

## HOUSE OF REPRESENTATIVES—Friday, November 19, 1971

The House met at 12 o'clock noon.  
The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

*Enter into his gates with thanksgiving and into His courts with praise: Be thankful unto Him and bless His name, for the Lord is good.—Psalms 100: 4.*

Almighty and eternal God, beneath whose guiding hand our fathers crossed the sea and by whose providence they established here the beginnings of a free nation, we pause to offer unto Thee the gratitude of our hearts.

We thank Thee for the courage of the pilgrims for their devotion to freedom and to the coming of a new order of life in a new land. Now we pray that we who have entered into the heritage of their heroism may profit by their example and lift high the flag of freedom, hold steady the cause of justice, and persist in promoting the spirit of good will.

Let not the fun and festivities of this season blot out our remembrance of Thy goodness to our Nation and to us. With humble and hearty hearts we thank Thee and pray Thou wilt accept the gratitude of our sincere spirits.

In the spirit of Christ we pray. Amen.

## THE JOURNAL

**THE SPEAKER.** The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On October 11, 1971:

**H.R. 4713.** An act to amend section 136 of the Legislative Reorganization Act of 1946 to correct an omission in existing law with respect to the entitlement of the committees of the House of Representatives to the use of certain currencies, and for other purposes.

On October 14, 1971:

**H.R. 8866.** An act to amend and extend the provisions of the Sugar Act of 1948, as amended, and for other purposes.

On October 15, 1971:

**H.R. 9634.** An act to change the name of the "Nebraska National Forest" Niobrara division, to the "Samuel R. McElvane National Forest".

**H.J. Res. 915.** Joint resolution making a supplemental appropriation for the Department of Labor for the fiscal year 1972, and for other purposes; and

**H.J. Res. 916.** Joint resolution making further continuing appropriations for the fiscal year 1972, and for other purposes.

On October 23, 1971:

**H.R. 6915.** An act to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

On October 27, 1971:

**H.R. 9844.** An act to authorize certain construction at military installations, and for other purposes.

On November 5, 1971:

**H.R. 4590.** An act to amend the Tariff Schedules of the United States with respect to the dutiable status of certain articles;

**H.R. 10458.** An act to broaden and expand the powers of the Secretary of Agriculture to cooperate with Mexico, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, British Honduras, Panama, Colombia, and Canada to prevent or retard communicable diseases of animals, where the Secretary deems such action necessary to protect the livestock, poultry, and related industries of the United States; and

**H.J. Res. 923.** Joint resolution to assure that every needy schoolchild will receive a free or reduced price lunch as required by section 9 of the National School Lunch Act.

On November 17, 1971:

**H.R. 8687.** An act 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 authorize real estate acquisition and construction at certain installations in connection with the Safeguard anti-ballistic missile system, and to prescribe the authorized personnel strength of the Selected Reserve of each Reserve component of the Armed Forces, and for other purposes.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

**H.R. 1836.** An act for the relief of Ruth V. Hawley, Marvin E. Krell, Alaine E. Benic, and Gerald L. Thayer;

**H.R. 1867.** An act for the relief of Bernadette Han Brundage;

**H.R. 1899.** An act for the relief of Mrs. Maria G. Orsini (nee Marl);

**H.R. 1931.** An act for the relief of Jesus Manuel Cabral;

**H.R. 1962.** An act for the relief of Dah Mi Kim;

**H.R. 1970.** An act for the relief of Mrs. Andree Simone Van Moppes and her son, Alain Van Moppes;

**H.R. 2087.** An act for the relief of Park Ok Soo and Noh Mi Ok;

**H.R. 2107.** An act for the relief of Jose Bettencourt de Simas;

**H.R. 2108.** An act for the relief of Nemesio Gomez-Sanchez;

**H.R. 2408.** An act for the relief of Louis A. Gerbert;

**H.R. 2706.** An act for the relief of Miguelito Ybut Benedicto;

**H.R. 2803.** An act for the relief of In Kyong Yi;

**H.R. 2814.** An act for the relief of Rea Republica Ramos;

**H.R. 3041.** An act for the relief of Mary James Kates, owner of the Gladewater Daily Mirror;

**H.R. 3082.** An act for the relief of Ronnie B. (Malit) Morris and Henry B. (Malit) Morris;

**H.R. 3383.** An act for the relief of Mrs. Mauricia A. Buensalido and her minor children, Raymond A. Buensalido and Jacqueline A. Buensalido;

**H.R. 3425.** An act for the relief of Helen Tziminadis;

**H.R. 3475.** An act for the relief of Paul Anthony Kelly;

**H.R. 5422.** An act for the relief of the American Journal of Nursing; and

**H.R. 7085.** An act for the relief of Eugene M. Sims, Sr.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H.J. Res. 946) entitled "Joint resolution making further continuing appropriations for the fiscal year 1972, and for other purposes."

The message also announced that the Secretary had been directed to return to the House of Representatives the bill (H.R. 10729) entitled "An act to amend the Federal Insecticide, Fungicide, and Rodenticide Act, and for other purposes," in compliance with a request of the House for the return thereof contained in House Resolution 709.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2819) entitled "An act to provide foreign military and related assistance authorizations for fiscal year 1972, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FULBRIGHT, Mr. MANSFIELD, Mr. CHURCH, Mr. SYMINGTON, Mr. AIKEN, Mr. COOPER, and Mr. CASE to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2820) entitled "An act to provide foreign economic and humanitarian assistance authorizations for fiscal year 1972, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FULBRIGHT, Mr. MANSFIELD, Mr. CHURCH, Mr. SYMINGTON, Mr. AIKEN, Mr. COOPER, and Mr. CASE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

**S.J. Res. 153.** Joint resolution to designate the week which begins on the first Sunday in March, 1972, as "National Beta Club Week."

## FEDERAL REVENUE SHARING WITH THE STATES

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

Mr. BURKE of Massachusetts. Mr. Speaker, in this morning's Washington Post, on page 2, there is a headline, "Agnew Attacks Mills' Delay on Tax Sharing" and the story goes on to say:

Vice President Agnew sharply attacked House Ways and Means Committee Chairman Wilbur D. Mills (D-Ark.), today for holding up action on the Nixon administra-

tion's program of federal revenue-sharing with the states.

Agnew drew strong applause from the Republican Governors' Conference here for his attack, but some governors, including Francis W. Sargent of Massachusetts, expressed displeasure with extemporaneous throw-away lines.

Mr. Speaker, there is no doubt that this attack by the Vice President was politically inspired. It apparently was made by the Vice President because of his lack of communication with the White House, because a few months ago President Richard Nixon requested the House Ways and Means Committee to delay action on the revenue sharing proposal. In fact, he asked that the welfare bill, which was so strongly endorsed by Richard Nixon in August, saying it was the greatest piece of legislation in 35 years, also be held up. This attempt on the part of the Vice President to blame someone for legislation being held up in Congress is typical of the campaign rhetoric we can expect during the next 11½ months. To conclude may I quote from "The Disowned"—1828, chapter 33:

The easiest person to deceive is one's own self.

#### A PERIOD FOR SILENT PRAYER IN PUBLIC SCHOOL

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

Mr. WYMAN. Mr. Speaker, I am today introducing, with some 30 cosponsors from both sides of the aisle, a constitutional amendment to allow the scheduling in public schools of a period for silent prayer or meditation. Under my proposal there can be no chance of a State-prescribed prayer offensive to many Members who voted against the Wylie amendment 2 weeks ago.

This brief amendment makes it clear that while schools may schedule a period for silent prayer or meditation, any student has the right to decline to participate if he or she chooses. Nor would this proposal embarrass or coerce an individual student by requiring him to stand mute while others in his class engage in prayer.

If adopted, this amendment will answer the overwhelming public demand for modification of the 1963 Supreme Court decision forbidding State-prescribed prayer in public schools. It will help to remove the unfortunate impression that the representatives of the people of America are opposed to prayer by young people in our schools.

I sincerely hope that as the provisions of this simple proposal are more clearly understood it will receive widespread support in the Congress and soon be adopted as the 26th amendment to our Constitution.

My amendment provides simply:

##### "ARTICLE —

"Nothing in this Constitution shall deny the right of persons lawfully in attendance in any public school to participate or decline to participate in a period of silent prayer or meditation."

#### PROVIDING FOR ADJOURNMENT OF THE HOUSE FROM FRIDAY, NOVEMBER 19, UNTIL MONDAY, NOVEMBER 29

Mr. BOGGS. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 466) and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

##### H. CON. RES. 466

*Resolved by the House of Representatives (the Senate concurring),* That when the House adjourns on Friday, November 19, 1971, it stand adjourned to meet at 12 o'clock meridian, Monday, November 29, 1971.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

#### AUTHORIZING CLERK TO RECEIVE MESSAGES AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS NOTWITHSTANDING ADJOURNMENT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Monday, November 29, 1971, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

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

There was no objection.

#### DISPENSING WITH BUSINESS IN ORDER ON CALENDAR WEDNESDAY, ON DECEMBER 1, 1971

Mr. BOGGS. I ask unanimous consent that the business in order under the Calendar Wednesday rule on Wednesday, December 1, 1971, may be dispensed with.

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

There was no objection.

#### GENERAL LEAVE FOR MEMBERS TO REVISE AND EXTEND THEIR REMARKS

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until November 29, 1971, all Members of the House shall have the privilege to extend and revise their own remarks in the CONGRESSIONAL RECORD on more than one subject, if they so desire, and also to include therein such short quotations as may be necessary to explain or complete such extension of remarks, but this order shall not apply to any subject matter which may have occurred or to any speech delivered subsequent to the adjournment of the House.

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

There was no objection.

#### AUTHORIZING THE SPEAKER TO DECLARE RECESS AT ANY TIME TODAY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that it may be in order at any time today for the Speaker to declare a recess subject to the call of the Chair.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, would the gentleman please explain the reason for this request?

Mr. BOGGS. Well, we have one bill on the calendar for today, and it may be that we will complete that bill rather soon, and it may be we will have some messages we will have to receive from the other body. I say it may be. It may not be. There are certain concurrent resolutions that must be passed by the other body, and we have to wait on them.

Mr. GROSS. Could the gentleman give us any idea how long this recess might be? Will that carry us into the night?

Mr. BOGGS. No. My expectation would be that it would not be long, and it may not be at all.

Mr. GROSS. That would be my hope. If we are going into recess for the transaction of business that could run until late, I would certainly make sure that there was a quorum here to transact such business. I only say this because—

Mr. BOGGS. I am entirely sympathetic with the gentleman's point of view. I am as anxious to let the Members conclude today's business as quickly as possible as the gentleman is, but we are all confronted, I think, with certain inescapable facts.

Mr. GROSS. I say that because I think the good things of life ought to be spread to the greatest number.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

#### LEGISLATIVE PROGRAM FOR WEEK OF NOVEMBER 29

(Mr. ARENDS asked and was given permission to address the House for 1 minute.)

Mr. ARENDS. Mr. Speaker, I take this time in order to ask the majority leader if he will inform us of the legislative program.

Mr. BOGGS. Will the gentleman yield?

Mr. ARENDS. I yield to the gentleman.

Mr. BOGGS. In reply to the gentleman, let me say that we will conclude the legislative program for this week with the conclusion of the pending bill. We will be in recess all of next week.

When we return on Monday a week, we will continue the consideration of the Federal election reform bill. We will be in the amendment stage on that bill when we return, and a final vote is anticipated either on Monday or on Tuesday.

That will be followed by H.R. 11589, the foreign sale of passenger vessels, which has previously been on the whip notice. That has an open rule with 1 hour of debate.

Then we will have the D.C. appropriation bill.

I should like to announce in connection therewith that of the foreign aid appropriation and the supplemental appropriation, which are the last two regular appropriations to be considered, are ready for action, we will call them up sometime during that week.

H.R. 1163, strategic storable agricultural commodities amendment, subject to a rule being granted.

Conference reports may, of course, be brought up at any time and any further program will be announced later.

Mr. AREND'S. May I just say to the gentleman that according to this announcement, so the Members may know, the election reform bill will be the first order of business when we return on November 29.

Mr. BOGGS. That is correct.

**RAILROAD - HIGHWAY SAFETY — MESSAGE FROM THE PRESIDENT OF THE UNITED STATES**

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

*To the Congress of the United States:*

I am pleased to submit to the Congress part I of a two-part study of railroad-highway safety in accordance with the requirements of the Federal Railroad Safety Act of 1970 (P.L. 91-458).

Railroad-highway grade crossing safety is not a simple issue. It has many complexities which arise from such factors as the division of authorities and responsibilities for grade crossing safety among many governmental levels and jurisdictions, the important role of the private railroad companies who own and maintain the rights-of-way, the division of financial responsibilities between government and the private industry, and the cost and reliability of protective devices and grade separations.

The Report was prepared by the Department of Transportation as a comprehensive background survey of the problems involved. It contains a useful history of the grade crossing issue, a review of current problems and a discussion of the grade crossing problem within the context of highway safety.

Any recommendations for specific action will be presented in Part II of this Report to be submitted by next July 1972, under the provisions of the Highway Safety Act of 1970 (P.L. 91-605).

I commend this Report to you as important groundwork for a better understanding of the issues in this field, and I request that any definite legislative action on this subject be deferred until Part II of the Report has been transmitted to the Congress.

RICHARD NIXON.

THE WHITE HOUSE, November 19, 1971.

**EQUAL EMPLOYMENT**

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

Mr. DENT. Mr. Speaker, I read with interest the colloquy in yesterday's RECORD between my colleagues on the Education and Labor Committee, the gentleman from Illinois (Mr. ERLENBORN) and the gentlewoman from Oregon (Mrs. GREEN) concerning the effect of the Equal Employment Opportunities Act as passed by the House. I must say that all the discussion about the Legislative Reorganization Act and whether or not extensions of remarks should be placed in different type, certainly clouds the issue. The heart of the matter is whether the Erlenborn substitute, which was narrowly substituted for the committee bill, supersedes the Equal Pay Act.

In my opinion it does and in rereading the materials which Congressman ERLENBORN released at the time he introduced his bill I get the distinct impression that at that time he may have so concluded as well. In the "Explanation and Analysis of H.R. 9247," which the gentleman from Illinois inserted in the RECORD, he states that the effect of his "exclusive remedy" section was: "to supersede employment discrimination proceedings now being filed under the Civil Rights Act of 1866 and the National Labor Relations Act, amongst others." If the "amongst others" did not include the Equal Pay Act, I would like to know what others it did include. Mrs. GREEN's repeated contentions then, are absolutely precise.

Let me add in conclusion that our opinion of the effect of the Erlenborn substitute is supported by many others outside this Chamber. A casual reading of the hearings held recently by the Senate Labor Subcommittee on their version of the act provides several examples. In particular I call attention to the statements by Olga Mador, vice president of the United Automobile Workers, Mrs. Sherman Ross, chairman of the Legislative Program Committee of the American Association of University Women, and Doris Meisner of the National Women's Political Caucus.

**PROVIDING FOR CONSIDERATION OF S. 18, ASSISTANCE TO RADIO FREE EUROPE AND TO RADIO LIBERTY**

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 699 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 699

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 18) to amend the United States Information and Educational Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign

Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Foreign Affairs now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against said substitute for failure to comply with the provisions of clause 7, rule XVI are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to find passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. SMITH) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 699 provides an open rule with 1 hour of general debate for consideration of S. 18 providing assistance to Radio Free Europe and to Radio Liberty. It shall be in order to consider the committee substitute as an original bill for the purpose of amendment and all points of order are waived against the substitute for failure to comply with the provisions of clause 7 of rule XVI—the committee substitute is nongermane.

The purpose of S. 18 is to provide a means for conducting a one-time study and evaluation of Radio Free Europe and Radio Liberty and to provide for financing while the study is in progress.

Until this year Radio Free Europe and Radio Liberty were financed by the CIA. This legislation would establish a tripartite commission, composed of representatives of the legislative and executive branches of the Government and of the public. The commission would expire on July 1, 1973.

The commission will "review and evaluate international radio broadcasting and related activities of Radio Free Europe and Radio Liberty" and report to the President by November 30, 1972.

Thirty-six million dollars are authorized to the chairman of the commission for fiscal year 1972 and \$38.520 million are authorized for Radio Free Europe and Radio Liberty for fiscal year 1973 to continue operations pending completion of the study by the commission and action by the Congress.

The Committee on Foreign Affairs reported the bill by a vote of 23 to 1.

Mr. Speaker, I urge the adoption of the rule in order that the legislation may be considered.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the remarks made by the distinguished gentleman from Texas (Mr. YOUNG) in explanation of the rule. The reason that all points of orders are waived is included in the rule is because the Senate bill did not

have this Commission in it for the study, so this is new material, and we had to waive points of order so that it could be considered.

Mr. Speaker, the purpose of the bill is to authorize funding for both Radio Free Europe and Radio Liberty during fiscal 1972 and 1973, and to create a commission to undertake a study and make recommendations concerning the future operations of the two broadcasting organizations.

The bill authorizes \$36 million for fiscal 1972 and \$38,520,000 for 1973 to finance the operations of both radio systems.

The report and recommendations which are to be the results of the study required by the bill are to be submitted to the President and the Congress by November 30, 1972. The Commission will cease to exist on July 1, 1973. It is to be composed of nine members as follows:

First, two Members of the House, appointed by the Speaker.

Second, two Members of the Senate, appointed by the President of the Senate.

Third, two members of the executive branch, appointed by the President.

Fourth, three members from the public, knowledgeable in mass communications, appointed by the President, one of whom shall be designated as Chairman by the President.

Radio Free Europe broadcasts to Bulgaria, Czechoslovakia, Hungary, Poland, and Rumania. Radio Liberty broadcasts to Russia. Program content consists of news, music, sports, political commentary, and other features. These programs have a very wide audience, estimated at 50 percent of the population over 14 years of age.

Prior to last year the CIA was the primary source of funds for these operations. Congress has halted this practice and funding is now carried out through the Office of the Secretary of State. However, some permanent system should be developed, if it is found advisable to continue the operations. The responsibility of the Commission is to determine whether these radio systems should be continued, and if so, how they should be administered and funded.

There are no agency letters contained in the report.

There are no minority views.

Mr. Speaker, I urge adoption of the rule.

Mr. YOUNG of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. YATES).

(By unanimous consent, Mr. YATES was allowed to speak out of order.)

FAA IS DERELICT IN ITS SAFETY INSPECTION PROCEDURES

Mr. YATES. Mr. Speaker, on October 21 of this year, an aircraft operated by Chicago & Southern Airlines crashed in Peoria, Ill., taking the lives of 16 persons. The airline was operating a commuter service between Chicago and Springfield, Ill. It was a service often used by members of the State legislature and others having official business in the State capital.

There were questions from the very beginning about the propriety of awarding this route to Chicago & Southern

Airlines. Their record was not good. In fact, the city of Springfield, the Springfield Airport Authority, and the Springfield Association of Commerce and Industry all fought the decision to award the route to Chicago & Southern. An injunction was sought by a competitor against the Chicago & Southern operation, but it was denied in Cook County circuit court.

Despite the misgivings of those who questioned the airworthiness of the aircraft operated by Chicago & Southern Airlines, the Illinois Commerce Commission granted a certificate to the company, and the Federal Aviation Administration certified the company's aircraft as well as their pilots and crews. I want to address myself to the FAA's approval of the company's aircraft, pilots, and crews.

Mr. Speaker, I am very much concerned about the adequacy of FAA certification procedures. Only a month after it was awarded the commuter route, Chicago & Southern Airlines was involved in a series of minor accidents. A major tragedy occurred when a Chicago & Southern chartered plane was involved in a fatal crash in a Cleveland suburb, an accident which also took place after the certificate was awarded.

These FAA-certified aircraft have a record of engine failures, collapsing landing gear, and a propensity for making one-engine approaches to the Springfield airport. Examples of these are enumerated in a complaint filed with the FAA July 20 by the Board of Springfield Capitol Airport.

Why did the FAA certify aircraft with a record such as this? Did the FAA really make a thorough examination of the aircraft operated by Chicago & Southern Airlines and their pilots and crews? The answer, Mr. Speaker, is "No." A review of FAA safety inspection procedures reveals that they were token only, that the FAA, in fact, delegated its safety inspection authority—rather, its responsibility—to the person least likely to perform this function responsibly, the company itself. Oh, it may have made occasional spot checks, but the fact is clear that under FAA's procedures, it authorized inspection of Chicago & Southern Airlines by Chicago & Southern Airlines itself.

Frank Hanson, the pilot who perished in that fatal C. & S. crash of October 1971, was president of the company and a FAA-designated chief check pilot. He was in charge of examining other C. & S. pilots and crews and determining their competency. The company's records disclose that he checked the pilots and approved their competency.

Yet, according to the Chicago Daily News, Frank Hanson himself had been involved in two prior aircraft fatalities, one in Michigan in 1967 and another near O'Hare Airport 3 years earlier. Mr. Hanson had previously been fined for four violations of FAA safety regulations.

On what basis did the FAA find it proper to entrust a pilot with a record such as this with the responsibility for determining the competency of other C. & S. pilots and crews? Compounding this dereliction in safety procedures, the

records of the Federal Aviation Administration indicate that Frank Hanson was tested and found competent by his precursor as an FAA-designated check pilot, Mr. James Saterfield. It turns out that Mr. Saterfield was also a Chicago & Southern employee.

The system under which the Federal Aviation Administration delegates its authority in this manner is called the approved inspection program. It is so widespread and patently so inadequate that we must be concerned with the possibility that other crashes will occur at any time under its loose controls.

In the hearings before the Subcommittee on Transportation of the Committee on Appropriations, Mr. George Moore, associate administrator for operations of the FAA, estimated that at least 70 percent of their work in the certification was delegated. This figure was later reestimated by Mr. Moore to "go high as 90 percent."

This system of "delegated authority" is clearly inadequate in assuring public safety. Both in the inspection of airline manufacturing and operation, the FAA had abdicated its responsibility. We do not allow the National Association of Manufacturers to determine violations of the Fair Trade Practices Act, the drug manufacturers to approve the safety of their products. Why should airline companies be in almost total control over questions of safety of their operations? Truly, the FAA has hired the rabbit to guard the lettuce patch, the fox to guard the chicken coop.

Our regulatory agencies are supposed to exist for a reason. The FAA is supposed to assure the safety of commercial airlines operations. Under its current practices, it sloughs off its responsibility, it compromises public trust.

In commercial aviation, consumer protection is the protection of a passenger's life and limb. Those who rely on commercial aviation—the passengers especially, the business community, the general public, and the government—have the right to expect that when they board such planes, the Federal Government attests to the fact that maximum safety reviews of pilot and aircraft have been analyzed.

It is up to the FAA to provide this assurance—to tell the public they have done everything possible to insure the safety of the aircraft in which they ride. That is not being done today. And it is up to the Congress to require the FAA to carry out responsibly the safety task assigned to it.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify ab-

sent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 290, nays 3, not voting 137, as follows:

[Roll No. 409]

YEAS—290

Adams	Gonzalez	Murphy, N.Y.
Anderson, Calif.	Goodling	Myers
Andrews, Ala.	Green, Oreg.	Natcher
Andrews, N. Dak.	Green, Pa.	Nedzi
Annunzio	Griffin	Nix
Archer	Gubser	Obey
Arends	Gude	O'Hara
Ashley	Haley	O'Konski
Aspin	Hamilton	O'Neill
Aspinall	Hammer-schmidt	Patten
Begich	Hanley	Perkins
Belcher	Hanna	Pickle
Bennett	Hansen, Idaho	Pirnie
Bergland	Hansen, Wash.	Poage
Betts	Harsha	Poff
Bevill	Harvey	Powell
Biaggi	Hastings	Preyer, N.C.
Biester	Hawkins	Price, Ill.
Bingham	Hicks, Mass.	Price, Tex.
Blanton	Hicks, Wash.	Pucinski
Boggs	Hechler, W. Va.	Reed, N.Y.
Boiling	Heinz	Qui
Bow	Helstoski	Quillen
Brademas	Henderson	Railsback
Bray	Hicks, Mass.	Randall
Brinkley	Hicks, Wash.	Rangel
Broomfield	Hogan	Rarick
Brotzman	Hollifield	Rees
Brown, Mich.	Hosmer	Reid, N.Y.
Brown, Ohio	Howard	Reuss
Broyhill, Va.	Hull	Rhodes
Buchanan	Hungate	Rieggle
Burke, Fla.	Hunt	Robinson, Va.
Burke, Mass.	Hutchinson	Rodino
Burleson, Tex.	Ichord	Roe
Burlison, Mo.	Jacobs	Rogers
Byrnes, Wis.	Jarman	Roncalio
Byron	Johnson, Calif.	Rooney, N.Y.
Cabell	Johnson, Pa.	Rooney, Pa.
Caffery	Jones, Ala.	Rosenthal
Carney	Jones, N.C.	Roush
Carter	Jones, Tenn.	Roy
Casey, Tex.	Karth	Royal
Chamberlain	Kastenmeier	Ruppe
Clawson, Del	Kazan	Ryan
Collins, Ill.	Keating	Sarbanes
Collins, Tex.	Kee	Satterfield
Coimer	Keith	Saylor
Conable	Kyl	Scherle
Conte	Kyros	Scheuer
Coughlin	Landgrebe	Schneebeli
Daniel, Va.	Landrum	Schwengel
Daniels, N.J.	Lennon	Scott
Daniels	Lent	Seiberling
Davis, Wis.	Lloyd	Shipley
Dellenback	Long, La.	Shriver
Denholm	Long, Md.	Sisk
Dennis	Lujan	Skubitz
Dent	McClory	Smith, Calif.
Derwinski	McCormack	Smith, Iowa
Dickinson	McDonald	Smith, N.Y.
Donohue	Mich.	Spence
Dow	McEwen	Springer
Downing	McKinney	Stanton
Drinan	McMillan	James V.
Dulski	Madden	Steed
Duncan	Mahon	Steiger, Wis.
du Pont	Maillard	Stephens
Dwyer	Martin	Stratton
Edwards, Calif.	Matsunaga	Stubblefield
Elberg	Mayne	Stuckey
Erlenborn	Mazzoli	Sullivan
Evans, Colo.	Meeds	Symington
Fascell	Melcher	Talcott
Findley	Metcalfe	Taylor
Flowers	Michel	Teague, Tex.
Foley	Mikva	Terry
Ford,	Miller, Calif.	Thompson, Ga.
William D.	Miller, Ohio	Thompson, N.J.
Forsythe	Mills, Md.	Thome
Fountain	Minish	Tiernan
Fraser	Mink	Udall
Frelinghuysen	Minshall	Van Deerlin
Frenzel	Monagan	Vander Jagt
Frey	Montgomery	Vanik
Galifianakis	Moorhead	Vigorito
Garmatz	Morgan	Waggoner
Gaydos	Morse	Wampler
Gettys	Mosher	Whalen
Giaimo	Moss	White
Gibbons	Murphy, Ill.	Whitehurst

Wiggins	Wylie	Young, Tex.
Williams	Wyman	Zablocki
Wolff	Yates	Zion
Wyatt	Yatron	Zwach
Wydler	Young, Fla.	

NAYS—3

Gross	Hall	Schmitz
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NOT VOTING—137

Abbott	Dorn	Mathis, Ga.
Abernethy	Dowdy	Mills, Ark.
Abourezk	Eckhardt	Mitchell
Abzug	Edmondson	Mizell
Addabbo	Edwards, Ala.	Mollohan
Alexander	Edwards, La.	Nelsen
Anderson, Ill.	Esch	Nichols
Anderson,	Eshleman	Passman
Tenn.	Evins, Tenn.	Patman
Ashbrook	Fish	Pelly
	Badillo	Pepper
	Baker	Flood
	Baring	Peyser
	Barrett	Ford, Gerald R.
	Bell	Fulton, Tenn.
	Blackburn	Fuqua
	Blatnik	Purcell
	Boland	Robison, N.Y.
	Brasco	Rostenkowski
	Brooks	Gray
	Bryohill, N.C.	Griffiths
	Camp	Grover
	Carey, N.Y.	Hagan
	Cederberg	Halpern
	Celler	Harrington
	Chappell	Hathaway
	Chisholm	Hebert
	Clancy	Hillis
	Clark	Horton
	Clausen,	Jonas
	Don H.	J. William
	Clay	King
	Cleveland	Steele
	Collier	Steiger, Ariz.
	Conyers	Koch
	Corman	Kuykendall
	Cotter	Latta
	Crane	Leggett
	Culver	Link
	Davies, Ga.	McCloskey
	Davis, S.C.	McClure
	de la Garza	McCullister
	Delaney	McDade
	Dellums	McFall
	Devine	Macdonald
	Diggs	Mass.
	Dingell	Mann
		Mathias, Calif.

Mr. Macdonald of Massachusetts with Mr. Clancy.

Mr. Mann with Mr. Broyhill of North Carolina.

Mr. Pryor of Arkansas with Mr. Pettis.

Mr. St Germain with Mr. Kemp.

Mr. Gray with Mr. Hillis.

Mr. Brooks with Mr. Ashbrook.

Mr. Anderson of Tennessee with Mr. McCloskey.

Mr. Abbott with Mr. Edwards of Alabama.

Mr. Ullman with Mr. Eshleman.

Mr. Passman with Mr. McCollister.

Mr. Edmondson with Mr. Cleveland.

Mr. Dowdy with Mr. Steiger of Arizona.

Mr. Evans of Tennessee with Mr. Mathias of California.

Mrs. Grasso with Mr. Crane.

Mr. Hagan with Mr. Veysey.

Mr. Wright with Mr. Grover.

Mr. Patman with Mr. Latta.

Mr. Chappell with Mr. Peyer.

Mr. Clark with Mr. Conyers.

Mr. Leggett with Mr. Diggs.

Mr. Waldie with Mr. Stokes.

Mr. Flynt with Mr. Rousset.

Mr. Gallagher with Mr. Mitchell.

Mr. Carey of New York with Mr. J. William Stanton.

Mr. Corman with Mr. Davis of Georgia.

Mr. Alexander with Mr. Ruth.

Mr. Baring with Mr. Sebelius.

Mr. Podell with Mr. Dellums.

Mr. Cotter with Mr. Shoup.

Mr. Abourezk with Mr. Badillo.

Mr. Culver with Mr. Steele.

Mr. Mills of Arkansas with Mr. Ware.

Mrs. Abzug with Mr. Clay.

Mrs. Chisholm with Mr. Koch.

Mr. de la Garza with Mr. Hathaway.

Mr. Eckhardt with Mr. Harrington.

Mr. Abernethy with Mr. Fisher.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## PERSONAL ANNOUNCEMENT

Mr. ABOUREZK. Mr. Speaker, I was not present when the vote was just taken on House Resolution 699, and I wish to announce that if I had been present I would have voted "yea."

## PROVIDING ASSISTANCE TO RADIO FREE EUROPE AND TO RADIO LIBERTY

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 18) to amend the U.S. Information and Educational Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. MORGAN).

The motion was agreed to.

## IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 18, with Mr. BRINKLEY in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania (Mr. MORGAN) will be recognized for 30 minutes,

and the gentleman from California (Mr. MAILLIARD) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. MORGAN).

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

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, S. 18 authorizes funds to finance the operation of Radio Free Europe and Radio Liberty for 2 years. It also provides for a commission to make a study of what these programs are trying to do and the best way to do what should be done in the future.

I am afraid that there is a good deal of misunderstanding about Radio Free Europe and Radio Liberty.

They exist primarily to serve the listening audience in the satellite countries of Eastern Europe and listeners in the Soviet Union with uncensored programs of local interest.

Both Radio Free Europe and Radio Liberty operate primarily from Munich. Radio Free Europe directs its programs to the Eastern European countries. Radio Liberty directs its programs to the Soviet Union. Both concentrate on news and comment on developments within the individual countries concerned.

They are staffed by people who have left these countries, who speak the language and who know the interests and reactions of the people in the various countries.

These operations are fundamentally different from the Voice of America. The Voice of America is concerned with U.S. foreign policy and with events and issues of worldwide interest.

Originally, these stations were concerned primarily with cold war issues. In recent years, they have focused on news and comments of interest to their listeners, much of which would be broadcast by their own stations if they were not subject to censorship.

Although Radio Free Europe and Radio Liberty have been in existence for more than 20 years, this is the first opportunity the House has had to pass judgment on them. The reason is that heretofore they have been funded by the Central Intelligence Agency. That source of funds has been ended. It is, therefore, necessary to authorize and to appropriate funds for their continued operation in the usual manner.

Both stations were incorporated in the United States in the years immediately following World War II when the cold war was getting underway. Radio Free Europe broadcasts to five Soviet bloc countries—Bulgaria, Czechoslovakia, Hungary, Poland, and Rumania. The broadcasts to each of these averages 15 hours a day in their native language. Radio Liberty broadcasts are directed to the people in the Soviet Union. Those broadcasts, which are around the clock, are made in Russian and 17 other major languages that are spoken in that country. Although the administrative headquarters of both organizations is in the United States, their base of operations is principally in Germany. The German Government licenses the stations as foreign non-profit corporations.

The objectives of Radio Free Europe and Radio Liberty are much the same.

Members are well aware that the Soviet Union and the Soviet bloc countries practice heavy, even oppressive, censorship within their borders. It is only through the broadcasts of these two organizations that it is possible for the citizens of those countries to know what is going on in their own countries. Each organization maintains a highly specialized staff that analyzes news and information that comes from behind the Iron Curtain, whether in writing or in broadcasts. The quality of the staff work is recognized by western scholars, journalists, and government officials. In addition to news and information, the broadcasts are interspersed with music and other cultural material, sports, and other features.

Clearly, the unique contributions of Radio Free Europe and Radio Liberty arise from the fact that they provide material that would be available to their listeners if their own governments did not engage in censorship.

The Congress is faced with the issue whether Radio Free Europe and Radio Liberty serve our national interests and, if so, what is the best way to fund them.

The Senate provided stopgap financing for 1 year while it awaited the results of two reports—one by the General Accounting Office and one by the Library of Congress—to make a final determination. The administration recommended the creation of the American Council for International Communications, which would be a Government-financed but operationally independent agency.

The committee considered both the interim and the permanent approach. After hearings and executive consideration, we decided that there were too many unknowns to warrant endorsing a permanent organization. We believed that large policy issues should be considered as well as plans for operation.

The committee, therefore, amended the Senate bill to provide for a far-ranging study by a body that would include Members of Congress as well as outside experts. Such a study would be carried out by a commission that would report by November 1972, and go out of business not later than June 1973. Pending the completion of that study, we also authorized funding for 2 fiscal years. In short, ours is also a stopgap measure that makes no final judgment on the future of Radio Free Europe and Radio Liberty at this time.

Mr. Chairman, I think we have chosen the only responsible course in this matter. I urge the House to pass this bill.

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

Mr. MORGAN. I yield to the gentleman.

Mr. STRATTON. I wonder if the distinguished chairman of the Committee on Foreign Affairs could explain what is the difference between these two radios included in this legislation and Radio Free Asia and why is that organization

which appears to be on a par with these two not included in the legislation?

Mr. MORGAN. There is, as you know, a broadcasting station on Taiwan that broadcasts to Siberia and the parts of Russia that are in Asia. They do not broadcast to China, but the transmitter is on Taiwan.

Mr. STRATTON. Is there not an organization which calls itself Radio Free Asia and does that have the same sponsors?

Mr. MORGAN. That does not have the same sponsorship. I do not believe it is financed with Government funds. It may receive private contributions.

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

Mr. MORGAN. I yield to the gentleman from Texas.

Mr. CABELL. I thank the gentleman in the well for yielding.

I would like to say that several years ago I had the pleasure of serving as State chairman for Radio Free Europe in my State, and to have spent 2 weeks in Germany going over it carefully and trying very diligently to pick it to pieces. I have never found a better instrumentality for putting the American philosophy across to those people behind the Iron Curtain than Radio Free Europe was able to do.

I would like also to call the attention of this body to the fact that Radio Free Europe and its activities are not to be confused with the Voice of America program. Voice of America has a tinge that Radio Free Europe does not have because it has been separated from a strictly governmental agency.

I wish to commend the work that this committee has done and the chairman for bringing this legislation to light. I sincerely hope that this one instrumentality for bringing truth behind the Iron Curtain will be kept up. To prove the effectiveness of the program, if the Russians did not know that we are making inroads on their philosophy, they would not spend the millions of dollars they are spending in trying to jam the programs of Radio Free Europe.

Mr. MORGAN. I thank the gentleman from Texas. I share his views and I urge passage of the bill.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. I thank the gentleman for yielding.

Can you tell the Committee who is in charge of programming? Who determines the program content?

Mr. MORGAN. They have a large staff of specialists. As I said, the headquarters is in New York, but most of the staff is located in Munich, Germany. The overall supervision is in the hands of people in New York who are not government officials but who understand broadcast operation. Radio Free Europe is headed by William P. Dunkirk. On the board of directors are distinguished individuals including Gen. Lucius Clay. But the real programming is done by the professional staff in Munich, Germany. They run what is largely a news broadcasting operation.

Mr. MAILLIARD. Mr. Chairman, I rise today in support of S. 18. This bill, as amended by the Committee on Foreign Affairs, would create a temporary commission for conducting a one-time study of Radio Free Europe and Radio Liberty. The legislation would also provide financing for their operations on an interim basis.

It is my opinion, Mr. Chairman, that a study and evaluation of the international radio broadcasting activities of Radio Free Europe and Radio Liberty is very timely.

These radios have been operating since shortly after World War II. Radio Free Europe and Radio Liberty act as "domestic" radios providing news and information that is not supplied by the Communist government controlled news organs. The emphasis of these radios is upon encouraging liberalization and peaceful reform. On the whole, I believe they have done a good job.

However, after so many years of operation, I think it is appropriate that a commission conduct an independent and comprehensive study. The commission, consisting of nine members, representing the legislative branch, the executive branch, and non-Government experts, would go out of business after the completion of its study, no later than July 1, 1973.

Radio Free Europe broadcasts to five Soviet bloc countries—Bulgaria, Czechoslovakia, Hungary, Poland, and Romania. Radio Liberty broadcasts to the Soviet Union in Russian and 17 other major languages spoken in that country. The focus in both Radio Free Europe and Radio Liberty is upon objective and accurate news reporting and balanced commentaries. They seek to encourage indigenous forces of peaceful reform as they provide news that listeners would receive from stations in their own countries if censorship did not exist.

Finally, I would like to emphasize the difference between these stations and the Voice of America, since their roles and functions are sometimes confused. Voice of America broadcasts on a worldwide basis as the radio arm of the U.S. Information Agency. Its purpose is to report and interpret U.S. life and policy. By contrast Radio Free Europe and Radio Liberty emphasize news, information, and entertainment, with a highly localized content and appeal. Their function and purpose are entirely different from the Voice of America. They use different frequencies and different transmitters from the Voice of America.

Mr. Chairman, while Radio Free Europe and Radio Liberty have done a good job, I believe the time has come to review their operations as we consider their future. In the meantime we should provide interim financing as provided for in the bill before us. I urge your support of S. 18 as amended by our committee.

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

Mr. MAILLIARD. I yield to the gentleman from Maryland.

(Mr. HOGAN asked and was given permission to revise and extend his remarks.)

Mr. HOGAN. Mr. Chairman, I rise in

support of S. 18, providing assistance to Radio Free Europe and to Radio Liberty.

The principal purpose of this Senate bill is to create a temporary mechanism for conducting a one-time study and evaluation of Radio Free Europe and Radio Liberty, and to provide for interim financing of those operations while the study is in progress. To this end, enactment of this legislation will establish a nine-member Commission on International Radio Broadcasting, composed of representatives of the legislative and executive branches of the U.S. Government and of the public.

Both Radio Free Europe and Radio Liberty were conceived in the years immediately following World War II and have been funded, until this past fiscal year, by the Central Intelligence Agency. The legislation before us is nothing more than a stopgap measure until the Commission reports its findings in 1973 as to whether these radio stations should continue in the future to be financed by the U.S. Government and, if so, how they should be financed.

Mr. Chairman, in the 3 years that I have represented the people of Maryland's Fifth Congressional District in this body, I have joined each year during the third week in July—Captive Nations Week—with numerous of my colleagues in commemorating the observance of this week.

Despite the worldwide publicity given to the U.S. Captive Nations Week resolution when it first passed the 86th Congress in July 1959, and the annual reports on it since, it still remains a mystery why so few in the free world comprehend the captive nations concept. Similarly, there are few people today who could give an intelligent answer when asked what Radio Free Europe or Radio Liberty are.

To enumerate the captive nations accurately and historically one must begin in 1920 with the subjugation of Byelorussia, Ukraine, Georgia, Armenia, and several others in the Soviet Union. The second wave of Communist aggression reduced Latvia, Estonia, and Lithuania to captivity in the early 1940's. The third wave in the late 1940's enslaved a whole new group of nations, including Hungary, Poland, Czechoslovakia, Albania, and many others.

It was during this third wave, in the late 1940's and early 1950's, that Radio Free Europe and Radio Liberty came into being. The current emphasis of RFE is to give encouragement to the indigenous forces of peaceful reform and to provide a mechanism for increasing within authoritarian governments the public accountability of public officials for their public acts. Radio Liberty broadcasts, on the other hand, offer positive alternatives to the Soviet system, couched in friendly terms, and for the most part, by indirection. In recent months Radio Liberty has devoted an increasing amount of its programs to the plight of Soviet Jews.

Mr. Chairman, during the 13th annual commemoration of Captive Nations Week this past July, I wrote to each Member of this body requesting my colleagues to join me in sponsoring a resolution to safeguard the Hungarian Holy

Crown of St. Stephen. In my letter to my colleagues, I said:

In the past years, many of us have joined together during this week and, on the floor of the House, lamented the plight of those many foreign nations who still live under Communist domination and oppression. Unfortunately, too often each year, our words are forgotten as quickly as they are spoken. Rarely is it possible to take some kind of constructive action which will live on after the well-meaning words have long since died away.

Thirty-nine of my colleagues have joined me in sponsoring a resolution (H. Con. Res. 385), expressing the sense of Congress that the Holy Crown of St. Stephen—Hungary's national treasure and symbol of constitutional government—should remain in the safekeeping of the United States until such time as Hungary once again functions as a constitutional government established through the free choice of the Hungarian people.

Similarly, Mr. Chairman, this legislation before us today again gives the Members of this body another opportunity to act, rather than merely to speak. The hopes of these peoples, and the hopes of their brothers and sisters in this country, are dependent upon the continuance of such activities as Radio Free Europe and Radio Liberty. I urge my colleagues to approve this legislation with dispatch.

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

Mr. MAILLIARD. I yield to the gentleman from Connecticut.

Mr. MONAGAN. Mr. Chairman, there is one point that I think is extremely important, which should be considered by the committee, and which is referred to in the report, and that is the importance of maintaining the morale of the many devoted people who are working for these agencies.

I myself feel that it would be helpful for us to emphasize the fact that many, if not most of us, believe strongly in the objectives and workings of these agencies and that this report and this action is not in any way meant to prejudge that there will be a termination of these activities.

Mr. MAILLIARD. Mr. Chairman, I would agree with the gentleman.

Mr. MONAGAN. Mr. Chairman, I support this legislation to provide assistance to Radio Free Europe and Radio Liberty for a period of 2 fiscal years and to authorize the formation of a commission to study the problem of the continuation and support of these two related activities.

The revelation of past governmental support of these broadcasting facilities has raised this problem and obviously it must be settled. I believe that much helpful work is done by these two organizations in news reporting, in commentary upon international happenings and in explanation of the workings of our society. It is interesting to note that the Germans are about to construct a station that will be more expensive by far than the facilities which we are discussing and the Chinese also have plans for a very substantial facility.

The main justification for the continuance of this function is the gradual edu-

cation of people behind the Iron Curtain in the ways of democracy and the provision for them of a balanced appraisal of the happenings in this country and throughout the world.

I know from experience the avidity with which people in the socialist countries look for dispassionate news sources and we provide them with a notable service in bringing unadulterated news and commentary to them. In addition, in this way we furnish the basis for the eventual return of representative government to these countries while giving proportion to the distorted picture of the United States which they might otherwise derive from the information agencies available to them. This bill will also provide a commission to make a very necessary long-range study of this whole problem and with directions that a response be made to the Congress in time to determine what the future policy of our Government will be in this regard. I support this bill and hope that it will be adopted.

MR. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

MR. MAILLIARD. I yield to the gentleman from New Jersey.

MR. FRELINGHUYSEN. Mr. Chairman, I thank the gentleman for yielding.

I arise to say I feel very strongly that both Radio Free Europe and Radio Liberty make sense. I would guess that any evaluation of their functions would come to that same conclusion. This is not arguing against the advisability of setting up a commission. I certainly would have no reason to suggest that a commission is not necessary.

I think it is important that we continue these activities. This legislation, for that reason, is important, because it does provide authority for the financing for a 2-year period of both these Radios.

I would like also to point out, because there is sometimes confusion, the different roles played by Radio Free Europe and Radio Liberty and the Voice of America. The Voice of America, as its name implies, basically is interested in and concentrates on reporting on the American scene and the American way of life. In contrast, Radio Free Europe and Radio Liberty are in effect national voices of the geographical areas to which they send their broadcasts. They analyze and they organize news from certain countries, and report to them in the same way that an independent radio station would if their governments had such programs.

We need to keep the distinction between the two types in mind, and we need also to recognize that both have their place.

Our committee discussed the possibility of the Voice of America taking over the activities of Radio Free Europe and Radio Liberty. Although we should not prejudice, or predict, what the commission may decide, I hope that a merger will not be recommended by the commission, as the responsibilities are quite different.

MR. BROOMFIELD. Mr. Chairman, will the gentleman yield?

MR. MAILLIARD. I yield to the gentleman from Michigan.

RADIO FREE EUROPE AND RADIO LIBERTY AS SEEN  
BY DIPLOMATS AND SCHOLARS

MR. BROOMFIELD. Mr. Chairman, in looking at the radios, their aims, their methods and their impact, we should consider not only the views of the administration but also the views of independent observers who are able to make meaningful judgments about their work. We need to hear the words of disinterested and expert scholars and journalists throughout Western Europe and the United States. We need to examine the thinking of former Ambassadors who were stationed in the countries concerned and the statements of people who have recently come from those countries and who were dependent for their knowledge on what they heard over those radios.

In the committee hearings, testimony was given by the Honorable U. Alexis Johnson, Under Secretary of State, based on his experience as Ambassador to Czechoslovakia. The record also includes impressive, firsthand testimony by three recent emigres from Poland, Czechoslovakia, and the Soviet Union, and from two of our former Ambassadors to the Soviet Union and Poland, respectively, Foy Kohler and John Gronouski. The record also includes statements by Prof. Zbigniew Brzezinski, director of the Research Institute on Communist Affairs at Columbia University and by a spokesman for the Polish-American Congress.

All of those witnesses strongly supported the continuation of the work of the radios. They were reflective of the serious concern in the academic and political worlds that this valuable service might be coming to an end. However, these statements were by no means the only ones being made publicly. For example, Dr. Hugh Seton-Watson, the distinguished professor of Russian history at London University and one of the most knowledgeable scholars on Eastern European affairs in the Western World, wrote to the London Daily Telegraph, in part, as follows:

For the great majority of the people in the censor-ridden Communist world, broadcasting is the only means the West has of conducting a dialogue with them. . . . I know from long personal experience that both the Europeans and the Americans responsible for running Radio Free Europe are extremely well informed, balanced in their judgments and in no sense fanatical crusaders. On the contrary, they are people who have been working for years to bring about true understanding.

One might question whether these Western opinions were valid if they were not echoed even more strongly from the East. A recent emigre, Mr. Henryk Birecki, wrote a letter to the Washington Star a short time ago in which he outlined his own background as a Communist official in charge of the Department of Cultural Exchanges in the Polish Foreign Office and then made an eloquent plea for continuing the radios. He talked about the deep concern in the Polish Communist Party about the influence of Radio Free Europe and how the decision was made to use all available diplomatic and secret channels to bring about its closure. He then said:

The day when this goal will have been achieved will be a dark one for all these

members of the Communist establishment who, like myself, have never lost hope that the system may become more humane and tolerant, less cruel and aggressive. They will lose a powerful ally.

These radios have been called the voice of the silent opposition in Eastern Europe. Their news broadcasts and commentaries are read and discussed daily both by the peoples and by their Communist leaders. There is good reason to believe that even the central committees of the Eastern European Communist Parties start their days by reading broadcast summaries. As Birecki said:

Communist leaders who have become prisoners of their own monopoly of information need this radio for their own private enlightenment, but at the same time fear its impact on others.

After listening to all of the evidence about these radios, the Foreign Affairs Committee voted to report out the bill we have before us. It provides for the establishment of a commission which will examine thoroughly the operations of the radios but will do so within the overall context of international radio broadcasting. Before making its recommendations, the commission can look thoroughly into what the radios do and not just what others say they do. It can look into how the information is gathered, how reliable it is, and what kind of impact it makes. If it chooses, it can examine broadcasting done by others in the area and broadcasting done by the Soviet bloc. All this will take some time and the November 30, 1972, deadline for the commission's report is designed to allow for careful study. To set a shorter period would mean that we would have to consider permanent legislation almost as soon as action on the present bill is completed. I hope that the House will accept this bill and that the funds will be provided to carry on with this important work.

MR. DERWINSKI. Mr. Chairman, will the gentleman yield?

MR. MAILLIARD. I yield to the gentleman from Illinois.

MR. DERWINSKI. Mr. Chairman, I rise today to express my strong support for S. 18.

The Commission it would establish is essential to proper congressional consideration of the future of Radio Free Europe and Radio Liberty. The money it would authorize—\$36 million for fiscal year 1972 and \$38.5 million for fiscal year 1973—would continue the operations of these radios during this interim period.

The hearings of the Committee on Foreign Affairs have provided firm evidence of the success of these radios during the years in which they have operated.

The need for their services was well stated by former Ambassador to Poland, John A. Gronouski, when he testified before our committee. Mr. Gronouski said:

It is not enough for the people of Eastern Europe to get undistorted news of events in other parts of the world, however important this in itself may be. It is even more important that they have access to information about events in their own country other than that which those in control wish to make known.

For if the international community is to make progress toward the East-West detente about which we all dream, this will come about through pressure exerted on their own governments by an informed citizenry.

This is the role, Mr. Chairman, that Radio Free Europe and Radio Liberty are helping to fulfill in their 24-hour-a-day broadcasts to the oppressed people of the Soviet bloc.

I would remind my colleagues of the House that much as we wish it, the battle for the minds of men is not yet over. So long as censorship prevails in the Soviet bloc, their citizens will seek to know the truth.

If we tire of the competition and write off the minds of millions in the Soviet bloc, we reduce their ability to influence their governments toward the liberalization of policies. To achieve a generation of peace, we must continue to compete for the minds of men.

Mr. Chairman, I would direct the attention of the House to the Commission which this legislation would establish. The Commission—composed of representatives of the legislative and executive branches of Government, and of the public—will perform an extremely important function as it reviews and evaluates the activities of Radio Free Europe and Radio Liberty.

The legislation we are considering today is a sensible and reasonable solution to the problem of funding Radio Free Europe and Radio Liberty. I urge its approval.

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

Mr. MAILLIARD. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, as the distinguished chairman of the Committee on Foreign Affairs (Mr. MORGAN) indicated at the outset, the legislation before the House embodies a compromise and provides interim financing for the broadcasting operations of Radio Free Europe and Radio Liberty.

I had suggested that compromise when it became apparent, after several days of active consideration of the matter at hand, that neither the Senate proposal—which called for a 1-year authorization of appropriations through the Department of State—nor the executive branch request—which envisioned the setting up of a permanent corporation to fund these activities—would carry in the Committee on Foreign Affairs.

The alternative which is embodied in the amended bill, S. 18, attempts to steer a middle course:

It recognizes that these broadcasting activities, financed for years through the CIA, have been, and may well continue to be, an important adjunct of the overseas operations of the U.S. Government;

It acknowledged that most of us here know all too little about them, or about their relevance to our country's current foreign policy undertaking; and

It provides for a way in which these broadcasting activities can be reassessed by an impartial panel in which the executive branch, the Congress and the public will participate. This task of reassessment is essential.

During the past two decades, without most of the Members of the Congress be-

ing informed about it, several hundred million dollars of the taxpayers' money has been spent on these operations.

This represents very substantial, and enduring, commitment of public funds and governmental support.

We cannot, in all logic and fairness, either terminate or perpetuate this commitment without knowing what it is all about.

The solution which I have proposed envisions the setting up of a tripartite Presidential commission which can do a thorough job of evaluating these operations and informing the Congress, and the public, about their relevance to today's and tomorrow's foreign policy of the United States.

This job will take at least a year. When it is completed, the commission will go out of existence and the Congress, supplied for the first time with relevant information, can decide what should be done about these activities.

In the meantime, the legislation before us will also provide interim financing for Radio Free Europe and Radio Liberty—financing through an independent commission, rather than through the Department of State.

#### OPPOSING ARGUMENTS

Mr. Chairman, the amended bill, S. 18, came to the floor of the House with bipartisan support. It was reported from the Committee on Foreign Affairs by a vote of 23 to 1. And it is, we have been told, fully acceptable to the administration.

Nevertheless, some objections have been raised to it, first, on the grounds that Presidential commissions often have a way of perpetuating themselves without rendering effective service; and, second, on the grounds that interim financing through the State Department would be preferable to an independent agency route.

The Committee on Foreign Affairs has considered both arguments and rejected them for the following reasons:

First, the bill before us provides clearly that the commission which will study the operations of Radio Free Europe and Radio Liberty will go out of existence by July 1, 1973. There is no way in which the commission can perpetuate itself under this legislation. This is a one-shot affair designed to accomplish a specific job. Once that job is done, the commission will be finished and will cease to exist.

Second, as to performance, the commission is being given a very definite, clear-cut assignment. It is required by legislation to report on that assignment to the President and the Congress. And to assure that the commission does not fall down on the job, part of the membership will be drawn from the Congress.

Finally, regarding the financing of Radio Free Europe and Radio Liberty operations, our committee has considered the possibility of using the State Department route and has rejected it for very good reasons. Neither of these two radio operations is a part of the State Department. Neither of them has been officially connected with the normal foreign policy apparatus of the U.S. Government. For some 20 years, these radio broad-

casting activities have been financed by the CIA and conducted under the cloak of "private" sponsorship. This is no time to shove them on the Department of State. The administration does not want that; the State Department does not want it; and the Committee on Foreign Affairs has recommended against it.

I hope and urge that the House approve the recommendations of the committee.

#### UNITED STATES SPEAKS WITH MANY VOICES

Mr. Chairman, I would like to take this occasion to comment on a separate, but related, subject: The need for a thorough reappraisal of all overseas broadcasting activities of the U.S. Government.

For a number of years, while serving as chairman of the Subcommittee on International Organizations and Movements, I was deeply involved in a study of the impact on foreign audiences of the many far-flung and uncoordinated overseas broadcasting activities of the U.S. Government.

In Europe alone, for example, there are some 155 U.S.-financed radio transmitters which operate on short-wave, medium-wave and long-wave frequencies, broadcasting American messages to tens of millions of Europeans and Asians.

There is the Voice of America, the official information arm of the U.S. Government.

There are Radio Free Europe and Radio Liberty, whose primary targets are Eastern Europe and the Soviet Union.

There is RIAS—Radio in the American Sector in Berlin—which entertains American troops as well as millions of West and East Germans with American jazz, news, and other programs.

Then there is a special megawatt transmitter in Munich which is used occasionally to jam Soviet broadcasts to Eastern Europe.

And, finally, there is the Armed Forces Network which numbers many millions of Europeans among its audience.

All of these activities are supported by the American taxpayers, operate with the sanction of the U.S. Government, and, whether rightly or wrongly, are deemed to carry out Nation's message to the world.

The problem is that each of these operations is fairly autonomous and neither the Congress nor the American people have any clear idea of how much they cost, how they carry out their respective mandates, or whether they contribute to the advancement of our national objectives abroad.

Three years ago, in a report entitled "The Future of U.S. Public Diplomacy," our subcommittee recommended that the U.S. Government undertake a thorough reexamination of these and many other overseas information activities financed with Federal funds. The need for such a reappraisal is still urgent.

#### CONCLUSION

In conclusion, Mr. Chairman, I would again urge the House to approve S. 18 as reported by the Committee on Foreign Affairs.

This action not only will contribute to

a solution of an immediate problem and help the Congress obtain the necessary information to make an intelligent determination regarding the future of Radio Free Europe and Radio Liberty, but may also provide us with valuable experience and insights regarding how other problems in this area could be approached.

(Mr. WAGGONNER, at the request of Mr. FASCELL, was granted permission to extend his remarks at this point in the RECORD.)

Mr. WAGGONNER. Mr. Chairman, I submit that if we are going to find a solution to the question of how to preserve the good work of Radio Free Europe and Radio Liberty, we must be very clear about what it is we are preserving.

It has sometimes been fashionable to dismiss these unique communications activities as reactionary left-overs from the cold war. It may have been fashionable, but it has little to do with the facts.

The Los Angeles Times columnist Robert S. Elegant pointed this out last March, in a column which was reprinted in a number of leading papers. The attacks on Radio Free Europe and Radio Liberty by Communist governments are at least logical from the Communist point of view, Mr. Elegant said, because:

Authoritarian governments are understandably distressed by outsiders challenging their monopoly of information.

But in the West, Mr. Elegant said:

Attacks are levelled by the wrong people for the wrong reasons . . . True liberals should . . . support the stations' aims: free information and East-West relaxation . . . The fundamental point is simple. Neither tensions within Communist society nor tension between East and West would miraculously disappear if both stations went off the air tomorrow . . . Despite their human imperfections, both seek to reduce internal and international tension by the best means known to man—the freer flow of information.

This point deserves repeating. The distinguished Swiss newspaper *Neue Zuercher Zeitung* made its own thorough investigation of Radio Free Europe and Radio Liberty this spring and commented on June 30:

The reason and justification for these stations are to be found in the fact that the Communist states know no freedom of opinion—that they hinder a free exchange of information . . . In our modern age of global communications and mass media, the leaders in Moscow and the East European countries try to work against this communication, keeping the Curtain closed at least to that extent, maintaining a "camp of controlled information."

And the Swiss paper concluded:

It is their sealing-off that is unnatural and contradictory to the tendency of our age toward immediate, global and varied information—not the existence of the two stations, which fulfill important functions as gates to a world-wide process of communication, and thus actually serve that coexistence about which so much is said . . .

If we doubt this, we have only to turn to the Communists' themselves. When Czechoslovakia was occupied by Soviet and allied arms in 1968, and told to restore the censorship it had dropped during the Prague spring, party leader Dubcek and his Central Committee were

forced to issue a resolution stating, and I quote:

The press, radio and television are primarily an instrument for the implementation of the policy of the Party and state . . . They are responsible for the mass-information media working in an exclusively socialist spirit.

Now you and I may say that in the long run censorship cannot work. And indeed it does not, but only because organizations such as Radio Free Europe and Radio Liberty believe that truth is not a tool of political control but an absolute value, and act on that belief.

Even wiser heads in Eastern Europe realize the same things. One notable example is Wladyslaw Bienkowski—an old party man, a distinguished sociologist, a former Polish Minister of Education and friend of former Polish Party Leader Gomulka. Here is what he wrote about his own party's efforts at censorship, in a book published late in 1969—a book which, incidentally, had to be published outside of Poland. I quote:

Today, when techniques of communication have done away with distances . . . the hierarchical method of selecting and censoring information has become a glaring anachronism. . . . If the authorities of a country employ the tactics of evading problems and hiding facts from their own people, there will always be others to do the job for them—who will inform the people, in the language of the country, and tell them why their own government kept these particular facts from them.

And Bienkowski goes on:

It is astounding and alarming how far the influence of this foreign propaganda—represented chiefly by Free Europe—has extended not only over the society, but over our authorities.

Today's Communist leaders would also do well to read their own Karl Marx. Here is what the founder of the movement wrote for a German paper, 139 years ago:

A censored press remains a bad thing, even when it publishes good products . . . A free press remains a good thing, even when it believes in bad products . . . The character of a censored press is the characterless disorder of unfreedom, a "civilized" atrocity, a perfumed monster.

Now, all of us can agree on the virtues of a free press and a free flow of information everywhere. But there are still two questions to which we should have clear answers:

First: If we carefully abstain from activities which the Communist leaderships of East Europe and the Soviet Union find objectionable, will they see the light? Will they abandon their ideological campaigns and efforts to arm their own people against us psychologically?

And second: Are these two radios actually worthy instruments to keep the channels of information open?

As to the first point, let me turn to official evidence from East Europe. In an April 1970 article, the then chairman of the Hungarian Parliament, Gyula Kallai, explained peaceful coexistence this way:

The policy of peaceful coexistence is cooperation as well as struggle at the same time. The method to be applied is cooperation and competition in the economic and scientific fields, and struggle in the political, diplomatic and ideological spheres.

This spring the official weekly of the Czechoslovak Party, *Tribuna*, predicted that through the decade ahead:

There will hardly be any reduction of tension in the ideological field . . . It is a long-term trend which will grow even sharper in the '70's.

As to whether Radio Free Europe and Radio Liberty are worthy instruments of freedom of information, allow me to quote a few impartial witnesses—neither East European nor American:

I have mentioned the Swiss daily *Neue Zuercher Zeitung* in another connection. In its June 30 study of the two stations, this paper also said, and I quote:

A critical look at the broadcasts shows that RL and RFE work with the same methods and sources as other Western radio stations, and are just as open and accessible as the latter, so that one cannot speak of secret or "agitating" stations . . . the news programs are put together from material from Western agencies and from the official pronouncements of the Communist countries. These news programs are varied and objective.

This June, Poland's Foreign Minister protested to the Bonn Government about RFE's broadcasts, which he called a "hostile activity." The Polish press chimed in to accuse Radio Free Europe of "false information" and "subversive activity." In response, the major West German daily *Sueddeutsche Zeitung*—a supporter of the Brandt administration—took an unusual step: It printed translations of a full day's news programs of Radio Free Europe's Polish service, spread across much of two pages, and invited its readers to judge for themselves whether Radio Free Europe was objective.

The Dutch National Radio Service also made a careful study and broadcast a documentary lasting almost an hour. The broadcast ended with this comment:

Radio Free Europe is not out of date . . . We would be doing an injustice to the people in East Europe if the station were to be closed down . . . Radio Free Europe is looked upon by the peoples of the East bloc countries in the same way we Dutchmen looked upon the BBC and *Radio Oranje* (the Dutch wartime freedom station) during World War II.

In regard to broadcasting to the Soviet Union, we have an eloquent statement from Anatoli Fedoseyev, the Russian scientist recently defected from the Soviet Union to England.

In talking about the shortsighted policies of the Soviet Government in the economic field, he said that the Soviet Union could, under other policies, make rapid advances and doing so would automatically put an end to the present tensions in Europe. He then asks:

What can the outside world do to speed change . . . ? The answer is simple: Increase the flow of information. There is no need for anyone to try to teach the Soviet people what to think. But there is an enormous and insatiable demand for information, for facts, about the outside world, about other Communist countries, and especially about the Soviet Union itself. The citizens of the Soviet Union are often the last people to hear news of events inside their own countries.

Mr. Chairman, all of us want a relaxation of tension and a growth of understanding and trust between this country and the Communist world. But we cannot

afford to forget that such policies are real and durable only when they are backed by the will of informed peoples on both sides of the world. Let me close with the words of a very perceptive editorial which appeared in the Washington Post June 25. Said the Post:

Detente, if it means anything, means widening the West's contacts with the East, not helping the East seal off its people from the West. It means the exchange of people, goods, words and ideas. This is the essential business of RFE and RL. The Congress, in its rightminded determination to shake the stations free of the CIA, should not lose sight of the reason for letting them continue it.

(Mr. SIKES, at the request of Mr. FASCELL, was granted permission to extend his remarks at this point in the RECORD.)

Mr. SIKES. Mr. Chairman, in the discussion of Radio Free Europe and Radio Liberty, I would like to look at the other side of the coin for a moment.

I am speaking of the international political effort of the Communist world—particularly as it displays itself through radio broadcasting.

Of course, you run into a contradiction immediately here. The Communist view of the doctrine of peaceful coexistence—whatever it means—does not include ideological coexistence—that is, a free exchange of ideas and information.

Thus if Western stations broadcast the truth as they see it, into areas under Communist control, that, in the eyes of Moscow and Warsaw and Prague is a violation of the spirit of peaceful coexistence. But if Communist governments are doing the broadcasting—and Radio Moscow is the world's leading international broadcaster—it seems to be something else again. Like all of us—but without any occasional saving grace of humility the Communists believe they have a patent on truth.

Soviet Party leader Leonid Brezhnev drew this distinction very plainly in his "State of the Union" message to the Soviet Party Congress this spring, when he said:

We are living in conditions of unceasing ideological warfare.

The Soviet leader evidently believes he has a patent on truth, and he proposes to use it. He went on to say:

Let the voice of truth about the Soviet Union be heard on all continents of the earth.

It is also interesting that Poland—after abstaining for many years—has recently resumed intensive "jamming" of RFE broadcasts. The Polish regime might be expected to argue—as its propagandists already argue—that RFE is a barrier to relaxing tensions in Europe because it interferes in internal affairs—Communist style.

However, we have heard nothing about any restriction of Soviet-bloc international broadcasts. And some of them are truly remarkable.

For example, in its broadcasts to Japan Radio Moscow has criticized local election candidates for—in its words—"flooding the voters' ears with sweet-sounding promises." To Indonesia, Radio Moscow quoted a publication of the outlawed Indonesian Communist Party and

called on the Indonesian people for a confrontation with what it called the "new-order regime and its reactionary schemes."

A Soviet-operated station calling itself "Peace and Progress" radio has consistently criticized the Indian Government as well as non-Communist opposition parties in that country for the last 3 years. Other bloc broadcasts call for their listeners to overthrow the government of Turkey, Greece, Iran, and Brazil.

Soviet propaganda to West Germany goes still further. There is a powerful German-speaking radio—"Soldiers' Station 935"—which tries to create the impression that it is speaking from inside West Germany—but actually comes from East Germany; it addresses itself directly to the West German armed forces, and advises them on how to resist cooperation with NATO.

In other words:

At a time when the Soviet Union and its allies are campaigning to shut down Radio Free Europe and Radio Liberty, their own propaganda stations are going full blast.

