss of and damage to goods moving in interstate and international commerce. Such loss and theft are increasing to the degree that it represents a clear and present danger to the national economy, especially American business and particularly the small business community, which bears the greatest portion of such losses. The Congress further finds that the Constitution places the control, regulation, and stimulation of interstate and international commerce and trade within the purview of the Federal Government. Prevention of larcenies and malfeasances in connection with goods in interstate and international transit is an inherently difficult phase of crime control; goods in motion or in large-scale storage are hard to watch closely; the multijurisdictional nature of thefts facilitates criminal evasion; and protection arrangements impose unwelcome and often disastrous expenses in terms of operational delays, added paperwork, and increased costs for insurance and protection. The Congress finds that common carriers in cargo transportation by air, truck, rail, and water, manifest a serious deficiency in the level of coordination and effort needed to establish deterrents and preventive measures and utilize resources to combat criminal activity. These criminal activities and attendant losses pose an especially serious threat to the economic stability of small business. The apparent magnitude of the resultant costs suggests that the Federal Government make a further detailed and continuing inquiry to determine what remedial measures can and should be implemented by cargo carriers, their agents and assigns, possibly supported by Federal assistance, to minimize criminally inspired losses of cargo during storage and transit.

(b) The Congress further finds that State and local governments, through exercise of their regulatory powers, have an equal responsibility in stimulating measures to enhance the safety and security of cargo storage and transport. Accordingly, attempts by the Federal Government to deter and curb such losses, thefts, and pilferages should be coordinated at all levels of government.

(c) It is the purpose of this Act to establish a commission which shall conduct an inquiry and research into matters of cargo security for the purpose of designing programs to achieve maximum security and safety for such cargo when in storage and in transit in interstate and foreign commerce, and shall administer this Act so as to implement its purpose by establishing liaison and coordination with and between common carriers, their agents and assigns, as well as supporting organizations such as private terminal operators, port authorities, and others, engaged in all modes of transportation, distribution and storage of goods and cargo in transit, and by fostering consultation and coordination with appropriate governmental and private agencies and concerns.

ESTABLISHMENT OF COMMISSION

SEC. 3. (a) For the purpose of carrying out the intent of Congress as expressed in this Act, there is hereby created a commission to be known as the Commission on Security and Safety of Cargo (hereinafter referred to as the "Commission").

(b) The Commission shall be composed of individuals who, by virtue of their education and experience, demonstrate an ability to discover causes, develop solutions, and implement strategies to solve the problem of cargo loss and theft. Members shall include one representative from each mode of the cargo transportation industry, air, truck, rail, and water; two representatives from the cargo handlers labor organization; one representative from a shipper-import/export concern; and three representatives of the Federal Government, consisting of the Attorney General of the United States, the Secretary of Transportation, and the Secretary of the Treasury. If a member designated to represent the Federal Government on the Commission is unavoidably absent, he may designate any officer of his department appointed with the advice and consent of the Senate to serve on the Commission as his alternate.

(c) The members of the Commission, other than those designed to represent the Federal Government, shall be appointed by the President. Not more than four of such appointed members shall be members of the same political party.

(d) The Chairman and Vice Chairman of the Commission shall be elected annually from among the members of the Commission.

(e) The following shall be ex officio members of the Commission: the Chairmen of the Interstate Commerce Commission, the Civil Aeronautics Board, and the Federal Maritime Commission; a representative of the Secretary of Commerce; one representative having expertise in providing security for the storage and movement of Federal cargo appointed by each of the following: the Secretary of Defense, the Atomic Energy Commission, and the National Aeronautics and Space Administration; one representative of the National Bureau of Standards appointed by the Secretary of Commerce; one representative from the Law Enforcement Assistance Administration appointed by the Attorney General; and one representative from the cargo underwriters-insurance industry and one representative from the freight forwarders industry to be appointed by the President. Ex officio members of the Commission shall not participate except in an advisory capacity to the Commission in the formulation of its findings and recommendations.

(f) Vacancies on the Commission shall be filled in the same manner as initial appointments.

(g) A quorum of the Commission shall consist of six members, but two members shall be sufficient for the purpose of taking testimony, or conducting any hearings on a matter within the purview of the Commission's jurisdiction.

(h) In addition, the Commission shall have four advisory members composed of—

(1) two members of the House of Representatives who shall not be members of the same political party and who shall be appointed by the Speaker of the House of Representatives, and

(2) two Members of the Senate who shall not be members of the same political party and who shall be appointed by the President of the Senate.

The advisory members of the Commission shall not participate, except in an advisory capacity, in the formulation of the findings and recommendations of the Commission.

COMPENSATION OF COMMISSION MEMBERS

SEC. 4. (a) Members of the Commission who are officers or full-time employees of the Government (including advisory Members of Congress appointed under section 3(h) of this Act) shall serve without compensation except for that received for their services as such officers or employees; but they shall be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(b) Other members of the Commission who are not officers or officials in the employ of the United States shall be compensated at the rate of $50 per day when engaged in the actual business and duties vested in the Commission, and in addition be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of title 5, United States Code.

STAFF OF THE COMMISSION

SEC. 5 (a) The Commission may appoint such personnel as it deems necessary without regard to the provisions of title 5 of the United States Code concerning appointments in the competitive services and such personnel may be paid without regard to the provisions of chapter 51 and chapter III of chapter 53 of such title, relating to classification and General Schedule pay rates, but no individual so appointed shall receive compensation in excess of the rate authorized for GS–18 under such title.

(b) The staff of the Commission shall be composed of, but not limited to, individuals having expertise determined to be pertinent to the conduct of a systematic operations research study of the problem of cargo theft, such as persons qualified in statistical mathematics, applied mathematics, human factors engineering, security engineering, cargo operations and movement, police and law enforcement, social psychology, criminology, business management, traffic engineering, security architecture, and deterrence, detection, and apprehension technology and methodology.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission, or any two members thereof as authorized by the Commission, may conduct hearings anywhere in the United States or otherwise secure data and expressions of opinions pertinent to the study. The Commission shall publish notice of any proposed hearing in the Federal Register and shall afford a reasonable opportunity for interested persons to present relevant testimony and data. In connection therewith the Commission is authorized by the majority vote—

(1) to require, by special or general orders, corporations, business firms, and individuals to submit in writing such reports and answers to questions as the Commission may prescribe; such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine;

(2) to administer oaths;

(3) to require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) in the case of disobedience to a subpena or order issued under this subsection, to invoke the aid of any district court of the United States in requiring compliance with such subpena or order;

(5) in any proceeding or investigation to

order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths, and in such instances to compel testimony and the production of evidence in the same manner as authorized under clauses (3) and (4) of this subsection; and

(6) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

(b) Any district court of the United States within the jurisdiction of which an inquiry is carried on may, in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith, and any failure to obey the order of the court may be punished by the court as a contempt thereof.

(c) The Commission is authorized to request from any department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, or independent instrumentality is authorized to cooperate with the Commission and, to the extent permitted by law, to furnish such information to the Commission upon request made by the Chairman or the Vice Chairman when acting as Chairman.