The fact is that the Soviet Union today is broadcasting in some 79 languages for 332 hours daily—an increase of 14 percent in the last 4 years. In 1970, radio stations of the Communist states aired just under 1,000-hours a day in 99 languages. A recent British study of Communist broadcasting concluded that—and I quote:

Radio propaganda remains the most important means at the disposal of Communist countries in their attempts to gain credibility and to influence international developments in favor of Communist aims.

Therefore—even if RFE and Radio Liberty were to use the kind of tactics many Soviet broadcasts do—the Soviet and East European effort to call "foul" against Radio Free Europe and Radio Liberty would ring a bit hollow.

Mr. Chairman, the comment has been made in this country that Radio Free Europe is an anachronism, that it is out of place in an age of detente—an age, hopefully, of negotiation.

The answer to that charge is that in the attempt to bring about more normal relations between East and West, it is very important indeed to provide to East Europeans a full range of news and opinions about their own affairs as well as external matters. It is essential that East Europeans know the full truth about the real requirements for peace. Judging by careful interviews of East European travelers done by public opinion research institutes, Free Europe is heard regularly by 31 million people, over half the population over 14 in its audience area. In effect, it is they who have answered those who contend the radios have no function in the present era. Thirty-one million people do not listen to an anachronism. They do listen to Radio Free Europe in areas where it is very important that our side be heard. I consider it essential that this program continue.

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

Mr. MAILLARD. I yield to the gentleman from Indiana.

Mr. MADDEN. Mr. Chairman, I commend the Committee on Foreign Affairs for reporting this legislation to amend

the United States Information and Educational Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty (S. 18).

These two information programs have been in operation since shortly after the close of World War II. At that time the threat of Soviet aggression still existed throughout countries of Western Europe.

To my mind the cheapest and probably the most effective offense and defense that the free world has against Communist aggression is to acquaint the people of the world both behind and outside the Communist Iron Curtain with the real facts and truths about Communist tyranny and enslavement. Numerous reports come from behind the Iron Curtain by the people who listen to the broadcast of Radio Free Europe and Radio Liberty to many of the secret operations of Communist tyranny from the standpoint of concealed enslavement of its people and the punishment rendered to its citizens who do not conform.

Through this information millions behind the Iron Curtain receive first-hand information of important news from the outside world and knowledge that our Nation and other free nations have not given up hope, and that the United States is continuing its programs and sacrifices to aid them in their fight for eventual freedom. Entertainment and informative programs are broadcast into their homes conveying aspects of American life and culture which is of great value to the families who are receiving the service of these broadcasts. For the billions of dollars that the American taxpayers have paid to curb the Communist tyranny from expansion, I think the educational and informative programs originating from Radio Free Europe and Radio Liberty are the most effective and produce great results in our program to curb Communist expansion throughout the free world.

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

Mr. MAILLARD. I yield to the gentleman from New York.

Mr. PIRNIE. I thank the gentleman for yielding.

I, too, wish to express my appreciation of the mission of Radio Free Europe and the way in which it conveys inspiration and encouragement to its millions of listeners behind the Iron Curtain. It does express in a very vivid and very appropriate manner the ideals and the true spirit of America, and does keep alive the spirit of freedom in the hearts of those who have reason to feel oppressed because of the environment in which they are forced to live. I have supported this program since its inception and am proud of its achievements.

Mr. MILLER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MAILLARD. I yield to the gentleman from Ohio.

Mr. MILLER of Ohio. I thank the gentleman for yielding. I see by the report that Radio Free Europe had an additional \$1.5 million in operating funds, which came from private sources, and Radio Liberty has almost no private contributions. Can the gentleman explain what is the source of the \$1.5 million, and why people would be interested in contributing to one and not to the other?

Mr. MAILLIARD. I cannot give a positive answer to that, but I have heard on the radio and various other places appeals for private contributions for Radio Free Europe. I do not recall ever having heard one for Radio Liberty. They are separate. I would suppose it would depend on the effort they might make to get private contributions.

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

Mr. MAILLIARD. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Of course, Radio Free Europe has always had an organized fund-raising campaign. There have been frequent announcements on television and the radio. Radio Liberty has no organized campaign, and receives only a few small contributions from individuals who have a serious interest in the program. They make no public solicitation whatsoever. Their donations and contributions have been very small, I would say not more than \$5,000 or \$10,000 a year.

Mr. MAILLIARD. I should think that is the case.

Mr. MILLER of Ohio. I thank the gentleman.

Mr. Chairman, I support S. 18.

Mr. FRENZEL. Mr. Chairman, I note that the committee report indicates in recent months Radio Liberty has devoted an increasing amount of its program to the plight of the Soviet Jews, and indicates that cultural programs have been featured along with Jewish holidays. I notice also that the Radio Liberty broadcasts in 17 languages. A number of us have tried to get some of its programming done with full programs in Yiddish. Radio Liberty and Radio Free Europe have resisted those suggestions. In my judgment, this is an important symbolic gesture on our part that these programs be made in Yiddish. I am wondering if the committee took this up and can give us any assurance that this kind of programming may be forthcoming.

Mr. MAILLIARD. I do not recall this particular question coming up during the hearings, but I did not attend them all. I will be glad to yield to the chairman of the committee for a response.

Mr. MORGAN. I agree with the gentleman who asked the question, that it is proper that some broadcasts should be in Yiddish. I want to assure him that the commission that will be formed to make a study under this bill will definitely have a responsibility to determine whether some of the broadcasts should be in Yiddish and Hebrew.

Mr. FRENZEL. Mr. Chairman, then I have the assurance of the committee chairman and the ranking Republican member that they will bend all their efforts to see to it we do get some broadcasts in Yiddish?

Mr. MORGAN. The bill provides that there will be two Members of the House on this commission. I am sure that whoever the House Members on the commission are, they will recognize the importance of the issue which the gentleman has raised.

Mr. MAILLIARD. I am quite certain that this is one of the subjects that the commission should make some recommendations on.

Mr. FRENZEL. I thank both of the

gentlemen, and I endorse this program wholeheartedly.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. PUCINSKI).

Mr. PUCINSKI. Mr. Chairman, I rise in strong support of this resolution simply because Radio Free Europe and Radio Liberty have been two of the most effective links that the free world has had with the people behind the Iron Curtain.

I had occasion to review many of the broadcasts of Radio Free Europe and some of the other work they are doing. I believe that Radio Free Europe has provided the heartbeat of hope and it continues to provide that heartbeat of hope for 180 million people behind the Iron Curtain living in the captive nations of Europe who, by listening to the Radio Free Europe program and broadcasts, are constantly reminded that we, as the free people of the United States, have not forgotten them and that we share in their great hope for the liberation and liberalization of these people with their ultimately rejoining the free nations of the world.

I think the adoption of this resolution will be a great morale booster for the many wonderful people who work for Radio Free Europe, people who have been making an enormous contribution. They are all people who have been carrying on this relentless struggle behind the Iron Curtain.

I must say that they have been showing a great deal of professionalism which they have developed over the years and that this has brought a great degree of confidence to the people listening to the broadcasts. Those who listen to Radio Free Europe and its broadcasts behind the Iron Curtain have certainly been given a great deal of hope from those broadcasts.

I have been behind the Iron Curtain to some of those countries and talked to those people and discussed with them the value and the importance of Radio Free Europe and Radio Liberty. In both instances they tell us that frequently this is the only link they have with the free world. Radio Free Europe is the only method by which these people can continue to understand what is happening to the rest of the world.

I certainly hope that the Commission goes over the program and sees to it that we have a continuation of the Radio Free Europe broadcasts after the 2-year period and that they give serious consideration to restoring Radio Free Cuba along with Radio Free Europe and Radio Liberty.

We had a very effective Radio Free Cuba operating into Cuba for a number of years and then it was shut down during the hysteria that swept this country a few years ago.

It seems to me that it is important for us to continue to get behind the Iron Curtain of Cuba and bring to the Cuban people the truth about America and what is happening on this continent.

So, I am most pleased and wish to congratulate the gentleman from Pennsylvania (Mr. MORGAN) and his committee on both sides of the aisle for not succumbing to the hysteria that swept our country a few years ago when there were strong voices trying to sweep aside

Radio Free Europe for people behind the Iron Curtain.

Mr. Chairman, I think the Foreign Affairs Committee has shown excellent judgment in bringing this bill before the House and affording us an opportunity to vote on this measure in order to show the people in RFE the great confidence that we have in what they are doing.

So, Mr. Chairman, I strongly support the adoption of this measure.

Mr. MAILLIARD. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. REID).

Mr. REID of New York. Mr. Chairman, I wish to commend the Committee on Foreign Affairs and the chairman and ranking minority member for the action they are taking today on bills that were initially introduced by Senator CASE and myself, the purpose of which was to facilitate and insure ultimate direct funding for Radio Free Europe and Radio Liberty and to separate the funding from the CIA, thereby to increase, we believe, the credibility of the stations.

Mr. Chairman, I very much hope that the 2-year funding that is called for in the House version of the bill will prevail in any conference with the Senate. I think the assurance of continuity of these two stations is very important from several standpoints, not the least of which involves the personnel of the stations. Equally important, there are certain diplomatic implications beyond the study.

This study will take 1 year, and I hope that it may conclude not only that there is merit to continuing these stations, but also that they will be placed in broad-based American Council that would be analogous, perhaps, to the British Council which has so effectively carried forth endeavors that facilitate open communications.

I believe, therefore, that this bill should be supported. I think it only fair to say that when I was recently in Poland it was very clear that Radio Free Europe had played a very key, sensitive, and thoughtful role in reporting on the events brought on by the student riots in 1968 and, subsequently, in 1970.

These stations must become independent of the U.S. Government. Otherwise their credibility will be open to increasing question. And furthermore, we are dealing here with a sophisticated operation that must function within parameters of sensitivity, judgment, and the dictates of the truth.

What is called for is fidelity—straight news reporting, because we get from this a sensitivity to the kind of straight news that these countries do not have because of censorship, but which can be of very real benefit to the furtherance of open communications leading to higher living standards, more freedom and personal liberties in these countries.

Mr. BUCHANAN. Mr. Chairman, I rise in support of S. 18, as amended by the House Foreign Affairs Committee, because I believe the continuance of U.S. assistance to Radio Free Europe and Radio Liberty to be essential to the struggle for human rights around the world.

This legislation proposes a study, to be conducted by a Commission on International Radio Broadcasting, to determine what role the United States should play

in the support of Radio Free Europe and Radio Liberty in the future.

The House version also provides interim funds, totaling \$36 million for fiscal 1972 and \$38.52 million for fiscal 1973, to enable these two vital networks to continue broadcasting daily news and features behind the Iron Curtain where many people are denied even the day-to-day reports of events occurring in their own countries.

Through such factual broadcasts they fill the void of information so necessary to world understanding—a void created by Government control of news media.

During hearings on these two stations, the Foreign Affairs Committee heard testimony on the widespread influence and effect of both networks, first by former Soviet residents who believe strongly that the broadcasts of Radio Liberty can reach sufficient listeners to ultimately help bring about changes and give rise within the Soviet Union to greater freedoms. We heard similar opinions expressed by other former Iron Curtain residents about Radio Free Europe.

As one witness so poignantly described it:

Thought control was what enabled Stalin to invade Finland, Poland and the Western Ukraine, what enabled Hitler to occupy much of Europe. It is now being practiced at dangerous levels throughout the Soviet bloc.

While millions of Americans daily listen to and read the news and a diversity of opinion from independent media, they often take this uncensored dissemination of news for granted.

We in the United States have the opportunity to insure, through Radio Free Europe and Radio Liberty, that those behind the Iron Curtain will continue to receive at least a little of the truth for which they so hunger.

In my judgment, Mr. Chairman, these networks can help to bridge the gap of understanding between East and West and the truth itself can provide a foundation for peace with freedom in our time.

Support for S. 18 will guarantee the continuation of this vital service to millions of people who are daily denied the truth and thereby the weapon for freedom.

Mr. HORTON. Mr. Chairman, I rise in support of S. 18 as amended. The Foreign Affairs Committee of the House has acted wisely in calling for an extensive evaluation of Radio Free Europe and Radio Liberty while, in the interim, authorizing funds for their continued operation.

The measure reported out of the House Committee would establish a tripartite commission made up of representatives of the Congress, the executive branch, and the public. The commission is to review and evaluate the activities of Radio Free Europe and Radio Liberty and submit the results of its study to Congress by November 30, 1972. The bill authorizes appropriations to the commission chairman of \$36 million for fiscal year 1972 and \$38.5 million for fiscal year 1973 to enable Radio Free Europe and Radio Liberty to continue operations pending congressional evaluation of its report.

This approach is a realistic one. In the first place, it accomplishes the immediate goal of removing all secrecy and hidden funding of Radio Free Europe and Radio Liberty. At the same time, the bill withholds final judgment on whether and how to fund these broadcast operations. I am gratified that both the measure passed by the Senate and the bill under consideration by the House recognize the importance of continuing RFE and RL broadcasts pending further congressional evaluation.

The debate over the future of Radio Free Europe and Radio Liberty has perhaps received as much attention in the foreign press as in our own country. At this point, I would like to share with my colleagues several commentaries about RFE and RL that have appeared in the West European press:

The London Daily Telegraph on June 9 of this year stated:

There is now talk of revising the status of these stations, and signs of a "liberal" offensive on their freedom. It is odd that the self-appointed defenders of civil liberty in the West should have so little concern for the same liberties in the East. Would it really make the world any safer or the Soviet leaders any nicer if our last thin line of communication with the people of the Communist world were cut?

In August 1968, the Manchester Guardian observed:

When the West bemoans that it can do nothing to help, it forgets that it can supply information, and that is what eastern Europe needs to keep its hopes alive . . . It is not only in Czechoslovakia that honest news is needed. All the other satellite countries keep their people in ignorance of the facts. . . . In fighting the sort of tyranny we now see in eastern Europe, a good transmitter is worth at least one nuclear submarine.

The Paris *Nouvel Observateur* commented in January of 1970:

No other station in the world, American or other, exercises such influence direct or indirect on the public opinion of five countries. . . . its five radios are certainly more dangerous today than they were yesterday for the East European regimes.

The *Muenchner Merkur*, a West German paper, stated in June of this year:

Careful analyses by the Federal Press Office already showed weeks ago that the American (RFE) take great pains, with extreme journalistic care and objectivity, in the formulation of their broadcasts. Precisely this—the non-tendentious representations of daily events in the West and East—is probably the true stumbling block for Warsaw.

The Hamburg liberal paper, *Die Zeit*, commented on July 2, 1971:

Factual accuracy and objectivity are the first order of news analysis (at RFE), which depends on the superlatively reliable and careful work of an 80-man-strong Research and Analysis Department . . . The "agitation station" in Munich help to close gaps which continue to arise thanks to the anachronistic information policy of the Communist regimes.

Mr. Chairman, the above comments demonstrate the tremendous importance other Free World countries place on the role of RFE and RL. A more extensive analysis of these radio stations appeared in the Zurich daily *Neue Zuericher Zeitung* entitled "Free News for Unfree Countries." This article further illustrates the strong support of RFE and RL

by the press in Western Europe and I commend it to my colleagues' attention during the current debate:

[Translation from *Neue Zuericher Zeitung*, June 20, 1971]

#### FREE NEWS FOR UNFREE COUNTRIES

With a screeching crescendo, Communist propaganda is increasing its campaign against Radio Free Europe (RFE) and Radio Liberty (RL), and presents them as major hindrances to a relaxation of tensions in Europe. Both stations were set up at the beginning of the 1950's by the Americans in Munich for the purpose of broadcasting information behind the Iron Curtain and to giving the peoples of Eastern Europe and the Soviet Union their own voice. According to the late President Kennedy, they were created to give the people on the other side of the Iron Curtain a sign that they have not been forgotten, and to guarantee "that the peoples of all countries receive the truth and through it are able [to make] intelligent judgments."

#### OPEN WORLD ON THE AIRWAYS

The two stations, whose programming centers are located in Munich, are independent of each other, have their own desks and broadcasting installations, and have different tasks. Radio Liberty broadcasts to the Soviet Union—from Lampertheim, Spain, and Taiwan, with a capacity of 1,840,000 watts—in Russian and 17 other languages of the Soviet peoples. Radio Free Europe has five transmitters in Holzkirchen, nine transmitters in Biblis, and eighteen transmitters in Portugal (including four each with 100 and 250 kilowatts) with a total strength of 2245 kilowatts, broadcasting daily 20 hours to Czechoslovakia, 19 hours to Poland and Hungary, 12 hours to Rumania, and 8 hours to Bulgaria. The reason and justification for these stations are to be found in the fact that the Communist states know no freedom of opinion, that they hinder a free exchange of information, and that the ruling Party maintains its opinion monopoly with every available means. In our modern age of global communication and mass media, the leaders in Moscow and the East European countries try to work against this communication, keeping the Curtain closed at least to that extent, maintaining a "camp" of controlled information. It is their sealing off that is unnatural and contradictory to the tendency of our age toward immediate, global, and varied information—not the existence of the two stations, which fulfill important functions as gates to a worldwide process of communication and thus actually serve that coexistence about which so much is said, not hindering it, as they are accused of doing.

#### SOVIET COUNTERMOVES

Since Khrushchev's successors, out of their fear of "convergence" and growing intellectual opposition, introduced a re-ideologization in the spirit of the Brezhnev Doctrine, and in April 1968 called for "ideological class struggle," they have been conducting an intensified battle against the influence of foreign radio broadcasts in the area they rule. The programs directed at the Soviet Union and Eastern Europe, not only by Radio Free Europe and Radio Liberty but by the BBC, Voice of America, and Deutsche Welle as well, are fought against as "indirect imperialist subversion." Jamming stations, which had been closed down during the period of Khrushchev's coexistence policy, went back into action (with the exception of Hungary and Rumania); and in the Soviet Union, the punishment for listening to foreign stations was increased. As these countermeasures apparently bore little fruit, the Soviet leaders are trying by propagandistic and diplomatic means to silence the stations themselves. This is the goal of the campaign directed against RFE and RL, which, as American organizations operating from the territory of

the Federal Republic, are apparently the most vulnerable.

RL's supporter is the Radio Liberty Committee in New York, whose honorary president is Harry Truman and which is directed by former Deputy Secretary of State Howland Sargeant. RFE belongs to Free Europe, Inc., led by prominent personalities of America and advised by a Western European committee under Dirk Stikker. It had already been known for a long time that these stations were not being operated solely with contributions from American organizations and private persons; the recent revelation by Senator Case of the financing by the CIA was thus no surprise. However, President Nixon's initiative to put the financing of the stations on a new basis and thus insure their further activity is combined by Congress with its own drive for greater control over the government's foreign policy, and has found an opponent in Senator Fulbright.

Communist propaganda is, of course, trying to take advantage of these domestic American discussions. The information broadcast by RL and RFE is presented to their own subjects as "imperialist agitation" from the "CIA's witches' kitchen," and, appealing to latent anti-Semitic sentiments, is denounced as "Zionist propaganda." The 20th Olympic Games in Munich in 1972 are being used as the lever with which to demand a closing down of the stations whose activity, according to the Soviet version, would be contrary to the "Olympic spirit." The magazine *Sport v SSR* even threatened in April that one could not expect Communist sportsmen to appear in a place like Munich where anti-Communist and "revanchist" organizations were active. However, Avery Brundage indicated in a television interview on May 9 that an exchange of letters with the presidents of the radio stations had given him assurance that they understand the ideals of the Olympic Games and will comply with them, and he said he believed "that there should be no difficulty from this side."

#### PRESSURE ON BONN AND MUNICH

The campaign against the Munich stations is, however, not only concentrated on the Olympics, but is broadly connected with Brezhnev's Western policy. Moscow and Warsaw are obviously trying to infer from the treaties with Bonn the demand for suspension of the freedom stations; they see in them a danger for "European security." The Polish Government recently even undertook diplomatic steps in Washington and Bonn to achieve the closing down of RFE. The Bonn Government, which is responsible for granting the license to broadcast and has just renewed it for another year, has reacted to such pressure soberly and calmly until now. For legal, organizational, and technical reasons it would in any case be impossible to close RL and RFE overnight. Observing the Communist campaign directed against the Munich stations, one can see the GDR as the driving force, as well as the close cooperation among the orthodox forces in the Eastern Bloc. The fact that the radio and press in East Germany, the Ukraine, and White Russia are the strongest agitators against the two stations' presence in the Federal Republic gives rise to the suspicion that these attacks could have something to do with the criticism of Moscow's understanding with Bonn which has cropped up in those areas.

#### NUMEROUS LISTENERS

Communist propaganda's constant attacks on RL and RFE are an indirect proof of their effectiveness among the population of Eastern Europe and the Soviet Union. Even Party leaders admit that the programs from RL and RFE are widely spread in their countries and that they serve as a source [of information] for the rulers themselves. In the Soviet Union, there are about 27 million radio sets with short-wave reception, which means that every fifth adult Soviet citizen can receive foreign broadcasts. It is esti-

mated that in times of crisis over two-thirds of the Soviet citizens listened to foreign stations. Radio Free Europe has, through continuing empirical surveys and constant interviewing of tourists from Eastern Europe, been able to produce a more exact picture of its listening audience and their reactions and attitudes, confirmed and supplemented by official surveys in Eastern Europe. It has been ascertained that nearly 31 million, or one-half, of the residents over 14 years of age in the target countries listen to RFE; in Poland alone, 12 million (59%); in Rumania, 6.5 million (57%); in Czechoslovakia, 5.5 million (50%); in Hungary, four million (55%) and in Bulgaria, 2.5 million (44%). The most recent surveys clearly indicate how, during and after the Polish unrest in December, the number of listeners rose abruptly—RFE's listening audience in Poland to 83%, in Rumania to 66%, and in Hungary to 78%.

#### WIDE SELECTION

A critical look at the broadcasts shows that RL and RFE work with the same methods and sources as other Western radio stations and are just as open and accessible as the latter, so that one cannot speak of secret or "agitating" stations. However, they do place greater emphasis on spoken information; 16% of the broadcasting time at RL and RFE is reserved for news. The news programs are put together from material from Western agencies and from the official proclamations of the Communist countries. These news programs are varied and objective—which even the Communist side cannot completely deny, as they recently have had to wage their battle against the "de-ideologization" of Western radio propaganda. For instance, Moscow accuses Radio Liberty, which it tries to portray as a disturbance to European "relaxation of tension," of having a [too] stressed interest in questions of European unity and security.

The two stations have one special and important function: the communication of Western press voices to those countries in which the population is not allowed to buy foreign newspapers. Radio Liberty broadcasts several times daily in 18 languages—a five-minute press review, and transmits in addition texts or excerpts from important editorials and reportage in well-known newspapers. Radio Free Europe broadcasts press reviews daily to Bulgaria, Poland, and Rumania (10 minutes apiece), Czechoslovakia (15 minutes), and Hungary (25 minutes). Not only American newspapers are cited in them, but the Western European press as well has a lot to say, including *l'Unita* and *Humanite*.

Let us look at an example: On May 25, RFE included in its press review for Rumania and in information programs in the Rumanian language the following material: commentaries from AFP, Daily Telegraph, and UPI on Podgorny's trip to Cairo (6 minutes); Federal Chancellor Brandt's interview in *Spiegel* on Ostpolitik and a Berlin agreement (5 minutes); the statement by Czech exile politicians in the *Neue Zuercher Zeitung* on the Prague Party Congress (5 minutes); Paul Wohl in the *Christian Science Monitor* on the ideals and experience of the Soviet population (10 minutes); Ernst Fischer's essay "The Revolution is Different" in excerpts (7 minutes); and Topping's report in the New York Times on Chou En-lai's statements on the Soviet-China conflict (8 minutes). This transmission of Western press voices gives the listeners in Eastern Europe and in the Soviet Union a view of the world which they wish for and something against which to measure their own Party press. Communist journalists have demanded, in the face of RL's and RFE's effectiveness, that greater openness and broader coverage be permitted in their own press and in the mass media.

#### EASTERN COPYING

The Communist side even uses as much as it can the freedom of opinion in the West to

spread its own propaganda and to interfere in the internal affairs of other countries. For example, *Radio Prague* operates in Spanish and Italian among the Gastarbeiter in the Federal Republic [of Germany] and Switzerland. The form of organization and manner of working of the two Munich stations has been copied by the Soviet Union and, in addition to the official *Radio Moscow*, an allegedly independent *Radio Peace and Progress* has been created, which is supposedly run by the trade unions, journalists' union, and the *Novosti* agency, and which obviously is connected with the Soviet KGB (Secret Service). This radio, by the way, also uses transmitting installations outside of the Soviet Union—for example, for its German language broadcasts it uses a relay transmitter in the area of Leipzig. *Radio Peace and Progress* by far outdoes *Radio Moscow* as concerns sharpness; in Chinese it is the mouthpiece of anti-Maoist propaganda. When the Indian Government protested against attacks by *Radio Peace and Progress*, the Soviet Government declared (with a shrug) that it has no influence on this "independent station". . .

MR. FRASER. Mr. Chairman, I support the proposal to establish a commission to make recommendations as to the future status of Radio Free Europe and Radio Liberty. I have always believed that this country should exert maximum efforts toward reducing cold war tensions with Eastern Europe and the Soviet Union, and also that the people of those countries—and everywhere as well—are entitled to objective and accurate reporting of the news. I would hope that the activities of Radio Free Europe and Radio Liberty would have a constructive influence in both regards. Certainly, if they serve to aggravate the tensions and their news reporting is slanted in favor of a certain point of view, they do not deserve official support from the U.S. Government.

S. 18, the bill on this subject as passed by the other body, was unsatisfactory in that it simply authorized appropriations in the budget of the State Department to fund these two activities without concerning itself with the effect of the activities on U.S. foreign policy. On the positive side, the bill did provide for overt fundings through the Department of State, an improvement over the previous methods of funding by the Central Intelligence Agency. In the course of hearings on this subject in the Committee on Foreign Affairs, I became particularly concerned with the lack of effort or intentions on the part of the executive branch to undertake a serious evaluation of the radio's consistency with U.S. foreign policy goals. Most of the testimony we heard simply applauded the past work of Radio Free Europe and Radio Liberty without getting to the more fundamental question of what relationship the ongoing operation might or ought to have with the U.S. Government. In this time of rapid change and realignments in international politics, this question must be addressed with serious deliberation.

S. 18, as amended by the Committee on Foreign Affairs, at the initiative of our colleague, the distinguished gentleman from Florida (Mr. FASCELL), provides for both an evaluative study and interim financing for the two radio activities while the study is in progress. The membership of the proposed commission would be balanced, with representatives

from the executive branch, both Houses of Congress, and the private sector. Those who share my concern that these activities and the executive branch should not be given carte blanche without regard to the foreign policy implications in a fast changing world, should be encouraged that S. 18, as amended, withholds final judgment on whether—and how—to fund these two activities. At the end of the study period of approximately 1 year, we should be in a much better position to determine the proper role of the U.S. Government regarding Radio Free Europe and Radio Liberty.

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

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

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute committee amendment printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is established a commission to be known as the Commission on International Radio Broadcasting (hereinafter referred to as the "Commission") composed of nine members as follows:*

(1) Two Members of the House of Representatives appointed by the Speaker of the House of Representatives.

(2) Two Members of the Senate appointed by the President of the Senate.

(3) Two members appointed by the President from among officers and employees of the executive branch of the Government.

(4) Three members appointed by the President from private life, including experts in mass communication in the broadcasting field.

(5) The President shall designate one of the members appointed from private life to serve as Chairman of the Commission. Any vacancy in the membership of the Commission shall be filled in the same manner as in the case of the original appointment.

SEC. 2. (a) It shall be the duty of the Commission to review and evaluate international radio broadcasting and related activities of Radio Free Europe and Radio Liberty.

(b) The Commission shall submit its report to the President for transmission to the Congress not later than November 30, 1972, setting forth the results of its findings and conclusions, together with such recommendations as it may deem appropriate, including, but not limited to, recommendations with respect to future management, operations, and support of such activities; establishment of a corporate or other entity to administer support for, or to conduct, such activities; and protection of the rights and equities of past and present employees of Radio Europe and Radio Liberty.

(c) The Commission shall cease to exist on July 1, 1973.

SEC. 3. (a) In addition to his function as head of the Commission, the Chairman of the Commission shall provide grants to support the broadcasting activities of Radio Free Europe and Radio Liberty and submit to the President for transmission to the Congress not later than November 30, as appropriate, of each grant made and a statement describing the utilization of each such grant.

(b) There are authorized to be appropriated to the Chairman for carrying out the purposes of this section, \$36,000,000 for the fiscal year 1972 and \$38,520,000 for the fiscal year 1973. Except for funds appropriated pursuant to this section, no funds appropri-

ated after the date of first appropriation pursuant to this Act may be made available to or for the use of Radio Free Europe or Radio Liberty.

SEC. 4. (a) Members of the Commission who are Members of Congress or officers or employees of the executive branch shall serve without compensation for their services as members of the Commission. Members of the Commission who are not Members of Congress or officers or employees of the executive branch shall receive per diem at the daily rate prescribed for level V of the Executive Schedule by section 5316 of title 5 of the United States Code when engaged in the actual performance of duties vested in the Commission. All members of the Commission, while away from their homes or regular places of business in the performance of services for the Commission, shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(b) The Chairman of the Commission is authorized to appoint and fix the compensation of such personnel as may be necessary. Such personnel may be appointed without regard to provisions of title 5, United States Code, covering appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. Any Federal employee subject to civil service laws and regulations who may be appointed by the Chairman shall retain civil service status without interruption or loss of status or privilege. In no event shall any individual appointed under this subsection receive as compensation an amount in excess of the maximum rate for GS-18 on the General Schedule under section 5332 of title 5, United States Code.

(c) In addition, the Chairman of the Commission is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the maximum rates for GS-18 on the General Schedule under section 5332 of title 5, United States Code.

(d) Upon request of the Chairman of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist it in carrying out its duties under this section.

(e) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

SEC. 5. There are authorized to be appropriated to the Commission such sums as may be necessary for its administrative expenses.

Mr. MORGAN (during the reading). Mr. Chairman, this bill was printed August 3 and I am confident that everyone is familiar with its contents. Therefore, Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BRINKLEY, Chairman of the Com-

mittee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (S. 18) to amend the U.S. Information and Educational Exchange Act of 1948 to provide assistance to Radio Free Europe and Radio Liberty, pursuant to House Resolution 699, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

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

The question is on the amendment.

The amendment was agreed to.

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

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

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

The question was taken; and the Speaker announced that the ayes appeared to have it.

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

The SPEAKER. Evidently a quorum is not present.

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

The question was taken; and there were—yeas 271, nays 12, answered "present" 1, not voting 146, as follows:

[Roll No. 410]

YEAS—271

Abourezk	Danielson	Harvey
Adams	Davis, S.C.	Hathaway
Anderson,	Davis, Wis.	Hechler, W. Va.
Calif.	Dellenback	Heinz
Andrews, Ala.	Dennis	Helstoski
Andrews, N. Dak.	Dent	Henderson
Annunzio	Derwinski	Hicks, Mass.
Archer	Dickinson	Hicks, Wash.
Arends	Donohue	Hogan
Ashley	Dow	Holfield
Aspin	Downing	Hosmer
Aspinall	Drinan	Howard
Beigh	Dulski	Hull
Belcher	Duncan	Hungate
Bennett	du Pont	Hunt
Bergland	Dwyer	Hutchinson
Bette	Eckhardt	Ichord
Bevill	Elberg	Jacobs
Biaggi	Erlenborn	Jarman
Blester	Fascell	Johnson, Calif.
Bingham	Findley	Johnson, Pa.
Blanton	Fish	Jones, Ala.
Bolling	Flowers	Karth
Brademas	Foley	Kazan
Bray	Ford,	Kee
Brinkley	William D.	Keith
Broomfield	Forsythe	Kemp
Brotzman	Fountain	Kyl
Brown, Mich.	Frelinghuysen	Kyros
Brown, Ohio	Frenzel	Lloyd
Broyhill, Va.	Frey	Long, La.
Buchanan	Galifanakis	Long, Md.
Burke, Mass.	Gallagher	Lujan
Burleson, Tex.	Garmatz	McClory
Burlison, Mo.	Gaydos	McCormack
Burton	Gettys	McCulloch
Byrnes, Wis.	Gialmo	McEwen
Byron	Gibbons	McKay
Cabell	Gonzalez	McKevitt
Caffery	Goodling	McKinney
Carney	Green, Oreg.	McMillan
Carter	Green, Pa.	Macdonald.
Casey, Tex.	Griffin	Mass.
Cederberg	Gross	Madden
Chamberlain	Gubser	Mahan
Clawson, Del.	Gude	Maillyard
Collins, Ill.	Haley	Martin
Collins, Tex.	Hall	Matsunaga
Colmer	Hamilton	Mayne
Conable	Hammer-	Mazzoli
Conte	schmidt	Meeds
Coughlin	Hanley	Melcher
Daniel, Va.	Hanna	Metcalfe
Daniels, N.J.	Hansen, Idaho	Mikva
	Harsha	Miller, Calif.

Miller, Ohio	Reid, N.Y.	Stratton
Mills, Md.	Reuss	Stubblefield
Minish	Rhodes	Stuckey
Mink	Riegle	Sullivan
Minshall	Robinson, Va.	Symington
Monagan	Rodino	Talcott
Montgomery	Roe	Taylor
Moorhead	Rogers	Teague, Tex.
Morgan	Roncalio	Terry
Mosher	Rooney, N.Y.	Thompson, Ga.
Murphy, III.	Rooney, Pa.	Thomson, Wis.
Murphy, N.Y.	Rosenthal	Thone
Myers	Roush	Tiernan
Natcher	Roy	Udall
Nedzi	Royal	Van Deerlin
Nix	Ruppe	Vander Jagt
Obey	Ryan	Vanik
O'Hara	Sarbanes	Vigorito
O'Konski	Satterfield	Waggoner
O'Neill	Saylor	Wampler
Patten	Scherle	Whalen
Perkins	Scheuer	White
Pickle	Schniebeil	Whitehurst
Pike	Schnewebeil	Widnall
Pirnie	Schwendel	Wiggins
Poage	Scott	Williams
Poff	Shipley	Wright
Powell	Shriver	Wyatt
Preyer, N.C.	Sisk	Wydler
Price, Ill.	Skubitz	Smith, Iowa
Price, Tex.	Spence	Smith, N.Y.
Pucinski	Springer	Yatron
Quile	Stanton,	Young, Fla.
Quillen	James V.	Zablocki
Railsback	Steed	Zion
Randall	Steiger, Wis.	Zwach
Rangel	Stephens	

## NAYS—12

Burke, Fla.	Kastenmeier	Schmitz
Denholm	Landgrebe	Whitten
Edwards, Calif.	Moss	Wolf
Hays	Rarick	Wyman

## ANSWERED "PRESENT"—1

## Selberling

## NOT VOTING—146

Abritt	Edwards, La.	Michel
Abernethy	Esch	Mills, Ark.
Abzug	Eshleman	Mitchell
Addabbo	Evans, Colo.	Mizell
Alexander	Evins, Tenn.	Mollohan
Anderson, Ill.	Fisher	Morse
Anderson,	Flood	Neisen
Tenn.	Flynt	Nichols
Ashbrook	Ford, Gerald R.	Passman
Badillo	Fraser	Patman
Baker	Fulton, Tenn.	Pelly
Baring	Fuqua	Pepper
Barrett	Goldwater	Pettis
Bell	Grasso	Peyser
Blackburn	Gray	Podell
Blatnik	Griffiths	Pryor, Ark.
Boggs	Grover	Purcell
Boland	Hagan	Roberts
Bow	Halpern	Robison, N.Y.
Brasco	Hansen, Wash.	Rostenkowski
Brooks	Harrington	Rousselot
Broyhill, N.C.	Hastings	Runnels
Byrne, Pa.	Hawkins	Ruth
Camp	Hebert	St Germain
Carey, N.Y.	Heckler, Mass.	Sandman
Celler	Hillis	Sebelius
Chappell	Horton	Shoup
Chisholm	Jonas	Sikes
Clancy	Jones, N.C.	Slack
Clark	Jones, Tenn.	Smith, Calif.
Clausen,	Keating	Snyder
Don H.	King	Staggers
Clay	Kluczynski	Stanton,
Cleveland	Koch	J. William
Collier	Kuykendall	Steele
Conyers	Landrum	Steiger, Ariz.
Corman	Latta	Stokes
Cotter	Leggett	Teague, Calif.
Crane	Lennon	Thompson, N.J.
Culver	Lent	Ullman
Davis, Ga.	Link	Veysey
de la Garza	McCloskey	Waldie
Delaney	McClure	Ware
Dellums	McCollister	Whalley
Devine	McDade	Wilson, Bob
Diggs	McDonald,	Wilson,
Dingell	Mich.	Charles H.
Dorn	McFall	Winn
Dowdy	Mann	Young, Tex.
Edmondson	Mathias, Calif.	
Edwards, Ala.	Mathis, Ga.	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Brooks with Mr. Ashbrook.
Mr. Anderson of Tennessee with Mr. McCloskey.
Mr. Abbott with Mr. Edwards of Alabama.
Mr. Ullman with Mr. Eshleman.
Mr. Passman with Mr. McCollister.
Mr. Edmondson with Mr. Cleveland.
Mr. Lennon with Mr. Steiger of Arizona.
Mr. Evans of Tennessee with Mr. Mathias of California.
Mrs. Grasso with Mr. Crane.
Mr. Hogan with Mr. Veysey.
Mr. Young of Texas with Mr. Grover.
Mr. Patman with Mr. Latta.
Mr. Chappell with Mr. Peyser.
Mr. Clark with Mr. Conyers.
Mr. Leggett with Mr. Diggs.
Mr. Waldie with Mr. Stokes.
Mr. Flynt with Mr. Rousselot.
Mr. Fraser with Mr. Mitchell.
Mr. Carey of New York with Mr. J. William Stanton.
Mr. Corman with Mr. Davis of Georgia.
Mr. Alexander with Mr. Ruth.
Mr. Baring with Mr. Sebelius.
Mr. Podell with Mr. Dellums.
Mr. Cotter with Mr. Shoup.
Mrs. Hansen of Washington with Mr. Badillo.
Mr. Culver with Mr. Steele.
Mr. Mills of Arkansas with Mr. Ware.
Mrs. Abzug with Mr. Clay.
Mrs. Chisholm with Mr. Koch.
Mr. de la Garza with Mr. McDonald of Michigan.
Mr. Hawkins with Mr. Harrington.
Mr. Abernethy with Mr. Fisher.
Mr. Evans of Colorado with McDade.
Mr. Jones of Tennessee with Mr. Lent.
Mr. Jones of North Carolina with Mr. Keating.
Mr. Landrum with Mr. Smith of California.
Mr. Hébert with Mr. Gerald R. Ford.
Mr. Blatnik with Mr. Anderson of Illinois.
Mr. Boland with Mrs. Heckler of Massachusetts.
Mr. Byrne of Pennsylvania with Mr. Sandman.
Mr. Celler with Mr. Devine.
Mr. Thompson of New Jersey with Mr. Goldwater.
Mr. Dingell with Mr. Esch.
Mr. Flood with Mr. McDade.
Mr. Fulton of Tennessee with Mr. Mizell.
Mr. Fuqua with Mr. Bell.
Mrs. Griffiths with Mr. Hastings.
Mr. Runnels with Mr. Collier.
Mr. Roberts with Mr. Whalley.
Mr. Kluczynski with Mr. Blackburn.
Mr. Link with Mr. Neisen.
Mr. McFall with Mr. Teague of California.
Mr. Mathis of Georgia with Mr. Pelly.
Mr. Nichols with Mr. Winn.
Mr. Pepper with Mr. Snyder.
Mr. Purcell with Mr. McClure.
Mr. Rostenkowski with Mr. Don H. Clausen.
Mr. Charles H. Wilson with Mr. Bob Wilson.
Mr. Sikes with Mr. King.
Mr. Slack with Mr. Kuykendall.
Mr. Staggers with Mr. Baker.
Mr. Barrett with Mr. Horton.
Mr. Addabbo with Mr. Robison of New York.
Mr. Briscoe with Mr. Halpern.
Mr. Delaney with Mr. Bow.
Mr. Dorn with Mr. Jonas.
Mr. Mollohan with Mr. Camp.
Mr. Boggs with Mr. Clancy.
Mr. Mann with Mr. Broyhill of North Carolina.
Mr. Pryor of Arkansas with Mr. Pettis.
Mr. St Germain with Mr. Michel.
Mr. Gray with Mr. Hillis.

The result of the vote was announced as above recorded.

The title was amended so as to read: "An act to authorize the creation of a commission to evaluate international radio broadcasting and related activities of Radio Free Europe and Radio Liberty, to authorize appropriations to the Chair-

man of the Commission, and for other purposes."

A motion to reconsider was laid on the table.

## GENERAL LEAVE

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

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

There was no objection.

## RURAL DEVELOPMENT—WHAT WE NEED IS THE RELEASE OF FUNDS WE HAVE ALREADY APPROPRIATED

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

Mr. WHITTEN. Mr. Speaker, yesterday the Washington Post carried the following big headlines: "Both Parties Push Aid Program for Rural Areas." The story followed, pointing out what a number of my colleagues plan to do toward passing legislation to meet rural needs. Prominent among those mentioned is our good friend and colleague, Senator ROBERT DOLE, Republican Leader in the Senate, and under that—with a question mark—appeared the words, "the White House Bill".

Mr. Speaker, what we need is action, not more talk. What we need is the release of present funds, not more legislation. What we need is to get President Nixon and his Director of the Budget, Mr. George P. Shultz, to turn loose the money we in the Congress provided for rural area programs in the appropriations bill which I authored as Chairman of the Appropriations Subcommittee handling the subject, Public Law 92-73. These funds are available now, but the President and Director of the Budget refuse to release them.

These frozen funds total \$58 million for rural water and waste disposal grants, \$75 million for the Farmers Home Administration to make production loans, \$216 million for rural electrification loans, and \$5.9 million for rural telephone loans, funds for rural housing for domestic farm labor, for mutual and self-help housing, flood prevention, resource conservation and development, land conservation and development.

Mr. Speaker, the Congress has done its part; however the Bureau of the Budget, with the approval of the White House, has cut back the agricultural conservation program, now REAP, by \$55.5 million for next year despite a congressional directive to continue it at its former level. This means that the President and Mr. Shultz are turning their backs on 1 million Americans all over the United States who have each year put up an equal amount of their own money, in addition to their labor, to really do something about pollution.

Such veto reduces soil technicians for the Soil Conservation Service and greatly retards watershed programs as

well as regular soil conservation activities.

Mr. Speaker, I repeat: What we need is action, not any more talk. What we need is the release of present funds, not more legislation.

#### RED CHINA AT THE U.N. COULD JEOPARDIZE SETTLEMENT OF ARAB-ISRAELI CONFLICT

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

Mr. BIAGGI. Mr. Speaker, I want to alert my colleagues to a very serious situation that could arise in light of Red China's recent inflammatory remarks at the United Nations and the earlier expulsion of Nationalist China.

Let me first point out that when Nationalist China was thrown out, a dangerous precedent was set. It was the first time a member of the U.N. was expelled. Now, if they can make a claim that Taiwan is not a "legitimate" government, the same can be said of other governments.

Moreover, Red China has decided to cast itself as the self-styled champion of "third world" rights. The lesser developed nations of the world are ready to listen to the rhetoric of Mao and his cronies, and, what is more important, vote with them. As such this alliance can pose a formidable threat to peace efforts in the U.N.

Here is where the serious problem lies. Red China, in its maiden speech at the U.N. leveled a strong attack on Israel, claiming that it had committed aggression against the Palestinians and that it was not the legitimate government of the area. Will one of Red China's first acts in the U.N. be to order the expulsion of Israel and the seating of the Palestinian guerrillas?

The Middle East situation is the most explosive issue before the United Nations Security Council. The other four permanent members of that body have entered into negotiations in an effort to reach a settlement. Now with Red China on that Council, what chance will there be for a settlement of the Arab-Israeli conflict?

I am sure we will see a Red Chinese effort to thwart every action or initiative taken by the Security Council toward a settlement of the Middle East war. To permit a U.N. negotiated settlement would mean a "victory" for the Soviet Union in Red China's eyes. To see a continued confrontation would mean a greater opportunity for Red China to establish itself in the Middle East. Clearly the United Nations will become more impotent than ever.

I am sure we have not seen an end to the folly of the United Nations action against Taiwan. As one local newspaper recently put it, we have begun the era of "China in the Bullshop."

#### PRINCETON LYNCH MOB

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

Mr. ICHORD. Mr. Speaker, on October 28, 1971, I described on the floor of this House the makeup of a group calling itself the Committee for Public Justice that has been created to harass and criticize the Federal Bureau of Investigation.

At that time I remarked that at least one member of the Committee for Public Justice, Lillian Hellman, had been identified in sworn testimony before Congress as a member of the Communist Party, U.S.A. In addition, an individual commissioned to prepare a paper for the Committee for Public Justice, Frank Donner, was identified in sworn testimony as a member of the Communist Party, U.S.A., and like Miss Hellman, when given an opportunity to explain his past activities, exercised his right to invoke the fifth amendment.

On November 3, 1971, the St. Louis Globe-Democrat carried editorial comment on this so-called Committee for Public Justice entitled "Princeton Lynch Mob."

I think the editorial pretty well sums up the Committee for Public Justice as a "manufacturer of garbage" and a "kangaroo court."

I would like to insert this editorial in the RECORD.

#### PRINCETON LYNCH MOB

If the Ku Klux Klan announced that it was holding a conference at Princeton University to castigate the Federal Bureau of Investigation, it is highly unlikely that it would be given much credibility or news coverage.

Why then did certain liberal newspapers give a great amount of coverage to a conference at Princeton University held by a far leftist group that everyone knew was called for the single purpose of making a violent attack on the Federal Bureau of Investigation and its director J. Edgar Hoover?

Because certain leftist critics have no real case against Mr. Hoover or the FBI, they have to manufacture the garbage they put out.

Certainly the conference at Princeton (calling it a conference gives this kangaroo court too much stature) has to rank as one of the most vicious in memory. Under the sponsorship of the Committee for Public Justice, they proceeded to make a whole series of undocumented, unsubstantiated charges against the FBI and its director.

How could anyone give such an assemblage the slightest bit of credibility?

Just consider who some of the leading "critics" at the hate-the-FBI session were:

There was Ramsey Clark, who has been conducting a vendetta against Hoover and the FBI for years. In our book Clark was one of the worst Attorney Generals in the nation's history.

He was a weak sister from the word go. Hoover expressed it perfectly when he said several years ago that Clark was "like a jellyfish . . . a softie" when he was Attorney General.

There was Frank Donner, who in 1955 took the 5th Amendment when he was asked by the House Un-American Activities Committee about his connections with the Communist party. Donner made news in 1961 again when he attacked the Un-American Activities Committee in a book that was so biased most St. Louis bookstores refused to handle it.

There was Lillian Hellman, who was identified in sworn testimony before Congress in 1951 as having been a member of the Hollywood chapter of the Communist party, according to Rep. Richard H. Ichord, chair-

man of the House Internal Security Committee.

Ichord, who denounced the Committee for Public Justice for its hatchet job on the FBI, said Miss Hellman was a founder of that committee.

There also were three former FBI agents, several former assistant attorney generals, a professor and other known critics of the FBI who made various allegations about FBI surveillance and other operations—none of which had enough support to warrant a further inquiry.

Members of Congress, of course, should ignore the hot air from this verbal lynching of Mr. Hoover and the FBI.

The FBI may not be perfect but it continues to do a most outstanding investigative and enforcement job for the Department of Justice.

This kind of public smear attack on the FBI inevitably boomerangs. Those who engage in such stacked, public name-calling sessions make themselves look silly.

If these are the main accusers of the FBI, then the FBI and Mr. Hoover must be doing very well indeed.

Never has a barrage missed its mark so completely. The big artillery shell intended for the FBI plopped out of the Committee for Public Justice's howitzer and landed on top of the assembled leftist "eggheads." Hopefully this will be the last we will hear from this committee that apparently knows so little about public justice.

#### FREEZE OF FUNDS FOR AGRICULTURAL PURPOSES

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

Mr. MYERS. Mr. Speaker, a moment ago the gentleman from Mississippi cited that some of the funds allocated for agricultural purposes and to help rural America are being held by OMB.

I have an extremely high regard for the gentleman from Mississippi, and I believe our voting records indicate we philosophically agree on most every point, but I believe the gentleman from Mississippi did miss one point, and that is this: This Congress and this House of Representatives consistently have appropriated over the budget, and they have in every instance this year appropriated more money with one exception, and that is the Defense appropriation.

Now, my friends, how in the world is the President of the United States going to spend more money than we have coming in without going out to borrow more money? We have placed a limitation on how much he can borrow. We have only so much money coming in from revenues. When we spend over that someone has to stop spending. The buck stops with the President and the OMB.

I am sure the President agrees with many of us about the desirability of some of the great programs. I certainly agree with the idea suggested by the gentleman from Mississippi that these rural programs are necessary. But the President is doing the only thing he can do, when we are forcing him to spend more than we have and that is to freeze those funds.

#### FREEZE OF FEDERAL FUNDS

(Mr. GIBBONS asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, I just got in on the tail end of that conversation awhile ago about freezing funds, and I want to say that we can be pennywise and pound foolish.

We froze a lot of funds the other day when this House passed without a record vote the biggest giveaway program Congress has ever participated in and that was not needed. I am referring to the tax program which passed the House about 3 weeks ago. And the President supported that program, and I believe it is going to be disastrous for this country when one considers the fact that this year we will have a deficit of about \$33 billion.

I want to say we could also be pennywise and pound foolish if we hold up money for construction of medical schools and things like that.

So there are two sides to this coin. Certainly there are some useless programs in this country that should be done away with, but it is not all a one-sided story. If the President wants to veto programs let him do so but I object to the withholding of funds to perhaps be released in time for an election.

#### MEXICAN DRUG ENFORCEMENT EFFORT

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

Mr. FREY. Mr. Speaker, I recently spent several days in Mexico conferring with officials and seeing for myself what the Mexicans have done to stop the cultivation and trafficking in illegal drugs. I found, to my surprise, that the Mexicans are really trying to do something about the growing of poppies and the drug problem in general.

The following statistics indicate what the Mexican Government has been able to accomplish in the past 2 years in Operation Cooperation:

#### TOTALS OF OPERATION COOPERATION, OCTOBER 1969 TO OCTOBER 6, 1971

##### POPPY

Number of fields destroyed: 11,245.  
Area in square meters: 28,534,200.  
Number of plants destroyed: 313,549,402.  
Seeds confiscated: 316 Kgs. 260 Grs.  
Raw opium: 87 Kgs.  
Heroin: 54 Kgs. 159 Grs. 6 Mgs.  
Cocaine: 163 Kgs. 532 Grs.  
Morphine: 11 Kgs.

##### MARIJUANA

Number of fields destroyed: 3,133.  
Area in square meters: 18,006,809.  
Dry Marijuana incinerated: 39 Tons 603 Kgs.  
Confiscated Marijuana in stock: 76 Tons 434 Kgs. 550 Grs.  
Seed confiscated: 348 Kgs. 690 Grs.

##### TOXIC PILLS

Barbiturates and amphetamines: 31,009,-240.

L.S.D.: 584.

"Peyote": 3 Kgs.

##### VEHICLES CONFISCATED

Planes: 5.

Boats: 3.

Automobiles: 44.

##### DETENTIONS

Prior investigations: 1,832.  
Persons accused: 5,204.  
Foreigners: 914.

##### INTENSIVE PHASE OF THE CAMPAIGN AGAINST MARIJUANA, 1971

Results obtained to date, in the States of Sinaloa, Durango, Chihuahua, Michoacán and Guerrero.

##### MARIJUANA

Fields destroyed: 1,334.  
Area: (square meters) 5,704,368.  
Plants destroyed: 106,776,433.

##### POPPY

Fields destroyed: 826.  
Area: (square meters) 2,195,871.  
Plants destroyed: 37,992,916.

Despite these impressive statistics, the Mexican Government could be doing a much better job if it had more personnel and equipment. There are only 250 Federal officers in the entire nation. Moreover, only 6.2 percent of the Mexican budget covers the army, navy, general administration, and law enforcement. As a result the Federal agents are not well paid—\$120 to \$150 a month—and there is a severe lack of equipment, especially helicopters and airplanes which are the principal tools in the drug enforcement activities.

Hopefully, the U.S. Government can continue to work closely with the Mexican Government and provide badly needed assistance, such as equipment and training, so that the results can be even more meaningful.

#### ATOMIC ENERGY COMMISSION TO SOON ANNOUNCE LOCATION OF FIRST LIQUID METAL FAST BREEDER REACTOR

The SPEAKER. Under a previous order of the House the gentleman from Washington (Mr. McCORMACK) is recognized for 15 minutes.

(Mr. McCORMACK asked and was given permission to revise and extend his remarks and to include extraneous matter.)

Mr. McCORMACK. Mr. Speaker, during the next few months the Atomic Energy Commission will announce the site of the first liquid metal fast breeder reactor—LMFBR. This nuclear reactor and its associated research facilities will demonstrate the design and engineering feasibility of the next generation of nuclear power reactors.

The LMFBR will be paid for by the Federal Government—through funds that have already been substantially appropriated—by the manufacturers of the reactor, and by a large group of electric utilities.

My comments today are intended to make you aware of the fact that the people of the Hanford area in eastern Washington, where I live, are almost unanimous in support of locating the LMFBR in the Hanford site. In this respect, my congressional district seems to be unique in the entire Nation.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I will be happy to yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Speaker, the gentleman from Washington is making

a very important statement, and I want to compliment the gentleman on the dedication and interest that he has had in this particular subject which means so much not only to the people of his State, but also to the people of the United States, and to the world.

In fact, the subject of energy is gradually becoming a matter of primary concern to every Member of this body because informed estimates indicate that we must double our capacity in electric energy every 10 years in this country if we are to maintain our standard of living, and if we are to maintain the viability of this country.

We are faced with serious depletion of our fossil fuels—coal, oil, and gas. This is something that very few people know about. We are now short of gas, and short of sources of gas. We are becoming short of petroleum, and we are depending upon imported petroleum from sensitive areas in the world—I am speaking now of the Middle East as well as any of the ocean ways upon which oil has to be transported to this country.

We are also faced with an increase in the price of all fossil fuels. Within the last 2 years oil and gas have more than doubled in price to electrical utility plants, and they will continue to increase as the fuels become more scarce and as the need for energy continues to increase.

Mr. Speaker, I want to say a word of praise on behalf of President Nixon. President Nixon in his energy message this spring recognized this fact, and he came out very strongly for a program which would utilize every source of fuel more efficiently and with less damage to the environment.

He recognized, as I recognize, and the people who have studied this problem recognize, that we are going to need every kilowatt of electricity we can produce from all these sources. It is not a question of one fuel or another. It is a question of needing to use all of them, and needing that electricity to be produced at a cost which is compatible with our economy and with sufficient cleanliness to the environment.

With all these considerations in mind, the President has endorsed the liquid metal fast breeder reactor that the gentleman from Washington (Mr. McCORMACK) is talking about.

As the gentleman said, the selection of the first site is going to be made soon. As to the locality, I cannot at this time take a position as to where that shall be. It depends on many factors; but, regardless of site, it is going to be followed by at least one more, and it might have to be followed by a third reactor before we get to the point of economic competitiveness.

This commitment—which in the long run will cost less than \$3 billion—compared to the \$50-some-odd billion we have spent to put a man on the moon and bring him back home—will, in my humble opinion, far exceed the value of its contribution to society through the access to this energy which we must have if we are to survive.

This fast breeder reactor will increase the recovery of energy from each gram

of uranium by 100-fold. We now get heat from seven-tenths of 1 percent of the uranium, and with the LMFBR we will get heat from 70 percent, which is 100-fold more out of each gram of uranium.

This, in my opinion, will solve the problem of fuel for energy not only for our country but for the people of the world for the next 1,000 years.

So the gentleman is talking on a very important subject—important to his State and to the Nation and to the world. I compliment the gentleman for his interest in this matter and for the work he is doing in the subcommittee's Task Force on Energy Research and Development.

I believe the message he is bringing today will become more important as the years roll by.

Mr. McCORMACK. Mr. Speaker, I thank the gentleman for his comments.

We all know that Congressman CHET HOLIFIELD is the immediate past chairman of the Joint Committee on Atomic Energy, and is eminently qualified for making the comments he just made. I particularly appreciate his doing so.

I emphatically agree that this Nation needs every source of energy which may become available.

Mr. Speaker, to repeat, the people of the Hanford area and eastern Washington almost unanimously support the location of the LMFBR at the Hanford site. As you may be aware, the Hanford Atomic Energy Commission Reservation was one of the original nuclear energy sites established by this Nation, and was one of the two major production areas for plutonium for military purposes through the 1940's, the 1950's, and into the 1960's. The Hanford area remains intact in operation, but its mission has been substantially converted to research associated with the peaceful applications of nuclear energy.

This is an ideal site for many reasons. This is remote desert country, with a large buffer zone of unpopulated country.

It is an existing nuclear research park with the most competent personnel in the world in the science of breeder reactors already working on the site.

While I am aware that the Congress will have little direct influence on the location of this facility, I want you to know of the almost unique desire of the people of this area to have the reactor located at Hanford, and of the almost unique qualification of the site for the LMFBR.

Recently President Nixon visited the Hanford area. At that time the government of the State of Washington prepared a pamphlet spelling out why Hanford is the best site for the LMFBR. I am sending a copy of this pamphlet to every Member of the House of Representatives so that you will have an opportunity to peruse it and understand the reasons for locating the LMFBR at Hanford.

I would like to point out to you that we have the largest operating nuclear power reactor in the free world operating today at Hanford. This is known as a "J reactor." Many of you recall authorizing it originally as a dual purpose reactor. It is the reactor which we fought successfully to keep in operation earlier this year.

We have one of the largest nuclear research facilities on earth, which, inci-

dently, is where I was employed before I came to the Congress.

The fast flux test facility is already under construction at Hanford. This may be considered as the forerunner to the liquid metal fast breeder reactor.

We also have under construction the high temperature sodium test facility. The FFTF and the HTSFT are very large research installations which are designed to test materials for the LMFBR and future breeder reactors.

So I would point out to the Members of Congress and to my colleagues that this site is ideally located, not only geographically, and not only with respect to the terrain, and not only for the fact that it has qualified personnel available and working on site now, but also because of the fact that the people themselves of this area are anxious to have the LMFBR located at Hanford.

Mr. PRICE of Illinois. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman.

Mr. PRICE of Illinois. Mr. Speaker, I want to join my colleague, the gentleman from California, and colleague on the Joint Committee on Atomic Energy and former chairman of that committee and one of the most expert Members of the House in this field in commanding you for the statement you have made here this afternoon.

The gentleman from Washington himself, who is experienced in this field, having had similar experience in a working capacity before he came to Congress, has maintained his interest in nuclear energy since becoming a Member of the House. I assure the Members that the problems facing us in the nuclear field to which the gentleman from California (Mr. HOLIFIELD) referred are recognized by the President of the United States. I think the Congress of the United States recognizes it. The Congress has pointed out the importance of solving the energy problem, and nuclear energy is certainly going to play a very important role in the attempts to solve the problem.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

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

Mr. MILLER of California. I join my colleague from California in commanding the gentleman from the State of Washington (Mr. McCORMACK) as I also wish to commend the gentleman, Mr. HOLIFIELD, himself. I wish to congratulate the gentleman in the well, who happens to be a member of the Committee on Science and Astronautics and chairman of the task force to study energy.

I heard what my friend said it would cost to go to the moon and back, and I am happy to know that the Committee on Science and Astronautics is also interested in energy and the facets of energy. I want to congratulate Mr. McCORMACK as chairman of the task force for the constructive and fine work he is doing and assure him we will give him our full support.

Mr. McCORMACK. I wish to thank my chairman. His comments were most kind.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

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

Mr. HOLIFIELD. I wish to say in support of what my colleague from California (Mr. MILLER) has just said in relation to the cost of the space program, that he knows I have supported the space program over these years and have voted for every space appropriation. So what I said was not said in derogation of the space program. It was said to emphasize the amount of money that we might need to spend to attain our goals. Therefore, the statement was not derogatory in nature.

I also want to say that there are certain people in this country who, in their overeagerness to preserve the environment and to prevent any kind of ecological change, are going to the extreme. They are stopping the development of energy from all sources—from gas, oil, coal, and nuclear materials. They are stopping these by intervenor suits throughout the Nation. Little do they know that they are standing in the way of the very objective which they claim they seek, which is a clean environment, because unless we have an abundance of cheap, clean energy, we cannot solve the problems of pollution. We cannot clean air. We cannot clear water. We cannot process sewage. We cannot concentrate solid waste for transportation or disposal. And we cannot recycle waste materials for the raw materials which this country will need.

So, in their exuberance at having discovered the word "ecological," these people who have gone off the deep and for 100 percent pure environment are going to live to rue the day if they stop the production of energy, because it is only through the production of additional energy—and it must be cheap and it must be clean and it can be cheap and it can be clean—that we are going to solve the problems of pollution in our environment. I would say to each and every one of these people who have suddenly discovered the words "environmental" and "ecological" that they might well look behind the allure and the romance of those words to the realistic facts of life, and that is that you cannot solve the problems of pollution in this country without an abundance of energy, and unless you have energy, the pollution which is burdening our whole environment is going to increase in amount to the detriment of the people of the world.

When I make that statement, I make the statement as a man who believes in a pure environment, in a clean environment, and one who wants to approach the problem from a practical standpoint and not from an idealistic, romantic standpoint. I thank the gentleman.

Mr. McCORMACK. I certainly thank the gentleman from California for his remarks.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I wish to commend the gentleman from Washington for his very forceful and very apt statement I would moreover like to commend him for the initiative he has shown in developing through the Task Force on Energy of the Science Research and De-

velopment Subcommittee a real in-depth study into the many aspects of energy, particularly as related to research, which requires a real study of the whole field.

I think the gentleman from California, Chairman MILLER, and the gentleman from California, Chairman HOLIFIELD, are both to be very highly commended for having agreed to the appointment of this task force under the Science and Astronautics Committee. I am happy and honored to be a member of the task force.

As a conservationist of many years' activities, and one who for many years has known the meaning of the word "ecology" and some of the others we now hear bandied about, I would like to say that I agree with the sentiments expressed by the gentleman from California, the distinguished past Chairman of the Atomic Energy Committee. I think the work of the task force of the gentleman from Washington (Mr. McCORMACK) is going to provide many of the answers to these problems.

Mr. Speaker, I thank the gentleman.

Mr. McCORMACK. I thank the gentleman from Ohio.

Mr. Speaker, In conclusion, I concur with the thrust of the remarks made by the gentleman from California (Mr. MILLER), the gentleman from Illinois (Mr. PRICE), the gentleman from Ohio (Mr. SEIBERLING), and the gentleman from California (Mr. HOLIFIELD).

I would like to point out that liquid metal fast breeder reactors are absolutely essential to providing clean energy during the remainder of the century. The LMFBR is the research prerequisite, and I hope the first LMFBR—not the second, but the first one—will be located at Hanford where people are anxious and able to accept it.

Mr. MATSUNAGA. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Mr. speaker, I yield to the gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Speaker, I wish to join my colleagues in commanding the gentleman from Washington (Mr. McCORMACK) for the leadership which he has shown in the area of providing sufficient energy for this country of ours. The gentleman's great foresight and enthusiasm in the pursuance of his goals will no doubt prove of great benefit to his State and to our country at large. The abundance of energy is one of the principal contributing factors to our greatness as a nation and the gentleman's depth of perception will help to maintain that greatness. His constituents have every right to be proud of their Representative to Congress. All Americans are fortunate to have the dedicated services of MIKE McCORMACK.

#### THE U.S. STAKE IN WORLD TRADE AND CONTINUED INTERNATIONAL COOPERATION

The SPEAKER. Under a previous order of the House, the gentleman from Florida (Mr. GIBBONS) is recognized for 60 minutes.

Mr. GIBBONS. Mr. Speaker, the subject matter of this special order is "the U.S. Stake in World Trade and Continued International Cooperation." I believe that our stake in this is very high.

It affects not only our pocketbooks and our standard of living, but it could well affect our ability to peacefully organize this planet.

I want to talk about a number of things today.

First, I would like to review the U.S. history concerning world trade. Next I want to talk about where we are today, and finally, where do we go from here.

There is no substantial debate in our country that has a longer political history than does our involvement in world trade. One of the moving factors which brought about the American Revolution was resentment by the colonists about restrictions on their ability to trade with others. We have always been a trading nation and for many years we have been the world's largest trading nation. In recent years, we have exported about 17 percent of the world's total exports and have imported 14 percent of the world's total imports.

If you examine the crucial turns in our history, such as the War of 1812, the Civil War, some of our great depressions, and times of prosperity, you find a strong theme of foreign trade involved.

No debate in this Congress is older than the issue of free trade versus trade restriction.

Our Founding Fathers in our basic documents wisely created a common market for this part of our continent with a common internal trade policy to be regulated by a national government. Our United States is perhaps the outstanding example of the benefit to be derived by mankind from the tearing down of artificial barriers to trade and commerce.

Yes, we are today the wealthiest nation on earth. We are just slightly less than 6 percent of the earth's population and we have the use of 40 percent of its wealth. Our standard of living is the highest on this planet. There can be no doubt that this standard could never have been achieved had it not been for the vast free and competitive market that has been developed by us on this North American Continent.

We have all profited because manufacturing and agricultural producers in various parts of this country have been competing against each other to provide us with better products and better services. Although we recognize that this creates temporary internal dislocations, it is part of what we call "the great American competitive system."

It is interesting to note that wherever people have bound themselves together and reduced the artificial barriers to trade and commerce, they have prospered. Perhaps one of the best illustrations of the ability of a people to prosper even though they may be scattered throughout many parts of the world, and possess many different cultures, is the example of the British Commonwealth, with its system of reduced internal tariff and trade barriers. That system allowed the free flow of goods across great distances and among diverse people to raise the standard of living of all of those involved—indeed there can be no doubt that all within a system of free trade will ultimately prosper. It is just good, sound economic sense for each of us to produce those products for which we are best

suited, considering our natural resources, our climate, our skills and our needs.

Anyone who has visited Europe in the last few years can see the benefit that has already begun to accrue to those people so long divided by artificial lines. The benefits that have come to them from the European Economic Community, their Common Market, are plainly visible in their improved life style, their vitality, and their optimism concerning the future.

No one can seriously argue that the world, particularly the free world, would not profit by a reduction in trade barriers. No one who has seriously examined history can fail to be convinced that whenever trade barriers go up around the world, the results are likely to be depressions and wars.

Today, America has a great responsibility in the world for whether we like it or not, we are the leaders and we must accept responsibility. If the wealthiest and the strongest nation cannot accept responsibility, how can we expect the others to do so? After all, we have as much to lose as anyone else. Trade and commerce are built upon confidence and mutual respect. This is not a world poker game. This is mankind's struggle to free itself from poverty and to find a better life.

Why then are we here today? It is time, I believe, that Members of Congress spend some time trying to come to a better understanding of our trade and payments problems and the implications of proposed solutions to them. First, let us review the facts:

The United States is the largest, single foreign trading nation in the world—so that what we do vitally affects everyone else in the world. For 25 years the U.S. dollar has been accepted in lieu of gold. The U.S. dollar has become the measuring yardstick for every economic transaction. At the end of World War II, the other major industrial nations of this planet had been devastated. Germany's industrial plant was in ruins; the Japanese industrial plant was in ruins; the industrial capacity of other nations had either been worn out, confiscated, or destroyed.

The United States had a mighty edge in technology and the physical capacity to produce almost unlimited amounts of goods. Our farmlands produced an overabundance of food. We took upon ourselves the burden of rebuilding the world and the role of peacekeeping. All of this was responsible action and was in our great self-interest.

We embarked upon a policy of reducing trade barriers and became wealthier from that activity. Since that time some of our institutions have failed because they did not possess the characteristic of self-renewal and the capacity to meet changing circumstances. For instance, the International Monetary Fund, for which the dollar was the foundation, found itself with no adequate machinery to adjust the differences in exchange rates that were bound to arise as other nations regained their economic strength.

We as a nation have failed in recent years to exercise our leadership and responsibility in this matter and in other matters affecting trade. We concentrated

our efforts on military strength and on the space race. In the years since World War II we have gradually lost our competitive edge. We can build the most sophisticated device man has yet imagined to take him to the moon and return, but we must depend upon the Japanese and the Germans for the technology to produce looms for double-knit cloth.

We pride ourselves on our wizardry in electronics, but who can say that our technology in consumer items has kept up with world technology?

Our automobile industry has concentrated its efforts on building bigger, flashier, more powerful cars with planned obsolescence designed to make the consumer dissatisfied with his vehicle before it is 3 years old—and who cannot say that the Volkswagen has captured a large share of the American market because of its plain utility.

Yes, there are many who believe that the United States has become fat and lazy with the wealth we have been able to accumulate and use—and as our lead has been challenged, we have sought to blame our troubles upon others outside of our own borders.

Like many other Americans, I breathed a sigh of relief when the President finally on August 15 decided to do something about our domestic inflation, our lagging economic growth, and our mis-valued dollar. The President's actions in stemming the appetites of inflation in this country are praiseworthy; although too late in coming, they were needed.

The President's decisions to suspend the dollar's convertibility into gold was wise and should be made permanent. The import surcharge was wise as a very temporary expedient, but it has already been on far too long and is adversely affecting some of our warmest friends and neighbors, including Canada and Mexico.

I believe, as I have stated before, that the President's tax policies already passed by the House are a mistake and I shall not take time to elaborate further upon them on this occasion.

As I said earlier, trade and commerce depend upon confidence. Unilateral actions without consultation destroy confidence and when confidence is destroyed the essential ingredient upon which the businessman must rely is missing.

The United States at the end of 1971 is a nation that is short of many of the vital things it needs for its own survival. Because of our vast appetite for petroleum products, an appetite that I think we should reexamine, we now must import vast quantities of petroleum. Because of the great demands of our society, we must import some metals. In fact, our demand has grown so large that we now import more than 90 percent of the tin, chrome ore, nickel and manganese ore we use.

We still have the world's best agricultural system and, on the whole, the best technology and the finest land and climate. As I stated earlier, our technology has been distorted by our emphasis upon military security and the space race, and our educational system, as good as it is, simply has not trained the manpower that the United States needs.

We are a nation that loves to travel

and there is nothing wrong with that, but a substantial portion of our balance-of-payments problem is directly related to our travel appetite. In addition to foreign travel, another big reason for our balance-of-payments deficit is our desire to invest our wealth in other countries.

Certainly we can do a lot more for our balance of payments by encouraging more foreigners to visit the United States and by reducing our military expenditures abroad wherever possible. Also, the Council of Economic Advisers has estimated that by 1975 there will be a net balance of \$10.5 billion on our foreign investment. That is, we will be receiving this much more in interest from our investment in other countries than we will be paying out to foreigners for their investment in this country. Other estimates put this amount as high as \$16 billion.

No nation can long run a favorable or an unfavorable balance of trade, but look at the record of our country—over the last 20 years we have been running trade surpluses totaling nearly \$125 billion.

All this really means is that we exported more of our wealth than we imported of other people's wealth. We exported more of the fruits of our labor than we got back from others around the world. Ideally, we should be at an equilibrium, for the materials we have exported are just the products of our sweat and our natural resources.

There is nothing magic about trade. It is just the simple process of exchanging something that we have for something that we want.

I have chosen to start this debate on trade now because I believe there is a very real chance that we are beginning to go the wrong way in our trade policies.

Obviously, nobody wants a trade war. But nobody wanted a war in Vietnam either. The problem is that nations often want things they can't have without war. Thus, it is extremely important for us to know exactly what we do want from foreign trade and how much we are willing to pay for it.

I do not think we know this yet, and I think we have to do some serious thinking about this—for we have no right to make mistakes that our children will have to pay for, as we did with the Smoot-Hawley trade restrictions.

Let us look back a bit. Not since the United States walked out of the London Economic Conference in 1933 and decided to fight its depression alone has the world been more worried about our economic policy.

It took a long time before most Americans admitted—even to themselves—that the actions we took back in the thirties made matters worse for everyone in the world. Instead, we looked for villains, for someone else to blame.

We blamed our World War I allies for not paying their war debts. We blamed big business, "merchants of death," with their overseas investments. Even when world trade virtually dried up, we were so worried about import competition that the National Recovery Act allowed our industries to determine the amount of trade—if any—that would be acceptable.

We do not want to go through all that

again. Yet, some of the same sanctimonious and shortsighted views of the past are on the rise again in America. Once again, we are looking for villains.

How ironic it would be if our efforts to improve our balance of trade by means such as legislative quotas resulted in much lower levels of mutually beneficial trade. Even if we did achieve a big trade surplus in the end, the dislocations could be tragic for our own economy and for the rest of the world.

No one can be sure that any drastic reduction in imports will be matched by an increase in domestic production. How many families would just do without if low-priced imports were not available in the bargain basements of our department stores? It is unlikely that many Americans would be added to payrolls in these cases, but Americans engaged in transportation, sales, and servicing, and even financing of those products would surely suffer. The result would be an economic loss to consumers that could not come at a worse time than during this recessionary period. If there is any benefit, the American consumer and our own export industries would pay the price for stifling world trade. In trade, whatever one American receives as a benefit from a restriction on imports, another American must pay for in higher prices or in loss of a job.

Most of us do not realize just how important trade is to this country in providing raw materials for our own industries, in making a greater variety of products available to consumers, sometimes at a lower cost, and in providing business and jobs through our numerous export industries.

Last year we exported nearly \$43 billion worth of goods and services. It is estimated that for each \$1 billion of this export trade, 100,000 jobs are created for Americans. In manufacturing industries alone, nearly 7 percent of all jobs are directly related to exports and, in most cases, another one to two more jobs are indirectly related.

A great deal has been said about foreign imports causing a loss in jobs. But how much unemployment has really been caused by imports? A recent study by an economist at the Brookings Institution, who is regarded as one of the most knowledgeable foreign-trade specialists, concludes that very little of our unemployment is related to foreign trade. This study shows that during the period from the first quarter of 1970 through the first quarter of 1971, imports increased at an annual rate of about \$4.1 billion, while exports rose by only about \$3.1 billion. Yet this \$1 billion difference did not cause any direct loss of jobs to the economy as a whole. While the rise in imports and the decline in certain categories of exports wiped out 182,200 jobs, the increase in other exports and the decline in a few categories of imports created 182,700 jobs.

An estimated 11 million people lose or change their jobs each year for personal reasons or because of changes in industry resulting from changes in consumer tastes, technological change, plant relocation or changes in patterns of Government spending. We must realize that any industry or job dislocations resulting from changes in our trade patterns

are only a small part of a continual adjustment process which Government assistance can, in many cases, help us make.

The American agricultural industry supplies about one-fifth of the world's agricultural exports. The crops harvested from one out of every four acres of our farm land are exported to other countries. This is true even though some countries have erected trade barriers to our agricultural exports.

Can you imagine how large our agricultural surplus would be if further trade restrictions—or a trade war—severely limited our agricultural exports?

There are many sources of information on the extent of our involvement in trade and its importance to our economy. One of these is the January 1971 State Department publication, *Liberal Trade versus Protectionism*.

The United States has set in motion powerful influences which are endangering world trade. Prolonged retention of the 10-percent import surcharge may have unintended and severely adverse effects. Our actions regarding monetary policy have made prices uncertain, with a deadly effect on international trade. Certain trade measures now pending in Congress seem likely to do us far more harm than good.

Frankly, I am worried. It seems quite unlikely that even the United States can have its way completely in today's world. Maybe other nations will meet all our desires and the surcharge will end and trade will be better than ever for Americans.

But maybe not. Maybe we will find ourselves with the tragic beginnings of an unintended and escalating trade war.

Some remarks that I have heard from my colleagues, and the pronouncements of the administration, give me cause for deep concern. I seem to have heard all of this before. Are not these the same things that were said in the 1920's before our great depression, and before the wars of the 1930's and 1940's?

We cannot live in splendid isolationism. We have recognized that militarily, but we have failed to recognize that our economic policy and our trade policy can divide this world and can divide us from our allies, and can lead to the type of subjugation that we dread. Further, no military alliance can survive over the long period unless it is based upon sound economic and commercial alliances. No one who has ever examined history can doubt this.

The freest possible exchange of goods and services among nations is one of the foundations upon which the wealth and prosperity of peoples and nations is built. The interests of the whole world are best served by reciprocal trade policies.

As international trade grows, it promotes communication and understanding between people. We are no longer isolated nations, living to ourselves, but we have common interests and desires—common desires to lift ourselves to higher standards of living, and common desires to wipe out poverty and ignorance wherever they exist.

Economic decisions made in one nation—in policies dealing with such matters as investments, interest rates, trade, and employment—have immediate and

significant effects on other nations. But of all of these, our trading policies have the greatest impact on the world's economy.

I believe a reciprocal trade policy is necessary to develop peace, and build understanding between nations.

The real enemy in foreign trade is not Japan or Germany or any other country. The real enemy is the possibility of a trade war. We do face real international trade and payments problems but we must find constructive and cooperative solutions of these problems. If we let this all come to a trade war, we will all be the losers.

If some of the antitrade legislation that is now pending in Congress were to become law, this country would find itself in an even worse recession than we now have. In addition, this legislation would have the effect of destroying the confidence of all of our friends and neighbors in us as being the world's most responsible country. For if the wealthiest cannot be the most responsible, then who can?

I think there is one thing that should be made very clear in this debate and that is that our current troubles with inflation, high unemployment, and low growth rate, do not spring from, and are not caused by, our foreign trade competition. It seems to me that any in-depth examination will reveal that foreign trade, both export and import, is only about 8 percent of our GNP. In other words, we export and import about \$80 billion worth of goods in an economy of \$1 trillion.

Our economic problems spring from our failure to provide for a meaningful full employment program and for our failure to stem our own inflation. Our balance-of-payments deficit, while large, merely reflects our substantial overseas travel, investment, and large military expenditures.

Mr. Speaker, on May 21, 1970, the President of the United States appointed a distinguished group of Americans to study the principal problems faced in the United States in the field of international trade and investment. The Commission was composed of a broad spectrum of distinguished leaders in the field of commerce and labor, as well as economists and political scientists. The Commission made its report in July of this year, after a year of study, and this report is generally recognized as a balanced presentation of the complex issues we face.

The Commission appealed for a return to international, as opposed to unilateral, solutions to the vexing economic problems that divide us. It made many major recommendations, including an expanded and improved adjustment assistance program for firms and workers, and the elimination of all barriers to international trade and capital movements within 25 years.

Although there may not be agreement on all of the Commission's recommendations, I do not believe the Commission's report and its recommendations can be ignored. They deserve the careful consideration of all Members of Congress. At the conclusion of my remarks today, I would like to include the program for action from the Commission's report.

Mr. Speaker, I think it is most important that we spend some more time trying to come to a better understanding of our trade and payments problems and the implications of proposed solutions to them.

After the Thanksgiving recess I plan to ask for two more special orders to discuss the costs and dangers of trade restrictionism and, finally, constructive solutions to the real trade and payments problems we face.

I sincerely hope that other Members will join us in these debates. I think it is most important that Congress make a thorough study of our trade and payments problems.

The program for action from the July 1971 report of the President's Commission on International Trade and Investment Policy follows:

[From the report of the President's Commission on International Trade and Investment Policy, July 1971]

#### A PROGRAM FOR ACTION

A successful program of action must be based upon a clearly understood goal. Our primary interest is to maximize, on a continuing basis, the contribution of international trade and investment to the well-being of the United States.

In formulating an action program for the seventies, we address ourselves first to measures the United States itself can take to redress its international economic position. We shall then turn to immediate and longer-term problems that must be resolved on the international plane.

#### DOMESTIC MEASURES

Clearly, our present difficulties in international trade, investment, and payments are inextricably linked with domestic problems. We are, therefore, assigning high priority to measures the United States must take to increase the strength and resilience of its economy.

First of all, we must return to a condition of economic health, with much lower unemployment and greater price stability. This objective cannot be achieved by fiscal and monetary policies alone, although more could be done with those instruments. To avoid cost-push inflation, we will have to adopt other measures designed (to moderate wage and price increases, to increase productivity, and to improve the structure and functioning of our labor market.)

Second, we must take measures to stimulate economic growth and to improve the technological capability which largely supports our export performance. While a relative shift in U.S. economic activity from goods production toward services has been a constant feature of our economic growth (we should not contemplate becoming non-competitive in goods production generally.)

(A high rate of growth would benefit exports by helping to hold down unit-labor costs.) It would also facilitate the reemployment of workers displaced by imports. Finally, the resumption of economic growth, with greater price stability (would make the United States more attractive to foreign, as well as U.S. investment.)

We believe the United States should adopt a program designed to develop the areas of potential strength in our domestic economy. Such a program should include government support (including tax incentives) for investment, research, and development; a more flexible policy on mergers consistent with competition and economic efficiency; regional development policies; and measures to remove structural impediments to the mobility and productivity of American labor and capital.

Third, the United States must launch a vigorous export drive for the 1970s. In addition to efforts to remove foreign barriers to

our exports, such a program must include a new look at those U.S. policies, rules, and regulations which tend to impede our exports—for example, in the fields of anti-trust, taxation, transportation, East-West trade, and export finance. Intensified export promotion efforts are also required. The entire program must be given impetus at the highest levels by the Council on International Economic Policy.

Fourth, we must deal with adjustment problems caused by import competition in ways which minimize potential injury to affected workers and small businesses and at the same time preserve the efficiency and competitiveness of our economy.

The government can ease adaptation to competition from imports in two ways. First, programs of adjustment assistance can enhance the mobility and upgrade the quality of our manpower and capital. Second, methods of temporary protection—import restrictions (tariffs or quotas) under the escape clause, or orderly marketing agreements—can provide time for industries to achieve a viable competitive position, either in the same or some other line of activity. The Commission feels that, in general, the government should encourage adjustment rather than impose restrictions on imports—except in those circumstances where orderly marketing agreements or escape clause restrictions may be more appropriate.

A major effort must be undertaken to strengthen and restructure the present program of adjustment assistance to workers, which is woefully inadequate and ineffective. More generous benefits are needed and much greater emphasis must be placed on measures to facilitate the retraining, upgrading and relocation of displaced workers. Procedures must be speeded up so that assistance and training become available when workers are laid off, not many months later. A way must be found to protect the pension rights and health and welfare benefits of workers who have to change jobs.

Adjustment assistance to firms should normally be limited to small businesses, but should be expanded to facilitate rationalization, modernization, diversification, or conversion to new product lines.

We believe a more effective program of adjustment assistance would substantially lessen the impact of import competition on workers and small firms. There may, however, be a case for temporary protection in some circumstances, where large segments of a major industry are seriously injured and adjustment assistance alone is not feasible.

The purpose of relief provided by import restrictions under the escape clause should be to permit a seriously injured domestic industry to become competitive again without continued restrictions. Such relief should be extended for a limited time only, and should normally consist of a temporary tariff increase; only in very unusual circumstances should import quotas be used.

Orderly marketing agreements may be appropriate when imports of particular products cause or threaten to cause severe problems of domestic adjustment in more than one importing country; when serious injury or threat of injury has been demonstrated under internationally agreed standards; and when the solution to the problem requires multilateral action. Negotiation of such agreements should normally be conducted under the auspices of GATT, with the participation of both exporting and importing countries. The arrangements themselves should be limited, as a rule, to no more than 5 years; should provide for a reasonable rate of growth of imports; and should be accompanied by measures of adjustment on the part of affected industries in all restricting countries.

#### ISSUES FOR NEGOTIATION WITH OUR MAJOR TRADING PARTNERS

The Commission believes that the time has been come to begin immediately a major series of international negotiations:

To cope effectively with urgent international economic problems; and

To prepare the way for the elimination of all barriers to international trade and capital movements within 25 years.

The negotiations should be launched at the highest political level through a joint initiative by the United States, Western Europe, and Japan. A high-level international steering committee should provide direction and trust to the negotiations and monitor their progress.

We welcome the recent agreement to establish a high-level study group on trade problems in OECD as a step in this direction. We would hope that this initiative would be broadened to include investment and payments matters as well.

The ultimate goal should be to achieve for all people the benefit of an open world in which goods and capital can move freely.

Two concurrent, and parallel efforts should be initiated immediately.

##### *Immediate problems*

First priority should be given to these critical issues which now threaten to undermine the gains of past negotiations and block progress toward our long-term goal. These include:

The world payments problem. In addition to greater efforts on our part to stabilize U.S. prices, the solution of this problem requires (better coordination of monetary policy among major countries and more equitable sharing of the costs of the common defense.) It may also require, on the part of surplus countries, a further realignment of exchange rates along with removal of remaining quotas on imports and restrictions on capital exports. If the balance-of-payments problem persists, and if other countries find a further accumulation of dollars objectionable, the United States should indicate its readiness to adopt a temporary, uniform import tax and export subsidy. Such a measure could improve the U.S. balance-of-payments position with minimum distortion to the U.S. and world economies.

The adverse effect on U.S. exports of the European Community's Common Agricultural Policy and preferential trade arrangements. We should seek a commitment to the elimination of illegal preferences, assurances that no further impairment of our agricultural trade interests will occur in the enlargement negotiations, and a commitment on liberalization of the Common Agricultural Policy as part of the negotiations on longer-term issues.

The problem of market disruption and the conditions under which orderly marketing agreements can be negotiated.

Our trading partners will undoubtedly wish to include subjects of priority importance to them.

Progress on each of these immediate problems seems essential to the development of a consensus in the United States in support of the goals sought in the longer-term negotiations.

##### *Issues for the longer term*

Concurrently with the negotiations on the immediate problems listed above, longer-term negotiations, looking toward the progressive reduction and eventual elimination of barriers to trade and investments, should be initiated.

These negotiations should be different in several respects from those of the past.

They should be comprehensive in scope. Unlike past negotiations, they should not be confined to tariffs, or even to trade problems in a broader sense. (They should also encompass foreign investment and measures to improve the balance-of-payments adjustments process.)

Reciprocity should be conceived in terms

of the whole set of negotiations rather than as an objective to be achieved within self-contained compartments of trade, investment, or finance. In some cases, of course, it may be possible to arrive at mutually advantageous solutions within specific industrial sectors, and efforts should be made to find such solutions. On the other hand, in many cases a country will have to give more than it gets in one sector or functional area, and recoup by securing an equivalent advantage in another.

The United States, still the largest and most attractive market in the world, should more than in the past use its bargaining power in the defense of its economic interests. Where our rights in GATT have been impaired by actions of other countries, the United States should insist upon compensatory trade concessions or, failing this, take other steps to restore the balance of advantages.

The principal area for negotiation should include the following:

Reform of the international monetary system. Effective foreign trade and investment policies cannot be sustained in the absence of full currency convertibility and a well-functioning international payments system. In recent years, the world has experienced several international currency crises. A major task of the present decade is to develop a more responsive system of exchange rates to correct international imbalances which prove intractable by other means. We need a system which allows the changes in rates to be made in a more timely fashion. This would avoid the disruptive and costly speculative capital movements which have preceded most postwar changes in major exchange rates. Unless exchange rate changes can be made more timely, the open international economic system which has contributed so much to the present world prosperity is in danger of being damaged by tight controls over capital movements and increased barriers to international trade. All would lose by so fragmenting the world economy.

Agriculture. High priority should be given to the serious problems of agricultural trade, which have not been resolved in past trade negotiations. We believe the time is ripe for a concerted international effort to deal with all aspects of the problem including, in particular, the levels and techniques of agricultural support. Our main objective should be a substantial reduction in the high levels of support and protection of the European Community. The United States should be prepared, in turn, to improve the terms of access to its markets for imports of agricultural products in which other countries have a comparative advantage.

Preferential trade arrangements between the European Community and nonmember countries. The United States should oppose arrangements inconsistent with the requirements at GATT. Such arrangements deny us market access on a nondiscriminatory basis, and we should take appropriate steps both to prevent their proliferation and to obtain the elimination or phasing-out of existing ones. In the interim, the United States should insist upon compensation in the form of trade concessions on a most-favored-nation basis, benefitting in particular those U.S. exports which are adversely affected by the arrangements.

Nontariff distortions. Despite the tariff reductions of the last two decades, U.S. industries continue to meet difficulties at home and abroad as a result of foreign policies, practices, and institutional arrangements which distort competitive conditions to our disadvantage. Among these problems are technical, health and safety standards; subsidies and tax exemptions for domestic industries; tax incentives and special credit facilities to promote exports; and remaining quantitative restrictions. We should recognize, on the other hand, that a number of U.S. trade barriers are of concern to our

trading partners. International agreements to reduce such barriers and distortions to trade are both necessary and feasible.

Public procurement policies. U.S. preferences for domestic producers are more visible than those in most other countries; our rules are published for all to see. We must work toward an agreement under which all governments make their procurement policies explicit and public, and where all agree to reduce the degree of preference to a uniform low level. We should deny access to public procurement in the United States to countries which do not adhere to such agreed rules.

Export subsidies. A pressing need exists for international action to discourage the subsidization of exports through the credit and tax systems. Rules should be developed, in particular, to limit competition in government-supported export credits. At the same time, the United States should take more vigorous action to enforce its countervailing duty and antidumping laws.

Tariffs. Our objective should be the progressive elimination of most tariffs over the next 10 years, and of all tariffs over the next 25 years. Progress toward this objective would gradually eliminate the discriminatory effects on the United States and other nonmember countries of the European Community and its preferential trading arrangements.

Foreign investment. The United States should strive to reduce artificial incentives and impediments to foreign direct investment in developed countries, whether they result from our own policies or from those of foreign governments. U.S. policy in this regard should continue to be guided by the principles of freedom of entry, of the respect for property rights, and of national treatment. A framework already exists in OECD which makes it a central forum for discussion and agreement on international investment issues among the industrial countries. The United States should cooperate in strengthening the codes, rules, and understandings which have been developed in OECD to ensure freedom of entry and acquisition, the remittance of earnings, and the avoidance of double taxation. Efforts to harmonize antitrust policies and tax rules should be continued and intensified.

International aspects of environmental policies. The mounting concern for preserving the quality of the environment will rapidly generate a plethora of new administrative regulations and procedures which may place domestic producers at a competitive disadvantage vis-a-vis foreign producers. The United States should join with other developed countries in an international agreement on principles of pollution control, incorporating in particular the rule that costs should be reflected in product prices and should not be borne by the government. If a workable agreement cannot be realized, the United States should take such measures as are necessary to ensure that our producers are not placed at a competitive disadvantage.

#### TRADE AND INVESTMENT RELATIONS WITH DEVELOPING COUNTRIES

The Commission supports the continuing U.S. interest in expanding trade with developing countries. These countries cannot rely on foreign aid to supply the foreign exchange for their imports and debt service payments—they must earn their own way through exporting. We should join with the other industrial countries in improving the developing countries' access to world markets.

Last year the industrial countries agreed in principle to extend temporary generalized tariff preferences to the developing countries. The Commission hopes that Congress will act promptly on the necessary legislation to enable the United States to carry out this agreement, which is already being

implemented by the European Community and Japan. Even more important, the industrial countries should refrain from imposing new quantitative limitations on their imports from developing countries—subject to the usual safeguards against serious injury—and steps should be taken to reduce existing restrictions.

Foreign private investment in developing countries can make a major contribution to their economic progress. We support the program of insurance and guarantees currently administered by the Overseas Private Investment Corporation. While experience with joint ventures has been favorable in some cases, the United States should discourage host countries from setting rigid rules prescribing the form and extent of local participation in joint ventures. Moreover, investment, once made, should be granted equitable treatment.

Expropriation without prompt, adequate, and effective compensation should be vigorously opposed, and the President should have the authority to deny trade preferences as well as to cut off assistance if particular disputes cannot be equitably resolved and the host country refused to submit the issue to international arbitration.

#### ECONOMIC RELATIONS WITH COMMUNIST COUNTRIES

Within the bounds set by strategic considerations, the United States should attempt to expand its trade with the Communist countries. To this end, we should align our export restrictions and related regulations with those of other Western nations.

However, transfers of technologies, production processes, and/or assistance in the establishment of manufacturing facilities should continue to be subject to careful review by appropriate government agencies to ensure that they do not contribute significantly to the military capabilities of Communist countries.

The President should be given authority to remove the existing tariff discrimination against imports from Communist countries, in return for appropriate benefits for the United States.

We should explore with other Western governments possible multilateral arrangements designed to loosen the existing bilateral constraints on East-West trade.

#### THE NEED FOR DOMESTIC CONSENSUS

In discussing these issues with foreign countries, the importance of careful preparations at home cannot be stressed enough. Too often, the effectiveness of our negotiators has been impaired by a lack of coordination within the Executive Branch. With the establishment of the new Council on International Economic Policy, the United States should be in a better position to cope with negotiations of the scope and complexity outlined here. The Council should be used to ensure that domestic economic policy is made with an eye to its international implications and that coordination among foreign economic, political, and security policies is facilitated.

Even more serious, foreign governments have come to doubt the ability of U.S. Administrations to deliver on commitments made in international negotiations. They have difficulty in understanding the unique United States system of trade policy formation and administration. The U.S. Congress has the constitutional responsibility for regulating trade. It delegates the administration of this responsibility to the Executive, which has the constitutional responsibility for negotiations with foreign governments. This makes it all the more important that we do our utmost to provide for continuous, close communications between the Executive and the Congress, so as to ensure the effective pursuit of our national objectives.

We recommend that the negotiations be buttressed in advance by appropriate con-

gressional action. In some areas, such as tariffs, a specific delegation of authority to negotiate and proclaim changes in U.S. restrictions will be needed. In other areas, the Administration should negotiate on the basis of a congressional declaration of intent; the results of the negotiations would be submitted to Congress, either for affirmative action, or preferably subject to an understanding that they could be implemented by the Executive unless rejected by Congress within, say, 60 days. Furthermore, some Congressmen should be included in the United States delegations to the negotiations.

Finally, we believe a greater effort should be made to bring the private sector into the negotiation process. Arrangements should be made for periodic consultations with business, farm, labor, and consumer groups to ensure that all interests are heard. Representatives of the private sector should be included in the U.S. delegations, as members or consultants, where appropriate.

#### THE NEED FOR URGENCY

The program we propose is ambitious. The difficulties are many and success is not assured.

Whether success can be attained will depend to a considerable degree upon the spirit and determination with which the United States and other nations deal with the immediate problems that have undermined confidence in the multilateral trade and payments system.

These problems will not wait. Several times during the past few years situations developed in which unilateral actions by one or another trading nation could have precipitated a major international crisis. The gains of a generation could have been lost.

We believe that the United States continues to have a compelling interest in preserving and improving the multilateral trade and payments system. We believe the United States should continue to try to solve the current problems in ways which will strengthen the system. We should avoid dealing with our short-term problems in ways which make it more difficult to realize a long-term goal: a world economic community of free nations.

But the time has come when this responsibility must be shared by the major trading nations and not carried disproportionately by the United States alone. Only through cooperative leadership can the world build on the existing foundation and forge an economic system which serves the interests of all.

(Mr. GIBBONS asked and was given permission to revise and extend his remarks.)

Mr. MORSE. Mr. Speaker, as the issue of U.S. trade policy becomes daily more visible, I am concerned by the arguments of many that the keystone in improving our trade policy is the imposition of expanded trade quotas. While there are a great number of constructive and necessary steps which can be taken to ease our trade and balance-of-payments problems, including initiatives to provide relief from unfair international trade practices and to increase the flow of U.S. exports, I fear that import quotas may, in fact, eliminate more American jobs through overall reductions in exports than will be gained by restricting imports.

I would like to take this opportunity to call to the attention of my colleagues the following report by Prof. Ann Krueger of the University of Minnesota in which the probable effect of trade quotas on our job market is analyzed:

## QUOTAS ON AMERICAN IMPORTS WOULD REDUCE EMPLOYMENT IN AMERICAN INDUSTRY

(By Prof. Anne O. Krueger)

One of the most remarkable and encouraging developments of the past two and a half decades has been the rapid increase in international trade, and the continuing trend toward ever-greater liberalization of trade and payments regimes among the developed countries. This trend has, in large part, been the result of American foreign policy, and will probably go down in history as one of the outstanding achievements of American diplomacy in the post-World War II period. The United States is such a large factor in the world's trade and monetary system that American policy must, of necessity, set the pace. If the United States effectively restricts trade, other countries will be forced to retaliate.

The record of achievement is now threatened by the growth of protectionist sentiment in the United States, of which one expression is the import-quota bill currently pending before the American Congress. Most of the arguments against quotas are well-known: (1) quotas will be inflationary, by driving up the prices consumers must pay for goods; (2) quotas will result in reduced American exports, since American firms will have to pay higher prices for their inputs and will therefore be less competitive with foreign firms; (3) quotas will harm the efficiency of the American economy, by protecting domestic firms from international competition, and thereby increasing their domestic monopoly power; (4) quotas are difficult to administer, and provide larger windfall gains for those who receive them; (5) once quotas are legally sanctioned, it would be politically difficult, if not impossible, to resist pressures for new quotas so restrictiveness would inevitably increase.

If the pending quota legislation is passed, there can be no doubt that other countries will be forced to retaliate. Indeed, the Common Market countries have already warned the United States that passage of the quota bill will result in restrictions against American imports by Western European countries—our largest trading partners. The Japanese—who would probably be even more adversely affected—would also have no choice but to retaliate. The result would be a reversal of the gains of the past two decades, and increasing restrictions upon international trade.

This sorry outcome would be detrimental to the entire free world. Even for the United States' interests, narrowly interpreted, however, such a trade war would be disastrous. While there might be some companies whose profits would increase, and some workers whose jobs would be "saved," the gainers would be few and far between. Even for those who would gain, there are alternative ways of helping distressed industries which would impose a far smaller cost on the rest of American society. (Attention will return to this below.)

Surely, American agriculture would lose, and with that, farm incomes would decline. Meanwhile, the costs to the American taxpayer for storing agricultural surpluses, etc., would increase. Mining interests have little to gain: the United States is already a net importer of mineral products; these imports are vital for the maintenance of American industry.

This leaves American manufacturing interests, and it is on this ground that the battle over quotas is being fought. Many persons are concerned about the employment effects of imports on particular groups of workers. Among the affected industries, where concern for protection of employment opportunities appears paramount, are textiles, footwear, and steel. In some sectors of these industries, there are genuine problems associated with competition from imports, and policy measures (but not quotas) are needed. However, the likely employment effect of quotas and the inevitable foreign retaliation that would result is, in almost every instance, going to be negative.

The reason is that the employment opportunities in any industry depend, primarily, on the demand for that industry's product, less the volume of imports of that commodity. Demand for the product comes from consumers, from other industries, and from export demand.

Two things are generally overlooked in assessing the likely employment gains which might arise from quotas: 1) at higher prices of protected commodities, consumer demand will generally decrease; and 2) many products are exported indirectly. When an American firm exports a machine tool, for instance, that firm purchases steel, paint, packing materials, and a host of fabricated metal products from other American firms. As such, there are *indirect* exports of a variety of commodities which are seldom considered when evaluating the employment attributable to exports.

It would be extremely difficult to estimate the likely price increases, and associated decreases in domestic consumer demand, which might result from quotas. It is possible, however, to compute the *indirect* employment generated by American exports, and to contrast the direct and indirect employment opportunities resulting from American exports with those which would result by import replacement on an industry by industry basis. This is done in the remainder of this note.

To estimate the employment effects likely to result from quotas and the inevitable retaliation that would follow, data from the 1960 Census of Manufactures,<sup>1</sup> the 1963 input-output table of the American economy,<sup>2</sup> and 1966 export and import values were combined.<sup>3</sup>

The Census of Manufactures gives information on the number of workers per dollar of value-added (value of output less the value of inputs purchases from other firms) in each industrial sector, and also the aver-

age wage of production workers. The input-output table gives the purchase of each industrial sector from all the others per dollar of output. Combining these data with American export and import values, it is possible to compute what employment would have been had all goods which were imported been produced domestically (which is patently impossible, in some cases, because of lack of availability of raw materials). This hypothetical "quota-induced" employment can be contrasted with the direct plus the indirect employment actually generated by American exports in the same year. The results of this computation are given in Table I.

The first column of Table I gives estimates of the total number of jobs provided in each industry based on direct and indirect demand for exports. For example, 149,300 jobs in non-electrical machinery were attributable to direct and indirect exports. The second column gives an estimate of how many jobs, directly and indirectly, might have been provided, had all American imports been replaced with domestically-made goods on the assumption that costs would not rise, and consumer demand would be the same. Of course, this is an extreme assumption. For some products, such as pulp for paper, it would have been virtually impossible to produce enough domestically even at very high costs. At those costs, surely total American consumption would decline, so that these figures represent overestimate of possible jobs created. As can be seen, even in the industry where fewest jobs are dependent upon exports (footwear) relative to those that could be attained through replacing imports, the net potential employment gain is not large. Moreover, footwear is a commodity for which consumers decrease their purchases sharply in response to price increases. In general, the potential net employment gains are rather small and for most industries, there would be job losses.

Column (3) gives the ratio of the number of jobs attributable to exports (directly and indirectly) to the number which might have been created had the U.S. cut off all manufactured imports and produced the goods domestically. As can be seen, consideration of indirect demand alters the estimates of potential employment gains significantly. Steel is the most obvious case: direct exports of iron and steel in 1966 were \$570.5 million, while imports were \$1,477.2 million. Yet, when account is taken of indirect exports (in machinery, transportation equipment, and so on) the United States was, on net, a steel exporter. This is because American exports had a relatively high steel content, while American imports did not. Stated another way, if American manufactured exports ceased, and steel imports were cut off completely, the total demand for steel in the United States would decline, even without taking into account the effects of probably price increases on the quantity demanded.

Footnotes at end of article.

TABLE I.—EMPLOYMENT GENERATED BY EXPORTS, AND POTENTIAL IMPORT-SUBSTITUTING EMPLOYMENT

	Export employment	Potential import employment	Ratio (1)/(2)	Exports/imports	Average wage, 1967		Export employment	Potential import employment	Ratio (1)/(2)	Exports/imports	Average wage, 1967
	(1)	(2)	(3)	(4)	(5)		(1)	(2)	(3)	(4)	(5)
Food products	52,700	68,000	0.77	0.75	4,702	Glass products	11,900	11,100	1.07	1.03	6,170
Tobacco products	3,400	400	8.50	16.64	4,428	Stone and clay products	15,300	18,300	.84	.66	5,776
Yarn, textiles, and apparel	47,900	124,200	.38	.34	4,161	Primary iron and steel products	87,600	86,300	1.02	.48	7,341
Lumber and wood products	35,700	67,600	.53	.41	4,211	Nonferrous metal products	37,300	54,300	.69	.38	6,674
Furniture	3,500	5,500	.63	.48	4,818	Fabricated metal products	79,900	46,600	1.71	2.43	6,364
Paper and allied products	41,700	59,200	.70	.47	6,151	Engines and turbines	16,000	4,200	3.81	6,68	7,740
Chemicals	53,800	29,300	1.84	2.82	6,950	Farm machinery	13,100	7,800	1.68	1.59	6,393
Plastics	21,600	13,200	1.64	4.99	6,631	Other nonelectric machinery	149,300	48,900	3.05	4.67	6,899
Drugs	6,700	2,900	2.31	3.12	5,882	Electric machinery	138,600	80,900	1.71	1.85	5,757
Paints	3,000	1,800	1.67	4.16	6,216	Transport equipment	134,600	76,200	1.76	1.49	6,184
Petroleum refining	9,400	12,100	.78	.48	7,780	Instruments	34,900	18,900	1.85	1.80	6,041
Rubber and plastic products	29,300	25,100	1.17	1.13	5,615	Total	1,031,300	885,900			
Leather products	1,900	4,700	.40	.51	5,310						
Footwear	2,200	18,400	.12	.08	3,758						

This same general result holds in many other sectors: in non-ferrous metals, American exports are about one-third of imports. This, of course, is partially attributable to the fact that copper and other nonferrous metals must be imported. Even so, many of our exports (fabricated metal products, transport equipment, etc.) have relatively high nonferrous-metal contents, and so our actual position is that exports are about two-thirds of imports when indirect demands are included.

For all the industries listed in Table I, total employment generated by exports of manufactured commodities in 1966 amounted to 1,031,300 jobs. The potential in import-competing industries was 885,900 jobs; on net, there were 145,400 more jobs than there would have been in the absence of trade. These computations take into account production workers only; were non-production workers considered, the total employment effect would appear even larger.

Column (4) gives the ratio of the value of exports to that of imports in 1966. Comparison of those ratios with those in column (3) provides an easy way of estimating the importance of indirect demands by industries. When the ratio of exports to imports is above the ratio of direct and indirect employment effects, it implies that the industry's exports, on net, contain products from other sectors. When the ratio of exports to imports is below that in column (3), it implies that products of that industry were, on net, indirectly exported by other sectors. Generally speaking, for those sectors where there was a negative trade balance (a ratio of less than one in column (4)), indirect demands resulted in more exports than were apparent from the trade statistics, and conversely.

Inspection of the data indicates that there are very few industries where employment gains might be substantial through the imposition of quotas; these include yarn, textiles and apparel, and footwear. In all other sectors, there are either potential employment losses, or very small gains which would probably not be realized as consumers cut back demand. In some cases, too (e.g. paper and allied products), the reason for imports is the raw-material based nature of the industry; producing as much domestically would be nearly impossible.

One last item appears in Table I: the average annual wages, in 1967, of workers, by industry group. In general, wages are high in those industries which are export oriented. This reflects the fact that the American competitive advantage in international trade lies in the skills of its people. A trade war, and consequent reductions in American exports, would not only adversely affect total American employment, but it would also result in a reduction in the average wage level of American workers, as jobs lost would be in high-wage industries, while the additional import-substituting jobs would be in lower-wage industries.

It is evident that American consumers, American business, and American workers have a great deal to lose by the imposition of quotas, and their probable consequences. A few workers, in footwear, textiles, and apparel might gain, but their gains would be relatively small. The price paid for these gains, by the rest of society, would be enormous.

These considerations, and the data in Table I, suggest that there are better ways to meet the problems of those producers and workers in the few industries where foreign competition leads to real hardship. There are very few of them, but the problems for workers in those industries are very real. Those workers are generally less skilled than those in other industries, and hence would have difficulty locating other jobs. The long-run solution lies in providing training opportunities for America's young people, so that

the low-wage, low-skill industries can grow less rapidly than the economy as a whole. For workers now in the affected industries, if retraining is impossible, an alternative is assistance to the affected firms to provide job opportunities in the short run. Such assistance, which has already been provided to "distressed areas", would solve the problem of the existing workers and firms in the industry, without imposing the very high costs of a trade upon the American people.

#### FOOTNOTES

<sup>1</sup> Bureau of the Census, *Census of Manufacturers, 1967*.

<sup>2</sup> Presented in the *Survey of Current Business*, November, 1969.

<sup>3</sup> The year 1966 was chosen because that was the most recent year for which data were available on a commodity classification comparable to the input-output table and the Census.

Mr. SEIBERLING. Mr. Speaker, the gentleman from Florida (Mr. GIBBONS), deserves great credit for obtaining this opportunity to start a long overdue discussion in the House concerning our international trade policy.

I have been increasingly concerned about this problem for several years. While the President's belated action on August 15 made a beginning toward developing a new trade policy for the country, there is obviously a long way to go.

The problems of multinational corporations, of imports, of the export of know-how, of the growth of trade barriers and new trading blocs, of the increasing competitiveness of foreign industry, research and development investment, and even of national priorities are all interrelated. They have been developing for a long time. It just happens they have been brought to a climax at this time as a result of our Nation's profligate policies in Vietnam.

I am not only concerned, but my constituents are concerned. For them the issue is very simple—jobs. I intend to do everything I can to help protect their jobs and to restore jobs to those who have lost them. I am sure this objective is shared by most Members of Congress. The question is how to do it without creating even more serious difficulties?

Mr. GIBBONS and I, among others, have spent much time in recent months conferring with economists and other experts in this field. I hope that the Ways and Means Committee will itself conduct hearings where these problems can be explored in all their scope and depth. In the meantime, I believe it would be helpful to offer some of the material that we have received from experts in the course of our conferences with them.

On November 4, Mr. Edward Fried, senior fellow at the Brookings Institution addressed a bipartisan group of Representatives and Senators on the question of foreign trade and the U.S. national interest. He did not have a prepared text but has made available to us the outline from which he spoke.

Mr. Fried was from 1967-69 a senior staff member of the National Security Council with responsibility for Western Europe and International Economic Affairs. From 1965-67 he was Deputy Assistant Secretary of State for Economic Affairs. Prior to that time he held responsible positions in the White House staff of President Johnson and in the

State Department's policy planning Council, where he had responsibility for Foreign Economic Policy. He is a distinguished public servant and economist. In preparing his talk, he was assisted by another economist of the Brookings Institute, Fred Bergsten.

Mr. Fried's outline follows:

#### FOREIGN TRADE AND THE U.S. NATIONAL INTEREST

##### I. A LOOK AT CURRENT ARGUMENTS FOR PROTECTIONISM

A. Foreign trade is creating unemployment:

1. In 1968 and 1969 the trade surplus went down, but so did unemployment. In these two years, unemployment reached its lowest level in 20 years, despite the lowest two-year trade surplus in the postwar period.

2. An equal reduction in US exports and imports, which would probably result from a trade war, would reduce US jobs and incomes. The job content of a dollar of US exports is greater than the job content of a dollar of US imports.

3. Even when the trade surplus is low there are more jobs in exports than in imports:

4. The US trade surplus went down in 1968-71 primarily because prices got out of hand domestically, which over-stimulated imports and led to overvaluation of the dollar. Present policy is aimed at both these problems: reducing inflation and achieving a realistic exchange rate for the dollar.

5. The employment effects of foreign trade are in any event small in relation to normal job requirements of US economy. US needs to create 1.5 million new job opportunities every year to employ normal additions to the labor force, whereas annual job effects from foreign trade (plus or minus) is on the order of 0.1 million. If we can regain 4-5% real growth a year—the average for the 1960s—full employment would be readily achieved.

6. The basic function of foreign trade is to increase productivity and income—not to create jobs. Achieving full employment depends primarily on domestic fiscal and monetary policy—not foreign trade policy.

B. US is investing and licensing itself out of exports and out of jobs:

1. There is no reliable evidence that foreign investment has on balance either reduced or increased exports. The mid 1960s were years of high US trade surpluses, high foreign investment, and declining unemployment.

2. Investment and licensing abroad can increase international specialization and contribute to investment in higher paying jobs at home.

Year:	Trade balance (billions)	Jobs (millions)	
		Exports	Imports
1966	\$3.8	2.5	1.8
1969	1.2	2.7	2.5

C. Other countries are taking advantage of the US because we have overplayed the benefactor role and sold out our economic interests to buy foreign policy goals.

1. The US has legitimate complaints against:

Agricultural protectionism in Europe and Japan

Government procurement policies and other non-tariff barriers in Western Europe and Japan

Japanese administrative practices that restrict imports.

2. But these countries have legitimate complaints against the US. US quotas and voluntary restraints cover more trade than those of any other country, including Japan. The

US has more high tariff categories (above 20%) than anyone else. And we have our own Buy American rules and other non-tariff barriers.

3. In aggregate terms—Post-Kennedy Round tariffs among the major countries are not far apart. Weighted average tariffs are:

EEC	6.0
U.S.	7.1
U.K.	7.6
Japan	9.7

4. In sum, the US has received its share of trade benefits and committed its share of trade sins. Serious trade problems exist now and will arise over the future. They can only be managed through reciprocal multilateral bargains.

#### II. WHAT THESE ARGUMENTS IGNORE

A. International economic cooperation pays off in economic terms. Growth and prosperity in other countries contribute to US prosperity and jobs. If their economies now falter, our economy will suffer.

B. Trade is an important weapon to combat domestic inflation. Imports hold prices down and encourage efficiency in domestic industry.

C. Protectionism would involve substantial US political losses in Western Europe and Japan—with potentially significant adverse consequences for US security and higher US defense costs.

#### III. EXCHANGE RATES, TRADE, AND ALTERNATIVE POLICIES

Proper exchange rates affect trade and jobs positively, while protectionism affects trade and jobs negatively. The present international economic impasse provides an opportunity to move in either direction, with very different domestic and international consequences.

A. The U.S. can seek a reasonable settlement on monetary issues, avoid a breakdown in international cooperation and a trade war, and move toward a reduction of trade barriers. This will mean higher incomes and more jobs in the U.S.

1. New exchange rates, which other industrial countries agree are necessary to restore equilibrium to the U.S. balance of payments, would produce a U.S. trade surplus of \$3-4 billion over the next two years or so. Exports would rise and U.S. industries could better compete with imports here.

2. Such a turnaround would create 500,000 additional jobs in the U.S. Many would be in the high paying capital goods and chemical industries, where our export surplus has steadily increased. In 1969, machinery exports alone (e.g. machine tools, computers and business machines, aircraft, and construction and farm machinery) involved 700,000 jobs.

B. Or the U.S. can move toward more quotas and trade restrictions. This would sacrifice the opportunity to set exchange rates right and to achieve reductions in foreign trade barriers. In addition, it would trigger retaliatory action by others and actually reduce levels of trade. The consequences would be:

1. Some gain in low income jobs but a much greater loss in high productivity jobs.

2. An increase in consumer costs and greater difficulty in regaining price stability. Present U.S. tariffs and quotas cost the consumer an estimated \$10-15 billion—equivalent to about a 3% rise in the cost of living. Maintenance of the import surcharge and additional quotas would greatly increase these costs.

3. Adverse foreign policy consequences, which could dwarf the direct economic costs and ultimately add greatly to them.

#### IV. THE IMPACT OF CURRENT TRENDS IN THE WORLD ECONOMY

1. Rapidly accelerating wage rates in Western Europe and Japan are sharply narrowing the wage differential with the US.

2. Two-way investment is increasing, with foreign capital financing new US jobs.

3. There is increasing specialization within industries, rather than competition between whole industries, easing the adjustment to expanded international trade.

4. Economies are becoming increasingly oriented toward services rather than the production of goods, with jobs less affected by trade.

(60% of the US labor force is already engaged in services—health, education, trade, finance, transportation, etc.—and primarily interested in foreign trade as consumers. This proportion will rise to 70% by the end of this decade, and a similar trend is evident in Western Europe and Japan.)

5. These trends are all increasing the benefits of, and reducing the dislocations from, closer international economic cooperation.

#### V. POLICY DIRECTIONS

A. First priority is to achieve (a) a satisfactory realignment of exchange rates; and (b) international monetary reforms that will keep all countries, including the US, close to balance of payments equilibrium. The US gains immediately from these monetary improvements through a strengthening of its competitive position. But other countries will also gain from the assurance of continued world prosperity. US protectionist measures would be contrary to US interests because they would gravely jeopardize these prospects and would be self-defeating.

B. The US should move toward a renegotiation of GATT, as it is now renegotiating Bretton Woods.

1. The objective should be to build a framework of international rules and cooperation that meet the needs of the 1970s, and achieve for the future the same kind of benefits that the present GATT framework achieved in the past.

2. In this connection we should:

Explore the prospects of achieving a tariff-free world, both to maximize benefits from trade and to remove the trade effects of preferential areas on US exports.

Develop new provisions for agricultural trade and production, and for other non-tariff barriers.

Consider developing international rules for foreign investment.

3. This will be a lengthy process. If it is to be successful, the US must be prepared to make its share of concessions and adjustments.

C. We should seek a general approach to alleviate problems arising out of job dislocations from all forms of structural change in the US economy, including those from foreign trade.

1. A greatly improved adjustment assistance program is needed now to deal with job dislocations from foreign trade.

2. We should recognize, however, that adjustment assistance from foreign trade covers only a very small part of a more general problem. Even with full employment, sizable job dislocations occur from changes in consumer tastes, technological change, geographic shifts of industry, changes in government defense spending, and anti-pollution measures. These shifts dwarf those arising from foreign trade. Between 1968 and 1971 changes in defense spending alone reduced military and military-related employment by 2 million.

3. Providing new forms of income security and job retraining for workers who have a considerable job investment in threatened industries, and could not readily move to other industries, could ease the problems arising out of structural change. This would also facilitate policies in such fields as defense and the environment that would benefit US society as a whole.

4. There are many difficulties in moving in this direction. However, a program of this kind may be essential to achieve full employment with price stability in the 1970's.

Mr. HAMILTON. Mr. Speaker, the United States is the largest trader in the world. In 1970, we exported \$42 billion worth of goods and imported \$39.9 billion. Our exports alone constitute one-sixth of the world's total, and our imports one-seventh.

Trade is vital to our Nation. It promotes the kind of world we want, combats inflation, produces jobs, encourages prosperity, aids our balance of payments, and encourages effective use of resources.

#### ADVANTAGES OF TRADE

First. Trade promotes the kind of world we want. The United States for more than three decades has been the principal proponent and initiator of measures to reduce restrictions on the movement of goods and services across national boundaries. This Nation turns its back on such a course only at its peril.

Trade helps to maintain a peaceful, strong, and productive world. As President Nixon has said:

We seek an open world—open to ideas, open to the exchange of goods and people—a world in which no people, great or small, will live in angry isolation.

This view reaffirms the consistent position of every President since the depression. President Johnson noted that continued trade flows means—

New factories, more jobs, lower prices to consumers, and higher incomes for American workers and for our trading partners throughout the world.

President Truman also recognized the merits of trade when he said that—

The United States will continue its efforts with other countries to expand trade by the reduction of elimination of barriers, and thus to build up the strength of the free world.

The growth of trade, based on mutual cooperation, reduces international friction and misunderstanding. It encourages man to turn his energies and ingenuity to peaceful and rewarding pursuits.

Second. Trade combats inflation. Trade is an important weapon in the fight against domestic inflation. Import competition holds down prices on domestically produced items, and provides more freedom of choice for many products, such as radios, footwear, clothing, and dairy products.

For producers, trade encourages efficiency in production techniques. As production costs decline, prices decline and the market for U.S. goods, both at home and abroad, improves. Costs of primary materials and components needed by our industries are also held down by the continuing flow of imports.

Third. Trade produces jobs. Our stake in world trade is enormous in terms of jobs. Every \$1 billion of goods and services we export supports 100,000 jobs. Taking the 1970 export level, this means that the jobs of 4.2 million Americans were directly dependent upon a continuing market for our goods abroad. When combined with employment involved in imports, the figure exceeds 4.5 million workers.

Jobs in exports have a multiplier effect, as well. For every 100 jobs directly involved in producing items for export, there are 125 jobs in other industries

indirectly involved in producing components for such items. Moreover, jobs directly associated with exports generate jobs to produce food, clothing, and housing for export workers, as well as jobs to erect the factories and build the machinery used by export industries.

Imports also create and support jobs for American shippers, transportation workers, and retailers. They keep factories running which might be idled or slowed down, if raw materials or component parts not available in this country were cut off.

American workers have a large stake in continued world trade. Weekly pay rates in major export industries are 10 to 30 percent higher than they are for manufacturing industries as a whole.

Economist Edward Fried has estimated that international cooperation in the reduction of trade barriers can mean 500,000 additional jobs in the United States, many of them in the high-paying capital goods and chemical industries, where our export surplus has steadily increased.

The basic function of foreign trade is to increase productivity and income—not to create jobs. Achieving full employment depends chiefly on the appropriate fiscal and monetary policies, not foreign trade policy, but, nonetheless, more jobs are an important aspect of expanding trade. Foreign trade has not created unemployment, as is often alleged, but rather it has created jobs.

Fourth. Trade maintains prosperity, at home and abroad. Expanding trade means busier factories, more profits, increased investments and a rising standard of living.

Our economy has been considerably bolstered by trade. In the 25 years since the end of World War II—1946 to 1970, our trade balance has been in surplus to the tune of \$123.7 billion. Without that surplus, our balance of payments would be an economic disaster.

Trade is a two-way street. The strength of foreign economies contributes to the strength of our economy. Other countries cannot buy from us unless they earn dollars by selling to us.

Though we have exported more than we import, our trading partners have still earned over \$405 billion in revenues through selling goods and services to us during that same 25-year period. We could buy from them because they had bought from us. Our exports cannot be expected to increase if foreign countries do not have their own export earnings to use. Clearly, the economies of trading nations are inextricably entwined for their mutual benefit.

Two-thirds of our foreign purchases are materials which we do not or cannot readily produce. Finally, imports generally stimulate efforts to increase efficiency, encourage improvements in quality, and spur technological refinements. In this sense they can be a boon to exports. As production costs decline and product quality improves, the market for U.S. export goods improves and industries threatened by imports are better able to compete.

Fifth. Trade encourages efficient use of resources. Trade forces countries to

adhere to what economists call the theory of comparative advantage, whereby we export what we produce best and import goods that are not efficiently produced or just plain unavailable here.

Each trading country is looking for "best buys," where stressing the domestic production of certain items can result in savings from large-scale production, intense specialization, or low transportation costs. These items are the mainstay of our export market, and include such things as chemicals, pulp mill products, engines and turbines, and agricultural products.

Sixth. U.S. agriculture has a stake in trade. Farmers in particular have a large stake in our export trade. We are the world's largest exporter of farm products. Worth \$6 billion in 1969, agricultural exports represented about one-sixth of the value of all U.S. shipments abroad, and in some years they have run as high as one-fourth of the value.

U.S. farmers supply about one-fifth of the world's agricultural exports. The crops from one out of every four acres harvested are exported. For certain crops, exports are especially important. Recently, we have exported on the average: 60 percent of our wheat, 81 percent of our dried peas, 42 percent of our soybeans, and 33 percent of our tobacco.

Agriculture makes an important contribution to the U.S. trade surplus. The excess of farm exports over imports in 1969 was nearly \$1.1 billion.

Exports are important for the farmer because: exports provide employment for one out of every eight farm workers, they account for 17 cents of the farmer's market dollar, and for five of his major crops—soybeans, rice, wheat, grain sorghums, and raw cotton—exports are nearly 40 percent of his sales.

Seventh. Indiana's stake in trade. Our stake in world trade is brought closer to home when we turn from the national to the State level. In the case of Indiana, export sales of manufactured goods climbed 51 percent, to \$998.5 million, in the period of 1966 to 1969. This was faster than the total U.S. export growth in these products, and ranked the State ninth in the Nation as a supplier to foreign markets.

Indiana also ranks among the top 10 in the exportation of agricultural commodities. The State's share of U.S. farm exports was estimated at \$305 million in 1969-70, twice as much as it was a decade earlier. It is the third largest exporter of two important farm commodities that have seen rising demand abroad: soybeans and protein meal.

Mr. FRASER. Mr. Speaker, on November 12 and 13 I held a day and a half of hearings in Minneapolis on the new economic policy. Representatives of business, labor and the academic community testified along with interested citizens.

The subject of international trade was a recurring theme in many of the statements presented. Witnesses discussed several aspects of the trade picture, including the actions taken by the President and the move toward protectionism.

I would like to quote from a few of these statements to give you some idea

of the interest Minnesotans have in this vital issue.

Mr. Edward Vinokur, director of world trade and transportation, Minnesota Department of Economic Development, discussed the importance of world exports to the economy of Minnesota. He stated that in 1970 approximately \$500 million in manufactured goods were exported abroad from the State of Minnesota. Agricultural exports from the State reached approximately \$275 million. This total of \$775 million in exports for 1970 surpassed the 1971 projected goal by \$25 million. The attached report, prepared by the U.S. Department of Commerce, identified Minnesota's major exports as of 1969.

[From State Export Origin series, April 1971]

#### EXPORTS FROM MINNESOTA, 1969

##### HIGHLIGHTS

Exports of manufactured goods from the State of Minnesota had an estimated value of \$492 million in 1969;

Agricultural commodities shipped from the state to foreign destinations were estimated at \$276 million in fiscal year 1969-70. Minnesota ranked ninth among the states in total value of agricultural exports and 10th on a per capita basis;

Iron ore exports from the state were valued at \$21 million in 1969.

##### MANUFACTURED EXPORTS

Minnesota's exports of manufactures nearly tripled in the period 1960-69 to a level of \$492.2 million. Over one-half of the trade gain was realized in the final three years. The rapid expansion in foreign sales boosted the state's national ranking from 24th place at the beginning to the 17th at the end of the sixties.

Export gains stemmed primarily from spectacular increases achieved by Minnesota's nonelectrical machinery industry. On top of large advances in 1960-63 and 1963-66, shipments abroad nearly doubled in the brief span of 1966-69 to a value of \$243.3 million. Thus, nonelectrical machinery represented about one-half of the state's total manufactured exports, as compared to only one-fourth in 1960. Office and computing machines dominated this trade.

Products of the state's transport equipment and instrument industries have also shown considerable buoyancy. Exports of transport equipment, consisting overwhelmingly of motor vehicles and equipment, rose from only \$9.3 million in 1963 to an estimated \$52 to \$57 million in 1969. (Disclosure regulations prohibit the publication of more specific information.) The spurt in shipments was influenced by the U.S.-Canadian Automotive Products Agreement of 1965, which provides for duty-free treatment of motor vehicles and original equipment moving between the two countries.

Foreign marketing of instruments and related products doubled in value between 1963 and 1969, reaching \$27.5 million. Engineering and scientific instruments were in the forefront of the rise, with photographic equipment and supplies providing additional gains.

After expanding by 100% between 1960 and 1966, Minnesota's foreign sales of food and kindred products declined by nearly one-tenth to \$66.3 million in 1969. Deliveries of grain-mill products dropped in recent years, although increases were noted in meat products and canned, cured, and frozen foods.

Survey results have shown a downward trend in exports of electrical machinery throughout the sixties. The 1969 estimate of \$19.7 million was less than one-half of the 1960 value. This slippage is, however, inconsistent with increased production and employment reported by the industry and may

reflect the survey's exclusion of relatively small manufacturing establishments.

The state's economy benefits from goods produced not only for direct shipment to foreign destinations but also for ultimate exports through other states. Such indirect exports are of particular importance in industries whose products require further processing or constitute components and parts for assembly into machinery or transport equipment. To avoid duplication, the finished products delivered abroad by exporters are credited at their full value to the state responsible for the final manufacturing process.

Minnesota's principal center for export production is the Twin Cities area, Minneapolis-St. Paul. About four-fifths of the state's transport equipment for the foreign market are made there. Duluth also supplies manufacturers, notably nonelectrical machinery, for export.

STATE OF MINNESOTA: ESTIMATED EXPORTS OF MANUFACTURED PRODUCTS, PRODUCTION, AND EMPLOYMENT, BY INDUSTRY GROUP

[In millions of dollars, except as indicated]

Industry group	Estimated exports of manufactured products				Manufacturing 1967				
	1969	1966	1963	1960	Percent change		Percent of U.S. exports 1969	Production	Employment (thousands)
					1966 to 1969	1960 to 1969			
Total	492.2	326.5	222.1	171.6	+51	+187	1.7	9,443	1,300
Nonelectrical machinery	243.3	131.5	74.5	46.9	+85	+419	4.0	1,565	53
Food and kindred products	66.3	72.6	42.2	36.3	-9	+83	3.1	3,298	49
Transport equipment	(52-57)	22.9	9.3	(2)	(2)	(2)	(2)	338	9
Instruments and related products	27.5	18.7	13.8	(2)	+47	(2)	2.5	231	9
Miscellaneous manufactures and ordnance	25.8	18.5	19.8	16.9	+39	+53	2.4	136	8
Electrical machinery	19.7	21.4	33.5	45.0	-8	-56	.8	573	25
Chemicals and allied products	(10-25)	(5-10)	6.2	7.0	(2)	(2)	(2)	392	6
Paper and allied products	9.0	8.8	6.8	8.8	+2	+2	1.1	683	18
Fabricated metal products	6.5	8.8	5.4	4.9	-26	+33	.6	469	18
Textile-mill products	(1-5)	(1-5)	1.2	.6	(2)	(2)	(2)	40	3
Apparel and related products	(1-5)	(1-5)	1.6	1.6	(2)	(2)	(2)	127	9
Lumber and wood products	(1-5)	(1-5)	2.1	1.6	(2)	(2)	(2)	165	6
Printing and publishing	(1-5)	(1-5)	1.4	1.1	(2)	(2)	(2)	407	24
Rubber and plastics products, n.e.c.	(1-5)	(1-5)	(1-5)	(2)	(2)	(2)	(2)	(2)	(2)
Stone, clay, and glass products	(1-5)	(1-5)	(1-5)	(2)	(2)	(2)	(2)	160	7
Primary metal products	(1-5)	(1-5)	(1-5)	(2)	(2)	(2)	(2)	170	8
Furniture and fixtures	(0-1)	(0-1)	.2	(2)	(2)	(2)	(2)	65	3
Petroleum and coal products	(0-1)	(0-1)	(0-1)	(2)	(2)	(2)	(2)	175	2
Leather and leather products	(0-1)	(0-1)	.2	(2)	(2)	(2)	(2)	(2)	(2)
Undistributed by industry group	94.1	23.3	3.2	.9				449	143

<sup>1</sup> Includes administrative and auxiliary employment of 23,900.

<sup>2</sup> Comparable data not available.

<sup>3</sup> Excludes ordnance.

<sup>4</sup> Withheld to avoid disclosing figures for individual companies.

<sup>5</sup> 2,500 employees.

<sup>6</sup> 1,000 to 2,499 employees.

Mr. Vinokur indicated that the success in surpassing the projected goal could be attributed to increased purchases of soybeans, soybean products, feed grains, manufactured goods, electronic equipment, and electrical manufacturing materials. The entrance of many small and medium size companies into the export business also contributed significantly to this success.

Another major factor in determining the importance of exports to the economy of Minnesota is the employment resultant from these exports. Many jobs in the State are created due to exports, both in manufacturing and in the agribusiness sector, according to information provided by the Commerce Department and interviews conducted with various Minnesota companies. The Port of Duluth offers an example of the importance of exports in providing employment. Over 2,000 jobs at the port are a direct result of the export activities centered there.

Mr. Russell W. Laxson, vice president of Honeywell, Inc., based in Minneapolis, provided some interesting statistics on the effect of the multinational company on the U.S. economy:

AGRICULTURAL EXPORTS

Minnesota's agricultural exports are more diversified than those of most other states and provide a significant portion of its farm income. Foreign market sales accounted for 14% of the state's cash receipts from farm marketings in fiscal year 1969-70.

The state's share of U.S. farm exports, including some manufactures of agricultural origin, was estimated at \$275.6 million in 1969-70, a modest increase of 15% in four years. A substantial export gain of 76%, however, was recorded for the full decade. Minnesota was ninth among the states in total value of agricultural exports and 10th on a per capita basis.

Minnesota led in exports of dairy products with sales of \$35.2 million, or 32% of the nation's total. Its foreign deliveries of these products were about one-third higher than in 1965-66. Exports of soybeans, the principal

farm commodity shipped abroad by the state, climbed even more rapidly to \$72.7 million, 43% above their value, four years earlier. In the movement of feedgrains, however, there was a 16% decline in the same period, to \$52.3 million.

Among other significant farm exports, shipments of protein meal more than doubled to \$22.5 million, but wheat and flour dropped by one-fourth to \$21.7 million. In meats and meat products and in flaxseed, in both of which Minnesota ranks third, foreign sales were valued at \$8.9 million and \$2.9 million, respectively.

MINERAL EXPORTS

Minnesota's exports of iron ore in 1969 reached the low point of the sixties. Foreign sales were valued at \$21 million, a drop of 45% from 1966.

(See tables on exports of manufactures and shares of agricultural exports.)

Note: Export values are f.o.b. producing plant. Data for 1960, 1963, and 1966 have been revised from those in the State Export Origin Series issued April 1968. Production is represented by shipments, i.e., net selling values f.o.b. plant; data may include duplication arising from intrastate shipments between establishments.

Source: "Survey of the Origin of Exports by Manufacturing Establishments, 1969" and "1967 Census of Manufactures Minnesota," Bureau of the Census.

Honeywell has worked with a number of government and private groups to study the impact of multinational companies on this country's economic climate. Recently one of those groups, the Emergency Committee for American Trade (ECAT), conducted a survey of 40 firms who were members of ECAT. The survey has returned some very important information:

From 1964 to 1969, these firms reported increased domestic employment "from 2.7 million to 2.5 million, a gain of over 27%. During the comparable period, total manufacturing employment in the United States increased by only 16.8%, from 17.3 million in 1964 to 20.2 million in 1969—a rate considerably below that for the multinational companies."

Thirty-seven of these firms reported "increased employment during the period 1964 to 1969; two reported virtually no change, and only one reported a significant decline in employment, which was due solely to competitive developments in the U.S. market."