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research, surveys, and the preparation of reports. All contracts negotiated without advertising pursuant to this subsection shall include a clause to the effect that the Commission and the Comptroller General of the United States or any of his duly authorized representatives shall until the expiration of three years after final payment have access to and the right to examine any directly pertinent books, documents, papers, and records of the contractor or any of his subcontractors engaged in the performance of and involving transactions related to such contracts or subcontracts.

(e) When the Commission finds that publication of any information obtained by it is in the public interest and would not give an unfair competitive advantage to any person, it is authorized to publish such information in the form and manner deemed best adapted for public use, except that data and information which would separately disclose the business transactions of any person, trade secrets, or names of customers shall be held confidential and shall not be disclosed by the Commission or its staff: *Provided, however,* That the Commission shall permit persons reasonable access to documents furnished by such persons for the purpose of obtaining or copying such documents as need may arise.

(f) The Commission is authorized to delegate any of its functions to individual members of the Commission or to designated individuals on its staff and to make such rules and regulations as are necessary for the conduct of its business, except as herein otherwise provided.

DUTIES OF THE COMMISSION

SEC. 7. It shall be the duty of the Commission to undertake and compile inquiries and studies to determine the causes, and practical and effective measures for the prevention and deterrence of loss due to theft and pilferage of cargo in interstate and international commerce. It shall be a further duty of the Commission to encourage the use of existing preventive technology and to promote the development of new techniques, procedures, and methods to enhance the safety and security of cargo storage and transportation. Such duties shall include, but not be limited to—

(1) definitions and description of the causes, scope, and value of losses due to cargo theft;

(2) evaluation of methods to deter cargo theft, including analysis of labor-management practices; packaging and labeling of cargo; containerization; prevention, detection, and apprehension systems and devices; physical security protection, including lighting, fencing, gate placement, and other similar means; sociological and psychological deterrents and remedies; liaison of cargo security programs between law enforcement agencies and cargo terminal operators, forwarders, and transporters;

(3) design, implementation, and analysis of pilot experimental programs to demonstrate the effectiveness of different security systems;

(4) establishment and maintenance of liaison with the various modes of transportation of cargo to exchange and disseminate data to promote safety and security of cargo;

(5) periodic consultations with appropriate governmental and private agencies to discuss problems and investigate solutions;

(6) complementing programs and activities of different modes of cargo transport to produce an effective and low-cost program of safety and security;

(7) development of a system of comprehensive, continuous, and uniform loss and damage reporting by the different modes of transportation;

(8) study and evaluation of present carrier liability limits for losses incurred in the transport of cargo by the different modes of transportation, and evaluation of the adequacy of such limits of liability;

(9) evaluation and recommendation on the need and desirability of developing a federal system for the licensing and/or identification of all individuals engaged in the handling of cargo, in any mode of transportation, moving in interstate or international commerce. The report under this section shall be made to the President and to the Congress pursuant to the provisions of this Act;

(10) development of physical facility security standards;

(11) continuous reassessment of programs, plans, and operations to determine necessary revisions; and

(12) recommendations for legislative, administrative, or other actions deemed necessary to promote the safety of cargo transport.

REPORTS

SEC. 8. The Commission shall report to the President and to the Congress its findings and recommendations as deemed desirable and necessary, but in no event less often than annually.

AUTHORIZATION

SEC. 9. There are authorized to be appropriated such sums, not to exceed $2,000,000, as may be necessary to carry out the provisions of this Act.

FREIGHT SECURITY STANDARDS

SEC. 10. Upon the submission of the Commission's final report as provided in section 12 of this Act, the Secretary of Transportation, after consultation with the Commission, the Department of the Treasury, the Civil Aeronautics Board, the Interstate Commerce Commission, and the Federal Maritime Commission, shall promulgate such regulations as may be necessary for the security and safety of freight in transportation (including at terminals) by each of the separate carrier modes including freight forwarders under the jurisdiction of each agency.

UNIFORM WATER CARRIER LOST AND DAMAGED CARGO REPORTING

SEC. 11. (a) Section 21 of the Shipping Act, 1916, is amended by inserting "(a)" after "SEC. 21" and by inserting at the end thereof a new subsection as follows:

"(b) The Federal Maritime Commission is authorized to require of each common carrier subject to this Act periodic reports listing and evaluating all cargo damaged, lost, missing, stolen, or presumed stolen from such carrier or any agent thereof during such period. The Commission is authorized to promulgate such rules as may be necessary to effect the provisions of this subsection."

(b) The amendment made by this section shall be effective on the first day of the first calendar month beginning after the date of enactment of this Act.

TERMINATION DATE

SEC. 12. Not more than two years after the appointment of its members pursuant to the provisions of this Act, the Commission shall submit to the President and the Congress a final report on its activities pursuant to this Act, and its recommendations. The Commission shall cease to exist ninety days after the submission of such report.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 92–358), explaining the purposes of the measure.

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

PURPOSE

Due to the nature and diversity of the United States transportation system, the cargo theft problem is largely interstate and intermodal in nature. In view of this fact, and the large number of Federal departments and agencies with regulatory or administrative jurisdiction in the transportation field, a coordinated national approach toward the solution of this serious and growing problem is essential.

The purpose of this legislation is to provide such an approach through the establishment of a Presidentially appointed Commission, with representation from the major parties at interest. It would be the Commission's duty to conduct an inquiry into cargo security matters for the purpose of developing programs to achieve maximum safety from loss or theft for cargo in transit or in storage.

BACKGROUND AND NEED

Considerable evidence has accumulated in recent years indicating that cargo theft is a serious and growing problem in all modes of transportation.

On the basis of extensive hearings on this subject, the Senate Select Committee on Small Business estimated that losses due to cargo thefts in 1969 amounted to $1,200,000,000—i.e. $828 million in truck thefts and hijackings, $50 million to $100 million in air carrier losses, $170 million in maritime losses, and over $100 million in railroad losses. In 1970, according to the Select Committee's figures, total cargo theft losses increased by seventeen per cent to $1,470,000,000. The Select Committee also indicated that it considered these figures to be conservative due to the absence of mandatory and uniform loss reporting.

In a series of reports summarizing its findings, the Select Committee identified the following as contributing factors to the cargo theft problem and barriers to the development of effective solutions:

(1) Lack of uniform loss data.

(2) Lack of interest in or knowledge of basic physical security practices on the part of management.

(3) Lack of interest on the part of the regulatory agencies with respect to the facilitation of cargo theft as a result of inadequate liability limits and embargo practices, insufficient claims rules and procedures, and other tariff and certification matters.

(4) Lack of private sector initiative to improve security.

(5) Inadequate coordination among law

enforcement agencies and between such agencies and the private sector.

(6) Failure of the Federal departments and agencies to mount an effective response to the problem.