The median increase in domestic employment with the multinational companies from 1964 to 1969 was "29% while the upper quartile and lower quartile gains were 42% and 18%, respectively. The employment gains in the lower quartile firms even exceeded the average increase in all manufacturing employment during the corresponding period."

In part because of the physical presence in foreign markets, the companies surveyed achieved a "net export surplus, i.e., a surplus of exports from the U.S. over imports into the U.S., of \$5.4 billion in 1968 and \$4.8 billion in 1969. (The decline in the latter year was substantially attributable to a reduction in exports of aircraft and parts in 1969.) Over two-thirds of the companies surveyed increased their net export surpluses from 1968 to 1969, and these enormous export surpluses of \$5 billion annually lead to employment in our domestic plants of approximately 500,000 American workers."

In 1968 and 1969, the companies "repatriated \$1.2 and \$1.3 billion respectively in earnings to the U.S. These repatriated earnings (net of foreign taxes) represented a return on equity invested of 9.9% in 1968 and 9.2% in 1969."

DANGERS OF TRADE WAR

Several of those testifying expressed concern that retention of the import surcharge for much longer will result in reciprocal tariffs and lead to a trade war.

William F. Ogden, Jr. of the First National Bank of Minneapolis stated that: as a result of the 10% surcharge, we have already seen a reduction in orders for imported merchandise which reflects the uncertainty in the minds of many U.S. com-

panies as to how they should shape their future plans. Although the surcharge provides an immediate and useful tool in negotiating the elimination of tariff and non-tariff barriers to U.S. exports, its effectiveness will diminish over a period of time. In any event, it should be concentrated against specific barriers in specific countries, and not as a general barrier. If it persists, it will lead, undeniably, to reciprocal barriers which will result in lower volumes of international trade. This will mean less jobs and lower standards of living for all Americans. The surcharge should be lifted by March, 1972. It must not be used to protect domestic industries from fair foreign competition. Assistance to inefficient domestic industries who are seriously affected by foreign competition should be in the form of relocation and re-training allowances.

Lloyd Brandt, executive director of the Minneapolis Chamber of Commerce, testified that:

In general, the Chamber supports the actions taken by the President as they relate to the international sector. Certainly the relationships between various currencies had gotten out of line and the action of freeing the dollar appears to be necessary as a temporary measure. The 10% surcharge on imports as a part of the package and as a temporary measure probably was unavoidable. However, we believe that every effort must be made to bring currencies into relative balance and to revoke the 10% surcharge.

Unfortunately, the longer the surcharge remains in effect, the easier it is going to be for various segments of our population to insist that it remain a permanent feature of our international trade posture. While retaliatory measures at this time have been very limited, the continuance of the surcharge for any period of time or the enactment by the Congress of other restrictive measures may well bring about massive retaliation from our trading partners. This must be avoided at any cost.

Mr. Vinokur stated that Japan is primary purchaser of the power transmission equipment manufactured in Minnesota. Before the 10 percent surcharge was imposed, the duty on this equipment was very reasonable and it was accepted into Japan as AO—automatically approved. Now Japan requires import licenses for this same equipment. There has been a cutback in orders to Japan as a result of this action.

#### GROWING PROTECTIONISM

Witnesses were also alarmed at growing protectionist sentiments in the country. Mr. Brandt was one of many who expressed this concern:

The trend in the United States toward isolationist policies has developed strongly ever since the passage of the 1962 Trade Expansion Act. We agree that the United States' negotiating position in the past has perhaps not fully met the expectations of the American people and we highly endorse the changes in the last few years that have seen the enforcement of laws currently on the books such as the Anti-Dumping Act, Countervailing Duties, etc. But this is not the time for import quotas, nor is it the time to deal harshly with multi-national corporations. We are disturbed at the introduction of the Burke-Hartke Bill (S-2592, H.R. 10914) which would have very extreme ramifications if allowed to become law. At this particular time, we urge moderation and reason in the development of international trade policy which will be fair to both the United States and our trading partners around the world.

Michael Prichard, an officer in the Minnesota World Trade Association, out-

lined the principles he believes Congress should follow in considering any proposals affecting foreign trade and investment:

First, it is my contention that mankind can best prosper and survive in a world in which men are free to trade goods and services. The United States itself is a huge market in which barriers to trade have, to a large degree, been eliminated. The European Common Market is making significant progress in eliminating barriers to trade among its member nations. A long-range foreign policy goal of the United States should be the worldwide elimination of barriers to trade.

Second, we must recognize that the world monetary system has serious deficiencies which, although structural in nature, can profoundly affect the economies of the world. Although it may not have been feasible for political reasons, many of our present troubles could probably have been averted if we had been willing to devalue the dollar vis-a-vis gold, rather than adhering to a system which provided for considerable inflexibility in the rates of exchange among the major currencies of the world. Far-reaching changes in the world monetary system may be necessary at this time. The best talent available in the United States and the rest of the world should be used to develop these changes, and the United States should be prepared to accept a less important role for its dollar in any new system which is devised. In connection with a new world monetary system which may be devised, the United States may be required to submit to some degree of supervision by a world monetary authority on matters which could affect its internal economy. We must realize that our domestic economic policies have repercussions throughout the world and in a new monetary system it would be equitable to afford an opportunity for other nations to be heard.

Third, the United States should adopt as one of its goals the maintenance of a flexible production base (and hopefully, a fully employed, innovative and diversified production base, as referred to in the Preamble to H.R. 10914). This would mean utilizing our human, natural and financial resources to best maintain and improve our competitive position in world markets, and may mean that production of goods which have historically been produced in the United States would decline as a result of market forces. In my opinion, production of goods which are not competitive in world markets should not be artificially continued and maintained. I think it is a proper role of government to assist workers in industries whose production has rapidly declined as a result of sudden changes in world markets, until the workers are able to find employment in other industries. I do not think it is a proper function of government to support industries which are not competitive in world markets.

Fourth, a mechanism should be provided to give the President, or some other appropriate representative of the United States, authority to negotiate with foreign governments on a broad scale with respect to trade practices, and a broad range of non-tariff barriers to trade, with a view toward reciprocal elimination of such barriers.

Fifth, the United States Government should maintain an atmosphere in which those of our industries which are competitive internationally can expand and prosper.

Sixth, it is my opinion that our present economic and financial situation, domestically and internationally, is largely a result of the conduct of the Viet Nam war. This was conducted for a very long period of time without the imposition of wage and price controls. It has also resulted in a very heavy drain on our balance of payments. Hopefully, an end is in sight.

The most disturbing aspect of the wage-price freeze, the import surcharge, and the proposals of H.R. 10914, is the apparent willingness of the United States Government and a large segment of American society to move from a free enterprise economy to a government controlled economy, not merely as a very short run measure to correct a temporary situation, but as a longer term measure. While quantitative controls on imports, prohibitions on foreign investments, and tax and similar measures may all be legitimate short-term tools, they are not effective for curing basic ills, namely imbalance in monetary parities and huge fiscal deficits. In my opinion, the consumer, rather than the government, should determine what he will buy. If the United States automobile oligopoly will not produce a car responsive to consumer demand, the consumer should not be prohibited by government from buying a foreign car which meets that demand. If there is some aspect of the sale of that car in the United States which is truly "unfair," we should concern ourselves with that aspect. In my opinion, an investor, rather than the government, should determine where he will invest his funds. His decision will be made on the basis of expected return, risk and similar factors. The development of our country until the early part of this century was heavily dependent on the availability of European capital, and the only way the economies of the underdeveloped nations of the world will develop is through the transfer of capital and technology from abroad.

One witness presented his testimony on the international trade question from a very interesting and important perspective. Mr. Eugene Harrison is a representative of the British Trade Council and is currently stationed in Minneapolis. I would like to request that Mr. Harrison's entire statement be included in the RECORD.

At the important meeting of the International Monetary Fund (IMF) in September, Mr. Anthony Barber, our Chancellor of the Exchequer said: "The problems faced by the United States administration, both as to the balance of payments and as to the domestic American economy, are immense.

Here is a nation which over the years has shown a generosity unparalleled in history. A people who have been prepared to back one administration after another in their actions to fortify the industrial world and to aid the developing world.

They are now entitled to look to their friends and to call for a common solution to a common problem.

Having said that, my question is whether or not we are going the right way about solving this all important common problem.

The U.S. move to protectionism cannot be the right answer surely?

#### PROTECTIONISM

##### *Did protectionism create Hitler?*

The Wall Street Journal of October 26, 1971 headed an important editorial: "Did protectionism create Hitler?" It went on to illustrate that U.S. protectionism brought on the Smoot-Hawley Tariff legislation of 1930 which set in motion a series of international moves that inhibited the movement of trade and money.

Foreign trade withered, prices fell precipitately and all values plummeted. U.S. unemployment rose from 5 1/2 million to 11 million in 6 months.

The world was plunged into the deepest depression ever recorded. Protectionism certainly watered the soil that could nurture a Hitler.

#### U.S. TRADING PARTNERS

Let us look at the United States present trading position: your trading partners are

now much stronger in every way since the 1950's. And growing from strength to strength.

This is, of course, in many cases, due to the large effective and generous aid given by the United States after World War II.

Japan and Canada have substantial balance of payment surpluses—with the entry of Great Britain and others into the Common Market we will have a huge and wealthy market of 255 million people. In other words—the large trading partners and blocks are dealing from strength. Hence, there is the danger of starting a huge trade war and bringing on another awful depression all over the world. "When the U.S. sneezes, the rest of the world catches a cold."

#### EUROPE

Is the U.S. position really as bad as is painted? With Japan and Canada it is true there have been large trading deficits. But with Europe the story is quite different. The average annual balances of payments, *favourable* to the U.S.A. are as follows:

Common Market, \$1.2 billion; United Kingdom, \$500 million.

After we enter EEC it is likely to improve in the favour of the U.S.A.

#### THE U.K.

Whilst we thoroughly sympathise with the United States in her position, we do not like the 10% surcharge which is now beginning to hurt our exports to the U.S.A. And we certainly are not in favour of the discriminatory 7% tax investment credit with the "Buy American" label.

Taken together with changes in exchange rates, these measures could establish a margin against British capital goods of over 30%. We believe that the "Buy American" stipulation in an investment tax credit to be definitely in direct conflict with the provisions of Article III of the G.A.T.T.

No other principal trading country operates discriminatory fiscal incentives to invest in a major way. With such a deterrent to free, competitive trading, we believe that it will in the end be only the U.S. public that will suffer.

I believe the United States Senate has thrown out the investment credit in its present form—we hope it never becomes law. Her Majesty's Government has sent an aide memoire on this subject to the Government of the United States.

#### TRADE RESTRICTIONS

The United States has a much wider "spread" of tariff rates than most other countries. It has a comparatively *low average* industrial tariff but on a significant range of items a much more *aggressively* protective tariff. On non-tariff barriers, many examples can be provided: American selling price on chemicals, etc., systems of valuation, documentation for customs, wine gallon assessments and "Buy American" restrictions, copywrite laws, etc. etc.

#### U.S. EXPORTS AND FREE TRADE

We in the U.K. are firm believers in absolute free trade. We live by our exports and overseas investments. It is to be fervently hoped that all the U.S. moves toward protectionism can be stopped in the very near future. In case you don't know, the proportion of U.S. exports to gross national products is only some 4%. In the U.K. and many European countries it is in the nature of 20% or more.

I believe the answer to most of these problems is opening up free world trade even more than ever before and to allow the great American free enterprise system to flourish and flower but all over the world with increased exports and investments.

Mr. Speaker, as a result of the testimony of these witnesses and similar expressions of concern from others in my district, I am more convinced than ever

that we must fully understand the impact that protectionist trade policies would have on our own economy. In September 1970, 4,800 American economists appealed to Congress and to the President to reject the proposed import restrictions. They wrote:

Today, as in 1930, a protectionist policy... would directly impair our own prosperity. Foreign countries would have less purchasing power and hence less ability to buy from us. They would... retaliate... Prices in this country would tend to go up, reducing the real incomes of Americans, affecting especially those who can least afford it... But the right answer does not lie in triggering a trade war. That would only make a bad situation worse.

#### GENERAL LEAVE

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

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

There was no objection.

#### THE INSIGHTS, THEORY OF VALUES, AND PERSONAL PHILOSOPHY OF A GREAT PROFESSOR

The SPEAKER. Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 30 minutes.

Mr. RANDALL. Mr. Speaker, my home city of Independence, Mo., is known as the Queen City of the Trails because it is the starting point of the Santa Fe, California, and Oregon Trails. In the last 30 years we have become famous as the home of the 32d President of the United States. Please note that in deference to our first citizen's preferences we have described him as the 32d President and not the 33d President. In my home community, we are also proud that it is the home of the world headquarters of the Reorganized Church of Jesus Christ of Latter Day Saints.

Mr. Speaker, I hope and I am sure that history will not limit our fame to the three things I have just enumerated. We have produced many famous persons—authors, actresses, musicians, historians, and writers.

One very able and most talented present day writer is Mary Salisbury Hare. She is the wife of a distinguished lawyer, George Michael Hare, and the daughter of the late Spencer Salisbury, a well-known and respected businessman and savings and loan company executive. I might add parenthetically Mrs. Hare's father served as a commander of an artillery battery that fought side by side with the battery commanded by Capt. Harry S. Truman in World War I. Her husband George M. Hare practices law under the firm name of Hare and Truman, with John R. Truman, a near relative of our former President.

Mary Pearl Hare, as she is best known contributes regularly to the Kansas City Star and its morning edition, the Kansas City Times. Recently, on Friday,

November 12, 1971 she authored a five-column spread on the editorial page of the Kansas City Times entitled "Still Looking for a Literary Giant." Her article is centered around the life history and particularly the teaching years of Dr. Alexander P. Cappon, professor emeritus of English literature at the University of Missouri-Kansas City. Dr. Cappon retired from teaching last spring. He is now engaged in the preparation of an anthology of the University Review which is the faculty publication of the University of Missouri-Kansas City where Dr. Cappon served as the editor-in-chief from 1937 to 1970. Among the authors who contributed to the University Review during those years were: Edgar Lee Master, J. D. Salinger, Robinson Jeffers, John Gould Fletcher and Pearl Buck.

Mr. Speaker, when I received my copy of this feature story, which is based upon an interview of Dr. Cappon by Mrs. Hare, I immediately recognize that here was a story that once again underlined the fact our Nation is fortunate to have a long tradition of public support of the importance of education and educational opportunities. As I read this article, it made me recognize once again that the American people will always be ready to support the strengthening and expansion of our educational institutions and opportunities. The Representatives of the people in the Congress are equally ready and willing to support educational institutions. Only a few days ago the U.S. House of Representatives passed and sent to the other body a monumental \$22 billion aid to higher education bill.

Notwithstanding the money that has been or will be spent on education, the Congress, our educators and the general public have long been well aware that the quality of that education ultimately depends on the quality of the people who staff our educational institutions. It is so true that it is now accepted without question that without good teachers our schools and colleges can never hope to provide quality education. It is because of this awareness that it becomes so refreshing to read the article centering around the interview of Dr. Cappon who proved himself for many long years, not only to be a well qualified teacher but that he is one who was truly dedicated to the art of teaching.

The interview in the Kansas City Times, of Dr. Cappon embellished by Mrs. Hare covers a wide variety of subjects. As I look back over this story, it appears that it is devoted to two principal topics. First, the role of the professor in a university and also the role of the university in the community. Second, an appraisal of the contemporary scene in English literature.

Dr. Alexander P. Cappon, a long time student of English literature believes that while some of our 20th century authors have shown technological ingenuity, no literary giant has yet appeared on the scene. He points out that there have been writers who are not afraid to break with tradition but there is no one figure who seems to stand out above the rest.

About the only matter which a person such as myself, who is neither a writer

nor a student of English literature could disagree with Dr. Cappon is that someone as he puts it:

A Mailer perhaps would come along and avail himself of what has been learned and make significant use of it.

If he refers to Norman Mailer, as I am sure he must, I hope the good doctor will please forgive me if I dissent or at least mildly disagree.

Mrs. Hare herself has shown she is capable of an excellent literary style of her own as she goes about her interview. It reminds one of the style of question and answer writing so effectively used by that popular and widely read news periodical U.S. News & World Report.

Her entire article is well arranged. Each question leads in an orderly sequence to the one that follows.

One of the highlights of the interview is the question answered by Dr. Cappon as to whether or not a university should have an elite quality. His answer was that while every university should be selective, every teacher should do all that he can for every student sent to him notwithstanding the admission and probation committees. Then once again in answer to the question as to which art form is the most demanding his interesting answer was, "all art forms."

Dr. Cappon goes on in the interview to theorize that for the artist, the novel, drama and poetry are extremely demanding. He says he is disappointed that few poets today write epics because a great epic could be written that could deeply influence our culture. It is his belief that great artists are endowed with a grasp of life, acute sensitivity, depth of insight and imaginative intensity of spirit.

It is clear from the interview this great teacher of English literature believes that no human being can produce a perfect work of art on the postulant that any of us have the world by the tail and that sooner or later we will, or must discover something of complete perfection.

A most revealing and also most interesting answer by Dr. Cappon was to the question of what did he gain most from his professorship of English literature. The answer, simple and straightforward—it gave him a greater understanding of the world and its people.

He went on to say he enjoyed his teaching because as students gain personal improvement, not in writing skills alone but in creative endeavor, they add to their own mental health and become better persons.

One of the very encouraging parts of the interview is the optimism expressed by Dr. Cappon when he was asked if the world was in a sorry plight. He agreed it is, but he also believes the world has always been in a sorry plight. He thinks education has always been faced with a race against the problems that have been enclosed upon it and against catastrophe which would even overtake us, if we were ever foolish enough to relax.

Because of Dr. Cappon's statements in the interview, we believe that the expressions of his personal philosophy contained in the comments of this interview have significance far beyond the confines of the area it is my privilege to

represent in the Congress. It is for that reason that I read into the RECORD at this time, the full interview by Mary Salisbury Hare of Dr. Cappon, who in this interview states the insights he has gained from many years of experience and reflection. I feel certain, a careful consideration of these ideas will benefit those who read this RECORD. At this point, I will read the entire interview as follows:

#### STILL LOOKING FOR A LITERARY GIANT

(By Mary Salisbury Hare)

While 20th century authors have shown tremendous technical ingenuity, no literary giant has appeared on the scene, in the opinion of Dr. Alexander P. Cappon, Professor Emeritus of English literature at the University of Missouri, Kansas City.

"This has been the age of experimentation, of writers who are not afraid to break with tradition," Dr. Cappon points out, "but we now would hope that someone—a Mailer perhaps—would come along and avail himself of what has been learned and make significant use of it."

Dr. Cappon has high regard for Faulkner and others of this century, but when he thinks of figures who stand above the rest, he thinks of such men as John Milton, his favorite poet.

Dr. Cappon first was attracted to the 17th century writer through his poetry, but his esteem for Milton grew when he read essays on freedom of speech and press, education, religion, divorce, and one called "The Tenure of Kings and Magistrates."

"In this one the important point Milton brought out," Dr. Cappon recalls, "is that the people have the right to choose and depose their rulers. This, of course, led the way to democracy."

Dr. Cappon, who retired from teaching last spring, continues to take an active part in the life of the campus. In the following interview he looks back on his years of teaching, commenting on a wide variety of subjects.

#### CONTACT WITH STUDENTS

Q What do you most look back to with pleasure in your connection with the university?

A A teacher looks back most to his contact with students. This is most important but it is always imperfect. I think there is no finer word than "teacher" unless it is "learner". I perhaps most greatly enjoyed my days as a student, and that is perhaps why I wanted to be a teacher. The word "professor" does not suggest to me the idea of "one who professes"—it suggests to me one who, along with others, inquires or tries to discover.

Q Do the students "discover"—uncover knowledge?

A Yes. That is the main thing they do—or ought to do. This is of course difficult, for teacher and student.

Q How long have you been connected with universities, up to the time that you retired?

A Let me say "quite a long time"—without being absolutely specific. I usually feel that it is best not to turn the pages of time backward too much. I like to look forward. I was editor-in-chief of our faculty publication, the University Review, for more than 21 years (while also teaching) and I was a teacher, of course, for a longer period than this.

#### MANY AREAS

Q Do you remember specific students?

A Yes, many. I remember, for example, the student I carried in my arms to a second-floor meeting of the English Club. She went everywhere in a wheel chair. She later took a Ph.D. at Columbia University and was married in New York.

Q Did good students come from all areas of Kansas City?

A I have had good students from Independence, from Central High, Westport, Belton, North Kansas City, Excelsior Springs, from Red China, India, Pakistan—good students from everywhere. Many, of course, took the M.A. later and some went on for Ph.D. degrees—a surprisingly large number in the 19th century field in which I had specialized.

Q Does a university or should a university have an elite quality?

A The university as it operates has a selective aspect. But the teacher should do what he can for every student who is sent to him by the selective process. This depends upon the admission and probation committees.

Q What about disadvantaged students?

A Early at the university I had strong feelings about the problem of deprivation. Something ought to be done here for those deprived materially and in other respects: Raise scholarship money for Indians, Mexicans and admit Negroes. I was the first to introduce a Negro speaker to address one of our halls. As it happened it was Langston Hughes, whom I greatly admired. A university should serve its city and the city, the university. A metropolitan area can be used as a laboratory.

#### BOTH TAUGHT

Q Are you the only member of your family in the teaching profession?

A No, my wife also taught world literature for some years here at the university.

Q A study of the world's major literary masterpieces.

A Not pure literature. A course in germinal ideas welded together: Moral, religious, political, economic and literary. Both of us have been much interested in a broad orientation for students, a wider world view. Selections ranged from ancient Greek dramatists, Plato, the Bible, Shakespeare, Balzac, Thoreau, Marx, Dostoyevsky to Oriental and Occidental philosophy. For one student whom we saw recently, Dorothy's course opened up insight into Africa and its problems through "Cry, the Beloved Country."

Q What art form do you consider most demanding?

A All art forms. For the artist the novel, drama and poetry are extremely demanding. Today few poets write epics. A great epic could be written that would deeply influence our culture.

Q With what special qualities are great artists endowed?

A A vast grasp of life, acute sensitivity, depth of insight and imaginative intensity of spirit. The modern writer should probe deeply into past and present philosophic contributions we fortunately have available to us.

#### WHY WRITE?

Q What motivates a writer?

A Motivations are mixed. To believe in only one—the aesthetic—is simplistic. The need to create an aesthetic object in its own terms fails to take account of man's imperfection. We are all mixed creatures. No human being can produce a perfect work of art. Even in pure science errors in thinking have been based on the postulant that we have the world by the tail, that we might have discovered something of complete perfection.

Q As a senior professor of English language and literature and creative writing, what have you gained most?

A A greater understanding of the world and its people. One satisfaction has been to see students gain personal improvement, not writing skill alone. In the process of creative endeavor people change. They add to their own mental health. At first my attention centered on better craftsmanship, later on better persons. Even though the individual may be a better craftsman he may become a worse person.

Q At present you are engaged in a specific project?

A I am working on the relationship between literature and philosophy in Wordsworth. My dissertation was written on a problem relating literature to philosophy in the works of Shelley. Also, the relationship between these areas in the work of Coleridge interests me.

Q Do you believe the novel is dead?

A No. That's a great error. Rather the novel is in process of being taken apart rapidly in different ways. Out of this something richer will emerge. A novel's inner core is living, changeless, creative . . . very much alive. The original title "novel" meant something novel . . .

Q Has Truman Capote's clinical reportage in the nonfiction novel, "In Cold Blood," established a serious new literary form?

A He made a contribution of value. Despite our world of hasty novels at times are still exceedingly large and astoundingly long. Joyce devoted the last chapter of "Ulysses" to Molly Bloom's unspoken monologue. Faulkner wrote unpunctuated sentences as long as 181 words in "Absalom, Absalom." Whatever form or style evolves the novel can't die.

Q How did a writer of Faulkner's stature surface in the deprived State of Mississippi?

A In an area that could not foster the arts Faulkner might have been lost. Fortunate circumstances combined with creative imaginative power saved him. In a sense the Nobel Prize winner's acceptance speech is an affirmation. I believe that man will not merely endure; he will prevail . . .

Q What do you think of the modern world—for example, youth liberation?

A I am friendly to youth—all my life I have been working on the side of liberation. In my younger days there was a current book published, "Youth in Revolt." I was brought up in that tradition.

Q Has permissiveness been responsible for most of the ills of present-day youth?

A I think not. Most parents will jaw at their youth too much. The trouble lies in this: We have a very complicated world to live in, and youth has a hard time adjusting to its complicated world. Also, teachers cannot be blamed for all the problems. Teachers in the high school are making a terrific effort and lower school work is being planned with a good deal of care. However, the problems are all difficult.

#### CAN'T GIVE UP

Q Don't you think that the world is in a sorry plight?

A Yes. But it has always been in a sorry plight. I would not want to underestimate the evils of the present world. Education has always been faced with a race against the problems that have been closing in—against catastrophe which might be imminent if we would foolishly relax.

Q What do you think of modern poetry?

A This question might mean: Are you in favor of conventional poetry? I am most friendly to modern poetry. We could think of formalized religion and formalized poetry. I am not attracted to anything which is formalized.

Q What do you think of long-haired young men?

A The length of the hair doesn't bother me a bit—or the scragginess of the beard. I have had students like this in class—boys with very long hair who came to class in what appeared to be a girl's nightgown and a long string of colorful beads about their necks, as well as earrings. They turned out to be good students. Perhaps I have been lucky. The worst students tend to drop out early and therefore do not give rise to a problem.

I have almost always had a good core of reasonably good students. The long-haired students probably think of the teacher with shorter hair as the person who is formalized—that is conventionalized. But the students are willing to wait and see whether you are extremely conventionalized.

#### SENATOR BUCKLEY PROMOTES INTEREST IN THE RIGHTS OF ALL PERSONS TO EMIGRATE

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 15 minutes.

Mr. KEMP. Mr. Speaker, I was very pleased to learn that earlier this week Senator BUCKLEY, on behalf of Senator BROCK and himself, introduced Senate Concurrent Resolution 51 which is identical to House Concurrent Resolution 462 which I introduced on behalf of myself and 51 cosponsors. In addition, Senator BUCKLEY sent out a dear colleague letter on November 18 requesting additional cosponsors. These resolutions recognize the persistent violations by Communist nations of the fundamental right of emigration, one that is specifically written into the United Nations' Universal Declaration of Human Rights. They also recognize the persistent refusal to allow a citizen to leave has most recently been dramatized by the plight of Russian Jews who seek to find a new life elsewhere.

Senator BUCKLEY has been extremely active in pursuing the issue of Soviet Jewry, including his taking a continuing and personal interest in Voice of America programming beamed to the Soviet Union and Soviet Jews. He and his staff have also continued to work with national and international bodies on matters affecting Soviet Jewry.

Besides numerous initiatives undertaken by Senator BUCKLEY's staff, at his direction, on a variety of factors affecting Soviet Jewry, such as assuring the free flow of mail to Soviet Jews from sympathetic Americans, Senator BUCKLEY has personally pursued the VOA programming issue since last March and has worked closely with Frank Shakespeare, Director of the U.S. Information Agency.

Mr. Speaker, it is indeed an honor for myself and all of the cosponsors of House Concurrent Resolution 462 to have Senator BUCKLEY, Senator BROCK, and their colleagues join us in bringing this matter to the attention of the United Nations and the world. Any of my House colleagues who would still like to co-sponsor House Concurrent Resolution 462 should contact my office promptly. It is my understanding that the Europe Subcommittee of the House Foreign Affairs Committee could report out a resolution next week.

Mr. Speaker, Senator BUCKLEY delivered a speech on Soviet Jewry on Sunday, November 14, 1971, on the steps of the city hall in White Plains, N.Y. Portions of the speech will be translated and along with a report of the rally will be reported to the Soviet Union and Soviet Jews on the VOA. It is very fitting and a pleasure, therefore, to include at this point Senator BUCKLEY's speech.

#### MAJOR SPEECH BY SENATOR JAMES L. BUCKLEY

Thank you very much, Mr. Katz. It's obvious that you've done a magnificent job in turning out a tremendous crowd today.

I can think of no better way to open my remarks today than by quoting the words of the chairman of the Westchester Conference on Soviet Jewry, Mr. Ernest Goldblum, when he accepted the B'nai B'rith Brotherhood Award some months ago:

"The 'plague of darkness' is with us," he said, "when we fail to see the needs, the

pain, the joys of our fellow, when each is so preoccupied with his own place that he never goes out to share the concern of his neighbor. Brotherhood is the blessing of light which dispels the plague of darkness, and each of us must work together to rid the earth of the darkness that threatens to destroy."

This is why we are together here this morning, to bear witness to our concern, to raise our voices in protest against the latest chapter in the Soviet Union's long history of oppression, to help keep alive the fires of hope in the hearts of her captive peoples.

These peoples have each in turn felt the implacable determination of the Soviets to dominate, to tyrannize the human spirit: the Baltic nations in 1940, the Hungarians in 1956, the Czechs in 1968, and now the Soviet Jews, who are once again being victimized for their steadfast loyalty to the faith of their fathers, and of their father's fathers.

I don't know how many of you noted the extraordinary exchange which took place at the United Nations three weeks ago between the delegates of the Soviet Union and Israel. During a bitter debate Russia's Yakov Malik challenged the Israeli delegate, Yosef Tekoah, to rise in the Assembly and declare that Jews were a chosen people, a people closer to God than all others. Trembling with indignation, Mr. Tekoah rose to shout his reply that if the Jews were a "chosen people," they had been "chosen to suffer."

Certainly, there has been little in this horror-filled century to prove him wrong. Destiny seems to have assigned a special role for the Jewish People. They have served as a kind of litmus paper of civilization, an unfailing test of the justness and humaneness of governments and regimes. Those which oppress the Jew usually attempt to tyrannize others; and those which are based on a fundamental repudiation of human dignity and individual rights seem sooner or later to focus upon their Jewish citizens a singular intensity of oppression. This principle of history is now being exemplified once again in the events transpiring in the Soviet Union.

When the Russian revolution was born in 1917, it came bearing promises of dignity and brotherhood for all; and in fact, during the early days of the new regime, Russian Jews were provided with full equality for the first time in centuries. Within a few years, Soviet Jewry was able to establish an impressive network of schools and cultural institutions which gave promise of a vigorous development of Jewish culture, and it appeared that the virus of anti-Semitism had been banished from the land.

It soon became apparent, however, that the ultimate goal of the new regime for its Jewish and other minorities was not to grant them the freedom to pursue their individual faiths and cultures within the framework of the Soviet system, but rather to assimilate them into the system, to cause them to abandon their distinctive traditions, customs and beliefs. The old patterns of Jewish life, because of their intimate relationship to the life of the spirit, were particularly regarded as "bourgeois evils" having a "counter-revolutionary influence." It was made clear that a Soviet Jew would be allowed to participate fully and on equal terms in Soviet society only at the price of his abandoning every aspect of his being which would characterize him as a Jew. This is what equality requires, Soviet style.

While all Soviet citizens share in common the tyranny of the spirit which is visited by their government on all its subjects, and while all who have sought to preserve their religious beliefs have felt the heavy force of official displeasure the Soviet Jews have in recent years been singled out for a special harassment which can only be described as cultural genocide; and in the process an explicit anti-Semitism has once again been loosed upon the land.

We who have been blessed—most of us

from birth—to be the citizens of this great land in which the freedoms we enjoy are taken so much for granted, we too often find it beyond the reaches of our imagination to understand the subtle horrors to which the Jews and other captives of the Soviet system are daily subjected. We know intellectually that their misery exists, but we find it difficult to visualize its special quality.

I wish all of you could have been with me some months ago at a U.J.A. dinner in New York City to hear a young woman, one of the lucky few allowed to emigrate to Israel, describe in simple, poignant words what it is to be a Jew in Russia today; to hear from her lips of the ubiquitous hostilities and suspicions to which she was subjected in her schools and later at work, because she was a Jew. I wish you could have heard her describe the gnawing despair of all who still seek to follow the ancient teachings of their faith; and to hear her tell of her blinding joy when the unexpected news finally came that after years of effort, after all hope had disappeared, her application to leave Russia had finally been granted.

What she was able to convey was an understanding of the deep and growing frustration which recently led nine hundred courageous Soviet Jews from twenty cities to sign an appeal to the United Nations pleading for the elemental right to emigrate, to seek a new life in some more hospitable society. Their appeal described their plight in the following terms:

"Here, in the U.S.S.R., where there is no Jewish culture or national life, where there are no Jewish schools or Jewish theatres, where there is no possibility of studying Yiddish or the culture and history of the Jewish people, where the unprecedentedly low percentage of Yiddish-speaking Jews is declining from day to day, in this country there is no future for us as Jews."

There can be no greater example of the hypocrisy of the Soviet state, no greater act of self-condemnation than this denial to her people of the right to leave, to seek their own futures, to take their own chances in other lands. The Soviet constitution grants to all the freedom of religious worship, and the Soviet Union piously subscribes to the United Nations Universal Declaration of Human Rights which expressly lists as one of them the right to emigrate. But in practice, the whole despotic weight of the regime is brought to bear to make the practice of any religion virtually impossible, and all those who would seek to escape this tyranny are kept caged within the state.

The U.S.S.R. may encompass a vast land mass extending 6,000 miles east and west, and 3,200 miles north and south; but so long as it continues to deny its citizens the right to leave the peoples' paradise, it brands itself in the eyes of the world as a gigantic prison governed by jailers who are unwilling to put the loyalties of their subjects to the test.

This, then, is the plight of Soviet Jews today, the plight of all those who are caught in the iron grip of Soviet Communism. What we must now ask ourselves, is how we who enjoy the blessings of freedom can reach out to them, how we can help them in their struggle to achieve freedom and dignity. Let me suggest a few ways:

First of all, the United States must never relent in her historic concern for the oppressed in other lands. Since her birth almost two hundred years ago, this nation has been a beacon of freedom which has brought hope to peoples everywhere; she has represented a moral force which has moved events far from her shores.

I urge you to urge the President, as I have, to place Russia's treatment of her Jewish minority and her denial to her citizens of the right of emigration squarely on the agenda for his coming talks in Moscow. The Russians should be made to understand the full extent of American concern over the denials of

basic human rights. It should be made clear that if the Russians are really serious about wishing to establish a meaningful dialogue between our two countries, this American concern cannot be ignored.

Secondly, we can continue to expand our efforts to reach the Jewish communities within Russia with news about Jewish religious and cultural events, with news about the free world's concern for them. In this way, we will help sustain that courage which has kept Jewish tradition and worship alive within the Soviet Union, that courage which has enabled tens of thousands to protest their treatment and to stubbornly insist on their right to leave the Soviet Union despite the sanctions which can be and are imposed on those who thus declare their opposition to the regime.

One way to let Russian Jews know they are not alone is by making the most effective use possible of our Voice of America broadcasts. Since March, I have been in constant touch with the United States Information Agency to see how its programming could be improved. In recent months broadcasts beamed to the Soviet Union have increased their coverage of items of specific interest to Jewish listeners; and I am pleased to be able to announce today that beginning on December 12th, the Voice of America will broadcast these items at specific times each week so that they may reach a maximum number of Jewish listeners. Items of religious, cultural and political interest to Soviet Jewry will be broadcast from that date forward each Sunday morning at 7:15, Moscow time, and they will be re-broadcast each Monday evening at 11:15. Portions of this speech, and incidentally a report of what we are doing here today are among the items of news which are scheduled to be broadcast to the Russian people by the Voice of America.

Thirdly, we can utilize the United Nations as an instrument for focusing the international spotlight on the Soviet Union's policy to deny her subjects the basic right to emigrate. This is a right which has been unequivocally stated and restated in the Universal Declaration of Human Rights, and in subsequent solemn U.N. declarations which were unanimously approved by the General Assembly in 1948, 1965 and 1966, the Soviet Union being present and voting. I am supporting resolutions introduced by Senator Brock of Tennessee and Congressman Kemp of Buffalo which would urge the President to pursue in the General Assembly the issue of the Soviet Union's persistent violation of this elemental human right.

Fourthly, I believe that we should continue as we have been doing, raising our voices in protests, meetings, publications, and declarations. The voices of those who speak for those who suffer should never be stilled. Let those who rule in Moscow know that men of good will will not rest until justice is done and freedom won. Even totalitarian regimes must eventually take notice of the feelings of the people of the world.

Fifthly, there is the power of prayer. Let us, therefore, pray daily to God that the plague of darkness may finally be lifted from those lands now dominated by tyranny, that all men may come to know freedom, may be freed to pursue their individual destinies in peace.

Finally, and perhaps most important of all, we must sustain in ourselves and develop in our children a love for freedom and a determination to defend it when it is threatened. Perhaps the greatest hazard which we face is that we may come to take our own freedoms so much for granted that we will forget how precious they are. How many of us really understand what it means to be free? Those trapped behind the Iron and Bamboo Curtains know that to be denied freedom is a condition so numbing to the human spirit that tens of thousands of them each year

risk their lives in desperate attempts to escape their oppression.

I shall never forget the first two paragraphs of a story in the *New York Times* three years ago which recited the extraordinary escape to freedom of a young East German who in ten days traveled 2500 miles through Czechoslovakia, Hungary, Rumania, and Yugoslavia before he finally reached safety in the West. The article began as follows: "The young East German, his tan scarcely hiding the strain of the wild ten day escape through four Communist countries, anticipated the question. 'I know it sounds trite,' he snapped, 'but I did it for freedom.' After a pause, he added, 'I would have tried anything to be a free man.'"

If we are to be worthy of our own gift of freedom, if we are to extend it to others, we must nurture the resources which make us human—faith, love, wisdom, sacrifice, and compassion. We must broaden our concerns and enlarge our vision. We must recognize that our duty as human beings is to feel the sufferings of those who are oppressed and to hear the voices of those who look to us for encouragement and help. We dare not rest until, in the words of the prophet, Amos, "Justice roll down as waters and righteousness as a mighty stream."

#### FEDERAL WATER POLLUTION ACT

The SPEAKER. Under a previous order of the House, the gentleman from North Carolina (Mr. MIZELL) is recognized for 5 minutes.

Mr. MIZELL. Mr. Speaker, I rise at this time to join with my distinguished colleagues on the Committee on Public Works in sponsoring amendments to the Federal Water Pollution Control Act of 1968.

I want to make it clear that I do not fully endorse these amendments in their present form, and that I am co-sponsoring it partly in an effort to initiate further hearings and accumulate additional information on this vital issue.

Still, I am most enthusiastic about this legislation's major intent to clean up pollution in the Nation's waterways, and I want to do everything I can to insure the most effective, practical, and reasonable legislation possible.

I have certain reservations about various aspects of these amendments, and in the course of further hearings I would hope that both environmentalists and representatives of industry would be given the opportunity to express their views on these important matters.

The Senate, which drafted its water pollution bill behind closed doors, has made proposals related to some of these aspects without the benefit of expert testimony, and I believe it is our responsibility to devote additional time and attention that so important a piece of legislation merits.

I believe that if our Senate colleagues had really done their homework on this bill and taken the time to closely examine the legislation they were voting on, its passage would hardly have been unanimous.

The people of my district are greatly concerned about environmental quality and they are looking to the Congress to demonstrate leadership and concern in this vital area.

In the course of our deliberations, it may well be necessary to offer perfecting amendments to the legislation we are in-

troducing today. I stand ready to introduce those amendments that would insure adequate protection of the environment while providing for the fair treatment of all concerned.

150 years, since the beginning of Amer-

We have been polluting our waterways carelessly and heavily for the past 150 years. It is a well-worn phrase, but it is still true that we cannot solve this problem overnight.

Pollution must be controlled, but its effects on industry and the economy must be seriously considered.

I urge my colleagues to take all of these considerations into account, and let us concentrate on passing the fairest and most effective legislation possible.

#### DEPARTMENT OF COMMUNITY DEVELOPMENT HEARINGS

**THE SPEAKER.** Under a previous order of the House, the gentleman from New York (Mr. HORTON) is recognized for 10 minutes.

Mr. HORTON. Mr. Speaker, the Legislation and Military Operations Subcommittee of the Government Operations Committee is now holding hearings on H.R. 6962, a bill to create a Department of Community Development. The opening statement was made by the Honorable George Romney, Secretary of Housing and Urban Development on November 3, 1971. It is a clear and concise description of the proposed Department of Community Development, which would be created by pulling together related programs in HUD, DOT, Agriculture, Commerce, and OEO. Since this is an extremely significant piece of legislation, I felt all Members should have an opportunity to review his statement carefully, and thus, I am including the statement in the RECORD below.

This bill is part of the President's departmental reorganization program and properly has been called one of the most significant reorganizations of government ever attempted. Almost every domestic program would be affected by the reorganization, and its impact would probably be greatest on the ultimate beneficiaries and recipients of our domestic assistance programs, the people of this Nation.

In the lengthy overview hearings we held this summer on these proposals, we heard not only from present administration witnesses, but also from those active in previous administrations and from the academic world. In those hearings we found that there was a widespread feeling among those knowledgeable about government that a reorganization of the executive branch was necessary and, indeed, overdue.

We learned that the proposals made by the President reflected not only the work and thinking of the Ash Council but were similar to recommendations made by various study groups under Presidents Kennedy and Johnson;

We were told that some of the "instant experts" on governmental reorganization were wrong in their analyses of the effects of reorganization. For instance, the size of a department is not as important as developing an organizational struc-

ture that can handle the workload; and that the committee structure of Congress would not be affected by these proposals because there would be no change in the jurisdiction of the committees over programs.

On the basis of these overview hearings, I think it is fair to say that these are basically good bills, and that they are urgently needed bills.

Most important in our legislative work is the need to maintain the integrity of the basic concepts which underlie these bills. These concepts are:

First, the consolidation of programs, agencies, and departments around national goals;

Second, a building within the Federal Government of the capability to be responsive at the local level; and

Third, the strengthening of leadership and accountability within the departments.

These concepts are widely felt to be the best organizational principles for the Federal Government in this day. For the well-being of the Nation we must attempt to preserve these principles, even at the cost of upsetting certain entrenched interest groups. This Government needs reorganizing.

Certainly all three of the underlying concepts of this reorganization legislation are of crucial importance, but I think for the Members of Congress, the most important principle is the improvement of the responsiveness of the Federal Government to local and State needs. While the recent reorganization of HUD undertaken by Secretary Romney has improved the responsiveness of that department to community development needs, there is still a frustrating pipeline of delay, redtape, and paperwork which clogs the delivery of these services to localities. A Member of Congress sees these problems first hand, because it is he who receives the complaints from local officials, and who is asked to continually exert pressure to expedite Federal grants and loans and project approvals. In my office there are nine staff members who spend all or part of their time contacting Federal agencies to act as a go-between for local officials and organizations seeking action on a myriad of Federal program requests and applications.

In effect, we are a fully-staffed ombudsman office for my congressional district. Like other Congressmen, I am glad to provide this service, because I feel it is part of my job to make the Federal Government as responsive as possible to the needs of my constituents. But, at the same time, I see in this reorganization proposal an opportunity to improve the overall responsiveness of the Federal executive to these needs. I believe that we can enact a reorganization plan which can help to unclog the pipeline, untie the bureaucracy and improve the efficiency of service to the people of this country.

Efforts to expedite service on a case-by-case basis will always be necessary to one degree or another. But it is clear to me that these patchwork steps are insufficient to do the whole job. Three Presidents have recognized the need to

correct these problems through comprehensive and basic changes in the Federal structure.

In the prepared statement printed below, Secretary Romney describes how the community development programs of the Federal Government would be pulled together to better serve the States, regional authorities, and communities which are the primary recipients of the community development programs. Secretary Romney goes into great detail on how the headquarters and field offices of the proposed Department would be structured and would operate. He appended to his statement numerous charts which illustrate many of the details covered in the text. Unfortunately, we are unable to print these charts in the RECORD and, thus, interested Members will have to apply to the Government Operations Committee or the Secretary's office in HUD for copies of the charts.

What makes this statement so outstanding is Secretary Romney's ability to describe the benefits of efficiency and effectiveness which could be expected from the proposed reorganization, using his experiences in private business, in State government, and as Secretary of the Department of Housing and Urban Development. The Secretary clearly understands the problems and opportunities involved in reorganizing large entities.

The Legislative and Military Operations Subcommittee is chaired by the Honorable CHERYL HOLIFIELD, who also chairs the Full Committee on Government Operations. Chairman HOLIFIELD has a well-earned reputation of being one of the most thorough and objective legislators in the Congress. Under his direction we can all expect that this Department of Community Development bill will receive the closest study, and that a review will be made of every responsible point of view. I expect that these hearings will be recognized as great acts of statesmanship by students of the legislative process—we have already substantial evidence that this will be the case in the overview hearings held on these proposals—now in print.

I believe the Government Operations Committee will be able to recommend to the House some of the most important and fundamental legislation of this or the past few Congresses. Under the leadership of our able chairman, I believe this legislation will effectively reorganize the Federal structure so that we might confidently address the issues and problems we will face as a Nation in the last third of this century.

STATEMENT OF GEORGE ROMNEY, SECRETARY OF HOUSING AND URBAN DEVELOPMENT, BEFORE THE LEGISLATION AND MILITARY OPERATIONS SUBCOMMITTEE OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, ON H.R. 6962, TO ESTABLISH A DEPARTMENT OF COMMUNITY DEVELOPMENT, NOVEMBER 3, 1971

Mr. Chairman and Members of the Committee, I appreciate this opportunity to present my views on H.R. 6962, legislation proposed by the President to establish a Department of Community Development.

Your earlier hearings have dealt with this bill as one important part of the President's overall program to enable the Executive Branch to carry out its increasingly complex

tasks more effectively. Other witnesses—broadly representative of public and private life, and including several drawn from the highest ranks of both this Administration and the last Administration—have testified on the proposed four new departments concerned with human resources, natural resources, economic affairs, and community development. They have explained how this overall reorganization would provide a Federal structure under which major departmental functions and responsibilities are grouped according to basic Federal missions, and they have discussed the advantages of such a grouping.

I will not attempt to repeat, or even summarize, their statements. Instead I will try to draw on my own experience to explain why I am convinced that the advantages to be derived from the enactment of H.R. 6962 are not just theoretical, but very practical. And I will discuss in some detail the functions, the mission and the internal organization of the proposed Department of Community Development. While maximum benefits would flow from the creation of all four proposed Departments, the bill being considered today is so drawn that substantial gains would result from the separate establishment of this one Department. The Congress will of course be free to consider the other three on their merits.

Your Committee has had vast experience in the field of governmental management and organization. In less than two decades, you have participated in the creation of the Departments of Health, Education, and Welfare and of Transportation, as well as of many smaller units of Government. I imagine that you share my feeling of "having-been-here-before" as you approach this bill. While each reorganization gives rise to questions and problems peculiar to it, there are certain common principles of organization and management which are derived from experience. My own enthusiastic support of the proposed new Department is in no small part based on the three major reorganizations in which I have played a part.

While I was President of American Motors, we merged two separate automobile companies, and at the same time created a management structure where increased efficiency resulted from delegating authority to the level where the relevant problems and information were to be found. And while Governor of Michigan, I reorganized the Executive Branch, reducing over 140 disjointed, inefficient State agencies and independent boards to 19 departments, more nearly organized along general purpose lines and headed, in most instances, by individuals. The heads of the 19 departments knew they were responsible and accountable for their actions and decisions.

Most recently, I have reorganized the Department of Housing and Urban Development along lines defined by basic purposes. In my testimony I will discuss this HUD experience because it throws light on why we should have a Department of Community Development and on the concrete benefits we expect to gain from its creation. But first I would like to make some general comments on the need for and the role of the proposed new Department.

#### NEED FOR DEPARTMENT OF COMMUNITY DEVELOPMENT

Between 1930 and 1970, the number of civilian employees of the Federal Government increased from 600,000 to almost 3 million, and the number of Federal grant-in-aid programs from about two dozen to over 500. Existing departments and agencies expanded piecemeal and haphazardly, and new special-purpose agencies were created, sometimes filling organizational gaps and sometimes competing with existing agencies.

Because there remain many areas of disjointed and over-lapping responsibility, we are not now achieving adequate coordina-

tion of our many domestic Federal programs. Below the White House level authority is much too divided. At the White House level the President's Domestic Council is constantly being distracted from matters of high policy by the need to focus on administrative details of closely-related, but frequently conflicting, programs administered by scattered bureaucratic units. Under the proposed reorganization, the DCD, and the other major new departments, would have sufficient scope to dispose of countless issues that now unduly burden the attention of the Domestic Council, and even of the President. Thus, as the Departments do a better job of day-to-day administration, the Domestic Council could better take its intended place alongside the National Security Council as a Presidential instrumentality specializing in policy coordination of the highest importance, free from operational chores.

Let me cite one example of fragmented domestic programs. There are now, divided among seven different agencies, four major Federal programs of assistance for water and sewer facilities and eight smaller programs. The major ones are—

HUD's basic water and sewer facilities program.

The Farmers Home Administration's rural water and waste disposal facilities program.

The Economic Development Administration's public facilities program, and

The Environmental Protection Agency's waste treatment and collection facilities program.

Other programs are found in the Departments of Health, Education, and Welfare, the Interior, and Defense. Communities are frequently eligible for two or more of these water and sewer programs. Some degree of coordination is achieved through project-by-project joint funding arrangements and multiple applications for single projects. But this is doing it the hard way.

#### PROGRAMS OF THE NEW DEPARTMENT

Turning now to the proposed Department of Community Development, it would, as indicated by this first chart, include:

All of the programs of the Department of Housing and Urban Development (except for the college housing program).

The highway construction and mass transit programs of the Department of Transportation, and its safety grant programs relating to highway design and construction.

The rural electrification, public facilities and housing programs of the Department of Agriculture.

Programs of financial and planning assistance for public works and development facilities (except business development) now administered by the Economic Development Administration of the Department of Commerce, and that Department's Regional Action Commission Planning Commissions, and

The Community Action and "special impact" programs of the Office of Economic Opportunity.

As may be noted from the chart, several other programs from other agencies would also be included.

A single Federal department would thus administer the major Federal programs of assistance for the physical and institutional development of our communities. That is, a single Federal department would administer assistance for the planning and building of houses and supporting public facilities and highways; for strengthening State and local government processes; and for involving all interested public and private organizations and citizens in this endeavor.

By bringing together programs concerned with community development, the new Department would move beyond fragmented Federal program administration. Equally important, it could move toward a community-oriented approach to problems. For the first time, there would be a Federal department having the ability to respond—in a coordi-

nated manner—to local comprehensive community improvement programs. And for the first time there would be a Federal department of broad enough scope to help State and local governments, private organizations, and the citizens themselves to participate jointly and actively in developing these local programs. This means participation in articulating goals, setting priorities, and devising the best ways and means of improving not only the physical, but also the economic and social, environment of all our communities, from the smallest village to the largest metropolis.

As your Committee knows, the establishment of a Cabinet-level Department of Housing and Urban Development six years ago was aimed toward this same goal. HUD's creation raised to Cabinet-level status the national concern about our cities and towns, both large and small. The Department now has jurisdiction over many community-oriented programs. It was a move in the right direction. But it took us only part way.

The problems of growth and development in rural, urban and suburban communities are closely interrelated. Yet, communities in rural areas and depressed regions must still seek help among three different departments for the planning and construction of their public facilities.

The Department of Community Development, because of its broad yet unified scope, could better serve our communities, regardless of their size. And the President and the Congress would surely find it a more useful source of information and advice to them as they attempt to shape a balanced national growth policy, concerned with—to use President Nixon's words—"the farm as well as the suburb . . . the village as well as the city . . . the building of new cities and the rebuilding of old ones."

#### THE MISSION OF THE NEW DEPARTMENT

The broad mission of the Department is briefly summarized on my second chart. In general, the Department would be concerned with the sound development, through growth and renewal, of both urban and rural communities so that they may provide their citizens a wholesome living environment.

This basic mission has two aspects. First, the Department should strengthen the institutional capacity of State and local governments to work with private business enterprise and civic organizations in solving community problems and meeting community needs. Second, the Department would assist State and local governments and the private sector in carrying out urban and rural development, transportation, and housing programs. Within the Department, different program activities would be grouped according to their general purposes.

A similar pattern has been adopted in the United Kingdom, with encouraging results. A new Department of the Environment, headed by a Minister of Cabinet rank, was formed in November 1970 by the amalgamation of three former Ministries. The new Department consists of three sectors: Housing and Construction; Local Government and Development; and Transport Industries. The British reorganization goes considerably further than is proposed for DCD by covering more environmental and transportation programs.

#### THE NEW DEPARTMENT'S INTERNAL ORGANIZATION

HUD too has recently been reorganized along general purpose lines, and we have seen the benefits that result. When we took office—as you can see from the January 1969 organization chart (chart 3)—housing production was split between two Assistant Secretaries. Each had his own staff of architects, engineers, and financial specialists. Each program had its own specifications—sometimes in conflict—which discouraged builders and developers. Today, as the chart 3 overlay shows, an Assistant Secretary in HUD is

responsible for "housing production" and is held accountable for results in this area. It can be noted from this overlay chart, that HUD has also grouped related activities in the areas of Housing Management, Community Planning and Management, and Community Development.

It is no longer necessary for builders and architects to shuttle between two HUD Assistant Secretaries concerned with housing production; or for tenants' organizations to negotiate with two Assistant Secretaries concerned with housing management; or for a mayor to deal with three Assistant Secretaries concerned with federally-aided public facilities being provided in his city. Also, as a result of this realignment, and of delegations to the field that I will describe later, HUD has been able to streamline its procedures, and to handle a work load that has increased tremendously over the past few years with a staff that has increased very little. Good organization is often the key to sharply rising staff productivity.

Our recent experience under the HUD reorganization gives us added confidence that the proposed organization of the new Department of Community Development along similar lines will produce similar benefits.

As you can see from our fourth chart, DCD will have three major general-purpose program administrations—for urban and rural development, community transportation and housing.

The Urban and Rural Development Administration would be responsible for programs designed to assist the physical and institutional development of urban and rural communities. As can be seen from the fifth chart, the Urban and Rural Development Administrator would be served by a Deputy, the only one contemplated in the three major administrations. The Deputy would have administration-wide responsibilities and would also head an Office of Rural Development, thereby assuring appropriate attention to the special problems of rural communities.

HUD's own program activities in small towns and rural areas provide precedents for the much broader attention that DCD will give these areas.

HUD's Comprehensive Planning Program enables small towns and rural areas to pursue broad community development planning in such fields as housing, transportation and community facilities. During fiscal year 1971 alone, comprehensive planning grants were distributed to 155 rural districts covering 791 counties in 34 States.

The Nation's smaller communities and rural areas participate widely in the Department's various community facilities assistance programs. For example, 805 water and sewer grant projects, representing over 43 percent of all such projects funded by HUD since the program began, are located in rural areas.

The first HUD new community development project—Jonathan, Minnesota—is 20 miles southwest of Minneapolis in rural Carver County. We have recognized that our rural areas and small towns have a potential for community development that offers an alternative to both metropolitan congestion and suburban sprawl.

My *sixth chart* indicates the increasing attention that HUD has given to *smaller communities* in this Administration.

Turning again to the *fifth chart*, we can see that, in addition to having an Office of Rural Development, the Urban and Rural Development Administration would have jurisdiction over present HUD programs relating to new communities and community planning.

The Community Action and "special impact" programs of OEO would also become a part of this Administration. In addition, HUD's Urban Renewal, Model Cities, Open Space and Neighborhood Facilities programs would be included. So would the Water and

Sewer programs of HUD, the Farmers Home Administration and the Economic Development Administration. Also incorporated would be the Public Facilities programs of EDA and the economic Regional Commissions, and the Rural Electrification program of the Department of Agriculture.

Second, there would be a *Community Transportation Administration*. It would be built around the Federal Highway Administration and the Urban Mass Transportation Administration. These and other details concerning this Administration are shown on the *seventh chart*. Its interrelated programs would be administered with full consideration given to the transportation needs of individual localities; to the need for a balanced national transportation system; and to the need for coordinating all community development programs.

Many recent experiences have demonstrated that the highway and urban mass transportation programs are more intimately related to community planning and to housing and community facilities than they are to the bulk of the other programs now in the Department of Transportation. Few day-to-day relationships exist between highways and the marine and seaway functions of the Department of Transportation. On the other hand, a highway project which approaches or traverses a city or a town and a mass transportation project must each be planned and executed within a framework of community and sound land use.

Unless a highway is planned and executed in coordination with a community's overall development plans, many things can go wrong. There is the danger of personal hardship and ultimate economic loss when a highway enters a community by what seems to be the shortest and least expensive path—but which actually turns out to be the most costly in terms of homes and businesses destroyed and real estate values diminished. We are all familiar with examples out of the past of the damage that highways can do, sometimes upsetting city's master development plan and sometimes, as in New Orleans, threatening a unique and historic quarter.

While serving as Governor of Michigan, I became all too familiar with the background of a tragic riot in the 12th Street area of Detroit. From 1957 to 1967, the population of that small area increased from about 16,000 to 34,000. The overcrowding of that area was among the causes of that riot. And it was the uncoordinated relocation of persons displaced from other parts of Detroit by highway construction and by urban renewal that caused the overcrowding. Highway relocation is still under the jurisdiction of the Department of Transportation and urban renewal relocation is still under the jurisdiction of HUD.

There is also the danger that opportunities will be missed—opportunities to so design a highway or a mass transportation system that it will bring communities and neighborhoods together, create new jobs, and enhance the overall environment. But this takes comprehensive, coordinated planning with full knowledge of such matters as housing densities, the proposed location of sewer and water lines, heavy and light industry, of shopping centers, of parks and recreational spaces. It requires knowing how the people of the entire community can most quickly and most cheaply move among the places where they will live and work and find recreation over the many years to come.

Finally, there will be a *Housing Administration* built around the housing production and management functions now in the Department of Housing and Urban Development and the rural housing programs of the Farmers Home Administration. Its contemplated organization is shown on our eighth chart.

One of the basic goals of HUD has been to provide decent housing in both urban and rural settings. Once again it is our rural ex-

perience that is least known. For example, during fiscal years 1968 through 1970, 122,000 single-family homes were built in rural areas, representing about 9 percent of all HUD-FHA-insured home mortgages. One sixth of all HUD-aided public housing units have been provided to communities of under 10,000 population and one tenth to communities of under 5,000 population. (Chart 9) The fact is that very many small rural communities have found HUD's public housing aids especially suitable to their needs.

HUD and the Department of Agriculture's Farmers Home Administration have already recognized the inter-relationship of their respective housing programs, both of which often operate in the same rural areas. HUD and the Department of Agriculture two years ago organized a continuing inter-agency Rural Housing Coordinating Group. This group, which was later broadened to include OEO, deals with mutual problems of housing policy, the allocation of funds, and program operations as they affect rural areas. But the proposed Department of Community Development would permit a far more natural and effective coordination of these rural and urban housing programs, with better service resulting for both urban and rural citizens.

We are all of course aware that any reorganization proposal will give rise to some fear that people served by present units will not be served as well. This is only natural since all change tends to be at least a little disturbing. I am reminded of the early fears that attended the creation of the Department of Housing and Urban Development. At one time, the people who deal with the Federal Housing Administration sought to keep that agency independent. They thought its programs would wither if brought into HUD. History has proven these fears to be entirely unfounded. The FHA programs have grown in scope, in funding and in vigor. I predict a similar outcome for the housing, rural electrification, transportation and community development activities to be included in the Department of Community Development.

The new Department would also include the Federal Insurance Administration as it now exists in HUD.

The Secretary of Community Development will have the resources and the authority to bring about the coordination of all the closely inter-related programs of the new Department. He will also have the flexibility to decentralize their administration.

#### FIELD STRUCTURE OF THE NEW DEPARTMENT

When I first became Secretary of Housing and Urban Development, I learned that, for most HUD programs, the actual decision points for the approval of applications and the funding of projects were in Washington.

As indicated by the tenth chart, we have decentralized to our field offices the basic approval action for HUD activities that represent over 90 percent of our total program budget. For most of our programs, action on applications for funds now takes place in our Area and Insuring Offices. Those Offices administer the programs. They make the funding decisions without second-guessing at either the Regional or Washington Offices. They are, of course, subject to general supervision and evaluation. We are still adjusting to the magnitude of this reversal of traditional Federal bureaucratic operation. Our decentralized structure is new, and is not yet functioning as well as it will. But we have created a more efficient and effective organization which is structured and equipped to make faster and better decisions and to carry out our programs in a manner responsive to HUD's missions and goals.

Our field structure was designed to achieve maximum program coordination, while bringing decision making closer to where the problems are. The HUD experience is a forerunner of what we can expect under DCD's field structure. First, HUD adopted the Standard Regional boundaries and Regional Office lo-

cations. Then, where workload and staff permitted, we created Area Offices, based on State boundaries where feasible, to handle day-to-day program activities. Authority to take final program actions has been delegated through our Regional Administrators to our Area Offices. This strong field structure allows Area Offices to handle activities close to the people being benefited, making HUD far more responsive to their needs.

This past August, we undertook an extensive survey of 26 cities and towns of various sizes to discuss reactions to both the concept and the functioning of our Area Offices. Mayors, city managers and other key officials were interviewed. We found these reactions:

(1) 89 percent of city officials interviewed want Federal decision making decentralized closer to the municipal level;

(2) 92 percent believed their Area Office had improved, and would continue to improve, HUD service to them; and

(3) 92 percent felt that the Area Office concept enables HUD to be more sensitive and responsive to local needs, while also providing one-stop service.

The decentralization of HUD's decision-making authority to the Area Offices has made it easier for local communities to coordinate their applications to HUD, and for HUD to coordinate its responses. The localities have been encouraged to prepare their own annual plans for coordinated community development. On the basis of these local plans, HUD enters into agreements with cities covering the full range of housing and community development projects for the year. These "Annual Arrangements" commit both the Department and the various local agencies of each community to a specific set of priorities for the year.

The benefits of our Annual Arrangements strategy were first reflected in our pilot experiment in Gary, Indiana.

In December of 1970, Mayor Hatcher of Gary completed a negotiation with the Department under which we committed ourselves to approve a coordinated set of applications, if they met required standards for certain projects in several programs—

Public Housing,  
Urban Renewal,  
Water and Sewer,  
Code Enforcement,  
Neighborhood Facilities,  
Urban Beautification, and  
Model Cities.

HUD also agreed to provide technical assistance to Gary, as well as to coordinate with the City the processing of applications for HUD-assisted housing to be located there. The City meanwhile undertook actions to expand the supply of housing for low and moderate income families in its own redevelopment and Model Cities programs.

Mayor Hatcher called this Annual Arrangement "an historic and excellent example of what can result from sound Federal-Municipal relationships."

He added:

"If this is how President Nixon and Secretary Romney intend to shape their Republican Federalism then, as a Democratic Mayor, I support it fully."

Mr. Chairman, the type of intergovernmental cooperation demonstrated in Gary is not feasible on a national basis without decentralized decision-making authority in a strong field organization.

It is the intention of the Executive Branch to establish a similarly strong and effective field structure for the Department of Community Development. The field organization would be based on the ten Standard Regions, as established by the President. Unified DCD Regional Offices would be established immediately. Regional Directors would be responsible for all DCD operations and personnel in their regions. Each would be supported by a Deputy Regional Director, pro-

gram specialists, and field operation personnel. The proposed DCD field structure is laid out for you in our next chart (number 11).

"State" DCD offices would be established within each Region. While we anticipate that these offices would correspond to State boundaries in most instances, they would be located primarily on the basis of workload, so that some States might have more than one such office, and a few might be served by an office outside the boundaries of the State. These offices would administer grants for housing, planning, public and community facilities and community action assistance.

The before and after charts I am about to show you (charts 12 and 12(a)) illustrate, quite dramatically, the concrete and substantial benefits which could accrue to a city official from the one-stop service to be provided under the proposed DCD field structure. Now the Mayor of Duluth, Minnesota, has to deal with four departments and agencies at five separate offices in three different cities in order to take full advantage of Federal community development aids. If the proposed new Department of Community Development were established, that same Mayor could be offered one-stop service by the Department at a single location, Minneapolis-St. Paul, for many types of assistance. It seems to me that this type of simplification offers increased effectiveness in achieving both local and national development policies. It would be especially helpful to small communities that simply do not have the staff to find their way through a Federal bureaucratic maze.

Within each State, there would of course be other local DCD offices close to the people who use the Department's facilities. For example, the county office structure of the Farmers Home Administration would be brought into DCD intact, and the work of the county offices would be coordinated with DCD's other programs by the State Directors. Similarly, local Federal Housing Administration insuring offices would remain in the field.

The Division Engineers of the Federal Highway Administration would maintain their identity. To the extent possible and within a reasonable time, the State offices of the DCD and the Division Engineers would be located together to facilitate their working together. This should greatly improve the capacity of DCD's State Directors to deal with community development issues on a community-wide basis.

The new Department would maintain and enhance easy accessibility to Federal assistance where it already exists. Thus, sponsors of rural housing would, as now, be able to turn to county offices to make applications; the Federal highway programs would remain substantively and organizationally intact; and HUD housing aid programs would be administered as they are today—that is, in field offices. Charts 13, 14, and 15 illustrate how the several types of field offices could be used to serve more localities better.

The administration of other Federal community development programs—for example, mass transit and Economic Development Administration public works projects—would be brought closer to the applicant agencies and groups, and made part of an overall community approach by a unified State DCD Office. Chart 16 provides an illustration of this.

To summarize, we are seeking to design a field structure that will result in decision making which is—

1. faster than now,
2. more coordinated than now, and
3. more responsive to local needs and priorities than now.

At the same time, the capacity of the Federal Government to deal with problems of uneven national growth in a coordinated manner would be greatly enhanced. This is so for both urban and rural areas. The pro-

posed Department could focus on public plans and facilities for growth centers in a truly comprehensive manner. As a result, the benefits of regional infra-structure planning on such centers would be real, instead of illusory. In addition, the Department's full range of powers could be brought to bear on improving rural communities so as to help stem the migrations which have contributed so much to rural stagnation, central city overcrowding and deterioration and suburban sprawl.

In fields such as water and sewer assistance, different existing categorical programs now administered by numerous officials of scattered agencies would be administered by a single official, readily accessible to local communities. Thus, related programs could be coordinated through unified administration. And inter-agency approvals and liaison now achievable only in Washington would be possible at the field level. I have here before-and-after charts (17 and 17(a)), relating to water and sewer programs, which illustrate the simplification DCD would achieve. The potential savings in time and effort are obvious—for Federal, State and local officials and for private industry and individual citizens.

Mr. Chairman, the enactment of this bill would be a bold step in that it would create a truly new Department important to the effective operations of the entire Federal system. It seems to me that the confidence of the American people in their government has weakened to an alarming extent. As President Nixon said in his Message to Congress on Executive Reorganization:

"At this moment in our history, most Americans have concluded that government is not performing well. It promises much but it does not deliver what it promises. The greater danger, in my judgment, is that this momentary disillusionment with government will turn into a more profound and lasting loss of faith."

I do not, for a moment, suggest that the creation of the proposed Department of Community Development will, in itself, solve our problems, or guarantee the achievement of its goals. But it will certainly make an extremely difficult task far less difficult.

Mr. Chairman, because I believe that the proposed Department of Community Development could most effectively attack the barriers to a decent living environment for all American families, I urge early and favorable action by this Committee on H.R. 6962.

#### EVALUATION OF THE WATERSHED PROGRAM—A SOLUTION TO POLLUTION

The SPEAKER. Under a previous order of the House, the gentleman from Iowa (Mr. SCHWENGEL) is recognized for 5 minutes.

Mr. SCHWENGEL. Mr. Speaker, the Conservation and Watershed Development Subcommittee of the Public Works Committee in the House of Representatives, chaired by Congressman JIM KEE, of West Virginia, and on which I am the minority leader, has been conducting a number of field hearings during the past several months. So far we have had hearings at six locations—Ardmore, Okla.; Bluefield and Princeton, W. Va.; Macon, Ga.; Greenville, Miss.—with representation from the States of Mississippi, Arkansas, and Louisiana; Davenport, Iowa; and Wichita, Kans. We plan to continue these hearings after the recess at several locations in the Western States.

Mr. Speaker, the purpose of these hearings as has been noted is to make an in-

depth study of the entire watershed development program administered by the Soil Conservation Service. We want to meet with knowledgeable people at the grassroots level to ascertain whether the objectives of Public Law 83-566 are being met; to learn whether benefits have accrued as anticipated by the project sponsors when the act was passed; or whether we have fallen short or exceeded those contained in the original work plans. Also, we are interested in learning what additional authorities and funding would be helpful to make the program fully responsive to the needs of watershed communities.

We have been greatly impressed with the hearings to date. The testimony of witnesses has been overwhelmingly favorable in attesting to the many diverse benefits accruing to these watershed projects. Strong support for the program has been demonstrated by witnesses representing practically all public agencies and organizations—Federal, State, and local—concerned with resource conservation and development. It is clearly evident, as we had suspected, that many un-evaluated or underevaluated benefits are accruing when these projects are fully implemented. The response at all locations was enthusiastic and the attendance more than had been expected. For example in Macon, Ga., the large courtroom where the hearing was conducted was filled to capacity with people standing in the aisles and along the back of the room. More than 90 testimony statements were offered. Also at Wichita, Kans., nearly 300 attended the hearing.

Witnesses repeatedly stressed the need for greater acceleration of the program and for amendments to the Public Law 566 to provide such authorities as Federal cost-sharing for municipal and industrial water supply and for water quality control; long-term contracts to strengthen and help accelerate the land treatment program; and authority to use other Federal funds for purchase of land, easements, and rights-of-way. These are the same amendments as contained in the House bill cosponsored by JIM KEE and myself along with a number of other House Members. Our bill is H.R. 11448, which was introduced October 27, 1971, and is identical to title II of Congressman BOB FOAGE's rural development bill H.R. 10867.

I was particularly impressed with the work which we saw in our own State. The Rock Branch watershed project in Jefferson County is a "model" of what can be done when local people, State, and Federal agencies unite to solve their watershed problems. The land treatment phase, in which you people in the ASCS have played such an important part, is absolutely spectacular when viewed from the air. The impoundments behind the grade stabilization structures contained clear water—an indication that soil erosion is being controlled. As evidenced in talking to several farmers during the watershed tour and further demonstrated in the hearing testimony, there is real pride in the accomplishments brought about by this team arrangement.

Several things have become apparent to me as a result of these hearings.

First, I think we should look upon the

expenditure of funds for watershed development as an investment in America's future. Local organizations, individual farmers, together with State and Federal agencies assisting these groups, are to be commended for the fine job they have done with the limited funding made available for this important work. At the present rate of progress, it will take more than 100 years to bring some 8,000 watershed projects still needing attention under control, and we will have suffered irreparable losses in that time. It is time we got on with this job.

Second, we cannot overemphasize the contribution of the land stabilization program so important in watershed work in reducing and trapping harmful sediment that would otherwise move into our streams and rivers. Sediment is now recognized as the greatest pollutant—by volume—of water. In addition to its detrimental effects in filling reservoirs, navigation channels, estuaries, and increased water treatment costs, it is the main cause of many harmful chemicals, components of fertilizers, pesticides, herbicides, and bacteria getting into the river systems. For it is the sediment particle that serves as the transport mechanism for these pollutants.

The significance of the job being done to trap harmful sediment is reflected in figures furnished by the SCS which show that more than 14,650 structures have been planned under the watershed program. These planned structures, which include reservoirs, debris basins, and grade stabilization structures, will store 1,640,810 acre-feet of sediment weighing 2.8 billion tons. To illustrate the magnitude of these figures it would take 40 million 70-ton gondola cars to haul this amount of sediment. Placed end-to-end the cars would extend for 470,000 miles, or more than the round-trip distance from earth to moon, or would girdle the earth nearly 20 times.

A bill before our Public Works Committee, already passed by the Senate, proposes the expenditure of some \$14 billion over the next 10 years to clean up municipal and industrial water pollution. Even with that huge Federal expenditure, the pollution problem in our rivers will not be corrected. Do you realize the hillsides in the country produce and send 700 times more solid wastes into our rivers than all the cities and their industries combined? I firmly believe that the solution to our river pollution problem rests to a significant degree on the proper stabilization and management of our watersheds. What we need is a massive effort with adequate funding of several billions of dollars to complete the watershed treatment program in the next 10 to 15 years.

In summary, money spent by the Federal Government for these watershed conservation programs is a paying proposition and should be considered as an investment in America.

The success of the watershed program has demonstrated that it can make extensive contributions to:

First, improving living space for people through the conservation, protection, and wise use of land and water resources;

Second, stemming the tide of migration from rural to overcrowded urban areas;

Third, strengthening communities by providing wider economic, social, and cultural opportunities;

Fourth, assuring continued high standards of living for all Americans through wise use of the Nation's natural resource base;

Fifth, contributing basic resource information and interpretations needed in developing sound and workable national land-use policies; and

Sixth, assuring improvement of our lands and waters needed to sustain production of food, fiber, and forest products.

These and associated influences are the very foundation for a safe, wholesome, and productive environment for our people.

Mr. Speaker, there can be no solution to pollution without the completion of the watershed and conservation program as envisioned and promoted by all the farm leaders, indeed all our rural people.

#### PROBLEMS OF WATER POLLUTION

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. HARSHA) is recognized for 10 minutes.

Mr. HARSHA. Mr. Speaker, I would like to address my remarks to an issue of crucial national importance. Both the Congress and the people are keenly aware of the problems of water pollution. Unfortunately, we are obliged to experience them every day. Conscious as we are of the problems, the options are many and solutions for effective action are difficult. In part, this may be caused by the fact that there is no simple answer.

A really effective solution to major pollution problems is necessarily highly complex, involving all levels of government and requiring extremely good intergovernmental relationships. The effective solutions may well have to go to the basic structure of our economic and industrial life, to our technological and scientific capability, and it must involve an analysis of that goal often called environmental quality. However, that term necessarily incorporates decisions which will affect and, in part, determine our quality as a nation.

The basic Federal law addressed to the issue of water pollution control is the Water Quality Act of 1965, which created the first truly national water pollution control effort. It was a far-reaching measure, which we hoped and expected would move us effectively toward a solution to water pollution, which we recognized as a nationwide menace.

That act incorporated our best judgments as of 1965, whatever the merits or faults of that legislation and its amendments, or of the implementation of its provisions at Federal and State and local levels. I believe we can all agree that progress toward our goal has not matched our expectations. More must be done. New knowledge, new technology, and our experience must be kept in mind and evaluated as we consider and thoroughly evaluate new legislative directions. We hope that the final product will provide a framework which will pro-

duce the results we want—a restoration and maintenance of the quality of the Nation's waters.

Among the many complexities we must face in devising that new legislation, several key issues must be addressed, thoroughly analyzed, and resolved. Some of the issues which I see as key are these:

First. What is the goal that we are seeking in this whole effort of water pollution control? What is the quality of the water which we would identify as necessary and essential? Should this major program be addressed to the achievement of absolutely pure water? Is such a drastic step either necessary or desirable? By water quality do we mean the highest quality that technology can produce? Do we mean water quality for the people's use and enjoyment? Until this question has been clearly and accurately answered, none of our answers to the other issues will have any real validity.

Second. What are the social and economic costs of achieving our goal? What is the mechanism for relating those costs to the social and economic benefits we seek? Not only must the reasonable relationship between these two be recognized and articulated in our legislative solution, but the technique for relating these costs and benefits, and clear and administerable criteria for assessing such costs and benefits must be provided.

In view of the major problem we face and the expenditure of money and effort we must make, these social and economic tests, which are at the foundation of any realistic approach to the problem are critical. Even if we have clearly identified the goal, but we fail to provide for the assessment and application of the social and economic considerations, our strategy in achieving the goal may be thwarted or severely deflected with far-reaching and possibly disastrous consequences.

Third. Will our legislative solution be practicable? Will the tasks we place on Federal, State, and local governments be achievable? Will it take into account present capabilities and resources, and the pace at which these can be augmented, if necessary? Will the legislation provide for the achievement of specific goals on stringent and exacting time schedules which are nevertheless sufficient to permit thorough, well developed, and fully considered implementations, or will they be unrealistic and promise the American people more than can be delivered?

In short, we must provide a reasonable and rational scheme to achieve our purposes. We must avoid duplication, inefficiency, and confusion by providing clear, concise, reasonable direction for administerable programs.

Fourth. How will requirements for water pollution control be imposed upon dischargers? Should a system of Federal permits be the mechanism? Should a system of State permits be used? Is the best answer here some combination of Federal and State permits or some other system of administrative orders, legal suits, public hearings, or other techniques either in addition to permits or in lieu of Federal or State permits? The real and practical success or failure of our efforts

is finally dependent upon the efficiency and equity of the enforcement of our regulatory requirements. However well and efficiently administered the other aspects of the program may be, they are meaningless, unless they finally result in obliging dischargers to make the necessary effort toward the achievement of water quality. At this point, Federal, State, local, and private interests converge and in part conflict. For this reason, the structuring of our enforcement mechanism must be as carefully and finely constructed as possible.

Fifth. What will the appropriate Federal and State role in this overall effort be? Is the Federal-State partnership approach the best or only approach? What do we mean by the Federal-State partnership? This question of intergovernmental relationships has been and must continue to be a central concern in water pollution control legislation and efforts.

There are already extensive networks of both Federal and State programs and actions. We have been continuously confronted with questions of appropriate respective roles and authorities. These networks must be made to mesh and work together effectively.

The Senate has given us its answers to many of these issues in S. 2770, which passed the Senate on November 2. That bill is radically different from any of the bills on which public hearings were held in that body. It bears little resemblance to any of the bills considered in hearings conducted by the Public Works Committee of this House earlier this year. Without going into the merits of that bill, it certainly serves to highlight many of the issues I have mentioned. I am not prepared to say that S. 2770 resolves those issues, nor do I believe that this House should be prepared to accept those answers until we have had the benefit of comprehensive hearings. I am firmly convinced that full and open discussion of the problems and the alternative solutions is of the utmost importance for a full consideration of the issues for the provision of the foundation for further deliberation, and ultimately for a resolution of those issues by the House.

To provide the basis for discussion of the issues, I now wish to introduce H.R. 1895, a bill prepared by the staff of the Committee on Public Works. The entire membership of that committee on which I have now served for 11 years join with me as cosponsors of this bill for that same purpose. However, this does not mean that all the cosponsors agree with all of the provisions of this bill. I emphasize, this bill is introduced to provide a basis for review of the issues by the Public Works Committee in public hearings.

The initial public hearings on H.R. 1895 are scheduled for November 30 in the Committee on Public Works. We will endeavor during the course of those hearings to solicit the widest spectrum of views and to delve into the issues, we may weigh and test the validity and practicability of alternative solutions in an effort to bring before this House for its consideration a strong, realistic, far-reaching, and effective water pollution control bill.

#### GONZALEZ ASKS INVESTIGATION OF FEDERAL WITNESS IMMUNITY STATUTE

The SPEAKER. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 10 minutes.

Mr. GONZALEZ. Mr. Speaker, I have today introduced a resolution calling for an investigation by the Judiciary Committee of the operation of the Federal witness statute.

This action comes about as the result of my continuing concern, spanning over most of this year, over the immunity granted Frank Sharp, who amassed \$6 million fortune in Texas by bank manipulation and fraud.

I have repeatedly questioned the role of the U.S. Department of Justice and of the Federal court itself in granting immunity to the big culprit in the Sharp case, while indicting others as the result of Frank Sharp's testimony.

The Justice Department's criminal division head, Will R. Wilson, resigned on October 15 as the result of his involvement with Sharp.

Mr. Speaker, I want to know how many times and under what circumstances the Federal Government has granted immunity to witnesses in civil and criminal cases.

Among other things, I want to know just how and why the Justice Department saw fit to grant immunity to Frank Sharp, the chief culprit—the mastermind—of the biggest and most scandalous plot in the history of Texas. This man literally stole tens of millions of dollars, wrecked good businesses by the dozen, and subverted the greater part of the State government of Texas. Yet he was given absolute immunity, and I cannot understand why.

Aside from the monumental stupidity represented by the decision to grant immunity to Sharp, I cannot help but wonder if this represents a typical application of the immunity statutes. If it is, the law obviously is going to need some changes.

I want the Judiciary Committee to find out how this law is being applied, and whether it needs changes.

As the thing now operates, Federal judges have no choice but to grant immunity to criminals, when the Justice Department asks for it. This gives immense and unwarranted powers to prosecutors, and the result of this is immunity grants to men like Sharp. I think that the judges ought to at least have some discretion on the immunity question, so that they can demand that the Justice Department show exactly how it would be in the public interest to grant immunity.

Second, I wonder whether the immunity statute as it is currently written is even constitutional, and I believe that the Judiciary Committee ought to ascertain that.

Finally, under existing Federal laws and rules, a person can be convicted on the uncorroborated testimony of a witness who has immunity. Now a man with immunity will testify to anything, because he in effect is a puppet of the prosecutor. If he does not say what the prosecutor wants, he can be subject to

punishment by the courts. If he pleases the prosecutor he will go free. So he will say anything. Now under Texas law, you cannot convict a man on the basis of uncorroborated testimony. We seem to have a pretty good record in Texas for the prosecution, so I cannot see why the Federal Government should not operate under about the same rules. I think that there is a need to require that testimony of immune witnesses be corroborated, before a conviction can arise. That would place no undue burden on prosecutors, certainly no greater than Texas law requires, and it would help end what appears to be massive abuse of the immunity statute under present procedures.

The whole Sharp deal stinks. I want to find out how many other Sharp deals have been made under cover of the immunity statutes, and why. Maybe this is a law that needs changing.

#### ADEQUATE HOUSING FOR THE ELDERLY

**THE SPEAKER.** Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE), is recognized for 25 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, today I seek recognition to discuss another major problem facing the elderly of our Nation—that of adequate housing. The need for shelter is probably one of the most basic, after food, that has faced man since the beginning of time. The problem has always been particularly acute for the aged and the infirm because, left on their own, many just cannot fend for themselves and provide for a roof over their own heads. The tragedy is that man has not progressed very far from earliest times in solving this basic dilemma of housing those unable to house themselves. In fact, in many ways the elderly today are probably worse off with respect to adequate housing than their ancestors 50 or 100 years ago. With all the jolts and shocks the family unit has experienced in the last 25 years, the elderly today just cannot rely on their own kith and kin for a basic need such as adequate shelter in their declining years. The ideal for the American family since the war seems to be for the young to get away from home as soon as possible and set up a home life of their own. The last thing today's families seem to want is a member of the older generation living with them to interfere in their private lives. Sunday visits are even going out of fashion and it is not surprising that nursing homes and homes for the aged are a multibillion dollar business today, whereas a few decades ago you had to drive for miles to find one. They are not filled to capacity with people that are really physically ill, but rather with people that have been left alone and put there, sometimes against their will, because there is no room for them, not at the inn, but the family home. The temptation to be melodramatic, I admit, is very great, but I do not think I am exaggerating in anything I have said so far.

At least, those who are spending their old age in institutional homes are those who can afford it or whose families find

it worth the price. However, many millions more just cannot afford it or cannot depend on relatives who can afford it. These people are either in their own homes, some form of subsidized public housing, or literally living in hovels, in tenement houses and hotels. Statistics are lacking on the exact distribution in and among these different categories. The census never gave much information in this respect. The closest they came was in 1960 and then it was felt the questions were so personal and embarrassing that they were never asked in the latest census, in 1970. Thus, the most current official information available, limited as it is, goes back to 1960 when the census revealed that 30 percent of all households headed by persons aged 65 and over occupied housing that was either dilapidated, deteriorating, or lacking basic facilities. This figure represents about 2.8 million substandard units occupied by the elderly. Regrettably, there are few other sufficiently broad-ranged studies to rely on in this area and I admit that even this statistic does not begin to even scratch the surface of the real crisis facing the elderly. Through extrapolating available statistics, it is possible to estimate that since the President's Committee on Urban Problems concluded that "there was an immediate and critical social need for millions of decent dwellings to shelter the Nation's low income families" and that at that time, the Nation confessed to 24 million "poor" people, 20 percent were in all likelihood elderly. We are faced extrapolating further with the staggering statistic at the end of this circuitous route that some five million elderly citizens were in need of a minimum of between 1.2 and 1.6 million units in 1968. This need can then be projected as necessitating a minimum building rate of 120,000 units a year. Yet only 41,000 units of last year's housing starts could be identified as approved or committed to the elderly poor, according to the report of the Special Committee on Aging of the U.S. Senate, published in 1970.

There is no question that we are touching on a problem of massive proportions. To date, it is estimated that more than 20 million people in America are over 65 and by 1985, it is estimated that this age group will number 25 million elderly men and women. In view of the fact that even the elderly with adequate income are generally those with fixed incomes and experiencing rapid erosion of real income with today's inflation, I think the true proportions of the problem can begin to be appreciated. Basically, the elderly in this country are a hard-pressed sector of the economy whether they enjoy an income or not. It is this group, too, that must face a future of reduced physical ability and are not able to provide for themselves. Consequently, for all intents and purposes, they are totally reliant on friends or Government for help in their dilemma.

That the elderly are faced with a critical housing dilemma is unchallengeable. Even the statistics that over two-thirds of the elderly are fortunate to own their own homes and that 80 percent of

these are free and clear of mortgages is hardly comforting. The fact is that given their fixed income, this home-owning group has probably been the group most affected by the incredible skyrocketing in local property taxes of the past 10 years. These homeowners are rapidly falling by the wayside and I just wish somebody could come up with the real figures on how many of those in their declining years have been forced to give up the struggle of owning their own home because they just cannot afford to pay their taxes.

The wage earner or the self-employed businessman, while hard-pressed by rising taxes to the point of despair, at least is able to rely on the prospect of wage increases or fee increases that are just not available to those in old age living entirely on pensions and/or social security. Statistics show that the elderly homeowners tend to live in the older, blighted sections of town. The percentage of senior citizens in model cities target areas, for example, range from 10 to 50 percent. Their homes, in many instances, are deteriorating around them as they struggle to raise the money necessary for taxes. They just cannot afford the repairs in far too many instances to live in dignified surroundings. Things often get so bad that when the elderly finally give up the fight, they are very often selling rundown property for very little money in a downtown area. Younger, more affluent suburbanites looking for a way out of the commuter fray are presented with the opportunity of buying inner city property at an incredibly low price to restore and eventually sell at greater prices. This story has to have a familiar ring to it for every member here. I am glad to see our inner cities in some quarters experiencing a new growth and prosperity, a restoration. I regret, however, the fact that it has come about largely at the expense of the elderly who are selling out and leaving their home of years at a tragically low price. There are always two sides, it seems, to every story. In other words, because of their fixed income, in a real sense the elderly are really forced to watch what is for most their only asset depreciate and decline in relative value compared to the homes of those younger and more competitive.

Another way of looking at the importance of housing to the elderly and the shadow the spiraling costs of housing cast over their lives is the statistic that already it is estimated that 34 percent of a retired couple's budget goes to housing. With housing costs going up and up and their income remaining fixed this percentage would seem to have nowhere to go but up in almost every instance. Thus, our problem as Federal officials is not just that today's homeless are looking to us for assistance as their court of last resort but the fact that even those with homes today, but probably not tomorrow, are also looking to us for relief and consideration.

What does the Federal Government hold out to these people who look to it for housing assistance? Section 202 of the National Housing Act authorizes a program of direct loans from the Federal Government to nonprofit sponsors who

decide to provide housing to the elderly and handicapped. This is the real housing for the elderly section of the National Housing Act, although even here the elderly are grouped with the handicapped—who need not always be elderly—in the competition for limited funds. The other most widely publicized section of the National Housing Act with some relevancy to the elderly is section 236 which provides rental and cooperative housing for lower income families. Since the elderly usually qualify as lower income, those interested in constructing housing for the elderly in many cases are applying under this section. Under this section nonprofit, limited dividend and cooperative corporations can obtain HUD-insured mortgages at the prevailing interest rates, with HUD making monthly payments to the lender reducing interest rates cost considerably.

Effective interest rates have been reduced to as low as 1 percent under this interest subsidy feature. Tenants pay either basic rental or 25 percent of their adjusted income. My chief criticism here is the elderly are really not able to compete effectively with others for the limited spaces available under this program. High-rise apartments designed for low-income families are not always suitable for the elderly who have often need for special supportive services in their housing projects, such as congregate dining facilities, special social and recreation programs, emergency nursing and housekeeping help, outside maintenance and transportation. To expect a construction firm to construct housing under this section which provides these services is to expect too much. As often as not, these services are just not available to the elderly. Consequently, even on paper it is not surprising that lumping the elderly in which all other low-income family situations, quite often families with young children, is almost doomed to failure before it is even put into practice. In practice, the results are quite disappointing. The facts of life being what they are, quite often because of intense community opposition to the idea of low-income housing, availability of apartments for the elderly is further reduced. All of which leads me to criticize the present trend in the administration since 1968 to lump all needy groups into one category with one massive housing program. The fact is that on paper and in practice the needs of the elderly are different from those of other low-income groups and should be attacked with special or separate national program. That is why it is particularly regrettable that section 202 funds have been reduced to a trickle in recent years in favor of beefing up section 236 programs. The elderly are just not getting a fair shake in having to rely almost exclusively on section 236 for large-scale housing development.

Again, I can take little comfort in the fact that most of the low-income elderly today are being serviced by the public housing program through which the Federal Government provides financial and technical assistance through HUD, to local housing authorities to plan, build, and acquire, own or lease and operate low-rent public housing projects. Again, the

elderly in ones or twos far too often find themselves standing at the end of a long queue of families with children whose needs must also be recognized by the local housing authorities. It is unfair in my opinion, to have the elderly in ones or twos forced to compete for limited funds and available apartments with large families with children. Increasingly the local officials are being required to exercise the wisdom of Solomon in deciding who comes first, the elderly or the babies.

If I, therefore, have anything to contribute to the debate on the national housing shortage and if I have any observation after reviewing available Federal housing programs it is that section 202 funds should be revived and restored; for the elderly there has been no other program quite as successful. If it cannot be 202 then some other program should be instituted to take its place. The main conclusion I have reached in recent months is that the administration is doing no favor to the elderly in consolidating all housing programs for the needy into one category. Such a consolidation is to ignore the advice of the experts and all we have learned from experience about how to make life in public or large-scale housing projects more comfortable, more relevant, more tailored to the needs of the elderly in the 1970's.

I am not unmindful that HUD has in operation a number of programs which might help the elderly, such as a special rent supplement program. But even this does not address itself exclusively to the problems of the elderly. Section 231 mortgage insurance, while tailored exclusively to provide insurance coverage for new or rehabilitated rental housing for the elderly just cannot rank for effect and results with a program such as 202 fully funded and operational. A conservative estimate of how much should be appropriated if we are to have a meaningful program of housing for the elderly at the Federal level is \$150 million a year. I repeat, specifically for housing for the elderly. I think it extremely regrettable that Congress has gone along with the administration to the extent that no funds were appropriated under the section 202 program in 1970.

Another area which should be explored intensely this Congress are measures providing a tax abatement on the Federal income tax for local property taxes paid by the elderly. Until now we have been content, on the Federal level, to sit and wait for relief to come at the State level in the form of an abatement on local State income taxes, where they exist. Not only would a drive in this area on the Federal level have the advantage of national uniformity but it would also, doubtlessly provide much more significant relief, in view of the Federal tax bite. We should also turn our attention to making the prospect of housing for the elderly less the undesirable development that it is at present for local communities who face the prospect of seeing their already limited property tax base shrunk further with additional non-profit housing. This certainly is one of the elements contributing to the oppo-

sition of local communities around the country to the development of low income housing for the elderly within their boundaries. It is a natural taxpayer reaction. There must be a way to allay their fears on this count.

In closing, just let me say that adequate housing is a basic prerequisite for human self-respect and peace of mind. If our elderly are to spend their final years in the dignity they are entitled to, then a minimum prerequisite is adequate housing. Has this Nation grown so old that it has forgotten one of the most stirring issues of the war of independence? "A man's home is his castle" was no mere slogan but an expression of deep feeling that one's home was even worth fighting for. As we approach the 200th anniversary of that war, I say that adequate housing for all, especially for those unable to take care of themselves, will always be worth fighting for. More than 25 years ago when I first ran for the State legislature, it was at the forefront of my campaigns. I regret to say today, 25 years later, it still has to be there because the need is still there and this country has not begun to meet this need.

#### THE JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. JOHNSON of California) is recognized for 15 minutes.

Mr. JOHNSON of California. Mr. Speaker, the John F. Kennedy Center for the Performing Arts has at last become a reality, a living memorial to a beloved President and a shining symbol of our Capital City's cultural maturity. The great halls and stages of this magnificent structure today are presenting to our people, and to the world, the finest that America has to offer in contemporary music, the theater, ballet, symphony, and opera—in all the lively arts that illuminate the character and the culture of this Nation.

The creation of this cultural center on the shores of the Potomac is the fulfillment of a goal envisaged long ago by the Founding Fathers of the Republic, a goal finally achieved through the dedication and untiring efforts of many people, and not the least of them past and present Members of this body. And I believe it fitting, Mr. Speaker, that the contributions they have made to the John F. Kennedy Center be inscribed in the record of this Congress.

Many of them have served on, or worked with, the House and Senate Committees on Public Works, the committees which created the authorizing legislation that gave birth to this Center. Without them, this splendid addition to the cultural life of Washington and the Nation could never have been achieved.

High on the list of those whom we would honor is Representative ROBERT E. JONES of Alabama, who, as chairman of the House Subcommittee on Public Buildings and Grounds in 1958, had the vision to urge upon his colleagues the need for a national cultural center here at the seat of the U.S. Government.

Working closely with Mr. JONES at that

time on the Public Works Committee were Representatives JIM WRIGHT of Texas, J. Harry McGregor of Ohio, and Edwin B. Dooley, our former colleague from New York. The year 1958 also saw the present chairman of the Public Works Committee, Minnesota's JOHN A. BLATNIK, and KENNETH J. GRAY, now chairman of the Subcommittee on Public Buildings and Grounds, supporting the National Cultural Center legislation. The committee chaired then by Representative Charles Buckley of New York, reported out favorably H.R. 13017, which became the National Cultural Center Act.

Those same gentlemen led the floor debate, where they were joined by Representatives Jim Fulton of Pennsylvania, Carroll Kearns of Pennsylvania, FRANK THOMPSON of New Jersey—the bill's sponsor—HENRY S. REUSS of Wisconsin, ROBERT WILSON of California, Frances Bolton of Ohio, Richard Simpson of Pennsylvania and Ken Keating from New York. With their leadership, H.R. 13017 was passed 261 to 55.

The bill provided for the establishment of a Board of Trustees, 15 ex-officio and 15 appointed by the President, with funds to be raised by private subscription. It was part of the legislative program of President Eisenhower and was actively sponsored by White House officials, including Sherman Adams and Bryce Harlow. Critical assistance for the legislation also came from Leonard Carmichael and James Bradley of the Smithsonian Institution, in which the Center was made a bureau; from the District of Columbia Commissioners; from David Finley, Chairman of the Fine Arts Commission; from the National Park Service, and from the National Capital Planning Commission.

The building was to be constructed on Federal lands on the Potomac, a site arrived at only after the most vigorous controversy, with many Representatives, who otherwise supported the concept of a National Cultural Center, proposing a Mall site which had been designated for the air museum.

Comparable groundwork for the National Cultural Center was done by the Senate Subcommittee on Public Buildings and Grounds, chaired by Senator Pat McNamara of Michigan. Testimony was presented to the subcommittee in support of the Senate version of the national cultural Senate bill, S. 3335, by Senators FULBRIGHT of Arkansas and ANDERSON of New Mexico. The Senate bill, sponsored by Senator FULBRIGHT, later joined by Senators ANDERSON and Wiley, was reported out of committee by the then chairman, the late Dennis Chavez of New Mexico, with the active support of virtually all the committee members, including Senators CHURCH, Hruska, and COTTON, and former Senators Neuberger of Oregon, Gore of Tennessee, and Kuchel of California. This support was responsible for Senate approval of the measure which followed.

In 1959, technical amendments were made to the National Cultural Center Act, with leadership in the House provided by the Public Works Committee and Congressman THOMPSON, our col-

league from New Jersey, Senator Lyndon B. Johnson of Texas provided leadership in the other body after favorable consideration by the Senate Public Works Committee—still under the chairman of Senator Chavez.

In 1963, additional amendments were made to the act, extending the time for raising funds and enlarging the board to 45 members. The board of trustees had made considerable strides by that time. Over \$13 million in contributions had been raised throughout the country and the stage had been set for making the center a truly national institution.

Recognizing the need to sustain momentum, Congressmen Buckley of New York and JONES of Alabama continued in their commitment to see a national cultural center brought to life in the Nation's Capital. S. 1652 was favorably reported out of the House committee. On the floor, Congressman JONES once again led the fight, joined by other members of the Public Works Committee, including Congressman McCLOSKEY of Illinois, our colleague, FRED SCHWENGEL of Iowa, and James C. Auchincloss, Congressman from New Jersey. James C. Wright, Jr., Public Works member and member of the center's board of trustees, took the floor in support of S. 1652, as he had supported the 1958 national cultural center legislation. In the other body, the Senate Public Works Committee once again led the way under the leadership of the ranking majority and minority members of the committee, Senators McNamara and COOPER. The bill, sponsored by Senators FULBRIGHT, Saltonstall, and Clark, easily passed the Senate. Former Senator Morse of Oregon, in the floor debates, after committee approval, eloquently set forth the responsibilities of the trustees when he stated that:

In directing the trustees to present all forms of the performing arts, Congress intended the Center to be a showcase of the finest talents in America and from abroad. It follows that the trustees would therefore have an almost elemental interest in fostering the arts throughout the country.

The Center, like the Capitol itself, will belong to all the people, as do the Washington Monument, the White House, the Lincoln Memorial, and every other public building in the Capital.

The enactment of S. 1652 was followed by a flurry of activity, with President Kennedy and General Eisenhower in the forefront. Business leaders were convened in the fall and a massive national campaign was planned.

A broad consensus to see the project through had clearly been reached when President Kennedy was suddenly struck down by an assassin's bullet. Congressmen and Senators, too numerous to mention, rallied behind the Democratic and Republican leadership to support the concept of converting the National Cultural Center into a living memorial to John F. Kennedy. Senator Dirksen's behind-the-scenes efforts were particularly noteworthy in this nonpartisan movement.

Again the House Public Works Committee was instrumental in developing the legislation, originally House Joint Resolution 871 and guiding it through

to passage. Unprecedented joint hearings, at the behest of the ranking members of the Public Works Committees, Representatives Buckley and Auchincloss and Senators McNamara and COOPER, were held on December 12, 1963, with further hearings on December 16, 1963. Our colleague from New York, Representative SEYMORE HALPERN and the Honorable FRANK THOMPSON, Jr., testified at the joint hearings in support of the House Joint Resolution 871. The chairman of the House Public Works Committee, Representative BUCKLEY, promptly and favorably reported out the legislation. In justifying the renaming of the National Cultural Center, the House Public Works Committee stated in its report:

Nothing was more characteristic of President John F. Kennedy than his support of the arts in America. His central concern was not merely with the immediate problems of government, important and difficult as those problems were, but with the quality of the American Civilization which he led. He was a follower of the arts himself. But, more than this, he believed that through its artists—its poets, musicians, painters, dramatists—a society expressed its highest values. He knew that the ultimate judgment of history upon the works and worth of mid-20th century America could rest not only on our ability to protect freedom and extend opportunity, but also on the quality of our cultural achievements and what those achievements told of our Nation. The history of man is witness to the validity of that belief. The triumphs of ancient Greece, of the Renaissance, of Elizabethan England, and of other great historical periods, are known to us largely through the artistic accomplishments of the times. John F. Kennedy knew and understood this and found it congenial to his own temperament and enthusiasms.

No memorial could serve as a better tribute to this spacious view than the National Cultural Center. The establishment of a climate within which the Arts could flourish, and man could find opportunity for expression of his noblest thoughts and deepest passions, was a central objective of his administration. This was, to him, one of the great challenges of a free American society. The National Cultural Center is an effort to contribute to such a climate. Within its walls the poetry, drama, and music of our time will find expression and support. It was because of this that President Kennedy gave so much of his own time and attention to the drive to establish the Center. We are confident that naming the Center after him will serve as an additional spur and incentive to the Center directors to realize the limitless possibilities which were the heart of his vision.

On the floor of the House the going was somewhat more difficult, but again members of the Public Works Committee spoke up and the legislation was passed. Support on the floor came from many Public Works Committee members of both parties, including Representative Auchincloss from New Jersey, Illinois Congressman McCLOSKEY, Mr. MACDONALD, Representative from Massachusetts, Representative JIM WRIGHT of Texas and ROBERT JONES of Alabama, and the ranking subcommittee Republican, Representative Cramer of Florida. Senate Joint Resolution 136, in lieu of the House joint resolution, passed the House on January 8, 1964.

Senate Joint Resolution 136 had previously been approved in the Senate after the chairman of the Subcommittee on

Public Works, Pat McNamara, reported favorably on the resolution with supporting ranking Republican, Senator COOPER, on December 17, 1963. Senators McNamara and COOPER have, over the years, devoted unstinting energies to the passage of necessary legislation for the Kennedy Center. They weathered the storm of argument and prevailed upon their colleagues in the 1963 Senate action and later in the critical 1969 legislative proceedings.

Senate Joint Resolution 136 was sponsored in the Senate by Senator FULBRIGHT on his own behalf and also for 54 other Senators from both sides of the aisle. The bill passed the Senate on December 18, 1963. The act, renaming the Cultural Center, provided for \$15.4 million in borrowing authority and authorized a \$15 million matching appropriation.

The bipartisan support which characterized the enactment of Senate Joint Resolution 136 has carried forward in both bodies to this day. It was only through the efforts of such men as Representatives GERALD FORD, former Speaker Joe Martin, SEYMOUR HALPERN, and Senators HUGH SCOTT, Dirksen, RANDOLPH, JORDAN of North Carolina, BYRD of West Virginia, Saltonstall, CASE, Prouty, and JAVITS that the bipartisan approach was attained.

The leadership of the House and Senate Committees on Appropriations following the enactment of Senate Joint Resolution 136 was critical to making the John F. Kennedy Center a reality. The Honorable Michael J. Kirwan, Congressman from Ohio, presided over subcommittee hearings on Thursday, February 20, 1964, on the Kennedy Center appropriations request. At that hearing, Daniel Shear, counsel for the National Cultural Planning Commission, testified concerning the acquisition of additional land for the Kennedy Center. Congresswoman HANSEN of Washington, always an ardent supporter of that which will enrich the lives of Americans, was particularly attentive to the needs of the Kennedy Center at this time, as were former Representative from Wyoming, William Henry Harrison, and Congressman Reifel of South Dakota. The committee reported favorably on the appropriations, and the bill was approved on March 17, 1964.

Staff support for the 1964 legislation was essential to its passage. John Jackson, administrative assistant to Senator Saltonstall, and Paul Eaton of the Appropriations Committee, worked diligently to insure that the memorial would be funded in the Senate. Their efforts were equal to those of Eugene Wilhelm, succeeded by George Evans, and other staff members of the House Committee on Appropriations.

The late Carl Hayden's Senate Committee on Appropriations favorably reported out H.R. 10433 on April 4, 1964. Floor debate took place on June 22, 1964; the bill was passed the following day with a slight modification of the House version. A conference report dated June 26, 1964, was submitted by Representative Kirwan and was adopted by the House and the Senate on June 29, 1964.

The efforts of the gentleman from Illinois, KENNETH GRAY, chairman of the

Subcommittee on Public Buildings and Grounds, in making the Kennedy Center a reality, have been incomparable. In 1969 he mobilized the Public Works Committee and Members from both sides of the aisle, with the aid of Congressman Cramer, to support a critically needed additional authorization for construction. When others questioned why the funds were needed, he found out why: the unprecedented increase in construction wages during the period of Kennedy Center construction, coupled with initial delays because of the underestimation of the project by the architect/engineer. He impressed on his colleagues the immediate need to avoid further escalation in costs. With the characteristic bipartisan support of Public Works members GROVER of New York, the ranking subcommittee members, CLAUSEN of California, CLEVELAND of New Hampshire, and SCHWENGEL of Iowa, the authorization bill was approved. It increased the center's borrowing authority by \$5 million to total \$20.4 million and matching fund authorization by \$7.5 million to total \$23 million.

Our former colleague William Cramer provided in the 1969 authorization hearings uncommon understanding of the difficulties of running a performing arts institution which also would serve as a memorial to an assassinated President. He had foreseen in 1963 the need for an operation and maintenance appropriation which is being requested now by the Kennedy Center but which was not then envisioned. Mr. Cramer reestablished bipartisan support for the Kennedy Center and concurred with their Public Works Chairman George H. Fallon who favorably reported out H.R. 11249 from committee. However, a minority report was filed, which resulted in the relatively small margin of votes for the authorization—210 to 162.

The Congresswoman from Washington, Mrs. HANSEN, was instrumental in 1969 in bringing the project to fruition by her work on the appropriation request. The subcommittee which she chaired expedited review so that construction could continue without costly shutdowns which might have resulted in the Kennedy Center's being a lifeless monument on the Potomac. Again, South Dakota's Ben Reifel's support was critical to the prompt action given to the bill.

The very able chief counsel of the Public Works Committee, Richard J. Sullivan, has been a pillar of strength on many projects which will enrich the lives of millions of Americans, and particularly the Kennedy Center. His unceasing efforts to make the Kennedy Center available to all Americans, both in its performing arts activities and as a building which memorializes the late President, and his continued diligence and attention to detail have enabled me and my colleagues to eliminate the unnecessary and to meet the critical needs of the project from its inception. His work in 1969, with minority counsel Clifton W. Enfield, was thorough and of great service to the committee. And high tribute should also be given to the work of Robert L. Mowson, of the Office of Legislative Counsel to the House.

The Kennedy Center's general counsel,

Ralph E. Becker, has been in the project for the past two decades. One of the first trustees who was appointed by President Eisenhower in 1958, Mr. Becker has helped unite both parties behind the Kennedy Center, establishing it as a unique bipartisan project. He has quarterbacked, has had a personal hand in all legislation relating to the Center, and has been, among other things, instrumental in obtaining many of the foreign gifts which grace the Kennedy Center today. His work also contributed immeasurably to meeting the needs of the Center in 1969. In 1969 they were joined in the lengthy floor debates supporting the critically needed Kennedy Center legislation by Senators JENNINGS RANDOLPH, of West Virginia, Public Works chairman; B. EVERETT JORDAN of North Carolina, Public Buildings and Grounds chairman; ROBERT BYRD of West Virginia, SHERMAN COOPER of Kentucky, CHARLES PERCY of Illinois, MILTON YOUNG of North Dakota, and Majority Leader MANSFIELD from Montana. As always, Senator FULBRIGHT was unequivocal in his support for the Center, and Richard Royce, J. B. Huyett, Jr., and the remainder of the Public Works staff worked tirelessly on the legislation.

These debates took place on the 3d and 6th of October 1969, when an attempt was made to postpone authorization of funds pending investigation of the cost escalation for construction of the Kennedy Center. William W. Schmidt, then Commissioner of Public Buildings of the General Services Administration, Robert B. Foster, Jr., Deputy Commissioner, Roger L. Stevens, Chairman of the Board, and Ralph E. Becker, General Counsel of the Center, had previously testified about the causes of the increase in costs. They frankly acknowledge where error had been made: by the trustees, the General Services Administration, the contractors on the job and the architect. This frank disclosure to the Congress carried the day and a later General Accounting Office review gave the Kennedy Center a clean bill of health.

There are, of course, numerous others, Members of this body and the Senate, White House officials under four Presidents, General Services Administration officials and civil servants and Kennedy Center staff and officials, who have had the courage over the years to understand the need for dynamic leadership for the country in the performing arts and to translate their understanding into affirmative action. The structure which now stands on the banks of the Potomac, the precursor to other Federal support of the arts in America, is the result of their labor.

On September 8, 1971, the Kennedy Center presented its inaugural performance in the Opera House of Leonard Bernstein's specially commissioned work, "Mass." The following day, the President attended the opening of the Concert Hall, where a revitalized National Symphony Orchestra played under the direction of Antol Dorati. Ginastera's "Beatrix Cenci," premiered in the Opera House on September 10, 1971, with a performance of the Washington Opera Society. The following week a rare production of Handel's "Ariodante" under

the direction of Julius Rudel, was presented; at the same time Merle Haggard and "Chicago" performed in the Concert Hall. While thousands of Americans attended these and other performances, some with the benefit of reduced ticket prices, the Kennedy Center has been preparing for its annual, nationwide American College Theater Festival. At the same time it has thrown wide its doors for the public to see the memorial sculpture by Robert Berks and to roam the halls. All of these and other activities memorialize the late President John F. Kennedy. The building and activities which it spawns represent a challenge for us all to continue to enrich the Nation's cultural heritage in keeping with the aims of John F. Kennedy and three other Presidents—Eisenhower, Johnson, and Nixon—who have supported the Center.

#### RELIEF TO THE STATE OF ARKANSAS

(Mr. HAMMERSCHMIDT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HAMMERSCHMIDT. Mr. Speaker, the bill I am introducing today on behalf of myself and my distinguished colleagues, the Honorable WILBUR D. MILLS and the Honorable BILL ALEXANDER, is in response to the following petition to Congress for the relief of the State of Arkansas.

This legislation will not only bring equity but badly needed relief to the many people using the overburdened transportation system crowding Lake Norfork in north-central Arkansas.

A new bridge would correct the expensive inconvenience and inequitable situation which has prevailed for the past 28 years. With huge hidden costs to road users and taxpayers, I am hopeful that Congress can recognize the ethical imperatives inherent in this early experiment and then in that light reopen for review and evaluation the true socio-economic impact of the Norfork Dam and Reservoir project and the consequent in-depth cost benefit relationships.

Mr. Speaker, I introduce for appropriate reference a bill to provide for a highway bridge across the Norfork Reservoir in Arkansas and insert the text of the printed bill after my remarks and petition:

#### PETITION TO CONGRESS FOR THE RELIEF OF THE STATE OF ARKANSAS

(Brief in support of the petition of the Arkansas State Highway Commission for the Congress of the United States to compensate the Arkansas State Highway Commission for the loss sustained by the Arkansas State Highway Department by the flooding of U.S. Highway No. 62 and State Highway No. 101 by the construction of the Norfork Dam.)

The construction of the Norfork Dam was begun in the Spring of 1941. The United States Government and the Arkansas State Highway Department could not reach an agreement as to just compensation for the taking of U.S. Highway No. 62 and State Highway No. 101 which would be flooded by the construction of the dam. On May 29, 1943, the United States of America filed a Declaration of Taking and deposited in the registry of the United States District Court Western District of Arkansas the sum of

\$1,422,000.00 as estimated just compensation for the taking of these highways.

On the same date judgment was entered vesting title in the United States of America to all those portions of U.S. Highway No. 62 and State Highway 101 including the bridges located in the reservoir area. This was during the period of time when the United States of America was engaged in World War II and the prime concern of the country was the conduct of the War. On November 1, 1944, the United States of America filed a motion requesting the Court to enter judgment that no compensation was due the State of Arkansas or the Highway Department for the taking of the lands. Although this motion was overruled on September 15, 1945, it is apparent that it caused great consternation in the Highway Department.

Within three months after the overruling of the motion stipulations were entered into and filed with the Court. The stipulation basically provided that the Highway Department was entitled to \$1,342,000.00 for the substitute highways taking into consideration the use of the dam as a roadway and that the Court would determine whether or not the Highway Department was entitled to compensation for providing temporary ferry service and if so that the Highway Department was entitled to the sum of \$80,000.00. From a reading of the judge's various opinions in this matter, it is clear he was astounded that the Highway Department would enter into such stipulations. What caused the officials of the Highway Department to enter into such stipulations can only be surmised.

Certainly the monies deposited into the registry of the Court had already been committed by the Arkansas State Highway Department and the loss of such funds would have caused serious repercussions throughout the State of Arkansas. We can only surmise at the pressure which was brought to bear upon the Highway officials to enter into these stipulations due to the conduct of the War and the possible loss of all funds deposited in the registry of the Court and other considerations which were in existence at the time. Again it must be remembered that the Court's questioning the Highway Department's entering into such stipulations was made after it was apparent that World War II would be concluded and the safety of the country was no longer in danger.

Since the amount in the stipulations conformed exactly to the amount of money deposited by the United States of America, it is reasonable to conclude that the agreement of the stipulations had been reached by and between the United States of America and the Arkansas Highway Department prior to overruling of the motion filed by the United States of America to the effect that the Highway Department was not entitled to any compensation. It is further clear that due to the circumstances that the prime concern of the Highway Department was to keep what monies had been deposited and withdrawn by it as a result of the filing of the lawsuit.

It is interesting to note the Court's statements in its finding as to the issues involved in this matter.

The Court found that the highways and bridges were actually flooded on September 15, 1943, to such an extent that they could not be traversed and that the temporary approaches of the highways and ferry would be abandoned when the permanent substitute highways were constructed, and traffic would be routed over the substitute highways and across the dam that spans the river. The Court further found that it was necessary to cross the reservoir and that the parties agreed that the most practical manner of doing so was to relocate the substitute roads so that they would lead across the dam and would obviate the necessity of building an expensive bridge. Accordingly the parties by stipulations agreed that

the cost of the necessary substitute highway was \$1,422,000.00 if the relocation is made in such a manner that a new bridge would not be necessary.

The Highway Department had by the stipulations precluded itself from showing that the substitute highways would not provide the same facilities for the traveling public that existed prior to the taking. Although the Highway Department had precluded itself from offering such evidence the Court went to great lengths to point out that had it not done so then the Court would have made a different award.

The Court further went on to state that compensation to the State of Arkansas could not be measured by the cost of substitute highways and that just compensation in the case would be the actual money lost by the Highway Department because of the taking of the roads and bridges. The Court pointed out that United States of America objected to the cost, operation and installation of the ferry. The Court said this was compensable and expressed amazement that the State of Arkansas agreed at the sum of \$80,000.00 for the temporary operation of the ferry.

It is clear from the reading of the opinion in this case that the trial court's decision was made on the basis that the use of the Norfork Dam as a roadway would serve the same purpose as the construction of a bridge across the lake at Henderson. The trial court pointed out that it was the duty of the State of Arkansas to provide the temporary crossings, that the State lost not only the \$1,422,000.00 cost of the permanent substitute roads, but a good deal more and, but for the agreement of the parties would be entitled to recover such an amount. The Highway Department prevented itself from showing or offering evidence of the true measure of compensation in this case because of the stipulations that it had entered into. Attached hereto is a compilation of the history and statistical analysis of the traffic problems involved in this matter which conclusively shows that the roadway across the Norfork Dam did not adequately replace the highway facilities in place at the time of the taking of those portions of U.S. Highway 62 and State Highway 101.

The trial court understood this but felt that it was bound by the stipulations that were agreed to by the Highway Department and the Federal Government. From a reading of all the documents in this matter it is apparent that the trial court did not think that it was providing just compensation to the Highway Department and the people of the State of Arkansas for the taking of the lands involved in the construction of the Norfork Dam, but that the Court felt that it was bound by the stipulations.

The next inquiry is to what the Court would have found to be just compensation, had all the facts in evidence been properly considered.

It is ironic indeed that the very case, *United States v. State of Arkansas*, 164 F2d 943, that has been cited so frequently as exemplifying the federal rule of law there recited—"The fundamental principle is that the public authority charged with furnishing and maintaining the public way, whether it be a highway, a street, or a bridge, must be awarded the 'actual money loss which will be occasioned by the condemnation'\*\*\*\*" (164 F2d 944) can now be seen as falling demonstrably short of attaining that minimum objective.

It is to this rule that the Court is referring when it follows with the statement—"This amount is usually the cost of furnishing and constructing substitute roads." This is the federal rule of "substitute facilities", designed to furnish "just compensation" to the public condemnee when the United States is the condemning authority. (Note: *The Sovereigns Duty to Compensate for the Appropriation of Public Property*, 67 Harv. L. Rev. 1082-1120, at 1115, June, 1967; Dau,

*Problems in Condemnation of Property Devoted to Public Use, 44 Texas L. Rev. 1517-1534, at 1530, October, 1966.)*

An excellent elucidation of this doctrine is found in the case of *United States v. Certain Property located in the Borough of Manhattan, City, County and State of New York*, 403 F.2d 800 (2 Cir. 1968). There the Court said:

"Under the Fifth Amendment, the owner of property in every condemnation case is entitled to 'just compensation.' The standard formulation for applying this Constitutional requirement is 'indemnity, measured in money, for the owner's loss of the condemned property.' *Westchester County Park Commission v. United States*, 143 F.2d 688, 691 (2 Cir.), cert. denied, 323 U.S. 726, 65 S. Ct. 59, 89 L. Ed. 583 (1944). The owner is entitled to be put in as good a position pecuniarily as if his property had not been taken. He must be made whole but is not entitled to more." *Olson v. United States*, 292 U.S. 246, 255, 54 S. Ct. 704, 708, 78 L. Ed. 1236 (1934). In most cases the concept of 'market value,' i.e., what a willing buyer (one not forced to buy) would pay to a willing seller (one not forced to sell) is applied. The standard of fair market value—particularly with private condemnees—has proven practical and effective.

"The principle of fair market value, however, 'is not an absolute standard nor an exclusive method of evaluation.' *United States v. Virginia Electric & Power Co.*, 365 U.S. 624, 633, 81 S. Ct. 784, 791, 5 L. Ed. 2d 838 (1961). It should be abandoned 'when the nature of the property or its uses produce a wide discrepancy between the value of the property to the owner and the price at which it could be sold to anyone else.' *United States v. Certain Land in Borough of Brooklyn*, 346 F.2d 690, 694 (2 Cir. 1965).

"Frequently when public facilities are appropriated, the market value test is unworkable because these facilities are not commonly bought and sold in the open market, and seldom are operated for profit. (Note, *Just Compensation and the Public Condemnee*, 75 Yale L.J. 1053 (1965)). The result has been the development of the 'substitute facilities' doctrine to meet the unique needs of public condemnees. *Brown v. United States*, 263 U.S. 78, 44 S. Ct. 92, 68 L. Ed. 171 (1923) (entire town) (dictum); *United States v. Certain Land in Borough of Brooklyn*, *supra* (playground); *United States v. Board of Education of Mineral County*, 253 F.2d 760 (4 Cir. 1958) (school grounds); *State of Washington v. United States*, 214 F.2d 33 (9 Cir.), cert. denied, 348 U.S. 862, 75 S. Ct. 86, 99 L. Ed. 679 (1954) (highway); *Town of Clarksville v. United States*, 198 F.2d 238 (4 Cir. 1952), cert. denied, 344 U.S. 927, 73 S. Ct. 495, 97 L. Ed. 714 (1953) (sewer system); *City of Fort Worth v. United States*, 188 F.2d 217 (5 Cir. 1951) (streets); *United States v. State of Arkansas*, 164 F.2d 943 (8 Cir. 1947) (highway); *United States v. Des Moines County*, 148 F.2d 448 (8 Cir.), cert. denied, 326 U.S. 743, 66 S. Ct. 56, 90 L. Ed. 444 (1945) (roads); *Mayor and City Council of Baltimore v. United States*, 147 F.2d 786 (4 Cir. 1945) (streets and alleys); *Jefferson County v. T.V.A.*, 146 F.2d 564 (6 Cir.), cert. denied, 324 U.S. 871, 65 S. Ct. 1016, 89 L. Ed. 1425 (1945) (highway); *United States v. Certain Land in City of Red Bluff*, 192 F. Supp. 725 (N.D. Cal. 1961) (parking lot). Simply stated, this rule insures that sufficient damages will be awarded to finance a replacement for the condemned facility.

"When the public condemnee proves there is a duty to replace a condemned facility, it is entitled to the cost of constructing a functionally equivalent substitute, whether that cost be more or less than the market value of the facility taken. *City of Fort Worth v. United States*, *supra*, 188 F.2d at 223; *Town of Clarksville v. United States*, *supra*, 198 F.2d

at 243. The duty may be legally compelled or one which arises from necessity, *United States v. Des Moines County*, *supra*, 148 F.2d at 449; the distinction has little practical significance in public condemnation. Insight into the usefulness and worth of community property may be gained as well from the responsible decisions of public officials and agencies acting under a broad mandate with discretionary powers, as from legislative determinations announced in statutes.

"Modern government requires that its administrators be vested with the discretion to assess and reassess changing public needs. If application of the 'substitute facilities' theory depended on finding a statutory requirement, innumerable nonlegal obligations to service the community would be ignored. Moreover, the 'legal necessity' test, applied woodenly, may provide a windfall if the condemned facility, though legally compelled, no longer serves a rational community need. We hold, therefore, that if the structure is reasonably necessary for the public welfare, compensation is measured not in terms of 'value' but by the loss to the community occasioned by the condemnation."

The public interest in streets, highways and bridges is the ability to use them for travel. The deprivation or impairment of this ability to travel would seem to measure the damage suffered by a unit of government when its streets are taken by eminent domain. Restoration of any diminished right to travel seems best accomplished by the present federal method of awarding the cost of substitute streets or roads, if substitutes are necessary and feasible. Otherwise, an award may be made for the cost of beefing up existing facilities to handle the increased traffic caused by the loss of the appropriated streets or roads.

But the present federal method has been expanded to include a consideration of an aspect of this cost-of-substitution measure of damages that, if not ignored in the case of *United States v. State of Arkansas*, *supra*, was certainly not reflected in the measure of damages awarded. The question of the adequacy of the substitute facilities and the degree of equivalence required by the courts was considered in the case of *City of Fort Worth v. United States*, 188 F.2d 217 (5th Cir. 1951), where a traffic artery was closed by condemnation. The federal government sought to award compensation by showing that an expressway was being constructed and an existing street could carry the diverted traffic. The city's evidence indicated that the diverted traffic added to the total on the additional facilities and that if the closed artery were opened, traffic on the other facilities would diminish. The court viewed the problem as one of determining the compensation necessary to enable the city to provide a facility that would carry the entire traffic load in an *equally adequate* manner as without condemnation. The Court said, 188 F.2d at page 222 and 223:

"It will not at all do to say that in determining the cost of providing any necessary substitutes, an award in condemnation may be denied because there are already in existence other available routes which will in some fashion handle the traffic diverted by the condemnation. \* \* \* In any event, as is clearly shown by *United States v. Des Moines County*, *supra*; *Jefferson County, Etc., v. Tennessee Valley Authority*, 6 Cir., 146 F.2d 564; *United States v. Los Angeles County*, 9 Cir., 163 F.2d 124, and other cases which could be cited, the rule universally enforced in such an instance recognizes the existence of the duty of a municipality to provide for a necessary readjustment of its traffic facilities, and that the amount of compensation proper in such a case is the cost of constructing necessary substitute facilities in order to replace and rearrange its traffic arteries.

"In broad outline, the property taken is a part of the City's traffic system which it is

under the duty to replace if necessary. In any proper view of the requirements of just compensation, the substitute 'necessary' is that necessary to readjust its street and highway system to serve the municipality's requirements and needs in as adequate a manner and extent and with equal utility as such system would have provided had the facility in question not been condemned, so far as this is reasonably practical. *United States v. Los Angeles County*, *supra*, 163 F.2d 124.

"What means are necessary to reach this result, and the cost thereof, will of course vary according to the circumstances of each case, and we leave this primarily to the trial Court, but no application of the rule of necessity which is restricted only to whether there is or can be made, some arrangement whereby traffic can be handled, without due consideration of the benefits which would be derived by such handling if the condemnation had not been had, can in the very nature of the thing afford compliance with the primary requirement of just compensation. \* \* \*

"It is true that there may, and probably will, exist some difficulty in dealing with such a subject in an endeavor to provide compensation sufficient to restore the municipality to its equivalent position prior to condemnation. While we are not expert in such matters, we must recognize that traffic engineering has become more or less of a science necessary in the plan and construction of streets and roads. It appears in this record that matters such as traffic counts and direction and destination of travel can, after observation for sufficient time, be estimated with accuracy so far as future needs are concerned. It would not appear extremely difficult for the Court after hearing evidence available and material on such questions, to make a determination fair and just to both parties in an amount necessary to restore a municipal traffic system as near as reasonably possible and practical to its former state of utility. This may or may not require duplicate reproduction as near as possible, or the restoration of each feature or form of the facility taken.

"In view of the nature of the subject matter condemned and the end to be attained, original cost or reproduction costs are not proper to be considered. The cost of adequate substitute facilities to be so computed, is proper whether such sum be more or less than the value of the street and facilities taken. *U.S. v. Los Angeles County, Supra*. We think the true rule in such cases is well stated in *Jefferson County v. Tennessee Valley Authority*, *supra*, 146 F.2d 564, 565, that 'The practical view is to consider the road and highway needs of the civil division affected by the taking and to allow the governmental unit such sum in damages as will pay the cost of road facilities equal \* \* \* to those destroyed.'

"\* \* \* The constitutional phrase 'just compensation' means a full and perfect equivalent for the property taken. *Monongahela Navigation Co. v. United States*, 148 U.S. 312, 326, 13 S. Ct. 622, 37 L. Ed. 463. Just compensation rests on equitable principles and means substantially that the owner should be put in as good position as he would have been if his property had not been taken or as nearly so as is possible under the given circumstances."

In *Town of Clarksville v. United States*, the Government condemned parts of the city's water and sewer lines in order to establish a flood-control project. The stipulation between the parties that the construction of substitute facilities would constitute just compensation provided for a judicial determination whether (1) the cost of construction of a sewage-treatment plant required by the state water control board under the proposed arrangement and (2) the cost of operation and maintenance of five lift stations (not needed under the old system), which the Government had agreed to con-

struct, were compensable items. The court found both items to be properly included within the meaning of substitute facilities. The sewage plant was includable because the town could have probably operated under its old license for many years without the forced alteration by the Government. The lift stations were a new element forced upon the town by the action of the Government, which was required to bear the added burden thereby created. While the town sought to recover the operating costs for a period of ninety-nine years, the court allowed only the reasonable cost of operation for a reasonable time, which it left to the lower court to determine on remand. The equivalence requirement, then, relates to the utility of the substitute facility rather than the dollar value. Further, the substitute facility must be that which the claimant is legally required to construct and maintain, and it is immaterial that it be more expensive or efficient than the condemned facility.

Applying the logic of these two federal cases to the fact situation involved in the condemnation of highways and bridge in the Norfolk Dam Project, it is apparent that no consideration was given to the cost of the bridge *requisite* to restoration of equivalent utility. In the body of the opinion, the Court said, at page 944:

"We think the government's view of the case does not take into account the fact that the bridge was a part of the substitute highway, the cost of which was not included in the sum paid."

An inadequate substitute, its manner of selection determined by the exigencies of the circumstance and the unavailability of materials required to furnish the equivalent bridge promised by the Government, is no substitute at all, and is not just compensation.

There is another facet of the "actual money loss occasioned by the condemnation" that remains as a hidden cost prevailing to the present date. This aspect of the case is covered in the case of *United States v. Certain Lands Located in the Townships of Raritan and Woodbridge, Middlesex County, New Jersey*, 246 F.2d 826 (1957). In that case the facts were that in 1941 the defendant-appellant, the County of Middlesex, New Jersey, owned a road known as the Industrial Highway. Because of World War II the United States expanded the Raritan Arsenal. A section of the Industrial Highway was appropriated by the United States in April 1942 to permit the expansion. The petition in condemnation was not filed until August 1946 and the case did not come to trial and judgment until 1956. The jury awarded the County of Middlesex \$172,000.00 which represented the estimated cost of providing substitute highway facilities as of the date of taking, April 1942. The verdict recognized the necessity for the construction of a substitute road. The County had not constructed a substitute highway up until the time of the trial. The County sought to amend the judgment to include interest on the verdict.

In the opinion of the three-judge court of the Third Circuit Court of Appeals, the Court first recognized the general law that the measure of "just compensation" for the taking of a publicly-owned highway is the cost of constructing a necessary substitute highway. Continuing, the Court said:

"While the general law expressed above is universally accepted there is a paucity of authority on the issue as to whether interest is payable on a sum awarded as compensation to cover the cost of providing substitute highway facilities. Perhaps one reason for the lack of authority on the issue is that where substitute roads are necessary they frequently have been furnished in kind by the United States. See *Jefferson County, Tenn. v. Tennessee Valley Authority*, *supra*, 146 F.2d at page 566; *United States v. City of New York*, *supra*, 168 F.2d at pages 390-

391; *United States v. State of Arkansas*, 8 Cir., 1947, 164 F.2d 943, 944.

"We are persuaded that in the case at bar the Fifth Amendment and the equities require us to allow interest on the compensation awarded the County of Middlesex from the time of taking to the date of the payment. We are convinced that if we do not do so the County of Middlesex would be deprived of just compensation, which, as stated in *United States v. Des Moines County, Iowa*, 8 Cir., 1945, 148 F.2d 448, 449, 160 A.L.R. 953, should be related to 'financial loss or out-of-pocket expense caused or which will be caused, by the taking.' But the United States, while acting within its rights, elected to dispute the issue of whether substitute highway facilities were necessary.

"The jury found such facilities were necessary as of April 1942. We take judicial notice of the fact that the costs of building highways have greatly increased over what they were fifteen years ago, and we think it is equitable to take this factor into account. It is true that the County has been relieved of the burden of maintaining the road since April 1942 but it is also the fact that the County has been without a necessary substitute road for about fifteen years. In addition, an increased burden has been placed on the County's alternate highway facilities since April 1942."

Again we are confronted with a situation where the Norfork Dam condemnation (*United States v. State of Arkansas*, 164 F.2d 943) is cited as reflecting a rule of law or a fact situation that is not justified by a close examination of the opinion, along with the facts and restrictive stipulations upon which it was based.

If the United States of America had, in fact, furnished a substitute bridge in *kind* for the bridge on U. S. 62 at Henderson inundated by the Norfork Project the present claim of an inadequate and inequitable compensation would certainly not attain, nor would it be necessary to consider the costs stemming directly from the failure of the Corps of Engineers to carry through with the original plan agreed upon—an interim operation of a ferry service, at no cost to the State of Arkansas, and the construction of new bridge piers near the Highway 62 bridge, with the completion of the superstructure to be made after the war.

Applying the logic of the above case with regard to "the out-of-pocket expenses caused or which will be caused, by the taking," it is apparent that the State of Arkansas has been inadequately compensated for the "financial loss" that it has suffered over a period of twenty-eight years. It was not only inadequately compensated for its re-routing of the highways serving the Henderson Ferry, the building of long approaches to the ferry, the cost of construction of the ferry boats, barges and other equipment, and the cost of operating the ferry without cost to the traveling public to November 4, 1943 (Findings of Fact, Statement of District Court, Western District of Arkansas, October 14, 1946) but such out-of-pocket expenses have continued to mount to the present. The inadequacy of the payment made to accomplish even the minimum objectives of relocation of highways necessitated by the taking is reflected in the opinion of the Arkansas Supreme Court in *Jennings v. Lynch*, 228 Ark. 424, 307 SW 2d 781.

In that case, Cecil Jennings and others, all citizens and taxpayers living in the vicinity of Norfork Lake Baxter County, filed a suit in 1956 against Cecil Lynch and the other members of the Arkansas State Highway Commission, asking the Chancery Court to direct the Highway Commission to construct a road across the Norfork Dam and to reconstruct State Highways 62 and 101 in certain particulars. The Court said, at page 428:

"Exhibit No. 5, in the record, shows that

the Highway Commission had, by 1950, spent on the ferry at Henderson and the roads in the vicinity of the dam as much money as it received from the U.S. Government."

The payment made by the United States had thus been expended by 1950 for necessary "out-of-pocket" expenses caused by the taking, with no substitute highways having been built to cross the dam, no bridges having been built to replace the old bridge ("the cost of which was not included in the sum paid"), and with the State still being required to shoulder the high cost of the ferry operation (Conclusions of Law: "It was the duty of the State of Arkansas to provide this temporary crossing. It could not allow the highways to be closed"). The "temporary crossings" that the State of Arkansas provided through its ferry service have been operated at a cost of some \$4,000,000.00 since the operation began in September, 1943 (See Cost of Ferry Operations, Appendix A-1, Attached Proposal for Bridging Norfolk Lake), and the factor of inflated costs has operated not only to use all of the monies provided, but also to elevate the costs of providing a necessary substitute for this inadequate futile arrangement to such astronomical figures as to be completely beyond the fiscal resources supporting the Arkansas State Highway System. Has the "just compensation" standard of "the actual money loss occasioned by the condemnation" been met? It is the contention of the State of Arkansas that it has not even been approached.