LEGISLATIVE HISTORY

As a result of these findings, two bills dealing with cargo security were introduced during the second session of the 91st Congress and referred to the Committee on Commerce. They were S. 3595 a predecessor bill to S. 942, introduced by the Chairman of the Select Committee on Small Business, and S.J. Res. 222, giving Congressional consent to the states of New Jersey and New York for certain amendments to the Waterfront Commission Compact and for entering into an Airport Commission Compact, introduced by the ranking Minority Member of the same Select Committee. Both of the sponsors testified that the two bills were not mutually exclusive or incompatible.

The Commerce Committee held hearings on both the bills in September 1970, during which oral testimony was taken from seventeen witnesses and letters or statements were submitted for the record by an additional twenty-seven. Although all relevant Federal agencies were invited to testify, only the Department of Transportation appeared, while ten others submitted views for the record. None of the Federal agencies expressed outright opposition to S. 3595, although several voiced doubts over whether a Commission was necessary or offered the best approach to the problem or recommended some changes in the bill. Two labor unions, and one major carrier association opposed S. 3595. The carrier association has since indicated that it has changed its position and now favors S. 942.

The views expressed by all parties on both bills are printed in the Committee's hearings on "Cargo Security Legislation," Ninety-First Congress, Second Session, Serial No. 91–99.

The testimony accumulated during these hearings confirmed that cargo theft is a very serious problem which threatens the integrity of our transportation system. Evidence was also received which indicated that organized crime is deeply involved in cargo thievery.

The Committee favorably reported S.J. Res. 222 on October 2, 1970. No further action was taken on S. 3595 in the 91st Congress due to the lateness of the session and the absence of Federal agency comments on four amendments proposed by the bill's sponsor during the hearings. These four amendments were incorporated in the Cargo Commission bill when it was reintroduced in the 92d Congress as S. 942.

Due to the recentness and extensiveness of the hearings on the predecessor bill, S. 3595, and since the situation appears not to have changed substantially in the interim, further hearings were not held on S. 942. However, the bill was sent to all relevant Federal agencies for comment.

None of the agencies which responded opposed the bill although several suggested changes. Some of the Committee amendments to the bill, which are described in detail in a later section of this report, were designed to meet these recommendations. The agency comments appears at the end of this report.

In reporting S.J. Res. 222, the Committee noted the need for a national, intermodal program for cargo security. It is the Committee's belief that the Commission proposal contained in S. 3595, and the successor bill, S. 942, offers a feasible approach to the development of such a program.

The Committee is aware that all too often Commission reports become mere dust-catchers in that no effective follow-up action is ever taken. However, several safeguards have been built into S. 942 to minimize the possibility of such an eventuality. One of these is the inclusion on the Commission, either as members or ex officio members, of representatives from all the major Federal agencies with responsibilities in the field of cargo security, and from the major private groups concerned with the problem of cargo thefts. In addition, provision has been made for four advisory Members from the Congress. Another such safeguard is Section 10 of the amended bill which fixes responsibility in the Secretary of Transportation to initiate such action as he deems necessary to implement the Commission's recommendations, after consultation with other appropriate agencies and the Commission itself.

The Committee is aware that a number of Federal agencies have recently taken some steps, within the scope of their respective jurisdictions, to deal with the cargo theft problem, e.g., the uniform loss reporting regulations which have been proposed by the Civil Aeronautics Board and the Interstate Commerce Commission. The Committee is also aware that an Interagency Task Force has recently been established to better coordinate the activities of the various agencies in this field. However, it is believed that the establishment of the Commission on Security and Safety of Cargo will not interfere with these efforts and will, in fact, make them more effective by providing a forum for discussion and interchange of information and views between the Federal agencies, interested groups in the private sector, and the Congress.

The Committee does not want or expect a competitive situation to develop between the Federal agencies and the Commission established by this bill. Moreover, the Committee desires the cooperation of both the Federal agencies and the Commission in its current investigation of the effects of organized criminal activity on legitimate commerce, and with other committees of the Congress which are concerned with the cargo security problem.

SUMMARY OF THE LEGISLATION

S. 942 is based upon the rationale that cargo security is largely an interstate and intermodal problem requiring a coordinated National approach; that present information concerning the nature and scope of the problem is not sufficient to formulate definitive solutions; and that the best method of acquiring such information is through a Commission with representation from the major affected parties.

The bill, as amended, provides for the establishment of a ten member Commission composed of the Attorney General, the Secretaries of Transportation and Treasury, one representative from each mode of the cargo transportation industry (air, truck, rail, and water), two representatives from the cargo labor organizations, and one representative from a shipper-import-export concern to be appointed by the President, plus eleven ex officio, non-voting members from the transportation regulatory agencies and other Federal agencies involved in cargo security matters, the cargo insurance industry and the freight forwarders industry, and four advisory members from the Congress.

The Commission is authorized to appoint such personnel as it deems necessary, to conduct hearings, to administer oaths, to require the submission of reports and answers to questions, to issue subpoenas, and to enter into contracts for the conduct of research, surveys and the preparation of reports.

The Commission is charged with the responsibility of undertaking and compiling inquiries and studies to determine the causes, and practical and effective measures for the prevention and deterrence of loss due to theft and pilferage of cargo in interstate and international commerce. Some of the specific duties which the Commission is expected to perform in furtherance of this basic responsibility are listed in Section 7 of the bill, as amended.

The Commission is required to report to the President and to Congress periodically and to submit its final report and recommendations no later than two years after the appointment of its members.

The Commission shall cease to exist 90 days after the submission of such report.

The Secretary of Transportation is charged with the responsibility, upon submission of the Commission's final report and after consultation with the Commission, the three transportation regulatory agencies and the Department of the Treasury, of promulgating such regulations as may be necessary for the security and safety of cargo.

The bill authorizes the appropriation of not more than $2,000,000 to carry out the provisions of the Act, and amends the Shipping Act of 1916 by authorizing the Federal Maritime Commission to institute a mandatory loss reporting system.

LISTING AND EXPLANATION OF AMENDMENTS

The Amendments adopted by the Committee and the explanation of each are as follows:

(1) On page 1, immediately after the enacting clause, insert the following:

"That this Act may be cited as the Cargo Commission Act of 1971."

The purpose of this amendment is to provide a short title for the Act.

(2) On page 1, re-number Section 1 as Section 2, and re-number all succeeding sections accordingly. This is a technical, conforming amendment.

(3) On page 1, line 7, strike out the words "such goods and". This is a perfecting amendment only.

(4) On page 3, line 9, strike out the word "various" and insert "all" in lieu thereof. This is a clarifying amendment only.

(5) On page 3, strike lines 15 through 24 inclusive, and insert the following in lieu thereof:

"commerce, and shall administer this Act so as to implement its purpose by establishing liaison and coordination with and between the common carriers, their agents and assigns, as well as supporting organizations such as private terminal operators, port authorities, and others, engaged in all modes of transportation, distribution and storage of goods and cargo in transit and by fostering consultation and coordination with appropriate governmental and private agencies and concerns."

This is a perfecting amendment only.