"The actual money loss occasioned by the condemnation"—no, not even that minimum was adequately reflected in the sum paid. True, this failure was based on the stipulations entered into by the parties in that cause (*U.S. v. State of Arkansas*, *supra*), but equity requires consideration of the circumstances leading to those stipulations. In the statement of the District Court in the Conclusions of Law filed on October 14, 1946, District Judge John E. Miller stated:

"3. There is no doubt but that defendant had to readjust its system of roads when the reservoir area filled with water and inundated the bridge at the village of Henderson. The readjustment required something more than the mere relocation and building of new roads. It was necessary to cross the reservoir and all parties agreed that the most practical manner of doing that was to so relocate the substitute roads so that they would lead across the dam and thus obviate the necessity of building an expensive bridge. Accordingly the parties by stipulation have agreed that the cost of the necessary substitute highways is \$1,342,000.00 if the relocation is made in such manner that no bridge will be necessary.

"In such a situation just compensation to the State of Arkansas cannot be measured or determined by the same rules as compensation for the taking of purely private property. Just compensation in such a case is the actual money loss occasioned by the condemnation and taking of the roads and the bridge. *United States v. Des Moines County, Iowa, et al.*, 8 Cir., 148 F.2d 448; *Jefferson County, Tennessee v. Tennessee Valley Authority*, 6 Cir. 146 F.2d 564.

"4. The petitioner in the signing and filing of the stipulations based its objection to the allowance of more than \$1,342,000.00 as just compensation on the contention that the cost of the installation of the ferry and its operation was not compensable, while the defendant, State of Arkansas, contended that such expenditures were items that were compensable and should be allowed, but strangely enough, the defendant agreed that if such expenditures were to be allowed as elements of just compensation that the court should take into consideration only the amount of \$80,000.00.

"In the oral argument the petitioner contended that since the stipulation revealed that the cost of providing necessary substitute highways as of the date of the taking

was \$1,342,000.00, that such sum constitutes and is just compensation.

"It is clear that the parties had in mind at all times such a relocation of the roads as would permit the use of the dam in lieu of a bridge, and the agreement as to the cost of the substitute roads only included the actual construction of the relocated roads across the dam, and the parties did not intend to agree that the sum of \$1,342,000.00 included all the costs to the State that were caused by the condemnation. The State of Arkansas expended large sums of money providing temporary means of crossing the reservoir lake, and spent large sums in the operation of the ferry prior to the time when it was possible to use the dam for crossing the barrier. It was the duty of the State of Arkansas to provide this temporary crossing. It could not allow the highways to be closed. The State has not only lost \$1,342,000.00, cost of permanent substitute roads, but a great deal more, and but for the agreement of the parties, would be entitled to recover such additional sums as are set forth in paragraph two of the findings of fact."

The State had indeed lost "a great deal more." It is difficult to now assess to what extent the decision to enter into the improvident stipulations had been influenced by: (1) the conference in the Office of the Secretary of War on February 16, 1943, at which time the State Highway Director had been advised that a new bridge on U.S. 62 near Henderson was out, including piers for same, that it was a ferry or *nothing*, (2) the motion filed by the United States on November 1, 1944, moving the Court to enter judgment adjudicating that, as a matter of law, *no compensation* was due for the taking of the interest of the State or Arkansas in the lands condemned, and/or (3) the federal government's insistence, upon each partial disbursement of funds made upon petition by the State of Arkansas, that such disbursements be made without prejudice to the rights of the United States of America to recover from the State or Arkansas any sums disbursed in excess of the sum finally determined as being the amount due the State of Arkansas. In the face of contentions that it was entitled to *nothing* and that it was threatened with the possibility of having to refund monies already withdrawn in the amount of \$1,342,000.00, be it classified as duress or compulsion, the impulse or feeling of being driven toward acceptance of that which had already been withdrawn must have been irresistible.

In *State of Washington v. United States*, 214 F.2d 33 (1954), the Court said, at page 40:

"Where the government takes a segment of an arterial highway and there is in existence no other road or roads which can adequately handle the traffic diverted from the road taken, the government is required to provide a substitute road or its equivalent in money. In such cases the only issue is the amount necessary to provide the necessary substitute." *City of Fort Worth, Tex. v. United States*, 5 Cir. 1951, 188 F.2d, 217; *United States v. State of Arkansas*, *supra*; *Jefferson County etc. v. Tennessee Valley Authority*, *supra*.

In that case, *State of Washington v. United States*, *supra*, the Court had also said, at page 39:

"The facts of a particular case control the application of this rule." (substitute facilities rule)

The Court, in that case, never reached the question of the reasonable substitute, and its costs, because it affirmed a lower court ruling that there existed no reasonable necessity for replacing the highway taken. How different are the facts of this case! The Circuit Court of Appeals referred to the "continuing obligation of the state to furnish and maintain its highways for the use of the public." The District Court had said: "It was necessary to cross the reservoir."

Applying all of these standards for "just compensation" to the facts of this case it becomes apparent that the only way that the State of Arkansas can receive a just and adequate compensation for the "money loss occasioned by the condemnation" would be for the federal government, the United States of America, to provide a substitute bridge for the one inundated or its equivalent in money (the money required to bridge the Norfork reservoir).

In the classic case of *United States v. Wheeler Township*, 66 F. 2d 977, the Court said with reference to the expenses of maintaining public roads:

"To the extent that this burden has been increased by this taking there is a deprivation for which the law requires compensation. \* \* \* If the present standard be taken, and tomorrow the township be compelled to build a better type of road, there would unquestionably be an added expense in building such road, caused solely by this condemnation burden. Why should not this added expense be made good by the one causing it?"

All of the added expenses have been caused by this condemnation of the federal government. "Why should not this added expense be made good by the one causing it?"

There is precedent, of course, for allowing, at a later date, the consideration of claims against the United States when substantial justice requires a reopening of matters normally concluded by litigation or by operation of law. (See *County of Sarpy, Nebraska v. United States*, 386 F.2d 453 (1967), and Public Law 88-425, approved August 13, 1964, the special jurisdictional act referring the case to the Court of Claims. In the bill of congressional reference, jurisdiction was conferred, \* \* \* "notwithstanding any statute of limitations pertaining to suits against the United States, or any lapse of time, or bar of laches \* \* \*." See, also, *North Counties Hydro Electric Company v. United States*, 170 Ct. Cl. 241, 248-9 (1965) and H. Res. 189, 1st Session, 86th Congress, agreed to by the House of Representatives on May 19, 1959.

That resolution directed the Court to "proceed with \* \* \* (H.R. 5093, a bill for the relief of plaintiff, introduced in the House on February 26, 1959) in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the House of Representatives, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable against the United States, and the amount of damages, if any, legally or equitably due from the United States to the claimant, the statute of limitations, the plea of *res judicata*, *laches*, any lapse of time, or any prior court decision of this claim by any court of the United States to the contrary notwithstanding."

The first of the Bill of Rights, Amendment No. 1 to the Constitution, prohibits Congress from making any law abridging "the right of the people ... to petition the Government for a redress of grievances." It is clear, therefore, that from the very beginning, Congress has had a responsibility to act in areas which by statute, regulation, and contract are now delegated to others, but not altogether.

Citizens continue to petition Congress for the redress of wrongs. General laws cannot cover all situations equitably and "private laws" have been the standard answer for special cases. How is such a petition to Congress redressed? The petition itself, of course, does not confer on Congress any right to act. That right is spelled out and limited by Article I of the Constitution (Section 8. C. 1. Congress should pay the Nation's debts).

These debts may be legal or merely moral or honorary. *Columbia Hospital v. United States*, 125 Ct. Cl. 712 (1953) and the Bill

of Rights. The courts also have refined that right. When Congress pays a "debt" by private law it need not be a legal one but may be "honorary" or "moral" in the broadest sense of equity, and as such, a demonstration of the "Nation's conscience." As was said in the case of *Burkhardt v. United States*, 113 Ct. Cl. 658, 84 F. Supp. 553 (1949):

"\* \* \* the term 'equitable claim' as used in 28 U.S.C. 2509 is not used in the strict technical sense meaning a claim involving considerations of right and justice as administered by courts of equity, but the broader moral sense based upon general equitable considerations."

In this context, equity appears to be ethical rather than jural, and not grounded in any sanction of positive law.

In seeking private legislation, the petitioner is confronted with the necessity of convincing Congress that he has a claim it should consider. Having done so, he may obtain relief from a private bill passed for his benefit by both the Senate and the House and signed into law by the President, or he may be required by resolution of either House to present his petition to the Chief Commissioner of the Court of Claims who will accord him an adversary trial on the merits and make findings and a recommendation to the House that referred the bill to him. This then becomes the foundation for a private relief bill. At one time both the judges and the commissioners of the Court of Claims resolved these matters for Congress.

However, the Supreme Court has now declared the Court of Claims to be a constitutional court created under Article III of the Constitution and has suggested that it is improper for it to perform extra-judicial functions. So the Court of Claims no longer considers congressional references but limits its consideration to legal claims over which it has general jurisdiction or where jurisdiction has been conferred upon it by special legislation. The commissioners, who are the trial judges of the court but are not constitutional judges, continue to consider congressional references to determine their equities as that term has been defined above. In so doing, the commissioners are actually performing a legislative function in a judicial manner. Certain well-defined guidelines have been laid down for consideration of these claims for private relief and have been identified in an excellent discussion by the present Chief Commissioner of the United States Court of Claims, Colonel Marion F. Bennett, AFRes, in the November-December, 1967, JAG Law Review, "Private Claims Acts and Congressional References", Pages 9-19 and 39.

The relief by referral to the Court of Claims by Congressional resolution is, of course, in addition to the right of Congress to deal directly with the petition for redress, or to direct an administrative handling by the proper department or agency. Annually, for several years past, only a fraction of the private claims bills have required adversary, judicial processing. The overall volume of private claims bills and congressional references, when contrasted to the many thousands of claims annually asserted against the Government, bears eloquent testimony to the effectiveness of the manner in which most of them are disposed of administratively by Uncle Sam's departments and agencies.

But there will always be the unusual and closely contested claims, those suggesting need for an equitable exception to the general law, and claims which an agency is simply not authorized to adjust or will not for policy reasons. It is in this area that the sovereign has reserved its right to exercise its conscience with measures for special relief. The touchstone for such relief is that of moral and honorable treatment in the broadest sense of equity, such as exercised by the ancient chancellors in equity centuries ago.

The practicalities of time, a chief creator

of injustice by delay in this case, indicate that following the procedure of referral to the Commissioners of the Court of Claims would not provide the remedy needed now. An administrative handling by direction of Congress or direct action by Congress itself would provide the needed immediate relief.

Congress, alone, has within its hands the power to remedy the inequities of this situation. An award, based upon the reasonable necessities of 1943, even if compounded by the allowance of interest from that date, as in the *County of Sarpy* case, or by a special allowance for delayed payment, as in *North Counties Hydro-Elec. Co.* case, would still fall far short of remedying the inequitable situation.

The bridges proposed, on the recommended locations, will lie wholly within the boundaries of the Norfolk Reservoir Reservation owned by the United States. The State of Arkansas would, at long last, receive a just and adequate compensation for "the money loss occasioned by the condemnation" if these bridges and approaches were to be built with monies appropriated for Corps of Engineers civil works.

The Arkansas State Highway Commission is obligated to submit this petition on behalf of the people of the State of Arkansas, for they are the ones who have been truly aggrieved. From the time of early planning of the Norfolk Flood Control Project, when they were assured that the bridge crossing for U.S. Highway No. 62 near Henderson would be retained, through their mass meetings and petitions to the Arkansas State Highway Department and the U.S. Corps of Engineers when it became apparent that such bridge location would be inundated, to their post-war pleas for help and public hearings directed toward a solution of the problems presented to the citizenry of the area and the traveling public, the public outcry has been loud, clear and insistent. The solution urged here has been the one consistently sought and the people of Arkansas have been the chief victims of the injustice created by the failure to provide such a remedy.

As President Lincoln said:

"It is as much the duty of government to render prompt justice against itself, in favor of citizens, as it is to administer the same, between private individuals."

We rely upon the Congress of the United States to render justice in favor of the citizenry of the State of Arkansas.

(Respectfully submitted, By: Arkansas State Highway Commission, Little Rock, Arkansas 72203.)

H.R. 11901

A bill to provide for a highway bridge across the Norfork Reservoir in Arkansas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the comprehensive plan for flood control and other purposes in the White River Basin, as authorized by the Act of June 28, 1938 (52 Stat. 1215), and as modified and amended by subsequent Acts, is further modified to provide for a free highway bridge built to modern standards over the Norfork Reservoir at an appropriate location in the area where United States Highway 62 and Arkansas State Highway 101 were inundated as a result of the construction of the Norfork Dam and Reservoir. Such bridge shall be constructed, maintained, and operated by the Chief of Engineers, Department of the Army, in accordance with such plans as are determined to be satisfactory by the Secretary of the Army in order to provide adequate crossing facilities over such reservoir for highway traffic in the area.

SEC. 2. The cost of constructing the bridge authorized in the first section of this Act shall be borne by the United States except

that the State of Arkansas shall be required to pay as its share of the cost of constructing such bridge the sum of \$1,342,000, plus interest for the period from May 29, 1943, to the date of enactment of this Act. Such interest shall be computed at a rate determined by the Secretary of the Treasury to be equal to the average annual rate on all interest bearing obligations of the United States forming a part of the public debt on May 29, 1943, and adjusted to the nearest one-eighth of one per centum. The share to be paid by the State of Arkansas represents the amount paid by the United States to the State of Arkansas as insufficient compensation for the highways inundated as a result of the construction of the Norfork Dam and Reservoir plus interest from the date of payment.

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

Mr. HAMMERSCHMIDT. Mr. Speaker, today I am joining with 36 of my colleagues on the House Committee on Public Works in introducing a long-range water pollution bill. Our aim in cosponsoring this measure is to provide a vehicle for discovering legislative answers to the difficult and perplexing questions that confront us in the field of water pollution.

Water pollution abatement is a program which will require the investment of vast resources and which will likely have significant economic and social impacts on all Americans.

The abatement of pollution in our rivers and streams is subscribed to by almost everyone today. It is the means and methods of achieving our goals which have yet to be devised.

The bill my colleagues and I introduce today does not necessarily reflect a consensus among us. But, the proposed legislation is a starting place and will, in the days and weeks ahead with proper hearings, enable us to effectively come to grips with the critical questions and issues involved. These include:

First. The amount of money which must be authorized to accomplish our objectives;

Second. The formula for allocation of such funds;

Third. The Federal/State sharing formula;

Fourth. Whether sewage collective systems should be included;

Fifth. The impact on industry of attempting to achieve our water pollution goals;

Sixth. The number of jobs likely to be affected in the process; and

Seventh. The scope of the research and demonstration programs needed to assure the development of the kind of technology we require to achieve our goals.

And last, but not least, we will have to decide upon timetables and priorities for accomplishing our water quality objectives.

It is obvious from the foregoing that we have our work cut out for us. But, I am hopeful that the members of the Public Works Committee will, after examining witnesses' testimony from committee hearings and after due deliberation, be able to come up with the kind of practical and achievable bill that can be reported out to the House of Representatives and one that all Americans can subscribe to.

#### NATIONAL FAMILY WEEK

(Mr. MYERS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MYERS. Mr. Speaker, more than a year ago, I first introduced a resolution which would establish a National Family Week observance coinciding with Thanksgiving.

With more than 400 proposals for special observances pending before Congress, the House Judiciary Committee has advised me that they can not complete consideration of this resolution in time for a proclamation this year. However, I am encouraged that action will be taken in time for a national observance in 1972.

Expressions of support for a National Family Week have come in from throughout the country. Because Thanksgiving is next week, I would like to share with my colleagues the following open letter which I direct to the President, Members of Congress, and Americans everywhere:

DEAR FELLOW AMERICANS: Our Nation's freedom was born in the families that formed our thirteen colonies.

Our system of justice, government, education and worship are all grounded in the family.

Unity without uniformity, courage without recklessness, faith without blindness, and hope without dependence are all products of the American family. We did not create them. We discovered and applied them.

In the American Family lie the seeds of greatness. In the present tide of attacks upon the sanctity of the family and home lie the roots of our destruction.

If wars are ever to become past history and peace the light of day, the families of this Nation will have seen to it. If poverty is truly abolished, it will be because families care about others. If illiteracy finally is banished, it will be by families who fear ignorance. If harmony is to return to our land, it will come only because families have practiced tolerance, patience, understanding, and affection to their own and to others. If prosperity is ever to be a natural part of our daily living, it will first emerge from homes where the spirit flourishes and where materialism is of second importance.

Lay before each American family the continuing challenge to save and preserve freedom, dignity, honor, and mutual trust among the people.

National Family Week will be a period of annual renewal of all that made of this land the place where freedom is born every moment of every day.

There must be a positive response to those who have rendered the verdict that the family is no longer of any value; has no purpose; and is useless in today's cruel crises.

Let that response be a National Family Week.

Let it be within the traditional week of Thanksgiving.

Let every succeeding President, each year, proclaim its high purpose.

Let every public official most responsible to citizens of towns, cities, counties and states echo that proclamation.

Then, let us be about restoring the family to its proper role in our national life.

#### DISTRIBUTION OF FUNDS APPROPRIATED UNDER TITLE I OF ELEMENTARY AND SECONDARY EDUCATION ACT

(Mr. PERKINS asked and was given permission to extend his remarks at this

point in the RECORD and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, I received a disturbing rumor yesterday that I think I should share with my colleagues. I hope that the preliminary information I have received is incorrect. But, if the information I have received is correct, I hope that the hour is not too late for the administration to reverse itself and take the equitable course in distributing funds appropriated by the Congress under title I of the Elementary and Secondary Education Act to local educational agencies throughout the Nation.

My colleagues will recall that the Congress acted expeditiously in passing appropriations for fiscal year 1972 to the U.S. Office of Education. This legislation cleared both Houses on June 30, H.R. 7016. This enabled the U.S. Office of Education to make prompt notification to all the States on the allocations to local educational agencies for title I purposes. Certainly, this could have been done prior to the beginning of school in September when the funds were to be used. I have just been advised that official notice of these allocations has not yet been received by the States, even though we are well into the third month of the academic year in which the funds are to be used.

As yet, I have received no information as to why there has been this great delay in notification. I have received unofficial information that 15 States will receive less money for title I purposes in fiscal year 1972 than they received last year. This is a very startling result when it is considered that the Congress actually appropriated more funds for title I in fiscal year 1972 than they appropriated in fiscal year 1971. The unofficial information that I have received indicates that the States adversely affected are as follows:

State	1971 allocation	1972 allocation	Decrease
Alabama	40,257,134	36,617,250	3,639,884
Arkansas	24,214,456	22,251,414	1,963,042
Georgia	39,947,788	36,197,932	3,749,856
Kentucky	37,131,906	33,755,352	3,376,554
Louisiana	34,683,312	32,268,324	2,414,988
Mississippi	42,074,152	38,105,822	3,968,330
Missouri	25,579,100	24,449,299	1,129,801
North Carolina	56,260,988	52,532,926	3,728,062
Oklahoma	18,189,914	17,338,006	861,908
South Carolina	34,313,121	34,256,587	56,533
South Dakota	6,266,048	6,002,025	264,023
Tennessee	36,288,395	33,172,359	3,116,036
Virginia	33,803,541	32,278,380	1,525,161
Washington	12,255,022	12,109,147	45,875
West Virginia	20,524,496	18,385,071	2,139,425

#### BUREAU OF NARCOTICS AND DANGEROUS DRUGS KNUCKLES UNDER TO FRENCH POLITICAL PRESSURE

(Mr. RANGEL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RANGEL. Mr. Speaker, I was shocked to learn that John Cusack, European desk chief for the U.S. Bureau of Narcotics and Dangerous Drugs, is being transferred out of Paris.

The reason? Cusack's hard-hitting fight against the French failure to crack down on the heroin processors and traffickers was embarrassing to the French

Government. France is the source for most of the heroin which is flooding the United States.

The Department of Justice and the American Embassy in Paris are worried about smoothing the ruffled feathers of French pride. My concern, however, and that of John Cusack, is the lives of our children and servicemen, lives which are endangered by the heroin pouring in from our French "ally."

I have informed the House of Representatives on numerous occasions that France has refused to take action against the underworld kingpins who mastermind the French heroin traffic. The recent revelations of top-level corruption in the French Government which protects these merchants of death, coupled with the indictment of a French official for complicity in the smuggling of \$12 million worth of heroin to this country further verifies the charges made repeatedly by Cusack. Now we find out that a French consular official in New York City has refused to testify before a Federal grand jury investigating this problem.

Today I have written Attorney General John Mitchell, requesting him to reverse his decision to transfer Cusack. My letter follows:

HOUSE OF REPRESENTATIVES,  
Washington, D.C., November 19, 1971.  
HON. JOHN MITCHELL,  
Attorney General,  
U.S. Department of Justice,  
Washington, D.C.

DEAR MR. MITCHELL: It has just come to my attention that Mr. John Cusack, European desk chief for the Bureau of Narcotics and Dangerous Drugs, is being transferred out of Europe due to political pressure being exerted on our Government by the government of France.

I cannot understand why you, as head of the Department of Justice, can approve such a transfer since Mr. Cusack has been fighting the flow of heroin from France to the United States with more vigor and dedication than any other BNDD official in Europe.

Heroin is murdering the young people of my community, Harlem. It has spread like a plague across this nation, to our cities, suburbs, rural areas and even our servicemen. The majority of that heroin is coming from France where drug processors and traffickers flourish with impunity. Despite self-serving public relations attempts, the French government is unable to convince the people of my community that they are seriously cracking down on heroin traffic—because they are not cracking down.

Mr. Cusack has been a vocal and strong critic of the French hide-and-seek game with the truth, and now that revelations of top-level corruption are surfacing, he is being sacked. Why?

I urge you not to knuckle under to the French attempt to silence its critics and return to its business-as-usual policy of protecting the drug merchants.

CHARLES B. RANGEL,  
Member of Congress.

Instead of being rewarded for his dedication to his mission and for his efforts to save the lives of thousands of young Americans, Cusack is being sacked. Therefore, the voice of every Member of Congress who is concerned about the narcotics epidemic should be raised in protest. Our Government should not knuckle under to diplomatic niceties and protocol when we are talking about drugs.

John Cusack should be permitted to continue his war against heroin in France.

I am inserting in the RECORD at this point several related articles:

[From the Washington Star, Nov. 18, 1971]

#### UNITED STATES TO SHIFT BOSS IN PARIS DRUG OFFICE

PARIS.—John Cusack, outspoken director of the U.S. Narcotics Bureau for Europe and the Middle East, will be replaced shortly, the American Embassy confirmed today.

Informed sources said Cusack's removal is an attempt to improve relations between French and U.S. agents fighting the illegal narcotics traffic.

Cusack has been a critic of French efforts to dismantle the illegal heroin laboratories in Marseilles, one of the major sources of narcotics destined for the United States. The sources predicted he will get a promotion in Washington.

His hard-driving, relentless style, although appreciated by his staff and superiors, has embarrassed and annoyed a number of high-ranking French police officers.

Cusack, 48, is due for rotation after more than five years of service in France, Italy and Turkey. His last 2½ years have been as chief of the expanded Narcotics Bureau operation in Paris.

The informants suggested Cusack's replacement became imminent with the indictment Monday in Newark, N.J., of Col. Paul Fournier, an officer in the French counterespionage service who is charged with conspiring to smuggle \$12 million worth of heroin into the United States.

Fournier's superiors deny he is implicated in the case, and they are furious at the official American action against him. Cusack's replacement might placate them to some extent.

Cusack aroused French official ire in August when a Marseilles newspaper quoted him as big wheels in the drug business saying there were three or four there whose money and political contacts saved them from prosecution. The police commented that it wasn't the first time that "Mr. Cusack has, on his own initiative, made such declarations which until now have proved entirely unfounded."

Cusack denied the remarks attributed to him. But he also is known to believe that several underworld organizations connected to the Mafia maintain laboratories in the Marseilles area that transform Turkish morphine into high-grade heroin.

[From the New York Times, Nov. 18, 1971]

#### CONSULAR SUSPECT CLAIMS IMMUNITY

(By Ronald Sullivan)

NEWARK.—A middle-level official at the French Consulate in New York City who was identified as a "contact" in a \$12-million heroin smuggling conspiracy has refused to appear before a Federal grand jury here, an authoritative Government source reported tonight.

The source said that the French official, whom the Government declined to name, although it knows his identity, had contended that he was protected by diplomatic immunity.

He was said to have asserted that American law-enforcement officials had no right to subpoena him or to compel him to answer any questions in connection with what the United States Attorney here describes as a major "criminal organization" trafficking in illegal narcotics between France and the United States.

An American Government official said, however, that there was some doubt within the Department of State whether the consular aide was entitled to the protection normally given to consulate and embassy officials from foreign countries.

The doubt is apparently based on the assumption that if the official is proved to be implicated, then his alleged role in the conspiracy "certainly did not come within the scope of his official duties," which form the basis for his diplomatic immunity.

The American Government source said the French had thus far not demanded that the official be accorded immunity. Furthermore, considerable reluctance to push hard has been reported within the Department of State, since the consulate official's alleged involvement in the affair thus far is regarded as tenuous as best.

The consulate official was said to have agreed to respond to a series of written questions submitted by Herbert J. Stern, the United States Attorney for New Jersey, who led the Government's case against Roger de Louette, a former French counterespionage agent who pleaded guilty in Federal Court here yesterday to his part in an international heroin-smuggling conspiracy.

#### FRENCH COLONEL NAMED

De Louette testified that he was recruited and directed in the conspiracy by Col. Paul Fournier, a supervisory agent in the French Service of exterior Documentation and Counterespionage and de Louette's former superior officer.

During a lie-detector examination given by American officials to de Louette on Sept. 12, he said that Colonel Fournier had given him the "contact" in the French Consulate in Manhattan.

French consulate officials were not available today for any comment, and a French narcotics officer has branded de Louette's statements as "lies."

The official was said to be one of about 31 officers of varying rank who are assigned to the large, busy consulate at 934 Fifth Avenue.

In Washington, meantime, Nelson G. Gross, an assistant secretary of state and the department's senior adviser and coordinator for international narcotics matters, said that "we have been getting good cooperation from the French in this case."

#### DETERMINATION IN WASHINGTON

"At the same time, however," Mr. Gross said, "what must be done, must be done, no matter who is embarrassed."

Mr. Stern, the United States Attorney, has indicated that the French have not been as cooperative as they might have been.

Mr. Gross said that his department had received a communiqué from the French Ministries of Justice and Interior promising their full cooperation in investigating the charges made public here by a Federal grand jury on Monday.

In a three-count indictment, de Louette and Colonel Fournier were charged with smuggling into this country 96 pounds of heroin, concealed in a Volkswagen camper that was shipped from France to Port Elizabeth near here in April.

De Louette was arrested when he showed up to claim the vehicle and an alert customs agent searched the vehicle and discovered the heroin. He pleaded guilty to the charge yesterday and faces a prison term of from five to 20 years.

#### FOURNIER LIE TEST DENIED

As for Colonel Fournier, he was questioned earlier this week by an investigating magistrate in Paris. Today he was reported by the French newspaper *France Soir* to have taken a lie-detector test here last April in connection with the charges.

However, Mr. Stern said today that the report was a "lie" and that he had never so much as seen Colonel Fournier, despite his attempts to question him when he visited Paris two weeks ago. He sought French cooperation at that time to bring the colonel to trial.

Mr. Stern also said that in addition to the initial lie-detector test given to de Louette, he was given a second one on Oct. 4.

The United States Attorney said the second test had been given at the request of French officials, who were allowed to submit their own questions.

The expert who gave both tests said that de Louette had told the truth both times.

#### FRENCH INQUIRY AT STANDSTILL

PARIS, November 17—French judicial authorities let it be known tonight that cooperation with the United States Attorney's office in New Jersey, which seeks to prosecute a French counterespionage agent as a narcotics smuggler was at a standstill.

"Authorized sources" issued a point-by-point refutation through the *Agence France-Presse* of statements made in court yesterday by Herbert J. Stern, the United States Attorney, when Roger de Louette pleaded guilty to a charge of conspiring to import heroin. The statements implicated the French agent, Col. Paul Fournier, in the trafficking.

Widespread skepticism here about the credibility of de Louette's testimony, differences between French and American law and annoyance over the attempt to involve an official in a sensitive security post have combined to put a serious crimp in French-American cooperation to curb narcotics smugglers to the United States. Both governments had been systematically praising the cooperation.

#### U.S. VERSION REJECTED

Tonight the French refuted to a large extent statements in a letter sent Sept. 28 by Mr. Stern to Max Fernet, head of the French criminal police—letter that Mr. Stern read in court yesterday.

It was confirmed that Mr. Stern had met with two high French police officials in Washington on Sept. 14, where the Frenchmen were attending a seminar on narcotics. But the French version of events revealed serious differences on the events after that.

A rogatory commission, a kind of subpoena, was issued Aug. 13 by Examining Magistrate Gabriel Roussel to Mr. Stern, the French said, to get evidence directly from de Louette. Through his lawyer, the French went on, de Louette refused to accept the commission unless he was guaranteed immunity from prosecution in France. Magistrate Roussel answered that French law did not contain a provision for such immunity.

When at the Sept. 13 meeting in Washington Mr. Stern expressed surprise that Colonel Fournier had not yet been arrested, according to the French version, the French police officials told him that they could not act unless they had an official statement from the person implicating the colonel—and that this de Louette had refused to give.

#### A TRIBUTE TO W. E. BURQUEST

(Mr. HALEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HALEY. Mr. Speaker, in this day and time when so many people are making demands upon our Government, it gives me great pleasure to pay tribute to an outstanding citizen of my congressional district who has given a lifetime in public and civic service.

On October 13, 1971, the Board of Supervisors of the Sarasota, Fla., Soil Conservation District honored my dear friend, W. E. Burquest, for his 25 years of service on that board in a position without salary. Mr. Burquest was instrumental in the organization of the conservation district. He has received many awards and recognitions for his work in agriculture and specifically in conservation.

The brief summary of his career which I place in the CONGRESSIONAL RECORD at this time demonstrates that he is a good sound citizen who, to paraphrase the words of the late President John F. Kennedy, did not ask what his country could do for him but who has spent many years in service to his community, State and country. Our Nation needs more "Burk" Burquests, who quietly and voluntarily do the work and provide the leadership that is the strength and the heart of our grassroots America.

#### BRIEF SUMMARY

The Board of Supervisors of the Sarasota Soil and Water Conservation District are presenting Mr. W. E. Burquest with a Plaque honoring him for his 24 years of Service with this Board. The presentation was made at their meeting on Wednesday, October 13.

Mr. Burquest started as a farmer in Sarasota County in 1928. He worked toward the Organization of the District and was elected a member of the Sarasota District's first Board of Supervisors, which met for the first time on September 23, 1947. He was elected chairman of the Board of Supervisors on October 26, 1953 and served in that capacity until October 5th of this year.

He was appointed a member of the State Soil Conservation Board by Gov. Ferris Bryant in 1963, later served as chairman, then the name was changed to the Soil and Water Conservation Advisory Council up until 1970. He was Area Vice-President of the State Association of Soil and Water Conservation District Supervisors from 1960 to 1964. On February 16, 1962, he received the Governor's Award under the Florida Wildlife Federation's Conservation Award Program.

He was elected Chairman of the committee of the Sponsors of the Sarasota West Coast Watershed Project when the application was first made in 1957 and has served in that capacity up until the present time.

Mr. Burquest has been a member of the Sarasota Chamber of Commerce for 33 years, serving as a director, as a Vice-President and as Chairman of the Committee on Agriculture and also the Committee on Flood Control.

He served as a Director of the Florida Fresh Fruit and Vegetable Growers Association for many years, is a past President of Sarasota County Farm Bureau and a past director of the Sarasota Livestock Ass'n.

He is a past President of the Sarasota Kiwanis Club and Past Lt. Governor of Kiwanis Division 9 of the Florida District. He was Chairman of the Sarasota Civic League in 1962.

Mr. Burquest is an Elder of the First Presbyterian Church. He has been a member of the Advisory Board of the Salvation Army for 25 years and is a past Chairman of this Body.

Mr. Burquest has certainly earned recognition of his service to the cause of Soil and Water Conservation as well as for his service to the Sarasota Community.

Mr. Lyle Dickman of Ruskin, Chairman and Mr. Robert N. Morris, Coordinator of the State Soil and Water Conservation Advisory Council as well as Mr. Lynn Harrison, of the Manatee River District, Vice-President of the State Association of Soil and Water Conservation District Supervisors will be with the local Supervisors for the presentation.

#### JUSTICE FOR TEACHERS

(Mr. MELCHER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MELCHER. Mr. Speaker, a doctrine of equity should always be the determining force in enacting and administering legislation. Every schoolchild is

particularly cognizant of the attitudes of school authorities concerning fairness in the classrooms and in the schools. They recognize the need for authority to run the school but quickly rebel if the authority is not administered equally and fairly to all.

But now it is the schoolteachers who are watching their Government to see if they are going to continue to be subjected to unfair, inequitable treatment that denies most of them the rights of a valid contract signed last spring for their services this school year.

School boards throughout the country drew up contracts early in 1971 offering them to teachers for this academic year. When negotiations were completed, budgets were prepared and approved and sent on to county officials for their approval, and mill levies to collect the necessary taxes were set and the taxpayers are paying that bill.

All of these steps are followed in a very democratic manner and are neither hurriedly completed nor rashly executed. The public is fully informed of each stage, and the public's approval and acceptance should not be ignored nor set aside by arbitrary Federal actions.

The President's wage-price freeze which resulted in several dictums on teachers' salary contracts by the Cost of Living Council was most confusing as the school year started.

Following several contradictory statements, the Cost of Living Council eventually ruled that no contract could be recognized that called for salary increases unless the teacher had been actively teaching prior to the freeze date. In effect, they invalidated almost all the contracts. If not illegal, it is certainly a ruling that should be struck down for the sake of equity by either Presidential executive order or an act of Congress.

Most teachers are now being paid what they received during the 1970-71 school year and, in Montana, with an increase of personal State income taxes, their take-home pay is even less than last year. I do not need to spell out how this affects the members of one of our most valued professions.

Hence, while the cost of living has soared, these teachers must live on less than they did last year.

I fail to understand how any Government body can void legal and reasonable contracts signed in good faith as far back as 6 months prior to the freeze date. It goes against all sense of justice and fair play.

Americans strongly support the President's attempt to control inflation and are willing to sacrifice to help achieve that goal. However, rulings by the Cost of Living Council to deny contract benefits causes some people to do far more than their share.

I back the amendment to the Economic Stabilization Act adopted by both the House and Senate Banking and Currency Committees requiring retroactive payment of all reasonable, valid wage and salary contracts signed prior to August 15.

To do otherwise is inequitable, unjust and probably illegal. We must end it with retroactive adjustment.

#### URBAN MASS TRANSIT

(Mr. RYAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RYAN. Mr. Speaker, that our Nation's urban mass transportation systems are in dire financial straits needs no elaboration. We are all painfully aware of their fiscal plight. This plight is compounded by the fact that the backlog of applications for Federal assistance placed with the Urban Mass Transit Administration presently totals \$2.6 billion.

Yet despite the fact that the Congress has appropriated \$900 million to fund the Urban Mass Transportation Assistance Act of 1970—Public Law 91-453—for fiscal year 1972, and despite the fact that this full amount is so desperately needed, the Nixon administration intends to spend only \$600 million of this amount.

This simply will not be sufficient to meet the need.

In an effort to make the administration aware of the serious consequences of not allocating the full amount of funding, 52 Members of the House, at the request of Congressman SEYMOUR HALPERN and myself, have signed a joint letter to the President urging that the full \$900 million provided by the Congress be speedily allocated. Similar action, initiated by Senator CASE and Senator WILLIAMS, has been taken by 37 Members of the Senate.

Not only are these funds necessary, but they would be put to almost immediate use. According to the Urban Mass Transit Administration, the full appropriated amount of \$900 million can be committed between now and the end of the present fiscal year—June 30, 1972. In addition, a substantial portion of these funds can be quickly put to use on existing construction projects, thereby creating jobs in this period of high unemployment.

Mass transportation stands at a critical juncture. Without adequate Federal assistance it will be unable to fulfill its vital task. The Federal Government has made a commitment to help the thousands upon thousands of individuals residing in our metropolitan areas deal with their serious transit problems. That commitment must be met.

It is essential that the \$900 million appropriated by the Congress for that purpose be made available promptly.

At this point I include the text of the letter sent to the President:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D.C., November 12, 1971.

The PRESIDENT,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: We urge the speedy allocation of the \$900 million provided by Congress for the urban mass transit program in fiscal year 1972.

There is ample justification for committing the full amount of this appropriation. After years of neglect, the cost of revitalizing and expanding our urban and suburban transportation systems will be substantial. One striking measure of the cost of the backlog of applications for Federal assistance placed with the Urban Mass Transit Administration. It presently totals \$2.6 billion.

That the states and cities will not be able to undertake the job on their own is beyond

question. They understandably must look to the Federal Government as their principal source of financing.

Under the 1970 law, which expanded the mass transit program, it will be possible to provide \$3 billion over a five-year period to help finance mass transit improvement. However if the program is to meet the need, as well as live up to the expectation it has created, it must be adequately funded.

The Administration request for a \$600 million program level is a step in the right direction. Under this approach, \$510 million would be allocated to capital grants, the heart of any effort to replace, improve and expand local bus, rail and subway systems.

Yet we believe that at least the full \$900 million appropriated by Congress is needed. Under the Congressional figure, the allocation to capital grants will be \$810 million.

The Urban Mass Transit Administration advises that it can commit the appropriated amount between now and the end of the present fiscal year next June 30. In addition, it believes a substantial portion of the \$810 million can be put to use quickly on existing construction projects and thereby create jobs in this period of high unemployment.

Mass Transit stands at a critical juncture. Without adequate support from the federal government it surely will fail in the vital job which only it can perform.

The Federal Government has made a commitment to help the thousands upon thousands of people living in our metropolitan areas deal with their serious transportation problems. We must meet that commitment.

It is essential that the \$900 million be made available promptly.

Sincerely,

William F. Ryan, Seymour Halpern, Bella S. Abzug, Joseph Addabbo, Les Aspin, Herman Badillo, Nick Begich, John Brademas, James A. Burke, Phillip Burton, Hugh Carey, William L. Clay, James C. Corman, John Conyers, Jr., Ronald V. Dellums, Frank E. Denholm, Harold Donohue, Robert Drinan, Joshua Elberg, Dante B. Fascell, Donald M. Fraser, Bill Frenzel, Cornelius E. Gallagher, Ella Grasso, Michael Harrington, Augustus Hawkins, Henry Heinstroski, Louise Day Hicks, Edward I. Koch, Spark Matsunaga, Abner J. Mikva, George P. Miller, Parren T. Mitchell, William S. Moorhead, Robert N. C. Nix, Claude Pepper, Bertram Podell, Charles B. Rangel, Thomas M. Rees, Peter W. Rodino, Jr., Robert Roe, Fred B. Rooney, Benjamin Rosenthal, Fernand St Germain, Paul S. Sarbanes, James Scheuer, Louis Stokes, Samuel Stratton, James W. Symington, Robert O. Tiernan, Charles Wilson, Lester L. Wolff.

#### TAKE PRIDE IN AMERICA

(Mr. MILLER of Ohio asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MILLER of Ohio. Mr. Speaker, today we should take note of America's great accomplishments and in so doing renew our faith and confidence in ourselves as individuals and as a nation. Pride in our Nation is reflected at the highest echelons of Government.

Consider these remarks of President Nixon:

Let us tell young Americans, all Americans, that we should love America. But let us love her not because she is rich and not because she is strong, but because America is a good country and we are going to make her better.

### THE HUMAN SIDE OF STRIP MINING

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HECHLER of West Virginia, Mr. Speaker, there follows a statement delivered November 16, 1971:

STATEMENT OF REPRESENTATIVE KEN HECHLER, DEMOCRAT, OF WEST VIRGINIA, ACCOMPANIED BY IVAN R. WHITE, OF MADISON, W. VA., RETIRED COAL MINER AND MEMBER OF WEST VIRGINIA HOUSE OF DELEGATES. SENATE SUB-COMMITTEE ON MINERALS, MATERIALS, AND FUELS.

S. 1498, which I endorse, provides that the strip mining of coal is to be phased out six months after the enactment of the bill and includes a number of environmental safeguards covering the underground mining of coal.

Up until recently, most people have thought of strip mining as being a peculiarly Appalachian problem. Representing the largest coal-producing state in the nation, I can testify that strip mining has ripped the guts out of our mountains, polluted our streams with acid and silt, uprooted our trees and forests, devastated the land, seriously disturbed or destroyed wildlife habitat, left miles of ugly highwalls, ruined the water supply in many areas, and left a trail of utter despair for many honest and hard-working people.

Now strip mining is a national problem, with the land being ripped up and stripable reserves available in 28 states. The members of this subcommittee should visit stripped areas, and not only those where they are led to showcase reclamation projects where great sums of money have been spent to prove a point not generally applicable, or where reclamation has been carried out on strip-mined areas which used some of the older, smaller machinery to mine. This committee is well-acquainted with the damages caused by clear-cutting, and all you have to do is to multiply these environmental damages many times to get a concept of the devastation caused by strip mining.

This committee deserves the thanks of millions of Americans who share with pride the vast domain of our public lands. It is critical that this committee move quickly and decisively to protect America's public lands against the Damoclean sword of strip mining poised above them, ready to gouge, rip, tear and decapitate. Nearly one million acres of public and Indian coal lands in the west are already leased. The Bureau of Land Management indicates that there was a 50 percent increase in coal prospecting permits on Federal lands in the fiscal year ending July, 1970. In that year, strip coal prospecting permits hit 733,576 acres. In the same period, the Bureau of Indian Affairs issued coal exploration prospecting permits on 500,000 additional acres—which was precisely 500,000 acres more than the prior year.

As guardians of the public lands, this committee will, I trust, look seriously into these ominous developments. What belongs to all the people must be preserved for the people.

There is heavy pressure to expand the practice of strip mining into western lands. I hope that the members of this committee representing western states will take a sober look at what strip mining has already done to Appalachia before you eagerly embrace the systematic destruction of your own land, streams, and forests.

The arguments of economics are constantly being thrown back at those of us who are determined to stop this self-destructive hara-kiri. In West Virginia and throughout the Appalachian area, we are told that strip mining means jobs, profits, payrolls and taxes, so why destroy an industry to please some na-

ture nuts? It is true that we need jobs, and people have been leaving West Virginia in great numbers. If strip-mining were so healthy for West Virginia's economy, I would think more people would stay and be attracted to come into our state. As a matter of fact, of the ten West Virginia counties which had the highest production of strip-mined coal between 1960 and 1970, nine out of the ten had losses of population ranging between 6.2 percent and 29 percent—or an average loss of 17.6 percent. This is a loss of nearly three times the statewide average loss in population between 1960 and 1970 (6.2 percent.)

The jobs in strip mining are temporary jobs, for when the coal is stripped out not only are the jobs gone but the land is gone too, and this makes the entire area unattractive for the tourist. Likewise, people do not flock to live in stripped-out areas where the water is polluted and the land ruined.

In all the discussions of the economics of strip mining and the energy crisis, too little attention has been paid to the human side of the dreary tragedies in strip-mined areas.

A quarter of a mile off the road up a hollow in Fayette County, West Virginia, Mr. and Mrs. Harvey Kincaid settled, bought and paid for a nice home in a clean neighborhood. Over a period of 13 years they remodeled the house a little at a time. "Then the strippers came four years ago with their big machinery and T.N.T.," said Mrs. Kincaid. "First they send in loggers to strip all the good timber out and then they come with their bulldozers . . . When the rains come and there isn't anything to stop the drainage, the mountains slide and the spoil-banks fall down to the next highwall and so on until the whole mountain slides. There is a small creek in the hollow and when the spring rains come, its banks won't hold the water. So where does it go—into people's yards; into their wells, under and into their houses. You have rocks, coal, and a little bit of everything in your yards."

Mrs. Kincaid went on: "Then the damages comes to your house because of so much dampness. The doors won't close, the foundation sinks and cracks the walls in the house, your tile comes up off your floors, your walls mold, even the clothes in your closets. Then your children stay sick with bronchial trouble." Mr. and Mrs. Kincaid moved four miles up the road, and one month after moving into their new house the same strip-mining company started blasting away, cracking the walls and foundations.

I wish each Member of this Committee could talk with Mr. and Mrs. Kincaid personally. I wish that the Members of the Committee could also talk with the thousands of other families in 28 states where the strip mining of coal is ripping up the land.

This is a human problem. It is hurting my people, and your people. I am shocked at the weak apologies and milk-and-water solutions being seriously advanced by the Administration. How can you justify, as the Administration Bill does, a two-year period beyond the passage of Federal legislation, during which the strippers know they can continue and escalate their devastation unchecked?

A few months ago a sixteen-inch rock crashed through the home of Glen Holliday at Stotesbury, W. Va. The rock resulted from a blast from a nearby strip mining operation of Ranger Fuel Corporation of Beckley, W. Va. The rock tore a hole in the roof the size of a wash bucket, and luckily missed his five children who were in an adjoining room. "The rock must have had a lot of force to it because it came straight down through the roof and put a hole in the floor," according to Holliday. "If anyone in the family had been there it would have killed them."

The newspaper publicity made the coal

company very apologetic, and they sent a good carpenter to repair the roof. But everybody in the vicinity lives in fear of what may happen next.

In Amherstdale, W. Va., in my Congressional District, mud and rockslides come down from a hilly strip mine after almost every rain. The yards and lawns of the townspeople are coated with the gooey remains of the strip mine. I have had scores of letters from the unfortunate residents of Amherstdale, but nobody wants to offend a company which is a political power in the area. An elderly man took a short-cut through a muddy area three years ago, he got stuck, and nobody heard his cries. They found his body in the morning.

Mrs. Harold Almond of Buckhannon, W. Va., wrote me: "In a county not far from here, the mines have completely ruined the water supply and the people have become so apathetic that they just pour more Clorox in the water and go on." Mr. and Mrs. A. H. Harshbarger of Stollings, W. Va., wrote me: "Strip mining occurred up the creek several years ago. Now the bare mountainsides are left. When it rains, rocks, soil and plants wash down. They have filled up Dingess Run until it can no longer take care of the excess water which runs off the mountainsides in rainy weather. We are bothered by frequent floods since stripping was done."

A cancer of the earth is spreading across our nation. This cancer has already brought the death of mighty Appalachian mountains and rushing rivers. It has spread into the farmlands of the Midwest. It has recently attacked the ancient Indian homelands of the southwest: on the Black Mesa it is destroying the oldest area of continuous human habitation on the North American continent. Already, nearly 3,000 square miles of our land have succumbed to this cancer, along with hundreds of miles of streams and waterways. By the end of this century, unless its spread is curtailed, 10,000 square miles will be infected beyond recovery. Indeed, the U.S. Geological Survey calculates that 71 thousand square miles of our land may be torn away by this disease—the equivalent of a strip of dead tissue, 25 miles wide, stretching from coast to coast.

This cancer is strip mining for coal. It is a menacing disease—a pathology deriving from our lust for energy at the cheapest monetary cost regardless of the social cost. Strip mining only seems cheaper because the environmental costs are passed on to future generations. The agents which transmit the disease are the giant earth-moving machines developed by an onrushing technology—machines which can gouge as much as 200 cubic yards of earth and rock at a single bite. The result is to pulverize and destroy layers of earth and rock which were fashioned in geological eras longer than human history but are now being uprooted in a single generation. Watertables are destroyed, depriving the earth of its channels of nourishment. The delicate surface fabric of life-supporting earth is cast to the bottom. Deep strata of rock and shale are pulverized and exposed to the elements, where they will leach acids and toxic minerals into the surrounding streams for generations. Mountains, now unstable, crack, slip and slide. Rains wash mud, sand and toxic substances down into the streams and rivers, filling their channels and poisoning their waters. And so the disease spreads as the waters flow from the mountains toward the seas.

The ultimate victims are human beings, people who must live in relation to the land. It begins with personal tragedies such as the Kincaid family and others I have mentioned; the families who have been subjected to a hail of boulders raining down on their yards from strip mine blasting; the families I know who lost their well water when the stripping shifted the underground water-courses. From personal tragedies stripping escalates

to community tragedies. Surrounded by naked strip-mined mountains which hold no water, the silt-choked Coal River floods, periodically sending turgid waters into the living rooms of 100 homes and into the basements of uncounted others; the municipal water supply of the city of St. Albans, W. Va., is threatened as silt fills the natural reservoir which the river once provided and as the same silt carries growing quantities of bacteria into the strained treatment facilities; and, the ultimate irony, the people of Toney's Branch in Raleigh County, W. Va., planning to drive to their state capitol to protest strip mining, are locked in their own hollow when an overnight rain sends mud and rocks down from the strip mine to block their road.

The final victims of this cancer are entire political systems. As the mechanical monsters snatch jobs away from former coal miners, they also destroy the regions in which the miners live and all possibilities of alternative employment. What industry will locate next to flood-prone, silted and polluted streams? What housing can be built beneath an unstable spoil slope threatening to slide down the mountain? Who can lumber the once-rich hardwood forests where now hardly grasses and weeds can survive? What tourist will invest his vacation to inspect mountains defaced by endless highway scars and hideous rockslides? Who will hunt where there is no game, or fish in lifeless streams? And so we are seeing the growth of nothing but dismal ghost towns, whose death rattle you can hear when the strip miners scoop up their black diamonds of the soil.

As our mountains are destroyed to provide energy for your cities, our people are also forced to move to your cities to live on your welfare. The next time you figure the cost of your electricity, calculate in the cost of welfare paid to displaced mountaineers and farmers, the cost of abortive regional development programs, and the cost to future generations of the loss of great sections of our most beautiful and most productive land. Cheap power from strip mining is no bargain!

What is the cure for cancer? We passed a bill in the House yesterday, and the Senate has already acted. The cure, when it is discovered, is sure to require the removal of cancerous cells when they are found and the prevention of the rapid propagation of cancerous cells.

The Administration Bill on strip mining does not propose to remove this cancer. It merely sets up guidelines for the states. The states are required to administer the actual regulations—so the blame for the ensuing disaster can be kept a safe distance from Washington. Several Appalachian states are already administering regulations as rigorous as anything the administration proposes. The results are the natural and human disaster which is the reason for these hearings. Let us not pass law which will require us continuously to chase our tail in this manner while land and people are destroyed at an evergrowing rate.

As this Committee proceeds in its hearings it will be besieged with arguments concerning "reclamation"—a word of great promise and little substance. My colleagues on the House sub-committee gained wisdom by visiting one—and only one—reclamation site which is admittedly the most impressive in the nation: the Hanna Coal Company reclamation around Cadiz, Ohio. Here they exposed themselves only to the interpretation of the company. They returned impressed, in spite of the scars which clearly remain, in spite of the fact that only one species of grass has been induced to grow on this whole vast area of former farmland and woodland (an area uncharacteristically favorable for Ohio and Appalachia since the natural limestone neutralizes acid). They did not learn about the destruction of subterranean watercourses, changes in the surface temperature of the earth, the relative economic value and

productivity of the land since strip mining, or the effect on the county tax base. They did not discover that the same company which reclaimed here failed to reclaim strip-mined lands a few miles away. Nor did they discover the documented fact that the waters running from this unusually non-acid land, even after treatment by the company, are still highly toxic, killing fish and discouraging plant growth. And Cadiz, Ohio, may be perhaps the best example the American strip-mining industry has to offer.

Gentlemen, you must visit strip mines to know the problem you are dealing with. But do not go out as sheep to be shorn. Do not rely on the wolves to be your guides. And do not rely too heavily on state reclamation officials who must justify their existence by sugar-coating the effects of their work. Don't get locked into showcases. Pick sites which are truly characteristic of current strip mining and "reclamation" practices. Pick sites which have been thoroughly studied by independent experts—not beholden to government or industry. Several such sites, I know, have been suggested to the Committee. Take such independent experts along with you so that your eyes are opened instead of blinded. And by all means, when you visit a strip mine, arrange to talk with some of the people who live nearby—common people whose lives are rooted in the community. They will tell you the real story of strip mining.

When you visit strip mining for coal in any part of this country you will see a practice which must be stopped. Your eyes can tell you that, and the conclusions of your eyes can be reinforced by ample independent scientific data in many areas, and by the witness of local residents who live with the effects of strip mining.

What we can plainly see must be stopped. But our perception is blunted by an array of arguments concerning "reclamation." The truth is that virtually no meaningful reclamation—truly restoring the land to its original usefulness, productivity and beauty—has been attempted in this country. Even limited-purpose reclamation, such as the \$8,000 an acre spent by the State of Pennsylvania on Moraine State Park, is exorbitantly expensive. The argument about reclamation can seduce us into endless pilot projects, endless trials and endless errors, while all around the cancer is destroying the land at an ever increasing rate.

We cannot assume on the basis of vague and untested promises and theories, that a cumbersome and expensive regulatory bureaucracy, whether Federal or State, can wave magic wands and restore stripped lands to usefulness. We should not prescribe pain-killers for cancer. We must stop the spread of the cancer.

The coal reserves of this country are abundant for the foreseeable future needs of our society. It is our one truly abundant mineral resource. Most of this coal can only be deep mined, and that which can be deep mined can supply all our expanding needs for centuries. In Boone County, W. Va., alone, just a small segment of one coalfield, there are 4.6 billion tons of coal recoverable by present technology—enough to supply our whole nation for seven years. Of this coal, only 310 million tons, less than 7% of these reserves, can be recovered by the strip mining which is spreading rapidly throughout the county. To strip mine all this coal, 80% of the land area of mountainous Boone County would be destroyed—80% of the land destroyed to obtain 7% of the coal. Who will be able to live there to mine the rest? It makes no sense.

Great sums of money have already been invested in strip mining for coal. Fortunately, most of this investment is currently in areas and in equivalent which could survive the conversion back to deep mining. The base facilities for cleaning and loading coal, the

largest part of the investment, can be used just as well for deep mining on the same sites in most parts of Appalachia and in some other areas. Most of the earth moving equipment, except for the largest shovels, can be used for road construction. Most of the employees, likewise, are skilled in trades for which there is demand in other industries.

But this situation is rapidly changing for the worse. Already in the Southwest hundreds of millions of dollars of private and public capital have been invested in strip mines and companion power generating facilities around "Four Corners." Much of this investment is directly dependent upon strip mining. The loss of this may seem great, but it is dwarfed by the possibilities of the decade ahead. As this Committee is already becoming aware, vast multimillion dollar complexes for power generation and for coal gasification are being planned on the economic presumption of unlimited quantities of strip-mined coal at prices so cheap that they preclude even token reclamation. The whole American energy complex is lusty after the mountains and plains of the Northwest and their stippable resources. Once this investment is in place, and the subsequent environmental and social disaster creates a new Appalachia on a vaster scale, who then will have the courage to shut down the plants?

The time to act is now. The time to end strip mining for coal is now, when the temporary job losses in most areas can be offset even in the short term by economic and social gains for the surrounding communities. Imagine the upheaval a decade from now if the law passed by this Congress proves to be insufficient.

We must not temporize with the cancer of the land. We cannot afford to be duped by quacks who prescribe pills, palliatives and pain killers. We must have the courage to recognize the severity of this disease, and proceed immediately to save our land and our people from this deadly scourge.

#### RECESS

**THE SPEAKER.** Pursuant to a previous order of the House, the House will stand in recess subject to the call of the Chair; and the bells will be rung 5 minutes prior to the reassembling of the House.

Accordingly (at 2 o'clock and 27 minutes p.m.) the House stood in recess subject to the call of the Chair.

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 3 o'clock and 2 minutes p.m.

#### FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with amendment in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

**H. Con. Res. 466.** Concurrent resolution providing for an adjournment of the House from November 19, to November 29, 1971.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

**S. 1938.** An act to amend certain provisions of subtitle II of title 28, District of Columbia Code, relating to interest and usury.

CONFERENCE REPORT ON S. 1483,  
FARM CREDIT ACT OF 1971

Mr. McMILLAN, on behalf of Mr. POAGE, filed the following conference report and statement on the bill (S. 1483) to further provide for the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, and to associations and other entities upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and consolidate existing farm credit law to meet current and future rural credit needs, and for other purposes:

## CONFERENCE REPORT (H. REPT. No. 92-679)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1483), to further provide for the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, and to associations and other entities upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and consolidate existing farm credit law to meet current and future rural credit needs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

That this Act may be cited as the "Farm Credit Act of 1971".

## POLICY AND OBJECTIVES

SEC. 1.1 (a) It is declared to be the policy of the Congress, recognizing that a prosperous, productive agriculture is essential to a free nation and recognizing the growing need for credit in rural areas, that the farmer-owned cooperative Farm Credit System be designed to accomplish the objective of improving the income and well-being of American farmers and ranchers by furnishing sound, adequate, and constructive credit and closely related services to them, their cooperatives, and to selected farm-related businesses necessary for efficient farm operations.

(b) It is the objective of this Act to continue to encourage farmer- and rancher-borrowers participation in the management, control, and ownership of a permanent system of credit for agriculture which will be responsive to the credit needs of all types of agricultural producers having a basis for credit, and to modernize and improve the authorizations and means for furnishing such credit and credit for housing in rural areas made available through the institutions constituting the Farm Credit System as herein provided.

SEC. 1.2. THE FARM CREDIT SYSTEM.—The Farm Credit System shall include the Federal land banks, the Federal land bank associations, the Federal intermediate credit banks, the production credit associations, the banks for cooperatives, and such other institutions as may be made a part of the System, all of which shall be chartered by and subject to the supervision of the Farm Credit Administration.

## TITLE I—FEDERAL LAND BANKS AND ASSOCIATIONS

## PART A—FEDERAL LAND BANKS

SEC. 1.3. ESTABLISHMENT; TITLE; BRANCHES.—The Federal land banks established pursuant to section 4 of the Federal

Farm Loan Act, as amended, shall continue as federally chartered instrumentalities of the United States. Their charters or organization certificates may be modified from time to time by the Farm Credit Administration, not inconsistent with the provisions of this title, as may be necessary or expedient to implement this Act. Unless an existing Federal land bank is merged with one or more other such banks under section 4.10 of this Act, there shall be a Federal land bank in each farm credit district. It may include in its title the name of the city in which it is located or other geographical designation. When authorized by the Farm Credit Administration, it may establish such branches or other offices as may be appropriate for the effective operation of its business.

SEC. 1.4. CORPORATE EXISTENCE; GENERAL CORPORATE POWERS.—Each Federal land bank shall be a body corporate and, subject to supervision by the Farm Credit Administration, shall have power to—

(1) Adopt and use a corporate seal.  
(2) Have succession until dissolved under the provisions of this Act or other Act of Congress.

(3) Make contracts.  
(4) Sue and be sued.  
(5) Acquire, hold, dispose, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to its business.

(6) Make loans and commitments for credit, accept advance payments, and provide services and other assistance as authorized in this Act, and charge fees therefor.

(7) Operate under the direction of its board of directors.

(8) Elect by its board of directors a president, and vice president, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, including joint employees as provided in this Act, define their duties, and require surety bonds or make other provisions against losses occasioned by employees.

(9) Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers, employees, and agents are elected or provided for; its property acquired, held, and transferred; its loans and appraisals made; its general business conducted; and the privileges granted it by law exercised and enjoyed.

(10) Borrow money and issue notes, bonds, debentures, or other obligations individually, or in concert with one or more other banks of the System, of such character, terms, conditions, and rates of interest as may be determined.

(11) Accept deposits of securities or of current funds from its Federal land bank associations and pay interest on such funds.

(12) Participate with one or more other Federal land banks in loans under this title on such terms as may be agreed upon among such banks.

(13) Approve the salary scale of the officers and employees of the Federal land bank associations and the appointment and compensation of the chief executive officer thereof and supervise the exercise by such associations of the functions vested in or delegated to them.

(14) Deposit its securities and its current funds with any member bank of the Federal Reserve System and pay fees therefor and receive interest thereon as may be agreed. When designated for that purpose by the Secretary of the Treasury, it shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; may be employed as a fiscal agent of the Government, and shall perform all such reasonable duties as a depository of public money or financial agent of the Government as may be required of it. No Government funds deposited under the provisions of this

subsection shall be invested in loans or bonds or other obligations of the bank.

(15) Buy and sell obligations of or insured by the United States or of any agency thereof, or securities backed by the full faith and credit of any such agency, and make such other investments as may be authorized by the Farm Credit Administration.

(16) Conduct studies and make and adopt standards for lending.

(17) Delegate to Federal land bank associations such functions rested in or delegated to the bank as it may determine.

(18) Amend and modify loan contracts, documents, and payment schedules, and release, subordinate, or substitute security for any of them.

(19) Perform any function delegated to it by the Farm Credit Administration.

(20) Require Federal land bank associations to endorse notes and other obligations of its members to the bank.

(21) Exercise by its board of directors or authorized officers, employees, or agents all such incidental powers as may be necessary or expedient to carry on the business of the bank.

SEC. 1.5. LAND BANK STOCK; VALUE; SHARES; VOTING; DIVIDENDS.—(a) The capital stock of each Federal land bank shall be divided into shares of par value of \$5 each, and may be of such classes as its board of directors may determine with the approval of the Farm Credit Administration.

(b) Voting stock of each bank shall be held only by the Federal land bank associations and direct borrowers and borrowers through agents who are farmers or ranchers, which stock shall not be transferred, pledged, or hypothecated except as authorized pursuant to this Act.

(c) The board of each bank shall from time to time authorize the issue or increase of its capital stock necessary to permit the issuance of additional shares to the Federal land bank associations so that members of such associations purchasing stock or participation certificates therein may be eligible for loans from the bank.

(d) Nonvoting stock may be issued to the Governor of the Farm Credit Administration, and may also be issued to Federal land bank associations in amounts which will permit the bank to extend financial assistance to eligible persons other than farmers or ranchers. Participation certificates with a face value of \$5 each may be issued in lieu of nonvoting stock when the bylaws of the bank so provide.

(e) Dividends shall not be payable on any stock held by the Governor of the Farm Credit Administration. Non-cumulative dividends may be payable on other stock and participation certificates of the bank. The rate of dividends may be different between different classes and issues of stock and participation certificates on the basis of the comparative contributions of the holders thereof to the capital or earnings of the bank by such classes and issues, but otherwise dividends shall be without preference.

SEC. 1.6. REAL ESTATE MORTGAGE LOANS.—The Federal land banks are authorized to make long-term real estate mortgage loans in rural areas, as defined by the Farm Credit Administration, and continuing commitments to make such loans under specified circumstances, or extend other financial assistance of a similar nature to eligible borrowers, for a term of not less than five nor more than forty years.

SEC. 1.7. INTEREST RATES AND OTHER CHARGES.—Loans made by a Federal land bank shall bear interest at a rate of rates, and on such terms and conditions, as may be determined by the board of directors of the bank from time to time, with the approval of the Farm Credit Administration. In setting rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers at the lowest reasonable costs on a sound business basis taking

into account the cost of money to the bank, necessary reserve and expenses of the banks and Federal land bank associations, and providing services to stockholders and members. The loan documents may provide for the interest rate or rates to vary from time to time during the repayment period of the loan, in accordance with the rate or rates currently being charged by the bank.

SEC. 1.8. ELIGIBILITY.—The services authorized in this title may be made available to persons who are or become stockholders or members in the Federal land bank associations and are (1) bona fide farmers and ranchers, (2) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs or (3) owners of rural homes.

SEC. 1.9. SECURITY.—Loans shall not exceed 85 per centum of the appraised value of the real estate security, and shall be secured by first liens on interest in real estate of such classes as may be approved by the Farm Credit Administration. The value of security shall be determined by appraisal under appraisal standards prescribed by the bank and approved by the Farm Credit Administration, to adequately secure the loan. However, additional security may be required to supplement real estate security, and credit factors other than the ratio between the amount of the loan and the security value shall be given due consideration.

SEC. 1.10. PURPOSES.—Loans made by the Federal land banks to farmers and ranchers may be for any agricultural purpose and other credit needs of the applicant. Loans may also be made to rural residents for rural housing financing under regulations of the Farm Credit Administration. Rural housing financed under this title shall be for single-family, moderate-priced dwellings and their appurtenances not inconsistent with the general quality and standards of housing existing in, planned or recommended for the rural area where it is located: *Provided, however, That a Federal land bank may not at any one time have a total of loans outstanding for such rural housing to persons other than farmers or ranchers in amounts exceeding 15 per centum of the total of all loans outstanding in such bank: Provided further, That for rural housing purposes under this section the term "rural areas" shall not be defined to include any city or village having a population in excess of 2,500 inhabitants. Loans to persons furnishing farm-related services to farmers and ranchers directly related to their on-farm operating needs may be made for the necessary capital structures and equipment and initial working capital for such services. The banks may own and lease, or lease with option to purchase, to persons eligible for assistance under this title, facilities needed in the operations of such persons.*

SEC. 1.11. SERVICES RELATED TO BORROWERS' OPERATIONS.—The Federal land banks may provide technical assistance to borrowers, members, and applicants and may make available to them at their option such financial related services appropriate to their on-farm operations as determined to be feasible by the board of directors of each district bank, under regulations of the Farm Credit Administration.

SEC. 1.12. LOANS THROUGH ASSOCIATIONS OR AGENTS.—(a) The Federal land banks shall, except as otherwise herein provided, make loans through a Federal land bank association serving the territory in which the real estate offered by the applicant is located. If there is no active association chartered for the territory where the real estate is located, or if the association has been declared insolvent, the bank may make the loan through another such association, directly, or through such bank or trust company or savings or other financial institution as it may designate. When the loan is not made through a Federal land bank association, the applicant

shall purchase stock in the bank in an amount not less than \$5 nor more than \$10 for each \$100 of the loan and the loan shall be made on such terms and conditions as the bank shall prescribe.

#### PART B—FEDERAL LAND BANK ASSOCIATIONS

SEC. 1.13. ORGANIZATIONS; ARTICLES; CHARTERS; POWERS OF THE GOVERNOR.—Each Federal land bank association chartered under section 7 of the Federal Farm Loan Act, as amended, shall continue as a federally chartered instrumentality of the United States. A Federal land bank association may be organized by any group of ten or more persons desiring to borrow money from a Federal land bank, including persons to whom the Federal land bank has made a loan directly or through an agent and has taken as security real estate located in the territory proposed to be served by the association. The articles of association shall describe the territory within which the association proposes to carry on its operations. Proposed articles shall be forwarded to the Federal land bank for the district, accompanied by an agreement to subscribe on behalf of the association for stock of the land bank equal to not less than \$5 nor more than \$10 per \$100 of the amount of the aggregate loans desired or held by the association members. Such stock may be paid for by surrendering for cancellation stock in the bank held by a borrower and the issuance of an equivalent amount of stock to such borrower in the association. The articles shall be accompanied by a statement signed by each of the members of the proposed association establishing his eligibility for, and that he has or desires a Federal land bank loan; that the real estate with respect to which he desires a loan is not being served by another Federal land bank association; and that he is or will become a stockholder in the proposed association. A copy of the articles of association shall be forwarded to the Governor of the Farm Credit Administration with the recommendations of the bank concerning the need for the proposed association in order to adequately serve the credit needs of eligible persons in the proposed territory and a statement as to whether or not the territory includes any territory described in the charter of another Federal land bank association. The Governor for good cause shown may deny the charter applied for. Upon the approval of the proposed articles by the Governor and the issuance of such charter, the association shall become as of such date a federally chartered body corporate and an instrumentality of the United States. The Governor shall have power, in the terms of the charter, under rules and regulations prescribed by him or by approving bylaws of the association, to provide for the organization of the association, the initial amount of stock of such association, the territory within which its operations may be carried on and to direct at any time changes in the charter of such association as he finds necessary in accomplishing the purposes of this Act.

SEC. 1.14. BOARD OF DIRECTORS.—Each Federal land bank association shall elect from its voting shareholders a board of directors of such number, for such terms, in such manner, and with such qualifications as may be required by its bylaws.

SEC. 1.15. GENERAL CORPORATE POWERS.—Each Federal land bank association shall be a body corporate and, subject to supervision of the Federal land bank of the district and of the Farm Credit Administration, shall have the power to—

- (1) Adopt and use a corporate seal.
- (2) Have succession until dissolved under the provisions of this Act or other Act of Congress.
- (3) Make contracts.
- (4) Sue and be sued.
- (5) Acquire, hold, dispose, and otherwise exercise all of the usual incidents of owner-

ship of real estate and personal property necessary or convenient to its business.

(6) Operate under the direction of its board of directors in accordance with this Act.

(7) Elect by its board of directors a manager or other chief executive officer, and provide for such other officers or employees as may be necessary, including joint employees as provided in this Act; define their duties; and require surety bonds or make other provision against losses occasioned by employees. No director shall, within one year after the date when he ceases to be a member of the board, be elected or designated a salaried employee of the association on the board of which he served.

(8) Prescribe by its board of directors its bylaws, not inconsistent with law, providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers and employees elected or provided for; its property acquired, held, and transferred; its general business conducted; and privileges granted it by law exercised and enjoyed.

(9) Accept applications for Federal land bank loans and receive from such bank and disburse to the borrowers the proceeds of such loans.

(10) Subscribe to stock of the Federal land bank of the district.

(11) Elect by its board of directors a loan committee with power to elect applicants for membership in the association and recommend loans to the Federal land bank, or with the approval of the Federal land bank, delegate the election of applicants for membership and the approval of loans within specified limits to other committees or to authorized employees of the association.

(12) Upon agreement with the bank, take such additional actions with respect to applications and loans and perform such functions as are vested by law in or delegated to the Federal land banks as may be agreed to or delegated to the association.

(13) Endorse and shall become liable to the bank on loans it makes to association members.

(14) Receive such compensation and deduct such sums from loan proceeds with respect to each loan as may be agreed between the association and the bank and may make such other charges for services as may be approved by the bank.

(15) Provide technical assistance to members, borrowers, applicants, and other eligible persons and make available to them, at their option, such financial related services appropriate to their operations as it determines, with Federal land bank approval, are feasible, under regulations of the Farm Credit Administration.

(16) Borrow money from the bank and, with the approval of such bank, borrow from and issue its notes or other obligations to any commercial bank or other financial institutions.

(17) Buy and sell obligations of or insured by the United States or any agency thereof or of any banks of the Farm Credit System.

(18) Invest its funds in such obligations as may be authorized in regulations of the Farm Credit Administration and approved by the bank and deposit its securities and current funds with any member bank of the Federal Reserve System, with the Federal land bank, or with any bank insured by the Federal Deposit Insurance Corporation, and pay fees therefor and receive interest thereon as may be agreed.

(19) Perform such other function delegated it by the Federal land bank of the district.

(20) Exercise by its board of directors or authorized officers or agents all such incidental powers as may be necessary or expedient in the conduct of its business.

SEC. 1.16. ASSOCIATION STOCK; VALUE OF SHARES; VOTING.—(a) The shares of stock in each Federal land bank association shall

have a par value of \$5 each. No person but borrowers from the bank shall become members and stockholders of the association. If an application for membership is approved and if the applied-for loan is granted, the member of the association shall subscribe to stock in the association in an amount not less than 5 per centum nor more than 10 per centum of the face amount of the loan as determined by the bank. Stock shall be paid for in cash by the time the loan is closed. The association shall then purchase a similar amount of stock in the land bank. Stock shall be retired and paid at fair book value not to exceed par, as determined by the association, upon the full repayment of the loan and if the loan is in default may be canceled for application on the loan, or under other circumstances, for other disposition, when approved by the bank. The aggregate capital stock of each association shall be increased from time to time as necessary to permit the securing of requested loans from the bank for the association's members.

(b) The stock issued by an association may be voting stock or nonvoting stock of such classes as the association determines with the approval of the bank under regulations prescribed by the Farm Credit Administration. Each holder of voting stock shall be entitled to only one vote, and no more, in the election of directors and in deciding questions at meetings of stockholders. Participation certificates may be issued in lieu of nonvoting stock when the bylaws of the association so provide.

**PART C—PROVISIONS APPLICABLE TO FEDERAL LAND BANKS AND FEDERAL LAND BANK ASSOCIATIONS**

**SEC. 1.17. LAND BANK RESERVES; DIVIDENDS.**—(a) Each Federal land bank shall, at the end of each fiscal year, carry to reserve account a sum of not less than 50 per centum of its net earnings for the year until said reserve account shall be equal to the end of such year, after restoring and impairment thereof, to the outstanding capital stock and participation certificates of the bank. Thereafter, a sum equal to 10 per centum of the year's net earnings shall be added to the reserve account until the account shall be equal to 150 per centum of the outstanding capital stock and participation certificates of the bank. Any amounts added to the reserve account in excess of 150 per centum of the outstanding capital stock and participation certificates may be withdrawn from such reserves with the approval of the Farm Credit Administration.

(b) Any bank may declare a dividend or dividends out of the whole or any part of net earnings which remain after (1) the maintenance of the reserve as required in subsection (a) hereof, (2) the payment of the franchise tax as required by section 4.0 for any year in which any stock in the bank is held by the Governor of the Farm Credit Administration, and (3) with approval of the Farm Credit Administration.

**SEC. 1.18. ASSOCIATION RESERVES; DIVIDENDS.**—(a) Each Federal land bank association shall, out of its net earnings at the end of each fiscal year, carry to reserve account a sum not less than 10 per centum of such earnings until the reserve account shall equal 25 per centum of the outstanding capital stock and participation certificates of such association after restoring any impairment thereof. Thereafter, 5 per centum of the net earnings for the year shall be added to such reserve account until it shall equal 50 per centum of the outstanding capital stock and participation certificates of the association. Any amounts in the reserve account in excess of 50 per centum of the outstanding capital stock and participation certificates may be withdrawn with the approval of the Federal land bank.

(b) Any association may declare a dividend or dividends out of the whole or any part of its net earnings which remain after (1)

maintenance of the reserve required in subsection (a) hereof and (2) bank approval.

(c) Whenever any association is liquidated, a sum equal to its reserve account as required in this Act shall be paid and become the property of the bank in which such association is a shareholder.

**SEC. 1.19. AGREEMENTS FOR SHARING GAINS OR LOSSES.**—Each Federal land bank may enter into agreements with Federal land bank associations in its district for sharing the gain or losses on loans or on security held therefor or acquired in liquidation thereof, and associations are authorized to enter into any such agreements and also, subject to bank approval, agreements with other associations in the district for sharing the risk of loss on loans endorsed by each such association.

**SEC. 1.20. LIENS ON STOCK.**—Each Federal land bank and each Federal land bank association shall have a first lien on the stock and participation certificates it issues, except on stock held by the Governor of the Farm Credit Administration, for the payment of any liability of the stockholder to the association or to the bank, or to both of them.

**SEC. 1.21. TAXATION.**—Every Federal land bank and every Federal land bank association and the capital, reserves, and surplus thereof, and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation, except taxes on real estate held by a Federal land bank or a Federal land bank association to the same extent, according to its value, as other similar property held by other persons is taxed. The mortgages held by the Federal land banks and the notes, bonds, debentures, and other obligations issued by the banks or associations shall be deemed and held to be instrumentalities of the Government of the United States and, as such, they and the income therefrom shall be exempt from all Federal, State, municipal, and local taxation, other than Federal income tax liability of the holder thereof under the Public Debt Act of 1941 (31 U.S.C. 742(a)).

**TITLE II—FEDERAL INTERMEDIATE CREDIT BANKS AND PRODUCTION CREDIT ASSOCIATIONS**

**PART A—FEDERAL INTERMEDIATE CREDIT BANKS**

**SEC. 2.0. ESTABLISHMENT; BRANCHES.**—The Federal intermediate credit banks established pursuant to section 201(a) of the Federal Farm Loan Act, as amended, shall continue as federally chartered instrumentalities of the United States. Their charters or organization certificates may be modified from time to time by the Farm Credit Administration not inconsistent with the provisions of this title as may be necessary or expedient to implement this Act. Unless an existing Federal intermediate credit bank is merged with one or more other such banks under section 4.10 of this Act, there shall be a Federal intermediate credit bank in each farm credit district. It may include in its title the name of the city in which it is located or other geographical designation. When authorized by the Farm Credit Administration, it may establish such branches or other offices as may be appropriate for the effective operation of its business.

**SEC. 2.1. CORPORATE EXISTENCE; GENERAL CORPORATE POWERS.**—Each Federal intermediate credit bank shall be a body corporate and, subject to supervision of the Farm Credit Administration, shall have power to—

- (1) Adopt and use a corporate seal.
- (2) Have succession until dissolved under the provisions of this Act or other Act of Congress.
- (3) Make contracts.
- (4) Sue and be sued.
- (5) Acquire, hold, dispose, and otherwise exercise all of the incidents of ownership of real and personal property necessary or convenient to its business.
- (6) Make and discount loans and commit-

ments for credit, and provide services and other assistance as authorized in this Act, and charge fees therefor.

(7) Operate under the direction of its board of directors.

(8) Elect by its board of directors a president, any vice president, a secretary, and a treasurer, and provide for such other officers, employees, and agents as may be necessary, including joint employees as provided in this Act; define their duties and require surety bonds or make other provision against losses occasioned by employees.

(9) Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers, employees, and agents elected or provided for; its property acquired, held, and transferred; its loans and discounts made; its general business conducted; and the privileges granted it by law exercised and enjoyed.

(10) Borrow money and issue notes, bonds, debentures, or other obligations individually, or in concert with one or more other banks of the System, of such character, and such terms, conditions, and rates of interest as may be determined.

(11) Purchase nonvoting stock in or pay in surplus to, and accept deposits of securities or of current funds from production credit associations holding its shares and pay interest upon such funds.

(12) Deposit its securities and its current funds with any member bank of the Federal Reserve System, and pay fees therefor and receive interest thereon as may be agreed. When designated for that purpose by the Secretary of the Treasury, it shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; may be employed as a fiscal agent of the Government, and shall perform all such reasonable duties as a depository of public money or financial agent of the Government as may be required of it. No Government funds deposited under the provisions of this subsection shall be invested in loans or bonds or other obligations of the bank.

(13) Buy and sell obligations of or insured by the United States or any agency thereof, or securities backed by the full faith and credit of any such agency and make such other investments as may be authorized by the Farm Credit Administration.

(14) Delegate to the production credit associations such functions vested in or delegated to the intermediate credit bank as it may determine.

(15) Approve the salary scale of the officers and employees of the association and the appointment and compensation of the chief executive officer thereof and supervise the exercise by the production credit associations of the functions vested in or delegated to them.

(16) Amend and modify loan contracts, documents, payment schedules, and release, subordinate, or substitute security for any of them.

(17) Conduct studies and make and adopt standards for lending.

(18) Enter into loss sharing agreements with other Federal intermediate credit banks and production credit associations.

(19) Exercise by its board of directors or authorized officers, employees, or agents all such incidental powers as may be necessary or expedient to carry on the business of the bank.

(20) Participate with one or more other Federal intermediate credit banks or production credit associations in the district, in loans under this title on such terms as may be agreed upon among such banks and associations.

(21) Perform any function delegated to it by the Farm Credit Administration.

**SEC. 2.2. FEDERAL INTERMEDIATE CREDIT BANK**

**STOCK; VALUE; DIVIDENDS; ADDITIONAL STOCK; RETIREMENT.**—(a) The capital stock of each Federal intermediate credit bank shall be divided into shares of par value of \$5 each and may be of such classes as its board of directors may determine with the approval of the Farm Credit Administration.

(b) Voting stock of each bank shall be held only by the production credit associations which stock shall not be transferred, pledged, or hypothecated except as provided in this title or as authorized under regulations of the Farm Credit Administration.

(c) The Board of each bank shall from time to time increase its capital stock to permit the issuance of additional shares to production credit associations in such amounts as shall be determined by the board.

(d) Nonvoting stock may be issued to the Governor of the Farm Credit Administration. Nonvoting stock may also be issued to production credit associations in such amounts as will permit the association to extend financial assistance to eligible persons other than farmers, ranchers, and producers or harvester of aquatic products. Participation certificates, with a face value of \$5, may be issued in lieu of such nonvoting stock when the bylaws of the bank so provide.

(e) Participation certificates also may be issued by a bank to financing institutions other than production credit associations which are eligible to borrow from or discount eligible paper with the bank.

(f) Dividends shall not be payable on any stock held by the Governor of the Farm Credit Administration other than the tax imposed by section 4.0(c) but noncumulative dividends may be payable on other capital and participation certificates in an amount not to exceed a per centum permitted under regulations of the Farm Credit Administration, in any year as determined by the board of directors. Such dividends may be in the form of stock and participation certificates or, when the Governor of the Farm Credit Administration holds no stock in the bank, in cash. The rate of dividends may be different between different classes and issues of stock and participation certificates on the basis of the comparative contributions of the holders thereof to the capital or earnings of the bank by such classes and issues, but otherwise dividends shall be without preference.

(g) Each Federal intermediate credit bank, with the approval of the Farm Credit Administration, may determine the amount of the initial or additional stock in the bank to be subscribed for by the production credit associations in the farm credit district served by the bank in order to provide capital to meet the credit needs of the bank. The amount so determined shall be allotted among the associations in the district upon such basis that, as nearly as may be practicable, the sum of the stock already owned and the additional amount to be subscribed for by each association will be in the same proportion to the total amount of stock already owned and to be subscribed for by all of the associations in the district that the average indebtedness (loans and discounts) of each association to the bank during the immediately preceding three fiscal years is of the average of such indebtedness of all associations to the bank during such three-year period. Each association shall subscribe for stock in the bank in the amount so allotted to it. Such subscriptions shall be subject to call and payment therefore shall be made at such times and in such amounts as may be determined by the bank.

Whenever the relative amounts of stock in a bank owned by the associations differ substantially from the proportion indicated in the preceding paragraph, and additional subscriptions to stock through which such proportion could be reestablished are not contemplated, the bank, with approval of

the Farm Credit Administration, may direct either separately or in combination such transfers, retirements, and reissuance of outstanding stock among the associations as will reestablish the aforesaid proportion as nearly as may be practicable. Outstanding stock which is retired for this purpose, except as otherwise approved by the Farm Credit Administration, shall be the oldest stock held by the association and the bank shall pay the association therefor at the fair book value thereof not exceeding par.

The banks may issue further amounts of participation certificates with the same rights, privileges, and conditions, for purchase by institutions other than production credit associations which are entitled to receive participation certificates from the bank as patronage refunds. Participation certificates held by other financing institutions may be transferred to other such institutions upon request of, or with the approval of the bank.

After all stock held by the Governor of the Farm Credit Administration has been retired, the bank may retire other stock at par and participation certificates at face amount under regulations of the Farm Credit Administration. Such other stock and participation certificates shall be retired without preference and in such manner that, unless otherwise approved by Farm Credit Administration, the oldest outstanding stock or certificates at any given time will be retired first. In case of liquidation or dissolution of any production credit association or other financing institution, the stock or participation certificates of the bank owned by such association or institution may be retired by the bank at the fair book value thereof, not exceeding par or face amount, as the case may be.

(h) Except with regard to stock held by the Governor, each Federal intermediate credit bank shall have a first lien on all stock and participation certificates it issues and on all allocated reserves and other equities for any indebtedness of the holder of such capital investments to the bank.

(i) In any case where the debt of a production credit association or other financing institution is in default, the bank may retire all or part of the capital investments in the bank held by such debtor at the fair book value thereof, not exceeding par or face amount as the case may be, in total or partial liquidation of the debt.

**SEC. 2.3. LOANS; DISCOUNTS; PARTICIPATION; LEASING.**—(a) The Federal intermediate credit banks are authorized to make loans and extend other similar financial assistance to and discount for, or purchase from, any production credit association with its endorsement or guaranty, any note, draft, or other obligation presented by such association, and to participate with such association and one or more intermediate credit banks in the making of loans to eligible borrowers, all the foregoing to be secured by such collateral, if any, as may be required in regulations of the Farm Credit Administration. The banks may own and lease or lease with option to purchase, to persons eligible for assistance under this title, equipment needed in the operations of such persons.

(b) The Federal intermediate credit banks are authorized to discount for, or purchase from, any national bank, State bank, trust company, agricultural credit corporation, incorporated livestock loan company, savings institution, credit union, and any association of agricultural producers engaged in the making of loans to farmers and ranchers, with its endorsement or guaranty, any note, draft, or other obligation the proceeds of which have been advanced or used in the first instance for any agricultural purpose, including the breeding, raising, fattening, or marketing of livestock; and to make loans and advances to any such financing institution secured by such collateral as may be

approved by the Farm Credit Administration: *Provided*, That no such loan or advance shall be made upon the security of collateral other than notes or other such obligations of farmers and ranchers eligible for discount or purchase under the provisions of this section, unless such loan or advance is made to enable the financing institution to make or carry loans for any agricultural purpose.

(c) No paper shall be purchased from or discounted for any national bank, State bank, trust company or savings institution under subsection (b) if the amount of such paper added to the aggregate liabilities of such national bank, State bank, trust company or savings institution, whether direct or contingent (other than bona fide deposit liabilities), exceeds the lower of the amount of such liabilities permitted under the laws of the jurisdiction creating the same, or twice the paid-in and unimpaired capital and surplus of such national bank, State bank, trust company, or savings institution. No paper shall under this section be purchased from or discounted for any other corporation engaged in making loans for agricultural purposes including the raising, breeding, fattening, or marketing of livestock, if the amount of such paper added to the aggregate liabilities of such corporation exceeds the lower of the amount of such liabilities permitted under the laws of the jurisdiction creating the same, or ten times the paid-in and unimpaired capital and surplus of such corporation. It shall be unlawful for any national bank which is indebted to any Federal intermediate credit bank, upon paper discounted or purchased under subsection (b), to incur any additional indebtedness, if by virtue of such additional indebtedness its aggregate liabilities direct or contingent, will exceed the limitations here in contained.

**SEC. 2.4. TERMS.**—Loans, advances, or discounts made under section 2.3 shall be repayable in not more than seven years from the time they are made or discounted by the Federal intermediate credit bank, and shall bear such rate or rates of interest or discount as the board of directors of the bank shall from time to time determine with the approval of the Farm Credit Administration, but the rates charged financing institutions other than production credit associations shall be the same as those charged production credit associations. In setting the rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers, at the lowest reasonable costs on a sound business basis taking into account the cost of money to the bank, necessary reserves and expenses of the bank and production credit associations, and providing services to borrowers from the bank and associations. The loan documents may provide for the interest rate or rates to vary from time to time during the repayment period of the loan, in accordance with the rate or rates currently being charged by the bank. No obligation tendered for discount by a financing institution, without the approval of the Farm Credit Administration, shall be eligible for discount upon which the original borrower has been charged a rate of interest exceeding by more than 1½ per centum per annum the discount rate of the bank.

**SEC. 2.5. SERVICES RELATED TO BORROWERS' OPERATIONS.**—The Federal intermediate credit banks may provide technical assistance to borrowers, members, and applicants from the banks and production credit associations, including persons obligated on paper discounted by the bank, and may make available to them at their option such financial related services appropriate to their on-farm operations as determined to be feasible by the board of directors of each district bank, under regulations of the Farm Credit Administration.

**SEC. 2.6. NET EARNINGS—DETERMINATION; ANNUAL APPLICATION; SURPLUS ACCOUNT; AB-**

**SORPTION OF NET LOSS.**—(a) If, at the end of a fiscal year a Federal intermediate credit bank shall have stock outstanding held by the Governor of the Farm Credit Administration, such bank shall determine the amount of its net earnings after paying or providing for all operating expenses (including reasonable valuation reserves and losses in excess of any such applicable reserves), and shall apply such net earnings as follows: (1) to the restoration of the impairment, if any, of capital stock and participation certificates, as determined by its board of directors; (2) to the restoration of the amount of the impairment, if any, of the surplus account of allocated reserve account established by this subsection, as determined by its board of directors; (3) 25 per centum of any remaining net earnings shall be used to create and maintain an allocated reserve account; (4) a franchise tax shall be paid to the United States, as provided in section 4.0 of this Act; (5) reasonable unallocated contingency reserve account may be established and maintained; (6) dividends on stock held by production credit associations and on participation certificates may be declared as provided in section 2.2(f) of this title; and (7) any remaining net earnings shall be distributed as patronage refunds as provided in subsection (b) of this section.

Amounts applied to reserve accounts as provided in (3) above, either heretofore or hereafter, shall be allocated on the same patronage basis and have the same tax treatment as is provided in subsection (b) of this section for patronage refunds. At the end of any fiscal year that the allocated reserve account of any bank exceeds 25 per centum of its outstanding stock and participation certificates, such excess may be distributed, oldest allocations first, in stock to production credit associations and participation certificates issued as of the date of the allocations.

If and when the relative amounts of stock in a Federal intermediate credit bank owned by the production credit associations are adjusted to reestablish the proportion of such stock owned by each association, as provided in the first or second paragraphs of section 2.2(g) of this title, amounts in the reserve account that are allocated to production credit associations may be adjusted in the same manner, so far as practicable, to reestablish the holdings of the production credit associations in the allocated legal reserve accounts into substantially the same proportion as are their holdings of stock.

No part of the surplus account established by a Federal intermediate credit bank on January 1, 1957, consisting of its earned surplus account, its reserve for contingencies, and the surplus of the production credit corporation transferred to the bank, shall be distributed as patronage refunds or as dividends. In the event of a net loss in any fiscal year after providing for all operating expenses (including reasonable valuation reserves and losses in excess of any such applicable reserves), such loss shall be absorbed by: first, charges to the unallocated reserve account; second, impairment of the allocated reserve account; third, impairment of the surplus other than that transferred from the production credit corporation of the district; fourth, impairment of surplus transferred from the production credit corporation of the district; fifth, impairment of stock and participation certificates held by production credit associations and participation certificates held by other financing institutions; and sixth, impairment of non-voting stock.

(b) If at the end of a fiscal year a Federal intermediate credit bank shall have outstanding capital stock held by the Governor of the Farm Credit Administration, patronage refunds declared for that year shall be paid in stock to production credit associations and in participation certificates to other financing institutions borrowing from or

discounting with the bank during the fiscal year for which such refunds are declared. The recipients of such patronage refunds shall not be subject to Federal income taxes thereon. All patronage refunds shall be paid in the proportion that the amount of interest earned by the bank on its loans to and discounts for each production credit association or other financing institution bears to the total interest earned by the bank on all such loans and discounts outstanding during the fiscal year. Each participation certificate issued in payment of patronage refunds shall be in multiples of \$5 and shall state on its face the rights, privileges, and conditions applicable thereto. Patronage refunds shall not be paid to any other Federal intermediate credit bank, or to any Federal land bank or bank for cooperatives.

(c) If, at the end of a fiscal year a Federal intermediate credit bank shall have no outstanding capital stock held by the Governor of the Farm Credit Administration, the net earnings of such bank shall, under regulations prescribed by the Farm Credit Administration, continue to be distributed on a cooperative basis with an obligation to distribute patronage dividends and with provision for sound, adequate capitalization to meet changing financing needs of production credit associations, other financial institutions eligible to discount paper with the bank, and other eligible borrowers, and prudent corporate fiscal management, to the end that the current year's patrons carry their fair share of the capitalization, ultimate expenses, and reserves. Such regulations may provide for the application of less than 25 per centum of net earnings after payment of operating expenses to the restoration or maintenance of the allocated reserve account, additions to unallocated contingency reserve account of not to exceed such per centum of net earnings as may be approved by the Farm Credit Administration, and provide for allocations to patrons not qualified under the Internal Revenue Code, and the payment of patronage in stock, participation certificates, or in cash, as the board may determine. If during the fiscal year but not at the end thereof a bank shall have had outstanding capital stock held by the Governor of the Farm Credit Administration, provision will be made for the payment of the franchise tax required in section 4.0.

(d) Such allocations of reserve account shall be subject to a first lien as additional collateral for any indebtedness of the holders thereof to the bank and in any case where such indebtedness is in default may, but shall not be required to, be retired and canceled for application on such indebtedness, and, in case of liquidation or dissolution of a holder thereof, such reserve account allocations may be retired, all as is provided for stock and participation certificates in section 2.2(g) of this title.

**SEC. 2.7. DISTRIBUTION OF ASSETS ON LIQUIDATION.**—In the case of liquidation or dissolution of any Federal intermediate credit bank, after payment or retirement, as the case may be, first, of all liabilities; second, of all stock held by the Governor of the Farm Credit Administration at par; third, of all stock owned by production credit associations at par and all participation certificates at face amount; any remaining assets of the bank shall be distributed as provided in this subsection. Any of the surplus established pursuant to section 2.6 (excluding that transferred from the production credit corporation of the district) which the Farm Credit Administration determines was contributed by financing institutions other than the production credit associations discounting with or borrowing from the bank on January 1, 1957, shall be paid to such institutions, or their successors in interest as determined by Farm Credit Administration, and the remaining portion of such surplus (including that transferred from the production credit corporation of the district) shall be paid to the

holders of voting and nonvoting stock pro rata. The contribution of each such financing institution under the preceding sentence shall be computed on the basis of the ratio of its patronage to the total patronage of the bank from the date of organization of the bank to January 1, 1957. The allocated reserve established pursuant to section 2.6 shall be paid to the production credit associations and other financing institutions to which such reserve is allocated on the books of the bank. Any assets of the bank then remaining shall be distributed to the production credit associations and the holders of participation certificates pro rata.

**SEC. 2.8. TAXATION.**—Every Federal intermediate credit bank and the capital, reserves, and surplus thereof and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation except taxes on real estate held by a Federal intermediate credit bank to the same extent, according to its value, as other similar property held by other persons is taxed. The obligations held by the Federal intermediate credit banks and the notes, bonds, debentures, and other obligations issued by the banks shall be deemed to be instrumentalities of the Government of the United States, and, as such, they and the income therefrom shall be exempt from all Federal, State, municipal, and local taxation, other than Federal income tax liability of the holder thereof under the Public Debt Act of 1941 (31 U.S.C. 742 (a)).

#### SEC. 2.9. [Vacant.]

#### PART B—PRODUCTION CREDIT ASSOCIATIONS

**SEC. 2.10. ORGANIZATION AND CHARTERS.**—Each production credit association chartered under section 20 of the Farm Credit Act of 1933, as amended, shall continue as a federally chartered instrumentality of the United States. Production credit associations may be organized by ten or more farmers or ranchers or producers or harvester of aquatic products desiring to borrow money under the provisions of this title. The proposed articles of association shall be forwarded to the Federal intermediate credit bank for the district accompanied by an agreement to subscribe on behalf of the association for stock in the bank in such amounts as may be required by the bank. The articles shall specify in general terms the objects for which the association is formed, the powers to be exercised by it in carrying out the functions authorized by this part, and the territory it proposes to serve. The articles shall be signed by persons desiring to form such an association and shall be accompanied by a statement signed by each such person establishing eligibility to borrow from the association in which he will become a stockholder. A copy of the articles of association shall be forwarded to the Governor of the Farm Credit Administration with the recommendations of the bank concerning the need for such an association in order to adequately serve the credit needs of eligible persons in the proposed territory and whether that territory includes any area described in the charter of another production credit association. The Governor for good cause shown may deny the charter. Upon approval of the proposed articles by the Governor and the issuance of a charter, the association shall become as of such date a federally chartered body corporate and an instrumentality of the United States. The Governor shall have the power, under rules and regulations prescribed by him or by prescribing in the terms of the charter or by approval of bylaws of the association, to provide for the organization of the association, the initial amount of stock of the association, the territory within which its operations may be carried on, and to direct at any time such changes in the charter as he finds necessary for the accomplishment of the purposes of this Act.

**SEC. 2.11. BOARD OF DIRECTORS.**—Each production credit association shall elect from

its voting members a board of directors of such number, for such terms, with such qualifications, and in such manner as may be required by its bylaws.

SEC. 2.12. GENERAL CORPORATE POWERS.—Each production credit association shall be a body corporate and, subject to supervision by the Federal intermediate credit bank for the district and the Farm Credit Administration, shall have power to—

(1) Have succession until terminated in accordance with this Act or any other Act of Congress.

(2) Adopt and use a corporate seal.

(3) Make contracts.

(4) Sue and be sued.

(5) Acquire, hold, dispose, and otherwise exercise all of the usual incidents of ownership of real and personal property necessary or convenient to its business.

(6) Operate under the direction of its board of directors in accordance with this Act.

(7) Subscribe to stock of the bank.

(8) Purchase stock of the bank held by other production credit associations and stock of other production credit associations.

(9) Contribute to the capital of the bank or other production credit associations.

(10) Invest its funds as may be approved by the Federal intermediate credit bank under regulations of the Farm Credit Administration and deposit its current funds and securities with the Federal intermediate credit bank, a member bank of the Federal Reserve System, or any bank insured under the Federal Deposit Insurance Corporation, and may pay fees therefor and receive interest thereon as may be agreed.

(11) Buy and sell obligations of or insured by the United States or of any agency thereof or of any banks of the Farm Credit System.

(12) Borrow money from the Federal intermediate credit bank, and with the approval of such bank, borrow from and issue its notes or other obligations to any commercial bank or other financial institution.

(13) Make and participate in loans, accept advance payments, and provide services and other assistance as authorized in this title and charge fees therefor.

(14) Endorse and become liable on loans discounted or pledged to the Federal intermediate credit bank.

(15) Enter into loss sharing agreements with the Federal intermediate credit bank and other production credit associations.

(16) Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired, its officers and employees elected or provided for, its property acquired, held, and transferred, its general business conducted, and the privileges granted it by law exercised and enjoyed.

(17) Elect by its board of directors a manager or other chief executive officer, and provide for such other officers or employees as may be necessary, including joint employees as provided in this Act, define their duties, and require surety bonds or make other provisions against losses occasioned by employees. No director shall, within one year after the date when he ceases to be a member of the board, be elected or designated a salaried employee of the association on the board of which he served.

(18) Elect by its board of directors a loan committee with power to approve applications for membership in the association and loans or participations or, with the approval of the bank, delegate the approval of applications for membership and loans or participations within specified limits to other committees or to authorized officers and employees of the association.

(19) Perform any functions delegated to it by the bank or the Farm Credit Administration.

(20) Exercise by its board of directors or authorized officers or employees, all such incidental powers as may be necessary or expedient to carry on the business of the association.

SEC. 2.13. CAPITAL STOCK; CLASSES OF STOCK; TRANSFERS; EXCHANGE; AND DIVIDENDS.—(a) A production credit association may issue voting stock; nonvoting stock, preferred stock, participation certificates, and provide for an equity reserve. Holders of stock, participation certificates, and equity reserve shall have such rights, not inconsistent with the provisions of this section, as are set forth in the bylaws of the association. Stock shall be divided into shares of \$5 par value each, and participation certificates shall have a face value of \$5 each.

(b) Voting stock may be purchased only by farmers and ranchers, or producers or harvester of aquatic products, who are eligible to borrow from the association. Each holder of voting stock shall be entitled to no more than one vote except as otherwise provided in subsection (d) hereof. No voting stock or any interest therein or right to receive dividends thereon shall be transferred by act of the parties or by operation of law, except to another person eligible to hold voting stock, and then only as provided in the bylaws.

(c) Nonvoting stock may be issued to the Governor of the Farm Credit Administration and to other investors.

(d) Preferred stock, which shall be nonvoting, may be issued to the Governor and to other investors when authorized by a majority vote of the outstanding shares of voting stock, by a majority vote of the outstanding shares of the nonvoting stock, and by a majority vote of the outstanding shares of preferred stock, except that all stock held by the Governor shall be excluded from voting hereunder. For the purpose of this subsection only, the holders of such stock shall be entitled to one vote, in person or by written proxy, for each share of stock held. The authorization to issue preferred stock shall state the privileges, restrictions, limitations, dividend rights (either cumulative or non-cumulative) redemption rights, preferences, and other qualifications affecting said stock, and the total amount of the authorized issue to which it belongs.

(e) Participation certificates may be issued to persons eligible to borrow from the association to whom voting stock is not to be issued.

(f) Each borrower from the association shall be required to own at the time the loan is made voting stock or participation certificates as provided in the bylaws of the association, in an amount equal in fair book value (not exceeding par or face amount, as the case may be), as determined by the association, to \$5 per \$100 or fraction thereof of the amount of the loan. Such stock and participation certificates shall not be canceled or retired upon payment of the loan or otherwise except as may be provided in the bylaws. Notwithstanding any other provision of this section, for a loan in which an association participates with a commercial bank or other financial institution other than a Federal intermediate credit bank or another production credit association, the requirement that the borrower own stock or participation certificates shall apply only to the portion of the loan which is retained by the association.

(g) Voting stock shall, within two years after the holder ceases to be a borrower, be converted into nonvoting stock at the fair book value thereof, not exceeding par. Consistent with the provisions of this part, and as provided in the bylaws of the association, each class of stock and participation certificates shall be convertible into any other class of stock (except preferred stock) and into participation certificates.

(h) As a further means of providing capital, an association may, as provided in its bylaws, and with the approval of the bank, require borrowers to purchase stock or participation certificates in addition to that required in subsection (f) hereof, or invest in the equity reserve, in an aggregate amount not exceeding \$5 per \$100 or fraction thereof of the amount of the loan. Any portion of the amounts invested under this subsection which is no longer required for the purposes of the association may be returned to the owners thereof by revolving or retirement in accordance with its bylaws.

(i) Dividends shall be paid on preferred stock in accordance with the authorization of the stockholders to issue each stock. Dividends on stock, other than preferred stock, and on participation certificates may be paid by an association as provided in its bylaws at such rate or rates as are approved by the Federal intermediate credit bank in accordance with regulations of the Farm Credit Administration, and may be paid, upon such approval, even though the amount in the surplus accounts is less than the minimum aggregate amount prescribed by the bank as provided in section 2.14.

(j) Except with regard to stock held by the Governor, each production credit association shall have a first lien on stock and participation certificates it issues, allocated surplus, and on investments in equity reserve, for any indebtedness of the holder of such capital investments and, in the case of equity reserve, for charges for association losses in excess of reserves and surplus.

(k) In any case where the debt of a borrower is in default, the association may retire all or part of the capital investments in the association held by such debtor at the fair book value thereof, not exceeding par or face amount, as the case may be, in total or partial liquidation of the debt.

SEC. 2.14. APPLICATION OF EARNINGS; RESTORATION OF CAPITAL IMPAIRMENT; AND SURPLUS ACCOUNT.—(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses (including provision for valuation reserves against loan assets in an amount equal to one-half of 1 per centum of the loans outstanding at the end of the fiscal year to the extent that earnings in such year in excess of other operating expenses permit, until such reserves equal or exceed 3 1/2 per centum of the loans outstanding at the end of the fiscal year, beyond which 3 1/2 per centum further additions to such reserves are not required but may be made) first to the restoration of the impairment, if any, of capital; and second, to the establishment and maintenance of the surplus accounts, the minimum aggregate amount of which shall be prescribed by the Federal intermediate credit bank.

(b) When the bylaws of an association so provide, available net earnings at the end of any fiscal year may be distributed on a patronage basis in stock, participation certificates, or in cash, except that when the Governor holds any stock in an association the cash distribution shall be such percentage of the patronage refund as shall be determined under regulations of the Farm Credit Administration. Any part of the earnings of the fiscal year in excess of the operating expenses for such year held in the surplus account may be allocated to patrons on a patronage basis.

SEC. 2.15. SHORT- AND INTERMEDIATE-TERM LOANS; PARTICIPATION; OTHER FINANCIAL ASSISTANCE; TERMS; CONDITIONS; INTEREST, SECURITY.—(a) Each production credit association, under rules and regulations prescribed by the board of directors of the Federal intermediate credit bank of the district and approved by the Farm Credit Adminis-

tration, may make, guarantee, or participate with other lenders in short- and intermediate-term loans and other similar financial assistance to (1) bona fide farmers and ranchers and the producers or harvester of aquatic products, for agricultural purposes and other requirements of such borrowers, (2) rural residents for housing financing in rural areas, under regulations of Farm Credit Administration and (3) persons furnishing to farmers and ranchers farm-related services directly related to their on-farm operating needs. Rural housing financed under this title shall be for single-family, moderate-priced dwellings and their appurtenances not inconsistent with the general quality and standards of housing existing in, planned or recommended for the rural area where it is located. The aggregate of such housing loans in an association to persons other than farmers or ranchers shall not exceed 15 per centum of the outstanding loans at the end of its preceding fiscal year except upon prior approval by the Federal intermediate credit bank of the district. The aggregate of such housing loans in any farm credit district shall not exceed 15 per centum of the outstanding loans of all associations in the district at the end of the preceding fiscal year. For rural housing purposes under this section the term "rural areas" shall not be defined to include any city or village having a population in excess of 2,500 inhabitants. Each association may own and lease, or lease with option to purchase, to stockholders of the association equipment needed in the operations of the stockholder.

(b) Loans authorized in subsection (a) hereof shall bear such rate or rates of interest as are determined under regulations prescribed by the board of the bank with the approval of the Farm Credit Administration, and shall be made upon such terms, conditions, and upon such security, if any, as shall be authorized in such regulations. In setting rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers, at the lowest reasonable cost on a sound business basis, taking into account the cost of money to the association, necessary reserves and expenses of the association, and services provided to borrowers and members. The loan documents may provide for the interest rate or rates to carry from time to time during the repayment period of the loan in accordance with the rate or rates currently being charged by the associations. Such regulations may require prior approval of the bank or of Farm Credit Administration on certain classes of loans; and may authorize a continuing commitment to a borrower of a line of credit.

Sec. 2.16. OTHER SERVICES.—Each production credit association may provide technical assistance to borrowers, applicants, and members and may make available to them at their option such financial related services appropriate to their on-farm operations as is determined feasible by the board of directors of each district bank, under regulations prescribed by the Farm Credit Administration.

Sec. 2.17. TAXATION.—Each production credit association and its obligations are instrumentalities of the United States and as such any and all notes, debentures, and other obligations issued by such associations shall be exempt, both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any State, territorial, or local taxing authority. Such associations, their property, their franchises, capital, reserves, surplus, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, territorial, or local taxing authority; except that interest on the obligations of such associations shall be subject only to Federal income taxation in the hands of the holder thereof pursuant to the Public Debt Act of 1941 (31 U.S.C. 742(a)) and except that any real and tangible per-

sonal property of such associations shall be subject to Federal, State, territorial, and local taxation to the same extent as similar property is taxed. The exemption provided in the preceding sentence shall apply only for any year or part thereof in which stock in the production credit associations is held by the Governor of the Farm Credit Administration.

### TITLE III—BANKS FOR COOPERATIVES

Sec. 3.0. ESTABLISHMENT; TITLES; BRANCHES.—The banks for cooperatives established pursuant to sections 2 and 30 of the Farm Credit Act of 1933, as amended, shall continue as federally chartered instrumentalities of the United States. Their charters or organization certificates may be modified from time to time by the Farm Credit Administration, not inconsistent with the provisions of this title, as may be necessary or expedient to implement this Act. Unless an existing bank for cooperatives is merged with one or more other such banks under section 4.10 of this Act, there shall be a bank for cooperatives in each farm credit district and a Central Bank for Cooperatives. A bank for cooperatives may include in its title the name of the city in which it is located or other geographical designation. The Central Bank for Cooperatives may be located in such place as its board of directors may determine with the approval of the Farm Credit Administration. When authorized by the Farm Credit Administration each bank for cooperatives may establish such branches or other offices as may be appropriate for the effective operation of its business.

Sec. 3.1. CORPORATE EXISTENCE; GENERAL CORPORATE POWERS.—Each bank for cooperatives shall be a body corporate and, subject to supervision by the Farm Credit Administration, shall have power to—

(1) Adopt and use a corporate seal.  
(2) Have succession until dissolved under the provisions of this Act or other Act of Congress.

(3) Make contacts.  
(4) Sue and be sued.  
(5) Acquire, hold, dispose, and otherwise exercise all of the usual incidents of ownership of real and personal property necessary or convenient to its business.

(6) Make loans and commitments for credit, provide services and other assistance as authorized in this Act, and charge fees therefor.

(7) Operate under the direction of its board of directors.

(8) Elect by its board of directors a president, any vice presidents, a secretary, a treasurer, and provide for such other officers, employees, and agents as may be necessary, including joint employees as provided in this Act, define their duties and require surety bonds or make other provisions against losses occasioned by employees.

(9) Prescribe by its board of directors its bylaws not inconsistent with law providing for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; its officers, employees, or agents elected or provided for; its property acquired, held, and transferred; its loans made; its general business conducted; and the privileges granted it by law exercised and enjoyed.

(10) Borrow money and issue notes, bonds, debentures, or other obligations individually or in concert with one or more other banks of the System, of such character, and such terms, conditions, and rates of interest as may be determined.

(11) Participate in loans under this title with one or more other banks for cooperatives and with commercial banks and other financial institutions upon such terms as may be agreed among them.

(12) Deposit its securities and its current funds with any member bank of the Federal Reserve System, and pay fees therefor and receive interest thereon as may be agreed. When designated for that purpose by the Secretary of the treasury, it shall be a de-

pository of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; may be employed as a fiscal agent of the Government, and shall perform all such reasonable duties as a depository of public money or financial agent of the Government as may be required of it. No Government funds deposited under the provisions of this subsection shall be invested in loans or bonds or other obligations of the bank.

(13) Buy and sell obligations of or insured by the United States or of any agency thereof, or securities backed by the full faith and credit of any such agency and make such other investments as may be authorized by the Farm Credit Administration.

(14) Conduct studies and adopt standards for lending.

(15) Amend and modify loan contracts, documents, and payment schedules, and release, subordinate, or substitute security for any of them.

(16) Perform any function delegated to it by the Farm Credit Administration.

(17) Exercise by its board of directors or authorized officers, employees, or agents all such incidental powers as may be necessary or expedient to carry on the business of the bank.

Sec. 3.2. BOARD OF DIRECTORS.—(a) In the case of a district bank for cooperatives, the board of directors shall be the farm credit district board and in the case of the Central Bank for Cooperatives shall be a separate board of not more than thirteen members, one from each farm credit district and one at large. One district director of the Central Bank Board shall be elected by each district farm credit board and the member at large shall be appointed by the Governor with the advice and consent of the Federal Farm Credit Board.

(b) For the purposes of this section the provisions of sections 5.1 (b) and (c), 5.4, 5.5, and 5.6 shall apply to and shall be the authority of the Central Bank for Cooperatives the same as though it were a district bank.

Sec. 3.3. BANK FOR COOPERATIVES STOCK; VALUE; CLASSES OF STOCK; VOTING; EXCHANGE.—(a) The capital stock of each bank for cooperatives shall be in such amount as its board determines, with the approval of Farm Credit Administration, is required for the purpose of providing adequate capital to permit the bank to meet the credit needs of borrowers from the bank and such amounts may be increased or decreased from time to time in accordance with such needs.

(b) The capital stock of each bank shall be divided into shares of par value of \$100 each and may be of such classes as the board may determine with the approval of the Farm Credit Administration. Such stock may be issued in fractional shares.

(c) Voting stock may be issued or transferred to and held only by (i) cooperative associations eligible to borrow from the banks and (ii) other banks for cooperatives, and shall not be otherwise transferred, pledged, or hypothecated except as consented to by the issuing bank under regulations of the Farm Credit Administration.

(d) Each holder of one or more shares of voting stock which is eligible to borrow from a bank for cooperatives shall be entitled only to one vote and only in the affairs of the bank in the district in which its principal office is located unless otherwise authorized by the Farm Credit Administration, except that if such holder has not been a borrower from the bank in which it holds such stock within a period of two years next preceding the date fixed by the Farm Credit Administration prior to the commencement of voting, it shall not be entitled to vote.

(e) Nonvoting investment stock may be issued in such series and in such amounts as may be determined by the board and approved by the Farm Credit Administration and, except for stock held by the Governor,

may be exchanged for voting stock or sold or transferred to any person subject to the approval of the issuing bank.

SEC. 3.4. DIVIDENDS.—Dividends may be payable only on nonvoting investment stock, other than stock held by the Governor of the Farm Credit Administration, if declared by the board of directors of the bank.

SEC. 3.5. RETIREMENT OF STOCK.—Any non-voting stock held by the Governor of the Farm Credit Administration shall be retired to the extent required by section 4.0(b) before any other outstanding voting or non-voting stock shall be retired except as may be otherwise authorized by Farm Credit Administration. When those requirements have been satisfied, nonvoting investment stock may be called for retirement at par. With the approval of the issuing bank, the holder may elect not to have the called stock retired in response to a call, reserving the right to have such stock included in the next call for retirement. When the requirements of section 4.0(b) have been met, voting stock may also be retired at fair book value not exceeding par, on call or on such revolving basis as the board may determine with approval of the Farm Credit Administration with due regard for its total capital needs: *Provided, however, That all equities in the district banks issued or allocated with respect to the year of the enactment of this Act and prior years shall be retired on a revolving basis according to the year of issue with the oldest outstanding equities being first retired. Equities issued for subsequent years shall not be called or retired until equities described in the preceding sentence of this proviso have been retired.*

SEC. 3.6. GUARANTY FUND SUBSCRIPTIONS IN LIEU OF STOCK.—If any cooperative association is not authorized under the laws of the State in which it is organized to take and hold stock in a bank for cooperatives, the bank shall, in lieu of any requirement for stock purchase, require the association to pay into or have on deposit in a guaranty fund, or the bank may retain out of the amount of the loan and credit to the guaranty fund account of the borrower, a sum equal to the amount of stock which the association would otherwise be required to own. Each reference to stock of the banks for cooperatives in this Act shall include such guaranty fund equivalents. The holder of the guaranty fund equivalent and the bank shall each be entitled to the same rights and obligations with respect thereto as the rights and obligations associated with the class or classes of stock involved.

SEC. 3.7. LENDING POWERS.—The banks for cooperatives are authorized to make loans and commitments to eligible cooperative associations and to extend to them other technical and financial assistance, including but not limited to discounting notes and other obligations, guarantees, collateral custody, or participation with other banks for cooperatives and commercial banks or other financial institutions in loans to eligible cooperatives, under such terms and conditions as may be determined to be feasible by the board of directors of each bank for cooperatives under regulations of the Farm Credit Administration. Such regulations may include provisions for avoiding duplication between the Central Bank and district banks for cooperatives. Each bank may own and lease, or lease with option to purchase, to stockholders eligible to borrow from the bank equipment needed in the operations of the stockholder.

SEC. 3.8. ELIGIBILITY.—Any association of farmers, producers, or harvester of aquatic products, or any federation of such associations, which is operated on a cooperative basis, and has the powers for processing, preparing for market, handling, or marketing farm or aquatic products; or for purchasing, testing, grading, processing, distributing, or furnishing farm or aquatic supplies or furnishing farm business services or services to

eligible cooperatives and conforms to either of the two following requirements:

(a) no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein; or

(b) does not pay dividends on stock or membership capital in excess of such per centum per annum as may be approved under regulations of the Farm Credit Administration; and in any case

(c) does not deal in farm products or aquatic products, or products processed therefrom, farm or aquatic supplies, or farm business services with or for nonmembers in an amount greater in value than the total amount of such business transacted by it with or for members, excluding from the total of member and nonmember business transactions with the United States or any agency or instrumentality thereof or services or supplies furnished as a public utility; and

(d) a percentage of the voting control of the association not less than 80 per centum, or such higher percentage as established by the district board is held by farmers, producers or harvester of aquatic products, or eligible cooperative associations as defined herein; shall be eligible to borrow from a bank for cooperatives.

SEC. 3.9. OWNERSHIP OF STOCK BY BORROWERS.—(a) Each borrower at the time a loan is made by a bank for cooperatives shall own at least one share of voting stock and shall be required by the bank with the approval of the Farm Credit Administration to invest in additional voting stock or non-voting investment stock at that time, or from time to time, as the lending bank may determine, but the requirement for investment in stock at the time the loan is closed shall not exceed an amount equal to 10 per centum of the face amount of the loan. Such additional ownership requirements may be based on the face amount of the loan, the outstanding loan balance or on a percentage of the interest payable by the borrower during any year or during any quarter thereof, or upon such other basis as the bank, with the approval of the Farm Credit Administration, determines will provide adequate capital for the operation of the bank and equitable ownership thereof among borrowers. In the case of a direct loan by the Central Bank, the borrower shall be required to own or invest in the necessary stock in a district bank or banks as may be approved by the Farm Credit Administration and such district bank shall be required to own a corresponding amount of stock in the Central Bank, but voting stock shall be in the one district bank designated by the Farm Credit Administration.

(b) Notwithstanding the provisions of subsection (a) of this section, the purchase of stock need not be required with respect to that part of any loan made by a bank for cooperatives which it sells to or makes in participation with financial institutions other than any of the banks for cooperatives. In such cases the distribution of earnings of the bank for cooperatives shall be on the basis of the interest in the loan retained by such bank.

SEC. 3.10. INTEREST RATES; SECURITY; LIEN; CANCELLATION; AND APPLICATION ON INDEBTEDNESS.—(a) Loans made by a bank for cooperatives shall bear interest at a rate or rates determined by the board of directors of the bank from time to time, with the approval of the Farm Credit Administration. In setting rates and charges, it shall be the objective to provide the types of credit needed by eligible borrowers at the lowest reasonable cost on a sound business basis, taking into account the net cost of money to the bank, necessary reserves and expenses of the bank, and services provided. The loan documents may provide for the interest rate or rates to vary from time to time during

the repayment period of the loan, in accordance with the rate or rates currently being charged by the bank.

(b) Loans shall be made upon such terms, conditions, and security, if any, as may be determined by the bank in accordance with regulations of the Farm Credit Administration.

(c) Each bank for cooperatives shall have a first lien on all stock or other equities in the bank as collateral for the payment of any indebtedness of the owner thereof to the bank. In the case of a direct loan to an eligible cooperative by the Central Bank, the Central Bank shall have a first lien on the stock and equities of the borrower in the district bank and the district bank shall have a lien thereon junior only to the lien of the Central Bank.

(d) In any case where the debt of a borrower is in default, or in any case of liquidation or dissolution of a present or former borrower from a bank for cooperatives, the bank may, but shall not be required to, retire and cancel all or a part of the stock, allocated surplus or contingency reserves, or any other equity in the bank owned by or allocated to such borrower, at the fair book value thereof not exceeding par, and, to the extent required in such cases, corresponding shares and allocations and other equity interests held by a district bank in another district bank on account of such indebtedness, shall be retired or equitably adjusted.

SEC. 3.11. EARNINGS AND RESERVES; APPLICATION OF SAVINGS.—(a) Each bank for cooperatives, at the end of each fiscal year when said bank shall have stock outstanding held by the Governor of the Farm Credit Administration, shall determine the amount of its net savings after paying or providing for all operating expenses (including reasonable valuation reserves and losses in excess of any such applicable reserves) and shall apply such savings as follows: (1) To the restoration of the amount of the impairment, if any, of capital stock, as determined by its board of directors; (2) 25 per centum of any remaining net savings shall be used to create and maintain a surplus account; (3) it shall next pay to the United States a franchise tax as provided in section 4.0 of this Act; (4) reasonable contingency reserves may be established; (5) dividends on investment stock may be declared as provided in this title; and (6) any remaining net savings shall be distributed as patronage refunds as provided in subsection (c) or (d) of this section: *Provided, That any patronage refunds received by a district bank from any other bank for cooperatives shall be excluded from net savings of the district bank for the purpose of computing such franchise tax. Amounts applied as provided in (2) above after January 1, 1956, shall be allocated on a patronage basis approved by the Farm Credit Administration. At the end of any fiscal year any portion of the reserve established under (4) above which is no longer deemed necessary shall be transferred to the surplus account and, if the surplus account of any such bank for cooperatives exceeds 25 per centum of the sum of all its outstanding capital stock, the bank may distribute in the same manner as a patronage refund any part or all of such excess which has been allocated: Provided, That any surplus and contingency reserve shown on the books of the banks as of January 1, 1956, shall not be distributed as patronage refunds. In making such distributions except as otherwise provided in section 3.5 and distributions by the Central Bank, the oldest outstanding allocations shall be distributed first. Whenever used in this title, the words "surplus account" as applied to any bank for cooperatives shall mean any surpluses and contingency reserves shown on the books of the bank as of January 1, 1956, and any amounts accumulated as allocated or unallocated surplus after said date. Said surplus account shall be divided to show the amounts thereof subject to allocation as pro-*

vided in this subsection and may be further subdivided as prescribed by the Farm Credit Administration.

(b) Whenever at the end of any fiscal year a bank for cooperatives shall have no outstanding capital stock held by the Governor of the Farm Credit Administration, the net savings shall, under regulations prescribed by the Farm Credit Administration, continue to be applied on a cooperative basis with provision for sound, adequate capitalization to meet the changing financing needs of eligible cooperative borrowers and prudent corporate fiscal management, to the end that current year's patrons carry their fair share of the capitalization, ultimate expenses, and reserves related to the year's operations and the remaining net savings shall be distributed as patronage refunds as provided in subsections (c) and (d) of this section. Such regulations may provide for application of less than 25 per centum of net savings to the restoration or maintenance of an allocated surplus account, reasonable additions to unallocated surplus, or to unallocated reserves of not to exceed such per centum of net savings after payment of operating expenses as may be approved by the Farm Credit Administration, and provide for allocations to patrons not qualified under the Internal Revenue Code, or payment of such per centum of patronage refunds in cash, as the board may determine. If during the fiscal year but not at the end thereof a bank shall have had outstanding capital stock held by the United States, provision will be made for payment of franchise taxes required in section 4.0.

(c) The net savings of each district bank for cooperatives, after the earnings for the fiscal year have been applied in accordance with subsections (a) or (b) of this section whichever is applicable, shall be paid in stock or in cash, or both, as determined by the board, as patronage refunds to borrowers of the fiscal year for which such patronage refunds are distributed. Except as provided in subsection (d) below, all patronage refunds shall be paid in proportion that the amount of interest and service fees on the loans to each borrower during the year bears to the interest and service fees on the loans of all borrowers during the year or on such other proportionate patronage basis as the Farm Credit Administration may approve.

(d) The net savings of the Central Bank for Cooperatives after the earnings for the fiscal year have been applied in accordance with subsections (a) or (b) whichever is applicable, shall be paid in stock or cash, or both, as determined by the board, as patronage refunds to the district banks on the basis of interests held by the Central Bank in loans made by the district banks and upon any direct loans made by the Central Bank to cooperative associations, or on such other proportionate patronage basis as the Farm Credit Administration may approve. In cases of direct loans, such refund shall be paid to the district bank or banks which issued their stock to the borrower incident to such loans, and the district bank or banks shall issue a like amount of patronage refunds to the borrower.

(e) In the event of a net loss in any fiscal year after providing for all operating expenses (including reasonable valuation reserves and losses in excess of any applicable reserves), such loss may be carried forward or carried back, if appropriate, or otherwise shall be absorbed by charges to unallocated reserve or surplus accounts established after the date of enactment of this Act; charges to allocated contingency reserve account; charges to allocated surplus accounts; charges to other contingency reserve and surplus accounts; the impairment of voting stock; or the impairment of all other stock.

(f) Notwithstanding any other provisions of this section any costs or expenses attributable to a prior year or years but not recognized in determining the net savings for such year or years may be charged to reserves or surplus of the bank or to patronage alloca-

tions for such years, as may be determined by the board of directors.

(g) For any year that a bank for cooperatives is subject to Federal income tax, it may pay in cash such portion of its patronage refunds as will permit its taxable income to be determined without taking into account savings applied as allocated surplus, allocated contingency reserves, and patronage refunds under subsections (a) or (b) of this section.

**SEC. 3.12. DISTRIBUTION OF ASSETS AND LIQUIDATION OR DISSOLUTION.**—In the case of liquidation or dissolution of any bank for cooperatives, after payment or retirement, first, of all liabilities; second, of all capital stock issued before January 1, 1956, at par, any stock held by the Governor of the Farm Credit Administration at par, and all non-voting stock at par; and third, all voting stock at par; any surplus and reserves existing on January 1, 1956, shall be paid to the holders of stock issued before that date, stock held by the Governor of the Farm Credit Administration, and voting stock pro rata; and any remaining allocated surplus and reserves shall be distributed to those entities to which they are allocated on the books of the bank, and any other remaining surplus shall be paid to the holders of outstanding voting stock. If it should become necessary to use any surplus or reserves to pay any liabilities or to retire any capital stock, unallocated reserves or surplus, allocated reserves and surplus shall be exhausted in accordance with rules prescribed by Farm Credit Administration.

**SEC. 3.13. TAXATION.**—Each bank for cooperatives and its obligations are instrumentalities of the United States and as such any and all notes, debentures, and other obligations issued by such bank shall be exempt, both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any State, territorial, or local taxing authority. Such banks, their property, their franchises, capital, reserves, surplus, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, territorial, or local taxing authority; except that interest on the obligations of such banks shall be subject only to Federal income taxation in the hands of the holder thereof pursuant to the Public Debt Act of 1941 (31 U.S.C. 742(a)) and except that any real and tangible personal property of such banks shall be subject to Federal, State, territorial, and local taxation to the same extent as similar property is taxed. The exemption provided in the preceding sentence shall apply only for any year or part thereof in which stock in the bank for cooperatives is held by the Governor of the Farm Credit Administration.

#### TITLE IV—PROVISIONS APPLICABLE TO TWO OR MORE CLASSES OF INSTITUTIONS OF THE SYSTEM

##### PART A—FUNDING

**SEC. 4.0. STOCK PURCHASED BY GOVERNOR; RETIREMENT; FRANCHISE TAX; REVOLVING FUND.**—(a) The Federal land banks, the Federal intermediate credit banks, the banks for cooperatives, and, subject to section 2.13 (d), the production credit associations may issue stock which may be purchased by the Governor of the Farm Credit Administration on behalf of the United States as a temporary investment in the stock of the institution to help one or several of the banks or associations to meet emergency credit needs of borrowers. The ownership of such stock shall be deemed to not change the status of ownership of the banks or associations, but, during the time such stock is outstanding, the pertinent provisions of the Government Corporation Control Act shall be applicable.

(b) The Governor shall require the retirement of such stock at such time as in his opinion the bank or association has resources available therefor and the need for such

temporary investment is reduced or no longer exists. If the Governor determines that a production credit association does not have resources available to retire stock held by him, but in his judgment, the Federal intermediate credit bank of the district has resources available to do so, the Governor may require such bank to invest in an equivalent amount of nonvoting stock of said association and the association then shall retire the stock held by the Governor.

(c) For any year or part thereof in which the Governor holds any stock in a bank of the System, such institution after complying with sections 1.17, 2.6, 2.14, 3.11, respectively, shall pay to the United States as a franchise tax a sum equal to the lower of 25 per centum of its net earnings for the year before establishing any contingency reserves or declaring any dividends or patronage distribution, not exceeding a rate of return on such temporary investment calculated at a rate determined by the Secretary of the Treasury equal to the average annual rate of interest on all public issues of debt obligations of the United States issued during the fiscal year ending next before such tax is due, multiplied by the percentage that the number of days such stock is outstanding is of three hundred and sixty-five days. Such payments shall be deposited in the miscellaneous receipts in the Treasury.

**SEC. 4.1. REVOLVING FUNDS AND GOVERNMENT DEPOSITS.**—(a) The revolving fund established by Public Law 87-343, 75 Stat. 758, as amended, shall be available at the request of the Governor of the Farm Credit Administration for his temporary investment in the stock of any Federal intermediate credit banks or production credit associations as provided in section 4.0 and for any other purpose authorized by said Act. Funds received from the partial or the full retirement of such investments shall be deposited in this revolving fund.

(b) The revolving fund established by Public Law 87-494, 76 Stat. 109, as amended, shall be available at the request of the Governor of the Farm Credit Administration for his temporary investment in the stock of any bank for cooperatives as provided in section 4.0 of this Act. Funds received from the partial or full retirement of such investments shall be deposited in this revolving fund.

(c) The Secretary of the Treasury is authorized, in his discretion, upon the request of the Farm Credit Administration, to make deposits for the temporary use of any Federal land bank, out of any money in the Treasury not otherwise appropriated. Such Federal land bank shall issue to the Secretary of the Treasury a certificate of indebtedness for any such deposit, bearing a rate of interest not to exceed the current rate charged for other Government deposits, to be secured by bonds or other collateral, to the satisfaction of the Secretary of the Treasury. Any such certificate shall be redeemed and paid by such land bank at the discretion of the Secretary of the Treasury. The aggregate of all sums so deposited by the Secretary of the Treasury shall not exceed the sum of \$6,000,000 at any one time.

**SEC. 4.2. POWER TO BORROW; ISSUE NOTES, BONDS, DEBENTURES, AND OTHER OBLIGATIONS.**—Each of the banks of the System, in order to obtain funds for its authorized purposes, shall have power, subject to supervision of the Farm Credit Administration, and subject to the limitations of paragraph (e) of this section, to—

(a) Borrow money from or loan to any other institution of the System, borrow from any commercial bank or other lending institution, issue its notes or other evidence of debt on its own individual responsibility and full faith and credit, and invest its excess funds in such sums, at such times, and on such terms and conditions as it may determine.

(b) Issue its own notes, bonds, debentures, or other similar obligations, fully collateralized as provided in section 4.3(b) by

the notes, mortgages, and security instruments it holds in the performance of its functions under this Act in such sums, maturities, rates of interest, and terms and conditions of each issue as it may determine with approval of the Governor.

(c) Join with any or all banks organized and operating under the same title of this Act in borrowing or in issuance of consolidated notes, bonds, debentures, or other obligations as may be agreed with approval of the Governor.

(d) Join with other banks of the System in issuance of System-wide notes, bonds, debentures, and other obligations in the manner, form, amounts, and on such terms and conditions as may be agreed upon with approval of the Governor. Such System-wide issue by the participating banks and such participations by each bank shall not exceed the limits to which each such bank is subject in the issuance of its individual or consolidated obligations and each such issue shall be subject to approval of the Governor: *Provided*, however, There shall be no issues of System-wide obligations without the concurrence of the boards of directors of each of the 12 districts and the Central Bank for Cooperatives and the approval of the Governor for such issues shall be conditioned on and be evidence of the compliance with this provision.

(e) No bank or banks shall issue notes, bonds, debentures, or other obligations individually or in concert with one or more banks of the System other than through their fiscal agent under any provision of this Act except under subsection (a) of this section: *Provided*, That any bank or banks may issue investment bonds or like obligations other than through the fiscal agent if the interest rate is not in excess of the interest allowable on savings deposits of commercial banks of comparable amounts and maturities under Federal Reserve regulation on its member banks.

**SEC. 4.3. AGGREGATE OF OBLIGATIONS; COLLATERAL.**—(a) No issue of long-term notes, bonds, debentures, or other similar obligations by a bank or banks shall be approved in an amount which, together with the amount of other bonds, debentures, long-term notes, or other similar obligations issued and outstanding, exceeds twenty times the capital and surplus of all the banks which will be primarily liable on the proposed issue, or such lesser amount as the Farm Credit Administration shall establish by regulation.

(b) Each bank shall have on hand at the time of issuance of any long-term notes, bonds, debentures, or other similar obligations and at all times thereafter maintain, free from any lien or other pledge, notes and other obligations representing loans made under the authority of this Act, obligations of the United States or any agency thereof direct or fully guaranteed, other readily marketable securities approved by the Farm Credit Administration, or cash, in an aggregate value equal to the total amount of long-term notes, bonds, debentures, or other similar obligations outstanding for which the bank is primarily liable.

**SEC. 4.4. LIABILITY OF BANKS; UNITED STATES NOT LIABLE.**—(a) Each bank of the System shall be fully liable on notes, bonds, debentures, or other obligations issued by it individually, and shall be liable for the interest payments on long-term notes, bonds, debentures, or other obligations issued by other banks operating under the same title of this Act. Each bank shall also be primarily liable for the portion of any issue of consolidated or System-wide obligations made on its behalf and be jointly and severally liable for the payment of any additional sums as called upon by the Farm Credit Administration in order to make payments of interest or principal which any bank primarily liable therefor shall be unable to make. Such calls shall be made first upon the other banks operat-

ing under the same title of this Act as the defaulting bank, and second upon banks operating under other titles of this Act, taking into consideration the capital, surplus, bonds, debentures, or other obligations which each may have outstanding at the time of such assessment.

(b) Each bank participating in an issue shall by appropriate resolution undertake such responsibility as provided in subsection (a), and in the case of consolidated or System-wide obligations shall authorize the Governor to execute such long-term notes, bonds, debentures, or other obligations on its behalf. When a consolidated or System-wide issue is approved, the notes, bonds, debentures, or other obligations shall be executed by the Governor and the banks shall be liable thereon as provided herein.

(c) The United States shall not be liable or assume any liability directly or indirectly thereon.