(6) On page 4, line 18, strike out the word "Commerce" and insert "the Treasury" in lieu thereof. This substantive amendment substitutes the Secretary of the Treasury for the Secretary of Commerce as a member of the Commission. Several of the Federal Agencies commented that the Secretary of the Treasury should be a member of the Commission because of that Department's extensive responsibilities and involvement in the cargo security field. The Committee agreed, but in order to maintain the balance between the Government and private members and to keep the size of the Commission within manageable limits decided to delete the Secretary of Commerce as a member.

(7) On page 4, line 18 after the period, insert the following:

"If a member designated to represent the Federal Government on the Commission is unavoidably absent, he may designate any officer of his department appointed with the advice and consent of the Senate to serve on the Commission as his alternate."

The purpose of this amendment is to make it possible for the Federal departments to be represented at Commission meetings even if the Secretary is unable to attend.

(8) On page 4, line 24, insert "and Vice-Chairman" following the word "Chairman". The purpose of this amendment is to clarify how the Vice-Chairman, who is referred to in a later section, is to be chosen.

(9) On page 5, line 4, strike out "the

Commissioner of Customs" and insert "a representative of the Secretary of Commerce" in lieu thereof. This amendment was deemed necessary due to the substitution of the Secretary of the Treasury for the Secretary of Commerce as a member of the Commission as provided in amendment number 6, above.

(10) On page 5, line 14, strike the word "industry" and insert "industry and one representative from the freight forwarders industry to be appointed by the President." This amendment serves the dual purpose of giving the freight forwarding industry ex officio representation on the Commission and making it clear that the President will appoint all of the ex officio members from the private sector.

(11) On page 5, immediately after line 22, insert the following new subsection:

"(h) In addition, the Commission shall have four advisory members composed of—

"(1) two members of the House of Representatives who shall not be members of the same political party and who shall be appointed by the Speaker of the House of Representatives, and

"(2) two members of the Senate who shall not be members of the same political party and who shall be appointed by the President of the Senate.

"The advisory members of the Commission shall not participate, except in an advisory capacity in the formulation of the findings and recommendations of the Commission."

The purpose of this amendment is to enable the Congress to be informed concerning the progress of the Commission's work.

(12) On page 5, line 25, immediately after "Government", insert the following: "(including advisory Members of Congress appointed under section 3(h) of this Act)."

This is a technical, clarifying amendment.

(13) On page 6, line 1, strike out "In addition to" and insert "except for" in lieu thereof. This is a clarifying and perfecting amendment.

(14) On page 6, line 20, strike out "title 3" and insert "chapter III" in lieu thereof, and on line 21 insert before the period, ", but no individual so appointed shall receive compensation in excess of the rate authorized for GS–18 under such title". The purpose of this amendment is to correct an error in the original bill and to make it clear that none of the Commission's staff shall be paid a higher salary than that authorized for grade GS–18 of the classified Civil Service.

(15) On page 9, strike lines 7 through 11 inclusive and insert the following in lieu thereof:

"(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conduct of research, surveys, and the preparation of reports. All contracts negotiated without advertising pursuant to this subsection shall include a clause to the effect that the Commission and the Comptroller General of the United States or any of his duly authorized representatives shall until the expiration of three years after final payment have access to and the right to examine any directly pertinent books, documents, papers, and records of the contractor or any of his subcontractors engaged in the performance of and involving transactions related to such contracts or subcontracts."

This amendment was added to make applicable to this legislation the provision in Title III of the Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 254) concerning access to contractors' records by the Government.

(16) On Page 9, lines 21 and 22, strike out "business firms or individuals" and insert in lieu thereof "persons", and on line 22 strike out the word "them" and insert "such persons" in lieu thereof. This is a clarifying amendment only.

(17) On page 10, line 2, change "designate" to "designated".

This is a perfecting amendment.

(18) On page 12, commencing with line 6 through line 8 strike "standards and encouragement of voluntary implementation by the various industries involved;" and insert in lieu thereof "standards;".

This amendment was designed to conform to a subsequent amendment in Section 9.

(19) On page 12, strike lines 20 through 22 inclusive and insert in lieu thereof the following:

"SEC. 9. There are authorized to be appropriated such sums, not to exceed $2,000,000, as may be necessary to carry out the provisions of this Act."

The original bill, S. 3595, 91st Congress, 2d Session, provided for a five-year Commission with an authorization of $250,000 per year. In S. 942 the life of the Commission was reduced to two years but the authorization remained at $250,000 per annum. This was not regarded as a realistic figure in view of the Commission's responsibilities.

(20) On page 12 strike lines 24 and 25 and at page 13 strike lines 1 through 11 inclusive, inserting in lieu thereof the following:

"SEC. 10. Upon the submission of the Commission's final report, as provided in Section 12 of this Act, the Secretary of Transportation, after consultation with the Commission, the Department of the Treasury, the Civil Aeronautics Board, the Interstate Commerce Commission, and the Federal Maritime Commission, shall promulgate such regulations as may be necessary for the security and safety of freight in transportation (including at terminals) by each of the separate carrier modes, including freight forwarders, under the jurisdiction of each agency."

This is a substantive amendment to eliminate the requirement that the Secretary of Transportation promulgate cargo security regulations prior to the termination of the Commission. It was the Committee's opinion that the Secretary should not be required to issue regulations before he received the Commission's recommendations.

This amendment also deletes subsection (b) which would have provided that regulations issued by the Secretary of Transportation ". . . shall be deemed to have been promulgated pursuant to the Interstate Commerce Act, the Federal Aviation Act of 1958 and the Shipping Act of 1916, respectively." When the Congress considered the Department of Transportation Act (89 Stat. 931) there seemed to be a conscientious effort not to vest in the Department of Transportation regulatory authority administered by the aforementioned three independent regulatory agencies. Subsection (b) as written could have been construed as furnishing the Secretary of Transportation such regulatory authority by inference. This was not the intent, and for this reason the section was rewritten so as to result in any such regulations being promulgated under existing authority of the Secretary.

(21) On page 13, strike lines 17 through 21 inclusive and insert in lieu thereof the following:

"(b) The Federal Maritime Commission is authorized to require of each common carrier subject to this Act periodic reports listing and evaluating all cargo damaged, lost, missing, stolen or presumed stolen, from such carrier or any agent thereof during such period. The Commission is authorized to promulgate such rules as may be necessary to effect the provisions of this subsection."

The purpose of this amendment is to provide the Federal Maritime Commission with authority, which it feels is presently lacking, to require carriers under its jurisdiction to make periodic cargo loss reports.

The Committee is aware of earlier controversy concerning the extraterritorial effect and, more importantly, the enforceability of orders issued by the Federal Maritime Commission under section 21 of the Shipping Act, which would be amended by section 11 of S. 942 (see e.g., *Montship Lines, Ltd.* v. *Federal Maritime Board*, 295 F. 2d 147 (1961), and the *Georgetown Law Journal*, Vol. 54: p. 794 (1966), "The Status of Federal Maritime Commission Shipping Regulation Under Principles of International Law"). However, it is believed that this provision is not only reasonable but in the interest of foreign as well as domestic carriers subject to the Shipping Act, 1916, by virtue of the objective which is sought to be obtained.

(22) On page 14, strike lines 2 through 7 inclusive and insert in lieu thereof the following:

"SEC. 12. Not more than two years after the appointment of its members pursuant to the provisions of this Act, the Commission shall submit to the President and the Congress a final report on its activities pursuant to this Act, and its recommendations. The Commission shall cease to exist ninety days after the submission of such report."

The purpose of this amendment is to extend the life of the Commission for ninety days following the submission of its final report to enable the Department of Transportation and other agencies to consult with the Commission regarding the issuance of regulations and other matters pursuant to the Commission's recommendations.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments are considered and agreed to en bloc.

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

SCHOOL BUSING AND FORCED INTEGRATION—A DISSENTING OPINION

Mr. BYRD of West Virginia. Mr. President, the issue of busing pupils to bring about forced integration in the public schools is stirring controversy throughout the country as schools open again. Despite what is depicted in some segments of the news media as generally quiet acceptance, such busing is widely resented and opposed. Inasmuch as this emotion-charged issue vitally affects some very basic concepts of American society and American freedom, I propose to discuss it briefly today.

The busing of children is really not the bedrock issue. In fact, it is but the surface manifestation of the basic issue involved—it is really just the tip of the iceberg. That part of the iceberg which is of more basic significance and which does not immediately surface in the emotion-packed discussions and speeches by Presidents, Governors, and outraged parents, is the simple issue of assigning pupils in the public schools on the basis of race.

For the moment, however, I shall eschew the basic issue and direct my attention briefly to that more volatile subject of busing.

There are those who say we have always had busing of students, so why be concerned when there is busing of students now. But such an argument misses the point. True, we have had busing for many, many years in this country—prior even to the 1954 decision in the case of Brown against Board of Education. I remember riding a schoolbus myself back in Mercer County, W. Va., 40 years ago. But it was because the near-

est high school was 7 miles away, and the only way to get there was partly on foot and partly by bus—far different from today's denial of access to a neighborhood school and forced attendance—based solely on race—of a school 7 or 10 or 20 miles away just to satisfy some arbitrary formula regarding racial balance.

But, some will say, what about the busing that occurred for years in support of segregation? The answer is that school segregation was the law of the land in that day—by statute and by requirement of many State constitutions and by court decision based on the interpretation of the U.S. Constitution. The people generally—black and white—accepted school segregation as the law; the people generally were satisfied with the law as it was, and wanted it that way; and the people were willing, voluntarily, to pay the financial costs of busing in order to maintain a segregated school system.

Now, the situation has changed. The U.S. Supreme Court in 1954, in the Brown case and in Bolling against Sharpe, ruled out forced racial segregation in the public schools of the States and the District of Columbia. The people, North and South, have now generally accepted that decision as the right one. But the financial costs of senseless, mass busing, arbitrary assignments and attendance ratios based purely on race—unsupported by the Constitution—are not being borne by the taxpayers today either voluntarily or willingly. They are being forced against their will to bear such costs.

Forced integration and busing programs are contributing very materially to the advancing deterioration of the inner cities. Whites who can afford to do so are moving farther and farther away into the suburbs, with the result that shopping centers and other outlying developments are taking away the business and tax base upon which cities—and their school systems—must depend. Busing thus becomes a self-defeating process. When children are going to be hauled willy-nilly away from their homes and neighborhoods it lessens the chances for improvement of the inner city schools which are most in need of improvement.

In Richmond, Va., a suit is presently underway to force the merging of the Richmond city school system and the adjoining Henrico and Chesterfield County school systems in order to rescue the city school from their deterioration. The city schools have become predominantly black because of the flight to the suburbs of whites, while the two county school systems are predominantly white.

But whites are now moving farther into the country, and it could become a physical impossibility to achieve a theoretical racial mix. Are the courts going to require that children be transported 30, 40, 50, 60 miles a day? Where is the line to be drawn? Or, are the Federal courts prepared now to try to impose racially determined housing and residential quotas?

To cite another example of white flight to the suburbs, one need only look at the public school system in Atlanta, Ga., which was 70-percent white and 30-percent black just 13 years ago, in 1958. Successive desegregation orders during this period have resulted in an exodus of white population to the suburbs. Enrollment in the public schools of Atlanta is today the exact reverse of 13 years ago—30-percent white, 70-percent black. Earlier this summer, two Federal judges refused to order further desegregation, saying that it would simply hasten this white flight. They said:

> The problem is no longer how to achieve integration, but how to prevent resegregation.

The same thing has happened—and partly for the same reasons—in Washington, D.C., where the school population is 95-percent black. How tragic that the courts have been so blind, until it is too late, to the reality that parents simply do not intend to trust the welfare or safety or the education of their children—their most priceless possession—to the social experimentation of judges and HEW officials.

White persons alone are not the only persons concerned about the growing trend toward busing. Blacks are also concerned. An all-black school does not, per se, necessarily have to be an inferior school, a school without quality or educational opportunity. The concept that mass busing and racial quotas constitute the only way to improve education for blacks rests on an extremely faulty premise. It should be obvious that the way to improve educational opportunities for blacks is to improve the schools which they attend—and that is what the courts and the Government really should be concerned with. The vast amounts of money that are being used to purchase great fleets of school buses could much better be used for the upgrading of substandard schools. The courts could do much more for the improvement of black education, and for making better economic opportunities available to blacks, if they would require, under the equal protection clause of the Constitution, that equal amounts of money be expended per pupil on blacks and whites. That would be a much sounder approach than the present disruptive busing approach.

The strangest aspect of the forced integration and busing craze is that improving education for all children—and especially for blacks, where their schools have been substandard—has taken a back seat to the achievement of racial quotas in the schools. There is no evidence that I know of to indicate that such quotas enhance education for either blacks or whites—and there are good reasons to think that the opposite is true.

Polarization of the races is intensified when neighborhood and school identities are destroyed and when students find that they cannot compete successfully with other students who may have had superior educational opportunities in the past.

What is most likely to be achieved by busing and forced integration is increasing mediocrity in education. A leveling process will have been set in motion which can have the effect of stifling incentive for the bright and gifted student while discouraging the less well prepared student and the slow learner. In this situation the skyrocketing growth in private schools, as opposed to public education, can be expected to continue—to the detriment of the public schools.

Along with busing, there is the equally nonsensical obsession these days with racial quotas. Education by racial quotas is not quality education. I do not care what court or what HEW bureaucrat says it is. It just is not so. Too many judges and HEW officials, television commentators and newspaper columnists these days believe that unless there is forced integration there can be no quality education. Perhaps I should not say they really believe this; they only act that way. If they really believed it, they would not send their own children to private schools or to predominantly white schools in suburbia. They would live in the inner-city and send their children to schools there where they could help bring about racial balance.

Were the imposition of racial quotas in the public schools necessary in order to conform to the equal protection clause of the 14th amendment, no fair-minded individual could legitimately complain. But can it be seriously contended that in a city, the population of which is, say, 65 percent white and 35 percent black, the Constitution requires the placement of 520 whites and 280 blacks, or some comparable ratio, in each school—with all of the cross-city busing that would be entailed? Does it not all become a little silly to argue that the Constitution requires such?

We are told that forced integration is important because it will teach the races to live together in peace. But will it? Judging from the many racial incidents of fighting, knifing, and shooting that are increasingly occurring in the Nation's high schools, there is cause to question the efficacy of such forced race mixing as a way to achieve racial peace and understanding. Would not voluntary integration—based on freedom to choose the closest neighborhood school—be the wiser, more commonsense approach?

Can anyone seriously contend that, to uphold and enforce the constitutional right of Negro students to equal protection, they must be uprooted and forced to travel against their own wishes—by foot or by bus—away from their own neighborhood schools and to some distant school, merely that they may attend classes with white children? How utterly nonsensical have the courts become? What a distorted, twisted interpretation of the equal protection clause.

What kind of national madness has obsessed us. And madness it can only be when courts and Government agencies impose their own arbitrary choice of schools to be attended—a choice based solely upon race—regardless of the wishes, nay, even in complete opposition to the wishes of parents and children, Negroes and whites alike.

The Washington Sunday Star for August 29 said:

> Repeated instances of black parents in the South balking at school desegregation

plans are making civil rights lawyers and government officials wonder whether a new outlook toward integration is developing among Southern blacks.

A former Director of the Department of Health, Education, and Welfare's Office of Civil Rights, Mrs. Ruby Martin, now with the Washington Research Project, a private organization that serves as a watchdog over desegregation, was quoted in the article as saying that blacks "often have a very big feeling of being had" when desegregation plans put the burden of busing exclusively on black children and when the closing of formerly black schools results in black principals and teachers losing their jobs.

Little wonder that infuriated black parents are threatening boycott. Little wonder that outraged white parents have filed request after request for pupil records as a preliminary to placing their children in private schools.

Would the people of this country tolerate this nonsense if it were sought to be perpetrated on them by legislative bodies? The answer has to be no, because the people then would have the recourse of the ballot in purging from public office those who would visit upon them and their children such a monstrous and costly madness. But the people are helpless in the face of edicts from the courts that obstinately and stubbornly refuse to follow a rule of reason in this most delicate of all problems. And why do the courts—and particularly the Supreme Court—persist in their authoritarian course? Is it because they are unwilling to admit error in having gone too far already and are determined at all cost to force people, over a period of time, to become resigned to the inevitableness of school assignments based on racial formulas?

Any Negro child has a constitutional right to attend the public school of his choice, and State authorities ought to be bound to guarantee and, if need be, to enforce that right. It would seem to be clear that any act of the State to force that child, because of his race, to attend a particular school against his wishes and in preference to the school of his choice would be violative of his constitutional rights.

It is preposterous to maintain that those who wrote the 14th amendment intended that a Negro child should be forced by the State to attend a public school in which his race is in the minority when he may desire to attend his neighborhood school where his race is in the majority? He may just prefer to be with his own race. How can any court seriously contend that it protects that child's constitutional rights when it forces his school to be closed, and forces him to attend—on foot or by bus—a school which is to his cost and inconvenience and which he does not want to attend?

Now, let me proceed to that which is really basic to this whole emotion-packed subject—to wit, forced integration, or the assignment of pupils in the public schools on the basis of race.

Does the Constitution, in fact, require forced integration? Does the Constitution, in fact, countenance pupil assignment on a racial basis?

In dealing with these questions, let us go back to December 9, 1952, when the five cases ultimately decided under the name of Brown against Board of Education were first argued before the U.S. Supreme Court. Mr. Thurgood Marshall, then the chief counsel for the NAACP, arguing the case of Briggs against Elliott, from South Carolina, made some most interesting comments. His point was that what the plaintiffs wanted was the voiding, on constitutional grounds, of the South Carolina statute requiring school boards to segregate children by race. He told the Court:

(I)f this Court would reverse and the case would be sent back, we are not asking for affirmative relief. That will not put anybody in any school. The only thing that we ask for is that the state-imposed racial segregation be taken off, and to leave the county school board, the county people, the district people, to work out their own solution of the problem to assign children on any reasonable basis they want to assign them on.

I think it reasonable to say that none of the other attorneys representing Negro plaintiffs said anything to contradict Mr. Marshall's assertion that all that they sought was an invalidation of school assignments by race or color and an affirmative requirement that assignment be on a nondiscriminatory basis, through districting or proximity of schools or some such neutral standard. And that in essence is the relief which the plaintiffs properly received in the Brown decisions.

Today, however, an amazing transformation has been wrought. Now it is not the absence of discriminatory standards in assignment which is the keystone of desegregation law. Indeed, race must be taken into account, because what is now forbidden are all-white or all-black schools or schools made up predominantly of one race or the other. Pupils, teachers, and supporting staff must all now be assigned by race, and by race alone. Racial ratios have become the order of the day.

It need hardly be said that when the States and localities are required to operate school systems to serve the primary purpose of integration rather than education, and to conduct one long complicated experiment in sociological leveling, public support of public education is bound to suffer.

The difficulty simply is that some of the Federal courts leave the impression that they are no longer concerned with adjudicating rights under the Constitution, no longer concerned with determining the meaning of the equal protection clause for school assignments but are, instead, relying on the Constitution to carry out a visionary and impractical program of social engineering which, I am convinced, most Americans would reject out of hand were it to emanate from Congress or the Executive.

Before we can successfully oppose implemenation of this grand design which apparently exists as a base plan somewhere so strongly that it has survived a change of administrations and a change in leadership on the Supreme Court, before we can turn things around and put the Constitution and the education of our children in first place, we must get our bearings and take our stand on fundamental things. What we need to do is think long and hard and place our position on fundamentals—the most fundamental fact being that the equal protection clause forbids segregation but it does not command integration.

The distinction has been much belittled by the social engineers on and off the bench in recent years. But Thurgood Marshall was right when he assured Justice Frankfurter that all the plaintiffs wanted was an order ending State-compelled segregation, right because that was all they were constitutionally entitled to. Chief Justice John Parker was eloquently simple in the opinion in Briggs against Elliott on remand:

Nothing in the Constitution or in the decision of the Supreme Court takes away from the people freedom to choose the schools they attend.

Or as an eminent successor of Judge Parker, Chief Judge Clement Haynsworth, wrote in 1967:

If each pupil, each year, attends the school of his choice, the Constitution does not require that he be deprived of his choice unless its exercise is not free.

Judge Haynsworth paid dearly for his adherence to that simple idea. And the Justices of the Supreme Court, however they may qualify their pronouncements, have effectively renounced the idea. The tragedy is that there has been no Justice on the Court who would give voice to the dissent from the majority's edict, no Justice who by example or reason and historical soundness of interpretation would give those of us who deplore the Court's excesses a standard to repair to. In the absence, then, of such a Justice, such a standard, it is up to us the American people, dealing in reason with the issue, to formulate a stand and to urge its acceptance by the U.S. Supreme Court, which cannot long remain ignorant of the trauma which its present standard is inflicting not only on the South but, in time, will also inflict throughout the country.

Let me say for the record that I fully agree with Brown against Board of Education, which forbade pupil assignments on the basis of race. I want that clearly established.

But the district judge in the Swann case brought a new and different rationale into the desegregation picture. He found that the school board had selected school sites in such a way as to promote segregation of the races. This rationale was accepted by both the Fourth Circuit and, incredibly, by the Supreme Court. I think the speciousness of this rationale is going to be more and more recognized inasmuch as it is not only the South which is to be affected but the entire North as well. The social planners now have a theory, a doctrine, a concept, a legal handle, so to speak, by which they can turn aside the de jure-de facto segregation distinction, and it is going to be in the North that the real crunch will come.

If the location of school buildings in all-black or all-white areas is itself discriminatory because it promotes separation, then suddenly every northern jurisdiction is under the gun. Indianapolis was recently held to have maintained de jure segregation by the Federal court. Los Angeles and San Francisco are under court order and the Chinese in San Francisco are up in arms, as they should be. Pontiac, Mich.—where the fire bombing of school buses occurred earlier this week—is under a court order which will require extensive busing. The number of suits is growing daily. And the breakthrough has come primarily because of the argument of discrimination through site selection.

In Swann against Charlotte-Mecklenburg Board of Education, Chief Justice Burger solemnly assures us that it is merely the traditional equity powers of the courts which the Federal courts are using to require the cessation of discrimination. As far as it goes, his statement is correct. But he does not tell us that some concept of constitutional requirements should underlie the judgment of the courts with regard to the way the equity power is exercised. He does not tell us why the undoubted power to remedy past discrimination should be utilized to destroy the neighborhood school system. Why is it that the Federal courts now are to use the standard of race as the criterion of approval of a desegregation plan?

To sum up, I think we must go to the basic question of what the equal protection clauses really requires. Contrary to the social engineers, it does not require that every child must absolutely—and without consideration of the wishes of his parent and himself—attend a school in which he is exposed to children of all racial, economic, and social classes which make up that community. The equal protection clause does require that State and local officials deal fairly with every child, regardless of race, that they not assign him on the basis of race or class, and that in terms of faculty and staff and facilities his school be treated as all others.

It may well be that as a Nation we are bound for a great leveling, of class and status, a homogenization of persons so that eventually we all will seem to have come out of some bland mold all alike. That may well be, though I hope not. But, if it is going to be, let it be the result of policies formulated and executed by elected officials responsible to the people, let it be the result of policies debated and subject to rejection. Let it not be the edict of judges appointed for life and unaccountable to anyone. We have had more than enough judicial lawmaking.

It is time for the Supreme Court to tailor its results more closely to what it says. Time and again in the Swann opinion the Court speaks commonsense. The objective of the Court, the Chief Justice tells us, is to outlaw de jure discrimination in the schools. It is not, in his words, to deal "with—the—myriad factors of human existence which can cause discrimination in a multitude of ways." It is not to achieve broader social purposes. And, yet, after the soothing language, the result approved is the assignment of public school pupils on a racial basis.

In referring to the "tools employed by school planners and by courts to break up the dual school system," the Court took note of "attendance assignments made deliberately to accomplish the transfer of Negro students out of formerly segregated Negro schools and transfer of white students to formerly all-Negro schools." In other words, attendance assignments made deliberately on a racial basis. The court said:

> As an interim corrective measure, this cannot be said to be beyond the broad remedial powers of the court.

In other words, the Court was willing to condone pupil assignments on a racial basis—which is clearly unconstitutional—"as an interim corrective measure" within the "remedial powers of a court."

And the amazing part of it all is that there was not one Justice among the nine members of the high court who entered a dissenting opinion.

Does it not seem strange that, notwithstanding the deep and unbridgeable division among the American people—yea, even among distinguished lawyers and judges of lower courts—with regard to the question of forced integration, mass crosscity busing, closing of schools, and imposed racial ratios, the Nation's highest tribunal, composed of nine men, would find itself without a single dissenter on such a debatable question. Think of it. Complete unanimity in its support of school assignment based on race, when not one word of the 14th amendment's equal protection clause has been changed during the 17 years that have passed since the Court in 1954 ruled that school assignment based on race was violative of the equal protection clause of the 14th amendment to the Federal Constitution. A complete 180 degree change in the position of the Court. And complete unanimity. Can the answer be so clear to nine judges and so unclear to 200 million people?

Voices must be raised throughout this country which will move the Nation's highest tribunal to the realization that the position it took in the Swann case—of giving approval to pupil assignments on a racial basis and to racial quotas as "a useful starting point" in shaping a remedy—is going to impair public support of the public school system and will continue to produce chaos in the public schools.

Let us now, finally, look briefly at the Swann case and also at what Chief Justice Burger said on Tuesday of last week about that case.

In Swann against Board of Education the Court, speaking through the Chief Justice, stated that—

> Absent a constitutional violation there would be no basis for judicially ordering assignment of students on a racial basis.

While Chief Justice Burger has no greater admirer than I—because I believe that the Court under his leadership is returning to a course of judicial moderation, restraint, and respect for legal precedent—I have to say that I feel that this was specious reasoning. The Court seemed to be saying that, given a constitutional violation, there is an adequate basis for ordering assignment of students on a racial basis. And what is the constitutional violation?

Prior to the year 1954, the assignment of students on a racial basis did not constitute a constitutional violation. But the 1954 decision in Brown against Board of Education made it unconstitutional to assign students to public schools on the basis of race. Now the Court, in April 1971, maintains that if there is a constitutional violation—growing out of the previous State-enforced system of assignment of students on the basis of race—the courts may judicially order assignment of students on a racial basis. In other words, two wrongs will make a right.

I maintain that, if the 1954 Court decision, making it a constitutional violation to assign students on the basis of race, was a correct one—and I believe it was—no pupil assignment on the basis of race can be constitutional, whether ordered by a court or otherwise. In other words, if it is a constitutional violation for school authorities to assign students on the basis of race, it is a constitutional violation for the courts to assign students on the basis of race. A court has no power to suspend the operation of the Constitution, even for a moment; hence, how can the Nation's highest court, speaking through the Chief Justice, maintain that there can be any basis whatsoever for violating the Constitution—to wit, by ordering the assignment of students on a racial basis? Yet, the Court, in effect, has proceeded to suspend the Constitution by taking the position that, given a constitutional violation on the part of school authorities; namely, utilizing various means calculated to maintain a dual school system, the courts may resort similarly to a violation of the Constitution—assigning students on the basis of race—in order to correct that constitutional violation by State or school authorities. I submit that, in the light of the 1954 decision in Brown against Board of Education, there can be no basis whatsoever for the assignment of students to public schools solely on the basis of race, and I further submit that such assignment, even when made by order or approval of a court, is not, by virtue of such court sanction, clothed with constitutional respectability.

The judiciary was created by the Constitution, and it derives its powers through and from the Constitution. The judiciary can interpret the Constitution, but it cannot interpret that document in such a way as to put itself above and beyond the reach of the Constitution. The Court cannot say on the one hand that school assignment on the basis of race is unconstitutional, while on the other hand the Court proceeds to order or approve pupil assignment on a racial basis by judicial decree.

"I deny that any judicial tribunal may

have regard to the race of citizens when the civil rights of those citizens are involved." So wrote Mr. Justice Harlan, the lone dissenter, in his dissenting opinion in the case of Plessy against Ferguson, in the year 1896. What else but a civil right, the right of children to attend their neighborhood school. What else but a civil right, the right of taxpaying parents to select the neighborhood school as the school to be attended by their children. Would that there had been just one dissenting Justice on the Supreme Court of the United States in the Swann case who had said, as did Mr. Justice Harlan 75 years ago:

> It is therefore to be regretted that this high tribunal, the final expository of the fundamental law of the land, has reached the conclusion that it is competent for a state (or for any court) to regulate the enjoyment by citizens of their civil rights solely upon the basis of race.

Because that is precisely how the enjoyment by citizens of their civil rights regarding school assignments are being regulated—solely upon the basis of race.

Let me say in conclusion that I believe the Chief Justice, and possibly other members of the Supreme Court, are now aware of the damage which has been done to many school systems as a result of the Swann ruling.

Only Tuesday of last week, the Chief Justice stated that judges in lower Federal courts were misreading the High Court's opinions if they were ordering busing of pupils in the belief that the Supreme Court has "required" racial balance in every school. Chief Justice Burger said that this "is disturbing."

He took the unusual step of writing a 10-page opinion in the Winston-Salem busing case in which he sought to clarify the High Court's position—and in which he revealed his own misgivings over the extent to which some Federal judges and some school districts have gone in ordering busing to bring about racial quotas.

The Chief Justice refused a stay in the Winston-Salem busing plans, but he cautioned that—

> If the Court of Appeals or the District Court read this court's opinions as requiring a fixed racial balance or quota, they would appear to have overlooked specific language of the opinion in the *Swann* (v. Charlotte-Mecklenburg) case to the contrary.

Chief Justice Burger recognized the "confusion" which presently permeates throughout much of the Federal court system in regard to the problem of forced integration in the public schools. It all adds up to a pretty sorry mess, much of which has been created by the Federal courts themselves.

Last week's opinion by Chief Justice Burger—although not binding—I trust, is a straw in the wind which may give us some hope that reason may one day prevail over the utter confusion which today reigns completely in the matter of school desegregation, and that, at some future date—hopefully not too far away—children, both black and white, will no longer be treated as guinea pigs in a social experiment that amounts to pure folly and that the needless hauling of them, like cattle, for countless miles and at a wasteful price will cease to be an obsessional fetish.

QUORUM CALL

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum. This will be the final quorum call of the day.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

PROGRAM

Mr. BYRD of West Virginia. Mr. President, the program for tomorrow is as follows:

The Senate will convene at 10 o'clock a.m. Immediately following the recognition of the two leaders, or their designees, there will be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 3 minutes.

At the close of routine morning business, the Senate will resume its consideration of the unfinished business, and the pending question will be the motion by the distinguished Senator from Ohio (Mr. TAFT), to recommit the bill with certain instructions. There is a time limit on that motion to recommit, the time remaining to be 45 minutes, to be divided as follows: 25 minutes to the distinguished Senator from Ohio (Mr. TAFT) and 20 minutes to the distinguished manager of the bill (Mr. NELSON).

The yeas and nays have been ordered on the motion to recommit. Immediately upon the disposition of the motion to recommit, the distinguished junior Senator from Kentucky (Mr. COOK) will be recognized for the purpose of calling up an amendment. Under the agreement, there is a time limit of 30 minutes on that amendment, the time to be equally divided between the mover of the amendment and the manager of the bill.

Upon disposition of the amendment by the able Senator from Kentucky (Mr. COOK), assuming that a rollcall vote will occur thereon, the Senate will immediately assemble for the purpose of marching as a body to the House of Representatives to be addressed there in a joint session by the President of the United States.

Immediately following the joint session, there will be a joint meeting in the House of Representatives for the purpose of hearing the astronauts from the most recent Apollo mission.

Upon the conclusion of the joint meeting of the two Houses, Senators will return to the Senate Chamber and the Senate will resume consideration of the unfinished business, S. 2007, with the rollcall votes likely to occur thereon.

It is anticipated that the Senate will conclude action on the unfinished business, S. 2007, tomorrow. At the conclusion of action on S. 2007, the Senate will proceed to the consideration of the Military Procurement Act and will continue consideration of that bill on Friday.

ADJOURNMENT TO 10 A.M.

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 8 minutes p.m.) the Senate adjourned until tomorrow, Thursday, September 9, 1971, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate September 8, 1971:

U.S. CIRCUIT COURTS

John A. Field, Jr., of West Virginia, to be a U.S. circuit judge, fourth circuit, vice Herman S. Boreman, retired.

U.S. DISTRICT COURTS

Sherman G. Finesilver, of Colorado, vice William E. Doyle, elevated.

OFFICE OF ECONOMIC OPPORTUNITY

Phillip V. Sanchez, of California, to be Director of the Office of Economic Opportunity, vice Frank Charles Carlucci III, resigned.

INTERNATIONAL ATOMIC ENERGY AGENCY CONFERENCE REPRESENTATIVES

Glenn T. Seaborg, of California, to be the representative of the United States of America to the 15th session of the general Conference of the International Atomic Energy Agency.

The following-named persons to be alternate representatives of the United States of America to the 15th session of the General Conference of the International Atomic Energy Agency:

William O. Doub, of Maryland.
T. Keith Glennan, of Virginia.
Dwight J. Porter, of Nebraska.
James T. Ramey, of Illinois.
James R. Schlesinger, of Virginia.

DIPLOMATIC AND FOREIGN SERVICE

The following-named Foreign Service officers for promotion from class 1 to the class of career minister:

L. Dean Brown, of the District of Columbia.
Nathaniel Davis, of New Jersey.
Hermann F. Eilts, of Pennsylvania.
Joseph A. Greenwald, of Illinois.
Philip C. Habib, of California.
Joseph J. Jova, of Florida.
Sheldon B. Vance, of Minnesota.

The following-named Foreign Service information officers for promotion from class 1 to the class of career minister for information:

Burnett F. Anderson, of New Jersey.
Miss Barbara M. White, of Illinois.

DEPARTMENT OF DEFENSE

Kenneth E. BeLieu, of Virginia, to be Under Secretary of the Army.

U.S. ARMY

The following-named officer, under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. Harris Whitton Hollis, XXXX XXX-... Army of the United States (brigadier general, U.S. Army).