**SEC. 4.5. FINANCE COMMITTEE.**—There shall be established a finance committee for the banks organized and operated under titles I, II, and III, respectively, of this Act, composed of the presidents of each bank. Each such committee may have such officers and such subcommittees for such terms and such representation as may be agreed upon between the banks. When appropriate to the performance of their function, the subcommittees, or representatives thereof, of the various banks shall constitute such subcommittees in connection with System-wide issues of obligations. The finance committees and subcommittees acting for the banks of the System shall, subject to approval of the Governor, determine the amount, maturities, rates of interest, and participation by the several banks in each issue of joint, consolidated, or Systemwide obligations.

**SEC. 4.6. BONDS AS INVESTMENTS.**—The bonds, debentures, and other similar obligations issued under the authority of this Act shall be lawful investments for all fiduciary and trust funds and may be accepted as security for all public deposits.

**SEC. 4.7. PURCHASE AND SALE BY FEDERAL RESERVE SYSTEM.**—Any member of the Federal Reserve System may buy and sell bonds, debentures, or other similar obligations issued under the authority of this Act and any Federal Reserve bank may buy and sell such obligations to the same extent and subject to the same limitations placed upon the purchase and sale by said banks of State, county, district, and municipal bonds under section 355 of title 12, United States Code.

**SEC. 4.8. PURCHASE AND SALE OF OBLIGATIONS.**—Each bank of the System may purchase its own obligations and the obligations of other banks of the System and may provide for the sale of obligations issued by it, consolidated obligations, or System-wide obligations through a fiscal agent or agents, by negotiation, offer, bid, syndicate sale, and to deliver such obligations by book entry, wire transfer, or such other means as may be appropriate.

**SEC. 4.9. FISCAL AGENCY.**—A fiscal agency shall be established by the banks for such of their functions relating to the issuance, marketing, and handling of their obligations, and interbank or intersystem flow of funds as may from time to time be required.

#### PART B—DISSOLUTION AND MERGER

**SEC. 4.10. MERGER OF SIMILAR BANKS.**—Banks organized or operating under titles I, II, or III, respectively, may upon majority vote cast by their voting stockholders and contributors to their guaranty funds in accordance with the voting strength provisions of section 5.2(c) of this Act relating to elections of directors of the district boards, and with the approval of the Farm Credit Administration, merge with banks in other districts operating under the name title of this Act.

**SEC. 4.11. BOARD OF DIRECTORS FOR MERGED**

**BANK.**—In the event of merger of two or more banks to serve borrowers in more than one farm credit district, a separate board of directors shall be created for the resulting merged bank. The board thus created shall be composed of two directors elected by each of the district boards involved, at least one of which from each district shall have been elected by the eligible stockholders or subscribers to the guaranty fund of the merging banks, and one director appointed by the Governor with the advice and consent of the Federal Farm Credit Board. Notwithstanding the foregoing, the bylaws of the merged bank may, with the approval of the Farm Credit Administration, provide for a different number of directors selected in a different manner. The board so constituted shall have such separate and distinct powers, functions, and duties as are normally exercised by a district board related to the operations and policies of the banks which were merged.

**SEC. 4.12. DISSOLUTION; VOLUNTARY LIQUIDATION; MERGERS; RECEIVERSHIPS; AND CONSERVATORIES.**—(a) No institution of the System shall go into voluntary liquidation without the consent of the Farm Credit Administration and with such consent may liquidate only in accordance with regulations prescribed by the Farm Credit Administration. Associations may voluntarily merge with other like associations upon the vote of a majority of each of their stockholders present and voting or voting by written proxy at duly authorized meetings, and with the approval of the supervising bank and the Farm Credit Administration. The Federal Farm Credit Board may require such merger whenever it determines, with the concurrence of the district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.

(b) Upon default of any obligation by any institution of the System, such institution may be declared insolvent and placed in the hands of a conservator or a receiver appointed by the Governor and the proceedings thereon shall be in accordance with regulations of the Farm Credit Administration regarding such insolvencies.

#### PART C—RIGHTS OF APPLICANTS

**SEC. 4.13. NOTICE OF ACTION ON APPLICATION.**—Every applicant for a loan from an institution of the System shall be entitled to prompt notice of action on his application, and, if the loan applied for is reduced or denied, the reason for such action.

**SEC. 4.14. RECONSIDERATION.**—Any applicant who has reason to believe that the action on his application by an association failed to take into account facts pertinent to his application, or has misinterpreted or failed to properly apply the applicable law or rules and regulations governing his application, may, if he so requests in writing within thirty days of the date of that notice, request an informal hearing on his application and the action of the association in reduction or denial thereof, or the reason for such action, in person before the loan committee or officer or employee thereof authorized to act on applications under section 1.15(11) or 2.12(18). Promptly after such a hearing, he shall be notified of the decision upon reconsideration and the reasons therefor.

**SEC. 4.15. NOMINATION OF ASSOCIATION DIRECTORS; REPRESENTATIVE SELECTION OF NOMINEES.**—Each production credit association and each Federal land bank association shall elect a nominating committee by vote of the stockholders at the annual meeting to serve for the following year. Each nominating committee shall review lists of farmers from the association territory, determine their willingness to serve, and submit for election a slate of eligible candidates which shall include at least two nominees for each elective office to be filled. In doing so, the committee shall

endeavor to assure representation to all sections of the association, territory and as nearly as possible to all types of agriculture practiced within the area. Employees of the association shall not be eligible to be nominated, elected, or serve as a member of the board. Nominations shall also be accepted from the floor. Members of the board are not eligible to serve on the nominating committee. Regulations of the Farm Credit Administration governing the election of district directors shall similarly assure a choice of two nominees from each elective office to be filled and that the district board represent as nearly as possible all types of agriculture in the district.

**SEC. 4.16. PROHIBITION AGAINST TAX-EXEMPT GUARANTEES.**—Notwithstanding any other provision of this Act, no guarantee shall be made on any instrument of indebtedness the income from which is exempt in whole or in part from Federal taxation.

#### TITLE V—DISTRICT AND FARM CREDIT ADMINISTRATION ORGANIZATION

##### PART A—DISTRICT ORGANIZATION

**SEC. 5.0. CREATION OF DISTRICTS.**—There shall be not more than twelve farm credit districts in the United States, which may be designated by number, one of which districts shall include the Commonwealth of Puerto Rico. The boundaries of the twelve farm credit districts existing on the date of enactment of this Act may be readjusted from time to time by the Federal Farm Credit Board, with the concurrence of the district boards involved. Two or more districts may be merged as provided in section 5.18(2).

**SEC. 5.1. DISTRICT BOARDS OF DIRECTORS; MEMBERSHIP; ELIGIBILITY; TERMS.**—(a) There shall be in each farm credit district a farm credit board of directors composed of seven members. Each farm credit district board may include in its title the name of the city in which the banks of the System for the district are located or other geographical designation.

(b) To be eligible for membership on a farm credit district board a person must be a citizen of the United States for at least ten years, and a resident of the district for at least two years.

A person shall not be eligible who—

(1) is or has, within one year next preceding the date of election or appointment, been a salaried officer or employee of the Farm Credit Administration or of any institution of the System;

(2) has been convicted of a felony or adjudged liable in damages for fraud; or

(3) if there is at the time of his election another resident of the same State who was elected to the district board by the same electorate, except where a district embraces only one State.

No director of a district board shall be eligible to continue to serve in that capacity and his office shall become vacant after his election or appointment as a member of a district board, he continues or becomes a salaried officer or employee of the Farm Credit Administration, of any institution of the System, or a member of the Federal Farm Credit Board, or if he becomes legally incompetent or is finally convicted of a felony or held liable in damages for fraud. In any event, no director shall, within one year after the date when he ceases to be a member of the board, be elected or designated to serve as a salaried employee of any bank or joint employee of the district for which he served as director.

(c) The terms of district directors shall be for three years, except that the terms of appointed directors may be for a shorter or longer term to permit the staggering of such appointments over a three-year period but in no event shall such appointed director be eligible to serve for more than two full terms.

**SEC. 5.2. SAME; NOMINATION; ELECTION; APPOINTMENT.**—(a) Two of the district direc-

tors shall be elected by the Federal land bank associations, two by the production credit associations, and two by the borrowers from or subscribers to the guaranty fund of the bank for cooperatives. The seventh member shall be appointed by the Governor with the advice and consent of the Federal Farm Credit Board.

(b) At least two months before an election of an elected director the Farm Credit Administration shall cause notice in writing to be sent to those entitled to nominate candidates for such elected director. In the case of an election of a director by Federal land bank associations and borrowers through agencies, such notice shall be sent to all Federal land bank associations and borrowers through agencies in the district; in the case of an election by production credit associations, such notice shall be sent to all production credit associations in the district; and in the case of an election by cooperatives which are voting stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district, such notice shall be sent to all cooperatives which are eligible, voting stockholders or subscribers to the guaranty fund at the time of sending the notice. The notice in the case of associations shall state the number of votes the board of each association is entitled to cast for nomination and election based on the voting stockholders of the association as determined by the Farm Credit Administration as near as practicable to the date of the notice. After receipt of such notice those entitled to nominate a director shall forward nominations to the Farm Credit Administration. The Farm Credit Administration shall, from the nominations received within sixty days after it sends such notice, prepare a list of candidates for such elected director, consisting of the three nominees receiving the highest number of votes, except that for elections to fill vacancies the Farm Credit Administration may specify a shorter period than sixty days but not less than thirty days.

(c) At least one month before the election of an elected director, the Farm Credit Administration shall mail to each person or organization entitled to elect the elected director a list of the three candidates receiving the highest number of votes from those nominated in accordance with subsection (b). In the case of an election of a director by the Federal land bank associations, the directors of each land bank association shall cast the vote of such association for one of the candidates on the list. Each association shall be entitled to cast the number of votes specified in the notice prior to the nomination poll as determined by the Farm Credit Administration to be the number of voting stockholders of each association, and each direct borrower and borrower through agent shall be entitled to cast one vote. Each production credit association shall be entitled to cast the number of votes specified in the notice of nomination poll as determined by the Farm Credit Administration to be equal to the number of voting stockholders of such association. Each cooperative which is the holder of voting stock in or a subscriber to the guaranty fund of the bank for cooperatives shall be entitled to cast one vote except as provided in subsection 3.3(d). The votes shall be forwarded to the Farm Credit Administration and no vote shall be counted unless received by it within sixty days after the sending of such list of candidates, except that for elections to fill vacancies the Farm Credit Administration may specify a shorter period than sixty days but not less than thirty days. In the case of a tie a runoff election between those tying shall be held.

(d) Any vacancies in the board of directors shall be filled for the unexpired term in the manner provided in sections 5.1 and 5.2 for the selection of such directors.

**SEC. 5.3. DISTRICT DIRECTORS CONSTITUTE BOARDS OF DIRECTORS FOR FEDERAL LAND**

**BANKS, FEDERAL INTERMEDIATE CREDIT BANKS, AND DISTRICT BANKS FOR COOPERATIVES.**—The members of each farm credit district board of directors shall be and shall have all the functions, powers, and duties of directors for the Federal land banks, the Federal intermediate credit banks, and the district banks for cooperatives in their respective districts.

**SEC. 5.4. DISTRICT BOARD OFFICERS.**—Each farm credit district board shall elect from its members a chairman and a vice chairman and shall appoint a secretary from within or without its membership as it may see fit. The chairman, vice chairman, and secretary shall hold office for a term of one year and until their successors are selected and take office.

**SEC. 5.5. COMPENSATION OF DISTRICT BOARD.** Members of each farm credit district board shall receive compensation, including reasonable allowances for necessary expenses, in attending meetings of the board as district board and as directors of the district banks including travel time. The compensation shall not be in excess of the level set by the Farm Credit Administration. In addition to attending said meetings, a director may not receive compensation and allowances for any services rendered in his capacity as director or otherwise for more than thirty days or parts of days in any one calendar year without the approval of the Farm Credit Administration.

**SEC. 5.6. POWERS OF THE DISTRICT FARM CREDIT BOARD.**—(a) Each farm credit district board shall have power to—

(1) Act as the board of directors for the district and of the several banks of the System in the district.

(2) Provide rules and regulations, governing the banks and associations in the district, not inconsistent with law.

(3) Elect or provide for joint officers and employees for the banks in its district which are institutions of the System or, upon agreement with banks in other districts, joint officers and employees of institutions in more than one district. The salary or other compensation of all such joint officers and employees and the allocation thereof between the banks shall be fixed by the district farm credit board. Officers and employees elected or provided for by the district farm credit board, whether separate officers and employees of the institutions or joint officers and employees, shall be officers and employees of the district institutions served by them. Employment, compensation, leave, retirement, except as provided in subsection (b) of this section, hours of duty, and all other conditions of employment of such joint officers and employees and of the separate officers and employees of the institutions in the district provided for by the board of directors shall be without regard to the provisions of title 5 of the United States Code relating to such matters, but all such determinations shall be consistent with the law under which the banks are organized and operate. Appointments, promotions, and separations so made shall be based on merit and efficiency and no political test or qualification shall be permitted or given consideration. The limitations against political activity and conflict of interest of such officers and employees shall be in accordance with rules and regulations prescribed by the Farm Credit Administration.

(4) Authorize the acquisition and disposal of such property, real or personal, as may be necessary or convenient for the transaction of the business of the banks of the System located in its district, upon such terms and conditions as it shall fix, and to prorate among such banks the cost of purchases, rentals, construction, repairs, alterations, maintenance, and operation in such amounts and in such manner as it shall determine. Any lease, or any contract for the purchase or sale of property, or any deed or conveyance of property, or any contract for the construction, repair, or alteration of

buildings, authorized by a district farm credit board under this subsection shall be executed by the officers of the bank or banks concerned pursuant to the direction of such board. No provision of law relative to the acquisition or disposal of property, real or personal, by or for the United States, or relative to the making of contracts or leases by or for the United States, including the provisions set out in titles 40 and 41, and including provisions applicable to corporations wholly owned by the United States, shall be deemed or held applicable to any lease, purchase, sale, deed, conveyance, or contract authorized or made by a district farm credit board or the banks of the System under this subsection.

(5) Authorize agreements for the provision of joint services between institutions in the System and between districts for those banks' and associations' functions and for those services to borrowers which can most effectively be performed by the joint undertakings of the district or districts, all of such activities to be subject to the same supervision of the Farm Credit Administration as is applicable to such institutions under this Act.

(6) Formulate broad policy considerations concerning the funding operations of the banks in the district and, in concert with the other district boards, furnish unified long-range policy guidance for the funding of the System.

(b) The provisions of subsection (a) of this section are qualified as follows:

(1) Each officer and employee of the banks of the System who, on December 31, 1959, was within the purview of the Civil Service Retirement Act, as amended, shall continue so during his continuance as an officer or employee of any such banks or of the Farm Credit Administration without break in continuity of service. Any other officer or employee of such banks and any other person entering upon employment with any such banks after December 31, 1959, shall not be covered under the civil service retirement system by reason of such employment, except that (1) a person who, on December 31, 1959, was within the purview of the Civil Service Retirement Act, as amended, and thereafter becomes an officer or employee of any such banks without break in continuity of service shall continue under the civil service retirement system during his continuance as an officer or employee of any such banks without break in continuity of service and (2) a person who has been within the purview of said Act as an officer or employee of such banks and, after a break in such employment, again becomes an officer or employee of any such banks may elect to continue under the civil service retirement system during his continuance as such officer or employee by so notifying the Civil Service Commission in writing within thirty days after such reemployment.

(2) Each of the banks of the System shall contribute to the civil service retirement and disability fund, for each fiscal year after June 30, 1960, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended, except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of said banks who are covered by that Act, the per centum rate determined annually by the United States Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). Each bank shall also pay into the Treasury as miscellaneous receipts such portion of the cost of administration of the fund as is determined by the United States Civil Service Commission to be attributable to its employees.

#### PART B—FARM CREDIT ADMINISTRATION ORGANIZATION

SEC. 5.7. THE FARM CREDIT ADMINISTRATION.—The Farm Credit Administration shall be an independent agency in the executive branch of the Government. It shall be composed of the Federal Farm Credit Board, the Governor of the Farm Credit Administration, and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration by this Act.

SEC. 5.8. THE FEDERAL FARM CREDIT BOARD; NOMINATION AND APPOINTMENT OF MEMBERS; ORGANIZATION AND COMPENSATION.—(a) There is established in the Farm Credit Administration a Federal Farm Credit Board. The Board shall consist of not more than thirteen members, one of whom shall be designated by the Secretary of Agriculture. The remainder of the Board shall be appointed by the President, with the advice and consent of the Senate, one from each farm credit district, to be known as the appointed members.

(b) In making appointments to the Board, the President shall have due regard to a fair representation of the public interest, the welfare of all farmers, and the types of institutions constituting the Farm Credit System, with special consideration to persons who are experienced in cooperative agricultural credit, taking into consideration the lists of nominees proposed by the Farm Credit System as hereinafter provided.

(c) Each appointed member of the Board shall have been a citizen of the United States and shall have been a resident of the district from which he was appointed for not less than ten years next preceding his appointment, and the removal of residence from the district shall operate to terminate his membership on the Board. No person shall be eligible for nomination or appointment if within one year next preceding the commencement of his term he has been a salaried officer or employee of the Farm Credit Administration or a salaried officer or employee of any institution of the Farm Credit System. Any person who is a member of a district farm credit board when appointed as a member of the Federal Farm Credit Board shall resign as a member of the district board before assuming his duties as a member of the Board. No person who becomes an appointed member of the Board shall be eligible to continue to serve in such capacity if such person is or becomes a member of a district farm credit board, or an officer or employee of the Farm Credit Administration, or director, officer, or employee of any institution of the Farm Credit System. No director shall, within one year after the date when he ceases to be a member of the Board, be elected or designated to serve as a salaried officer or employee of any bank, joint officer or employee, or officer or employee of the Farm Credit Administration.

(d) The Secretary of Agriculture shall designate one member of the Board to serve at the pleasure of the Secretary. He shall be known as the Secretary's representative on the Board. He shall be a citizen of the United States and shall have been a resident of the United States for not less than ten years preceding his designation on the Board. No person shall be designated by the Secretary if such person is a member of a farm credit district board, an officer or employee of the Farm Credit Administration, or an officer or employee of any institution operating under the supervision of the Farm Credit Administration. The Secretary's representative shall not be eligible to serve as Chairman, Vice Chairman, or Secretary of the Board but shall otherwise possess all the rights and privileges of membership on the Board.

(e) The term of office of the appointed members of the Board shall be six years and

such members shall serve until their successors are duly appointed and qualified. No appointed member of the Board shall be eligible to serve more than one full term of six years and, in addition, if he is appointed to fill the unexpired portion of one term expiring before his appointment to a full term, he may be eligible thereafter for appointment to fill a full term of six years.

All vacancies for the offices of appointed members shall be filled for the unexpired portion of the term upon like nominations and like appointments: *Provided, however, That the district board of directors may select a representative to meet with the Board, without the right of vote, prior to the filling of a vacancy occasioned by death, resignation, disability, or declination in the office of member from that district, under rules and regulations prescribed by the Board.*

(f) A list of nominees for appointment as an appointed member of the Board shall be presented to the President for consideration in the filling of any office of Board member. The list shall be composed of one selected by each voting group in the district in which the member's term is about to expire or in which a vacancy occurs, determined in accordance with the procedure prescribed in section 5.2 of this title for the nomination and election of members of a district farm credit board, except that the list of candidates for the Board for final election in the district shall be the two nominees of each voting group receiving the highest number of votes.

(g) The members of the Board shall meet and subscribe the oath of office and annually organize by the election of a Chairman and Vice Chairman. The Board shall appoint a Secretary from within or without the membership. Such officers of the Board shall serve for one year and until their successors are selected and take office. The Board may function notwithstanding vacancies exist, provided a quorum is present. A quorum shall consist of a majority of all the members of the Board, for the transaction of business. The Board shall hold at least four regularly scheduled meetings a year and such additional meetings at such times and places as it may fix and determine. Such meetings may be held on the call of the Chairman or any three Board members.

(h) Each of the Board members shall receive the sum of \$100 a day for each day or part thereof in the performance of his official duties at regular and special meetings of the Board and regular and special meetings of district boards. In addition to attending said meetings, members may receive compensation for services rendered as member for not more than thirty days or parts of days in any calendar year, and shall be reimbursed for necessary travel, subsistence, and other expenses in the discharge of their official duties without regard to other laws with respect to allowance for travel and subsistence of officers and employees of the United States. The Secretary's representative if he is a full-time officer or employee of the United States shall receive no additional compensation for his official duties on the Board, but may receive travel and subsistence and other expenses.

(i) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent records and minutes of its acts and proceedings.

SEC. 5.9. POWERS OF THE BOARD.—The Federal Farm Credit Board shall establish the general policy for the guidance of the Farm Credit Administration and approve the necessary rules and regulations for the implementation of this Act not inconsistent with its provisions; may require such reports as it deems necessary from the institutions of the Farm Credit System; provide for the examination of the condition of and general

supervision over the performance of the powers, functions, and duties vested in each such institution, and for the performance of all the powers and duties vested in the Farm Credit Administration or in the Governor which, in the judgment of the Board, relate to matters of broad and general supervisory, advisory, or policy nature. The Board shall function as a unit without delegating any of its functions to individual members, but may appoint committees and subcommittees for studies and reports for consideration by the Board. It shall not operate in an administrative capacity.

**SEC. 5.10. GOVERNOR; APPOINTMENT; RESPONSIBILITIES.**—The Governor of the Farm Credit Administration shall be appointed by and serve at the pleasure of the Federal Farm Credit Board. He shall be responsible, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, for the execution of all of the administrative functions and duties of the Farm Credit Administration. During any period in which the Governor holds any stock in any of the institutions subject to supervision of the Farm Credit Administration, the appointment of the Governor shall be subject to approval by the President and during any such period the President shall have the power to remove the Governor.

**SEC. 5.11. COMPENSATION; SALARY AND EXPENSE ALLOWANCE.**—The compensation of the Governor of the Farm Credit Administration shall be at the rate fixed in the Executive Pay Schedule. The Board shall fix the allowance for his necessary travel and subsistence expenses or per diem in lieu thereof.

**SEC. 5.12. COMPLIANCE WITH BOARD ORDERS.**—It shall be the duty of the Governor of the Farm Credit Administration to comply with all orders and directions which he receives from the Federal Farm Credit Board and, as to third persons, all acts of the Governor shall be conclusively presumed to be in compliance with the orders and directions of the Board.

**SEC. 5.13. FARM CREDIT ORGANIZATION.**—The Governor of the Farm Credit Administration is authorized, in carrying out the powers and duties now or hereafter vested in him by this Act and acts supplementary thereto, to establish and to fix the powers and the duties of such divisions and instrumentalities as he may deem necessary to the efficient functioning of the Farm Credit Administration and the successful execution of the powers and duties so vested in the Governor and the Farm Credit Administration. The Governor shall appoint such other personnel as may be necessary to carry out the functions of the Farm Credit Administration: *Provided*, That the salary of positions of Deputy Governors shall not exceed the maximum scheduled rate of the general schedule of the Classification Act of 1949, as amended. The powers of the Governor may be exercised and performed by him through such other officers and employees of the Farm Credit Administration as he shall designate.

**SEC. 5.14. SEAL.**—The Farm Credit Administration shall have a seal, as adopted by the Governor, which shall be judicially noted.

**SEC. 5.15. ADMINISTRATIVE EXPENSES.**—The Farm Credit Administration may, within the limits of funds available therefor, make necessary expenditures for personnel services and rent at the seat of Government and elsewhere; contract stenographic reporting services; purchase and exchange lawbooks, books of reference, periodicals, newspapers, expenses of attendance at meetings and conferences; purchase, operation, and maintenance at the seat of Government and elsewhere of motor-propelled passenger-carrying vehicles and other vehicles; printing and binding; and for such other facilities and services, including temporary employment by contract or otherwise, as it may from time to time find

necessary for the proper administration of this Act.

**SEC. 5.16. ALLOCATION OF EXPENSES FOR ADMINISTRATIVE SERVICES BY THE FARM CREDIT ADMINISTRATION; DISPOSITION OF MONEY.**—

(a) The Farm Credit Administration shall prior to the first day of each fiscal year estimate the cost of administrative expenses for the ensuing fiscal year in administering this Act, including official functions, and shall apportion the amount so determined among the institutions of the System on such equitable basis as the Farm Credit Administration shall determine, and shall assess against and collect in advance the amounts so apportioned from the institutions among which the apportionment is made.

(b) The amounts collected pursuant to subsection (a) of this section shall be covered into the Treasury, and credited to a special fund and, without regard to other law, shall be available to said Administration for expenditure during each fiscal year for salaries and expenses of said Administration. As soon as practicable after the end of each such fiscal year, the Administration shall determine, on a fair and reasonable basis, the cost of operation of the Farm Credit Administration and the part thereof which fairly and equitably should be allocated to each bank and association as its share of the cost during the fiscal year of such Administration. If the amount so allocated is greater than the amount collected from the bank or other institutions, the difference shall be collected from such bank or other institutions, and, if less, shall be refunded from the special fund to the bank or other institutions entitled thereto or credited in the special fund to such bank or other institutions for use for the same purposes in future fiscal years.

**SEC. 5.17. QUARTERS AND FACILITIES FOR THE FARM CREDIT ADMINISTRATION.**—As an alternative to the rental of quarters under section 5.15, and without regard to any other provision of law, the banks of the System, with the concurrence of two-thirds of the district boards, are hereby authorized—

(1) To lease or acquire real property in the District of Columbia or elsewhere for quarters of the Farm Credit Administration.

(2) To construct, develop, furnish, and equip such building thereon and such facilities appurtenant thereto as in their judgment may be appropriate to provide, to the extent the Federal Farm Credit Board may deem advisable, suitable, and adequate quarters and facilities for the Farm Credit Administration.

(3) To enlarge, remodel, or reconstruct the same.

(4) To make or enter into contracts for any of the foregoing.

The Board may require of the respective banks of the System, and they shall make to the Farm Credit Administration, such advances of funds for the purposes set out in this section as in the sole judgment of the Board may from time to time be advisable for the purposes of this section. Such advances shall be in addition to and kept in a separate fund from the assessments authorized in section 5.16 and shall be apportioned by the Board among the banks in proportion to the total assets of the respective banks, and determined in such manner and at such times as the Board may prescribe. The powers of the banks of the System and purposes for which obligations may be issued by such banks are hereby enlarged to include the purpose of obtaining funds to permit the making of advances required by this section. The plans and decisions for such building and facilities and for the enlargement, remodeling, or reconstruction thereof shall be such as is approved in the sole discretion of the Board.

**SEC. 5.18. ENUMERATED POWERS.**—The Farm Credit Administration shall have the follow-

ing powers, functions, and responsibilities in connection with the institutions of the Farm Credit System and the administration of this Act:

(1) Modify the boundaries of farm credit districts, with due regard for the farm credit needs of the country, as approved by the Federal Farm Credit Board, with the concurrence of the district boards involved.

(2) Where necessary or appropriate to carry out the policy and objectives of this Act, issue and amend or modify Federal charters or the bylaws of institutions of the System; approve change in names of banks operating under this Act; approve the merger of districts when agreed to by the boards of the districts involved and by a majority vote of the voting stockholders and contributors to the guaranty funds of each bank for each of such districts, voting in the same manner as is provided in section 4.10 of this Act; approve mergers of banks operating under the same title of this Act, merger of Federal land bank associations, merger of production credit associations and the consolidation or division of the territories which they serve; and approve consolidation of boards of directors or management agreements. Such mergers shall be encouraged where such action will improve service to borrowers and the financial stability, effect economies of operation, or permit desirable joint management, or consolidation of territories and office quarters.

(3) Make annual reports directly to the Congress on the condition of the System and its institutions and on the manner and extent to which the purposes and objectives of this Act are being carried out and, from time to time, recommend directly legislative changes.

(4) Except for associations, approve the salary scale for employees of the institutions of the System, and approve the compensation of the chief executive officer of such institutions.

(5) Coordinate the activities of the banks in making studies of lending standards, including appraisal and credit standards; approve national and district standards, procedures, and appraisal forms; prescribe price and cost levels to be used in such standards, appraisals, and lending; supplement the work of the district under the foregoing where necessary to accomplish the purposes of this Act.

(6) Prescribe loan security requirements and the types, classes, or number of loans which may be made only with prior approval.

(7) Conduct loan and collateral security review.

(8) Approve the issuance of obligations of the institutions of the System and execute on behalf of the banks consolidated and Systemwide obligations for the purpose of funding the authorized operations of the institutions of the System, and prescribe collateral therefor.

(9) Approve interest rates paid by institutions of the System on their bonds, debentures, and similar obligations, the terms and conditions thereof, and interest or other charges made by such institutions to borrowers.

(10) Make investments in stock of the institutions of the System as provided in section 4.0 out of the revolving fund, and require the retirement of such stock.

(11) Regulate the borrowing, repayment, and transfer of funds and equities between institutions of the System.

(12) Coordinate and assist in providing services necessary for the convenient, efficient, and effective management of the institutions of the System.

(13) Undertake research into the rural credit needs of the country and ways and means of meeting them and of the funding of the operations of the System in relation to changing farming and economic conditions.

(14) Prepare and disseminate information to the general public on use, organization, and functions of the System and to investors on merits of its securities.

(15) Require surety bonds or other provision for protection of the assets of the institutions of the System against losses occasioned by employees.

(16) Prescribe rules and regulations necessary or appropriate for carrying out the provisions of this Act.

(17) Exercise such incidental powers as may be necessary or appropriate to fulfill its duties and carry out the purposes of this Act.

**SEC. 5.19. DELEGATION OF DUTIES AND POWERS TO INSTITUTIONS OF THE SYSTEM.**—The Farm Credit Administration is authorized and directed, by order or rules and regulations, to delegate to a Federal land bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over a Federal land bank or Federal land bank associations, their officers and employees, in the farm credit district wherein such Federal land bank is located, as may be determined to be in the interest of effective administration; and, in like manner, to delegate to a Federal intermediate credit bank such of the duties, powers, and authority of the Farm Credit Administration with respect to and over a Federal intermediate credit bank or production credit associations, their officers and employees, in the farm credit district wherein such Federal intermediate credit bank is located, as may be determined to be in the interest of effective administration; to authorize the redelegation thereof; and, in either case the duties, powers, and authority so delegated or redelegated shall be performed and exercised under such conditions and requirements and upon such terms as the Farm Credit Administration may specify. Any Federal land bank or Federal intermediate credit bank to which any such duties, powers, or authority may be delegated or any association to which any power may be redelegated, is authorized and empowered to accept, perform, and exercise such duties, powers, and authority as may be so delegated to it.

**SEC. 5.20. EXAMINATIONS AND REPORTS.**—Except as provided herein, each institution of the System, and each of their agents, at such times as the Governor of the Farm Credit Administration may determine, shall be examined and audited by farm credit examiners under the direction of an independent chief Farm Credit Administration examiner, but each bank and each production credit association shall be examined and audited not less frequently than once each year. Such examinations shall include objective appraisals of the effectiveness of management and application of policies in carrying out the provisions of this Act and in servicing all eligible borrowers. If the Governor determines it to be necessary or appropriate, the required examinations and audits may be made by independent certified public accountants, certified by a regulatory authority of a State, and in accordance with generally accepted auditing standards. Upon request of the Governor or any bank of the System, farm credit examiners shall also make examinations and written reports of the condition of any organization, other than national banks, to which, or with which, any institution of the System contemplates making a loan or discounting paper of such organization. For the purposes of this Act, examiners of the Farm Credit Administration shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act, the Federal Reserve Act, the Federal Deposit Insurance Act, and other provisions of law and shall have the same powers and privileges as are vested in such examiners by law.

**SEC. 5.21. CONDITIONS OF OTHER BANKS AND LENDING INSTITUTIONS.**—The Comptroller of the Currency is authorized and directed, upon request of the Farm Credit Administration to furnish for confidential use of an institution of the System such reports, records, and other information as he may have available relating to the financial condition of national banks through, for, or with which such institution of the System has made or contemplates making discounts or loans and to make such further examination, as may be agreed, of organizations through, for, or with which such institution of the Farm Credit System has made or contemplates making discounts or loans.

**SEC. 5.22. CONSENT TO THE AVAILABILITY OF REPORTS AND TO EXAMINATIONS.**—Any organization other than State banks, trust companies, and savings associations shall, as a condition precedent to securing discount privileges with a bank of the Farm Credit System, file with such bank its written consent to examination by farm credit examiners as may be directed by the Farm Credit Administration; and State banks, trust companies, and savings associations may be required in like manner to file a written consent that reports of their examination by constituted State authorities may be furnished by such authorities upon the request of the Farm Credit Administration.

**SEC. 5.23. REPORTS ON CONDITIONS OF INSTITUTIONS RECEIVING LOANS OR DEPOSITS.**—The executive departments, boards, commissions, and independent establishments of the Government of the United States, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Reserve banks are severally authorized under such conditions as they may prescribe, upon request of the Farm Credit Administration, to make available to it or to any institution of the System in confidence all reports, records, or other information relating to the condition of any organization to which such institution of the System has made or contemplates making loan or for which it has or contemplates discounting paper, or which it is using or contemplates using as a custodian of securities or other credit instruments, or a depository. The Federal Reserve banks in their capacity as depositories, agents, and custodians for bonds, debentures, and other obligations issued by the banks of the System or book entries thereof are also authorized and directed, upon request of the Farm Credit Administration, to make available for audit by farm credit examiners all appropriate books, accounts, financial records, files, and other papers.

**SEC. 5.24. JURISDICTION.**—Each institution of the System shall for the purposes of jurisdiction be deemed to be a citizen of the State, commonwealth, or District of Columbia in which its principal office is located. No district court of the United States shall have jurisdiction of any action or suit by or against any production credit association upon the ground that it was incorporated under this Act or prior Federal law, or that the United States owns any stock thereof, nor shall any district court of the United States have jurisdiction, by removal or otherwise, of any suit by or against such association except in cases by or against the United States or by or against any officer of the United States or against any person over whom the courts of the State have no jurisdiction, and except in cases by or against any receiver or conservator of any such association appointed in accordance with the provisions of this Act.

**SEC. 5.25. STATE LEGISLATION.**—Whenever it is determined by the Farm Credit Administration, or by judicial decision, that a State law is applicable to the obligations and securities authorized to be held by the in-

stitutions of the System under this Act, which law would provide insufficient protection or inadequate safeguards against loss in the event of default, the Farm Credit Administration may declare such obligations or securities to be ineligible as collateral for the issuance of new notes, bonds, debentures, and other obligations under this Act.

**SEC. 5.26. REPEAL.**—(a) The Federal Farm Loan Act, as amended; section 2 of the Act of March 10, 1924 (Public Numbered 35, Sixty-eighth Congress, 43 Stat. 17), as amended; section 6 of the Act of January 23, 1932 (Public Numbered 3, Seventy-second Congress, 47 Stat. 14), as amended; the Farm Credit Act of 1933, as amended; sections 29 and 40 of the Emergency Farm Mortgage Act of 1933; Act of June 18, 1934 (Public Numbered 381, Seventy-third Congress, 48 Stat. 983); Act of June 4, 1936 (Public Numbered 644, Seventy-fourth Congress, 49 Stat. 1461), as amended; sections 5, 6, 20, 25(b), and 39 of the Farm Credit Act of 1937, as amended; sections 601 and 602 of the Act of September 21, 1944 (Public Law 425, Seventy-eighth Congress, 58 Stat. 740, 741), as amended; sections 1, 2, 3, 4, 5, 6, 7, 8, 16, and 17(b) of the Farm Credit Act of 1953, as amended; sections 2, 101, and 201(b) of the Farm Credit Act of 1956 are hereby repealed. All references in other legislation, State or Federal, rules and regulations of any agency, stock, contracts, deeds, security instruments, bonds, debentures, notes, mortgages and other documents of the institutions of the System, to the Acts repealed hereby shall be deemed to refer to comparable provisions of this Act.

(b) All regulations of the Farm Credit Administration or the institutions of the System and all charters, bylaws, resolutions, stock classifications, and policy directives issued or approved by the Farm Credit Administration, and all elections held and appointments made under the Acts repealed by subsection (a) of this section shall be continuing and remain valid until superseded, modified, or replaced under the authority of this Act. All stock, notes, bonds, debentures, and other obligations issued under the repealed acts shall be valid and enforceable upon the terms and conditions under which they were issued, including the pledge of collateral against which they were issued, and all loans made and security or collateral therefor held by, and all contracts entered into by, institutions of the System shall remain enforceable according to their terms unless and until modified in accordance with the provisions of this Act; it being the purpose of this subsection to avoid disruption in the effective operation of the System by reason of said repeals.

**SEC. 5.27. AMENDMENTS TO OTHER LAWS.**—(a) The Executive Schedule of basic pay (80 Stat. 458, 5 U.S.C. 5311-5317), as amended, is further amended by striking from positions at level IV the "Governor of the Farm Credit Administration." (5 U.S.C. 5315(51)) and inserting in positions at level III the additional position "(58) Governor of the Farm Credit Administration." (5 U.S.C. 5314).

(b) The third paragraph of section 15 of the Federal Reserve Act (12 U.S.C. 393) is amended to read as follows:

"The Federal Reserve banks are authorized to act as depositories for and fiscal agents of any Federal land bank, Federal intermediate credit bank, bank for cooperatives, or other institutions of the Farm Credit System."

**SEC. 5.28. SEPARABILITY.**—If any provision of this Act, or the application thereof to any persons or in any circumstances, is held invalid, the remainder of this Act and the application of such provision to other persons or in other circumstances shall not be affected thereby.

**SEC. 5.29. RESERVE RIGHT TO AMEND OR REPEAL.**—The right to alter, amend, or repeal any provision or all of this Act is expressly reserved.

And the House agree to the same.

W. R. POAGE,  
JOHN L. McMILLAN,  
ED JONES,  
PAGE BELCHER,  
CHARLES M. TEAGUE,  
Managers on the Part of the House.  
HERMAN E. TALMADGE,  
GEORGE McGOVERN,  
JAMES B. ALLEN,  
JACK MILLER,  
HENRY BELLMON,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1483) to further provide for the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, and to associations and other entities upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and consolidate existing farm credit law to meet current and future rural credit needs, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment generally represented a refinement of the Senate bill, making minor technical improvements and changes designed to remove objections raised by some groups. The conference substitute therefore adopts all of the provisions of the House amendment with one exception. Under the Senate bill services or supplies furnished by a cooperative as a public utility were excluded in determining whether a cooperative is eligible to borrow from a bank for cooperatives as not having business with non-members in excess of that with members. The House omitted this provision, and it has been reinserted in the conference substitute.

The principal differences between the Senate bill and the House amendment are as follows:

1. (a) Land bank first lien:
  1. Senate: No limitation.
  2. House: First lien on interests in real estate of classes approved by FCA.
- (b) Land bank loan-value ratio:
  1. Senate: No limitation.
  2. House: Not to exceed 85 percent appraised value.
- (c) Appraisals:
  1. Senate: Appraisal standards prescribed as approved by FCA.
  2. House: Appraisal standards prescribed by the bank and approved by FCA.
2. Rural Housing Limitations:
  - (a) Senate: Single family low- and moderate-priced dwellings.
  - House: Single family moderate-priced dwellings.
  - (b) Senate: None.
  - House: Not to exceed 15 percent of outstanding loans (similar PCA but 15 percent in each PCA or on prior approval larger percent but not to exceed 15 percent of all PCAs in district).
  - (c) Senate: None.
  - House: Rural areas for housing purposes not to include cities and villages in excess of 2,500 inhabitants.

3. Financially Related Services:
  - (a) Senate: Appropriate to their on-farm operation as determined to be feasible under regulations of FCA.

House: Appropriate to their on-farm operations as determined to be feasible by the board of directors of each district bank, under regulations of FCA.

(b) Senate report: "On farm." "This would exclude tax, estate planning and other serv-

ices not necessary to their on-farm operating needs."

House report: Credit life insurance justified as "necessary and incident" to lending. "The committee intends that this policy be continued and that the various agencies of the Farm Credit System should not be allowed to write or sell any form of insurance except credit life insurance which is 'necessary and incident' to protect their outstanding loans." (Same for PCA and BC.)

4. Supervisory Associations:

Senate: Governor's power under charter or regulations to provide for organization, management, and conduct of the business of the association.

House: To provide for organization of the association (Same for PCAs).

5. Cooperative Eligibility:

(a) Business with non-members:

Senate: Excludes from 50 percent rule for business with non-members "services or supplies furnished as a public utility."

House: Deleted exception.

(b) Voting media:

Senate: Minimum of 66 2/3 percent held by producers.

House: Minimum of 80 percent.

6. Merger of Similar Banks:

Senate: On majority vote of stockholders.

House: On majority vote cast by stockholders and contributors to guarantee funds in accordance with voting strength same as for directors.

7. Involuntary Mergers of Associations:

Senate: If they have "failed to provide adequate credit services at reasonable costs."

House: Deletes.

8. Prohibition against Tax-Exempt Guarantees:

Senate: No prohibitions.

House: No guarantee of any debt the income from which is exempt from Federal tax.

9. Single Security:

Senate: Sec. 4.2d.

House: Adds proviso requiring concurrence of 12 districts and Central Bank.

10. Change in District Boundaries:

Senate: In discretion of FFCB.

House: With concurrence of district boards involved.

11. Appointment of Seventh Member District Board:

Senate: Governor appoints and may remove.

House: Appoints only.

12. Joint Services Agreements:

Senate: Authorized with FCA approval

House: All subject to some FCA supervision as applicable to banks individually.

13. Powers of FFCB:

(a) General Senate: Establish general policy for FCA and the Farm Credit System in carrying out the act.

House: For guidance of FCA "and approve the necessary rules and regulations for the implementation of this act not inconsistent with its provisions."

(b) Modify district boundaries:

Senate: Approve boundary modifications.

House: With concurrence of the district boards involved.

(c) Approve merger of districts:

Senate: After majority of the voting stockholders and contributors to guarantee fund of each bank in each district.

House: Upon majority vote of the stockholders and contributors voting with voting strength the same as for directors.

(d) Legislative reports:

Senate: FFCB make annual reports and recommend legislative changes.

House: Both "directly to the Congress."

(e) Governor's approval of bank's chief executive officer:

Senate: Approve the appointment and compensation.

House: Approve the compensation only.

14. Appropriations Limitation:

Senate: Collect assessments—"fund authorized to be appropriated."

House: Fund "without regard to other law shall be available."

15. Court Jurisdiction PCA:

Senate: PCA actions in state courts.

House: Except where state court has no jurisdiction (Indians).

As indicated above, the conference substitute adopts the Senate position on item 5(a).

While the conference substitute adopts the language of the House amendment with respect to item 2(a) and authorizes loans for "moderate-priced" rather than low- and moderate-priced dwellings, there was no difference in substance on this point; since authority to provide loans for "moderate-priced" dwellings includes authority to provide loans for low-priced dwellings, as indicated in the letter set out below from the General Counsel for the Farm Credit Administration:

FARM CREDIT ADMINISTRATION,  
Washington, D.C., November 10, 1971.

Mr. HARKER T. STANTON,  
Counsel, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. STANTON: You will recall my discussion of that House amendment to S. 1483 in Sec. 1.10 which limits rural housing financed under the Act to "single-family moderate-priced dwellings" in lieu of the Senate language introduced by Senator Miller restricting such loans to "single-family, low- and moderate-priced dwellings."

Your attention is called to the House report language, page 12, particularly the sentence "The Senate authorization for low-priced housing was deleted because this is usually associated with some subsidy." You will also recall my oral statement that the Miller amendment language was adapted from the use of the terms low and moderate income housing in the Rural Housing Act of 1949, as amended, and in other housing legislation. Current housing programs contemplate interest supplements or subsidies down to as low as one percent interest to be paid by the borrower, depending on his repayment ability as compared with a full market rate or cost-of-money interest charge. Since the Farm Credit nonfarm rural housing loans will not be subsidized in any degree, it was believed that the description of low-priced housing should be eliminated from the Senate language. Nevertheless, it is my opinion that the "moderate-priced" limitation in the House bill will not preclude loans for low-cost housing by the banks and associations of the Farm Credit System so long as the borrower has ability to repay the rate then being charged on such loans by the banks and associations of the Farm Credit System. Testimony shows that it is anticipated that repair and modernization of low-cost housing through land bank and production credit association loans will be one effective means of upgrading the quality of housing in rural areas. The testimony also indicates that, in the intermediate-term loan field, relatively low-cost mobile homes located on permanent sites will be financed.

For the foregoing reasons it is my opinion that the House version fully accomplishes the objectives of the Miller amendment.

Sincerely,

HOWARD V. CAMPBELL,  
General Counsel.

Item 3(b) does not involve a difference in language between the Senate bill and the House amendment, but rather concerns report language. The conferees agreed with the language used in the Senate report, to wit, "This would exclude tax, estate planning, and other services not necessary to their on-farm operations"; but differed with the House report language. The language in the House report appeared at page 17 as follows:

"Section 1.11.—Some credit related services are now available to land bank borrowers, such as credit life insurance. Present law per-

mits only such credit related services as can be justified as 'necessary and incident' to the banks lending function. The committee intends that this policy be continued and that the various agencies of the Farm Credit System should not be allowed to write or sell any form of insurance except credit life which is 'necessary and incident' to protect their outstanding loans."

In a letter to Senator Talmadge, dated November 3, the Governor of the Farm Credit Administration commented on this item as follows:

"Section 3(b). We strongly recommend that the conferees accept the House language in Items 1.11, 2.5, 2.16 and 3.7 concerning financially related services to borrowers, but that the joint conference report reject the attempt by the House committee to limit the scope of such services to less than that authorized by the language of these sections in the field of placing insurance to only providing 'credit life insurance "necessary and incident" to protect outstanding loans."

"Credit life insurance was declared 'necessary and incident' in 1954, hail insurance in 1967 and comprehensive insurance on point of purchase sales in 1965. These insurance services have been important to the financial wellbeing of the members, as well as a protection to associations in the extension of credit. To deny associations the right to continue these services threatens the best interests of the members and the associations.

"In the past, members have expressed a need for insurance services. The *need factor* has been evaluated at the local, district and Federal Board levels. This approval procedure should reassure the committee that the system is only concerned with providing services where member owners have determined that real needs exist. The inference that a member owned cooperative under appropriate FCA supervision cannot act in the best interest of its membership is contrary to the legislative history enacted by Congress over the years.

"The basic thrust of this entire bill is to provide a charter for the Farm Credit System which will allow it to meet both present and future needs of its members. The authority to meet members' insurance needs is a critical part of financial related services.

"The limitations imposed by the House committee report would deal a devastating blow to the present and future members of this system who look to their associations for assistance in achieving efficient and profitable farm and ranch operations."

The General Counsel for the Farm Credit Administration further expanded on the extent to which Farm Credit institutions sell insurance as follows:

FARM CREDIT ADMINISTRATION,  
Washington, D.C., November 16, 1971.  
Mr. HARKER T. STANTON,  
Counsel, Committee on Agriculture and  
Forestry, U.S. Senate, Washington, D.C.

DEAR HARKER: In accordance with your telephone request of this date, this will inform you that at the present time practically all of the production credit associations offer to their member-borrowers credit life insurance in connection with their indebtedness to the production credit association. The borrower has the privilege of purchasing this life insurance in connection with the loan. In some associations the percentage of the members which take advantage of this service is as high as 85 percent. In others, however, only 30 or 40 percent of the members are covered. Credit life insurance is placed with eleven different private insurers under blanket arrangements. The compensation under these arrangements is paid directly to the production credit associations although the manager or other personnel responsible for placing the insurance requested by the borrower may be required to be a licensed insurance agent under State law.

The production credit associations in most districts also offer to borrowers hail insurance. Only about half of the production credit associations engage in this activity. This, too, is optional with the borrower and is placed under blanket policies with some twenty-nine commercial companies across the country. Almost half of the PCA borrowers in eight of the twelve districts have some hail insurance. Hail insurance placed through the production credit associations is chosen by from 3 to 18 percent of the PCA borrowers whereas from 16 to 37 percent of the borrowers carrying hail insurance obtain it through other sources.

Production credit associations also have arrangements to place liability and extended coverage on farm machinery in connection with the point-of-purchase program. When an implement dealer sells the machine to a borrower, he notifies the PCA which places the coverage on the equipment immediately. The borrower's note to the dealer is then purchased by the PCA and the cost of the insurance is added to the borrower's account.

Most of the land banks carry at their own expense an errors and omissions blanket policy on fire and extended coverage on real estate loans. To our knowledge, only one district, the Columbia Land Bank, has a blanket policy under which coverage is obtained on real estate improvements to their insurable value if the borrower fails to present evidence that he has a paid-up fire insurance policy with another company.

We hope the foregoing information will be of assistance to you in advising the conferees on the Farm Credit Act of 1971.

Sincerely,

HOWARD V. CAMPEELL,  
General Counsel.

The conferees discussed at length the scope of insurance services that should properly be made available to eligible borrowers. It is felt that the sale of liability insurance, and any insurance on passenger automobiles, is not "necessary and incident" to the functions of the lending institutions; but that they should be able to sell such insurance as may be necessary to protect the loan. Thus credit life insurance could be sold in an amount appropriate to insure repayment of the loan, and insurance against loss of any collateral securing a loan could be sold for the full value of such collateral. It is of course not the intent of the conferees that the borrowers' insurance necessarily be purchased through the Farm Credit System lender. These lenders should appropriately notify the borrowers that they possess the option of buying the insurance needed to secure the loan elsewhere if they so wish.

W. R. POAGE,  
JOHN L. MCMILLAN,  
ED JONES,  
PAGE BELCHER,  
CHARLES M. TEAGUE,  
Managers on the Part of the House.

HERMAN E. TALMADGE,  
GEORGE McGOVERN,  
JAMES B. ALLEN,  
JACK MILLER,  
HENRY BELLMON,  
Managers on the Part of the Senate.

#### PROVIDING FOR ADJOURNMENT OF THE HOUSE FROM NOVEMBER 19 TO NOVEMBER 29, 1971

The Speaker laid before the House the concurrent resolution (H. Con. Res. 466) providing for an adjournment of the House from November 19 to November 29, 1971, together with the Senate amendment thereto.

The Clerk read the title of the concurrent resolution.

The Clerk read the Senate amendment, as follows:

Page 1, line 5, strike out "1971." and insert: "1971, and when the Senate adjourns on Wednesday, November 24, 1971, it stand adjourned until 10 a.m., Monday, November 29, 1971."

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### LEAVE OF ABSENCE

Mr. HAGAN (at the request of Mr. BOGGS), for today, on account of official business.

Mr. PEPPER (at the request of Mr. BOGGS), for today, on account of official business.

Mr. CORMAN, for today, on account of official business.

Mr. JONES of Tennessee (at the request of Mr. O'NEILL), for today, on account of official business.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. RANDALL, for 30 minutes, today; to revise and extend his remarks and to include extraneous matter.

Mr. JOHNSON of California, for 15 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. DENT (at the request of Mr. DAVIS of South Carolina), for 10 minutes, today, and to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. McKEVITT) to revise and extend their remarks and include therein extraneous matter:)

Mrs. HECKLER of Massachusetts, for 15 minutes, today.

Mr. KEMP, for 15 minutes, today.

Mr. MIZELL, for 5 minutes, today.

Mr. HORTON, for 10 minutes, today.

Mr. SCHWENGEL, for 5 minutes, today.

Mr. HARSHA, for 10 minutes, today.

Mr. VEYSEY, for 45 minutes, today.

Mr. HORTON, for 30 minutes, on November 30.

(The following Members (at the request of Mr. DAVIS of South Carolina) to revise and extend their remarks and include therein extraneous matter.)

Mr. BURKE of Massachusetts, for 25 minutes, today.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. CABELL, to revise and extend his remarks immediately following those of Mr. MORGAN.

(The following Members (at the request of Mr. McKEVITT) to revise and extend their remarks and include extraneous matter:)

Mr. GUBSER.

Mr. DERWINSKI in two instances.

Mr. McCLORY in two instances.

Mr. HALL.

Mr. ESCHE.

Mr. SPENCE.

Mr. HALPERN.

Mr. SCHMITZ.

Mr. HORTON.  
 Mr. WYMAN in two instances.  
 Mr. LANDGREBE.  
 Mr. FREY.  
 Mr. HOSMER in five instances.  
 Mr. SCHWENGEL in three instances.  
 Mr. SCOTT.  
 Mr. MARTIN.  
 Mr. BURKE of Florida.  
 Mr. THOMPSON of Georgia.  
 Mr. KEMP in two instances.  
 Mr. MICHEL.  
 Mr. ANDERSON of Illinois.  
 Mr. FINDLEY.  
 Mrs. HECKLER of Massachusetts in five instances.  
 (The following Members (at the request of Mr. DAVIS of South Carolina) to revise and extend their remarks and to include extraneous matter):  
 Mr. DULSKI in four instances.  
 Mr. WILLIAM D. FORD.  
 Mr. GONZALEZ in two instances.  
 Mr. RARICK in three instances.  
 Mr. ROGERS in five instances.  
 Mr. KLUCZYNSKI in two instances.  
 Mr. FOUNTAIN in three instances.  
 Mr. CORMAN in three instances.  
 Mr. RANGEL in two instances.  
 Mr. JONES of Tennessee in two instances.  
 Mr. BURKE of Massachusetts.  
 Mr. YATRON.  
 Mr. BOGGS.  
 Mr. DORN in two instances.  
 Mr. PURCELL in two instances.  
 Mr. STUCKEY.  
 Mr. SEIBERLING in two instances.  
 Mr. O'HARA.  
 Mr. ROUSH in two instances.  
 Mr. FRASER.  
 Mr. BINGHAM in five instances.  
 Mr. MILLER of California in six instances.  
 Mr. DONOHUE in two instances.  
 Mrs. SULLIVAN in two instances.  
 Mr. DINGELL in two instances.  
 Mr. BOLAND in three instances.  
 Mr. HECHLER of West Virginia in two instances.

#### SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1938. An act to amend certain provisions of subtitle II of title 28, District of Columbia Code, relating to interest and usury; to the Committee on the District of Columbia.

S.J. Res. 153. Joint resolution to designate the week which begins on the first Sunday in March 1972 as "National Beta Club Week"; to the Committee on the Judiciary.

#### ENROLLED JOINT RESOLUTION SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 946. Joint resolution making further continuing appropriations for the fiscal year 1972, and for other purposes.

#### ADJOURNMENT

Mr. BOGGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER. Pursuant to the provisions of House Concurrent Resolution 466 the Chair declares the House adjourned until 12 o'clock noon on Monday, November 29, 1971.

Thereupon (at 3 o'clock and 4 minutes p.m.) pursuant to House Concurrent Resolution 466, the House adjourned until Monday, November 29, 1971, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1299. A letter from the Director, Office of Emergency Preparedness, Executive Office of the President, transmitting the semiannual report on the strategic and critical materials stockpiling program, covering the period ended June 30, 1971, pursuant to section 4 of the Strategic and Critical Materials Stockpiling Act; to the Committee on Armed Services.

1300. A letter from the Chief of Legislative Affairs, Department of the Navy, transmitting notice of the intention of the Department of the Navy to donate a surplus electric railway crossing warning sign to the Pacific Southwest Railway Museum Association, Inc., San Diego, Calif., pursuant to 10 U.S.C. 7545; to the Committee on Armed Services.

1301. A letter from the Secretary of Health, Education, and Welfare, transmitting the second annual report of Gallaudet College on the establishment and operation of the Model Secondary School for the Deaf, pursuant to section 4(c) of Public Law 89-694; to the Committee on Education and Labor.

1302. A letter from the Executive Director, Federal Communications Commission, transmitting a report on the backlog of pending applications and hearing cases in the Commission as of October 31, 1971, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

1303. A letter from the Director, Administrative Office of the United States Courts, transmitting a draft of proposed legislation to provide for the appointment of transcribers of official court reporters' transcripts in the U.S. district courts, and for other purposes; to the Committee on the Judiciary.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. POAGE: Committee of conference. Conference report on S. 1483. (Rept. No. 92-629). Ordered to be printed.

Mr. HÉBERT: Committee on Armed Services. H.R. 9526. A bill to authorize certain naval vessel loans, and for other purposes; with amendments (Rept. No. 92-680). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLATNIK (for himself, Mr. CLEVELAND, Mr. DON H. CLAUSEN, Mr. SCHWENGEL, Mr. SNYDER, Mr. ZION, Mr. McDONALD of Michigan, Mr. HAMMERSCHMIDT, Mr. MIZELL, Mr. TERRY, Mr. THONE, Mr. BAKER, and Mr. MILLER of Ohio):

H.R. 11895. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works.

By Mr. BLATNIK (for himself, Mr. JONES of Alabama, Mr. KLUCZYNSKI, Mr. WRIGHT, Mr. GRAY, Mr. CLARK, Mr. EDMONDSON, Mr. JOHNSON of California, Mr. DORN, Mr. HENDERSON, Mr. ROBERTS, Mr. KEE, Mr. HOWARD, Mr. ANDERSON of California, Mr. CAFFERY, Mr. ROE, Mr. COLLINS of Illinois, Mr. RONCALIO, Mr. BEGICH, Mr. McCORMACK, Mr. RANGEL, Mr. JAMES V. STANTON, Mrs. ABZUG, Mr. HARSHA, and Mr. GROVER):

H.R. 11896. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works.

By Mr. BURKE of Massachusetts (for himself, Mr. ABOUREZK, Mr. BRASCO, Mr. HELSTOSKI, Mr. HILLIS, Mr. LENT, and Mr. RONCALIO):

H.R. 11897. A bill to amend the Internal Revenue Code of 1954 to encourage higher education, and particularly the private funding thereof, by authorizing a deduction from gross income of reasonable amounts contributed to a qualified higher education fund established by the taxpayer for the purpose of funding the higher education of his dependents; to the Committee on Ways and Means.

By Mr. DANIELS of New Jersey:

H.R. 11898. A bill to amend the National Flood Insurance Act of 1968 to increase flood insurance coverage of certain properties, to authorize the acquisition of certain properties, and for other purposes; to the Committee on Banking and Currency.

By Mr. DOW:

H.R. 11899. A bill to amend the Postal Reorganization Act of 1970, title 39, United States Code, to eliminate certain restrictions on the rights of officers and employees of the Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GAYDOS:

H.R. 11900. A bill to amend the tariff and trade laws of the United States to promote full employment and restore a diversified production base; to amend the Internal Revenue Code of 1954 to stem the outflow of U.S. capital, jobs, technology, and production, and for other purposes; to the Committee on Ways and Means.

By Mr. HAMMERSCHMIDT (for himself, Mr. MILLS of Arkansas, and Mr. ALEXANDER):

H.R. 11901. A bill to provide for a highway bridge across the Norfork Reservoir in Arkansas; to the Committee on Public Works.

By Mr. HENDERSON (for himself and Mr. DULSKI):

H.R. 11902. A bill to provide for additional positions in grades GS-16, GS-17, and GS-18, to carry out the functions of the Economic Stabilization Act of 1970; to the Committee on Post Office and Civil Service.

By Mrs. HICKS of Massachusetts:

H.R. 11903. A bill to amend the General Education Provisions Act with respect to the maintenance of neighborhood schools; to the Committee on Education and Labor.

By Mr. HULL:

H.R. 11904. A bill to provide that for purposes of Public Law 874, 81st Congress, relating to assistance for schools in federally impacted areas, Federal property transferred to the U.S. Postal Service shall continue to be treated as Federal property for 2 years; to the Committee on Education and Labor.

By Mr. KEMP:

H.R. 11905. A bill to amend the Federal Salary Act of 1967, and for other purposes;

to the Committee on Post Office and Civil Service.

By Mr. LENT (for himself, Mr. WHITEHURST, Mr. DRINAN, Mr. COUGHLIN, Mr. LONG of Maryland, Mr. DULSKI, Mr. HOGAN, Mr. FRELINGHUYSEN, Mr. SMITH of New York, Mr. RYAN, Mrs. HECKLER of Massachusetts, Mr. DONOHUE, Mrs. DWYER, Mr. RODINO, Mr. MINISH, Mr. CONABLE, Mr. KING, Mr. STRATTON, Mr. REED of New York, Mr. HARRINGTON, Mr. DOW, Mr. HOWARD, Mr. HUNT, Mr. DANIELS of New Jersey, and Mr. THOMPSON of New Jersey):

H.R. 11906. A bill to amend the Outer Continental Shelf Lands Act, to establish a National Marine Mineral Resources Trust, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. MOORHEAD:

H.R. 11907. A bill to provide for the prevention of sickle cell anemia; to the Committee on Interstate and Foreign Commerce.

By Mr. NIX:

H.R. 11908. A bill to assist in the provision of housing for the elderly, and for other purposes; to the Committee on Banking and Currency.

By Mr. QUIE:

H.R. 11909. A bill to provide incentives for the establishment of new or expanded job-producing industrial and commercial establishments in rural areas; to the Committee on Ways and Means.

By Mr. SPENCE:

H.R. 11910. A bill to amend the Internal Revenue Code of 1954 to encourage higher education, and particularly the private funding thereof, by authorizing a deduction from gross income of reasonable amounts contributed to a qualified higher education fund established by the taxpayer for the purpose of funding the higher education of his dependents; to the Committee on Ways and Means.

By Mr. THOMPSON of New Jersey (for himself, Mr. DANIELS of New Jersey, Mr. HAWKINS, Mr. BURTON, and Mr. GAYDOS):

H.R. 11911. A bill to amend the Service Contract Act of 1965 to revise the method of computing wage rates under that act; to the Committee on Education and Labor.

By Mr. THONE (for himself and Mr. SCHWENGEL):

H.R. 11912. A bill urging units and individual members of the armed services to engage in civic works; to the Committee on Armed Services.

By Mr. DOW:

H.R. 11913. A bill to enable producers of commercial eggs to consistently provide an adequate but not excessive supply of eggs to meet the needs of consumers for eggs, and to stabilize, maintain, and develop orderly marketing conditions for eggs at prices reasonable to the consumers and producers; to the Committee on Agriculture.

By Mr. LANDGREBE:

H.J. Res. 979. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as "Veterans Day"; to the Committee on the Judiciary.

By Mr. RANDALL:

H.J. Res. 980. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as "Veterans Day"; to the Committee on the Judiciary.

By Mr. WYMAN (for himself, Mr. HALEY, Mr. MICHEL, Mr. SNYDER, Mr. WAGGONNER, Mr. HOGAN, Mr. GARMATZ, Mr. KARTH, Mr. BARING, Mr. CLEVELAND, Mr. RUNNELS, Mr. KING, Mr. PIRNIE, Mr. JONES of North Carolina, Mr. WARE, Mr. WHALLEY, Mr. GAYDOS, Mr. SAYLOR, Mr. ST GERMAIN, Mr. DUNCAN, Mr. KUYKENDALL, Mr. COLLINS of Texas, Mr. ARCHER, Mr. FISHER, and Mr. DOWNING):

H.J. Res. 981. Joint resolution proposing an amendment to the Constitution of the United States with respect to participation in silent prayer or meditation in public schools; to the Committee on the Judiciary.

By Mr. WYMAN (for himself, Mr. BROYHILL of Virginia, Mr. MOLLOHAN, Mr. KEE, and Mr. ZABLOCKI):

H.J. Res. 982. Joint resolution proposing an amendment to the Constitution of the United States with respect to participation in silent prayer or meditation in public schools; to the Committee on the Judiciary.

By Mr. BURKE of Florida (for himself, and Mr. BAKER, Mr. BARING, Mr. BROYHILL of Virginia, Mr. DENNIS, Mr. McClure, and Mr. MANN):

H. Con. Res. 467. Concurrent resolution expressing the sense of the House of Repre-

sentatives objecting to the eligibility of the Byelorussian Soviet Socialist Republic and the Ukrainian Soviet Socialist Republic for membership in the United Nations; to the Committee on Foreign Affairs.

By Mr. GONZALEZ:

H. Res. 714. Resolution to provide for an investigation by the Judiciary Committee of the operation of the Federal witness immunity statute; to the Committee on Rules.

By Mr. PRICE of Illinois (for himself, Mr. SMITH of Iowa, and Mr. YATES):

H. Res. 715. Resolution calling for the shipment of Phantom F-4 aircraft to Israel in order to maintain the arms balance in the Middle East; to the Committee on Foreign Affairs.

## MEMORIALS

Under clause 4 of rule XXII,

285. The SPEAKER presented a memorial of the Legislature of the State of Michigan, requesting the Congress to call a convention for the purpose of proposing an amendment to the Constitution of the United States providing that no student shall be assigned to nor compelled to attend any particular public school on account of race, religion, color or national origin; to the Committee on the Judiciary.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. McCLORY presented a bill (H.R. 11914) for the relief of Gonzalo Perez, Martha Perez, and Gonzalo Perez, Jr., which was referred 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:

160. By the SPEAKER: Petition of the City Council, Englewood, N.J., relative to withdrawal of American forces from Southeast Asia; to the Committee on Armed Services.

161. Also, petition of Ralph Boryszewski, Rochester, N.Y., relative to impeachment of officials; to the Committee on the Judiciary.

## SENATE—Friday, November 19, 1971

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. ELLENDER).

### PRAYER

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

Eternal Father, in whose will is our peace, we lift our hearts to Thee to renew our vows and offer our daily service to Thee. In this hushed and holy moment of prayer may we find our hearts quickened and strengthened for the duties and responsibilities of this day. Make it a great adventure of faith and spiritual discipline. And if we should forget Thee do not forget us.

In troubled times may we find in Thee the light, the guidance, and the wisdom to lead the people. May each day bring a larger unfoldment of Thy will for this Nation. Through plodding and tedious hours keep us serene within and magnanimous without. May we be diligent in duties, faithful in high trust, and ever

loyal to Thee. At length may we rest in the peace of those who do justly, and love Thee sincerely.

We pray in the Master's name. Amen.

### THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, November 18, 1971, be dispensed with.

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

### ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the recognition of the joint leadership under the standing order there be a period for the transaction of routine morning business, not to exceed 30 minutes, with statements therein limited to 3 minutes.

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

### THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the calendar, beginning with No. 440, and that the rest of the calendar be considered in sequence up to and including No. 472.

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

### INCREASES IN APPROPRIATION CEILINGS OF THE NATIONAL PARK SYSTEM

The Senate proceeded to consider the bill (S. 2601) to provide for increases in appropriation ceilings and boundary changes in certain units of the national park system, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 1, line 9, after "Virginia:", strike out "section II" and insert "section 11"; on page 2, after line 11, insert: