

Extraordinary and Plenipotentiary of the United States of America to the Republic of Rwanda.

William A. Stoltzfus, Jr., of New Jersey, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary

of the United States of America to the State of Kuwait, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the State of Bahrain and to the State of Qatar.

INTERNATIONAL CIVIL AVIATION ORGANIZATION
Mrs. Betty Crites Dillon, of Indiana, the representative of the United States of America on the Council of the International Civil Aviation Organization, to serve on the Council with the rank of Minister.

HOUSE OF REPRESENTATIVES—Wednesday, December 8, 1971

The House met at 11 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Let not your heart be troubled: believe in God.—John 12: 1.

Almighty God, our Heavenly Father, giver of all spiritual grace and the author of everlasting life, who art waiting to receive each simple and sincere prayer, we turn to Thee in our need asking for light in our darkness, strength for our weakness, and comfort in our sorrow.

Especially do we pray for our beloved John McCormack who mourns the passing of his wife. We call to remembrance their devotion to each other and their loyalty to our land of liberty. Comfort him with Thy presence and give him courage and faith for the years that lie ahead.

Help us to truly live all our lives and ere we depart this mortal scene may we ever work for truth and righteousness and good will. Therefore to Thee we come in this our morning prayer. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the resolution (S. Con. Res. 6) entitled "Concurrent resolution to express the sense of Congress relative to certain activities of Public Health Service hospitals and outpatient clinics."

The message also announced that the Senate disagrees to the amendment of the House to the joint resolution (S.J. Res. 176) entitled "Joint resolution to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages, to extend and modify certain provisions of the National Flood Insurance Act of 1968, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SPARKMAN, Mr. PROXMIER, Mr. WILLIAMS, Mr. MCINTYRE, Mr. TOWER, Mr. BENNETT, and Mr. BROOKE to be the conferees on the part of the Senate.

APPOINTMENT OF CONFEREES ON SENATE JOINT RESOLUTION 176, AMENDING FLOOD INSURANCE ACT OF 1968

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (S.J. Res. 176), to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages, to extend and modify certain provisions of the National Flood Insurance Act of 1968, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. PATMAN and BARRETT, Mrs. SULLIVAN, Messrs. REUSS, ST GERMAIN, ANNUNZIO, and WIDNALL, Mrs. DWYER, Messrs. J. WILLIAM STANTON, and BROWN of Michigan.

TRIBUTE TO THE LATE HARRIET MCCORMACK

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

Mr. BARRETT. Mr. Speaker, a few days ago, our beloved former Speaker, the Honorable John W. McCormack, suffered a great personal loss. His dear, devoted wife, Harriet, passed away.

We know of the great love and devotion that John and Harriet shared. A love so beautiful that only the poets might describe.

We know of the long vigil at her bedside during her last illness and of the grief he now suffers.

I recall his concern and counsel when my wife passed away and I want him to know of my deepest sympathy at this time.

Hopefully he can take some measure of comfort from the following verse by an unknown author:

Like a ship that left its moorings
And sails bravely out to sea,
So someone dear has sailed away
In calm serenity;

But there's promise of a greater joy
Than earth could have in store;
For God has planned a richer life
Beyond the Unseen Shore.

HARD EVIDENCE OF SUCCESS OF PRESIDENT'S NEW ECONOMIC POLICY

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

minute, to revise and extend his remarks and include extraneous matter.)

Mr. WIDNALL. Mr. Speaker, hard evidence of the success of the President's new economic policy is coming in. From October to November the wholesale price index of all commodities rose only one-tenth of 1 percent on a seasonally adjusted basis. Almost all of the increase was attributable to an increase in prices for farm products, processed foods and feeds which are not price controlled. In the 3-month period from September through November, which corresponds closely to phase I, the WPI actually declined at a seasonally adjusted annual rate of 0.8 percent.

November was also a good month for the auto industry. For the third consecutive month, new car sales set a record. The auto industry sold almost a million cars, compared to slightly more than a half million units sold during the month of November 1970, when GM was just resuming operations after a lengthy strike.

Because of recent favorable news concerning such important economic indicators as auto and housing activity, increases in consumer installment credit and retail sales, and business projections of proposed expenditures for new plant and equipment, a number of economists of sharply divergent philosophical views have expressed similar optimism about the economic outlook for 1972. For example, Walter W. Heller recently told the annual conference of the National Association of Manufacturers that he believed inflation would be reduced to approximately 3 percent by the end of 1972. He said:

The shock therapy Nixon applied was just what the doctor ordered.

Before the same group Henry C. Wallich predicted an increase in GNP during 1972 of approximately \$85 billion, which in his opinion "would still allow for meeting the President's disinflation target of less than 3 percent by the end of 1972 while attaining 5 percent real growth."

Mr. Speaker, these should be encouraging words for all of us.

CALL OF THE HOUSE

Mr. BOW. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the fol-

lowing Members failed to answer to their names:

[Roll No. 439]

| | | |
|----------------|--------------|--------------|
| Anderson, Ill. | Dowdy | Macdonald, |
| Anderson, | Downing | Mass. |
| Tenn. | Edwards, La. | Mann |
| Andrews, Ala. | Evins, Tenn. | Mathis, Ga. |
| Annunzio | Foley | Metcalfe |
| Ashley | Fountain | Mills, Ark. |
| Belcher | Gallagher | Pepper |
| Blackburn | Goldwater | Pryor, Ark. |
| Blatnik | Gray | Rees |
| Broyhill, N.C. | Green, Oreg. | Roncalio |
| Cabell | Hagan | Rosenthal |
| Casey, Tex. | Hathaway | Rostenkowski |
| Celler | Hébert | Sandman |
| Chisholm | Helstoski | Scheuer |
| Clark | Howard | Springer |
| Clay | Ichord | Staggers |
| Collins, Ill. | Jarman | Sullivan |
| Curlin | Kluczynski | Tiernan |
| Davis, Ga. | Landrum | Whitten |
| Derwinski | Long, La. | Wiggins |
| Diggs | McMillan | Wright |

The SPEAKER. On this rollcall 370 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

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

There was no objection.

CONFERENCE REPORT ON H.R. 9961, FEDERAL CREDIT UNION ACT AMENDMENTS

Mr. PATMAN submitted the following conference report and statement on the bill (H.R. 9961) to provide Federal credit unions with 2 additional years to meet the requirements for insurance, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 92-715)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 9961) to provide Federal credit unions with two additional years to meet the requirements for insurance, 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 House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SECTION 1. (a) Paragraph (2) of subsection (c) of section 201 of the Federal Credit Union Act (12 U.S.C. 1781(c)(2)) is amended by striking out "reject" and inserting in lieu thereof "disapprove".

(b) Subsection (d) of such section 201 (12 U.S.C. 1781(d)) is amended to read as follows:

"(d) In the case of any Federal credit union whose application for insurance is disapproved, if such Federal credit union has annually transferred such a percentage of its gross income to its reserves as is required under section 116(a) and notwithstanding any reserving requirements established un-

der section 116(b) of this Act, the Administrator shall nonetheless issue to such Federal credit union a certificate of insurance which shall be valid for a period of two years. The Administrator shall suspend or revoke the charter of any Federal credit union which has failed, upon the expiration of such two-year period of insurance, to file an application for insurance which is approved by the Administrator in accordance with subsection (c). A Federal credit union which is insured under this subsection for a period of two years is an insured credit union under the provisions of this title for such period of two years. The Administrator shall, having regard to the purposes of this subsection, make every reasonable effort to prevent the closing of any Federal credit union which is insured for a period of two years under this subsection and is found to be in financial difficulties, if he determines that with the technical assistance and management training and counseling authorized to be provided under this subsection there is reasonable assurance that such difficulties can be sufficiently resolved within such two-year period so as to minimize the expenses of the Fund. The Administrator shall offer technical assistance, management training, and management counseling to all credit unions whose application for insurance has been disapproved so as to enable the maximum number of such credit unions to meet the standards for insurance required by this title. In furnishing such technical assistance, management training, and management counseling, the Administrator may utilize moneys in the National Credit Union Share Insurance Fund as provided under section 203(a) of this title. The Administrator shall also encourage to the maximum extent feasible, that such technical assistance, management training, and management counseling be made available through State stabilization funds, similar funds, or similar State credit union organizations. The Administrator shall also encourage State Credit Union Stabilization Funds or similar funds to reimburse the Credit Union Share Insurance Fund for any insurance payments made on behalf of accounts at insured credit unions whose applications for insurance have been disapproved."

And the Senate agree to the same.

WRIGHT PATMAN,
WILLIAM A. BARRETT,
LEONOR SULLIVAN,
HENRY REUSS,
WILLIAM S. MOORHEAD,
FERNAND J. ST GERMAIN,
WILLIAM B. WIDNALL,
FLORENCE P. DWYER,
ALBERT W. JOHNSON,
J. WILLIAM STANTON,

Managers on the Part of the House.

JOHN SPARKMAN,
WILLIAM PROXMIRE,
HARRISON WILLIAMS,
JOHN TOWER,
W. V. ROTH, Jr.

Managers on the Part of the Senate.

STATEMENT OF HOUSE AND SENATE CONFEREES ON H.R. 9961

H.R. 9961 as passed by the House of Representatives would extend for two additional years the time period which Federally chartered credit unions have to qualify for Federal share insurance. Some legislative action is necessary in order to prevent the premature liquidation of a large number of credit unions which have failed to meet the standards established for the Federal Share Insurance Program enacted into law last year by the Congress.

The Senate bill provided provisional insurance for a two year period for those credit unions failing to meet the insurance

standards, but which met the reserve requirements established under Section 116(a) of the Federal Credit Union Act. Under the Senate bill, credit unions given provisional insurance would have their charters revoked or suspended at the end of the two year period if they still failed to meet the standards prescribed for share insurance. Any subsequent losses resulting from the liquidation of a credit union would be absorbed by the credit union share insurance fund rather than the individual credit union saver.

The House conferees accepted the Senate provisions with an amendment. The amendment is intended to make it clear that the Administrator of the National Credit Union Administration need not close a Federal credit union receiving the two year provisional insurance and found to be in financial difficulty if the Administrator determines there is reasonable assurance that these difficulties can be sufficiently resolved within the two year period so as to minimize the loss to the insurance fund. This language is intended to extend to the Administrator maximum flexibility in giving marginal credit unions a reasonable opportunity to establish themselves on a sound financial basis.

Some concern was expressed that under Section 207(a)(1) of the Federal Credit Union Act, the Administrator would be required to liquidate any insured Federal credit union found to be bankrupt or insolvent. However, the term "insolvent" is not defined in the Federal Credit Union Act and the conferees believe the Administrator has enough flexibility to avoid making a determination that a credit union is insolvent when there is a reasonable prospect that it can improve its financial condition, which may be enhanced through Federal share insurance.

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CUT FARM SUBSIDY PROGRAM

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

Mr. ANDERSON of California. Mr. Speaker, the battle to halt inflation is everybody's fight—including the Federal Government.

Since 1969, the Federal Government has spent approximately \$53 billion more than it has taken in in revenue.

The need to cut waste and eliminate extravagant programs is obvious.

The place to start is in the farm subsidy program.

In no area do we get less for our money than in the farm subsidy giveaway which benefits the huge agribusinessman at the expense of the taxpayer.

What is the answer?

For a start, we should place a limit of

no more than \$20,000 that each farm could receive from the Federal Government.

The present limit of \$55,000 per crop is unreasonably high, encourages conglomerates to take over the family farm, and has been so severely abused that it borders on criminal behavior.

In order to save the taxpayers as much as \$200 million each year—not at the expense of the family farmer—and to bring some kind of sanity to this program, I urge a drastic reduction in the amount a farmer may receive from the Federal Government.

FOREIGN ASSISTANCE APPROPRIATIONS, 1972

Mr. PASSMAN. 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 (H.R. 12067) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1972, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Louisiana.

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 H.R. 12067, with Mr. PRICE of Illinois 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 unanimous-consent agreement of yesterday, December 7, 1971, general debate will be limited to not to exceed 2 hours, to be equally divided and controlled by the gentleman from Louisiana (Mr. PASSMAN) and the gentleman from Kansas (Mr. SHRIVER).

The Chair recognizes the gentleman from Louisiana.

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

Mr. Chairman, the foreign aid appropriation bill before us in my opinion is one that all Members can support. It is too high for some Members, and too low for others, but it is a well-balanced bill. We have made downward adjustments in many of the items, but I can assure you that there was less opposition during this markup than there has been to any bill we have ever reported from the subcommittee. Support was unanimous with the exception of one item by one Member in the subcommittee.

Mr. Chairman, many of us have worked untiringly for many years to streamline the foreign aid bill and to provide funds based upon need.

The bill before you is not a by-pass of the Committee on Foreign Affairs as such. We have discussed the bill with the very able Chairman of the Committee on Foreign Affairs, the distinguished gentleman from Pennsylvania (Mr. MORGAN) and the very able and distinguished Congressman from Wisconsin (Mr. ZABLO-

SKI) as well as Members on the minority side, including one of the foremost experts on foreign aid, the gentleman from New Jersey (Mr. FRELINGHUYSEN).

We informed the chairman of the Committee on Foreign Affairs of our plans concerning the date we would mark up the bill, what date it would go to the full committee, and what date it would be brought to the floor of the House. He supported the committee's actions and is supporting the bill before us, because we had to choose between bringing the bill to the floor waiving points of order without an authorization bill, or possibly having no foreign aid bill.

Mr. Chairman, the Foreign Operations Subcommittee of the Committee on Appropriations finished hearings in June. We waited 5 months for an authorization bill. The Committee on Foreign Affairs passed their bill in August, and they have worked unceasingly and untiringly to reach a conference agreement with the Foreign Relations Committee of the Senate, but to no avail.

Sine die adjournment, hopefully, is not too far away and Christmas is only a little over 2 weeks away, so we must complete our business. The very able chairman of the Committee on Foreign Affairs will tell you that there is no chance to break the deadlock between the House and the Senate conferees on the foreign aid authorization bill because of one amendment to the foreign aid bill which was proposed by a member of the other body. This amendment has been before both bodies several times in the past few months.

Mr. Chairman, when I arrived at my office this morning, I received a copy of a mimeographed letter signed by 18 of our colleagues. I read this letter very carefully, but I assure these Members that if they will accept facts as they are, and for what they are, in my candid opinion they can and will support this bill.

To repeat—if I may—it was to either move under the procedures we are presently following or our foreign policy and foreign assistance program, which has been in effect for a quarter of a century, may well go down the drain and create chaos.

Control foreign aid we must, but to destroy it overnight may conceivably cancel out whatever good it has accomplished during these 25 years of existence.

Mr. Chairman, there are many things in this bill that all Members would like to support. We have brought you what we consider a bill that provides the minimum amount of funds to meet our commitments, and some I do not approve of, but which are commitments that we must respect.

It is well known to my colleagues that I have never championed a cause that would dissipate American wealth. That is why the foreign operations subcommittee on appropriations has recommended that in every case possible, loans rather than grants be made available to assist our allies and that the loans be repayable in dollars. In the bill before you under the development loan fund, funds

are proposed to partially finance the sale of every pound of surplus rice in America.

The contract previously agreed upon with foreign nations would encompass the sale of 800,000 tons of rice which not only would liquidate our entire surplus of medium grain rice but would also encompass 200,000 tons of the 1972 yield.

The Japanese are standing by to grab this sale if this bill fails.

I was informed by the AID Director at 10:30 this morning that he had a call from the Department of Agriculture stating that they were negotiating with five nations to purchase surplus corn to be financed partially out of the AID development loan fund and again these loans would be repaid in dollars—it will not be grants.

As most of you know, in this bill we have funds for Israel. We have indicated in the report that \$300 million should be made available to Israel for military credit sales.

In addition to that, we have funds in the appropriation item entitled American schools and hospitals abroad to finance a school in Israel.

Mr. Chairman, if this bill is not passed, it means that the Export-Import Bank is out of business at midnight tonight because the bill which is before you provides a limitation on the Bank's program activity and also fixes the limitation for administrative expenses.

I shall now briefly go through the details of the bill giving you some indications of where the reductions have been made.

The bill before you reduces the budget estimates by \$1,497,000,000. It is also below the amount appropriated last year by \$966 million.

We have indeed brought you a streamlined bill, a bill that every Member on this floor can in good conscience support because it means the sale of surplus agricultural commodities in America by loans repaid with dollars. The Export-Import Bank can continue in operation in order to finance our commodities and the manufacturer can earn a profit and pay taxes into the U.S. Treasury.

Mr. Chairman, one of the important factors considered by the committee in making the recommendations contained in the bill before you is the critical financial situation currently facing the United States. The Federal debt presently exceeds \$418 billion and the balance of payments deficit for 1970 exceeded \$4.7 billion. Moreover, the balance of payments deficit in the first 6 months of 1971 exceeded some \$9 billion. The Federal budget deficit for the fiscal year 1971 amounted to \$23.2 billion.

Let us take into account, Mr. Chairman, that if we had some way of confiscating all the wealth in America, we still would not have sufficient funds to do all the things labeled as desirable. We must practice commonsense in this bill.

The committee also considered the tremendous investment the United States has in the various countries around the world in recommending the appropriations contained in this bill. During the

past 25 years every President—Presidents Truman, Eisenhower, Kennedy, Johnson, and Nixon—and every Congress felt that the protection of a country's freedom justified supplying U.S. assistance to help maintain that freedom.

Let us have a look at some of these tremendous investments. First, in Korea we expended \$34 billion out of our Treasury in that country. We sacrificed 33,000 of our precious youth in the Korean war; 105,000 men were wounded in action. Now, Mr. Chairman, Korea is enjoying a prosperous economy. They are able to support most of their economic needs, but they are not able to finance their military needs, and unless this country furnishes military equipment to Korea, that country will go down the drain.

Let us look at our investment in Vietnam, which is much larger. Actual cost out of our Treasury, \$124.5 billion. Total deaths amount to 48,179. Wounded in action, 307,000.

We have tried to face our foreign policy without bringing politics into it. I think that has been the policy beginning with the administration of President Truman and continuing up to the present time. I remind you that 34 months ago there were 542,000 troops in Vietnam. As I speak to you this morning, just a few weeks before the end of this calendar year, it is estimated that the number of troops in Vietnam will have been reduced to 159,000. Our troops are being brought out at a faster pace than any of us ever dared to anticipate.

Mr. Chairman, in this bill we have money to support the civilian population of South Vietnam. We must furnish the support and assistance.

Otherwise it may be necessary for the President to stop or slow down the troop withdrawal and the entire situation in that country may change for the worse. We are in this conflict and we must work it out together.

If I may move on, Mr. Chairman, into some of the details of this bill, let us look at what we have been able to actually accomplish. Under worldwide technical assistance, an appropriation of \$166,750,000 was provided last year. This year there is a budget estimate of \$232,929,000. This committee is recommending \$150 million or a reduction of \$82,929,000 below the budget request.

In the Alliance for Progress, technical assistance title, they requested \$129,745,000. The committee is recommending \$75 million.

Let us now look, at the U.N. funding item. At the time we held our hearings, in June of this year, we discovered that under the United Nations development program, they had a policy of advanced funding of projects and then they changed this system to an annual basis. Because of this change, they created a surplus of \$343 million, which is about the annual program level of this organization.

We are not retaliating for anything which recently happened in the U.N. We are trying to put all these agencies on a business basis. We found the U.N. development program had created a suf-

ficient reserve whereby they could make loans and collect \$3.5 million in interest. All we want to do is to put them on a business basis and keep these accounts under control.

Mr. Chairman, let us next look at the American schools and hospitals abroad item. Of course, this committee is sympathetic to good projects but we do not have the funds to fund everything that is labeled desirable. We must mark up the bill in keeping with what we consider the necessary amounts to carry on a sensible program. The original budget was for \$10,175,000. This request was later amended to include several other projects. The House Foreign Affairs Committee recommended \$30 million for this item. It went to the other body, and they allowed \$15 million.

After we scrutinized these projects closely, we decided the information was not sufficient for us to earmark funds for all these programs. Therefore, we provided funds in the bill for established programs we felt were necessary. These projects amounted to \$12 million. Then we gave the AID Agency a contingency fund of \$5.2 million which can be used to finance projects that meet AID's criteria and are properly justified. What schools they will select I have no more idea than the other Members do.

They tell me that it would be ample to fund all of the schools that they can anticipate in the foreseeable future.

The next request was for refugee relief assistance for East Pakistan refugees. The original request was for \$100 million. Subsequently they amended that request upward to \$250 million. Since the budget planning for this item was tentative at the time of consideration, we recommended only \$175 million.

Next is the Alliance for Progress, Development Loan Fund. Last year they received \$287,500,000, and the budget request recorded for fiscal year 1972 was for \$235 million. Your committee felt with a tight program in our country we should have a tight program abroad, so we are recommending only \$150 million.

We move now to the development loans worldwide. Last year Congress appropriated \$420 million. The budget request came down this year for \$400 million. After many hours of hearings and great detail, your committee recommended \$250 million for this item. We think it is adequate to finance certain loans which can be repaid in dollars. It must be cut down, so your committee had the courage to reduce it to \$250 million.

With regard to military assistance, as I mentioned earlier, we do have certain solid commitments which we must live up to. Otherwise some of our investments made in the past will very definitely go by the board.

Last year we appropriated \$690 million for the MAP program. This year the budget request was for \$705 million. Your committee is recommending only \$552 million for military assistance.

We never want to hide anything from the Members of this House so we put in

the report all of the country information whether it was good or bad. You will find in this report programs listed for Latin America which were proposed by the executive branch to be funded in fiscal year 1972. We have reason to believe some of their projects will not be funded.

The lists shown in the report are the budget proposals and not the recommendations of this committee. We merely furnish what we consider to be the very minimum necessary to finance the necessary projects. Many of those programs listed will never receive funds because certainly you cannot finance \$705 million worth of projects with \$552 million.

Mr. Chairman, with regard to the Overseas Private Investments Corporation, known as OPIC, we were not too happy with what we found.

This is an organization created to insure investments and guarantee loans for overseas investments. The basic legislation also allowed them to make direct loans. I opposed it, but it was in the basic legislation.

It should be pointed out that the present potential claims possible as a result of the actions taken by the country of Chile alone amount to \$270 million, while the total insurance reserve which can be applied to these claims is estimated to total a maximum amount of \$152 million on June 30, 1972. In other words, all of the appropriated funds made available to this account and all of the insurance fees collected by OPIC and its predecessors would be wiped out. This one country alone could have claims exceeding the total 20-year reserves by \$118 million.

We believe that this account should be tightened up. We are going to insist that they stop making loans, because there are several agencies already making loans. We are trying to be factual and place before this committee and the House of Representatives the facts as they are.

Mr. Chairman, with regard to the Inter-American Social Development Institute, it is a good organization like many other organizations, but the committee felt that other programs are already in being which could accomplish the same objectives. We should no longer endorse a program that would create another spigot of foreign assistance that could conceivably cost tens of millions of dollars a year. ISDI received \$50 million by transfer from the AID agency. Your committee permitted an obligational limitation of only \$10 million in fiscal year 1971. Of course, this stepped on the toes of some of the Members who sponsored this program. However, we think we were responsible in taking this action and feel that the report will indicate the fact that we were responsible. We allowed \$10 million in obligations last year. However, they have made very few disbursements out of it; in fact, less than \$1 million.

Therefore, this year your committee denied any additional obligational limitations for this program.

Now, Mr. Chairman, we come to the Peace Corps. This agency came into being as a result of the work of one of the greatest salesmen who has ever lived. I wish I had known this man a few years

ago and could have had him in my business. He was a great operator and I admire him very much. I, of course, refer to Sargent Shriver. He created the Peace Corps. I do not know where he got the name for it, because it has nothing whatsoever to do with peace. However, he convinced the Members of Congress that this was a great organization and there was very little resistance to it. I have tried to keep this item under control. The record speaks for itself, Mr. Chairman. This is nothing more than a technical aid program similar in many respects to other bilateral technical aid programs.

So, we have funded the Peace Corps to a level greater than we had expected. Your committee had in mind the figure of \$50 million, but one Member thought it should be raised to \$60 million. Therefore, we have raised this figure for the Peace Corps to \$60 million so that we could have peace and harmony on the part of everyone.

The reduction in the appropriation for the Peace Corps is small, on a percentage basis, as compared to the overall bill. Whereas, we cut the overall bill by about 35 percent, we only cut the Peace Corps by about 26 percent. We think this is adequate.

Now, Mr. Chairman, with reference to the Cuban refugee program, we are going to have to provide whatever money is necessary in order to meet our commitments to this program. This year the budget request was for \$144 million as compared to an appropriation of \$112,130,000 last year. Your committee took into account the fact that Castro stopped the Cuban air flights for certain periods of time, and he indicated he might stop them altogether. However, inasmuch as there is some uncertainty about the matter, we recommended \$100 million, but we realize that at some subsequent date if they do not have sufficient funds, it may be necessary to consider additional appropriations in order to take care of this program and aid the States who are receiving these refugees.

Mr. Chairman, I am very much in sympathy with the Dade County school system in Florida. Without a doubt, HEW owes that school board in the neighborhood of \$600,000. I consider it an obligation to Dade County and I am going to insist that they reimburse the Dade County school system for that \$600,000 that they expended in taking care of the Cuban refugees.

Next, we turn to the International Financial Institution.

The committee is deeply concerned over the trend to direct an increasing amount of U.S. foreign assistance through the multilateral institutions while at the same time decreasing the bilateral aid program. In the next 2 fiscal years, the Congress could be requested to appropriate over \$2,500,000,000 to the international financial institutions if all pending and enacted authorization requests are considered. With the possibility of Congress being confronted with these large requests for U.S. funds for the multilateral institutions, the committee felt certain details should be

brought forth. It was indicated in the committee hearings that the same degree of detailed examination which is possible in the bilateral foreign assistance programs is not possible in the multilateral assistance programs. The Congress does not know when, where or how the budget requests will be disbursed by these multilateral organizations because they do not justify their requests by specific projects. When information is available on a specific project it is usually after the project has already been approved. In addition, some informed individuals feel the appropriation requests for these multilateral institutions should not be reduced because agreements have been entered into with the countries involved and Congress has enacted the required authorizing legislation needed to enter into these agreements. However, in the committee hearings, it was clearly stated that all agreements entered into with these countries are subject to the condition that a subsequent appropriation be made. The following excerpts from pages 294 and 295 of part 1 of the committee hearings for fiscal year 1972 clarify this situation:

Mr. PASSMAN. Let me ask you this question. If the Congress, in its wisdom, should decide that they are not going to give you a dollar, we would not be violating any legal commitment, would we?

Mr. COSTANZO. No, sir. * * *

Mr. PASSMAN. Wait a minute, I want an answer. Would we violate any legal commitment. He said "no." Are you saying the same thing?

Mr. PETTY. I am saying the U.S. Government has a binding obligation on the basis of authorizing legislation. Congress has authorized us to vote for the resolutions providing for these subscriptions.

Mr. PASSMAN. Subject to a subsequent appropriation, isn't that correct?

Mr. PETTY. Absolutely; yes, sir.

The committee feels that if it is denied the right to make justified reductions in the budget requests submitted for the internal financial institutions, the established appropriation process will be voided and the committee will be only a rubberstamp for these institutions.

The committee is of the opinion that if the appropriation requests were reduced for these international financial institutions, new agreements would not be too difficult to renegotiate. Notwithstanding the trend toward the multilateral approach to foreign assistance, the committee feels that Congress should have control over determining the amount of U.S. funds to be allocated to these institutions. All budget requests for U.S. funds must compete on a priority basis taking into account the then existing financial situation in the United States and the committee feels the funding requests for the international financial institutions should not be exempt from this process.

Mr. Chairman, with specific reference to the Inter-American Development Bank it should be noted that as of June 30, 1971, over \$1,900,000,000 in undischarged loans were held by the Bank. In addition to this budget request, the Inter-American Development Bank is also requesting an authorization of \$450,000,000 for fiscal year 1972.

Excluding the \$50,000,000 requested for paid-in ordinary capital, the balance of the request—\$211,760,000—was submitted as a budget amendment in House Document 92-149. The budget amendment requested the exact amount that was reduced by Congress from the Bank's request in the Second Supplemental Appropriation Act of 1971 (Public Law 92-18).

It should also be noted that the \$275,000,000 provided to the Inter-American Development Bank—IDB—in the Second Supplemental Appropriations Act, 1971 (Public Law 92-18), approved in May 1971, has not been utilized at this time. It appeared to the committee that the executive branch was not anxious to renegotiate new agreements in anticipation that the reductions made in the second supplemental would be reinstated. As has been pointed out above, U.S. funds are available to the IDB if new agreements are negotiated.

Next is the World Bank item.

The committee disallowed the full budget request of \$246,100,000.

The request was submitted as a budget amendment and it is the same request disallowed by the Congress in the Second Supplemental Appropriation Act of 1971 (Public Law 92-18). During testimony before the committee in consideration of the second supplemental appropriation bill, it was stated at that time that the cash position or the money needs of the World Bank were not the reasons for the supplemental request. The two reasons given for the request of funds were:

First, to maintain the U.S. voting position in the Bank; and

Second, since over the years the United States has urged other countries to pay in their special capital increases, we should now provide funds to pay the U.S. capital increase.

According to U.S. officials at the World Bank, the justifications for the present request of funds remain essentially the same as they were when the supplemental request was considered.

The committee felt the U.S. voting position in the Bank would not decrease significantly and the United States would still be by far the largest contributor to this institution if these funds are not allowed.

Mr. Chairman, the next item is the Export-Import Bank which is a great organization. It has helped the American manufacturers to sell their commodities with a great profit. The Export-Import Bank finances these commodities at the going rate of interest, and so good is their record that they have been able to turn back to the U.S. Treasury billions of dollars in profit. In addition to that, the manufacturers have earned billions of dollars in profits that they could not have earned without the Export-Import Bank, enabling them to pay into the U.S. Treasury billions of dollars in income tax. The committee recommended the total budget request for this item.

I now yield to the gentleman from New York (Mr. ROONEY), a member of the committee.

Mr. ROONEY of New York. Mr. Chair-

man, I should like to make inquiry with regard to three items in this bill.

The first is the item on page 5, beginning at line 20, wherein the amount \$575,000,000 is provided by the committee for security supporting assistance.

The committee in its report on page 23 thereof, toward the bottom of that page, refers to the fact that there was a statement on page 26 of House Report 92-380 (House Foreign Affairs report of the Foreign Assistance Act of 1971) reading as follows:

In the judgment of the committee, Israel is fully eligible to receive assistance under this chapter [Security Supporting Assistance]...

On the following page of the report, page 24, it is stated that:

This Committee also feels that Israel is eligible for security supporting assistance but a recommendation for a specific amount for Israel is not made because the exact amount required had not been fully determined when the Committee considered this item.

I should now like to inquire as to the amount contained in this bill for security supporting assistance for the State of Israel.

Mr. PASSMAN. As the gentleman has correctly stated, the committee did not recommend a specific amount for Israel because the specific amount required had not been fully determined.

I personally feel that \$100 million of that amount should go to Israel.

I would like to make some legislative history on that.

Mr. ROONEY of New York. If I may ask the distinguished gentleman from Louisiana, the chairman of the subcommittee—that would be how much for Israel?

Mr. PASSMAN. \$85 million—that is the figure that so many have insisted on. On a subsequent date a new figure was used. We did not want to write it in. Personally, I am of the opinion if it can be worked out—they should get \$100 million.

Mr. ROONEY of New York. I thank the distinguished gentleman from Louisiana.

My second inquiry is concerning the item on page 10 of the bill beginning on line 13 thereof—title II—"Foreign military credit sales."

In appropriating \$510 million for this purpose, how much thereof is for the State of Israel to make purchases of military hardware and equipment?

Mr. PASSMAN. As our report states, \$300 million should be available to Israel. That is the figure agreed upon by this committee, by the Foreign Affairs Committee of the House, and by the Foreign Relations Committee of the other body. That is the correct figure.

Mr. ROONEY of New York. Finally, I should like to express my appreciation with regard to the committee's inclusion of \$300,000 at page 3 of the bill for the American hospital in Rome, Italy. This is to be a new institution, and the \$300,000 in the bill is to provide for plans, design, and specifications so that there will be eventually erected in Rome, as in Paris, an American hospital. This hospital would be completed with \$3 mil-

lion of Government funds and \$4,500,000 of private funds. The institution would be managed and run by the nuns who manage and operate the Columbus Hospital in New York City, generally known as the Mother Cabrini Sisters.

I think this is a start in the right direction, I will say to my distinguished friend from Louisiana, and I am grateful to him and to every Member of this subcommittee as well as the entire committee for their inclusion of this money to commence construction of such an American hospital in Rome, Italy.

Mr. PASSMAN. I want to thank the distinguished gentleman from New York, a very able member of this committee and a man who scrutinizes these reports very closely.

Now I yield to the gentlewoman from New York (Mrs. ABZUG) for a question.

Mrs. ABZUG. I am going to ask a question. OK?

Mr. PASSMAN. Yes, certainly.

Mrs. ABZUG. Thank you, Mr. Chairman. Would you tell me if there is any money in the appropriation bill for Vietnam?

Mr. PASSMAN. There is supporting assistance but no military. The military is handled in the defense bill that has already passed this House.

Mrs. ABZUG. How much is the supporting assistance?

Mr. PASSMAN. You will have to get the answer to that question from the chairman of the Armed Services Committee.

Mrs. ABZUG. I mean in this bill.

Mr. PASSMAN. All of the money in this bill is appropriated on an illustrative basis. In the hearings it was indicated that money would be used for projects in certain countries, but so far as the actual funds, they are stated on an illustrative basis.

Mrs. ABZUG. There is no money for military assistance in this bill?

Mr. PASSMAN. There is no money for military assistance as such for Vietnam.

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

Mr. PASSMAN. I yield to the distinguished gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the chairman, the gentleman from Louisiana for yielding. I want to commend the chairman for his diligent efforts, although, as far as the gentleman from Wisconsin is concerned, it would be preferable if the bill were considered following authorization. However, the House Foreign Affairs conferees have sincerely tried to work out an authorization with the Senate conferees. We met for days at a time, and we could not come to any resolution on the Mansfield amendment contained in the Senate authorization bill. The gentleman from Louisiana conferred with the House Foreign Affairs conferees. He was most patient and cooperative. I commend him for his understanding attitude.

I would be less than honest if I would not point out that I do not thoroughly or fully agree with some of the cuts the appropriations committee has made in certain areas of the bill.

Mr. PASSMAN. Mr. Chairman, will the gentleman permit an interruption?

Mr. ZABLOCKI. I am delighted to hear the gentleman's response.

Mr. PASSMAN. The procedures we have followed to bring this bill before the House have had the support of the gentleman from Wisconsin, also Dr. Morgan, and our friends on the minority side.

Mr. ZABLOCKI. That is true, with the Members of the other body remaining adamant the present procedure is necessary if we are to have foreign aid continue. It would not be in our Nation's interest to cut it abruptly, causing chaos. Certainly both the gentleman from Louisiana and the gentleman from Wisconsin want foreign aid cut back. We want to responsibly reduce the foreign aid program. However, the gentleman from Wisconsin does not believe that it is wise to kill the program abruptly. The gentleman from Louisiana has been most helpful to the House foreign affairs conferees in their deliberations on the foreign assistance program.

Mr. PASSMAN. I thank the gentleman. I now take my leave from the microphone so that the able ranking minority member may have some time. I hope you will support the committee. We have devoted many hours of the day during the past weeks to this bill. We think we have a good bill. It is streamlined.

As the gentleman has just stated, he does not like some of the cuts, but it was necessary to make them in order to get the program back to a sensible operation. I thank the gentlemen for their attention.

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

Mr. PASSMAN. I yield to the gentleman from Ohio for a question.

Mr. SEIBERLING. Mr. Chairman, I notice on page 21 of the committee report and again on page 28 there is an indication that some of the funds for military assistance and some of the funds for foreign military credit sales may go to Greece. There is a rather unusual situation here under the rules, because in the authorization bill we voted to prohibit military assistance to Greece unless the President determined that it was essential in the interests of the United States. That bill is still in the conference committee.

So my question is this: If we pass this appropriation bill without knowing what the authorization bill is going to be finally, what is going to be the effect with respect to that limitation?

Mr. PASSMAN. I will give the gentleman the answer. As I mentioned earlier, we are providing \$552 million against a budget request of \$705 million for military assistance. I should like to quote the statement on page 7 so that it is in the RECORD—

The listing of countries and the budget proposals for economic assistance, military assistance, security supporting assistance, and military credit sales contained in the report should not be interpreted as representing the views of the Committee as to recipients and amounts. These lists merely reflect the tentative allocations proposed by the Executive Branch in the fiscal year 1972 budget presentation as can be readily recognized by comparing the totals of the various lists to

the amounts recommended in the bill. Since the budget was submitted, international conditions have changed and the actual assistance to any country would be dependent upon decisions as to the best interests of the United States.

It is on an illustrative basis.

Mr. SEIBERLING. I understand that, sir, but I just wonder this. I understand that under this bill the President has the discretion to decide how to use the funds within the scope of the bill.

Mr. PASSMAN. That is correct. It has been so ever since I have been a Member of Congress, for 25 years.

Mr. SEIBERLING. My question is, what will be the limitation with respect to assistance to Greece, in view of the fact that we have not passed the final authorization bill, and yet we are here passing on an appropriation?

Mr. PASSMAN. This bill came out as the gentleman from Wisconsin (Mr. ZABLOCKI) indicated, with the support of the gentleman from Pennsylvania (Mr. MORGAN), and all our friends on the right and left. But it does not mean there cannot be an adjustment up or down on an item. It is still on an illustrative basis, because we have not funded all the items in the bill. We stated earlier it was not the purpose of this committee to withhold any information from the Members of the House. We merely listed what the budget requests were. It may be that some countries will not be getting any assistance at all. That decision will be made by the Defense Department and by the President.

Mr. SEIBERLING. As I take it, we do not know yet whether there will be any restriction on the aid to Greece of the kind that was in the authorization bill?

Mr. PASSMAN. May I say in response to the distinguished gentleman that this bill is somewhat unusual, because the funds are made available on an illustrative basis only, and we leave it up to the administrators as to what countries will get the military assistance.

Mrs. ABZUG. Mr. Chairman, will the gentleman yield for one more question?

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

Mrs. ABZUG. Mr. Chairman, there seems to be some confusion in the minds of some of us. Will the gentleman explain what "illustrative" means?

Mr. PASSMAN. The executive branch says "we believe we will need a certain amount of money for a country, but we reserve the right to change the amount for any particular country and move it to another country." It is simply illustrative of what we might need the money for. That is the best definition I can give. The funds are not earmarked.

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

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

Mr. MAHON. Mr. Chairman, I think it fair to say that in providing funds for aid to various nations, the budget includes a tentative list of where the funds might be allocated. But our Government does not want to irrevocably commit itself to any nation, because whatever grants or assistance may be given will be

as a result of negotiations with a particular nation. So in the bill we just provide a lump sum appropriation for these purposes. Therefore the Executive will have ample flexibility in granting or not granting assistance in accordance with suitable arrangements that might be worked out with the various countries involved. In this sense the figures given are illustrative of what might be done, provided arrangements and agreements are made which are considered to be in the best interests of the United States and the countries with which we deal.

This has been true with respect to military and economic aid throughout the history of the program. The purpose of all these programs is to serve the best interest of the United States and the cause of peace and security.

With regard to the allocation of funds under the various appropriating paragraphs in the bill generally, I call attention to the statement added in full committee to the report which accompanies the bill as follows:

The listing of countries and the budget proposals for economic assistance, military assistance, security supporting assistance, and military credit sales contained in the report should not be interpreted as representing the views of the Committee as to recipients and amounts. These lists merely reflect the tentative allocations proposed by the Executive Branch in the fiscal year 1972 budget presentation as can be readily recognized by comparing the totals of the various lists to the amounts recommended in the bill. Since the budget was submitted, international conditions have changed and the actual assistance to any country would be dependent upon decisions as to the best interests of the United States.

Mr. Chairman, I thank the gentleman for yielding.

Mr. PASSMAN. Mr. Chairman, I thank the distinguished gentleman for his comment.

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

Mr. Chairman, after 3 months of intensive hearings and 5 months of delay due to the lack of authorizing legislation, your Appropriations Committee is recommending the lowest foreign economic assistance money bill in the history of our foreign aid programs. There are many reasons we have cut this request so deeply, including the very strong possibility of a Federal budget deficit for fiscal 1972 in the neighborhood of \$35 to \$40 billion depending on which budget you are looking at, and the worsening U.S. balance-of-payments position. We are also becoming more aware and more responsive to our own problems in this country and the burdensome load on our taxpayers.

Some will ask today why have a bill, but I want to make it very clear what we have at stake, in my judgment, in this bill is our national security.

Most of the funds we have left in this bill, while ostensibly going to foreign governments, will directly affect American lives and American security.

I support the President's progress in withdrawing American soldiers from the conflict in Southeast Asia. I support the Nixon doctrine of a more realistic Amer-

ican presence in the world. I support the concept of Vietnamization as an alternative to previous American involvement in the war. For these reasons I support this bill, and I would hope many of you would for the same reason.

We all want to get American troops out of Vietnam as soon as possible, and they are getting out. But if this aid program which finances over half of South Vietnam's badly needed imports is stopped, the effect on the south's economy and war efforts in its own behalf will be fatal. Would that really be in our national interests? With a shortsighted negative vote on this bill today, do you want the sacrifices of American and allied lives and resources to go down the drain, to be for naught?

We also have a tremendous investment in the security and stability of South Korea—\$35 billion and more than 150,000 American casualties.

All of these dollars came from the taxes of our citizens; each of these casualties marked personal tragedies in American families. We cannot ignore these sacrifices of our national resources.

All of this is clearly set out in the report, and I hope all of you have read or will read the committee report in this regard.

This bill, this reduced and highly selective foreign aid program, recognizes this national investment. The committee has included those items which it believes will lessen the need for such investments in the future.

In a recent letter to the committee, the Secretary of Defense explained the importance of military grant and sales assistance to our own defense posture. Secretary Laird wrote:

In large measure grant aid and foreign military sales credits have been planned in order to permit a reduction in forward deployments of our own reduced forces.

The Secretary concluded:

There is a very close relationship between our own military force structure and the President's program for foreign assistance.

Our military forces are being reduced, but for genuine national security reasons this can only continue if our allies in troublesome areas of the world are able to defend themselves.

Our direct involvement in Vietnam's economic and social affairs is on the decline. More Vietnamese are doing the jobs which were being done by Americans, a sort of economic Vietnamization. This will continue, as it should, but the Vietnamese war-inflated economy cannot yet do it alone. The supporting assistance funds in this bill will be essential.

I do not want to be misunderstood; the dollar amounts in this bill are still substantial, especially for supporting assistance and military grants and sales. But what is the alternative cost? We know how many lives have already been lost or maimed. We know that the cost of our efforts in Vietnam have dropped from a high of \$30 billion for fiscal 1969 to an estimated \$5 to \$8 billion next year.

Vietnamization and the spreading Nixon doctrine which has led to bringing back home additional thousands of

American troops from Korea, the Philippines, Thailand, and Japan must continue. The funds in this bill will be used to continue this withdrawal.

We have had many opportunities to vote on amendments which have been described as "end the war" measures. In this reduced and selective bill, we finally have an opportunity to vote in favor of a realistic program to end the war and bring the boys home. I urge your vote for this appropriation.

I would remind all of you of the remarks made by President Nixon on November 9 when he spoke in New York City and when he said this:

It goes beyond simply maintaining military strength at home. I know how easy it is for Members of Congress—I was once in the House. I was once in the Senate. I know how easy it was then to try to find a reason to vote against those programs of mutual assistance for countries abroad—foreign aid for countries that needed aid, aid for the purpose of helping other countries to help themselves, to create a more stable world.

He further said:

There are no constituencies for foreign aid. We know that. But let us recognize this: If the United States at this particular time should determine that it will discontinue its programs of mutual assistance for countries abroad—helping them so that they can help themselves—it can only mean that the world will become much more unstable, that the dangers of war in the world will greatly increase and that the United States will no longer be a world power respected in the world, no matter how strong we are at home.

That is why tonight I speak of the challenges of peace not only in maintaining our strength at home, but in meeting our responsibilities abroad. This is above partisanship because Republicans have joined with Democrats through the years to see that these programs, whereas they have no constituencies in this country, because they are essential to maintain the peace of the world, that these programs are continued—and I trust they will be, by this Congress.
(Emphasis supplied.)

Those were the statements of our President in connection with the need for this program and for foreign assistance. In this bill it has been reduced to the bare minimum. There is a substantial amount as has been previously expressed in what is known as the pipeline, but these expenditures are needed for our national security and in order to help those who want to help themselves.

Mr. Chairman, there are many reasons why the Members of this Congress should vote for this bill and upon which they can justify their vote for this bill. There is the humanitarian reason in connection with assistance for the refugees, whether they are from behind the Iron Curtain or the Bamboo Curtain, or India or Pakistan. These are people who need assistance in connection with sustaining their lives. There are humanitarian factors favoring this proposal. Further, it will improve our balance-of-payments situation which alone is adequate reason for anyone to vote for this bill. As mentioned by our able chairman, the gentleman from Louisiana (Mr. PASSMAN), this bill contains needed legislation for the Export-Import Bank which finances billions of dollars of American exports to

function. The limitation upon its lending money is included in here, including the limitation upon its administrative expenses.

Also included are the provisions relating to the Export-Import Bank so very necessary in connection with relieving our balance-of-payments problem and the financing of more exports from this country. To be considered are the thousands and thousands of people who are employed in manufacturing articles that are being exported because of the Export-Import Bank's financial assistance.

Of course, one can justify his vote for this legislation from the standpoint of helping the friends of this country such as the State of Israel, which has \$300 million of military credit sales involved here and the eligibility of Israel for supporting assistance.

So there are many ways whereby you can justify your support of this needed program, especially for the support of the best interests of the United States.

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

Mr. SHRIVER. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Chairman, I thank the gentleman for yielding.

The gentleman from Kansas (Mr. SHRIVER) has made a very fine statement, and I commend the gentleman for it.

I just want to refer to one statement that he made with regard to the end-the-war amendments that have been considered, and say that I propose to offer an end-the-war amendment, only it is going to be to end the tuna war.

I propose to offer an amendment to cut off aid to Ecuador. Ecuador is doing better by illegally seizing our tuna fishing vessels on the high seas than it is actually through this legislation. So I hope to have the support of the House for that amendment to eliminate the illegal seizures which have taken place. This year alone Ecuador has fined our vessels more than \$2 million in some 52 seizures. So I think it is time that we stopped rewarding our enemies, and it is about time to eliminate aid to those people.

Mr. SHRIVER. Mr. Chairman, I thank the gentleman for his contribution, and I would support such an amendment, and trust it will receive the support of the Members of the House.

The CHAIRMAN. The gentleman from Kansas had consumed 12 minutes.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. McEWEN).

Mr. McEWEN. Mr. Chairman, as one of the new members of this subcommittee I take this opportunity to say to my chairman, the gentleman from Louisiana (Mr. PASSMAN), and the ranking minority member, the gentleman from Kansas (Mr. SHRIVER), how impressed I was in the hearings conducted by this subcommittee for many weeks, into all of the facets of our aid programs.

I further wish to say, Mr. Chairman, that I rise in support of this bill because I think, as has been pointed out by the chairman and by the gentleman from

Kansas, who preceded me here in the well, that this bill contains provisions for humanitarian programs, and it also contains realistic appropriations in the interest of our security. We have been seeing reductions of American military personnel not only in Vietnam, but in other Asian countries, such as Japan and Korea, and I think, Mr. Chairman, that it is incumbent upon us to see that we make provision for military sales, military assistance and supporting economic assistance.

I hope that this bill will receive the support of this House today.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. FRELINGHUYSEN. Mr. Chairman, I, too, rise in support of this appropriation bill. I do so with no great enthusiasm. I regret to say I see no great reason to think that even if the House does act responsibly that Congress will actually complete the necessary legislative process to insure appropriations for a program which in my opinion is quite definitely needed in the national interest.

Mr. Chairman, as a member of the House Committee on Foreign Affairs, and as a conferee with the Senate Committee on Foreign Relations on an authorization bill, I feel embarrassed that we should be asked to engage in an unorthodox procedure such as this. We are considering an appropriation bill when there is no authorization for the program that the money is being appropriated for. I find our legislative process, in other words, discouraging at times. In the area of foreign aid I think the situation is particularly discouraging. It is a reflection on both the House Committee on Foreign Affairs, and the Senate Committee on Foreign Relations.

What disturbs me even more are the rumors that we hear that, even if the House does act responsibly, there may be trouble at the other end of the Capitol—that there will be no action taken on any appropriations regardless of the amounts and allocations of funds unless there is an authorization.

As a conferee, let me say that we have been trying to reach the necessary agreement so that we could come back with a conference report and secure approval of an authorization. But there are forces at work which seem aimed at preventing that agreement, and which may even prevent agreement in this body on an amount for foreign aid.

I would like to take time to stress the need for foreign aid. I urge my colleagues not to use the foreign aid program as a political football—at least not to the extent that we have no aid at all as a result of that process.

I would like to appeal basically to those who still may be undecided and those who in the past have voted for foreign aid but who have now indicated that they may not vote for an appropriation bill.

Let me say I am not happy with the appropriation bill. It does not strike me as an improvement, in what has been called streamlining foreign aid, to have

cut almost exactly a billion dollars from the amount that was requested. It seems to me a smaller program in both the military and economic field may mean a less effective program. What we need to remember is the fact that something is needed. I agree very strongly with the gentleman from Louisiana that the money provided in this bill is needed for our own national interest.

I have received a letter this morning signed amongst others by five members of the House Committee on Foreign Affairs which indicates they intend to vote against this bill partly on procedural grounds—that there is no authorization bill before us.

Well, the fact of the matter is—there is no such bill. As they say, the judgment of the committee and the jurisdiction of the committee should be respected. Of course, it should. But the trouble is there is not going to be at this stage of the session an opportunity for the House to work its will on a conference report providing for an authorization.

So this is an emergency procedure, admittedly unorthodox. Of course, as this letter says, it is an improper procedure and it should not happen. It is violative of the legislative reorganization act. But the fact is, we have no alternative but to bypass the normal way of doing things if we are to get any aid program at all.

The letter brings up a series of objections about the substance of the proposals made by the appropriations committee. Just to take one—and I realize that debate is not going to change many votes—take a look at the cut in the Peace Corps program. That is the easiest one to understand and the hardest to accept. So far as I know, certainly the Foreign Affairs Committee found no reason for a cut of this size in the Peace Corps program—a cut to \$60,000,000 for Peace Corps programs.

That low a figure would simply make it impossible for the Peace Corps even to operate for the remainder of this fiscal year.

We hear rumored as a kind of a compromise that there may be an increase of perhaps \$10 million in the recommendation of the Committee on Appropriations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SHRIVER. Mr. Chairman, I yield 5 additional minutes to the gentleman from New Jersey.

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

Mr. FRELINGHUYSEN. I am glad to yield to the gentleman from Louisiana.

Mr. PASSMAN. The overall cut in this bill is 35 percent, if the gentleman will look at the justification and look at the recommendations. It has not been cut but 25 percent.

I may have a letter on this subject.

Mr. FRELINGHUYSEN. I regret that there is no such letter available.

Mr. PASSMAN. It will be available in a few more minutes.

Mr. FRELINGHUYSEN. I understand that even if \$70 million were made available, we would have to terminate pro-

grams in 15 countries, bringing home 1,990 volunteers. If we make available \$65 million, we would have enough to terminate all Peace Corps programs. I do not know what would be the justification for suddenly bringing the Peace Corps out of all those countries.

I had assumed that this program was one of our least controversial programs. It is in fact a program which basically recognizes in a relatively modest way our interest in other countries in practical terms. There will be serious trouble ahead for the Peace Corps if we accept the recommendation at \$60 million, and they will have problems even if we should increase it to \$70 million. I cannot conceive how the White House or anyone in the executive branch could be satisfied with such a result, as it would bring about an inability to continue the program.

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

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

Mr. MAILLIARD. I am a little bit mystified by the reference to the White House. I have been in communication with the executive branch, including the White House, and it seems to me that what has happened here is that the Peace Corps has been operating for almost a half year on a continuing resolution at a level of expenditures of over \$80 million. So if I am correctly informed, and I believe I am, that would leave something like \$19 million to run the program for the rest of the year, since they have been expending at an annual rate of over \$80 million. So it is not merely a question of reduction. So much of the money has already been expended, they are left with insufficient funds to continue the program at all.

Mr. FRELINGHUYSEN. The gentleman is quite correct.

Many embarrassments result from the failure of Congress to act with respect to moneys needed in the current fiscal year. If we take 6 months of that fiscal year to decide what the level of spending should be—

Mr. PASSMAN. Mr. Chairman, will the gentleman yield for purposes of clarification?

Mr. FRELINGHUYSEN. If I can finish my sentence—

On the basis of the continuing resolution, the Peace Corps, I think quite legitimately, has been operating at a moderate level. Now it is proposed that we should reduce funds to a scale which obviously is insufficient. It is proposed that a cut should now be made to reduce sharply, even terminate the program. I understand that over \$60 million would be needed if a decision were made that the Peace Corps should be terminated at this stage of the fiscal year.

I yield to the gentleman from Louisiana.

Mr. PASSMAN. The facts are that very little or no money is spent out of the obligations to the Peace Corps, because they operate out of a pipeline. Much of the money that has been obligated on a continuing resolution is still intact. I do not want to get into an argument with my friends, but you know these young-

sters have been asked to leave 14 countries. It has come to the attention of the proper officials that they had better have a new look at the program. There is a bilateral technical assistance program. Not one person has ever been asked to leave a country.

Mr. FRELINGHUYSEN. The gentleman from Louisiana is an expert on appropriations, but I believe he is confusing the issue with respect to the Peace Corps. Quite obviously, a bilateral aid program is in a sense a money spigot. You will not get a recipient country turning off its money spigot. So it is no surprise that there has been no request to terminate programs of that kind in these countries.

On the other hand, there is a variety of reasons why a country might decide to terminate a Peace Corps program. For example, there is the situation in Ceylon, where the Peace Corps was terminated for political reasons by Madame Bandaranaike, who did not want to jeopardize the Communist support she receives in her country. She does not want to run the risk of political repercussions. Withdrawal under such circumstances is no reflection on the Peace Corps, I say to the gentleman from Louisiana. We are doing something that is of consequence but it may involve political considerations.

It is quite obvious we ought to take a look at what would be the consequence of a drastic reduction at this stage, 6 months into the program, of a program which most Members of the Congress support, in spite of insinuations on the part of some that perhaps the Peace Corps should be reevaluated and perhaps eliminated. This level of appropriation has the unquestioned result of eliminating the Peace Corps.

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

Mr. FRELINGHUYSEN. I yield to the gentleman from Illinois.

Mr. COLLIER. What thought has been given to withdrawing the Peace Corps from Chile in the light of the current situation there, the fact that a state of emergency was recently declared and the fact that Chileans, under the communistic Allende regime, have nationalized American interests there? What is the rationale or the justification at this point for maintaining the Peace Corps in Chile?

Mr. FRELINGHUYSEN. I have no idea what the rationale is. I do not know if it is going to be retained. I might say to the gentleman, but it would not be surprising to me if that Government should say, "We no longer want the Peace Corps." Nor do I think it should be a reflection on the Peace Corps if a withdrawal such as that is made at the request of the Government. I make no brief for maintaining our Peace Corps in a country like Chile, but I do not think we should say there is something wrong with the Peace Corps if there should be a request from Chile to terminate the Peace Corps there.

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

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

Mr. BROWN of Ohio. Mr. Chairman, I would like to know what the technical arrangement is by which we have Peace Corps representatives in other countries. Is there not some kind of memorandum of understanding that is drawn with the 55 countries to which we send Peace Corpsmen? Does the gentleman know the length of time through which that is binding, and what happens then if we cannot live up to our side of that kind of understanding?

Mr. FRELINGHUYSEN. What disturbs me even about a \$75 million level is that the result would be the necessity for totally abrogating agreements which have been made with 15 countries and reneging on arrangements which are being discussed with 40 other countries. It would be unwise for this House to require this country to renege on such arrangements, I think if we are going to cut back certain programs, we should do it objectively, and we should find whether these agreements are in the interests of the United States. We might have some disagreements about the effectiveness of individual programs or individual volunteers, but overall we should make a decision objectively.

Mr. BROWN of Ohio. Mr. Chairman, I might say I am more concerned about the reputation of this country in the world if this country starts reneging on its agreements with friendly countries, than if a country that is going Communist decides the Peace Corps is too much of a U.S. influence to continue it in their country and they kick us out. I think kicking us out of Chile might be in some respects a compliment to our country.

Mr. FRELINGHUYSEN. I thank the gentleman for his observations. I agree with him. There are obviously several sides to this coin, but I would guess most people would say the Peace Corps should not be terminated. We should decide whether it is true that a level of \$60 million is not going to be enough to allow it to continue. On the basis of information I have received, even with a level of \$70 million it would be necessary simply to abrogate 15 agreements immediately, and 40 other agreements with countries would have to be reconsidered.

Mr. BROWN of Ohio. And, of course, we would go back on our word.

Mr. FRELINGHUYSEN. Yes. That would be the nature of the abrogation.

Mr. COLLIER. Mr. Chairman, if the gentleman will yield further, let me make one further observation. I agree we should not renege on our commitments. At the same time, it seems to me the better part of good judgment should dictate that when we have a situation such as has developed in Chile since the Peace Corps contract was consummated. As far back as the election of Allende when it became obvious that this now basically is lock, stock and barrel a Communist country, I wrote the Director of the Peace Corps and suggested at that time that in the light of the political and other circumstances in Chile—and this was before we even knew there was imminent a takeover of American industry, that it was going to be arbitrarily

nationalized—that we should withdraw the 90 members of the Peace Corps from that Communist country.

I do not think 15 percent of the American people would support our maintaining the Peace Corps in that country under the conditions that now prevail there.

Mr. FRELINGHUYSEN. I would suppose 95 percent of the American people would support the principle of continuation of the Peace Corps. At the level of \$60 million, it would be necessary simply for the Peace Corps to close shop. In fact, I understand \$60 million would not be enough even to allow them to close down. They would have to pull back from every country regardless of the advisability of continuing these programs.

Mr. COLLIER. I merely suggested we should be selective basis. It seems to me this is just good sense.

Mr. BROWN of Ohio. Will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman.

Mr. BROWN of Ohio. What would be the cost of closing down, that is, what would be the cost of bringing home each individual Peace Corpsman?

Mr. FRELINGHUYSEN. I do not have that figure. I believe \$62.4 million would be the minimum needed to abolish the Peace Corps. I do not have a detailed breakdown as to what it would cost to bring back each individual volunteer. All I am saying is that it does not make any sense to have this kind of an impact on a program which most people think is worthwhile. I hope during the amendment process we can get something restored which would approach the authorization figure of \$77 million and which would allow the Peace Corps to continue at about the same level of programming as in the last fiscal year.

Mr. McKINNEY. Will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman.

Mr. McKINNEY. I would briefly like to associate myself with the gentleman's remarks and say it is incredible to me, with the things that we are paying for with the American taxpayers' dollars in this bill, with bureaucracy being involved in so many of these programs, that we would cut out, or cut down, or in effect destroy one of the few programs which probably gets us more for our dollar overseas than any other in the entire bill and which also affects the youth of this country, allowing them to operate in a constructive manner in the world in which they live.

Mr. FRELINGHUYSEN. I thank the gentleman.

Let me say that I do hope we will keep our eye on the ball sufficiently so that we act affirmatively in a program which is needed in the basic interests of this country. I have no idea what may happen then, but I hope the other body can take similar action.

Mr. SHRIVER. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. HILLIS).

Mr. HILLIS. I thank the gentleman for yielding.

Mr. Chairman, the President of the United States, a short time ago, stood in this very Chamber and told us that the United States would no longer compete in the world marketplace with one hand tied behind its back.

I agreed with him.

And I agree with that philosophy now.

So, Mr. Chairman, it is difficult for me to understand how we can approve of this legislation which is before us.

Mr. Chairman, it is difficult for me to understand how we can approve a give away of \$640,000 to the country of Ecuador for military use.

Ecuador can then turn around and purchase torpedo boats and coast guard cutters with this money to capture and hold for ransom more of our fishing boats. So far this year they have seized 52 of our fishing boats and fined them more than \$2 million.

Mr. Chairman, it is difficult for me to understand how we can approve a give-Ecuador \$14 million under the Alliance for Progress program.

Ecuador is simply not friendly to the United States and it appears as if it has no intention of being friendly.

And Mr. Chairman, I would like for someone to explain why we are pouring thousands of dollars into Chile, a country with a Communist leader and one which has been unfriendly to our Nation. Chile has seized several million dollars worth of American property.

I would also like for someone to explain to me how this Nation can afford to give away all the money in this bill when the Federal debt is now over \$418 billion and our deficit for fiscal 1972 is estimated between \$35 and \$40 billion.

Mr. Chairman, if this bill passes, the United States of America will have to go out and borrow \$640,000 and give this money to Ecuador so that country can afford to capture U.S. fishing boats and hold them for ransom.

This just does not make sense.

I am firmly opposed to this and intend to vote against the bill.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, I served on this committee for 12 years and had the privilege of serving with the gentleman from Kansas. I want to say how much I enjoyed it and what a hard-working and conscientious individual he has been. I had to relinquish my seniority on that committee, and he has taken over and done a fantastic job, one which we can all be proud of.

Mr. Chairman, I sweat blood and tears on the floor of the House under President Eisenhower, President Kennedy, President Johnson, and last few years under President Nixon on this bill. It was always a tough bill to bring to the floor of the House and a very difficult bill.

As I said many times, foreign aid has very, very little sex appeal and very little or few constituents. You are not giving projects, bridges, or public works

projects here as you do on other bills. You are giving something away to foreign countries here. It is a very difficult bill to sell.

But as I look at this bill today I do not know whether I will vote for it. The press likes to label the public works bill as a grab-bag bill and a pork barrel bill. This has gotten to be one pork barrel bill. The hard core key program, the Peace Corps program, that I am going to talk about and the development loan program which we fought for years and years and years to take out of the soft currency window and put into the hard cash with the payment of interest on it has a magnificent record, but it was cut to ribbons. The Alliance for Progress, development loan has been cut to ribbons, when we are in all kinds of trouble with Latin America and we should be beefing up this particular agency.

Turn to page 14 and you will see the pork barrel. It all depends on whom you know in court if you want to get your little project in there. Regardless of the merit and whether the State Department wants the particular project or whether the AID agency wants it, if you have a friend in court, you can get on page 14.

Mr. Chairman, I find it shocking and irresponsible that the foreign operations subcommittee has recommended only \$60 million for the Peace Corps. This is \$22.2 million below the budget request and \$17.2 million below the fiscal 1972 authorization.

I have been informed that \$77 million is the absolute minimum figure under which the Peace Corps can operate effectively. And even this amount would not allow for any new trainees. Approval of a figure below the \$77 million level will force the Corps to abrogate good faith agreements with foreign nations and to pull out a large number of dedicated volunteers.

Amidst the many gratuitous insults that were leveled against the Peace Corps in the committee report, four assertions emerged as supposed justification for recommending such a drastic cut.

First it is claimed that it is difficult to list the Peace Corps accomplishments attained from the nearly \$1 billion that has been appropriated since its inception. But the Peace Corps is not a brick and mortar program designed to produce highly visible monuments that can be photographed for the folks back home.

The Peace Corps, rather, is a people-to-people program whose human achievements, significant though they are, are incapable of precise scientific measurement.

How do you measure, for example, the enormous personal satisfaction experienced by the great numbers of youths educated by teachers in the Peace Corps?

How do you measure the benefits of good health care provided by the dedicated volunteers that the Peace Corps has sent to our less fortunate brothers around the globe?

How do you measure the technical assistance provided by Peace Corpsmen in extending our agricultural expertise to the less developed nations of the world? How do you measure the freedom from hunger that such assistance has offered?

In actuality the accomplishments of the Peace Corps are strikingly evident to those who have had the opportunity to meet with the program's beneficiaries.

A second argument levied against the Corps is the assertion that 14 countries have terminated their association with this organization, while none has terminated the AID technical assistance program. In the first place, any such comparison of AID and the Peace Corps—both fine programs in my estimation—is utterly ridiculous.

No country is going to be foolish enough to request that we cut off the money that flows from the AID program. On the other hand, some countries have chosen to embarrass the United States by asking the Peace Corps to leave. I contend that in most such instances, this is not a reflection of the Peace Corps but on the character of the government making such a demand. All too often the people in such countries cry "Yankee come back," despite the comments of their government officials.

It is regrettable that the committee report, while glibly reciting the 14 countries that have terminated Peace Corps activity, does not identify the 55 countries that are still requesting and utilizing its services.

A third assertion, related to the second, is the unsupported claim that some terminations were brought about because of the bad conduct of some volunteers. The fact is that the Peace Corps knows of no instance in which it was asked to leave a country because of misbehavior of its volunteers.

The final argument is easily the most absurd. The report points out that in several years since the inception of the Peace Corps, a substantial unobligated balance was available at the end of the fiscal year.

Is it the message of the Appropriations Committee that future efforts to save money whenever possible will be rewarded with an almost 25-percent slash in an agency's budget request? Is it now the insistence of the Appropriations Committee that all moneys authorized and appropriated had better be spent, or else?

Surely the Peace Corps good faith attempt to spend its allotted funds prudently and economically must not be met with such a hostile response.

No, it is quite clear that there is no justification whatsoever for this heartless action. At a time when we are withdrawing our armed corps from the world arena, we should be reaffirming our commitment, our faith, and our trust in the Peace Corps.

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

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

Mr. BINGHAM. Mr. Chairman, I would like to commend the gentleman from Massachusetts on his very splendid statement, and to associate myself with the gentleman.

Mr. CONTE. Mr. Chairman, I thank the gentleman.

Mr. SHRIVER. Mr. Chairman, may I

inquire as to the amount of time that is left?

The CHAIRMAN. The Chair will state that the gentleman from Kansas has 21 minutes remaining, and the gentleman from Louisiana has 10 minutes remaining.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the chairman of the subcommittee, the gentleman from Louisiana (Mr. PASSMAN).

Mr. PASSMAN. Mr. Chairman, I should be denied the right and the privilege of chairing this committee if I neglected to set the record straight.

I have tried to be just as fair as I could in presenting this bill. I had no desire to pull the Peace Corps out in the open for what it is because of fear of embarrassing some of my friends and neighbors. My page is a Peace Corpsman; his father and mother were both Peace Corpsmen. That did not keep me from doing the right thing.

To be frank with you, let us look at the technical assistance program—and that is in reality what the Peace Corps is—technical assistance as such, and it is a name that has had a lot of appeal.

Now, I asked Dr. Hannah, and this appears at page 126 of part 2 of the hearings, and this was in response to my question:

Dr. HANNAH. I know of no instance where a country has specifically requested us to suspend our bilateral technical assistance program or to recall our U.S. technicians administering the programs.

Mr. Chairman, these facts raise a basic question; why is the Peace Corps program being terminated in these countries while the regular bilateral technical assistance program is being continued, in most instances? Possibly the answer lies in the fact that the Peace Corps does not respond to the basic needs of the host country to the same extent as does the regular bilateral technical assistance program.

The following table lists the 14 countries where the Peace Corps program has been terminated:

| Country and Date: | |
|-------------------------------------------------------------------------------|--|
| 1. Cyprus—February, 1964. | |
| 2. Indonesia—May, 1965. | |
| 3. Pakistan—June, 1967. | |
| 4. Mauritania—June, 1967. | |
| 5. Gabon—December, 1967. | |
| 6. Tanzania—September, 1969. | |
| 7. Libya—September, 1969. | |
| 8. Somal Republic—December, 1969. | |
| 9. Ceylon—(This is the second time the program was terminated)—October, 1970. | |
| 10. Nigeria—December, 1970. | |
| 11. Panama—May, 1971. | |
| 12. Bolivia—June, 1971. | |
| 13. Guyana—July, 1971. | |
| 14. Guinea—(This is the second time the program was terminated)—July, 1971. | |

These people have money in excess of their needs, because people cry for the Peace Corps and we have overfunded them. One year they had \$19 million in unobligated funds at the end of the year.

Let us be realistic about what this is all about. Where is your proof that you have gotten 65 cents worth of good out of the billions of dollars you have given the Peace Corps?

Why do not some of you Members find

out why these youngsters were asked to get out of 14 nations. One nation was so uncomplimentary of them I hate to mention what was said about them on this floor, but I shall put it in the RECORD at this point, and let you read it:

The article reads as follows:

MALAWI OUSTS PEACE CORPS

BLANTYRE, MALAWI, January 26.—All U.S. Peace Corps volunteers will be withdrawn from this country by the end of 1971 following requests by the Malawi Government and the ruling Malawi Congress Party, it was announced.

There are about 150 Peace Corps volunteers working here with the ministries of health and education.

A resolution passed by the Congress Party's annual convention demanded that recruitment cease and that all volunteers leave within 18 months. Delegates cited "complaints by our people against the influence which Peace Corps volunteers have over our children and because of their bad conduct and behavior and their slovenliness."

Let us be realistic. We have cut this bill by 35 percent, the largest percentage cut ever made in a foreign aid bill. Will we cut the Peace Corps 35 percent? The answer is absolutely no. Maybe they are doing less good than any branch under the program, but on account of all the screamers and all the bleeders and all the criers for the Peace Corps we did not reduce them as much. There was a proposal to give them \$50 million, so as to compromise we immediately raised it to \$60 million.

Where is your proof that they are doing any good?

Oh, yes, there is a man down in my district who is against me, and who made a contribution to my opponent, because I told the facts about the Peace Corps, and I said:

You have not heard anything. You just wait until I really get out after them.

Let us be realistic about this thing. I do not want to drag this dirty linen out into the open. But you know it is there. So why have they been invited out of 14 countries? For various reasons but under other bilateral aid programs—not one individual has ever been invited out of a country.

Mr. Chairman, I want to thank the distinguished gentleman from Kansas for yielding me time—I thank him very much.

Mr. PASSMAN. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from California (Mr. ROYBAL), a very valuable and distinguished member of the committee.

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

Mr. ROYBAL. I yield to the gentleman.

Mr. CONTE. Mr. Chairman, I thank the gentleman for yielding because I think we should set the record straight for the previous speaker who just took his seat.

On page 811 of the hearings, Mr. PASSMAN was questioning the witness and the gentleman from California (Mr. ROYBAL) was there. The record reads as follows:

PROBLEMS OF THE PEACE CORPS

Mr. ROYBAL. Thank you, Mr. Chairman.

Mr. Chairman, I have been a friend of the

Peace Corps right along. I see their assets and their liabilities, but I think certain accusations if carefully analyzed can lead to the conclusion that the Peace Corps is not really that bad. What I am saying is that some of the problems that the Peace Corps may be having with the committee and Members of Congress is probably directly due to the executives and the administrative section of the Peace Corps. I don't think that anyone can deny the fact that the volunteer is doing a good job.

Mr. PASSMAN. Don't speak for me. I certainly respect the gentleman's views, but if I had to meet my Maker in 3 minutes and the last decision the good Lord would let me make—it would be to abolish the Peace Corps. Then I could die in peace. That is my feeling. I might as well put it in the record.

That pretty well tells the whole story here. The gentleman is against the Peace Corps and is going to do anything he can to kill the Peace Corps one way or the other. I will offer an amendment to restore some of the money back. The record of the Peace Corps will support this amendment.

Mr. PASSMAN. Honesty made me put that statement in the RECORD and I stand by it.

Mr. ROYBAL. Mr. Chairman, I rise in support of the legislation before us.

I support this legislation not because I think it is the best bill that we could possibly bring to this floor, but I support it because of its humanitarian aspects and because I believe it is in the best interest of this Nation.

I support it also because it still has money in it for refugees, schools, and hospitals, in spite of the fact that the amounts appropriated are not sufficient.

I agree with the chairman of the committee in reducing somewhat the amounts on this bill. But I wholeheartedly disagree with him when he has made certain reductions on important items in the bill in question.

For an example, the bill eliminates completely the request for the United Nations development program.

The argument has been made that the program at the present time has a reserve account of \$150,000,000. May I point out to the Members of the House that this came about because of the strong recommendation of the Jackson capacity study with the full support of the United States, that a reserve account be created and the purpose of this reserve account be to guarantee under all circumstances all the financial liquidity and integrity of the program and to compensate for uneven cash flows. This is the same thing that any large corporation does. They set aside a reserve account to take care of dry periods in their operation and this is exactly what the U.N. development program has done.

The other subject matter with which I disagree is the deep cut in the House-passed authorization bill for development loans for the Alliance for Progress and grants for the population program.

I believe there should be an increase in the programs mentioned.

Then again the substantial cuts made by the committee for the Peace Corps is most unjustified. The argument is constantly being made that the Peace Corps has been run out of 14 countries.

I will stipulate to that fact, in all courtesy to the chairman of the committee. This perhaps may be true, even though I do not believe it is. But let us say it is true. I must point to the fact that out of every failure, one can look to at least 100 successes that the Peace Corps has had throughout the entire world.

Mr. Chairman, I was present in the Dominican Republic during the time our forces invaded that island, and I saw the work that the Peace Corps was doing. They were the only contact we had with both warring sides. The Peace corpsmen were the only ones who were able to communicate with both sides of that particular controversy.

I also know the successes the Peace Corps has had in other Latin American countries where they were the only ones who remained after all our representatives had to leave those countries. The successes that the Peace Corps has had throughout the entire world is well known and I believe it is an insult, to one of the outstanding organizations of our Nation to appropriate only \$60 million when they in fact are operating at the present time at the continuing resolution level or an excess of \$80 million. They have already spent almost the entire amount of the \$60 million appropriated, and I sincerely believe an increase in this item should be approved.

I understand that a letter has been sent to the chairman of the committee by various members of the Committee on Foreign Affairs and individuals who voted for this project in years past. They are now in opposition to this bill. I would like to request of them that they reconsider their opposition as we still have a chance to put these items back into the bill when we go to conference. That I believe to be the proper procedure, and I sincerely hope that when that time comes those who have supported the bill in the past will continue to support it and vote for it today, thus giving us an opportunity to work this matter out when we get to conference with the other body.

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

Mr. ROYBAL. I yield to the gentleman from Minnesota.

Mr. FRASER. The gentleman has accurately identified the problems in the bill. This is a very unfortunate bill and I plan to vote against it, because I do not see any point in voting for a bill that has been gutted and ravaged as much as this one has. At the same time I can say to the gentleman that if some of his ideas in relation to increasing the Peace Corps appropriation, perhaps restoring some of the United Nations development program money, and an amendment on the Inter-American Bank—if some of those are adopted here this afternoon, then it seems to me it would be possible to support this bill. But as it stands now, it makes a mockery out of the responsibility which the United States carries in the world community.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. CARNEY).

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. CARNEY. Mr. Chairman, sometimes we get so near the trees we cannot see the forest. I am a new Member here. Many times I have bitten my tongue when I thought I might add something to the debate, but I decided that a freshman Member is better seen and not heard. They told me you never get beat by the speech you do not make. But whenever something puzzles me, I have to ask a question, and I will yield for a response when I have finished with the short statement I have.

I have followed the debate on various appropriation bills, and I have found that very often when we have a domestic issue, a request for something for the people of America, something to help Americans, we do not have the money.

For example, on the school aid bill, Mr. MAHON, the distinguished chairman of the Appropriations Committee, made three different speeches. On October 28 he pointed out that colleges have a deficit. He pointed out that our Government has a larger deficit. He said in essence—

Yes, the colleges are in financial trouble, some of them, but so is the Government, and the situation is getting worse, not better. The deficit in Federal funds in fiscal year 1970 was \$19 billion. Then in 1971 it was \$30 billion. By 1972 it will be \$40 billion.

He opposed the amendments which were offered for increased support to American colleges.

Then he spoke again on November 1 on the same issue, when he pointed out, in making his speech in opposition, a very strong position that this Government was in bad financial straits and said we did not have money for a strong school aid bill. Then he made a further speech on the same subject on November 4 when he pointed out that our deficit was very great, and under his terms the gentleman from Texas (Mr. MAHON) as chairman of the Appropriations Committee, said that our Government is running a big deficit, and we should not be spending money foolishly. I can agree with that in principle. However, I wonder where our responsibilities start and where they end. I always hear dire financial wails on a domestic issue, such as the school lunch program, and about people on pensions or people on social security, or problems of this nature. I hear this country is in bad shape, and we do not have the money. Yet we come along with the foreign aid bill, and I do not hear the same gentlemen getting up and saying we do not have the money. I would like to have somebody answer me on this subject.

Mr. SHRIVER. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana (Mr. PASSMAN).

Mr. PASSMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. LONG) and I yield 2½ minutes back to the distinguished gentleman from Kansas.

Mr. LONG of Maryland. Mr. Chairman, I support this foreign aid appropriation bill despite the fact that I have in recent years been voting against the

foreign aid authorization and sometimes against the appropriation bill.

A vote against this bill is a vote against a very substantial cut below the administration's budget request and a cut below last year's foreign aid appropriation bill.

A vote against this bill is a vote against substantial reallocations among our various aid programs in recognition of the need for restructuring our foreign aid. For example, the bill cuts out aid to India and Pakistan during the period of hostilities between the two countries, in recognition of the fact that these countries have been spending our money directly and indirectly to finance a bloody and senseless conflict between two countries who are supposed to be our friends. It cuts \$100 million from the U.N. development program, in recognition of the fact that this program has over \$350 million worth of reserves. Although this cut in UNDP funds will not in any way impair the functioning of the program, this cut will serve notice on other countries that they should assume a greater share of the burden of supporting the U.N.'s humanitarian programs, such as Children's fund, the World Health Organization, the population program, the fund for drug abuse control, and the FAO world food program.

A vote against this bill is a vote against a \$30 million cut in the Peace Corps budget, in recognition that a number of countries have asked the Peace Corps to leave and that the Peace Corps has not in past years used all the money appropriated.

A vote against this bill is a vote against \$300 million in foreign military credit sales to Israel to provide planes and military supplies so that this gallant little state can defend itself against its neighbors who have received thus far about \$4.5 billion worth of Russian military aid.

A vote against this bill is a vote against providing money to American schools and hospitals abroad in Turkey, Mexico, Lebanon, Rome, and in other areas, including Israel. Probably no foreign aid can be more wisely spent than to promote educational opportunity and health care for ordinary people.

A vote against this bill is a vote against programs that provide technical assistance to the peasant and the campesino through programs of agricultural and rural development, population and health care, and manpower training.

Legislating is the art of compromise. We never can get everything we want. We have a compromise here. Some would give away everything to foreigners. Others would not give a penny if the world were starving. Some feel that military aid is the only good part of the program. Others feel that only the economic part makes sense.

Some would like to see more of this foreign aid go to the poor people. Others, quite frankly, are interested in seeing this promote the wealth and power of the ruling classes of some of these underdeveloped countries.

Some believe we should have more purely humanitarian programs. Others

feel this should be a naked promotion of America's foreign policy.

In view of all these conflicts of interest and philosophy, this bill, I believe, makes the best compromise possible. I want to compliment the chairman for fashioning a bill which I believe gives us something we can all support.

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

Mr. LONG of Maryland. I am glad to yield to the gentleman from Louisiana.

Mr. PASSMAN. The gentleman has been on this committee for many years and has been a Member of the House for many years. I want to ask the gentleman: Is it not true we have marked this bill up with great, great care, to be sure we did not undercut in any one place but to be sure we had adequate funds to fund every purpose?

Mr. LONG of Maryland. That is correct.

Mr. PASSMAN. I thank the gentleman.

Mr. BOB WILSON. Mr. Chairman, I rise in support of the amendment before us to eliminate any foreign assistance to Ecuador as long as it continues to seize American tuna boats in waters recognized by nearly all nations as international waters. This year, Americans have paid nearly \$2 million in fines and licenses to Ecuador, the highest amount ever paid in a single year to any nation declaring a 200-mile offshore fishing zone. As you know, I have often spoken out for cutting off foreign aid to countries harassing American fishing vessels in international waters and urge the House to accept this amendment. By doing so, Ecuador will hopefully realize that its actions will not be tolerated and perhaps will cause its government to meet with U.S. officials in an earnest effort to negotiate a permanent settlement of the 20-year-old controversy. If the elimination of aid does not work, then tougher actions by the United States will be required.

Mr. PRICE of Illinois. Mr. Chairman, I would like to address my remarks specifically to that part of foreign aid funds which provides military sales credits for Israel.

I am deeply concerned about the situation in the Middle East, and as you know, Mr. Chairman, I have introduced a resolution calling for immediate negotiations for the sale of F-4 Phantom fighters to Israel. The Soviet Union is continuing to supply Egypt and the other Arab States with such sophisticated weaponry that the serious imbalance in military capability has greatly increased the danger of war. The Arab States, comfortable in their power, have resisted attempts at peace negotiations and threaten the resumption of armed conflict.

Israel has requested to buy F-4 Phantom aircraft from the United States for its defenses, but as yet the President, who has been given the authority by Congress to approve such a sale, has not been responsive to that request. The fact that Israel has been able to hold its own amidst the surrounding hostility is an eloquent testimonial to the spirit and valor of its people. But the continued

free flow of equipment from the Soviet Union to the Arab Nations has begun to put the Israelis up against overwhelming odds. The sale of jets to Israel would be beneficial to both parties in the deal—beneficial to the defenses of Israel and beneficial to the economy of the United States.

The sale of jets would not lead to another American military involvement. This is a sale, not a gift. The Middle East situation is distinguished from conditions in Southeast Asia by the status and cultures of the opposing parties. Israel's military expertise does not require American augmentation, but their equipment capability is lagging behind dangerously, and secure and defensible borders are a vital element in a peace settlement to be negotiated by the parties themselves. The United States should oppose any attempt at the United Nations to further tip the balance in favor of the Communist Arab States.

It could be tragic for us to omit all actions that would discourage the Egyptians from coming into direct negotiations with the Israelis. Unless we act soon to sell the jets to Israel, a peaceful settlement in the Middle East may become nothing more than a memory of something that might have been. Therefore, I strongly urge my colleagues to support this provision of the foreign aid funds, so that Israel may be able to obtain the equipment it needs to maintain the balance of power in the Middle East.

Mr. BADILLO. Mr. Chairman, when we considered the foreign aid authorization in August I supported it but did so with great reluctance. I voted for the measure as I felt that the concept of development assistance and the basic principles underlying the program of assisting other nations to help themselves tended to outweigh the grossly distorted priorities and misdirected goals which the foreign assistance program was carrying forward. At the time I expressed my particular concern over the amount of military and security-related funds which were authorized by the foreign assistance legislation and urged that corrective action be taken.

Positive steps should have been taken to establish a program aimed at encouraging and assisting economic and social development and progress which would be free from the present short-term political and military goals and one which would not exacerbate numerous international tensions.

Unfortunately, this urgently demanded revision was not realized and the measure before us this afternoon is an abomination. I object most strenuously to the fact that an appropriations bill is being considered before the work has been completed on the authorizing legislation. Many important and vital issues remain unresolved and critical questions unanswered. It seems most precipitous to consider these appropriations at this time. And it is clear that ill-conceived efforts are being made to intimidate the House-Senate conferees considering the foreign aid authorization, particularly in relation to the present impasse over the Mansfield amendment which sets a fixed date for U.S. troop withdrawal from

Southeast Asia. Furthermore, this procedure directly contravenes the provisions of the Legislative Reorganization Act.

Aside from the procedural question there are a number of extremely serious issues in regard to cuts made by the Appropriations Committee. While I believe that revisions and reductions are called for in a number of instances, the meat ax was clearly applied to valuable portions of the program. These cuts seriously jeopardize our future relations with Latin America by greatly reducing Alliance for Progress loans and eliminating all funds authorized for the Inter-American Development Bank. There are a number of other critically debilitating cuts such as those pertaining to the Peace Corps, funds for the World Bank and the United Nations development program, and grants for population programs.

I feel very strongly that we must correct the tragic imbalance which currently exists between economic and military assistance. We must carefully consider why so many of our aid programs have failed to achieve their objectives and whether these goals were valid and sound in the first place. The classic cold war atmosphere of the late 1940's and 1950's—the period in which the foreign aid program was conceived and initiated—no longer exists. New alignments, new ideologies, new experiences, and new directions have occurred over the past decade. Frankly, it seems that the United States simply has not caught up with the times. We are trying to solve 1971 problems with 1951 methods and tools.

In addition, the current economic and military aid programs create and perpetuate a relationship of dependency on the United States by the recipient nations. This relationship is not only unrealistic but it is also unhealthy and unproductive.

Mr. Chairman, I will gradually vote in favor of this measure today only, because there are a few good aspects which must be continued and in the hope that some substantive improvements will be made during conference.

I am encouraged, for example, that of the \$510 million appropriated for foreign military credit sales, some \$300 million is to be earmarked for credit sales to Israel. At least the United States will be honoring one of its international commitments and such action will certainly help to maintain the delicate balance in the Middle East by permitting this valiant nation to secure the arms it requires to defend itself from encroachments by its Arab neighbors and the threats of increased Soviet arms aid to the United Arab Republic and others.

A negotiated political settlement of the conflict in the Middle East is presently most remote. In fact, just a few weeks ago President Sadat was a hair's breadth away from actually declaring war against Israel. Nevertheless, efforts to negotiate must be continued and, during this period, Israel's defensive posture must not be permitted to weaken or be jeopardized by the U.S. delay in providing needed aircraft for its defense. It is indeed tragic that the United States

must contribute to the arms race in the Middle East. However, by providing such aid to Israel, perhaps the Arab States will soon come to realize that this country intends to stand behind its commitments to Israel.

Further, the present bill indicates that the important work carried on by the Export-Import Bank can be continued at full funding and, in another area, assistance can be rendered to the millions of refugees of the tragic bloodbath occurring in East Pakistan.

In supporting H.R. 12067, I urge that the conferees correct this measure's deficiencies and restore funds cut from important programs. I particularly urge that full funding be approved for the Inter-American Development Bank as well as for the World Bank and the U.N. development program.

The fact remains, however, that we must reorder and redirect the goals and direction of our foreign assistance program. The Congress must reexamine and reassess the goals and objectives of the foreign aid program and undertake meaningful efforts to effect needed improvements, revisions, and realignments.

Mr. RARICK. Mr. Chairman, the rebirth of foreign aid covers a wide area insofar as the international giveaway of the American taxpayers' dollars.

The bill contains provisions authorizing the expenditure of millions of dollars for armaments and various programs being supported as vital to the national security of this country in containing and stopping Communist aggression.

In South Vietnam we have already spent \$124.5 billion and suffered the loss of 48,179 American men.

In the Middle East we are urged to give more financial assistance as well as aircraft, arms, and material to Israel.

In Latin America we are urged to spend more for arms and material to strengthen the defenses of our neighbors to the south against Communist aggression.

In the new Indian conflict we have, in fact, contributed to the arming of both sides, all in the interest of maintaining territorial integrity.

In each of these crises the antagonist has been the Soviet Union.

While the Foreign Aid Committee is urging the House to approve its programs to stop communism, the Agriculture Committee has just held hearings on how the U.S. taxpayers have subsidized Soviet agriculture. It is a strange double standard that on one hand we arm the nations of the world to stop Russian expansionism and aggression and at the same time we are not only trading with the enemy, but discounting his purchases. I use the expression "enemy" because it would seem that if the taxpayers are to put up \$552 million for defensive armament, there must be someone we are afraid of who is the bad guy, and in the final analysis it must be the Soviet Union.

The members of the Agriculture Committee today heard testimony from the Assistant Secretary of Agriculture confirming the sale of oats and barley to the Soviet Union at prices far below any available to the American farmer.

For example, we were told that in excess of 20 million bushels of oats were sold to the Soviet broker at prices ranging from 40 cents per bushel to 47 cents per bushel at a time when the market prices to the U.S. livestock feeder was 60 cents a bushel. We were also told that 11½ million bushels of barley were sold at 91 cents a bushel, at a time when the market price to the U.S. farmer was 10 to 12 cents higher.

Inasmuch as the sales come from the Commodity Credit Corporation—CCC—a taxpayer-supported Government agency, which exists to support farm prices, the losses suffered in the sale to Russia were at the expense of the U.S. taxpayers.

Many attempts to justify the Russian wheat sale were offered to the committee; the Assistant Secretary even claimed that it would be advantageous to the U.S. taxpayer because it would cut out storage costs of the grain.

The Department official even went so far as to explain the sale as an indication that the Russians were interested in increasing their beef production to improve the Russian citizen's diet with more meat. If this assumption is true, then it would seem that the U.S. taxpayer is footing the bill for a new kind of international food stamp to improve the diet of the impoverished Russian people. No one would dare suggest that if the Communist power structure is able to improve their beef production and quality, we can expect the increase to be used as another item for export on the world market in competition with U.S. beef.

The same Department representative commented on significant herds of breeding cattle being purchased by the Soviet Union from the United States, Canada, and the United Kingdom. There should be little doubt that the Russian goal is to enter the international beef market in competition with the United States. U.S. beef producers could soon find themselves competing with the Soviets and would be put at a disadvantage because the Soviet beef is raised on subsidized U.S. grain.

In the most straightforward manner possible, and ignoring the fact that only a few people are going to profit by the grain sale, it still ends up as trading with the enemy—not for profit to our country, but at a loss to the U.S. taxpayers. Next, we can expect the Export-Import Bank, which is also included in the foreign aid bill, to extend easy credit to the Russian sales.

All I can say is that I am reminded of the Communist boast that when it comes to hanging the American capitalists, they can be expected to bid against each other to see who will sell the hanging rope.

The majority of my people, I am satisfied, want no part of this hanky-panky and world confusion where we have no identified enemy. In this upside-down world, we actually have supporters of these foreign aid measures arguing that they are necessary to combat the spread of communism, some who only recently declared that there was no longer a threat of an international Communist movement when they voted to repeal title

II of the Internal Security Act of 1950 (50 U.S.C. 811-826). This provision was included in H.R. 234, prohibiting emergency detention camps, and was passed 356 to 49, September 14, 1971.

I intend to cast my people's vote against the foreign assistance appropriations bill, a bill that no one seems able to justify except as a waste of taxpayers' money by a Government who could give lessons on how to buy "friends" and lose the world.

Mr. PRICE of Texas. Mr. Chairman, I rise to express my opposition to the foreign aid appropriations bill—H.R. 12067—because it is my firm conviction that our foreign aid program as presently constituted can no longer be justified or supported.

It is true that we emerged from the dark days of World War II as the undisputed military and economic leader of the world, and in recognition of the great dislocations caused by that war responded to appeals for assistance with the most generous and broad-reaching program of foreign aid the world has ever seen. No one can deny that assisting Western Europe to rebuild was vitally important to protecting world peace and security, nor could the Marshall plan be deemed anything but a huge economic success. However, our aid program following the end of World War II established a precedent and laid a foundation for the great American giveaway, in other words, our well-oiled foreign aid machine which has over the past 26 years poured \$143 billion of the American taxpayers' money into 98 nations throughout the world.

The magnitude of our foreign aid program has reached such proportions as to be nearly incomprehensible by the human mind. Each year we have continued to pour countless billions of dollars into programs and projects around the world and in spite of all our generosity have purchased very few friends and little peace or security.

I would underline that not all American foreign aid is bad—we must make those investments which are vital to the military security of the people of the United States. Likewise, we have always been a humanitarian nation, and have contributed heavily to programs of disaster relief for victims of great natural catastrophes such as floods and earthquakes. However, a logical program of foreign aid is one thing; an unwarranted, spendthrift, giveaway program is something else. And it is this aspect of our foreign aid program to which I take strong objection.

An excellent example showing the degree to which our foreign aid program has failed to influence the affairs of nations which have been the recipients of our generosity is the classic and embarrassing case of Cuba.

Mr. Chairman, the ruthless Communist dictatorship of Cuba, with its heavy reliance on military and economic aid from the Soviet Union, is not only a threat to the peace and security of the Western Hemisphere but to the entire free world. Perhaps our so-called allies see Cuba as a United States and/or Western Hemisphere problem and for that reason are

not concerned. In fact, they are so unconcerned that many of our friends, whom we graciously supply with billions of hard-earned U.S. taxpayers' dollars in aid, are carrying on a vigorous trade with that Communist police state 90 miles from our shores. These non-Communist nations seem oblivious to the fact that they are dealing with a government which a few short years ago in 1962 was the very cause of the most dangerous superpower confrontation the world has ever witnessed. And yet it is a disgusting fact of life that these nations have all since lined up at the trough of short-sighted self-interest to the detriment of long-term prospects for peace.

In an attempt to isolate this Communist menace, the United States years ago undertook a series of measures designed to weaken the Cuban economy and to make Cuba as burdensome as possible for Castro's Russian cohorts. An embargo on trade with Cuba was initiated as early as November 1960, and subsequently strengthened in 1962. This policy became a multinational one when the Organization of American States Foreign Ministers meeting in Washington in July 1964 banned all trade—direct and indirect—with Cuba. It is significant that in this instance the United States received the overwhelming concurrence of its Latin American neighbors who realized all too well that they were rapidly becoming targets of Cuban-based guerrilla warfare and subversion.

In September of 1964, U.S. policy became even more firm when it denied port privileges to any free world vessel bound for Cuba. Most significantly, the United States announced that under the Foreign Assistance Act, U.S. aid would be denied to any country which allowed her vessels to trade in strategic goods with Communist Cuba.

This quarantine policy has been somewhat successful to date, and would have been more so if it were not for extensive Russian aid to Cuba. However, there is another factor which has kept the embargo from achieving its ultimate goal—and that is the trade that goes on between Castro's Cuba and the non-Communist nations of the world. Figures published by the Maritime Administration of the Department of Commerce on September 28, 1971,¹ show that since 1963, 2,289 trips have been made to Cuba by vessels carrying the flags of the free world. One can hardly believe his eyes when he sees the list of flags of registry headed by Great Britain, and followed closely by such nations as Cyprus, Lebanon, Italy, France, and Finland. It is indeed the height of ingratitude that these nations, who take for granted our heavy sacrifice in troops, weapons, and bases to protect their security in Mother Europe, are simultaneously knifing us in the back by providing aid and comfort to a Communist state in our own back yard. Thus while we are trying to neutralize Castro's worldwide subversive activities, ships carrying the flag of our closest friend, Great Britain, have made 791 trips to Cuba since 1963.

¹ Federal Register, Vol. 36, No. 194, Oct. 6, 1971, p. 19449.

Do our "friends" know the nature of the government with which they are dealing? Can they be that naive? It is a well publicized fact that the Castro government is continuing its efforts to subvert the democratic nations of Latin America through support of guerrilla revolutionary movements and other antigovernment groups. In testimony before the Senate Foreign Relations Committee this past September, Robert Hurwitch, Deputy Assistant Secretary of State for the Bureau of Inter-American Affairs, emphasized that Cuba is providing training for urban and rural terrorists in the celebrated arts of kidnapping, bombing, terrorism, and sabotage. Furthermore, he pointed out that on August 27, less than 2 months ago, Castro vigorously reaffirmed his support for violent change in other nations of the hemisphere and spoke of his intention to give material support to Bolivian guerrillas.²

In earlier testimony before the Foreign Relations Committee, Assistant Secretary of State for the Bureau of Inter-American Affairs Charles Meyer quoted from Fidel Castro's April 19 speech:

Cuban fighters have shed their blood helping peoples of other continents, helping African people. They shed their blood helping Latin American peoples. This is part of the best tradition of our fatherland and our revolution. Therefore we may be depended upon. This is part of our history, part of our traditions. American revolutionary peoples can depend on us. Latin American revolutionary governments can depend upon us. We say this publicly and clearly, they can depend upon the Giron fighters. We are citizens of this continent, revolutionaries of this continent.³

And so, Fidel Castro is openly committed to throwing this hemisphere into turmoil and creating a Communist Latin America, and meanwhile our friends are indirectly and perhaps unintentionally, but nevertheless quite assuredly aiding that effort. They must apparently regard Castro as strictly an "American problem," or at worst a regional problem—

but do the facts warrant such a conclusion? It is time we all realize that the Russians have become so influential in Cuba that they are in the process of establishing a major naval complex which might eventually become a base for nuclear submarines. Surely the risk of a face-to-face nuclear confrontation between the United States and the U.S.S.R. cannot be lightly dismissed. The fact is that our friends who trade with Castro will not be able to sit comfortably on the sidelines and expect the Americans to again hold the line on Communist aggression as they have done in the case of Vietnam.

If one is to measure end results, the Americans could certainly learn a few lessons from the Russians on how to get the most out of their foreign aid appropriations. On the one hand, in April 1970, Castro defiantly claimed that Cuba's political and military ties with the Soviet Union would never be broken. For approximately \$1.5 billion in military aid and an additional \$3.6 billion in economic assistance, the Soviets have purchased the unswerving allegiance of the Cuban Government and have gained a priceless beachhead for the purpose of exporting subversion throughout the Western Hemisphere.⁴

By contrast, beneficiaries of the generosity of Uncle Santa show their gratitude by openly giving aid and comfort to the enemies of our Nation. Unlike the Russians, we do not automatically demand mindless acquiescence and subservience from others simply because we have extended a helping hand from time to time, but it is sheer insanity for any nation to assume that the American people are going to assist those whose activities are openly counterproductive to our own security and well-being.

It is time to remind Great Britain, which since 1963 has been the worst offender in trade with Cuba, that they have received a total of \$7,209,000,000 in economic and military loans and grants from the United States since 1946.⁵ From

1950 to 1965 under the Food for Peace program England received \$289,000 in donations of U.S. surplus agriculture commodities for voluntary relief agencies under Public Law 480, title II.⁶

Thus, as thanks for the fact that we have helped save Great Britain twice in this century during two great wars, followed by lavish postwar reconstruction assistance, the British respond by supplying a substantial amount of the buses in Communist Cuba today.

Cyprus, the second leading culprit, has allowed 559 visits to Cuba by ships bearing its flag, in payment for \$22,000,000 in U.S. economic assistance.⁷ This nation received a total of \$18,000,000 in transfer authorizations for emergency assistance, economic development grants, and the world food program under the food-for-peace program.⁸

Italy has shown its gratitude for \$5,-500,000,000 in U.S. economic and military assistance since 1946 by allowing ships flying the Italian flag to make 126 visits to Cuba since 1963.⁹

These three countries are the worst but by no means the only offenders. They are in fact joined by 19 others in supporting through trade a Communist dictatorship that is bent upon destroying the security and peace of the Western Hemisphere. What makes the situation completely unpalatable is that most of these same nations have been beneficiaries of the generosity of the American taxpayers, and that we continue to shoulder the burden of maintaining the peace that their shortsighted, self-serving actions only serve to erode. In short, we help them and they in turn help the enemy—the time has come for these ungrateful nations to answer to the American people who have been the world's keeper and first-class patsy for too long.

Mr. Chairman, I include in the RECORD at this time the chart appearing in the October 6, 1971, Federal Register listing the nations whose consciences have been seared by participation in this corrupt and odious traffic.

² Hurwitch, Robert A., Statement before the Committee on Foreign Relations, U.S. Senate, September 16, 1971, p. 8.

³ U.S. Congress, Senate, Committee on Foreign Relations, Hearings on Aircraft Hijacking Convention, 92nd Congress, 1st Session, July 20, 1971, p. 88.

⁴ Volsky, George. *Cuba*. In Tad Szulc (ed.), *The United States and the Caribbean*. Englewood Cliffs, N.J. Prentice Hall, Inc., 1971. p. 124. Also, Hurwitch, *Op. Cit.*

⁵ Agency for International Development, U.S. Overseas Loans and Grants, May 1971, p. 159.

⁶ Operations Report, December 1970, p. 60.

⁷ U.S. Overseas Loans and Grants, May 1971, p. 13.

⁸ Operations Report, p. 54.

⁹ AID U.S. Overseas Loans, p. 151.

| Flag of registry | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 | 1971 | | | Total |
|------------------|------|------|------|------|------|------|------|------|---------------|-----|------|-------|
| | | | | | | | | | January-April | May | June | |
| British | 133 | 180 | 126 | 101 | 78 | 62 | 45 | 53 | 11 | 2 | | 791 |
| Cypriot | | 1 | 17 | 27 | 42 | 68 | 115 | 199 | 59 | 16 | 15 | 559 |
| Lebanese | 64 | 91 | 58 | 25 | 16 | 16 | 4 | 1 | | | | 275 |
| Greek | 99 | 27 | 23 | 27 | 29 | 7 | | | | | | 212 |
| Italian | 16 | 20 | 24 | 11 | 11 | 10 | 15 | 13 | 4 | 1 | 1 | 126 |
| Yugoslav | 12 | 11 | 15 | 10 | 14 | 9 | 6 | 7 | 3 | 1 | | 88 |
| French | 8 | 9 | 9 | 10 | 10 | 4 | 2 | 5 | 1 | | | 58 |
| Finnish | 1 | 4 | 5 | 11 | 12 | 8 | 2 | 1 | | | | 44 |
| Spanish | 9 | 17 | | | | | | | | | | 26 |
| Norwegian | 14 | 10 | | | | | | | | | | 24 |
| Moroccan | 9 | 13 | | | | | | | | | | 23 |
| Maltese | | 2 | 6 | 1 | 4 | 8 | 1 | 2 | | | | 24 |
| Somalia | | | | | 2 | 11 | 7 | 4 | 1 | | | 25 |
| Netherlands | | 4 | 2 | | | | | | | | | 6 |
| Sweden | 3 | 3 | | | | | | | | | | 9 |
| Kuwaiti | | 2 | 1 | | | | | | | | | 3 |
| Israeli | | | 2 | | | | | | | | | 2 |
| Japanese | 1 | | | | | 1 | | | | | | 2 |
| Danish | 1 | | | | | | | | | | | 1 |
| German (West) | 1 | | | | | | | | | | | 1 |
| Haitian | | | 1 | | | | | | | | | 1 |
| Monaco | | | | 1 | | | | | | | | 1 |
| Subtotal | 371 | 394 | 290 | 224 | 218 | 204 | 197 | 285 | 79 | 20 | 16 | 2,289 |
| Polish | 18 | 16 | 12 | 10 | 11 | 7 | 2 | 3 | | 1 | | 80 |
| Grand total | 389 | 410 | 302 | 234 | 229 | 211 | 199 | 288 | 79 | 21 | 16 | 2,378 |

Mr. Speaker, I applaud the recent action of the Senate in rejecting our foreign aid program which has been operating on completely outmoded premises stemming from World War II days. We in the Congress must understand that the American people are sick and tired of carrying the world on our shoulders and it is time for us to do that which is best for our country; and it is for this reason I strongly urge the complete overhaul of the American foreign aid program with a mind toward eliminating any and all frills including our contribution to the morally bankrupt United Nations. In the future, let America's foreign aid program truly be an investment in America's security and let us put an end once and for all to the silly notion that we can appease others by paving their roads to nowhere with American dollars.

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

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

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

International organizations and programs: For necessary expenses to carry out the provisions of section 301 \$41,000,000: *Provided*, That no part of this appropriation shall be used to initiate any project or activity which has not been justified to the Congress.

PARLIAMENTARY INQUIRY

Mr. FRASER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FRASER. I have an amendment in this title. Shall I wait until the title is read, or offer it at the point of reading?

The CHAIRMAN. The bill is being read by paragraph.

Mr. FRASER. Mr. Chairman, I have an amendment to line 8 on page 2. I was standing at the time it was being read.

Mr. PASSMAN. Mr. Chairman, the Clerk has read beyond that paragraph. I make a point of order against the amendment on the basis that we have gone beyond that in the reading.

The CHAIRMAN. The Clerk has gone beyond that point in reading.

Mr. ROONEY of New York. Mr. Chairman, it is my understanding the Clerk read down to and including line 23, page 2.

The CHAIRMAN. That is correct.

Mr. FRASER. Mr. Chairman, may I find out where the bill has been read. I was on my feet.

The CHAIRMAN. The Clerk has read down to and including line 23, page 2.

AMENDMENT OFFERED BY MR. FRASER

Mr. FRASER. Then, Mr. Chairman, I have an amendment to line 20.

The CHAIRMAN. The Clerk will read the amendment.

Mr. PASSMAN. Mr. Chairman, the Clerk has read past that, too.

The CHAIRMAN. That line is included in the pending paragraph.

The Clerk read as follows:

Amendment offered by Mr. FRASER: On page 2, lines 20 and 21, strike "\$41,000,000" and substitute "\$91,000,000".

The CHAIRMAN. The gentleman from Minnesota is recognized for 5 minutes in support of his amendment.

Mr. HALL. Mr. Chairman, I make the

point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

One hundred and eight Members are present, a quorum.

Mr. FRASER. Mr. Chairman, this amendment would restore one-half of the cut made by the committee as measured against the budget request made by President Nixon with respect to the United Nations development program.

Mr. GERALD R. FORD. Mr. Chairman, a parliamentary inquiry. Was the amendment read?

The CHAIRMAN. The amendment was read.

Mr. FRASER. The United States was planning to contribute to the U.N. development program this year \$100 million. The President requested that amount. The committee took it all out and did not leave a dime in the bill for the U.S. contribution to the U.N. development program. What this amendment does is it puts back \$50 million of the \$100 million. In other words, we are only putting in half of the amount that the administration requested in recognition of the fact that it might be easier to get support for restoring that rather than trying to restore the full amount.

The difficulty with the Appropriation Committee action is that it represents another retreat by the United States from an international effort at a time when the United States seems to be retreating on every front—economic, military, cultural—on every front in which we have any involvement in the world community today.

Each of us has his own opinion about how the United States ought to play a role in world affairs, but the one common denominator I think many of us have shared over the past 20 or 30 years is that we ought to work as far as there is a possibility of working within the U.N. framework to help build a strong world community and to try to participate as one member of a very large organization in sharing the responsibilities to help the third world emerge into the 20th century.

That is the issue that is involved in this amendment. Is the United States to turn its back and say, "Well, we lost interest. We think you have enough money. We are not going to appropriate a dime," despite the fact that over 100 other nations are contributing to this same fund this year?

I know what the chairman will say. He will say that they have some surplus on hand. It is true they have extra money on hand, because they changed their policy from full funding their projects to the end, to an annual basis of funding. They knew that this would create a temporary bulge in money. They worked this out among the participants in the U.N. Fund and worked it out so that there will be a smooth transition and so that they will have a necessary minimum of cash reserve to carry them over from year to year and so that they will be able to maintain some continuity in the funding for the U.N. programs.

If we put this \$50 million back in, it is only half of what the United States said it was going to commit. But, at least, it is

a beginning. It says we are not washing our hands of our responsibility in this area completely. It will reaffirm the commitment of the people of this country, acting through the House and the Congress, that we think the U.N. is worth preserving and it is worth preserving in order to help the third world as the third world surely need such help.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. I thank the gentleman for yielding.

Mr. Chairman, I want to congratulate the gentleman from Minnesota for offering this amendment and to assure the gentleman of my intention to support his efforts.

Mr. Chairman, I read recently, as the result of a meeting of a group of 77 developing countries of the world that met in New York City, a statistic which came out of that meeting to the effect that during the last decade there had been a per capita growth GNP-wise of about \$40 in these developing countries as against \$650 for the Western industrialized countries of the world.

In other words, the gap is steadily growing and increasing between the developed nations and the developing countries of the world.

I think the least we can do at this very critical moment in world history is to do what the gentleman has suggested, to support the United Nations in this very important effort.

The United Nations development program is the world's largest assistance program of multilateral technical assistance, currently serving in some 130 countries and territories. The United Nations development program has made enormous contributions in the fields of agriculture, education, disease eradication, transportation, and resource exploration.

Mr. Chairman, the committee report makes reference to the so-called Jackson capacity study of the United Nations development program system and the fact that several of the reforms and recommendations of that study have already been implemented, though it would be several years before we would see concrete results. I think it is most encouraging that these reforms are being implemented to improve the effectiveness of the United Nations development program—to better manage its resources and respond more quickly to the needs of the developing world. And yet the committee report seems to use this study as an excuse for withdrawing our contributions to the United Nations development program at this time—the implication being that we can or should sit around and wait for concrete results before resuming participation. I would submit, Mr. Chairman, that this is hardly a time for us to cut back on our support for United Nations development program, for to do so would be like pulling the rug out from under someone who is relearning to walk. It is especially essential that we continue to give the United Nations development program our full support during this crucial transition period. I therefore urge adoption of the Fraser amendment.

Mr. PASSMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I wish that the Members would pay very close attention to what I shall have to say. This is not "Passman's formula." It is the actual facts as we found them in June of this year, long before we had the incident in the United Nations and had no connection between kicking Taiwan out of the United Nations and this committee's action.

Mr. Chairman, for over a period of years the United Nations development program had a policy of funding projects many years in advance. So they decided that they would use the practice of following the bilateral technical aid program administered by the AID and fund these projects on an annual basis. So, in reverting to an annual basis they learned that they had \$343 million in excess, according to the testimony presented to our committee, of their needs to administer this program.

Now, Mr. Chairman, on page 11 of the report, we discovered during the testimony before the committee that the United Nations development program had available a large reserve because it had decided to abandon the practice of full funding of projects. It was estimated that this reserve would amount to \$343.3 million in 1970.

The following testimony appeared on page 675 of part 2 of the hearings:

Mr. PASSMAN. * * * You have built up a \$343 million reserve. It is so far in excess of your needs until you are going to pull \$150 million out and put that in a single account or dormant reserve and then you are going to take the other \$193 million in reserve, add that to what you requested, and enlarge upon the program?

Mr. DE PALMA. Yes, sir.

Now, on page 12 there appears the following:

Mr. PASSMAN. In fact, you could actually operate a full year without any money? That is just about the present funding level out of this reserve?

Mr. DE PALMA. Yes, sir.

Then, Mr. Chairman, in checking further into what had actually happened I found a financial statement of the U.N. development program and learned that they had been taking this money and spending it not on development programs but they had actually been making loans to a very great extent and that they had accrued \$3.5 million in interest on loans which they had made but which they did not need to finance this program.

Another point was the Jackson capacity study which went on to note that the switch to an annual basis would free on a one-time annual basis funds which could be available for a one-time burst of additional activity.

It was very definitely established that these people did not need this money.

So I decided I had better go to the AID Director and have this confirmed, because it is so hard to convince people with facts against their will.

Here is what Dr. Hannah said, and I hold in my hand his letter:

You have persistently asked me to interpret the testimony before your Committee beginning on page 674. This is in response.

This testimony indicates that at some time in the past the UNDP made it a practice to fund all its country projects for long periods in advance or to the completion of the projects.

At a later date the policy was changed to operating on an annual basis. Testimony indicates the accumulation of unobligated funds over a period of years to a total amount of \$343 million in reserve and that the UNDP has decided to reduce this reserve over a period of time to \$150 million permitting the difference of \$193 million to be used for an expansion of programs.

You have asked me if it is true that if no additional funds are provided in our fiscal 1972 appropriation that this would not necessarily reduce the level of UNDP expenditures between now and July 1, 1972. Inasmuch as the UNDP operates on a calendar year basis, the answer is "yes"—provided we are able to resume our payments in fiscal year 1973, beginning July 1, 1972, at the level currently pledged.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

(By unanimous consent, Mr. PASSMAN was allowed to proceed for 2 additional minutes.)

Mr. PASSMAN. Mr. Chairman, I continue reading from Dr. Hannah's letter:

You have raised the question as to whether A.I.D. has Reserve Accounts other than those in the pipeline made up of funds definitely committed to pay for projects that have been fully approved and agreed upon by the U.S. and the recipient countries. A.I.D. has no Reserve Accounts, as you know.

Now, Mr. Chairman, because the U.N. development program has moved 2 years ago from \$257 million to \$308 million, now they are trying to increase the program to \$357 million. I can assure you that they have adequate funds for their program but in the event they can make any kind of a justification for additional funds at the proper time, we will look at it and try to work out a compromise. But if you will only look at the financial statement and check the testimony in the hearings, you would not want me to chair the committee if I did not bring these facts to your attention.

Mr. Chairman, I certainly hope that the amendment is voted down.

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

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

Mr. MYERS. Mr. Chairman, it seems to me that this subcommittee has been real generous to this organization. Further on in the hearings during the testimony of Mr. De Palma, you asked him how much of the \$193 million is going to be used, and he did not know.

Mr. PASSMAN. The facts are they have \$343 million in reserve for which they have no use, and I am of the opinion that there are other pipelines that we have not been able to uncover because I have not been able to find a man in the Department who could answer intelligently a single question asked by any member of this subcommittee.

The CHAIRMAN. The time of the gentleman from Louisiana has again expired.

Mr. MORSE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have perhaps learned a lesson in bookkeeping here, but I would remind all of us, especially those on my side of the aisle, that the President of the United States was fully aware of this change in the funding procedure when the request came to the Congress.

We are not bookkeepers, we are Members of the legislative body, and we have to consider what the effects of our actions are going to be to the various relationships we have in this world.

We have many reasons to be piqued at the conduct of the United Nations, with the expulsion of Taiwan, and the assertion of the veto in the Southeast Asian situation, but, gentlemen, I urge you to support this amendment.

A former colleague of ours who heads the U.S. delegation to the United Nations and if you want to complicate his job and make it almost impossible then support the committee's position.

But if you want to prevent this body from taking the kind of irresponsible actions that the other body on the foreign-aid issue has taken in recent weeks, I urge you to support this amendment.

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

Mr. MORSE. I yield to the gentleman.

Mr. ROYBAL. Mr. Chairman, I want to associate myself with the remarks made by the gentleman in the well. I agree with him that this is a most important program and it should be increased at least to the 50-percent level recommended by the gentleman from Minnesota.

Mr. HAYS. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, let me just put this in simple context as to what is going on.

According to the Budget Director and others, we may be in the hole \$30 billion this fiscal year. Now as to all this money for the United Nations, we are borrowing it in the open market to pay our assessment. That is not too bad—but they cannot use it. So they are taking the money that we are borrowing in the open market at 5 or 6 percent and they are lending it out at 7 or 8 percent—because they do not have anything to do with it. So they are putting out \$150 million or more in what they call a debt fund or reserve fund at interest. It just does not make any sense to saddle the American taxpayers with \$150 million worth or more of borrowed money so that the U.N. can lend it to somebody. If they were using it for development purposes, that would be something else. You know that we should be for lending money to the developing countries like India and Pakistan—because if they do not develop, they cannot buy tanks and guns and airplanes and could not have any wars.

While we are on that subject, I do not agree with anybody who is condemn-

ing the President for calling India an aggressor. I said a year ago that the Prime Minister of India was setting up East Bengal for a takeover. The chairman of the Committee on Foreign Affairs told me, "You know, you are dreaming." Well, just yesterday he said, "I want to tell you something, you were right all the time about that, weren't you?"

That is exactly what is happening. Now this Mrs. Indira Gandhi is one of the kind of people that we are borrowing taxpayers' money for and saddling the taxpayers with the interest and we are giving it to the U.N.—and giving it to her, but they cannot give it to her fast enough, so they are putting the money out at interest.

I think it would be great if we had some kind of language in your bill, Mr. PASSMAN, that would prohibit giving another dime to India in the foreseeable future until she calls off this war which she is using as a pretext to grab off some territory.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman.

Mr. LONG of Maryland. Mr. Chairman, there is language in the bill which suspends all economic and military aid for both India and Pakistan until hostilities are ended, except for humanitarian purposes, and with a provision that the President can reinstitute the aid if he rules it is in the national interest.

Mr. HAYS. That is an escape clause, but it does not prohibit the U.S. taxpayers from being saddled with more of the refugees that these armies are causing as they invade each other's country.

But I want to say to you, as I have observed this thing—if any blame is to be handed out, India should get it, because India really is the aggressor. If you ever think there is going to be a free state of Bangla Desh—forget it—that is going to become a part of India, or at least under India's domination.

Mr. GROSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I was indeed interested in the colloquy between the gentleman from Minnesota (Mr. FRASER) and the gentleman from Illinois (Mr. ANDERSON) with respect to the amendment, which would more than double the \$41 million the committee has in this bill.

I have the honor to represent an area not too far west of the gentleman from Illinois (Mr. ANDERSON) and not too far south and east of the gentleman from Minnesota (Mr. FRASER). I wish there was some way to submit this kind of amendment to a referendum of the people of their districts and mine. I do not think there would be a bit of difference in the vote. I believe it would be sunk without a trace—this amendment to stick another \$50 million in this bill.

I do not think either the gentleman from Illinois (Mr. ANDERSON) or the gentleman from Minnesota (Mr. FRASER) has been reading the newspapers lately, or looking at the financial statements of this Government, or listening to those

who came before the House recently to say that the deficit next year may be \$35 billion; that the deficit in the international balance of payments is probably the worst in all the history of this country, and the word that our gold reserves are down another billion.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. The gentleman in the well is entitled, of course, to deliver to me a lecture on financial responsibility, if he will. He will, I think, however, concede that this particular sum is less than what the Nixon administration asked for in recognition of the fact that, given the state of the world today, we cannot escape certain responsibilities, difficult as they may be.

Mr. GROSS. I am speaking of my personal responsibility and alluding to yours.

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

Mr. GROSS. I want to finish my statement I will be glad to yield to the gentleman if I have time remaining.

I wish to quote, since this amendment would be a \$50 million boost in the U.N. Development Fund, what one of the President's delegates to this session of the United Nations had to say in a newspaper article, I believe it was yesterday. She is Mrs. Gladys O'Donnell, and she called upon Congress to drastically slash appropriations to the United Nations until and unless the United States takes the initiative to restructure it. She said, "There is something manifestly wrong when countries representing only 4 percent of the world population can control the voting strength in the U.N. I have witnessed, she said, the U.N. 'absolutely drowning in oratory in its East River headquarters,' which she calls 'that pile of glass.' " "It is a strange thing," Mrs. O'Donnell continued, "to hear these fledglings lecture the United States on dignity and human rights, to be accused by these nations of all the things they do." She said that this is the ultimate in hypocrisy, and as now constituted, she added, the U.N. is burdened by numerous small states which not only are unable to carry responsibilities but are financially dependent upon the world body even to send delegates.

And yet, in the light of what has happened in the United Nations, you want to more than double this amount by adding another \$50 million. How unconscionable can you be?

I yield to the gentleman from Ohio.

Mr. HAYS. I do not pretend to be as close, of course, to the Nixon administration as the gentleman from Illinois, who acts as its spokesman. But I am reliably informed that when the request came up here, the Nixon administration did not know that this fund had \$150 million loaned out in a so-called deferred reserve fund, so they apparently, when they asked for the money, did not realize what was going on.

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

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. PASSMAN. The President's budget was worked up at least 6 to 8 months in advance, and through the testimony presented to the subcommittee of the Committee on Appropriations, this is something we uncovered following submission of the budget. That is why we obtained a letter from the Administrator stating the fact that they do have a full year's funding. This was uncovered subsequent to the time the budget was submitted.

Mr. GROSS. The gentleman from Ohio (Mr. HAYS) made the point—and I want to reemphasize it—that we would have to borrow this \$50 million and probably pay at least 6 percent interest on the money.

Mr. PASSMAN. They are making loans out of the UNDP, out of loans that have been repaid, and they do not need an extra dime.

Mr. LONG of Maryland. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Maryland is recognized.

Mr. LONG of Maryland. I would like to ask the author of the amendment, the gentleman from Minnesota, a question: Did he offer this amendment with full knowledge of the fact that there is a reserve of about \$150 million which the U.N. is lending out?

Mr. FRASER. I would say to the gentleman I checked into this matter with great care. This question of the method of the funding of the United Nations development program has been under substantial discussion for a number of years. The Jackson capacity report takes it up. They recognized when they shifted from the forward funding of their operations to the annual funding that this would release some money. The point is they have worked out how they are going to handle the transition on a multilateral basis. All the countries who share with the United States the support of this U.N. development program are putting in their contributions. We would be the only ones to pull back, to pull out 100 percent. This is not the way to run a joint, multilateral operation. They are working it out to phase out the excess money over a period of 4 or 5 years, holding certain reserves they have so they will not get to a bare-bones point.

Mr. LONG of Maryland. The gentleman is giving me a sophisticated answer, but will he please explain why we should borrow money at 6 percent to turn over to the U.N. money which they do not need currently?

Mr. FRASER. That is not true at all. The U.N. gets a letter of credit from the U.S. Government, and they hold the letters of credit and they do not call upon them until they need the money. This is the state of affairs now.

As a matter of fact, they are always having the problem of having enough at any one point to make sure they are adequately solvent.

All I am saying is we ought to go along with the agreement to how to handle it over a period of 4 or 5 years, and we will pay in with Britain and Canada and the

other participants who are jointly working this out, rather than pulling out on our own.

Mr. LONG of Maryland. But is it not true they have the money which they can use for their needs this year, instead of our having to put the money in for this United Nations Development Program?

Mr. FRASER. If we do not put any money in, what will the other countries do with respect to their programs? If all the countries pull back on this year's contribution, they will have great difficulty.

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

Mr. LONG of Maryland. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Mr. Chairman, this is absolutely contrary to the facts of the matter. They did have \$343 million in reserve and \$127 million of it invested where they are drawing interest, and they will have interest to collect in the amount of \$3.5 million. Here is what they are proposing to do with this money, and I am quoting from the Jackson capacity study:

... the switch to an annual basis would "free—on a one-time basis—funds which could be available for a one-time burst of additional activity."

They mentioned the program levels were \$257 million, and they went to \$308 million, and then they will go to \$357 million. They put into a letter from Mr. Hannah, answering the question categorically, that they do have sufficient funds for 1 full year provided that by next year, July 1, 1972, we provide funds for the fiscal year, 1973. This is factual. It comes from the AID agency.

Mr. Chairman, I hope this amendment will be voted down. Let us stick to the facts and not let somebody's imagination influence us.

Mr. LONG of Maryland. Is it true, I would like to ask the gentleman from Louisiana, that the United States is being asked, in essence, to "forward fund" this program when many other countries are behind on their current obligations?

Mr. PASSMAN. Of course, we do not like to pull all these bones out of the closet. I am trying to get these people to put this on a business basis. I am willing to go along, and if they can make a justifiable case in the future, whether they do it next year or 3 weeks from now, if they can make their case, we will consider additional appropriations.

Mr. GALLAGHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. One of the problems with this, if I may respond to the gentleman from Maryland, is that it is true we do have this money in reserve, and it is true that the \$150 million does exist. The problem, however, is that because of the obligations in the advanced pledges that are made, a reserve cash flow was required in order to gradually reduce our contribution from \$343 million to \$150 million.

Everyone agreed that a reserve fund was necessary to do this. If we do this, and this amendment is supported, it will allow the U.S. contribution to be reduced from \$347 million down to \$150 million by 1973.

If we do not pass this it is going to throw the entire program into disarray, and what is normally a 4- to 5-year program will again be thrown into chaos next year.

So if we want the rest of the countries to participate in a meaningful way to reduce the U.S. share of this fund, it seems we must get it on a businesslike basis. This is the whole basis for the agreement.

Nobody in AID is trying to hide the fact that there is a reserve fund of \$150 million. We all agreed on this.

I hope that agreement will be carried out, because only by carrying out our agreement will be able to reduce our contribution and let the rest of the nations participate in a meaningful way.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

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

Mr. LONG of Maryland. I am looking for light.

As I gather, we are ahead of the parade. We have put in a larger amount of money than they currently use. The objection to cutting down our current contribution is that if we do this other countries will cut down theirs, even though they are not up to the parade. Is that a fair way of saying it?

Mr. GALLAGHER. It is not exactly that. That is one interpretation.

A part of this program is that much of this money is made up of unpaid pledges, Government future obligations. What really is required, especially with regard to some of the long term programs, is that a reserve fund exist so that uneven cash flows can be used in a meaningful way so that the obligations can be met until the pledges are paid.

Mr. LONG of Maryland. If the gentleman will yield further. I get the impression that the basic reason why they need this reserve fund is that there are a lot of countries which do not pay up their shares on time.

Mr. GALLAGHER. Yes, because at certain times, with differing budgeting operations in other countries, the cash flow is uneven. To make it adequate and efficient the whole operation was designed to have enough paid in this reserve account.

Mr. LONG of Maryland. I wonder if it is fair to ask the American taxpayer to do this, to make up the deficiency?

Mr. GALLAGHER. Yes, it is fair, because it will allow the American taxpayer to contribute less over the next 5 years; significantly less by 1973.

Mr. LONG of Maryland. Why not start this year?

Mr. GALLAGHER. That is exactly what we are doing, starting this year. That is why this amendment should be adopted.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(On request of Mr. PASSMAN, and by

unanimous consent, Mr. GALLAGHER was allowed to proceed for 2 additional minutes.)

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

Mr. GALLAGHER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I would not want to mislead this committee. The \$343 million reserve is not just U.S. dollars. This is the aggregate which is in the UNDP account.

Actually, this \$343 million, according to testimony, is in excess of the present requirement and would fully fund the program for 12 months. Now, in all probability the \$193 million, with the additional funds coming in, would fund it for a full 12 months.

This is what the Jackson capacity study noted:

The Jackson Capacity Study went on to note that the switch to an annual basis would "free—on a one-time basis—funds which could be available for a one-time burst of additional activity."

In other words, running the program up perhaps from \$257 million to as much as \$350 million in 1 year.

I believe the amendment should be voted down, and subsequently that we have some clarification.

Mr. GALLAGHER. Since I still have the floor, I might say that the gentleman is correct in what he states, but what is not correct is that this will increase the American authorization and appropriation portion of the U.S. contribution. In effect, it will reduce the American contribution once we get an even cash flow and the whole program on a businesslike basis in the years to come. I think the gentleman supports that approach.

Mr. PASSMAN. That is in the making at this time, and this action, I will say, is not tied in directly or indirectly to what the future percentage contribution of the United States will be. We are certain that will be 25 percent.

Mr. GALLAGHER. If I have the time, I will say that it is directly tied in, because it allows the United Nations contribution to be reduced over a 4- or 5-year period and substantially reduced by 1973.

Mr. MYERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. PRICE of Texas. Mr. Chairman, will the gentleman yield?

Mr. MYERS. I yield to the gentleman.

Mr. PRICE of Texas. Mr. Chairman, I have listened to the debate and am thoroughly convinced that the unobligated funds in the United Nations development program are more than sufficient to fund the program for an additional full year. It is thoroughly unrealistic and unacceptable to me that the American people should be asked to borrow additional moneys on which they must pay interest simply for the purpose of fattening the UNDP "kitty." It is well known that surplus funds controlled by UNDP are often invested in a bank where they draw interest or are used for nonrelated projects. In either case, this additional burden on the American taxpayers cannot be justified.

I strongly oppose this measure for two

basic reasons: First, we as a nation cannot afford to travel any farther down the spendthrift road which has been paved by American dollars. Already our national debt of over \$400 billion exceeds the national debts of the rest of the free world nations combined. What is more, our unprecedented generosity, over the past two and one-half decades, has for all of our billions of dollars of foreign aid, bought this Nation few friends and little security.

Furthermore, I strongly oppose this appropriation because it is my belief that the United Nations is not worthy of our support. This morally bankrupt organization, which has time and time again been bailed out of its financial difficulties by the generosity of "Uncle Sap," has shown its complete incapacity to deal effectively and fairly with issues concerning world peace. More and more this organization has become a sounding board for the left; we have continued to foot the bills while nations inimicable to the United States have reaped the dividends. We ought to have come to this realization following the recent disgusting vote to expel the Republic of China, a charter member of the United Nations. The list of U.N. failures could go on and on. Suffice it to say, I oppose any further subsidization of this organization which has completely strayed away from the great principles inscribed in its charter. It is my belief that this feeling of disgust is shared by a great many of the American people, and we will be doing them our greatest service by taking from their back this unwarranted, unnecessary, and ungratifying burden.

Mr. MYERS. Mr. Chairman, I have no intention of using all of this time, but I rise to make this one observation.

The gentleman from New Jersey makes the point that this amendment is an attempt to make this fund solvent and to keep it that way. I have no objection and I am happy to see some place in the world where there is a government body concerned about keeping an account solvent, but I do not know whether we can do it at the expense of the taxpayers.

I refer the gentleman from New Jersey to the very first page of this bill. On page 1, line 3, it says, "The following sums are appropriated out of any money in the Treasury." Then it goes on, "Out of any money in the Treasury," but how solvent is our Treasury? What reserve do we have in the Treasury today to operate all of the vast amounts that are needed with regard to social experimentation and such things that we get out of the Treasury constantly?

We appropriate money here that is not in the Treasury, I say, and we have no reserve in the Treasury, and yet we are asking the taxpayers of this country to put more money into an account that even the administrators of this program cannot tell the committee how they are going to spend it. I think we are asking too much of the American taxpayer.

Mr. GALLAGHER. Will the gentleman yield?

Mr. MYERS. I am glad to yield to the gentleman.

Mr. GALLAGHER. I thank the gentleman.

I have one thing to say against the gentleman's argument and that is, of course, there is little we can do that can be totally justified. If we take his argument at its face value, we can do nothing that is totally justified. On the other hand, if we look at what we are doing here as a part of the overall U.S. contribution to the international situation and if we look at what our obligations are, then one should argue in that frame of reference.

The fact of the matter is the United Nations development program has always had certain obligations which it has carried out with regard to the United States. Ninety percent of the funds that he pays as its contribution are spent in the United States. It has always had a U.S. administrator. It has always been directed on the basis of the U.S. interests. I think if we look at it in that context, it is perfectly justified and the gentleman's amendment should be passed.

I agree with the gentleman that there is an implication here we are giving this taxpayers' money to the U.N. and that the U.N. is becoming a small loan agency making money on the interest variable. That is just not true at all.

Mr. MYERS. I have to take strong exception to what the gentleman says. I have no proof here and I do not want to question the gentleman on that 90 percent of the money being spent in the United States, but if it is, I say that it is still a good effort to help the people throughout the world, but really charity should start in the United States and start at home. As long as we are digging into the pockets of the American taxpayers to find this money, we might do something worthwhile with it here at home. We have a vast amount of interest paid on the national debt. This year it will run to \$20 billion. The gentleman from Ohio (Mr. CARNEY) said that he had not heard anyone make a pitch about the poor taxpayers, and here we are spending money today that we just do not have. I must take strong exception to spending any money for this purpose that we do not have. This cause may be all right, but what are we doing to the American taxpayer while we are constantly spending more of his money which he does not have? This is something that we have to take into consideration.

Mr. GALLAGHER. We have to take into consideration also the taxpayers are spending money on all of these military programs, all of which are not always totally justified.

The same argument could be made on that basis.

Mr. MYERS. I think the gentleman will find that in the military assistance portion of this bill there are some things which are for the defense of this country and defense is the business of everyone.

Mr. GALLAGHER. These programs are also in the interest of the United States and in the interest of the U.S. taxpayers.

Mr. MYERS. That is a matter of opinion.

Mr. GALLAGHER. We have a very deep interest in this.

Mr. MYERS. I am quite sure that if the gentleman conducted a poll in his district in New Jersey on this issue the gentleman would find that the majority of the people would not want their tax money, even though it is spent in this country, to be spent in fashion, and if we do want to try to help we ought not to send it through this huge pipeline all the way from here up to New York to the United Nations.

Mr. GALLAGHER. I will say to the gentleman that it happens to be what the President of the United States wants.

Mr. MYERS. I would like to see the gentleman support the President more often, but I have not seen the gentleman doing it.

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to address my remarks to those who would like to support this bill. To those who will be opposed to the bill under any circumstances, may I say that I do not expect you to support this amendment. But those who want to support this bill, I would like to make a few points.

I would like to see this bill with some modifications pass.

Mr. Chairman, I was one of those who signed a letter addressed to the distinguished chairman of the committee, a copy of which was circulated, indicating that in its present form we were so unhappy with the bill that we could not vote for it.

Now, as the chairman of the subcommittee said earlier, everyone of us probably has something in this bill that he is for and would like to see go through. For example, I am most interested in the funds which are contained in this bill for Israel. I do not want to see those funds jeopardized.

But, Mr. Chairman, we have got to build a coalition in order to pass this bill. No one group supporting one particular type of aid has enough votes to pass this bill. You need the votes of the Members who signed that letter. Those Members have all voted for foreign aid in the past. They are unhappy about this bill and, if it is not improved, they are prepared to vote against an aid bill for the first time, confident that a better bill will come back to us. Certainly, there is no danger that the money in this bill for Israel will not be voted at an early date. A large majority of the House is for this, and our leadership will find a way to see that that is done.

If you want this bill to go through, you had better show a little flexibility, a little respect, a little consideration for the points of view of those who signed the letter. Their main objection to the present bill is that it reflects an almost total rejection of multilateral foreign aid. The bill also reflects a shift in emphasis away from economic and technical assistance to military assistance. These are basically the things to which we object.

Mr. Chairman, if we could make a

few moderate changes here, I am sure I for one could support this bill.

So, I would suggest that there is a need for a little give and take and a spirit of coalition so you can attract those who represent a different point of view to help pass this bill.

Now, let us turn for a moment to what you may refer to as the "PR" aspect of this problem, leaving the technical accounting aspects aside.

How is it going to look if we are the only country that uses a technical excuse to say "No" to any funds for the U.N. development program this year? Other nations have pledged to increase their contribution to the U.N. development program by an average of 17 percent. In this amendment we are talking about a substantial drop from last year—a drop of perhaps one-third. But the committee would have us say "zero" for this year, "zilch."

How is that going to look to the other nations of the world. Do we want to have any influence in the United Nations? There are those, of course, who would like to see us get out of that body, but I think a majority of us want us to stay in and have some influence up there. I think the majority of Members were upset that we lost the recent votes on Taiwan. We just did not have enough support, we did not have enough votes. Everyone here understands what votes are and that it took votes to sustain our position on Taiwan. We did not have them. Let us try to improve that situation for the future.

But if we are really going to do a total job of offending everybody at the U.N. let us just say: "to hell with you; we are fed up with this organization, we are not going to contribute a dime to the U.N. development program that we initiated and have supported for all these years." That is what you will be saying if you reject the Fraser amendment. But bear in mind that doing so is going to damage our position, not only at the United Nations, but it is going to damage our position with our friends all around the world.

Mr. Chairman, I have used an analogy before, and I would like to repeat it. We are in the position of the biggest business in a town. Our business is in trouble and is losing money. But the people from the Community Chest Fund come to see us, and ask us, "What is your contribution going to be this year?" And we say, or our stockholders say, "Well, we are losing money, we cannot contribute anything."

The people from the Community Chest then say, "You cannot mean that. You have to put up your fair share, whether you are losing money or not. The people that the Community Chest benefits are much more in need than you are."

So, if you are president of that business, you will turn around and make your fair share of the contributions to the Community Chest Fund, whether you are losing money or not.

The Fraser amendment is a compromise. It represents a considerable step back from last year's contribution.

I plead with you, do not make us look

like the Scrooge of all time up there in New York, and around the world, and in countries where their annual per capita income is \$100 or less. Do not make us look like the Scrooge of all time. Support this amendment.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I wish to associate myself with the remarks of the distinguished gentleman from New York, who pointed out the adverse psychological or "PR" effect of a failure to vote any funds for the United Nations development program. But the problem is not just psychological. It is also practical.

The letter that the gentleman from Louisiana (Mr. PASSMAN) read from Dr. Hannah of AID had the statement in it that if this program is not funded, there will be no adverse affect on the U.N. development program through June 1972. But, here we are in December debating an appropriation for the fiscal year which began last July 1. We will probably have the same or similar situation next year.

I strongly favor revising the basis for financing the United Nations, so that it does not have to rely on contributions from the United States and other member nations. Unfortunately, however, until such a change is made, the United Nations must continue to depend on contributions.

Having decided to abandon forward funding, the United Nations obviously needs some means, through a working capital fund, to avoid the losses and inefficiencies which result from stop-start funding.

Mr. Chairman, this bill alone contains over \$1,500 million for military assistance, military support assistance and military credits. This amendment proposes that a small fraction, less than one-thirtieth of that amount, be appropriated to a program dedicated to alleviating the terrible conditions in underdeveloped countries. These are the conditions that breed the wars and revolutions that are saddling us all with these astronomically expensive military expenditures.

The United Nations development program has been outstanding in providing aid to developing countries not available through bilateral or other programs. It deserves our moral and practical support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. FRASER).

The question was taken; and the Chairman announced that the noes appeared to have it.

TELLER VOTE WITH CLERKS

Mr. FRASER. Mr. Chairman, I demand tellers.

Tellers were ordered.

Mr. FRASER. Mr. Chairman, I demand tellers with clerks.

Tellers with clerks were ordered; and the Chairman appointed as tellers Messrs. FRASER, MYERS, PASSMAN, and MORSE.

The Committee divided, and the tellers

reported that there were—ayes 119, noes 268, not voting 45, as follows:

[Roll No. 440]

[Recorded Teller Vote]

AYES—119

| | | |
|-----------------|-----------------|----------------|
| Abourezk | Fraser | Nedzi |
| Abzug | Frelinghuysen | Nix |
| Adams | Fulton, Tenn. | Obeys |
| Albert | Gallagher | O'Hara |
| Anderson, | Glaime | O'Neill |
| Calif. | Gibbons | Patten |
| Anderson, Ill. | Gonzalez | Pepper |
| Anderson, | Green, Pa. | Podell |
| Tenn. | Halpern | Price, Ill. |
| Aspin | Hamilton | Pryor, Ark. |
| Badillo | Hanna | Rangel |
| Barrett | Harrington | Rees |
| Bergland | Hawkins | Reid, N.Y. |
| Bingham | Hechler, W. Va. | Reuss |
| Boland | Helstoski | Riegle |
| Bolling | Hicks, Wash. | Robinson, N.Y. |
| Brademas | Hollifield | Rodino |
| Burton | Hungate | Rosenthal |
| Carey, N.Y. | Jacobs | Roush |
| Celler | Karsh | Roybal |
| Chisholm | Kastenmeyer | Ryan |
| Clay | Koch | Sarbanes |
| Conable | Leggett | Scheuer |
| Conte | Link | Schwengel |
| Corman | McCloskey | Seiberling |
| Culver | McDade | Smith, Iowa |
| Danielson | McFall | Smith, N.Y. |
| Dellums | Madden | Stanton |
| Denholm | Malilliard | James V. |
| Dow | Matsunaga | Stokes |
| Drinan | Meeds | Symington |
| du Pont | Metcalfe | Thompson, N.J. |
| Eckhardt | Mikva | Udall |
| Edwards, Calif. | Miller, Calif. | Van Deerlin |
| Ellberg | Minish | Vanik |
| Esch | Mink | Waldie |
| Fascell | Mitchell | Whalen |
| Findley | Monagan | Wolf |
| Fish | Moorhead | Yates |
| Foley | Morgan | |
| Ford, | Morse | |
| William D. | Mosher | |

NOES—268

| | | |
|----------------|-----------------|-----------------|
| Abblitt | Collier | Gude |
| Abernethy | Collins, Tex. | Hagan |
| Addabbo | Colmer | Haley |
| Andrews, | Cotter | Hall |
| N. Dak. | Coughlin | Hammer- |
| Archer | Crane | schmidt |
| Arends | Daniel, Va. | Hanley |
| Ashbrook | Daniels, N.J. | Hansen, Idaho |
| Ashley | Davis, S.C. | Harsha |
| Aspinall | Davis, Wis. | Harvey |
| Baker | de la Garza | Hastings |
| Baring | Delaney | Hathaway |
| Begich | Dellenback | Hays |
| Bell | Dennis | Hébert |
| Bennett | Dent | Heckler, Mass. |
| Betts | Devine | Heinz |
| Bevill | Dickinson | Henderson |
| Biaggi | Dingell | Hicks, Mass. |
| Blester | Donohue | Hillis |
| Brasco | Dorn | Hogan |
| Bray | Downing | Horton |
| Brinkley | Dulski | Hosmer |
| Brooks | Duncan | Hull |
| Broomfield | Dwyer | Hunt |
| Brotzman | Edmondson | Hutchinson |
| Brown, Mich. | Edwards, Ala. | Ichord |
| Brown, Ohio | Erlenborn | Jarman |
| Buchanan | Eshleman | Johnson, Calif. |
| Burke, Fla. | Evans, Colo. | Johnson, Pa. |
| Burke, Mass. | Fisher | Jonas |
| Burleson, Tex. | Flood | Jones, Ala. |
| Burlison, Mo. | Flowers | Jones, N.C. |
| Byrne, Pa. | Flynt | Jones, Tenn. |
| Byrnes, Wis. | Ford, Gerald R. | Kazen |
| Byron | Forsythe | Keating |
| Caffery | Frenzel | Keith |
| Camp | Frey | Kemp |
| Carney | Fuqua | King |
| Carter | Califanakis | Kuykendall |
| Casey, Tex. | Garmatz | Kyl |
| Cederberg | Gaydos | Kyros |
| Chamberlain | Gettys | Landgrebe |
| Chappell | Goldwater | Latta |
| Clancy | Goodling | Lennon |
| Clark | Grasso | Lent |
| Clausen, | Griffin | Lloyd |
| Don H. | Griffiths | Long, La. |
| Clawson, Del | Gross | Long, Md. |
| Cleveland | Grover | Lujan |

| | | |
|-----------------|---------------|----------------|
| McClory | Powell | Steed |
| McClure | Preyer, N.C. | Steele |
| McCollister | Price, Tex. | Steiger, Ariz. |
| McCulloch | Pucinski | Steiger, Wis. |
| McDonald, | Purcell | Stephens |
| Mich. | Quile | Stratton |
| McEwen | Quillen | Stubblefield |
| McKay | Rallsback | Stuckey |
| McKevitt | Randall | Talcott |
| McKinney | Rarick | Teague, Calif. |
| Macdonald, | Rhodes | Teague, Tex. |
| Mass. | Roberts | Terry |
| Mahon | Robinson, Va. | Thompson, Ga. |
| Mann | Roe | Thomson, Wis. |
| Martin | Rogers | Thone |
| Mathias, Calif. | Rooney, N.Y. | Ullman |
| Mayne | Rooney, Pa. | Vander Jagt |
| Mazzoli | Roussetot | Veysey |
| Melcher | Roy | Vigorito |
| Michel | Runnels | Waggonner |
| Miller, Ohio | Ruppe | Wampler |
| Mills, Md. | Ruth | Ware |
| Minshall | St Germain | Whalley |
| Mizell | Sandman | White |
| Mollohan | Satterfield | Whitehurst |
| Montgomery | Saylor | Widnall |
| Moss | Scherle | Wiggins |
| Murphy, Ill. | Schmitz | Williams |
| Murphy, N.Y. | Schneebell | Wilson, Bob |
| Myers | Scott | Wilson, |
| Natcher | Sebelius | Charles H. |
| Nichols | Shipley | Winn |
| O'Konski | Shoup | Wyatt |
| Passman | Shriver | Wylder |
| Pelly | Sikes | Wylie |
| Perkins | Sisk | Wyman |
| Pettis | Skubitz | Yatron |
| Peyser | Slack | Young, Fla. |
| Pickle | Smith, Calif. | Young, Tex. |
| Pike | Snyder | Zablocki |
| Pirnie | Staggers | Zion |
| Poage | Stanton, | Zwach |
| Poff | J. William | |

NOT VOTING—45

| | | |
|----------------|---------------|--------------|
| Alexander | Davis, Ga. | McCormack |
| Andrews, Ala. | Derwinski | McMillan |
| Annunzio | Diggs | Mathis, Ga. |
| Belcher | Dowdy | Mills, Ark. |
| Blackburn | Edwards, La. | Nelsen |
| Blanton | Evins, Tenn. | Patman |
| Blatnik | Fountain | Roncalio |
| Boggs | Gray | Rostenkowski |
| Bow | Green, Oreg. | Spence |
| Broyhill, N.C. | Gubser | Springer |
| Broyhill, Va. | Hansen, Wash. | Sullivan |
| Cabell | Howard | Taylor |
| Collins, Ill. | Kee | Tierman |
| Conyers | Kluczynski | Whitten |
| Curlin | Landrum | Wright |

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Contingency fund: For necessary expenses, \$30,000,000, to be used for the purposes set forth in section 451.

Refugee relief assistance (East Pakistan): For necessary expenses for the relief and rehabilitation of refugees from East Pakistan and for humanitarian relief in East Pakistan, \$175,000,000.

AMENDMENT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RANGEL: Page 3, immediately after line 18, insert the following:

"International drug control assistance: For necessary expenses to furnish assistance to any country or international organization for the control or elimination of the production, processing, or distribution of drugs, \$25,000,000."

Mr. PASSMAN. Mr. Chairman, I reserve a point of order against the amendment.

Mr. RANGEL. Mr. Chairman, I rise today, recognizing that this House and the Senate have passed legislation which would authorize the President of the United States to have at his disposal a

minimum of \$25 million annually to aid and assist those countries that are cooperating with our humane efforts to stop the international traffic in drugs. We all recognize that we have to give the President all the power necessary and, certainly that which he has requested, to fight narcotics.

Yesterday—which I mention as a point of parliamentary procedure—a rule was passed which would waive only points of order as to that subject matter which has been incorporated within the bill before us now.

I had a discussion with the chairman, and he explained to me that because this matter was not put into the bill—even though it has been passed by both Houses—since the \$25 million is in conference as passed by the Senate and the House, this would be subject to a point of order.

We also have in conference at this time the \$175 million which has been approved for consideration by the rule, because the subject matter is still in conference: the refugee relief assistance program in East Pakistan.

What I am asking the distinguished chairman to do, recognizing the plight America finds itself in today, and recognizing further that other nations are relying on the economy of the growing and processing of opium and the trafficking of this dangerous poison which is killing our youth and, indeed, afflicting our fighting men, is to consider whether or not the distinguished chairman will see fit to waive his point of order at this time, the same way the committee saw fit to incorporate other matters in the bill which are still in conference and which relate directly to the refugee relief assistance program.

It appears to me, as a Member of Congress, that if we can see fit to help those foreigners who find themselves in the plight of losing their lives in Pakistan, we can also see fit to waive the parliamentary rule in order to save American lives.

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

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

Mr. RYAN. I should like to commend the gentleman for the statement he has made and for offering of this amendment, which goes directly to the international drug traffic. The gentleman has shown great concern for, and understanding of, the problem. I join him in appealing to the chairman of the subcommittee not to raise a point of order or any technicality as a barrier to this amendment, which is aimed at curbing the international drug traffic. We should not stand on a technicality in respect to this critical situation. The drug crisis requires immediate action.

Mr. RANGEL. I thank the gentleman.

POINT OF ORDER

Mr. PASSMAN. Mr. Chairman, I make a point of order against the amendment that it is legislation on an appropriation bill. There is no authorization for it.

The CHAIRMAN (Mr. PRICE of Illinois). The Chair is ready to rule.

Since the gentleman from New York himself concedes this is not authorized by law, the Chair must sustain the point of order.

The Clerk will read.

The Clerk read as follows:

MILITARY ASSISTANCE

Military assistance: For necessary expenses to carry out the provisions of section 503 of the Foreign Assistance Act of 1961, as amended, including administrative expenses and purchase of passenger motor vehicles for replacement only for use outside of the United States, \$552,000,000: *Provided*, That none of the funds contained in this paragraph shall be available for the purchase of new automotive vehicles outside of the United States.

AMENDMENT OFFERED BY MR. DOW

Mr. DOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dow: Page 5, beginning in line 16, strike out "\$552,000,000: *Provided*" and insert in lieu thereof the following: "\$352,000,000: *Provided*, That no part of this appropriation shall be used to furnish assistance to Cambodia under such section 503: *Provided further*".

Mr. DOW. Mr. Chairman, my amendment would set aside the \$200 million of military assistance that we are considering for Cambodia.

I am again offering an amendment to restore some justification to our foreign assistance programs. I find it unconscionable that we are even considering the tremendous expenditure of \$200 million for this remote country, Cambodia, when 2 years ago the figure was only \$4,800,000. Even after the congressional bar to the sending of ground troops into Cambodia, this money is being used to fight a war that Congress has not declared.

According to Secretary Laird's testimony before the Subcommittee on Foreign Operations, Presidential determinations were made in 1970 for a total of \$8.9 million for Cambodian military assistance, and in 1971 a total of approximately \$100 million. The substantial grant of \$185 million made in fiscal year 1971 supplemental appropriations consisted of \$100 million to replace the fiscal year 1971 funds used in Cambodia under Presidential determinations, and \$85 million for additional military assistance. These increases have built the Cambodia forces up from 35,000 to more than 200,000 volunteers. General Warren, the Deputy Assistant Secretary of Defense for Military Assistance and Sales testified that:

This program is one of the highlights of Nixon doctrine in action since we have provided equipment and they have provided the manpower. (Page 81 Hearings, Part 1.)

The general calls it a highlight. I call it a low light.

My amendment further provides that no part of the full amount in the bill for military assistance under Sec. 503 can be used to aid Cambodia under such section.

The military activity in Cambodia has very substantially increased because of the ability of the military to transfer

funds from one nation to another, to justify the program for one nation, and later scratch it out and transfer the funds elsewhere. I think the mere fact that \$200 million of the \$552 million is limited to one country would slow down capricious transfers.

U.S. furtherance of warfare in Cambodia has been the main contributor to creation of 2 million refugees in that sad country.

By what warrant, written or implied, do we venture with weapons and bombs and death into a harmless peasant land, as we have in Cambodia?

Recently, I asked some of our airmen from Indochina how they felt when they were up there probably killing women and children in those jungle villages. "Well, it's a job to be done," they answered.

I say that this Congress is giving them that job, implying that it is moral, that it's all right for them to carry out questionable orders because they come from on high in the Pentagon or Congress, and that takes such actions out of the realm of morality into some sphere where the individual is freed of responsibility.

I ask for passage of this amendment as one way of ending the kind of moral distortion and the warped rationalization that we have practiced here in this Congress and continue teaching to our good sons who man those weapons in Indochina.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first of all, the item of \$552 million is made available on an illustrative basis. To enable us to reduce funds for Cambodia to the extent of \$200 million, we would have to make deeper reductions in the committee allowance. We made very drastic reductions in this military assistance program. Of course, all of the military assistance for Korea is in this package. Now we are dealing with policy, as the Members of the House well understand.

I certainly hope this amendment will be voted down and let us continue the winding down of the war in Indochina.

I think we all know that 34 months ago there were 542,000 troops in Vietnam.

As of December 31, it is estimated that our troop strength will be down to 159,000. Ninety-five percent of the American people agree with the program for winding down the war in that part of the world.

So, let us not upset the policy which would enable this country to wind down this war.

Mr. Chairman, this money is necessary. I do not know what amount will be used in Cambodia, but I think it will be far, far less than the amount mentioned in this report.

Mr. Chairman, this committee has never attempted to withhold information from this House. We recommended a much smaller amount for MAP than was requested.

So I hope you will vote this amendment down so that we may proceed to

wind this war down and get out of the unfortunate situation that we are in, in Vietnam.

Mr. Chairman, I trust that this amendment will be voted down.

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

Mr. PASSMAN. Yes. I would be happy to yield to the gentleman from New York.

Mr. DOW. The chairman of the subcommittee says that we are winding the war down. I doubt if that is true in Vietnam and it certainly cannot be true in Cambodia, because this amount, Mr. Chairman, that appears in your report of \$200 million for Cambodia is greater than the amount of \$185 million which was provided in the previous fiscal year.

Mr. PASSMAN. Mr. Chairman, if the gentleman will permit me to say this, I know that the gentleman is familiar with the old expression—you know there is an asking price and a taking price. You are discussing the asking price. We have a taking price in the bill.

Let me repeat again—and I do not want to get politics into this bill—the fact that we had 542,000 troops in Vietnam 34 months ago and it is estimated now that we will have only 159,000 troops there on December 31. Certainly, we are winding the war down. Let us continue with the program. It has been very successful. We should not pull the rug from under the administration.

Mr. DOW. But, we are not winding down the Cambodian effort.

Mr. PASSMAN. There are no American troops in Cambodia, as we all know.

Mr. DOW. Yes, but there are American bombs.

Mr. SHRIVER. Mr. Chairman, I move to strike the requisite number of words.

I merely want to add that we have already cut military assistance in this bill for a total of \$153 million below the budget. As the chairman has said repeatedly, these funds are illustrative funds. They can be used and transferred at various places. I do not think we would want to further reduce military assistance.

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

Mr. SHRIVER. I yield to the distinguished chairman of the committee.

Mr. MAHON. Let me see if I can clarify this question further.

The President asked for \$705 million for military assistance. It was estimated that \$200 million would be related to the war in Vietnam and associated with Cambodia.

But the Committee on Appropriations has reduced that fund for military assistance in the bill from \$705 million down to \$552 million, a cut of \$153 million.

So, the funds available in this package for military assistance for Cambodia has already, in effect, been reduced by a very substantial amount. This is because funds available for the total military assistance package have been reduced. So the funds in the program associated with Cambodia would be devoted to trying to help wind down the war and they have already been cut.

In other words, in all probability there would not be \$200 million in this bill that would be used for Cambodia because of the \$153 million cut that has already been made in the total package.

So, this amendment would certainly represent very adverse action toward permitting winding down the war. Would not the gentleman from Kansas agree with that?

Mr. SHRIVER. Yes, Mr. Chairman. And, furthermore, it is \$138 million below 1971.

Mr. MAHON. Yes, the amount recommended by the committee in the bill is a reduction from the amount made available last fiscal year.

Mr. Chairman, I would hope that the House would support the committee and not slash this amount from the bill which has already been sharply reduced.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

The SPEAKER resumed the chair.

The SPEAKER. The Chair will receive a message.

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 December 6, 1971 the President approved and signed bills of the House of the following titles:

H.R. 11489. An act to facilitate the amendment of the governing instruments of certain charitable trusts and corporations subject to the jurisdiction of the District of Columbia, in order to conform to the requirements of section 508 and section 664 of the Internal Revenue Code of 1954, as added by the Tax Reform Act of 1969.

The SPEAKER. The Committee will resume its sitting.

FOREIGN ASSISTANCE APPROPRIATIONS, 1972

The Committee resumed its sitting.

Mr. RYAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York (Mr. Dow). I might point out that on the basis of the proportion of military assistance that was to be allotted to Cambodia, assuming \$705 million in military assistance, there will be under the \$552 million figure in the present bill some \$155 million for Cambodia.

The fact is the war in Southeast Asia continues. It continues to drain the wealth and vitality of this Nation. It continues to erode our global posture. And it continues to bring death and destruction to Indochina.

The price we have paid for this bloody endeavor has been incalculably high. Over 53,000 young Americans have made the greatest sacrifice any government can exact—dead, lost to their families, and to our country, as a result of this ghastly war. Hundreds upon thousands of others have been maimed, physically

and mentally. The committee report itself concedes that \$124.5 billion has been spent in Vietnam since 1965.

There are those who would have us believe that the war is over, that under President Nixon's Vietnamization program it has trickled down to virtually nothing. But the bill before us today shatters that illusion. It all too clearly demonstrated what Vietnamization is really all about: a vehicle to substitute Asian blood for American blood. The suffering is not going to stop. The conflict is not going to end. Rather, Vietnamization is the promise of more death, financed by American funds, mechanized by American armaments, expedited by American air and logistical support.

The fact is that the war in Cambodia has been escalated ever since May of 1970 when the United States invaded that country—although the President called it an incursion. The situation is more exacerbated than ever. War rages in Cambodia, and it is supported by U.S. military assistance and air power.

Two years ago, this Nation provided \$8.9 million in military assistance to Cambodia. Last year, this figure jumped to \$185 million. The legislation we are now considering would increase it once again, this time to \$200 million. Escalating these funds will not deescalate the war.

We in the Congress have the power to bring this dreadful conflict to a halt. We can do it by exercising our constitutional authority over funding. Not only do we have the power to do it, we have a responsibility to the people of this country to do it.

The amendment offered by my esteemed colleague from New York (Mr. Dow) is a stride toward living up to that responsibility. It would eliminate from this legislation funds for military assistance for Cambodia, funds to be used to outfit a client army. I fully support this amendment, as I have supported every other effort to end the Vietnam war. And I urge my colleagues to cast their votes in support of the Dow amendment—and peace.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Dow).

The question was taken; and on a division (demanded by Mr. Dow) there were—ayes 21, noes 88.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SECURITY SUPPORTING ASSISTANCE

Security supporting assistance: For necessary expenses to carry out the provisions of section 401 of the Foreign Assistance Act of 1961, as amended, \$575,000,000: *Provided*, That no part of this appropriation shall be used to initiate any project or activity which has not been justified to the Congress.

AMENDMENT OFFERED BY MR. DOW

Mr. DOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dow: Page 5, beginning in line 23, strike out "\$575,000,000: *Provided*" and insert in lieu thereof the following: "\$465,000,000: *Provided*, That no part of this appropriation shall be used to furnish

assistance to Cambodia under such section 401: *Provided further*".

Mr. DOW. Mr. Chairman, undismayed by the recent vote on my prior amendment, I am offering another one somewhat parallel, because I feel, myself, very strongly on this issue, and I think it is one that the entire Nation should address itself to, namely, the conclusion of hostilities in Indochina.

Mr. Chairman, this amendment would eliminate the economic supporting assistance we have been providing to Cambodia since the war heated up in that portion of Southeast Asia.

I am deeply concerned that this supporting assistance is being raised from the current level of \$70 million to \$110 million in 1972 and likewise includes petroleum products, transportation equipment and spare parts, chemicals, industrial raw materials, machinery, and other capital equipment, according to page 155 of the hearings, part II. All of it is war related.

Prior to the 1971 funds provided in the supplemental bill passed last January the United States had not provided economic aid to Cambodia for 6 or 7 years. This fact was brought out by Chairman PASSMAN in the hearings. I cannot condone or allow to go unnoticed this tremendous outpouring of our Nation's wealth on top of the \$124.5 billion already spent just on Vietnam war costs since 1954. That monstrous figure appears in the committee reports on page 7. It therefore looks official after so many years of speculation.

I might remind this body that those costs, too, started out as economic assistance programs in fiscal years 1954-70, and \$4.7 billion was expended.

It did come out in testimony that there is a total of slightly more than 100 American personnel on the team to handle the deliveries. Of course, these men are probably referred to as equipment handlers, rather than military advisors. It is questionable whether these people accord with the intent of the congressional ban on ground combat forces in Indochina.

This amendment would also provide that none of the remaining funds in this security supporting assistance can be transferred for use in Cambodia to carry out the purpose of this section. In this way I have attempted to confine the Agency in its operation of the program so that our ventures in Cambodia would not in any way be assisted by this security support assistance.

Again, we should decry the cynical judgment we have passed upon the tragic people of Cambodia, in order to "protect our troops in Vietnam" as the saying goes. The need for protection under such circumstances defies explanation, and we cannot escape the suspicion that other motives, not disclosed to the Congress, are responsible for the United States increasing its involvement in Cambodia both in military assistance and supporting assistance. Who says the war is winding down?

I ask for passage of the amendment.

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to call the attention of the committee to page 23—security supporting assistance—the estimate for the fiscal year 1972 is \$764,614,000. Your committee recommends only \$575,000,000 and we might say again that this is a very, very tight program.

Now, with respect to the amount mentioned for Cambodia, I have no idea what part will go to Cambodia.

The committee wishes to furnish you with the estimate, so we listed the budget request—we did not provide sufficient money in the bill to fund all of the items as listed in our report. That is so indicated in a footnote to the report.

This is connected with winding down the Vietnam war. I think it is worth repeating that there were 542,000 troops 34 months ago. Only 159,000 is estimated as of December 31. It is winding down. This is the overall program, and what the President must have, if he is going to continue the present rate of winding this war down. I hope we will not interfere with that policy and pass this appropriation and keep this item intact so they may use the minimum amount for whatever purpose the administration feels they should have.

So this is a very tight budget. I do not think we should be making any reduction. Especially should we not tie the President's hands and tell him we are now going to withdraw supporting assistance for Indochina, as a result of which in all probability he would have to slow down the number of troops he would withdraw. I hope the amendment will be voted down.

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

Mr. PASSMAN. I am happy to yield to the distinguished gentleman from New York.

Mr. DOW. Mr. Chairman, I have noticed that you and others who have spoken against this amendment and the previous amendment have put great stress on the dollars, and the fact that once you had considered a higher amount for military assistance and sustaining assistance for Cambodia, and that you have now reduced the figures. I think you have misread the meaning and intent of both of my amendments. In both cases my amendments were intended to foreclose the use of any of this military assistance or sustaining assistance for Cambodia, no matter what the amount.

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

Mr. DOW. The gentleman has the floor.

Mr. PASSMAN. That would be the same as a doctor prescribing a drug which would be a sure-shot to kill a disease, and then sealing the bottle and refusing the patient to take the medicine. I did not misunderstand your amendment.

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman from Louisiana yield?

Mr. PASSMAN. I yield to the distinguished gentleman from New York.

Mr. ROONEY of New York. Is this not the very item in which there is included \$100 million in supporting assistance for Israel?

Mr. PASSMAN. Indeed, the gentleman is correct. The amount discussed between us was \$100 million. Even though this amount was not specifically earmarked for Israel because funds are provided for supporting assistance on an illustrative basis, I believe I can answer the gentleman's question in more positive terms. The White House has agreed to allocate \$100 million in supporting assistance to Israel if this sum can be worked into the amount carried in the final bill. This agreement was reached upon the insistence of the two gentlemen engaged in this colloquy, the gentleman from New York (Mr. ROONEY) and myself.

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

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

Mr. DOW. I take it, then, the gentleman is opposed to assistance for Israel?

Mr. PASSMAN. Am I opposed to assistance for Israel?

Mr. DOW. Is the gentleman opposed to such assistance?

Mr. PASSMAN. I am just as pro-Israel as is the Prime Minister of Israel. Of course, I am in favor of aid for Israel.

Mr. DOW. I am, too, Mr. Chairman.

Mr. SHRIVER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Kansas is recognized.

Mr. SHRIVER. The amount suggested as being involved was \$110 million. On page 7 of the committee report states that the listing of the countries and the budget proposals for economic assistance, military assistance, and security supporting assistance contained in the report are not necessarily the views of the committee as to recipients and amounts. We have already reduced supporting assistance by \$189.5 million under the budget. This is a program that is important in Vietnamization and troop withdrawal, as well as encouraging countries to take care of their own responsibilities, acting in their own defense, and thus reducing the need for our military presence. That is the purpose of this security assistance.

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

Mr. SHRIVER. I yield to the chairman of the committee.

Mr. MAHON. Is it correct to say that the budget estimate for supporting assistance was \$764 million, and that the bill before us contains \$575 million, a reduction of \$189 million?

In the budget estimate there was \$110 million for supporting assistance for Cambodia. Other funds would be available for supporting assistance for other countries. But there has already been a reduction in effect in the availability of funds for supporting assistance for Cambodia because of the cut of \$189 million, is that not correct?

Mr. SHRIVER. That is correct.

Mr. MAHON. In view of the cut and in view of the commitment of the Presi-

dent to wind down the war, to bring our men home as rapidly as reasonably possible, it seems to me we should not take lightly the responsibility of making the program of withdrawal of our troops more difficult, and less workable. I certainly hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Dow).

The question was taken; and on a division (demanded by Mr. Dow) there were—ayes 10, noes 44.

So the amendment was rejected.

Mr. YATES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I had intended to offer an amendment to the bill which specifically earmarked \$85 million in supporting assistance for Israel and \$300 million in long-term credits for that country, too, but I will not offer it in view of the colloquy that took place between the distinguished gentleman from New York (Mr. ROONEY) and the distinguished gentleman from Louisiana, the chairman of the subcommittee (Mr. PASSMAN).

I believe that with the approval of this bill, the House will indicate its support of Israel in its battle for survival against its hostile neighbors and against the Soviet Union which has moved into the Middle East with such enormous pressure.

The Soviet Union has made no secret of its determination to stay in the Middle East, literally flooding the Arab States with the most modern weapons of war and the most advanced aircraft. There is no end to the Soviet flood of arms.

On the other hand, Israel is encountering difficulty in obtaining the weapons she needs from this Nation. She needs planes. She has asked for Phantom jet fighters. There has been no action by the administration to approve that request. I believe the administration is in error, terribly in error in refusing to give its approval to that request.

Egypt is having no difficulty getting the latest jets. She is having no difficulty in getting the high-flying SAM-3 missiles, and the low-flying SAM-2 missiles, the Mig-3, the most advanced aircraft fighter in the world is flying in the Middle East today with Russian pilots. It is in the air flying for the Arab States. It is a plane that flies higher and faster than any other military aircraft. The Phantom is still the best plane Israel can get, if she can get it.

I urge President Nixon to approve Israel's request for Phantoms for two very important reasons: First, Israel needs the planes for her own defense, yes; for her very survival, and to maintain the balance of power in the Middle East. Second, Israel needs the symbolic value of the jets to show the world, and to show the Arab world in particular, that the United States is Israel's friend, and that when Israel does make a request for Phantom aircraft, the United States will match the Russian aid to the Arabs by helping Israel sustain herself.

Mr. Chairman, I sincerely believe approval of the sale of the Phantoms to Israel will help maintain peace in the Middle East.

During the past few months there have been resolutions circulated in both the House and the Senate, to which the majority of Members of both bodies have subscribed indicating the view that Phantom jets should be supplied to Israel.

I would urge the President to give recognition to the overwhelming opinion of the House and the Senate. I would urge the President to make clear our friendship for Israel by making available to Israel the Phantom jets she requests. Israel requires this aid for survival. By extending this aid we will move toward achieving our objectives in the area while maintaining our moral commitment to the people of Israel.

If the lessons of the past are to be our guide we must understand that hostilities in the Middle East will not cease until the Arab nations realize they cannot attain an overwhelming military advantage. Then, and only then, will they negotiate on the realistic assumption that negotiation is the only road to peace.

Mr. RYAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I should like to commend the distinguished gentleman from Illinois (Mr. YATES) upon his very forceful and persuasive statement in support of the urgent need of Israel now for Phantom jets for her own defense.

I am also happy to note that the distinguished chairman of the subcommittee, Mr. PASSMAN, has assured the House that \$100 million in the category of supporting assistance in this bill will be earmarked specifically for Israel. Certainly the need is great. In addition, the chairman has also advised the House that under title II of the bill—Foreign Military Credit Sales—\$300 million will be available for Israel, as the committee report points out (Rept. No. 92-711, p. 28).

Security supporting assistance is designed to give general budgetary support to our friends and allies.

Such support for Israel was contemplated by the House Foreign Affairs Committee when it reported out the foreign assistance authorization bill (H.R. 9910) last summer. In its report the committee states (Rept. No. 92-404, p. 26):

ISRAEL.—The committee is aware that a request for assistance has been made to the executive branch by Israel to assist in meeting its urgent needs for foreign exchange and other requirements brought about through the Middle East hostilities. In the judgement of the committee, Israel is fully eligible to receive assistance under this chapter and believes that if the request for assistance is approved sufficient funds can be found either from existing availabilities or through the process of a supplemental authorization and appropriation.

And of particular note, the committee added:

Although there was considerable sentiment in the committee to recommend a reduction in the amount of supporting assistance requested by the administration, the committee's recognition of the possible need of supporting assistance for Israel prompted it to recommend the full amount sought by the Executive.

Recognition of Israel's need for security supporting assistance is set forth in the

committee report to the appropriations bill we are now considering (Rept. No. 92-711, p. 24).

I believe that, in view of the administration's vacillation in its support for Israel, it is essential for Congress to make clear that Israel is to be included among those countries receiving security supporting assistance funds. Therefore, the declaration by the distinguished subcommittee chairman that \$100 million is intended for Israel should insure that these funds will be made available to Israel.

Israel's need for this support is beyond question. Because of the high degree of tensions in the Mideast, generated by the hostility of the Arab States and the actions of the Soviet Union in supplying sophisticated arms and missiles to them, Israel has been forced in recent years to devote an ever-increasing proportion of her gross national product to defense.

In 1966, before the 6-day war, Israel spent 10 percent of her total GNP on defense. In 1967, after the 6-day war, the percent of GNP Israel had to spend on defense increased to 18 percent. Now, with the ever-increasing tensions fostered by the Arab States and the Soviet Union, Israel is spending, in 1971, 31 percent of her total GNP on defense. This figure compares with 7.4 percent of the GNP that the United States spends for defense.

There is another way to look at Israel's plight. Israel had a foreign currency debt of \$3.2 billion, as of June 30, 1971. This is debt Israel owes to other nations. This debt means that each Israeli man, woman, and child now owes \$1,100 in foreign currency, by far the highest of any people anywhere.

Surely on the basis of both the philosophy of security supporting assistance, and on the basis of overwhelming need, Israel deserves a substantial earmarked sum for security supporting assistance.

Title II—Foreign military credit sales of H.R. 12067, provides \$510 million in credit sales. In the committee report, \$300 million of this is earmarked for Israel. This is absolutely necessary if the balance of power in the Mideast is to be maintained. A substantial portion of this amount should be used to finance the sale of F-4 Phantom jet aircraft to Israel.

The Arab States have been receiving massive arms shipments from the Soviet Union, while the United States has been withholding Phantom jets from Israel. Recently the State Department, after having praised the supposed restraint of the Soviets with respect to arms shipments, was forced to admit that the Soviet Union has supplied heavy bombers with air-to-surface missiles to Egypt.

According to available public sources, the Egyptian air force now has almost 500 supersonic jet aircraft. Most of these are late model Mig-21's. Since the ceasefire in August 1970, Egypt has received more than 120 new supersonic aircraft from the U.S.S.R. Between five and seven Soviet combat squadrons are based in Egypt flying their own aircraft and operating under exclusive Soviet control.

Recent weapons deliveries include

numbers of Sukoi 11's—Flagon—and Mig-23's—Foxbat—which are the newest planes in the Soviet arsenal. These aircraft have not been previously deployed outside the Soviet Union.

Since June of 1971, the Soviets have supplied to Egypt 300 new missiles, bringing the total missile strength to 720; 84 new aircraft, bringing the total of aircraft to 979; and 350 new tanks, bringing the total number of tanks to 2,000. All this buildup is for Egypt alone. This massive increase in weaponry on the Egyptian side requires that Israel also receive increased military assistance. The maintenance of the balance of power will help insure stability in the Middle East.

Unfortunately, the administration has been reluctant to live up fully to our commitment to Israel. Therefore, it is essential that we in Congress reaffirm support for Israel. Failure to do so will only make Egypt more belligerent, increasing the threat to Israel, the only democracy in the Middle East.

Mrs. ABZUG. Mr. Chairman, I want to commend the Appropriations Committee, Chairman MAHON, and Chairman PASSMAN for including in this bill \$100 million in security supporting assistance and \$300 million in military credit sales aid for Israel.

As I have said many times before, our basic policy on foreign aid should be to give economic aid freely, but to limit military aid to cases in which a democratic nation absolutely needs it in order to protect itself and insure its survival. Israel is just this sort of country we should be supporting—she is a unified country; her leadership is democratically elected; she is a country threatened with extinction by implacable external enemies whose hatred of her is their only common bond.

All this belligerence would decrease markedly if the Arab nations became convinced that all the military aid they get from the Soviet Union would not enable them to destroy their small, courageous neighbor.

Israel cannot wait. Israel cannot afford to lose ground or time. It is time to provide her with the aid she so desperately needs, and I hope that the President will follow our lead at once in this respect as soon as possible. I join with Mr. YATES in requesting the President to provide the Phantom jets to Israel she has requested.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation is authorized to make such expenditures within the limits of funds available to it and in accordance with law (including not to exceed \$10,000 for entertainment allowances), and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended (31 U.S.C. 849), as may be necessary in carrying out the program set forth in the budget for the current fiscal year.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I take this time to ask either the majority or minority members of the Committee if it is possible that

OPIC, the Overseas Private Investment Corporation, can get along on \$10,000 for what the gentleman from New York (Mr. ROONEY) calls "the tools of the trade"; in other words, the presentation allowances?

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

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. PASSMAN. What item is that?

Mr. GROSS. On page 6, line 7 of the bill.

Mr. PASSMAN. Well, we are going to have representation allowances whether we keep it under cover or out where we can see it. It is a tool of the business. Of course they have representation allowances, and I support that. If we deny them representation allowances I am of the opinion some of them would have to pay for this out of their pockets.

What is wrong with representation allowances?

Mr. GROSS. I am sure the gentleman supports it, because it is unlikely it would be in the bill if he did not support it.

I just wondered if the operators of OPIC can get along on \$10,000 worth of "booze" in 1 year?

Mr. PASSMAN. I believe they could. I do not want to give them more. I do not want to be facetious, but I want to be factual. This will provide for Iowa corn.

Mr. GROSS. That would be about right, for this Overseas Private Investment Corporation?

Mr. PASSMAN. That is right.

Mr. GROSS. The gentleman agrees with me on that?

Mr. PASSMAN. That it would be about right.

Mr. GROSS. Yes, for OPIC.

Mr. PASSMAN. The gentleman earlier said I must have agreed or I would not have put it in the bill.

Mr. GROSS. That is for this newest addition to the family of handout artists.

Does the gentleman believe the \$25 million is sufficient to take care of the situation in Chile where the Overseas Private Investment Corporation and its insurance guarantees is likely to be a big loser because the Chileans have seized and refuse to pay for hundreds of millions of dollars of American investors property.

Mr. PASSMAN. In all probability I have criticized the OPIC more than any other facet of the foreign aid program. I stated in my remarks today that we had been selling insurance and creating a reserve fund for 20 years, and appropriating money also to the fund, and the claims from Chile alone would not only liquidate all the reserves built up over a period of 20 years but also would overdraw the account by \$118 million.

We have let these people go far afield in writing insurance for private investors who go abroad, who have aggregate liabilities exceeding \$8.5 billion. The time is overdue to bring OPIC under control and to have them write some type of insurance policy whereby the overseas investor would be covered perhaps for 50 percent, because conditions could become epidemic in all these countries, and we could not get the money.

Mr. GROSS. Now this outfit wants to go into the loan business.

Mr. PASSMAN. Of course, we were assured they were not in the loan business. But they did make a loan.

I am more critical of OPIC than of any facet of foreign aid, simply because they did get into the loan business, rather than the insurance business, but they assured us they would not go out into the lending business.

Mr. GROSS. In the time I have left, let us turn to page 15, and the \$18,000 "booze fund" for the Export-Import Bank. Does the gentleman think that is ample?

Mr. PASSMAN. Well, I think they should have a little bit better brand of representation simply because they make an awful large amount of money for the American Government and pay a lot of money into the U.S. Treasury in the way of profits. I think they should be able to afford to have a little bit better brand in their representation allowance.

Mr. GROSS. I note it is \$8,000 more. Has the Export-Import Bank gotten into the business of building a golf course for its private use as did the International Monetary Fund?

Mr. PASSMAN. I must say they have not, but I also must say that this is a very good outfit.

Mr. GROSS. I was speaking of a country club.

Mr. PASSMAN. No. The Export-Import Bank is a great outfit. It makes a profit for the American taxpayer.

Mr. GROSS. I am not interested in that to the exclusion of its overall operation including its expenditures for entertainment.

Mr. PASSMAN. I do not know why you should not be interested in that. You are interested in one side of the picture and you should be interested in the other. This is a great outfit and it makes a lot of money for the United States. It makes millions of dollars. In addition to that, they get a very substantial return on the loans that they make. I wish all of them would operate that way.

Mr. GROSS. I hope when the financial showdown comes, and it certainly will, around the world sooner or later, that you do not get your figurative feet chopped out from under you by what happens in the way of defaults in these international loan outfits. I hope you do not suffer that fate.

Mr. PASSMAN. I hope so. So far, let me say, if they operate in the future the way they have in the past, they will qualify.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The Clerk will read.

The Clerk read as follows:

SEC. 110. None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, as amended, may be used to finance the procurement of iron and steel products for use in Vietnam containing any component acquired by the producer of the commodity, in the form in which imported into the country of production, from sources other than the United States or a country designated as a limited free world country

by code number 901 in the July 1968 Geographic Code Book compiled by the Agency for International Development, and at a total cost (delivered to the point of production) that amounts to more than 10 per centum of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by the Agency for International Development).

AMENDMENT OFFERED BY MR. DENT

Mr. DENT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: Page 9, line 20, strike out all after line 20 page 9 through line 5 page 10.

Mr. DENT. Mr. Chairman and members, I am striking out on page 9 language following the first 20 lines, which I would like to read.

SEC. 110. None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, as amended, may be used to finance the procurement of iron and steel products for use in Vietnam containing any component acquired by the producer of the commodity, in the form in which imported into the country of production, from sources other than the United States.

I am stopping right there and striking out the following: "or a country designated as a limited free world country by code number" and so forth.

Mr. Chairman, this comes at a bad time, because I have just received word from home that one of the oldest specialty steel diemakers and toolmakers in the United States and one of the oldest remaining plants making this very, very important product in our economy is closing down at the end of this month. That makes the third factory and the third plant in my area covering aluminum, glass, and steel in the last year and a half.

Some of them have been awarded assistance relief under the trade laws. They do not want this relief they want jobs, just plain and simple jobs.

I want to tell you fellows that in this one generation—in this one generation—in which we are supposed to be the caretakers of this country's welfare, we are watching the dimming of the lights in this country of ours.

Mr. Chairman, we are exporting our jobs. Are we going to undercut ourselves as the No. 1 industrial power and have the highest worldwide standard of living end in one single generation?

Mr. Chairman, it took so many years to build this place. It took so many immigrants to come here and make it what it is. It took so many of their sons and daughters and their grandsons and granddaughters of these immigrants not only to maintain what was handed to them, but to improve upon it.

I do not take any pleasure in being a Member of this body and know it is to go down in history as the body of Congress that neglected to read the signs that are so plain on the horizon, that this Nation is dying. It is dying. In many industries the death rattle can be heard from afar.

Mr. Chairman, the members of the

Pennsylvania delegation met with the steel fabricating industry of the United States, made up of about 1,000 small fabricators and two or three of the larger ones, and they told us that they are already beginning to feel, this year, the effects of imports because of the voluntary agreement deal with steel whereby we give the steel exporters a certain amount of tonnage, but never once have we said to the Japanese or anyone else that they cannot fabricate and get out from under the tonnage restriction. This they are now doing.

Mr. Chairman, for every million tons in the fabricating steel industry in the United States you have 5 million tons of domestically produced steel consumed here at home. For every million tons of steel fabricated in the United States we lose 18,000 jobs.

Ladies and gentlemen, let me say this to you: I will not be here long enough, because the Lord does not give us much more than three score years and ten, but I am going to tell all of you—some of you are going to be here—you are going to be sitting in on the wake, and it will be a sad and pathetic time in our country.

Mr. Chairman, I am not asking for any benefits for this particular steel company. I am asking merely for the survival of that steel company so that jobs can be given back to the employees.

Mr. Chairman, the U.S. share of automobile production a few years ago was 76 percent. Today it is 33 percent. Steel production was 47 percent of the entire world production in 1950. It is 19 percent.

Here you have before us today a bill that is going to add to that by opening up for foreign steel products the great new rehabilitation and rebuilding that we are going to have to do in Indonesia, which is the very reason for this kind of problem.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. DENT was allowed to proceed for 5 additional minutes.)

Mr. DENT. Now, there is not anything that any steel plant can do about it. There is not anything that anyone can do about it, except the Congress.

Let me read you something and to announce I am coming before Congress with a minimum wage bill soon. I have a clause in that dealing with imports based upon the minimum wage alone. I assure you if you do not leave that clause in the bill I will personally vote against it.

Let me show you something that ought to interest you. The average median wage in the United States, including all below the minimum and at the minimum and union contract and otherwise is \$4.18, less fringe benefits. In Germany it is \$2.27, including fringe benefits. That is the only nation that pays higher than the minimum wage. In France it is \$1.82; in Italy, \$1.73; in Great Britain, \$1.60 and in Japan 95 cents.

Mr. Chairman, \$100 will buy 105 hours of labor in Japan.

It will buy 62½ hours of labor in Italy, 54.9 hours of labor in France, 44.1

hours of labor in West Germany, and 23.9 hours of labor in the United States.

Believe me, we are talking about a basic industry. Fifteen million tons is what the Japanese and others are asking as a quota, voluntary quota. There never has been any nation or group of nations that ever lived up to a voluntary agreement. There is no way to police it. All of you know that.

Fifteen million tons of basic steel is 15 times 6,000. It takes 6,000 men a whole year's employment of 50 weeks at 40 hours a week to produce 1 million tons. So we are giving 90,000 jobs away in the basic steel industry.

For every job in the basic steel industry, being a prime producer of goods, there are 2½ other Americans who earn their living, so you have 2½ times 90,000 jobs, 235,000 jobs that you are talking about.

You just spent \$1 billion, this Congress—and I, being one who believes in every kind of an issue that will help somebody, I vote for it—\$1 billion to do what? One billion dollars to create 100,000 jobs. This time next year the \$1 billion will be spent, and every one of these jobs were man-made jobs in governmental entities, added on to the already overcrowded Government offices all over this Nation, and in components of our Nation's Government, the local entities.

It does not mean a thing. You might as well have taken the \$1 billion and poured it down a drain.

Every time we lose one prime job in this country we are losing a total of 3½ jobs.

Now, some of you grin when I talk, and I notice there are a lot of grins. I wish I could really find some humor in a situation like this. I cannot find any humor in 1,700 men and women with families facing the Christmas season—the season of the spirit of good will—during the next 3 weeks.

I cannot find any humor in the fact that right now 13.7 percent of my people in some areas of my district are out of work. This is the specialty steel industry area.

I cannot find any humor belonging to this body—I consider myself stupid to stand here and try to talk to this body when it is sold on the age-old theory of free trade that lost its usefulness way long before the turn of the century, unthinking, blindly sold on a theory that never was practical.

World trade is only essential to produce the goods within the nations for their own economy and then to export to other nations that do not have the capability of producing what they need because of conditions beyond their control.

But not the idea of buying 1.6 million automobiles in a country that has automobiles coming out of its ears, the idea of buying 15 million tons of steel in a country that has steel coming out of its ears.

Fifty percent of all the Americans, including the Members of this Congress, are wearing clothes either made in foreign countries, or from cloth made in

foreign countries, or are wearing shoes made in foreign countries.

We are now going to start selling to Red China, which of course will mean we will have to buy from Red China. What will happen? If you think Japan has had a devastating influence upon the economy of our country, just wait until you get the Red Chinese at 10 cents an hour top wages, having an influence upon our country; just you wait until you get that.

I ask the support of the Members for this amendment.

Mr. PASSMAN. Mr. Chairman, I move to strike the last word.

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

Mr. PASSMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there is no Member of this House for whom I have more respect than the distinguished gentleman from Pennsylvania (Mr. DENT). He is dedicated, he is sincere, and he has made a very valid point.

Earlier I had concluded that I would vote for this amendment. Word has reached me from the administrators that this is tied in only with steel that is going to Vietnam and in many instances it is procured in Taiwan and in Korea, two of our staunch allies.

If we should write this type of legislation, it simply means that we would deprive Taiwan and Korea from shipping steel into Vietnam at a much lower price than it could be shipped from the United States, necessitating in all probability increased aid for Taiwan and Korea.

I would hope that the distinguished gentleman would permit the members of this committee to work on this matter administratively because, in all probability, there are many contracts already in effect that we would upset. Of course, again we are dealing with Vietnam and if we change the policy at this time, I do not know how long it would take to procure steel from the United States and get it there.

But, if this amendment is voted down, we will endeavor to handle it administratively and get a letter from the administrators and the executive as to why such an amendment should not be enacted.

Of course, the gentleman realizes, as I do, that the way we are traveling in a matter of 2 or 3 years, Japan will be producing more steel than the United States.

This is a valid amendment, but it is uncertain as to what the impact will be. So I hope that the amendment is voted down. I think to do so at this time without knowing what kind of contracts are involved may upset greatly our foreign policy.

It is on that basis I trust that we shall vote this amendment down with the firm understanding that we will move in on it administratively.

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

Mr. PASSMAN. I yield to the gentleman.

Mr. SHRIVER. Earlier I stated that jobs were affected by the foreign aid commodity program.

I have in my hands a list of the major suppliers of commodities under AID financing showing the dollar value for fiscal year 1971.

I want to name some of these and show how much steel actually is purchased and from what companies during the year 1971 by the AID program.

The list follows:

| | |
|--------------------------------|-------------|
| Alleghany Steel Corp. | \$4,768,000 |
| American Metal | 1,091,000 |
| American Smelting and Refining | 18,557,000 |
| Armco Steel | 7,782,000 |
| Atlantic Steel | 2,809,000 |
| Bethlehem Steel | 21,103,000 |
| Bundy Tubing | 4,168,000 |
| Crucible Steel | 1,042,000 |
| Pittsburgh Steel Co. | 1,065,000 |
| Production Steel Co. | 2,296,000 |
| Republic Steel Corp. | 2,530,000 |

The largest supplier of commodities for the AID program during 1971 was United States Steel—\$58,779,000.

So the AID agency is purchasing in large quantities.

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

Mr. PASSMAN. I yield to the gentleman.

Mr. DENT. I would like to ask the gentleman to read the totals so that I can tell you how many jobs are involved. Tell me the totals?

Mr. SHRIVER. I do not have the aggregate because I have read from the whole list of commodities.

Mr. DENT. It might interest you to know that for every \$6 million, it means only 100,000 tons of steel—only a drop in the bucket compared to what we pay Japan, Germany, and other foreign countries for steel.

Mr. SHRIVER. You know 97 percent of all commodities used by the AID agencies are purchased in this country.

Mr. PASSMAN. I want to say I very much sympathize with the gentleman's position. But I hope that we can work this out administratively. I think we should wait until we know what the impact would be, if we write this type of policy legislation.

Personally, I assure the gentleman that I will work with him and try to get some correction administratively and, if we fail there, and unless we get sufficient reasons, then we should tighten the bill up subsequently.

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

Mr. PASSMAN. I yield to the gentleman.

Mr. MYERS. Could the chairman tell me why we are considering only the restriction on purchase of iron and steel? Why not include also a prohibition against the purchase of food products? I do not understand why we should only be concerning ourselves with iron and steel when American agriculture is now in trouble.

Mr. PASSMAN. I will say to the gentleman, the steel industry is suffering very much from competing with cheap steel.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

(By unanimous consent, Mr. PASSMAN was allowed to proceed for 2 additional minutes.)

Mr. ROONEY of New York. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the distinguished gentleman from New York.

Mr. ROONEY of New York. Apparently nobody knows exactly what the amendment would do to our international relations. I wonder whether or not the distinguished gentleman from Louisiana had the amendment brought to his attention before this afternoon.

Mr. PASSMAN. I am not sure I understood the question.

Mr. ROONEY of New York. My question is, Was the amendment brought to the gentleman's attention before this afternoon?

Mr. PASSMAN. I did not know anything about such an amendment. I did not know it would be offered, and I did not have time to look into it. I do not know what its impact would be on our agreements with Korea and Taiwan. If I am given sufficient time, I will be glad to examine the question.

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

Mr. PASSMAN. I am happy to yield to the gentleman from Illinois.

Mr. COLLIER. I recognize that there is some validity to the argument that the amendment would present a sensitive situation in Taiwan and Korea. Beyond that, however, I cannot see where this amendment would be anything but valid in the light of the situation which the gentleman from Pennsylvania described, if it were on the basis of excepting or preempting Taiwan and Korea.

Mr. PASSMAN. Would it not be wise, inasmuch as we are dealing with a policy question and I knew nothing about the amendment until about 15 minutes ago and we had to work in a hurry to find out what its impact would be, to study this question? It is impossible to determine at this time just what its impact would be on our foreign policy and the contracts we have in being. I do not know why you would want any more assurance than the assurance that the committee will work with you to bring about a solution administratively.

I hope the amendment will be voted down.

Mr. COLLIER. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. COLLIER. I shall not take the 5 minutes. I am a little more skeptical, perhaps, of what the subsequent position of the State Department will be in this matter. I recall that in 1962 we passed what was erroneously called the Trade Expansion Act. We also well remember when the Congress chose to abdicate its constitutional authority and turn the business of tariffmaking and reductions over to GATT, in which the State Department's heavy hand was certainly present at all times. What was done in GATT in terms of some of our industries is nothing less than historically pathetic.

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

Mr. COLLIER. I am happy to yield to the gentleman from Pennsylvania.

Mr. DENT. The argument against me seems to be, "We do not know what we are doing." I know what I am doing.

I hope the rest of you know what you are doing.

All I am saying is that products must continue to come from the United States if one part of a product is being paid for by U.S. funds. This open market condition was not in the bill. Why the amendment at this time? I will tell you. The great reconstruction job which will be done in Indonesia will require millions and billions of dollars worth of products. We had a prohibition against it during the war because there was nothing going on. This is new language to remove the prohibition and allow all steel producing countries to sell to the AID program procurement.

Mr. COLLIER. Mr. Chairman, I might say in conclusion, we were assured that the interests of basic American industries would be a consideration in the negotiations, yet it obviously has not been a consideration in some of the negotiations that took place in GATT, and our balance-of-payments problems and many of our problems that we face today are a result of what was not done that should have been done during those negotiations.

Mr. PODELL. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The gentleman from New York is recognized.

Mr. PODELL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think it might be appropriate at this time to make some observation with regard to just what is happening as a result of the massive importation of foreign goods. Some Members of Congress may wonder—the gentleman from New York is a liberal, and here he is talking about protectionist policies, but I think if we take some time to take a stark look at ourselves, we might think it opportune to revise our free trade thinking.

No. 1, of the men and women sitting in this Chamber right now, I would venture to say that a mere 5 percent of the clothing that is being worn by them was made in the United States and 95 percent of the clothing they are wearing was made outside this country. I do not know whether the Members are aware of it or not, but we do not make a radio, we do not make an adding machine, we do not make a phonograph, and we do not make a black and white television set in this country. It is symbolic that the House Administration Committee approved a small Sony tape recorder for the use of Members, only because there was not one single one made by an American firm that we could approve.

I tried to explain the necessity of a free trade philosophy to the people in my district. I was told in no uncertain terms:

You get me a job which I now do not have, and I will be happy to discuss philosophy.

We are not making clothing in America any longer, we do not make shoes, we do not make leather goods, sweaters, shirts, raincoats and on and on, and then we talk about free trade. I think the time has come for this Congress to take a firm position. If we support the amendment of the gentleman from Pennsylvania we will be telling the President of this coun-

try something he has not been told before.

The gentleman from Louisiana, states that he is determined to do this administratively. I might inform the gentleman with respect to Taiwan we are presently trying to administratively limit the importation into this country of man-made fibers. The result is that today, without a Taiwanese manufacturer having had to produce one single item of clothing, quotas, not American quotas, but Taiwanese quotas, are now being sold at \$4 per thousand pieces of goods. Without the people of Taiwan even having to manufacture a single item of goods, there is a brand new flourishing business of the sale of quotas in these countries.

I submit to the Members I do not know the ramifications of the Dent amendment, but I tell the Members it is about time for us to speak up here and let the President know where we stand.

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

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

Mr. DENT. Just last week the chairman of the Ways and Means Committee came out with an innocent looking little bill in which he removed restrictions, tariffs, customs, and so forth on two little items, needles and awls. They are used in the upholstering business. It is a multimillion-dollar business in the United States. The reason the gentleman said he was doing this is because we no longer make needles and awls in the United States.

I might say it reminded me for a moment of a little thing I read as a young fellow trying to learn, it was in a story about Robert the Bruce. It read:

For want of a nail the shoe is lost, for want of a shoe the horse is lost, for want of a horse the rider is lost.

Now, for want of a needle, the awl is lost.

Mr. DENNIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to observe, in about 1 minute or less, that this has been a really interesting debate this afternoon. I cannot help but feel that we have had a certain amount of ironical developments in this debate here today.

First, we had my good friend, the gentleman from Illinois (Mr. YATES) and one of the leading doves in the House, who never wanted to give anybody anything in a military way that I know of, and now he wants to kick the President and the Secretary of State to have them give more planes to one side in the Middle East. Apparently he does not want to leave it up to them to decide what will hold the balance there. He wants us to do it. There is where we can get into a real war, with the first team over there, into world war III.

Then we have my good friend, the gentleman from Pennsylvania (Mr. DENT) and I sympathize with a great deal of what he says. I really do.

But I should like for him to explain to me how he is going to create competition and create jobs by making the discrepancy between us and the other fellows even greater by raising the minimum wage.

So I believe we have had a little irony in the debate this afternoon, and it is a really interesting experience to sit here and listen to all these distinguished gentlemen.

Mr. ROONEY of New York. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am intrigued by such forceful remarks as those of the distinguished gentleman from Indiana. He has just convinced me with regard to my vote on this pending amendment, particularly after what he had to say about a Member who I believe is not presently in the Chamber—I am not sure—and the distinguished gentleman from Pennsylvania (Mr. DENT). He has just fully convinced me that I should vote for the amendment offered by the gentleman from Pennsylvania (Mr. DENT).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. DENT).

The question was taken; and on a division (demanded by Mr. DENT) there were—ayes 70, noes 49.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 113. None of the funds appropriated or made available pursuant to this Act may be used to provide assistance, except assistance relating to refugee relief and rehabilitation and humanitarian relief, to India and Pakistan while these countries are involved in armed conflict with one another, unless the President determines that the furnishing of such assistance is important to the national security of the United States and reports within thirty days each such determination to the Congress.

AMENDMENT OFFERED BY MR. PELLY

Mr. PELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PELLY: On page 10 after line 21 insert the following:

"SEC. 114. No part of any appropriations contained in this Act may be used to provide assistance to Ecuador, unless the President determines that the furnishing of such assistance is important to the national security of the United States and reports within 30 days such determination to the Congress."

Mr. PASSMAN. Mr. Chairman, I reserve a point of order against the amendment.

Mr. PELLY. Mr. Chairman, this is a very simple amendment in the form of a limitation to the bill so that Ecuador would not get foreign assistance.

Existing laws, including the Foreign Assistance Act, have sought to deter illegal seizures and heavy fines on our tuna fishing vessels, but these laws have been discretionary and the Department of State refuses to carry out the will of the Congress. Since January of this year Ecuador has seized more than 52 of our tuna boats and fined them more than \$2 million to obtain their release.

As the Members of the House know, the Fishermen's Protective Act provides that the amount of these fines if not reimbursed by a seizing nation shall be deducted from any allocation of U.S. foreign assistance to such countries. But, the State Department, since this provision was added to the law, has never filed

a claim with a country that has seized our boats and thereby under their interpretation of the language of the law they have never been compelled to deduct these fines from U.S. foreign aid.

Mr. Chairman, since our executive branch refuses to carry out the will of Congress, I would hope that Congress would take this means to exert its will.

Mr. Chairman, I have proposed to cut off foreign assistance to Ecuador because, as I said earlier, she has collected over \$2 million in fines this year from our fishing vessels, all of whom were fishing on the high seas in international waters.

I urge the adoption of my amendment.

Mr. Chairman, I yield first to my colleague on the Committee on Merchant Marine and Fisheries, the gentleman from California (Mr. ANDERSON) with whom I collaborated closely in trying to protect our tuna fishing industry.

Mr. ANDERSON of California. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of my colleague, Mr. PELLY, and I fully endorse his remarks regarding aid to the pirate nation—Ecuador.

Ecuador has continually violated international law by seizing our fishing vessels, by assessing fines totaling over \$2 million in 1971 alone, and by endangering the life, limb, and livelihood of American fishermen.

If stringent action is not taken by the Congress, we will not only continue to subsidize piracy, but we will be inviting other countries to take advantage of this "back door foreign aid." Meanwhile, our fishing fleet, realizing that the Federal Government will not back them up, is in danger of being driven from the seas.

Many of you know of the piracy that is taking place, but are you aware of the aid that has been proposed for the pirate nation?

According to House Appropriations Committee hearings, the administration has recommended the appropriation of \$25.6 million in military, economic, and other assistance programs to Ecuador for fiscal year 1972.

I recognize that the authorizing and the appropriating committees have cut back somewhat on the President's proposals.

But, if we appropriate only half of what the administration requests, then \$12.5 million would be available to the State Department to dole out to Ecuador at its own discretion.

For fiscal year 1971, for example, the administration has actually released \$5.7 million in loans, grants, and assistance for Ecuador. In fact, one of the grants, the malaria program—totaling \$750,000—was released on June 23, 1971; only 70 days prior to this grant, the Ecuadorian Navy seized our fishing vessel, the *Caribbean*, and assessed a \$74,160 fine.

According to hearings conducted by the House Appropriations Committee, the economic aid program for Ecuador is "under review," but funds via the pipeline are continuing at the amount of \$3.7 million in fiscal year 1971, and the same amount is proposed again in fiscal year 1972.

In addition to direct foreign aid, we also participate in the Inter-American Development Bank which recently approved loans of \$27.7 million for Ecuador development. These loans are to be paid back at 3¼ percent interest and, according to the November 29 Wall Street Journal, \$8.8 million of the loan is interest-free for 50 years.

Mr. Chairman, this amendment allows the President to waive the provisions of this section when he determines that such a loan or grant may involve the security of our country.

In closing, Mr. Chairman, I recognize the commendable action of the Appropriations Committee, but I am unalterably opposed to U.S. tax dollars going to a country which disregards international law by illegally seizing vessels owned and manned by the same taxpayers who put up the money for foreign aid.

Mr. PELLY. Mr. Chairman, I yield next to the gentleman on this side of the aisle, Mr. BOW.

Mr. BOW. I thank the gentleman for yielding. I only ask him to yield for a question.

I thought this was the law now under the Hickenlooper amendment. What is the difference between this and the Hickenlooper amendment?

Mr. PELLY. This is a limitation so that no money can be allocated to Ecuador. Under the Hickenlooper amendment, as I understand it, there is discretionary power to interpret this by the State Department. They are again misrepresenting the will, as I see it, of the Hickenlooper amendment in stopping all aid to a nation that seizes American property.

Mr. BOW. As I understand it, under the gentleman's amendment, if the gentleman will yield further, it gives the right to the President to make the determination personally.

Mr. PELLY. That is right.

Mr. BOW. There is not much difference between the President's determination and the Secretary of State's determination, since he is in the Cabinet of the President. It seems to me what we are doing here is having a repetition of what we did before with the Hickenlooper amendment.

Mr. PELLY. I would say in this case it is a limitation on an appropriation bill and not a part of the authorization.

Mr. BOW. It is not an authorization. It is just that the Hickenlooper amendment is the law today, as I understand it.

Mr. PELLY. As I understand it, in the case of the Hickenlooper amendment, the State Department twisted the meaning of it to provide that while there is a court suit on they do not have to enforce it.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. PELLY was allowed to proceed for 5 additional minutes.)

Mr. ROONEY of New York. Mr. Chairman, will the distinguished gentleman from Washington yield to me?

Mr. PELLY. I am going to yield next to the gentleman from Michigan (Mr. DINGELL), because he was on his feet.

Mr. ROONEY of New York. Well, of

course, I am a member of the committee, I must say to the distinguished gentleman from Washington.

I merely wish to ask the gentleman a few harmless questions, previous to which I would state that I am thoroughly in favor of the position which has been taken by the gentleman from Ohio (Mr. Bow).

Is not the distinguished gentleman offering this amendment in behalf of those poor, downtrodden tuna fish corporations out on the west coast, which have had their tuna boats seized by Ecuador and for which my taxpayers back in Brooklyn are required to pay their fines, to reimburse them for every fish they did not catch, as well as for every expense of the vessel and everything else, and now you want us to go to war with Ecuador over these poor corporations?

Mr. PELLY. Mr. Chairman, this amendment is designed to protect the American taxpayer. Instead of having the Treasury reimburse these fishermen, it is to provide that the Treasury is reimbursed.

Mr. ROONEY of New York. Mr. Chairman, if the gentleman from Washington will yield further, it is not my feeling that the gentleman by offering his amendment is going to help my taxpayers in Brooklyn.

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

Mr. PELLY. I yield to a member of the Committee on Merchant Marine and Fisheries.

Mr. DINGELL. I thank the gentleman for yielding.

Mr. Chairman, I want to commend my colleague, the gentleman from Washington (Mr. PELLY), for introducing this amendment.

Our committee for a number of years has worked on this business of seizures. This year there have been 52 American vessels seized on the high seas by Ecuador. The seizures have cost American citizens and the American Treasury over \$2 million. Not only have we seen this high cost, but we have seen the indignities foisted upon our people as far as 200 miles from the South American coast. We have witnessed actions like the strafing by aircraft, the stealing of property, threats to the physical well-being of our American fishermen lawfully fishing on the high seas.

We have had the State Department before our committee time after time to explain what they are doing to protect the American fisherman on the high seas, and I must tell you that the display of the State Department in defense of what they are supposed to be doing is truly pathetic and totally inadequate.

Mr. Chairman, the amendment is a good amendment. It is the only way we can bring order out of this chaotic situation.

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

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

Mr. DOW. I cannot say that I am in favor of the gentleman's amendment. It seems to me that this is a question of rights on the high seas.

Mr. PELLY. Well, I would say to the gentleman from New York that the international law on the sea is very clear. Under international law a coastal state has sovereignty to a territorial sea which goes 3 miles from shore. There is a fishing zone claimed by many nations, including our own, which goes 12 miles from the shore, and the rest is international waters.

Mr. DOW. Mr. Chairman, if the gentleman will yield further. This morning I attended a hearing conducted by Secretary Morton of the Interior Department with reference to the oil deposits that lie off the Continental Shelf of the United States, and beyond, to the distance of a great many miles far beyond the 12-mile limit. The United States not only proposes to exert jurisdiction there, but also to sell these rights for dollars.

Mr. PELLY. If the gentleman would permit, under international law—the convention on the law of the sea—the Continental Shelf; that is, the seabed to a depth of about 600 feet, belongs to the coastal state. That is, our Continental Shelf areas belong to this Nation under international law.

Mr. DOW. It seems to me that every nation interprets this to its own advantage.

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

Mr. PELLY. I yield to the gentleman from Iowa.

Mr. GROSS. I want to commend the gentleman for his amendment and I support it. But the fatal defect of the amendment is that it gives discretionary power to the President.

Mr. PELLY. Only on account of national security.

Mr. GROSS. Well, under those circumstances—

Mr. PELLY. And the President has to report to Congress within 30 days.

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

Mr. PELLY. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I think the greatest defect of the amendment is the fact that I know of no aid that Ecuador gets under this bill.

Mr. PELLY. It is contained in the report. I would say that if the gentleman would read the report on the bill we are considering, the gentleman would see listed the aid to Ecuador in 1971.

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

Mr. PELLY. I yield to the gentleman from Louisiana.

Mr. PASSMAN. It is not specifically earmarked for Ecuador, because these items are made available on an illustrative basis. Therefore, we do not know whether they will be one of the recipients.

Mr. PELLY. That is right. I want to assure that Ecuador does not receive U.S. assistance.

The CHAIRMAN. Does the gentleman from Louisiana insist on and desire to be heard on his point of order?

Mr. PASSMAN. I do, Mr. Chairman, and I do so reluctantly, because there is a lot of merit to the amendment offered by the gentleman from Washington (Mr.

PELLY), but I think it would impose additional duties upon the President. I believe it would be subject to a point of order. I shall not press the point further, or elaborate at length, but ask for a ruling.

The CHAIRMAN (Mr. PRICE of Illinois). Unless the gentleman from Washington desires to be heard the Chair is ready to rule.

The gentleman from Washington (Mr. PELLY) submitted an amendment to limit the funds available in this bill to Ecuador, contingent upon a decision and a report to be made by the President of the United States. The key words of the amendment are: "unless the President determines and reports within 30 days to the Congress." Obviously, in the opinion of the Chair, that is legislation on an appropriation bill. Therefore the Chair sustains the point of order.

AMENDMENT OFFERED BY MR. VAN DEERLIN

Mr. VAN DEERLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VAN DEERLIN: On page 10 after line 21 insert the following:

"Sec. 114. No part of any appropriations contained in this Act may be used to provide assistance to Ecuador."

Mr. VAN DEERLIN. Mr. Chairman, I am indebted to my colleague, the gentleman from Washington (Mr. PELLY) for providing the basis for this amendment. All that I have done is take out the portion that proved objectionable to the chairman, the gentleman from Louisiana (Mr. PASSMAN).

For years, the State Department and the executive branch have been giving as their explanation for refusing to do anything about these attacks on our citizens that Congress does not mandate action. It is because we always put in these slippery provisions which give AID, the State Department, or the White House the opportunity to get out from under.

Therefore, I think if we expect to have guidelines, we are going to have to provide them.

Under the terms of my amendment, we will tell Ecuador, in no uncertain terms, that regardless of development loans that were canceled last January, regardless of the withdrawal of our military aid mission last February, we do not intend to see similar sums included in new appropriations. The message will be clear that they can expect no aid until and unless this piracy on the high seas is ended.

The gentleman from New York (Mr. ROONEY) has spoken very feelingly of his constituents in Brooklyn. I must speak just as feelingly of my constituents in San Diego. I cannot go on explaining to the people how in Congress we can provide funds, how we can provide surplus naval vessels on loan, how we can provide continuing military and economic assistance to a nation which shows no regard for the American flag, or for American citizens plying their trade on the high seas.

I hope that my colleagues will join me in determining this matter once and for

all in language so clear that even the Secretary of State can understand it.

Mr. SCHERLE. Mr. Chairman, I move to strike the last word.

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

Mr. SCHERLE. Of course, I will yield to my colleague and friend, the gentleman from Ohio (Mr. Bow).

Mr. BOW. Mr. Chairman, I thank the gentleman for yielding, and I simply wanted to ask the gentleman from California (Mr. VAN DEERLIN), who offered the last amendment, if he would accept an amendment to his amendment that would prohibit the tuna trade from paying the fines to Ecuador?

Mr. VAN DEERLIN. Mr. Chairman, if the gentleman will yield, that would involve legislation, and I do not want to get into legislation on an appropriation bill.

Mr. SCHERLE. Mr. Chairman, I rise in support of the amendment offered by my colleague, the gentleman from California, for the simple reason that my complaint is the same as his.

It seems to me that the Congress, the body in which we serve, cannot seem to make the State Department or the rest of the executive branch pay attention to exactly what we mean by our present law.

I refer to the Hickenlooper amendment, mentioned earlier by my chairman. Ladies and gentlemen, let me give you a little rundown so far as this amendment is concerned.

Since 1960 we have 34 countries of the world that have confiscated property from the United States and/or its citizens.

At the present time, we have 18 countries that still have property belonging to the American people and they have made no fair offer of compensation. Some of these countries have held this property completely unresolved for the last 5 years.

The only time the Hickenlooper amendment has been invoked was against Ceylon in 1963.

I understand that a Senator from Nevada (Mr. CANNON) is trying to change the present law and put some teeth into it. I will support the concept of this amendment when it reaches this side of the rotunda. It is high time that this House make it plain that we mean what we say; that we do support the property and the investments of our citizens in other countries. The Hickenlooper amendment should play an important role if this property is confiscated and we expect fair remuneration or our Government should suspend foreign aid. Up until now—this has not been done as much as it should.

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

Mr. SCHERLE. I am happy to yield to my distinguished chairman.

Mr. MAHON. I think it is rather obvious here that the House will adopt this amendment.

Of course, it is true that we must defend the rights of American citizens and it is true that we resent attacks on the high seas and we resent the confiscation of American property.

So I would hope in the interest of time that we might have a vote on this amendment which, as I say, will obviously be adopted.

I think the gentleman has made a good contribution by his remarks.

Mr. SCHERLE. I thank the chairman of the House Appropriations Committee for his kind remarks.

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

Mr. SCHERLE. I yield to the chairman of the subcommittee who I know has worked very diligently on this bill.

Mr. PASSMAN. Of course, I have no objection to this amendment and as an individual Member on the Committee on Appropriations, I shall vote for it.

Mr. BOW. Mr. Chairman, I should like to make it very clear and advise the gentleman from the replies the gentleman made, I thought it was legislation on an appropriation bill—it is almost the same language he had in his amendment and I will support this amendment.

I think it should be pointed out that American taxpayers have been called upon to pay millions and millions of dollars to Ecuador for fines. You are not eliminating the real situation here with this amendment. You are simply limiting the funds in this bill, but you still have millions of dollars being paid out of the Treasury of the United States to Ecuador in fines that are paid by the taxpayers for these private corporations to go down fishing in that area.

I think the House should realize this when they vote on this amendment. I am going to support this amendment. I think it is a good amendment. But I think we should be giving consideration also to the protection of the taxpayers of my State and the State of Iowa—and their tuna fishing out there and in other areas of the country. We should be giving consideration to the fines that are going to Ecuador at this time which is money going down through the backdoor.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to read something that is on both the AP and the UPI ticker tape and to ask the chairman a question after I read it.

It says:

Top level bureaucrats are dining well at cut rates in heavily subsidized executive lunch rooms, sometimes sipping free liquor from confiscated Government stocks.

Then it goes on—and I will not read all of it—but it goes on to say:

Mrs. Smith, over in the other body—“said Wednesday the General Accounting Office gave her that report on the average cost, and the average tab, that Government executives are paying for lunch in the special executive lunch rooms.”

The GAO study covered five Federal agencies, and Mrs. Smith reported these findings.

Now listen to this—at the Department of Transportation, executives paid an average of \$1.51 a meal for the lunches which cost the Government an average of \$16.06.

I never had a \$16 lunch. I cannot imagine what is in it.

At the Treasury the average tab was \$2.45, and the average cost was \$14.31. The average luncheon tab at the Justice Department, Mr. ROONEY, was \$1.66, and they were pretty modest. The average cost was only \$7.10 to the taxpayer. The National Science Foundation was the cheapest outfit of all. They paid \$1.25 for an average cost of \$3.55. The Interstate Commerce Commission did even a little better than that. They paid \$1.94 for a \$3.53 cost.

My question is, Mr. PASSMAN, Do they have an executive lunch room down at the foreign aid outfit and, if so, how much are we subsidizing them?

Mr. PASSMAN. I appreciate the gentleman's comments in regard to costs of luncheons in executive dining rooms. I have not had opportunity to examine the details of the study of the General Accounting Office, and I do not know exactly what has been included in the total costs which have been referred to. I have never been down to the headquarters, but promptly after sine die adjournment I shall pay them a visit to find out what they pay for their lunches and what it costs.

Mr. HAYS. The press has been making a big to-do about losses in the House restaurant, which might run about 5 cents a meal, on the average, and we are trying to cut that down. Of course, they do not say anything about how much the average loss is over in the other body, but last year it averaged about \$6,000 a Senator. Maybe it would be cheaper to give them that money and have them eat downtown.

Mr. BIAGGI. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California (Mr. VAN DEERLIN) which would cut off all economic and military assistance to Ecuador, because of their continued seizures of U.S. fishing vessels.

This country has continued to seize our vessels with impunity. Our ships are operating in international waters, but just do not happen to be outside the 200-mile limit set by the Ecuadorian Government. This is a violation of international law, but as long as they can get away with seizures of U.S. ships they will continue to do so.

The Ecuadorians see the United States for what it really is—good old Uncle Sam. They know the foreign aid will keep on coming regardless of what they do to the U.S. fishing interests. What is more astounding is that they are seizing the vessels with ships supplied to them by the United States.

Until Ecuador and its neighbor Peru are made to suffer for their illegal acts they will not stop. What is more, there will be no hope of negotiating a new international fisheries limit as long as Ecuador can continue to set its own limit and enforce that limit—albeit illegally.

How can we continue to provide economic and military assistance to such a country. Clearly Ecuador shows no respect for international law. And surely there is no respect for the United States and its laws. Yet apparently our foreign

aid program has reached such depths of international masochism that we are willing to pay for a periodic slap in the face.

I and many others in this body have spoken out against the seizure of ships time and time again. The President has the authority to cut off aid, but he has not exercised it. It is now up to this body to take the necessary action.

This amendment will help put a stop to a ridiculous aspect of our foreign aid program. It deserves the full support of this body.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have a high regard for both the gentleman from the west coast, the sponsor of the original amendment, which was ruled out of order, and my distinguished colleague from California who offered the pending amendment. Representing an east coast State, whose fishermen, have had serious problems over fishing rights with our Western Hemisphere neighbors, I want to get on record why I am going to vote against the amendment. I will admit that the temptation is extremely great because of the onerous burden which our fishermen bear and because of the natural inclination to take strong action to get at the problem.

If I thought that the proposed amendment was the right way to get at the problem—by getting even with the people of a country—then I would support the amendment. But unfortunately it does not do that. The law of the Sea Conference, in which the United States lost its position by one vote several years ago, attempted to resolve the whole question of sovereignty among nations on the rights of the sea and the seabed. The U.S. position did not prevail and the Conference came to no resolution. The nations are going back again in 1973 and try to resolve the differences of opinion on sovereign rights, territorial limits, the high seas and related questions. Will the limit be 3 miles, 12 miles, or 200 miles. Our Latin neighbors feel very strongly about their sovereign rights, and many of them, are claiming 200 miles out to sea. We do not agree with that position. They think it is a right of sovereignty to determine the limit off their coast just as we think it is a right of sovereignty off our coast.

So we have had a real impasse. It has not been easy for our State Department to attempt to resolve this difference of opinion. It is a very real and deep difference with strong emotional overtones. We tried negotiations at a four-country level. We have tried bilateral negotiations. We have tried negotiations at an international level.

On one thing we can be quite sure. I think we all agree it would do very little good to accelerate the dispute by putting another factor in front of our possibility of settlement. Do we serve the long-range interests of the United States in trying to arrive at an international arrangement by pegging that effort on the action of this amendment which only serves to further divide the disagreeing

countries? I think not. Our action will only be interpreted as economic pressure against a small country in order to impose U.S. position on a question of sovereignty.

Our State Department tomorrow—I believe it is tomorrow—is sending a high level delegation to Ecuador to follow up the discussions which took place by President Nixon's personal counsel, Robert Finch, with the President of Ecuador on this question. Assistant Secretary of State Mr. Meyer and other people from the Department are going. There seems to be today a better opportunity to try to resolve a bilateral approach toward this problem now looking toward an eventual permanent solution.

I am convinced, after long years of study, that the only permanent solution will be an international convention. But pending a temporary or permanent solution do we cut off aid to every country with whom we disagree in Latin America? I do not think that solves our problems nor does it serve the long-term interest of the United States which seeks a peaceful, cooperative, and prosperous hemisphere. It may satisfy our frustration on the fisheries question. I do not deny that. It may make us feel good to say that the United States got even with them by cutting off aid. But I believe in the long-range interest of the United States, this is the wrong way to get at it, even though it is a perplexing, frustrating, and maddening problem.

I am convinced what we have got to do is to continue to make every sincere effort, as we are now trying to do, not only with Ecuador, but with other countries, to arrive at a *modus vivendi* with respect to the fisheries problem, so that we and they can fish until such time as the sovereignty question is resolved by agreement. Either that or we will have to go to war over the whole issue. I would hope we could do it by international convention or bilateral arrangements.

Mr. LONG of Maryland. Mr. Chairman, how do we get agreement unless we have some leverage? And would this not provide some leverage?

Mr. FASCELL. To answer the gentleman, there is ample leverage if we want to do it, and we can do it without having to write it in the legislation.

Mr. LONG of Maryland. What kind of leverage would the gentleman suggest?

Mr. FASCELL. I am not suggesting any. There is ample leverage available to the administration any time they want to use it.

Mr. LONG of Maryland. I just want to know what the leverage would be. I want to understand it before I vote on this.

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

Mr. FASCELL. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Chairman, this amendment would remove an existing incentive that the Latin Americans have to seize our vessels. If we could deter seizures, perhaps we would even stop some of the seizures occurring with the shrimp boats the gentleman was talking about.

Mr. FASCELL. If I thought the gentleman's logic was correct, then obviously I would support the amendment.

I do not think this amendment will stop the seizures at all, but it will anger our neighbor and aggravate the possibility of solution.

Mr. Chairman, I intend to support the foreign assistance appropriation bill, but I want to take this opportunity to express my dismay over the attitude which the Appropriations Committee has shown in so sharply curtailing programs designed to assist our hemisphere neighbors.

Mr. Chairman, as counterproductive to the U.S. policies and interests in Latin America as I believe the rhetoric of the committee's report to be, far more significant are the deep cuts made in every aspect of the bill which deals with the Western Hemisphere.

Alliance for Progress technical assistance is cut from the \$130 million recommended by the President to only \$75 million.

Alliance development loans are slashed from the \$235 million requested to only \$150 million.

None of the \$261.8 million requested by the President for the Inter-American Development Bank is included; thus, putting the United States in default on its funding commitment to the Bank previously authorized by the Congress.

After reading the "general statement" in the committee's report and reviewing the figures in the bill, it is hard to escape the conclusion that the committee is determined to punish all the people of Latin America for what the committee views as the incorrect policies of a few Latin American governments.

I feel strongly that the Senate, when it takes up this bill, should restore at least a portion of the funds requested for the Alliance for Progress and provide for fulfillment of the U.S. commitment to the Inter-American Development Bank.

ALLIANCE FOR PROGRESS

On page 18 of the Appropriations Committee's report, the fiscal 1972 loan program for Latin America is currently pegged at \$310 million. In addition, however, according to figures submitted to the Committee on Foreign Affairs this past summer, the administration had projected \$100 million in loans for Latin America which it had hoped to finance with borrowing authority—authority which our committee and the Congress have refused to grant to the President.

Thus, the total of loans proposed for the Alliance for Progress for fiscal year 1972 really amounts to over \$400 million.

Against this requirement, the Committee on Appropriations has recommended new obligatory authority of only \$150 million.

In addition to that amount, the Agency for International Development will have available \$75 million in receipts and recoveries of prior year funds.

That total will be barely sufficient to fund one-half of the program.

The sum of \$47.5 million of the reduction should be restored in order to bring

the appropriation up to the level of the authorization approved by the House on August 3.

Latin America, with its 270 million people, is facing a tremendous challenge: It will either succeed in its developmental undertakings or chaos may well envelop the southern half of our hemisphere.

During the past 10 years, under the Alliance for Progress, Latin America has made important strides in creating the conditions, and meeting the prerequisites, for future progress.

This, however, was just the beginning. It was important, it was necessary, but it was limited in its impact on the lives of the majority of the people of Latin America.

Now Latin America must build on that base. And to do so, it needs resources—seeds and fertilizers, machinery of all kinds, modern technology and other elements of economic and social progress.

That is what our Alliance for Progress loans buy—and buy right here, in our own country, where the unemployment rate is back up to 6 percent and where each dollar of exports financed with foreign aid means work for American labor, profits for American industry, and economic improvement for our entire society.

I am not, however, urging increased funding simply to help our faltering domestic economy.

I do so because I firmly believe that the future of our country—the well-being and the security of generations of Americans to come—will be profoundly influenced by what happens right here in our own hemisphere: How we work together in solving the problems of our hemisphere and in realizing its great potentials.

Some people do not view the future in that way.

Some people seem to believe that our Nation's prospects will be determined by the strength and durability of the great gothic power arches which are rising between Washington and Moscow, and Washington and Peking.

I prefer to believe that what happens in our own backyard—right here in this hemisphere—will be more significant in terms of the kinds of lives our children will lead than all the treaties and power deals between the superpowers.

For this reason, and bearing in mind how large is the gap between promise and performance of the present administration with respect to Latin America, that I remain hopeful that the Senate will act in restoring a portion of the funds cut from the Alliance for Progress.

INTER-AMERICAN DEVELOPMENT BANK

Mr. Chairman, beside providing an increased amount for the Alliance for Progress, I believe that it is just as important that the Congress provide in this appropriations bill at least \$211.8 million for the Inter-American Development Bank. This must be done for at least two reasons. First, it would insure that a pledge made by the United States to its hemisphere neighbors would be kept. Second, it would enable the Inter-American

Bank to continue its important task of supporting development in Latin America and the Caribbean.

In April 1970 the United States agreed, along with all other members of the IDB, that it was essential to increase the Bank's capital in order to allow the Bank to continue making new loans. As our part of this mutual agreement, the President requested and the Congress authorized an increase in the U.S. contributions to both the ordinary capital of the Bank and its Fund for Special Operations, the so-called soft window.

In December 1970 the Congress authorized a total of \$486,760,000 as the first of three annual installments designed to fulfill the U.S. commitment. The Congress has already appropriated \$275 million pursuant to this authorization. An additional appropriation of \$211,760,000 is needed if the United States is to complete its initial payment originally due last June 30. The Board of Governors of the Bank at the request of the United States has extended this deadline to December 31 of this year. Thus this appropriation bill is the last opportunity the Congress will have to make good on our pledge to the IDB.

Why must we fulfill this commitment right now, especially in view of our own domestic difficulties? The answer is simple but compelling. The Bank is about to run out of funds with which to make new loans. It is not going broke; it will be able to meet its commitments. The Bank just will not be able to loan any new money on the many worthy proposals whose applications are nearing approval. The impact of a delay in providing this money was clearly underscored earlier this year in a speech by the Bank's new president, the Honorable Ortiz Mena. He said:

Delay in implementing this increase would create serious problems in programming the Bank's activities and in maintaining its image as a solid financial institution, the importance of which is obvious.

If we wish to lash out at our friends with whom I believe our future lies then we can simply let this bill become law with no funds for the Inter-American Bank and these sharp and undeserved cuts in our support for the Alliance for Progress. If we truly care about building a better life for the people of this hemisphere, including ourselves, then I believe that we must use this bill as only a beginning—hoping that the Senate will add funds vital to all the Americas.

Mr. PASSMAN. Mr. Chairman, if we do not get to the vote, we cannot vote down the amendment. I wonder if an agreement can be reached to close the debate on this amendment in 2 minutes.

Mr. Chairman, I ask unanimous consent that debate on this amendment close in 2 minutes.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I am going to support this amendment. This business of seizing American ships and cargoes on the high seas has been going on under several Presidents and for a number of years. I await the day in this country when we can get a President of the United States who will say, as one American did at one time in the history of this country:

Millions for defense, but not one cent for tribute.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I happened to have been one of the advisers at the late meeting of the law of the sea which has been referred to, in which this country lost the position it sought to establish by one vote. I know the frustrations the fishermen are up against, because before coming to Congress, I was executive officer of the California Division of Fish and Game. I had occasion there to learn of this firsthand.

But I wonder if doing it this way is the right way. I am inclined to agree with the gentleman from Florida. If we do not solve this problem through mutual understanding, as I see it, some day we are going to divide the seas for fishing. We have got to do it. It has got to come to that. If we do not do it in that respect, the harassment can continue, and, for the benefit of my friend, there is only one other way to do it, and that is to go to war, just as we went to war with the pirates at that time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California (Mr. VAN DEERLIN).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE II—FOREIGN MILITARY CREDIT SALES

FOREIGN MILITARY CREDIT SALES

For expenses not otherwise provided for, necessary to enable the President to carry out the provisions of the Foreign Military Sales Act, \$510,000,000.

Mr. CELLER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am not fully satisfied with this bill, but I am agreeable to it because it is probably the best that could be obtained under the circumstances as they exist.

I just want to say a few words about the aid to Israel.

Where the light of liberty burns we liberty-loving people should nurture that light. The only place where the light of liberty burns in the Middle East is Israel. We must nurture that light as much as we possibly can. Nurture means plentiful economic and military aid.

I do not believe the bill affords that. More could be done. More should be done. Nonetheless, I realize the predicaments and the limitations that beset the chairman of the committee, the distinguished

gentleman from Louisiana (Mr. PASSMAN), and his cohorts who are members of the subcommittee. They have done the best they can.

I say the bill does not go far enough. It should have gone even further. For example, in the other body I believe 82 Members cosponsored a resolution asking the administration to send the so-called Phantom jets to little Israel, and I believe 274 Members of this body likewise cosponsored an identical resolution. So a preponderating majority of the Members of this Congress requested the President to send those Phantoms to Israel. But those Phantoms have not been sent. The President's indecision in this regard indeed is past understanding.

We hear much about so-called equality of arms. That is an old bugaboo. I have been here for many years, and ever since there was a State of Israel, and we have always heard the defense, "Well, there is inequality of arms as to Israel. Israel is superior. Therefore, we must wait before sending any sophisticated weapons or armaments to Israel."

We have heard that ad nauseam. It is time to call a halt in that regard. There is an old saying, "In the street of by-and-by stands the hostility of never." If we continue to have this procrastination and this delay at the White House, Israel will never get the weapons she desperately needs for her defense.

She needs them because she faces 100 million enemies. Here is a little nation of 3 million, beset by vast numbers of Arabs who have the knife at her jugular vein.

Israel has no material resources. She has no steel. She has no bauxite. She has no copper or lead. But she does have spiritual, cultural, and esthetic values, values that are ineluctable, values that are imperishable. She has a determination, a determination as firm as a rock one holds in his hand.

She has exultation. One sees it on the faces of all the people there, whether it be the barmaid or the taxicab driver. She has an exultation that is as fierce as a streak of lightning; you see the exultation everywhere in Israel. She has a wondrous faith—faith in herself, in her flag, and in her country. In the language of Browning, faith can often move mountains. She has a courage that is as scintillating and as brilliant as the stars above.

Yet, despite those immaterial resources, she needs arms. I hope indeed light will descend on the White House and those Phantoms will be sent. We are told that the Phantoms will be sent on the condition that little Israel accepts dictator terms, more or less dictated by the vanquished. This is the first time in history—and I know history—where the vanquished dictate the terms to the victor. That is a very unhealthy situation. If little Israel allows soldiers to straddle the Suez, she invites her own destruction.

In the meantime, the U.N. Assembly would seal her doom. What kind of fair or just decision awaits Israel, there, when over 50 nations of the U.N. refuse even to

recognize her existence. Despite some misgiving I hope the bill will pass.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

TITLE III—FOREIGN ASSISTANCE
(OTHER)

FUNDS APPROPRIATED TO THE PRESIDENT
PEACE CORPS
SALARIES AND EXPENSES

For expenses necessary to enable the President to carry out the provisions of the Peace Corps Act (75 Stat. 612), as amended, including purchase of not to exceed five passenger motor vehicles for use outside the United States, \$60,000,000, of which not to exceed \$24,000,000 shall be available for administrative expenses.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 11, line 9, strike out "\$60,000,000" and insert "\$68,000,000".

Mr. CONTE. Mr. Chairman, the amendment I am offering would add an additional \$8 million for the Peace Corps to ward off a threatened termination of the entire program. Such a termination would be a tragic calamity and certainly would invite shame and derision upon the United States.

Let us briefly examine the effect that the Foreign Operations Subcommittee's inexcusable slash in the Peace Corps' budget would have on its operations.

An appropriation of \$60 million at this point in the fiscal year would force cancellation of all Peace Corps programs.

A reduction to \$70 million would immediately cancel the Peace Corps programs in 15 countries having 1,990 volunteers. Such a reduction would also force the immediate recall of two out of every five volunteers remaining in the other 40 countries currently connected with the Peace Corps.

Moreover the reduction to an authorization level of \$77.2 million from the administration's request of \$82.2 million has already required serious reductions. These reductions come at a time when Peace Corps applications and host country requests have increased for the first time in 5 years. I will include a detailed breakdown of the effects these reductions will entail at the close of my remarks.

My amendment would help repair some of this damage. And hopefully the Senate will see fit to mandate further repairs.

Dollar for dollar, few, if any, programs can offer the rewards in good works and good will that the Peace Corps has reaped for this Nation in the relatively few years of its existence.

At a time, Mr. Chairman, when so many Members of this body and so many people across the Nation are speaking longingly for peace, can we not afford \$68 million for peace?

At a time when so many of our national leaders are exhorting the youth of this country to work within the system to improve it, can we afford to start blocking one of the few avenues that are open to them to follow this course?

And at a time when the Peace Corps is moving in new directions long advocated by many in this body, can we afford to emasculate its efforts to provide others around the globe the skill and the knowledge which we have acquired through the years?

Over the past 10 years, the Peace Corps has been the channel through which 48,000 volunteers have contributed their services to the developing countries of the world. We must not answer this unprecedented showing of good will and faith in humanity by abruptly terminating this invaluable program.

I urge the adoption of my amendment.

Mr. Chairman, I include the following:

EFFECT OF APPROPRIATION REDUCTION ON
THE PEACE CORPS

1. The Peace Corps operated at a level of \$85 million in FY 1971.
2. The Administration requested \$82.5 million for FY 1972.
3. The authorization bill has been passed by the Congress for \$77.2 million.
4. The House Appropriations Committee has recommended an appropriation of \$60 million.
5. An appropriation of \$60 million at this point in the fiscal year would force cancellation of all Peace Corps programs (attachment 1).
6. A reduction to even \$70 million would immediately cancel the Peace Corps programs in 15 countries with 1990 Peace Corps Volunteers and also immediately bring home two out of every five remaining volunteers (1,937 out of 5,100) in the other 40 countries (attachment 2).
7. The reduction to \$77.2 million in authorization from the administration's request of \$82.2 million has already required serious reductions (attachment 3).
8. These reductions contrast with increases in Peace Corps applications and host country requests for the first time in 5 years (attachment 4).

ATTACHMENT 1—EFFECT OF \$60 MILLION
APPROPRIATION FOR THE PEACE CORPS

The Peace Corps cannot be operated for \$60.0 million for the remainder of the fiscal year.

| | Millions |
|------------------------------------------------|----------|
| Obligations through October 31..... | \$30.2 |
| Estimated obligations through February 29..... | 23.1 |
| Unavoidable costs..... | 53.3 |

Alternate No. 1: Continue volunteers and staff through June 30 without new input—\$72.7 million.

| | Millions |
|-------------------------------------------|----------|
| 6,700 volunteers (average) @ \$1,400..... | \$9.4 |
| Overseas staff..... | 3.4 |
| Washington support..... | 6.6 |
| | 19.4 |
| Unavoidable costs..... | 53.3 |

Minimum required..... 72.7

Alternate No. 2: Bring home all volunteers and staff (terminate all Peace Corps Programs)—\$62.4 million.

| | Millions |
|-------------------------------|----------|
| 7,500 Volunteers @ \$500..... | \$3.8 |
| 311 Overseas Staff..... | 1.7 |
| Washington costs..... | 3.6 |
| | 9.1 |

| | Millions |
|--------------------------------------------------------------------------------------------|----------|
| Unavoidable costs..... | \$53.3 |
| Minimum to abolish Peace Corps | 62.4 |
| ¹ The earliest date on which major changes in direction could become effective. | |
| ² Assumes all Washington operations phased out by April 30. | |

| ATTACHMENT 2—EFFECT OF \$70 MILLION APPROPRIATION FOR THE PEACE CORPS | |
|----------------------------------------------------------------------------|----------|
| The Peace Corps would be drastically curtailed at a level of \$70 million. | |
| | Millions |
| Obligated through October 31st..... | \$30.2 |
| Additional estimated obligated through February 29..... | 23.1 |
| Unavoidable costs..... | 53.3 |
| The remainder of \$16.7 million requires a drastically reduced program. | |

| | Planned level | Reduced cost | Reduction |
|-------------------------|---------------|--------------|-----------|
| Total..... | \$77.2 | \$70.0 | \$7.2 |
| Training..... | 13.3 | 10.8 | 2.5 |
| Volunteer..... | 31.5 | 28.1 | 3.4 |
| Overseas staff..... | 16.0 | 15.2 | .8 |
| Washington support..... | 16.4 | 15.9 | .5 |

- This reduction would require:
1. Elimination of the Peace Corps program in 15 countries which brings home 1990 Volunteers.
 2. Bringing home two out of every five Volunteers in the remaining 40 countries (1,937 of 5,100 Volunteers).
 3. Elimination of 182 people required for programming, recruiting, and supporting activities necessary to the on-going Peace Corps program.
 4. Total abrogation of County Agreement

with 15 nations and reneging on project agreements with 40 other countries.

| ATTACHMENT 3—REDUCTION ALREADY INCURRED TO REACH \$77.2 MILLION | |
|---------------------------------------------------------------------------------------------|----------|
| | Millions |
| Administration Request..... | \$82.2 |
| Increase in Volunteer strength from lower attrition and increased extension | +3.4 |
| Incurred Requirement..... | 85.6 |
| Reduction in trainee input from 5,800 to 5,000 (\$4,000 per trainee) .. | -3.2 |
| Reduced length and scope of training .. | 2.1 |
| Elimination of pre-invitational selection and orientation program for 2,000 applicants..... | -.6 |
| Reduction of overseas and Washington supporting staff by 80 man years..... | -1.8 |
| Curtailment of travel, vehicle utilization, and support costs..... | -.7 |
| Total | 77.2 |

ATTACHMENT 4.—3-YEAR SUMMARY OF PEACE CORPS, VITAL STATISTICS 1970-72

| | Authorized fiscal year | Appropriation fiscal year | Staff as of June 30 | Countries | PCV's as of December 30 | Trainee inputs PY | Host country requests-PY | Applications PY |
|------------------------------------------------|------------------------|---------------------------|---------------------|-----------|-------------------------|-------------------|--------------------------|-----------------|
| Fiscal year 1970..... | 98.5 | 98.5 | 1,032 | 59 | 7,692 | 4,637 | 5,590 | 19,022 |
| Fiscal year 1971..... | 94.5 | 90.0 | 925 | 55 | 6,900 | 4,849 | 5,342 | 26,539 |
| Fiscal year 1972 (estimate)..... | 77.2 | 77.2 | 883 | 55 | 7,090 | 5,003 | 5,487 | 32,377 |
| Fiscal year 1972 estimate at | 70 | 70 | 683 | 140 | 3,163 | 3,600 | 5,487 | |
| Fiscal year 1971 House appropriation bill..... | 60 | 60 | 0 | 10 | 0 | 2,100 | 5,487 | |

¹ As of Dec. 1, 1971 a total of 9 new countries have expressed interest in receiving new programs.

² Requests received through Nov. 30, 1971 with additional slight expectation.

³ Currently (September through November) running 22 percent above previous year comparable period.

⁴ March 1, 1972.

⁵ Entered pre Dec. 1, 1972.

Mr. Chairman, I yield to the gentleman from Kansas (Mr. SHRIVER).

Mr. SHRIVER. Mr. Chairman, I want to say we on this side have no disagreement to the amendment.

Mr. CONTE. I yield to the chairman of the committee, the gentleman from Louisiana.

Mr. PASSMAN. Mr. Chairman, I thank the gentleman for yielding.

Of course, I shall vote against the amendment, but I am not going to oppose it. I ask for a vote.

Mr. CONTE. On the basis of that, Mr. Chairman, I yield back the balance of my time.

Mr. ANDERSON of Illinois. Mr. Chairman, this amendment is quite simple in intent and content and yet its adoption is crucial to the survival of the Peace Corps as we know it. This amendment would increase the committee's request for the Peace Corps to \$68 million, from \$60 million. Earlier this year the Congress actually authorized an amount of \$77.2 million. And I think at this point it should be noted that the authorized amount is some \$5 million less than the revised OMB request of \$82.2 million, and this has already forced significant reductions in personnel and other costs. And yet the Appropriations Committee would have us slash the authorized amount by another 22 percent. I would submit that the committee recommendation is totally irresponsible because it would force the termination of all Peace Corps programs; even an appropriation of \$68 million would force us to close down the Peace Corps in 15 countries and bring home two out of every five volunteers in the remaining 40 countries.

Let there be no mistake about it, Mr. Chairman, the committee recommendation is designed to kill the Peace Corps. The attitude of the chairman of the Foreign Operations Subcommittee is no secret. On page 737 of the hearings he is quoted as saying:

I don't mind telling you I think it is the worst agency in Government.

And on page 811 he is quoted as saying:

If I had to meet my Maker in 3 minutes and the last decision the good Lord would let me make—it would be to abolish the Peace Corps. Then I could die in peace. That is my feeling. I might as well put it in the record.

Well, Mr. Chairman, I just do not think a majority of the Members of this body agree with the distinguished chairman that the Peace Corps is the worst agency in Government; to the contrary, I think most would agree with me that the Peace Corps has been one of the best, and furthermore, that it is getting better in terms of meeting the needs of the developing countries. And I do not think a majority of the Members of this body are ready to go along with the chairman's attempt to abolish the Peace Corps, especially at a time when we are attempting to revitalize the spirit of voluntarism through the new Action agency, of which the Peace Corps is a major component. And I do not think a majority of the Members of this body are willing to turn their backs both on the young people of this country and the peoples of the developing countries—both of whom have benefited so much from the people-to-people contact and cooperation made possible by the Peace Corps.

What justification does the commit-

tee give for this substantial reduction in the Peace Corps budget? First, let me point out that the committee report makes no mention of the nearly 6,300 volunteers serving in the field this year, the 6,700 planned for next year, and the 5,800 who will enter training next year in response to requests from other countries. No mention is made of the funds needed to support these volunteers in the field and to train new volunteers. No mention is made of the ramifications of the committee cut both in terms of existing programs and commitments which have already been made for the future. The committee would simply have us default on our promises made to these countries, pull volunteers out of operating programs, and fail to meet our commitments to planned programs next years.

What does the committee report say? It simply says that because the Peace Corps has been terminated in some 14 countries over the years, it must be a failure, and therefore we are justified in emasculating the agency. The suggestion is made at one point in the committee report that the reasons for these terminations is possibly that the agency "does not respond to the basic needs of the host country;" and at another point that "some terminations were brought about because of the bad conduct and behavior of some of the Peace Corps volunteers;" and at another point that "some of these terminations can most likely be attributed to the fact that volunteers are not required to support the policies of our Government as is the case with other U.S. officials working abroad."

Mr. Chairman, I submit that these conclusions about the 14 terminations have

no basis in fact, and I am referring to the facts contained in the hearings developed by this same subcommittee. On page 734 of the committee hearings, reasons are listed for each of the 14 terminations, and as Director Blatchford pointed out to the committee on page 826 of the hearings:

Only one country in 1965, Pakistan, gave as their reason the lack of technical skills and confidence on the part of Peace Corps volunteers.

In the other 13 instances, the reasons for termination cannot be directly attributed to the conduct of volunteers or the type of job they were doing. In many instances, the terminations were forced by a change in government, often accompanied by civil insurrection and violence within a country. In some instances, there was simply no longer a need for volunteers because these countries had developed their own personnel to take over these jobs—personnel quite often trained by Peace Corps volunteers. Mr. Chairman, I submit this is nothing to be ashamed of; indeed, it is what the Peace Corps should be all about, that is, helping other countries to help themselves. The job of the Peace Corps should be to work itself out of a job by making it possible for host country nationals to do that job. The success of the Peace Corps should not be measured in terms of how many Peace Corps volunteers we replace with Peace Corps volunteers, but rather, how many Peace Corps volunteers are replaced by host country nationals.

The committee gives no credit for the fact that the Peace Corps is still needed and operating in some 55 countries, and that in the last 2 years four new countries have invited and taken volunteers—and I am referring to the countries of Mali, Mauritius, the Congo, and Malta.

In conclusion, Mr. Chairman, I strongly urge adoption of this amendment. My office has contacted Clark MacGregor this morning and learned that the White House fully supports this restoration of funds for the Peace Corps. This amendment is vital to the continuation of the Peace Corps and to the very foundation of the new Action agency. To defeat this amendment is tantamount to killing the Peace Corps. We cannot allow the irresponsible committee cut to prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 68, noes 35.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. COLLIER

Mr. COLLIER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLIER: Page 11, line 10, strike out the period and insert in lieu thereof the following: "Provided, That none of the funds contained in this paragraph shall be used to carry out the provisions of the Peace Corps Act in Chile after February 1, 1972."

Mr. COLLIER. Mr. Chairman, this amendment would do precisely what it

says. After the election of Salvador Allende as President of the Republic of Chile a year ago, I wrote Director Blatchford urging that we begin an orderly withdrawal of Peace Corps personnel from Chile. I am sure most Members of this House understand the reasoning and logic of this request. Allende is an avowed Marxist who has expropriated U.S.-owned properties including El Teniente, the world's largest copper mine, which employed 10,000 employees only two of whom were North Americans.

This action will cost the U.S. Treasury several million dollars in revenues. But aside from the nationalization program which is aimed primarily at the United States, the fact remains that Allende will remain the virtual dictator in a government which places him as the major-domo of labor, finance, public works, and foreign affairs for the next 5 years.

Recently riots in that country resulted in the declaration of a state of national emergency in Santiago. Be that as it may, when my suggestion calling for the orderly withdrawal of some 92 American Peace Corpsmen from Chile was received by the Office of the Director, I was advised that these volunteers were, and I quote:

Not part of a political situation and that changes in governmental make up, political orientation or psychological approach are not reasons to withdraw.

Furthermore, I was told, the basic concept remains that these Peace Corpsmen overseas are not part of the U.S. foreign policy posture even though in a generic sense the program is part of foreign relations. Now you just try and draw any policy conclusion out of that type of statement.

I contend that the vast majority of the American people, including those who generally support Peace Corps activities, are not in favor of making a contribution of American tax dollars directly or indirectly of to Communist countries under these conditions and it is high time that we begin to reflect to some degree the sentiments of the people who are picking up the tab for these programs rather than arbitrarily make decisions on the basis of psychological attitudes of people in the agencies. We certainly have no business maintaining the Peace Corps in Chile and suffering the probable embarrassment of subsequently having them ordered out of that country. Regardless I urge support of this amendment.

Mr. PASSMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would say to the gentleman from Illinois (Mr. COLLIER) that I am not inflexible. However, I do not know the reason as to why we should not withdraw the Peace Corps from all the nations of the world.

I believe it is just a question of time when we come to our senses and recognize that this is folly and a complete waste of the taxpayers' money. However, the Congress has worked its will and until such time as we can withdraw them from all other nations, instead of

just Chile, I wonder if it would be wise to single out this one country.

The Peace Corps has been invited out of 14 countries. I want them out of all the countries.

Could the gentleman give me information as to why he is singling out Chile?

Mr. COLLIER. Mr. Chairman, if the gentleman will yield, I think the situation in Chile is obviously very unique and I do not believe the gentleman from Louisiana can tell me other countries in Latin America where there is a parallel that exists in those countries as exists in Chile, and if he will, I will buy it.

Mr. PASSMAN. Why single out Latin America from the Asiatic countries?

Mr. COLLIER. What Asiatic countries are expropriating American property and refusing to pay compensation for it?

Mr. PASSMAN. I am not going to say that there is not merit to the gentleman's reasoning. As I say, I am in favor of withdrawing them from all countries.

I do not know whether this is what the House wants to do. Let the House work its will, if they are opposed to the Peace Corps. I am just wondering if the present administration would not listen and look at certain facts, and see if the Peace Corps should be pulled out from all the countries.

Mr. COLLIER. I have mentioned to the gentleman that I wrote them a letter, and they obviously did not pay any attention to that. If they had I would not be here speaking.

Mr. CONTE. Mr. Chairman, I rise in opposition to the amendment because I think, as I said earlier today, if we can keep the lines of communication open in Chile with the Peace Corps, that this would be a wise thing to do.

I remember being on the floor of this House fighting amendments which would have cut off aid to Indonesia. We had a small program in Indonesia, we had a small military assistance program. There were some in this body who wanted to cut it off, yet by keeping those lines of communication open in Indonesia you had the government of Sukarno thrown out, and the Communists thrown out. Without losing a single American life, without firing one shot, Indonesia remained on the side of the free world.

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

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. COLLIER. We cut off the funds to Indonesia, and it was after we cut off the funds that Sukarno was thrown out of power.

Mr. CONTE. I yield no longer.

There were years and years that the amendment was offered, and it was at the very end, almost the last year that Sukarno was in that that amendment prevailed in the House of Representatives.

We have now a very small Peace Corps mission in Chile, and each one of the men and women in our Peace Corps there are American ambassadors.

I think that if we have any hope of getting Chile back to the side of the free

world it is by having a Peace Corps there. I hope, therefore, that this amendment is defeated.

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

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I thank the gentleman for yielding. I would simply like to add that if we are going to start deciding on whether Peace Corps volunteers should be in one country or another, we ought at least to look at countries like Peru or Ecuador, or other countries with which we may have differences of opinion on matters of substance. I personally think that if we could we ought to have volunteers in more Communist- and Marxist-controlled governments. They would be a breath of fresh air. They would be a fine influence. It would be in the interest of the United States if we could send Peace Corps volunteers into, say, Rumania or Hungary.

I do not think that there is anything against our national interest in having the Peace Corps volunteers remain in countries like Chile.

So, Mr. Chairman, I support the gentleman from Massachusetts (Mr. CONTE) in his opposition to the amendment offered by the gentleman from Illinois (Mr. COLLIER).

Mr. GIBBONS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I abhor what the Government of Chile has done to our investments down there. I am sorry that the Government of Chile seems to be going along and following the Communist line. But if there is ever any place in the world where we need Peace Corps people, it is in Chile.

I have been to Chile. I have spent some time in the slums of Chile, and in the poverty sections of Chile, and I have talked to our Peace Corps people down there.

Let me tell you what they are doing, and I think after you listen to what I am going to tell you they are doing, you will understand the need for them to be there in Chile.

You will find that our Peace Corpsmen in Chile are doing some very practical, worthwhile work. You will find them in the desperate slums, in the campos of Santiago. They are teaching these Chileans how to raise capital, like we raise it in this country.

They are teaching those people how to put together a little organization of people who reside in the slums—and there are millions of them who have no way of ever earning a living or having any contact with capitalism such as we enjoy. They are teaching them how to provide their own clothes and how to form a factory with the workers that are available in their own local area.

They are teaching them how to form their own schools and their own child-care operations so that more of them can go to work and provide their own food and clothing and their own housing.

They are teaching them to work in a capitalistic sort of a way that teaches

them how to raise capital and form their own companies and set up their own boards of directors and have their own stockholders and get things done the same way that we do here.

That is what the Peace Corps people are doing in Chile. They are doing the same thing in agriculture. They have taught the Chileans how to go out and how to get more crops per year from a particular piece of land and how to make better use of the fertilizers that they have and how to practice better animal husbandry and all those things in the traditional sort of way that we do those things in this country.

There is no money going into Chile. We are just paying our own Peace Corps volunteers there. We do not give them automobiles—they walk around on shank's mare. They are doing the kind of thing that you would be proud of and that I certainly am proud of after having seen them.

We can get mad at Chile. I am just as mad at Chile as anybody else in this room. I think it is a shame what the Chilean Government has done, but if we have anything going in Chile to try to rescue that country from the foolish mistake that they seem to have made and from the shortsighted policy that the Government has taken, it is the Peace Corps. Let us keep the Peace Corps there.

The Peace Corps is doing the American kind of thing in Chile—the capitalistic kind of activity that will result in a benefit to all.

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

Mr. GIBBONS. I yield to the gentleman.

Mr. GROSS. Has not the Peace Corps been in Chile for a number of years?

Mr. GIBBONS. Yes, sir, Mr. Gross, and the problems they have in Chile would just stagger you. The poverty they have in Chile is unimaginable in this country.

Mr. GROSS. What would you expect from them if we continue them down there? The record of what has happened shows they have not made many friends or influenced any people, have they?

Mr. GIBBONS. We have not stopped all the floods in Iowa either, sir, but we still are working on those problems. And we should continue to work on those problems in Chile.

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

Mr. GIBBONS. I yield to the gentleman.

Mr. COLLIER. I am sure that my good friend, the gentleman from Florida, is not so naive as to believe the present Government in Chile will permit anything that is fundamentally capitalistic until the day they have Mr. Allende as their Minister of Finance.

Mr. GIBBONS. But we should not cut off our own nose to spite our own face. Let them throw our Peace Corps out rather than us.

I can tell you, I have been there, sir, and they are doing a job and doing the kind of a job that America wants done all over this world and you would be proud of it if you could have seen them.

Mr. PASSMAN. What is a good job by the Peace Corps?

Mr. GIBBONS. I think, Mr. PASSMAN, that a good job for the Peace Corps is to try to teach the people to be self-reliant and to help with the job of education and to spread knowledge—this is what our Peace Corps is doing.

Mr. SCHERLE. Mr. Chairman, I rise in support of the amendment.

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

Mr. SCHERLE. I yield to the gentleman. The latest line of communication with Chile that I have seen was Castro's visit down there for 3 weeks. I yield to my colleague from Illinois.

Mr. COLLIER. Thank you. Let me say in all sincerity that when you have the type of situation prevalent in Chile today and when you look down the road and you look at what is past history, you must conclude that the past is prolog. That being the case I believe we are spinning our wheels keeping the Peace Corps in Chile. The day that the Marxist leaders of this Government decide a capitalistic type of Peace Corps operation—and I am not sure it is or it is not—is not in keeping with the philosophical concepts of a totalitarian system, you can wager your bottom dollar Senator Allende will order them out lock, stock, and barrel.

Mr. SCHERLE. Mr. Chairman, I would like to continue and say that from what I understand and see in rural America today, it would be far more valuable for our people in the Peace Corps to assist right here at home in the United States.

Mr. RUPPE. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Michigan is recognized.

Mr. RUPPE. It seems to me that one of the speakers a moment ago got to the very heart of the matter, and that was in questioning whether the Allende government would permit free institutions to continue to exist in Chile. I would suggest that up to the present time and until this very moment there is a measure of democracy that still exists in Chile. There are still many people in that country who are firmly and openly opposed to the President. There is a good reason to believe the army would actually fight to maintain democracy or a semblance of democratic institutions in that country. It seems to me that we would be much better off to continue the Peace Corps until such time as democracy is actually brought to a halt and is stopped in Chile. I would suggest at this point in time Chile could go in either direction, and it may be inadvisable to withdraw our support and the encouragement that members of the Peace Corps supply to the many impoverished people that my colleague from Florida referred to a few moments ago.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. COLLIER).

The question was taken; and on a division (demanded by Mr. COLLIER) there were—ayes 32, noes 82.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.
The Clerk read as follows:

DEPARTMENT OF STATE

MIGRATION AND REFUGEE ASSISTANCE

For expenses, not otherwise provided for, necessary to enable the Secretary of State to provide, as authorized by law, a contribution to the International Committee of the Red Cross and assistance to refugees, including contributions to the Intergovernmental Committee for European Migration and the United Nations High Commissioner for Refugees; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801-1158); allowances as authorized by 5 U.S.C. 5921-5925; hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109; \$8,690,000, of which not to exceed \$7,650,000 shall remain available until December 31, 1972: *Provided*, That no funds herein appropriated shall be used to assist directly in the migration to any nation in the Western Hemisphere of any person not having a security clearance based on reasonable standards to insure against Communist infiltration in the Western Hemisphere.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. GROSS. How much of this money goes to those refugees in the Middle East?

Mr. PASSMAN. In relation to this particular item, I think the answer would be "None."

Mr. GROSS. Is there money in the bill for the refugees?

Mr. PASSMAN. Yes; there is \$13 million under international organizations, United Nations Relief.

Mr. GROSS. There are about 1,500,000 refugees, are there not?

Mr. PASSMAN. Yes. This takes care of refugees and escapees.

Mr. GROSS. People who are still living in the utmost squalor and poverty and have been for years. There is no exultation on the faces of the refugees in the Middle East, is there?

Mr. PASSMAN. I would not be able to answer that question in the negative or in the affirmative because I do not know.

Mr. GROSS. I heard a few minutes ago about the exultation on the faces of some people in Israel.

Mr. PASSMAN. Further in answer to the gentleman's question, there is U.N. work totaling \$13,300,000, but the allocations are so meager that many people are facing almost starvation. This is a very minimum amount, so far as I am concerned, that could be furnished to maintain these refugees.

Mr. GROSS. What about the percentage of contribution to take care of these refugees? We did not bring about the conditions that produced these refugees and therefore the responsibility for providing for them is not our obligation.

Mr. PASSMAN. Our share is 50 percent of the total of that one particular item.

Mr. GROSS. That is what I thought. We are providing 50 percent of the total cost to keep the refugees at a bare subsistence level.

Mr. PASSMAN. On this one item that is correct.

Mr. GROSS. Yes. It has always intrigued me as to why such a heavy share of this responsibility rests on the taxpayers of the United States—why some of the people who are exulting so much in the Middle East should not be carrying a far greater share of taking care of these refugees they created.

Mr. PASSMAN. If the gentleman will yield further, I certainly share the gentleman's views. This is an agreement previously entered into. We have legislation embracing these refugees specifically. At such time as our policymakers change this, and until such time, I guess we are obligated to provide this small sum to these starving refugees.

Mr. GROSS. And I guess in this bill we are being obligated to start building a new hospital in Rome; are we not?

Mr. PASSMAN. That has been before the committee for many years. We have a similar hospital, an American hospital in Paris. This is not a foreign hospital; this is an American hospital.

Mr. GROSS. All right. I have the gentleman's answer.

Mr. PASSMAN. But we are embarking on construction of a hospital in Rome in this bill.

Mr. GROSS. That is unfortunately correct. But there is no legal obligation in this bill, no matter what the colloquy between the gentleman from Louisiana (Mr. PASSMAN) and the gentleman from New York (Mr. ROONEY) earlier in the general debate on this bill. There is no legal obligation upon the taxpayers of this country to provide military or any other kind of aid to Israel; is there?

Mr. PASSMAN. Of course, this bill provides military assistance.

Mr. GROSS. It is not specified in this bill; is it?

Mr. PASSMAN. It is not earmarked as such.

Mr. GROSS. That is exactly what I thought.

Mr. PASSMAN. If the gentleman will yield, I think we can reach agreement that this is the proper thing to do. It is perfectly obvious that when the request came down for hospitals and schools abroad, it was one figure. In about 3 days the budget increase was recommended, and they sent down another supplemental. Finally, when the authorization bill passed, it was \$13 million for the schools and hospitals abroad. What this committee did, I would say after a very fair examination, is that we established these old institutions we had been funding in the past, such as the American University of Beirut, which is strictly an American school, and also the University of the Americas in Mexico, and the Feinberg Graduate School, and Robert College, in Turkey, and Project Hope—and, of course, our program supports these. We earmarked that because they are old projects.

Then we put \$5,200,000 into a contingency fund. Out of this \$5,200,000, the AID agency, if and when certain schools abroad can be justified, can take \$5 million out of the \$18 million, which means the budget request as supplemented by the original request in the House Foreign Affairs Committee recommenda-

tions—and we can fund those projects.

Mr. GROSS. I simply wanted a record established that there is no legal obligation in this bill to provide military or so-called security assistance to Israel or any other country.

Mr. PASSMAN. There is no legal obligation to pass any of it.

Mr. MYERS. Mr. Chairman, I move to strike the last word.

I wonder if the chairman might answer what does including hire for passenger vehicles have to do with providing aid for refugees? Can the gentleman give me that answer?

Mr. Chairman, I yield to the gentleman from Louisiana for that purpose.

Mr. PASSMAN. Mr. Chairman, I assume they would have to have some means of getting around. I have to answer the gentleman head on. Of course, they have to have the transportation, because we have the people and they are advising and distributing these commodities, and they must travel to where these refugees are. As far as I know, that would be the only excuse for automobiles.

If it is necessary to have a program, we have to have transportation.

Mr. MYERS. But we rent vehicles in other countries so we can haul them around?

Mr. PASSMAN. I would assume that there would be a saving to our country, drawing from the experiences in other respects. It is a good question. I will look into it.

AMENDMENT OFFERED BY MR. GONZALEZ

Mr. GONZALEZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GONZALEZ: Page 14, after line 6, insert:

"FUNDS APPROPRIATED TO THE PRESIDENT INTERNATIONAL FINANCIAL INSTITUTIONS INTER-AMERICAN DEVELOPMENT BANK

"Investment in Inter-American Development Bank: \$150,000,000 to remain available until expended, of which \$13,240,000 shall be available solely for paid in capital; \$136,760,000 shall be available solely for callable ordinary capital."

Mr. GONZALEZ. Mr. Chairman, I have offered my amendment in good faith because, even though it is a compromise, it is indispensable that this House go on record in support of a highly successful institution: the Inter-American Development Bank.

It would be a serious error to pass this bill in its present form with no appropriation for IDB.

Therefore, I am most appreciative that the chairman has accepted my amendment.

Failure to have restored even this partial money would have been a disaster.

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

Mr. GONZALEZ. I am delighted to yield to the gentleman from Louisiana.

Mr. PASSMAN. This is one of the international organizations.

During the history of the aid bills, some 25 years, neither the subcommittee nor the full committee nor the House of Representatives has ever made any reduction in any type of international organization, but inasmuch as the trend is

toward multilateral organizations we felt this would be a good time to indicate to the agencies that we had the right to cut and that we would cut and we would hope that the House would stick with us.

After we made this cut we heard a lot of pleas from the people downtown, who stated they had previously entered into such agreements and though we had no legal obligations they would accept a compromise of the \$261 million requested if we would give them \$150 million, and this would work out the agreements they had with the other nations.

Inasmuch as this is the first time we have ever cut the multilateral organizations, and they did note a reasonable justification for cutting it back, I am not going to oppose the amendment; rather, I shall support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. GONZALEZ).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE V—GENERAL PROVISIONS

SEC. 501. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes within the United States not heretofore authorized by the Congress.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, early this afternoon—and that seems a long time ago; perhaps it was this morning when general debate started—the gentleman from Louisiana (Mr. PASSMAN) properly spoke of the imminence of Christmas.

So I should like to speak of the imminence of Santa Claus. We have him here now, and another ornament was just put on the Christmas tree for the foreigners, an amendment to give them another \$150 million.

This bill started out this morning at \$2.84 billion. It was a few million off, but in round figures \$2,845 million. Amendments have now been added increasing it to more than \$3 billion.

We were told about the wondrous cuts that were going to be made in this latest Santa Claus deal, but here we are with a \$3 billion foreign aid bill, despite the fact that we are faced with a \$435 billion Federal debt that no one seems to worry much about, a \$30 billion to \$35 billion deficit at the end of this fiscal year, and nearly \$22 billion interest each year on the Federal debt.

So we are confronted with another \$3 billion handout, and no one knows what the Senate will do by way of an increase before they get through with this bill.

The gentleman was so right when he said Christmas is close at hand. Santa Claus arrived in the House today in all his splendor.

Mr. PASSMAN. Will my distinguished friend yield?

Mr. GROSS. Yes; but please do not take quite all my time.

Mr. PASSMAN. I promise the gentleman I will not.

I want to bring to the gentleman's attention that one can be so inflexible

and not look at the other man's point of view that you usually get licked.

We reduced this bill \$1,497 million below the budget estimate. We reduced this bill \$967 million below the appropriation last year. We put back in \$150 million for what seems to me a very sensitive area. It is still a reasonable compromise. We are giving you a reduction of over \$1 billion.

Mr. GROSS. All right. I get the gentleman's point.

Now let me ask the gentleman a question. On July 1 of this year what was the amount of money unexpended in the foreign handout pipeline? Was there not some \$24.4 billion?

Mr. PASSMAN. Will the gentleman yield?

Mr. GROSS. Yes.

Mr. PASSMAN. If the gentleman runs out of time, I will ask unanimous consent that he may proceed for whatever time is necessary in order to clear this up, because I think this is worth repeating.

This committee always furnished this House complete detailed information. We have never attempted to hide anything from this House. When you look at your pipeline of \$24 billion you are looking at funds that are not available for new obligations. This is simply loans and other things that are available on ongoing projects. If we look at the large spigot which was referred to as foreign aid, there is only \$4.4 billion. All of the other spigots on this sheet cover things like the Export-Import Bank limitation and many others of that sort. All of those things can be looked on as aid or assistance in our recapitulation, but remember that much of this goes for the Export-Import Bank and it will be rapid, as the gentleman well knows.

So, inasmuch as we are willing to make it all inclusive so that this House may know what we are doing, I trust that the gentleman will not chastise the committee too much.

Mr. GROSS. The gentleman still has not answered my question. How much was there in the pipeline?

Mr. PASSMAN. For foreign assistance, as reflected in foreign aid and carried in this bill, there is \$4,600 million which is obligated and which cannot be used for new projects.

Mr. GROSS. \$4 billion, the gentleman said?

Mr. PASSMAN. That is correct.

Mr. GROSS. That was on July 1. What does the gentleman say is in the pipeline now? How much?

Mr. PASSMAN. I have not asked that question in recent days. They are withdrawing from the pipeline all the time, and I assume with the continuing resolution that they have made additional obligations.

Mr. GROSS. So that with the wide-open power to the President to deobligate, reobligate, and transfer these funds there would be no harm done if we did not pass this bill. If this bill did not pass, there would be no harm. Is that not correct?

Mr. PASSMAN. To my way of think-

ing—and I can answer the gentleman with all the sincerity that I can muster and all my integrity and all my honor—that would be doing irreparable harm if we did not pass this bill. I think Korea would go down the drain. The President would be withdrawing his troops from Vietnam, and that situation would be greatly affected. The Export-Import Bank means so much to the American businessman, and that would go down the drain at 12 o'clock tonight if we did not pass this bill.

I think the damage would be terrific, and I hope the House will not take that position.

Mr. GROSS. So that is the final word from the gentleman who voted against the foreign-aid authorization bill when it was before the House. Is that correct?

Mr. PASSMAN. The pipeline funds have been obligated for ongoing projects and no new projects can be initiated.

No new projects can be initiated. The gentleman from Iowa understands that as well as I do.

Mr. GROSS. I can tell you one thing I do understand and that is that we are walking right down the road to catastrophe in this country, and the spending of more than \$200 billion, including the interest on this foreign giveaway program through the years, has made a tremendous contribution toward this catastrophe that faces every man, woman, and child in this Nation.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. No; I decline to yield further to the gentleman from Louisiana.

I yield to the gentleman from Iowa.

Mr. SCHERLE. I appreciate my colleague from Iowa yielding.

Since this bill does have about \$2.8 billion contained in it, I wonder if the chairman of the subcommittee would accept a moratorium of 1 year on foreign aid?

Mr. PASSMAN. What is the question?

Mr. SCHERLE. I wonder if the chairman would accept an amendment declaring a moratorium on foreign aid, since there is so much money in the pipeline?

Mr. PASSMAN. Of course, I do not have the right to accept an amendment of that kind. I want to say to the gentleman that I am just as much opposed to excessive foreign aid as is the gentleman. That fact has been clearly demonstrated in the fact that we have made over \$14 billion in cuts in foreign aid over the past few years.

Mr. GROSS. Mr. Chairman, I want to wish the chairman of the subcommittee, Mr. PASSMAN, a merry Christmas.

Mr. PASSMAN. I want to wish my friend from Iowa a merry Christmas.

Mr. HAYS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not believe that I can vote for this bill. That is no reflection upon the gentleman from Louisiana who is the chairman of the subcommittee, but I do want to say, having listened to most of the colloquy between the gentleman from Louisiana and the gentleman from Iowa that as I un-

derstand the bill now it is at least \$200 million higher than the authorization money which the other body and the House had informally agreed upon.

Mr. PASSMAN. That is not correct. I believe it is under. We will get the exact figure while the gentleman talks.

Mr. HAYS. I know what we agreed upon. It was less than \$3 billion. Of course, that does not have any effect now because the conference is hung up on the so-called Mansfield amendment and apparently there is not going to be any authorization bill. I will defend the gentleman from Louisiana and say if this extra \$250 million goes down the drain, you can blame it on the intransigence of the gentleman from Montana (Mr. MANSFIELD) in the other body. If he had permitted us to come forward with an authorization bill, you could not have gone quite that high.

Mr. PASSMAN. I believe we are still under the Senate because you have extra titles in this bill that were not carried in the authorization.

Mr. HAYS. We do not have a continuing resolution. We had an authorization bill.

Mr. PASSMAN. But under the authorization bill also—under the Senate authorization bill.

Mr. HAYS. If you are under the Senate authorization bill, how do you get up to \$3 billion?

Mr. PASSMAN. We have made it all inclusive. We picked up all chapters. There are five chapters contained in this bill. We included military sales as one item, for instance.

Mr. HAYS. Well, they were in the other bill also.

Mr. PASSMAN. And, the authorization bill does not apply to the Peace Corps.

Mr. HAYS. No.

Mr. PASSMAN. And neither does it apply to the Inter-American Development Bank.

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

Mr. HAYS. Yes, I yield to the gentleman from Kansas.

Mr. SHRIVER. I want to make clear—and I thank the gentleman from Ohio for yielding—that the Inter-American Development Bank was authorized through the Committee on Banking and Currency.

Mr. HAYS. I understand that.

Mr. SHRIVER. And that was in the amount of \$150 million.

Mr. HAYS. I thank the gentleman for clarifying that because I did not understand that you had included other matters than were in the authorizing resolution, but you are still higher—

Mr. PASSMAN. We always do in this bill.

Mr. HAYS. The authorizing resolution was down substantially below any figures we have ever had in any other year, and the hangup between the conferees is not over the amounts, may I say to the gentleman.

I accept that.

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, I think the most significant point that has been brought out in the last few minutes has been

brought out by the chairman of the subcommittee from the Committee on Appropriations that there is \$4 billion uncommitted dollars in the pipeline.

Mr. HAYS. Four billion?

Mr. ROUSSELOT. Four billion in the pipeline.

Mr. HAYS. I thought it was \$24 billion. Is it \$4 billion or \$24 billion?

Mr. ROUSSELOT. I believe Mr. PASSMAN said 4 billion uncommitted dollars.

Mr. HAYS. How much is in there altogether, uncommitted?

Mr. PASSMAN. If the gentleman will yield, in the title under discussion, and in the authorizing bill, this bill is under both the House and Senate authorizing bills.

Mr. ROUSSELOT. The point is not that it was under the authorization, but that there is \$4 billion unspent funds fully available to carry out the so-called commitments. We really do not need this bill. If we defeat this appropriation it will not cut off all funds. I think that is the point of significance.

Mr. HAYS. I think it is fair to say if you really want to vote for economy—and I do not see any reason why we should be getting into an argument about who is saving money—but I am going to vote against the bill. I know that will be a vote to save money.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, if you follow the figures of the gentleman from California, there is \$32 billion in the defense pipeline, there is \$11 billion that they have not used a dime of. So why do we need \$70 billion?

Mr. HAYS. Mr. Chairman, I will say to my chairman I think he is exactly right, and what we ought to do is to dry up some of these unobligated funds, whether they are foreign aid, Defense Department, Department of Agriculture, you name them.

Mr. PASSMAN. Mr. Chairman, let me assure the gentleman from Ohio that in the pipeline in titles I and II, there is \$4,600,000,000, and that money has been obligated for ongoing projects, and for loans. If you should kill this bill, of course, there would not be an additional dollar available for any new starts, or any new commitments, military or otherwise.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GERALD R. FORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman. at the outset let me speak in a complimentary way about the distinguished chairman of the Subcommittee on Foreign Operations of the Committee on Appropriations, the gentleman from Louisiana (Mr. PASSMAN).

I sat for 12 years in that subcommittee with the gentleman from Louisiana, and although we had many disagreements I can say that the gentleman is as knowledgeable about the history and the current facts on this program as anybody I know of in the Congress.

This bill may be too low for some, and too high for others, but the gentleman has brought out a bill here that ought to be supported. I think he should be

commended for his flexibility in adjusting in two areas to amendments. I compliment the gentleman for that statesmanship. The bill is improved by these several increases.

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

Mr. GERALD R. FORD. I yield to our distinguished Speaker.

Mr. ALBERT. Mr. Chairman, I first want to associate myself with the remarks that the gentleman from Michigan, the distinguished minority leader, has just made.

Second, it ought to be crystal clear that the foreign aid appropriation bill does not coincide with the foreign aid authorization bills that have passed both Houses.

It picks up the Inter-American Bank Act, in this case \$150 million, which came out of the Committee on Banking and Currency, and is authorized, as I understand it. I for one urged the distinguished gentleman from Louisiana to accept this amendment because this is the only chance we will have to make an appropriation for that amount which is already authorized by the House, and by the Congress.

I hope the Members will support this bill. Mr. Chairman, if there ever was a barebones foreign aid bill, I would say this is it. We cannot, it seems to me, at this stage of the game just plunge out of this business. All of us hope to see a gradual decrease in foreign aid, but I think we should support the committee and support the gentleman from Louisiana.

I hope that the House will do that.

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

Mr. GERALD R. FORD. I yield to the gentleman.

Mr. CEDERBERG. I take this time because I think one of the great tragedies that could happen in the dying days of this session would be to have this appropriation fail.

I am not one who has supported the foreign aid program over the years very much. I have been for it sometimes and against it sometimes. But if this bill goes down the drain, then Vietnamization and the problems we have in Southeast Asia and from which the President is trying to extricate us will be made immeasurably more difficult.

I am not going to have that on my conscience. You can have it on yours. But I am going to vote for this appropriation for foreign aid mainly because I think it is absolutely important for the foreign policy of this country.

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

Mr. GERALD R. FORD. I yield to the gentleman.

Mr. MAHON. Mr. Chairman, I want to endorse the statement made by the gentleman from Michigan in regard to the program of Vietnamization. This bill is closely tied to our pursuit of peace in Vietnam. We must support the President in his effort to bring this war to a reasonably satisfactory conclusion. We cannot do it without the support that this bill provides.

This bill likewise makes a contribution to the cause of peace in the Middle East and the whole world. And despite its imperfections, and there are many, and despite the fact that it can be ridiculed in some respects, the bill must be passed as I see it and I hope the House will adopt the bill which will soon be voted upon.

Mr. GERALD R. FORD. Mr. Chairman, I cannot improve upon the words just uttered by the gentleman from Texas. This bill is vital to the security of our peace-maintaining policies and forces in the Middle East, our forces in Southeast Asia, and to our overall attempts to achieve and maintain peace throughout the world.

In my judgment, it would be catastrophic for specious reasons to defeat this appropriation bill at this time.

I strongly urge support of the bill.

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

Mr. GERALD R. FORD. I yield to the gentleman.

Mr. FRASER. I intended to vote against this bill because I thought it was so destructive of our foreign aid program.

With the addition of \$150 million for the Inter-American Bank and the increase for the Peace Corps, I am going to vote for it.

I did not like the bill. I think there are many defects in it. But on balance, I thought with these changes, it does deserve support at this point.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 502. No part of any appropriation contained in this Act shall be used for expenses of the Inspector General, Foreign Assistance, after the expiration of the thirty-five day period which begins on the date the General Accounting Office or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering foreign assistance legislation, appropriations, or expenditures, has delivered to the Office of the Inspector General, Foreign Assistance, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in the custody or control of the Inspector General, Foreign Assistance, relating to any review, inspection or audit arranged for, directed, or conducted by him, unless and until there has been furnished to the General Accounting Office or to such committee or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested or (B) a certification by the President, personally, that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have just listened to the chairman of the Committee on Appropriations, Mr. MAHON; to the minority leader, Mr. FORD, and to the distinguished Speaker of the House, Mr. ALBERT, on how necessary this legislation is.

I have been here a few years and I have heard this same talk year after year when this foreign handout program has come along—how necessary it is to preserve peace in the world.

What have we had since this foreign

aid program was started, I would like to ask the gentleman from Michigan (Mr. GERALD R. FORD).

We have had the war in Korea—35,000 dead. The war in Vietnam—with another 45,000 or 50,000 dead.

This foreign handout program is necessary to carry out dollar diplomacy.

Through the years there have been Democrat and Republican administrations of this Government, past and present, and apparently none of them could operate a foreign policy without billions of dollars in foreign aid to make commitments and buy their way around the world. That is what this all about. Today you are about to slap another \$3 billion mortgage plaster on the backs of the children of this country, on the backs of our sons and daughters and on the backs of their children. It is a mortgage plaster that will never be retired, and you know it, unless it is through some process of revaluation or devaluation or outright debt repudiation.

Mr. GERALD R. FORD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I used the gentleman's name. I am glad to yield.

Mr. GERALD R. FORD. Let me just say this. Before World War II, when we did not spend a dime on any aid and assistance program, military or economic, we got ourselves involved in a war in which 16 million Americans went into service and a good many more Americans were tragically and unfortunately killed. I think the batting average of this program is better after that war than an isolationist policy before the war proved to be.

Mr. GROSS. And this has not prevented a war since, has it? You bet your life it has not. We are becoming more deeply involved all the time around the world. The reason why you want this bill is because of dollar diplomacy.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield to me?

Mr. GROSS. Yes, I yield to the gentleman from Michigan.

Mr. CEDERBERG. I do not believe in dollar diplomacy any more than does the gentleman from Iowa.

Mr. GROSS. Then vote against the bill. But you do not—

Mr. CEDERBERG. Did the gentleman yield to me or did he not?

Mr. GROSS. Yes, I yielded to you.

Mr. CEDERBERG. Then let me complete what I wanted to say.

Mr. GROSS. Go right ahead.

Mr. CEDERBERG. The speech of the gentleman from Iowa will read as beautifully in the newspapers of Michigan as it will in Iowa. My constituents would appreciate it more if I voted against this bill, as I have many times before.

I do not like everything in this bill. But comparing the record of what happened prior to World War II with what has happened since World War II, it is an awfully difficult thing to dismiss the value of this program.

Mr. GROSS. Who provided the blood and guts for those wars? Who has financed the wars except us? And all of this despite these foreign aid programs.

Mr. CEDERBERG. I am not happy about this—

Mr. GROSS. There is not the slightest assurance that there will be peace in any country of the world.

Mr. CEDERBERG. I am not happy about this, but I will say I believe that if this goes down the drain, we will lose millions more in Southeast Asia and other parts of the world. If we want to let the forces of communism completely come over and take us over without spending a dime, then our dollars will not be worth the paper on which they are printed whether we have dollar diplomacy or not.

Mr. GROSS. And how interesting it is to hear this afternoon how this bill will beef up the weapons in the Middle East, and through other programs sell food grains to the Russians at bargain basement prices, thus fattening the Russians and their satellites for their ventures in that area of the world.

Mr. Chairman, I hope we will not again soon hear a repeat of the story of the sad financial condition of this Government, especially from those who will vote for this \$3 billion handout to foreigners.

The citizens of this country cannot police and bankroll the rest of the world and remain solvent.

Nor will peace be maintained through the dispensing of foreign aid as attested by the situation today in the subcontinent where India, the beneficiary of \$8 billion in foreign aid and Pakistan, the recipient of \$4½ billion, are locked in war.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 503. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Mr. SCHEUER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I support this bill, despite its imperfections, but I must express my chagrin and disappointment that the \$100 million that was in the authorization bill for family planning activities abroad has been cut to \$50 million. It was not very many years ago when we did not have very much credibility abroad in our efforts to urge nations in Africa, Asia, and Latin America to engage in concerted efforts to control their galloping population growth. But we have come a long way in achieving credibility. By 1970 the Congress passed the Population Planning and Research Act of 1970, which sent out the signal that we had ceased telling nations abroad to do as we say, but not as we do; that there was a policy of this country to make available family planning information and equipment to every American woman in her childbearing years—on a strictly voluntary basis, of course.

Now we have a presidentially appointed Commission on Population and the American Future at work to further develop a national policy on population for the United States. So we have more credibility than we have ever had before

in urging the underdeveloped countries of the world that have explosive rates of population growth to do something about controlling those rates of increase; we have credibility now in proffering specific, practical assistance.

If those countries whom we are attempting to aid do not do something specific, tangible and practical about population growth, everything else we are trying to help them achieve, everything else we are giving them under the provisions of this bill to help them—schools, housing, food, medical care, and the other basic elements of civilized life—are doomed to fail.

We will be literally wasting the hundreds of billions we have spent on other elements of our foreign aid programs over the last generation if we fail to spend the hundred million authorized to help the nations abroad on population planning programs to solve the problem of explosive population growth. I urgently hope the administration will use some of the discretionary funds, of about \$200 million, for population planning aid abroad in addition to the specifically appropriated \$50 million for that purpose.

The report of the Foreign Affairs Committee on H.R. 9910—the foreign assistance authorization bill—made clear that committee's strongly held view that not only should the AID maintain spending for population programs at the \$100 million level, but also that available discretionary funds should be spent in addition on population control programs in the developing countries. There is no single Government assistance program—foreign or domestic—which has the extraordinarily favorable cost-benefit ratio of population control by voluntary family planning assistance.

The committee's statement on the high priority they place on continued—indeed—increased family planning assistance programs—follows:

SECTION 105—PROGRAMS RELATING TO POPULATION GROWTH

Because of the increasing concern in the United States and elsewhere about world population growth, the Congress in 1968 added a new title to the Foreign Assistance Act and earmarked funds to promote programs relating to population growth.

For 4 years the funds earmarked for AID's population programs by the Congress have been a most important factor in the world's response to the population crisis—a crisis that gravely threatens orderly economic development and the basic quality of human life and the environment.

The accompanying chart demonstrates the awesome dimensions of the world population growth and the need for concerted action to decrease rates of population growth.

As the amount of earmarked funds has been progressively increased by Congress over the past 4 years, to a total of \$100 million for fiscal year 1971, it has cut deeply into funds appropriated for other programs, primarily the development loan fund, to the detriment of such programs.

As a result of that problem, and believing that programs relating to population growth are important enough to be funded on their own merits, the committee has amended section 292 of title X of the Act to authorize a separate line item appropriation.

For fiscal year 1972 it has set the authorization at \$100 million and for fiscal year

1973, at \$125 million. The increase for the next fiscal year is justified, the committee believes, by the progress being made in the AID-sponsored population control programs and the prospects of increased requests to the United States for aid in this field by the developing countries as they recognize the dimensions of their own population problems.

The committee believes that the amounts authorized for population programs are the minimum that should be used in this vital area. The committee assumes that the Agency for International Development will maintain the population program at the level authorized by the committee, or higher, by making use, if necessary, of the following new language added to section 292: "Other funds provided to carry out the provisions of part I of this Act shall also be available to carry out the purposes of this title and, not withstanding any other provision of this Act, funds used for such purposes may be used on a loan or grant basis." Further, the committee believes that U.S.-owned excess foreign currencies should be used to the maximum extent possible for population programs.

The CHAIRMAN. The Clerk will read. The Clerk concluded the reading of the bill.

Mr. PASSMAN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Mr. PASSMAN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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

The bill was ordered to be engrossed and 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. SCHERLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. SCHERLE. 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. The Chair will count. One hundred eighty-nine Members are present, not a quorum.

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

The question was taken; and there were—yeas 214, nays 179, answered "present" 1, not voting 37, as follows:

[Roll No. 441]

YEAS—214

Abzug
Aidabbo
Alexander
Anderson, Ill.
Anderson, Tenn.
Andrews,
N. Dak.

Aspinall
Badillo
Barrett
Bell
Bergland
Biaggi
Blester
Bingham

Boggs
Boland
Bolling
Bow
Brasco
Brooks
Broomfield
Brotzman

Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burke, Mass.
Burton
Byrne, Pa.
Byrnes, Wis.
Cabell
Carey, N.Y.
Cederberg
Celler
Clark
Clay
Conable
Conte
Corman
Cotter
Coughlin
Daniels, N.J.
Danielson
Davis, Wis.
Dellenback
Dennis
Dingell
Donohue
Downing
Drinan
du Pont
Dwyer
Edmondson
Ellberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Fascell
Findley
Fish
Flood
Foley
Ford, Gerald R.
Ford,
William D.
Forsythe
Fraser
Frelinghuysen
Frenzel
Fulton, Tenn.
Gallagher
Garmatz
Gialmo
Gibbons
Gonzalez
Goodling
Grasso
Gray
Green, Pa.
Gubser
Gude
Halpern
Hanley
Hanna
Hansen, Idaho
Hansen, Wash.

Harrington
Harvey
Hathaway
Hébert
Heckler, Mass.
Heinz
Helstoski
Hicks, Mass.
Hogan
Holifield
Horton
Hosmer
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Karth
Kazen
Keating
Kee
Keith
Kemp
Koch
Kyros
Leggett
Lent
Link
Lloyd
Long, Md.
McClary
McCloskey
McDade
McEwen
McFall
McKay
McKevitt
McKinney
Madden
Mahon
Mailliard
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Mikva
Miller, Calif.
Mills, Md.
Minish
Mitchell
Mollohan
Monagan
Moorehead
Morgan
Morse
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nelsen
Nix
O'Hara
O'Neill
Passman
Patten
Pelly
Pepper

Perkins
Peyser
Pickle
Pinnle
Podell
Preyer, N.C.
Price, Ill.
Pryor, Ark.
Pucinski
Quile
Rallsback
Rees
Reid, N.Y.
Reuss
Rhodes
Riegle
Robison, N.Y.
Rodino
Roe
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Roybal
Ruppe
Ryan
Sarbanes
Scheuer
Schneebeli
Schwengel
Shriver
Sisk
Smith, Iowa
Smith, N.Y.
Stanton,
J. William
Steele
Steiger, Wis.
Stokes
Stratton
Symington
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito
Ware
Whalen
Whitehurst
Widnall
Wiggins
Wilson, Bob
Wilson,
Charles H.
Wolff
Wyatt
Wyder
Yates
Yatron
Young, Tex.
Zablocki
Zwach

NAYS—179

Abbt
Abernethy
Abourezk
Adams
Anderson,
Calif.
Archer
Ashbrook
Ashley
Aspin
Baker
Baring
Begich
Bennett
Betts
Bevill
Blanton
Brademas
Bray
Brinkley
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Byron
Caffery
Camp
Carney
Carter
Chamberlain
Chappell
Chickell
Clancy
Clausen,
Don H.
Clawson, Del.
Cleveland

Collier
Collins, Tex.
Colmer
Conyers
Crane
Culver
Daniel, Va.
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Dent
Devine
Dickinson
Dorn
Dow
Dulski
Duncan
Eckhardt
Edwards, Ala.
Edwards, Calif.
Fisher
Flowers
Flynt
Frey
Fuqua
Galifianakis
Gaydos
Gettys
Goldwater
Griffin
Griffiths
Gross
Grover
Hagan

Haley
Hall
Hamilton
Hammer-
schmidt
Harsha
Hastings
Hays
Heckler, W. Va.
Henderson
Hicks, Wash.
Hillis
Hull
Hungate
Hunt
Hutchinson
Ichord
Jacobs
Jarman
Jonas
Jones, N.C.
Jones, Tenn.
Kastenmeier
King
Kuykendall
Kyl
Landgrebe
Landrum
Latta
Lennon
Long, La.
Lujan
McClure
McCollister
McCormack
McCulloch

| | | |
|------------------|---------------|-------------------|
| McDonald, Mich. | Randall | Stanton, James V. |
| Macdonald, Mass. | Rarick | Steed |
| Mann | Roberts | Steiger, Ariz. |
| Martin | Robinson, Va. | Stephens |
| Metcalfe | Rogers | Stubblefield |
| Michel | Roush | Stuckey |
| Miller, Ohio | Roussetot | Talcott |
| Mink | Roy | Taylor |
| Minshall | Runnels | Terry |
| Mizell | Ruth | Thompson, Ga. |
| Mosher | St Germain | Thompson, N.J. |
| Moss | Sandman | Thone |
| Myers | Satterfield | Veysey |
| Natcher | Saylor | Waggonner |
| Nichols | Scherle | Waldie |
| Obey | Schmitz | Wampler |
| Pettis | Scott | Whalley |
| Pike | Sebelius | White |
| Poage | Shipley | Williams |
| Poff | Shoup | Winn |
| Powell | Sikes | Wyllie |
| Price, Tex. | Skubitz | Wyman |
| Purcell | Slack | Young, Fla. |
| Quillen | Smith, Calif. | Zion |
| | Snyder | |

ANSWERED "PRESENT"—1
O'Konski

NOT VOTING—37

| | | |
|----------------|-----------------|--------------|
| Andrews, Ala. | Dowdy | Patman |
| Annunzio | Edwards, La. | Roncalio |
| Arends | Evins, Tenn. | Rostenkowski |
| Belcher | Fountain | Seiberling |
| Blackburn | Green, Oreg. | Spence |
| Blatnik | Hawkins | Springer |
| Broyhill, N.C. | Howard | Staggers |
| Casey, Tex. | Kluczynski | Sullivan |
| Collins, Ill. | McMillan | Tiernan |
| Curlin | Mathias, Calif. | Whitten |
| Davis, Ga. | Mathis, Ga. | Wright |
| Derwinski | Mills, Ark. | |
| Diggs | Montgomery | |

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Roncalio against.

Mr. Tiernan for, with Mr. Fountain against.

Mr. Kluczynski for, with Mr. Evins of Tennessee against.

Mr. Arends for, with Mr. O'Konski against.

Mr. Blatnik for, with Mr. Whitten against.

Mr. Rostenkowski for, with Mr. Broyhill of North Carolina against.

Mr. Staggers for, with Mr. Casey of Texas against.

Mrs. Sullivan for, with Mr. Mathis of Georgia against.

Mr. Mathias of California for, with Mr. Andrews of Alabama against.

Mr. Diggs for, with Mr. Montgomery against.

Mr. Howard for, with Mr. Dowdy against.

Until further notice:

Mr. Wright with Mr. Belcher.

Mr. Hawkins with Mr. McMillan.

Mr. Davis of Georgia with Mr. Spence.

Mr. Mills of Arkansas with Mr. Blackburn.

Mr. Patman with Mr. Derwinski.

Mr. Collins of Illinois with Mr. Springer.

Mrs. Green of Oregon with Mr. Seiberling.

Mr. O'KONSKI. Mr. Speaker, I have a live pair with the gentleman from Illinois (Mr. ARENDS). If he had been present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise

and extend their remarks on the bill just passed (H.R. 12067).

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

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that Mr. ROTH was appointed as a conferee on the joint resolution (S.J. Res. 176) entitled "Joint resolution to extend the authority of the Secretary of Housing and Urban Development with respect to interest rates on insured mortgages, to extend and modify certain provisions of the National Flood Insurance Act of 1968, and for other purposes", in lieu of Mr. BENNETT.

PERMISSION FOR COMMITTEE ON DISTRICT OF COLUMBIA TO HAVE UNTIL MIDNIGHT TONIGHT TO FILE CERTAIN REPORTS

Mr. HUNGATE. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file certain reports.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, what does the gentleman mean by certain reports?

Mr. HUNGATE. Mr. Speaker, if the gentleman will yield, I will advise him of the exact name and nature of those reports.

Mr. GROSS. I yield to the gentleman from Missouri.

Mr. HUNGATE. Mr. Speaker, there will be:

S. 1938, amended, to amend District of Columbia Code relating to interest and usury (consumer credit provisions to be in separate bill);

H.R. 11992, amended, to amend the District of Columbia Election Act;

H.R. 10237, amended, to amend the District of Columbia Unemployment Compensation Act in order to conform to Federal law; and

H.R. 11628, amended, to authorize grants and loan guarantees for construction or modernization of hospitals and other medical facilities in the District of Columbia.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

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

Mr. ABERNETHY. Mr. Speaker, as to H.R. 11628, I object.

The SPEAKER. Objection is heard.

Is there objection to the balance of the requests of the gentleman from Missouri?

There was no objection.

RESIGNATION OF AND APPOINTMENT OF CONFEE ON S. 382, CAMPAIGN SPENDING BILL

The SPEAKER laid before the House the following resignation:

WASHINGTON, D.C.,
December 3, 1971.

HON. CARL ALBERT,
The Speaker,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Because I will be out of the country when the conferees meet to resolve the differences in the so-called Campaign Spending Bills, I respectfully request that my name be withdrawn as one of the House conferees.

Sincerely yours,

WILLIAM L. SPRINGER.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

The SPEAKER. The Chair appoints as a conferee on the part of the House on the bill S. 382 the gentleman from Minnesota (Mr. NELSEN).

The Clerk will notify the Senate of this action.

RESIGNATION FROM COMMITTEE ON HOUSE RECORDING STUDIO

The SPEAKER laid before the House the following resignation:

WASHINGTON, D.C.,
December 7, 1971.

HON. CARL ALBERT,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I herewith submit my resignation from the Committee on the House Recording Studio.

With best wishes,

Sincerely yours,

RICHARD BOLLING.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

APPOINTMENT AS MEMBER OF COMMITTEE ON HOUSE RECORDING STUDIO

The SPEAKER. Pursuant to the provisions of section 105(c), Public Law 624, 84th Congress, the Chair appoints as a member of the Committee of the House Recording Studio the gentleman from California, Mr. REES, to fill the existing vacancy thereon.

PENSION REFORM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 92-182)

The SPEAKER laid before the House the following message from the President of the United States; which was read and referred to the Committee on Ways and Means and ordered to be printed:

To the Congress of the United States:

Self-reliance, prudence and independence are qualities which our Government should work to encourage among our people. These are also the qualities which are involved when a person chooses to invest in a retirement savings plan, setting aside money today so that he will have greater security tomorrow. In this respect, pension plans are a direct expression of some of the finest elements in the American character. Public policy should be designed to reward and reinforce these qualities.

The achievements of our private pen-

sion plans are a tribute to the cooperation and creativeness of American labor and management. Over 4 million retired workers are now receiving benefits from private plans and these benefits total about \$7 billion annually. More than \$140 billion has been accumulated by these plans to pay retirement benefits in the future. But there is still much room for expanding and strengthening our private pension system.

Three groups in our society have a tremendous direct stake in the growth and improvement of private pensions. The first is made up of that 50 percent of American wage earners who are not in private group plans at the present time and who have no tax incentive for investing in retirement savings as individuals. The second group includes those who are enrolled in group plans which provide benefits for their retirement needs which they regard as insufficient or which do not ensure that the benefits which are accumulating while they work will actually be made available when they retire. If we meet the problems of these two groups today, we will also be taking a giant stride toward improving the quality of life tomorrow for an important third segment of our population to which they will eventually belong: the retired Americans whose independence and dignity depend in large measure on an adequate post-retirement income.

Older persons have spoken eloquently about the need for pension reform, especially at the White House Conference on Aging, which was recently held in Washington. It is clear that our efforts to reform and expand our income maintenance systems must now be complemented by an effort to reform and expand private retirement programs.

The five-point program I present today includes three new legislative proposals, a renewed endorsement of an earlier proposal and a major study project which could lead to further legislation.

1. *Employees who wish to save independently for their retirement or to supplement employer-financed pensions should be allowed to deduct on their income tax returns amounts set aside for these purposes.*

Today only 30 million employees are covered by private retirement plans. This fact alone demonstrates the need to encourage greater private saving for retirement.

Under present law, both the contributions which an employer makes to a qualified private retirement plan on behalf of his employees and the investment earnings on those contributions are generally not subject to taxes until they are paid to the employee or to his beneficiaries. The tax liability on investment earnings is also deferred when an employee contributes to a group plan, though in this case the contribution itself is taxable. But when an employee saves independently for his own retirement, both his contribution and the investment earnings on such savings are currently subject to taxes.

This inequity discourages individual self-reliance and slows the growth of private retirement savings. It places an

unfair burden on those employees (especially older workers) who want to establish a pension plan or augment an employer-financed plan. To provide such persons with the same opportunities now available to others, I therefore ask the Congress to make contributions to retirement savings programs by individuals deductible up to the level of \$1,500 per year or 20 percent of income, whichever is less. Individuals would retain the power to control the investment of these funds, channeling them into bank accounts, mutual funds, annuity or insurance programs, government bonds, or into other investments as they desire. Taxes would also be deferred on the earnings from these investments.

This provision would be especially helpful to older workers who are most interested in retirement. The limitation I propose would direct benefits primarily to employees with low and moderate incomes, while preserving an incentive to establish employer-financed plans. The limit is nevertheless sufficiently high to permit older employees to finance a substantial retirement income. For example, a person whose plan begins at age 40, with contributions of \$1,500 a year, could still retire at age 65 with an annual pension of \$7,500, in addition to social security benefits.

This proposed deduction would be available to those already covered by employer-financed plans, but in this case the upper limit of \$1,500 would be reduced to reflect pension plan contributions made by the employer. An appropriate adjustment would also be made in the case of individuals who do not contribute to the Social Security system or the Railroad Retirement System.

2. *Self-employed persons who invest in pension plans for themselves and their employees should be given a more generous tax deduction than they now receive.*

Under present law, self-employed persons may establish pension plans covering themselves and their employees. However, deductible contributions are limited annually to \$2,500 or 10 percent of earned income, whichever is less. There are no such limits to contributions made by corporations on behalf of their employees.

This distinction in treatment is not based on any difference in reality, since self-employed persons and corporate employees often engage in substantially the same economic activities. One result of this distinction has been to create an artificial incentive for the self-employed to incorporate; another result has been to deny benefits to the employees of those self-employed persons who do not wish to incorporate which are comparable to those of corporate employees.

To achieve greater equity, I propose that the annual limit for deductible contributions by the self-employed be raised to \$7,500 or 15 percent of income, whichever is less. This provision would encourage and enable the self-employed to provide more adequate benefits for themselves and for their workers.

3. *A minimum standard should be established in law for the vesting of pensions—i.e., for preserving pension rights*

of employees even though they leave their jobs before retirement.

A basic problem in our present pension system is the situation of the worker who loses his pension when he is discharged, laid off, resigns or moves to another job. A person who is discharged just before retirement, for example, sometimes finds that the retirement income on which he has been relying—and which has been accumulating for many years—simply is no longer due him.

Preservation of the pension rights of employees who leave their jobs—vesting—is essential to a growing and healthy private pension system. A pension is fully vested when an employee is entitled to receive all benefits accumulated up to a certain date regardless of what happens in the period between that date and his retirement. Despite encouraging increases in the degree of vesting, the pensions of more than two-thirds of all current participants in private pension plans are not now vested. Even among older employees, whose need for vesting is most acute, many pensions are not now vested. Forty percent of participants age 45 or older, 34 percent of participants age 50 or older, and 26 percent of participants age 55 or older do not have vested pension rights.

This problem can be corrected by requiring that pensions be fully vested at an appropriate specified point in a worker's career. But how should that point be determined? If it were set at too early a point, so that too many younger workers were vested, it could create a considerable burden for employers and reduce the level of benefits for retiring workers. On the other hand, if too long a wait were allowed before vesting begins, then many older workers would receive little if any assistance. Both of these pitfalls can be avoided, however, through a carefully drawn formula which provides a shorter waiting period before vesting begins for older workers.

The formula that I propose to the Congress is based upon what I shall call the "Rule of 50." Under this standard, every pension would be considered half vested when an employee's age plus the number of years he has participated in the pension plan equals 50. The vesting process would begin with this jump to half-vested status. After this point has been reached, an additional ten percent of the pension would be vested every year—so that the pension would be fully vested five years later.

Under this standard, which must apply to workers who are 30 years of age or older, anyone joining a plan when he is 30 years old would find that his pension would begin to vest at age 40, when his years of participation (10) plus his age (40) would equal 50. The pension of an employee joining at age 40 would begin to vest at age 45, and that of an employee joining at age 50 would begin to vest immediately. And in each case, the degree of vesting would increase from 50 percent to 100 percent over the subsequent five-year period.

This plan gives older workers the advantage of more rapid vesting, a fact which could limit somewhat new employment opportunities for older workers.

To help alleviate this danger, I recommend that a 3-year waiting period be allowed before a new employee must be permitted to join a pension plan, and also that employees hired within 5 years of retirement need not fall under this vesting rule. These safeguards would ensure that older workers are not disadvantaged by this program.

This "Rule of 50" would raise the share of participants in private pension plans with vested pensions from 31 percent to 46 percent. Even more importantly, among participants age 45 and older, the percentage with vested pensions would rise from 60 percent to 92 percent. Overall, the number of employees with vested rights would increase by 3.6 million, of whom 3 million would be age 45 and older.

To avoid excessive cost increases in pension plans which might lead to reduction of benefits, this new law would apply only to benefits earned after the bill becomes effective. The average cost increase for plans with no vesting provision now would be about 1.8 cents per hour for each covered employee.

4. *The Employee Benefits Protection Act which I proposed to the Congress in March of 1970 should promptly be enacted into law.*

This legislation was designed to protect American workers against abuses by those who administer pension funds. As I pointed out when I first made this proposal, "the control of these funds is shared by employers, unions, banks, insurance companies, and many others." Most of these funds are honestly and effectively managed. But on occasion, some are not. By requiring administrators to manage such funds exclusively in the interest of the employee beneficiaries, the proposed law would provide a Federal remedy against carelessness, conflict of interest, and a range of corrupt practices.

The proposed law would also broaden reporting and disclosure requirements and strengthen investigatory and enforcement powers. There would be no interference, however, with State laws which now regulate the insurance, banking and securities fields.

It was 21 months ago that I asked the Congress "to give urgent priority to the Employee Benefits Protection Act." I described it then as an action which "further expands my program to protect the American worker as he works, when he is out of work, and after his working career is over." I now renew my request for action in this field—and am resubmitting this legislation in slightly revised form so that it will be even more effective. I urge that the Congress act promptly. There is no excuse for further procrastination.

5. *I have directed the Departments of Labor and the Treasury to undertake a one-year study to determine the extent of benefit losses under pension plans which are terminated.*

When a pension plan is terminated, an employee participating in it can lose all or a part of the benefits which he has long been relying on, even if his plan is fully vested. The extent to which terminations occur, the number of workers who are

affected, and the degree to which they are harmed are questions about which we now have insufficient information. This information is needed in order to determine what Federal policy should be on questions such as funding, the nature of the employer's liability, and termination insurance.

Even the best data now available in this field is itself incomplete and questionable. It was gathered for the period from 1955 to 1965 and it indicates that less than one-tenth of 1 percent of all workers then covered by pension plans were affected by terminations in any given year. It should also be noted that some workers who are affected by terminations may not actually lose their benefits. The wrong solution to the terminations problem could do more harm than good by raising unduly the cost of pension plans for the many workers who are not adversely affected by terminations.

Nevertheless, even one worker whose retirement security is destroyed by the termination of a plan is one too many. It is important, therefore, that the nature and scope of this problem be carefully and thoroughly investigated. I have directed the Departments of Labor and the Treasury to complete their study within one year.

The proposals which I offer today would enhance substantially the retirement security of America's work force. Those who are not members of group pension plans and those who have only limited coverage would be encouraged to obtain individual coverage on their own. The self-employed would have an incentive to arrange more adequate coverage for themselves and their employees. All participants would have greater assurance that they will actually receive the benefits which are coming to them. And they could also be far more certain that their pension funds were being administered under strict fiduciary standards.

There is sometimes a tendency for Government to neglect or take for granted the "little man" in this country, the average citizen who lives a quiet, responsible life and who constitutes the backbone of our strength as a nation. "He can take care of himself," we say, and there is a great deal of truth in that statement. The self-reliance of the average American is an extremely important national asset.

The fact that a man is self-reliant, however, does not mean that Government should ignore him. To the contrary, Government should do its part to cultivate individual responsibility, to provide incentives and rewards to those who "take care of themselves." Only in this way can we be sure that the self-reliant way of life will be a continuing and growing part of the American experience.

My pension reform program would help do this. It builds on traditional strengths which have always been at the root of our national greatness.

The private pension system has contributed much to the economic security of American workers. We can be proud of its growth and its accomplishments.

The proposals I offer will strengthen and stimulate its further development.

I hope this program will receive the prompt and favorable consideration of the Congress. For it can do a great deal to protect the rights of the average American during his working years and to enhance the quality of his life when he has retired.

RICHARD NIXON.

THE WHITE HOUSE, December 8, 1971.

STRATEGIC STORABLE AGRICULTURAL COMMODITIES ACT

Mr. ANDERSON of Tennessee. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 728 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 728

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 (H.R. 1163) to authorize the establishment and maintenance of reserve supplies of soybeans, corn, grain sorghum, barley, oats, and wheat for national security and to protect domestic consumers against an inadequate supply of such commodities; to maintain and promote foreign trade; to protect producers of such commodities against an unfair loss of income resulting from the establishment of a reserve supply; to assist in marketing such commodities; to assure the availability of commodities to promote world peace and understanding; and for other purposes. 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 Agriculture, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the amended text of the bill H.R. 8290, as reported by the Committee on Agriculture, as an amendment to the bill H.R. 1163. At the conclusion of the consideration of H.R. 1163 for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

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

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 30 minutes for purposes of debate to the distinguished gentleman from Ohio (Mr. LATTI). Pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 728 provides an open rule with 1 hour of general debate for consideration of H.R. 1163, the Strategic Storable Agricultural Commodities Act. The resolution also provides that it shall be in order to consider, without the intervention of a point of order, the amended text of H.R. 8290, a bill to protect producers' incomes when rebuilding reserve stocks of wheat or feed grains. H.R. 8290 was made in order as an amendment because otherwise it would likely be ruled nongermane and it would delay the work of the House to take up the two related measures separately.

This should be considered in the nature of emergency legislation. To fail to act will be to invite a farm-fed depression to engulf our Nation.

Twenty years ago, in 1951 corn was selling at \$1.66 per bushel. At harvest time this year the price was 92 cents. If corn prices had kept pace with the rest of the economy during these two decades, 1971 prices would be about \$2.60 per bushel. In other words grain farmers are lagging behind the rest of the economy by more than half, are indeed receiving prices below the cost of production, and farm bankruptcies are up sharply.

The purpose of H.R. 1163 is to establish and maintain and dispose of a separate strategic reserve of soybeans, corn, grain sorghum, barley, oats, and wheat. It is not unlike the strategic reserves of metals and other materials in which we have invested billions.

The Secretary of Agriculture would purchase through the Commodity Credit Corporation not more than 300 million bushels of wheat and 25 million tons of feed grains.

Maximum price for the feed grains and wheat would be not more than the previous 5-year average price received by farmers.

The reserve would be offered for sale at 120 percent of the 5-year average price, which would create a 20-percent spread between the maximum buying price and the minimum selling price.

When the reserve could be sold at 120 percent, the sale could be prevented by the President declaring a state of emergency or by Congress passing a concurrent resolution. The bill has well worked out guarantees against mismanagement of reserves or storage facilities.

The legislation authorizes the reserve to be used in any distress area or disaster area in the United States and the Virgin Islands so designated by the President.

The Secretary is authorized to rotate the reserves to prevent damage or spoilage.

The amendment made in order, H.R. 8290, requires the Secretary of Agriculture to increase the loan levels of wheat and feed grains by 25 percent on the 1971 and 1972 crops.

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

I now yield to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume. I favor any legislation which would increase farm income rather than diminish it.

Mr. Speaker, I believe everyone who is vaguely familiar with our corn production this year realizes that we have had a tremendous yield—much more than was anticipated by the Department of Agriculture and by the farmers themselves.

This surplus was produced while a new, bipartisan farm program was in effect. I know that partisan politics will be injected into this debate today in spite

of this fact. No one can deny that we suffered from a corn blight last year. An anticipated corn blight did not materialize this year and we had one of the largest corn crops in the Nation's history. In fact, going into 1972 we will have a carryover of 1.4 billion bushels of corn.

Under the provisions of H.R. 1163, some 25 million tons of feed grains, which includes corn, would be held off and on the market in perpetuity. I need not tell anyone in this Chamber that such tremendous supply would have its effect on the market place.

Mr. Speaker, the new Secretary of Agriculture announced on December 3 that the U.S. Department of Agriculture will soon begin purchasing corn in the open market.

This announcement reads as follows:

Secretary of Agriculture Earl L. Butz today announced that the U.S. Department of Agriculture will soon begin purchasing corn in the open market.

Today's action is prompted by the large 1971-crop corn production which is now estimated at more than 5.5 billion bushels. This record crop reflects the response of farmers to the threat to corn supplies by corn blight which did not materialize to the degree expected. Because farmers responded by planting extra acreage to assure adequate supplies of feed grain at home and abroad, the big crop has brought a sharp drop in the corn prices.

The purchase operation will firm up farm prices and will provide reserve stocks to meet domestic requirements during periods of short supply. This action combined with the already strengthened and broadened commodity loan program as well as the recent large sale of U.S. corn to the Soviet Union gives farmers a wide choice of alternatives in handling and marketing this year's corn crop.

Secretary Butz pointed out that record quantities of corn are going under loan earlier in the season this year than ever before. A preliminary report indicates that nearly 240 million bushels of 1971-crop corn had gone under loan through Nov. 26. This is more than 2½ times the previous record amount of corn put under loan from the beginning of harvest through November. Additional extensive use of the loan program by farmers will continue the advance in corn prices which has been underway for the past two weeks.

The question certainly could be asked: Why are the proponents of this legislation unwilling to see what effect these purchases will have on the price of corn?

House Resolution 728 provides for a 1-hour open rule on H.R. 1163, the strategic grain reserve bill. It is a conventional rule except for a provision making the amended text of H.R. 8290, a bill to increase the grain price support levels by 25 percent in 1971 and 1972 in order so that it could be offered as an amendment to H.R. 1163. The nongermane text of H.R. 8290 was made in order by an 8-to-7 vote in the Committee on Rules.

I proposed an amendment of a \$20,000 limitation on agricultural payments but this failed by a vote of 8 to 7.

It is my understanding that if the previous question on this rule is voted down, the gentleman from Massachusetts (Mr. CONTE) will then offer the \$20,000 payment limitation as an amendment to H.R. 1163. It is my opinion that

this will be a closed vote and I would urge all Members to be recorded at the proper time.

I have heard many Members, including some members of the Rules Committee, point out from time to time that these large payments to so-called corporate farms are unjustified and do a disservice to the small farmers.

They argued that these large payments put the small farmers of this country in disrepute in the public's eye. Well, today these individuals will have an opportunity to stand up and be counted as to whether or not they really wanted a \$20,000 limitation.

I shall vote to reject the previous question so that this \$20,000 payment limitation can be offered and considered.

Mr. Speaker, under the limited rule before us, this is the only way this matter can be considered. Had my amendment been adopted in the Committee on Rules by 8 to 7 instead of being rejected 7 to 8 it would have been unnecessary to vote down the previous question tonight.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 10 minutes to the distinguished gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, everybody knows that you cannot explain the farm program in 10 minutes, or 10 hours, I suppose, but at least we can look at a couple of things that I believe will help to explain what the situation really is.

On a chart I have here, there are three lines. One shows production of corn, one shows the price of corn, and one shows utilization.

CALL OF THE HOUSE

Mr. MADDEN. Mr. Speaker, I make point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MADDEN. Mr. Speaker, I withdraw my point of order that a quorum is not present.

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 442]

| | | |
|----------------|-----------------|---------------|
| Andrews, Ala. | Celler | Fish |
| Annunzio | Chisholm | Foley |
| Arends | Clark | Ford, |
| Ashley | Clay | William D. |
| Aspinall | Collins, Ill. | Fountain |
| Baring | Curlin | Fraser |
| Belcher | Davis, Ga. | Garmatz |
| Blackburn | Dent | Gray |
| Blanton | Derwinski | Green, Oreg. |
| Blatnik | Diggs | Gude |
| Boland | Dowdy | Hagan |
| Broyhill, N.C. | Edmondson | Hansen, Wash. |
| Cabell | Edwards, Calif. | Hawkins |
| Carey, N.Y. | Edwards, La. | Hébert |
| Carney | Evans, Colo. | Hillis |
| Casey, Tex. | Evins, Tenn. | Holifield |

| | | |
|-----------------|--------------|---------------|
| Ichord | Montgomery | Scott |
| Jarman | Murphy, N.Y. | Sikes |
| Jonas | Passman | Smith, N.Y. |
| Jones, Ala. | Patman | Spence |
| Kastenmeyer | Pike | Springer |
| Kelth | Powell | Staggers |
| Kluczynski | Pryor, Ark. | Stanton, |
| Long, La. | Pucinski | James V. |
| Lujan | Quillen | Steed |
| McClory | Rees | Steiger, Wis. |
| Macdonald, | Reid, N.Y. | Sullivan |
| Mass. | Riegle | Tierman |
| Mathias, Calif. | Roncalio | Udall |
| Mathis, Ga. | Rooney, N.Y. | Ullman |
| Miller, Calif. | Rosenthal | Waldie |
| Mills, Ark. | Rostenkowski | Whitten |
| Mink | Sarbanes | Wright |

The SPEAKER. On this rollcall 335 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

STRATEGIC STORABLE AGRICULTURAL COMMODITIES ACT OF 1971

The SPEAKER. The gentleman from Iowa (Mr. SMITH) has 9 minutes remaining.

Mr. SMITH of Iowa. Mr. Speaker, as anyone can see who looks at this chart, utilization or consumption stays rather steady and on the slight incline. What happens is when we are afraid that there is going to be a shortage of food, farmers are asked to produce more and the price goes down.

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

Mr. SMITH of Iowa. I yield to the gentleman from Indiana.

Mr. MADDEN. Mr. Speaker, for the benefit of the Members who were not here prior to the rollcall, let me say that since I have been in Congress this is one real agricultural bill that is going to aid the small farmers. Why was it programmed at this hour of the night, when we spent all day on legislation pertaining to foreign aid? I think we ought to pay a little attention to the small farmers.

There is going to be a kind of a Republican trick maneuver to put an amendment on the previous question here on this rule that the Members should pay little attention to, because it is nothing but a maneuver to bring in this \$20,000 limitation that I have supported for years. I am going to vote against that maneuver because we want to pass this much needed farm relief legislation tonight.

Mr. Speaker, again I thank the gentleman for yielding.

Mr. SMITH of Iowa. Mr. Speaker what happens is that when the farmers are asked to produce grain to make sure there is enough food, then the price of corn goes way down. That is what happened this year. It went down to the lowest level in years and years.

What does this do? The small farmers, because they do not have plenty of financing, whenever this happens are run off the farms, and forced to move into the towns and cities where there are no jobs existing.

We had a bill up here, and I voted for it, for \$1 billion, to provide for 100,000 jobs. Well, more than 100,000 people are going to be run off the farms this year if

we do not do something about this present critical farm situation. These are people who do not have the money to hang on for another year unless prices improve. When this happens, the smaller farmers have been forced to leave the farms.

What we are trying to do is to make the supply stable enough so that this situation does not continue to occur, and so that we are not running these people off the small farms and into the towns so fast.

Mr. HAYS. Mr. Speaker, if the gentleman will yield, did not the new Secretary of Agriculture, who has only been in office a very short time, say that the way to solve the farm problem was to run these people off the farms?

Mr. SMITH of Iowa. That result is even worse when there are so few jobs available and unemployment is so high.

Mr. HAYS. That is right; but there are no jobs in town, which he does not really care about. He just wants to get them off the farms.

Mr. SMITH of Iowa. So, right now, when we reach this point of low prices when it is at the lowest level in years, it has happened at a time when there are few jobs in the town.

Mr. HAYS. That is exactly right.

Mr. SMITH of Iowa. So that it would complicate the problems in the towns and cities even more.

In addition to that, some people say, "You know, this bill has something to do with consumer prices."

The next thing I want to show you folks is that this has nothing to do with consumer prices.

I went shopping yesterday morning, and this is a 5-pound bag of corn meal, purchased right here in Washington, D.C., yesterday morning. As anybody can see, it costs 59 cents. This is corn meal. This is a food product raised by the farmers of this country.

Here is a bag of flour, 5 pounds of that for the same price, 59 cents.

Now, this is food we are talking about, food that people eat. If one did not have enough of it there would be rioting in this country.

But now, what about some of the other nonfood, nonstocked, nonprice-supported products. This is just plain, old dirt, just potting soil; that is all it is, just dirt, and that costs 69 cents for 5 pounds. It costs more than the corn meal and flour, for dirt.

So you can see that corn and wheat are cheaper than dirt. They are not just dirt cheap; they are cheaper than dirt.

If you do not think that proves that almost the whole cost of the food basket is in transportation, and in the middlemen who handle it after it leaves the farmer, then take a look at this. This is cat litter, and that costs 79 cents. It costs more for the stuff for your cat to scratch in than it does for flour or corn meal.

Then we come to another one. This is nothing but cow manure, and this costs 79 cents for 5 pounds. Corn is cheaper than cow manure.

I did not want to slight anybody, or somebody might say that, well, you favor cattle, so here is sheep manure, and that is the same price.

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

Mr. SMITH of Iowa. I yield to the gentleman from South Dakota.

Mr. ABOUREZK. Mr. Speaker, I was wondering if the gentleman might point out to the Members here whether or not the sheep manure was subsidized?

Mr. SMITH of Iowa. No, it is not. It is not a subsidized product. The gentleman's point is well taken, nonsupported products are selling for more in this case.

The point is this bill, to help these poor farmers down here who cannot finance themselves for another year, has nothing to do with the price of groceries in the grocery basket.

In addition to that, I would like to point out if we go back 10 more years and we had corn at \$1.66.

It is 97 cents today. Nothing else in America has gone down that way at the same time that their costs are going up.

Now what do the opponents say? They want to amend this bill and put on limitations—no payments in this bill for the farmers. That has nothing at all to do with this bill—it is nongermane.

They did not go up to the Committee on Rules and ask to put that amendment on the foreign aid bill or on the pesticide bill or on any of these other bills that came up. No—just this bill is the only one they want to put it on. About 90 percent of those who want the amendment on this bill are not going to vote for the bill anyway. It is just a political maneuver. That is all it is.

The farmers of this country should know that any vote against the previous question is pure and simple a vote not to try to do something about the small farmers of this country with regard to the plight that they are in and those who are not going to vote for the bill are not going to be able to hide behind a curtain, and they think they are.

A vote against the previous question is a vote not to do something about this desperate situation that exists in rural America today.

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

Mr. SMITH of Iowa. I yield to the gentleman.

Mr. ABOUREZK. I wonder if the gentleman from Iowa knows how many people producing wheat and corn and feed grain involved in this bill received \$20,000 in payments?

Mr. SMITH of Iowa. It is very small. This bill does not include cotton. A very small number get more than \$20,000. But payments are not involved in the bill anyway. They buy this grain when it is in excess quantity, they put it in storage until a year when it is needed. This week, they are accepting bids to buy grain. They announced last Friday that they were going to buy it. They are going to buy grain and they are going to have it in storage whether we pass this bill or not.

But there is an important difference. The language in my bill prevents things that happened in the fifties and sixties. It puts a limitation on what they can pay, it permits buying less than half of

what we bought back in the 1950's and providing the price at which they sell and the volume which they shall sell.

So we know whenever the grain is in this kind of reserve, we will not have the things happen that happened back there and have the market flooded with grain at other times, and not let loose of the grain when the consumers need it.

This is truly a reserve. There is nothing new about reserves. It is the same as the advice that Joseph gave to Pharaoh 2,000 years ago. What is new about it is that we are actually doing something about it instead of just talking about it as when we are talking about is the ever normal granary and things like that. But in fact, we have never really had a reserve and we have not had something to help the prices in that year.

This bill provides for a reserve. We have the provisions right in it to provide how much will be sold and whether it will be sold and we will be assured that it will operate as a reserve so that our consumption and prices and our utilization and production are more nearly equal. We should not under this program have these bad situations where the price drops so fast that the small farmers themselves are not able to tide themselves over for another year and be run into town by the hundreds of thousands. Some of the big people they talk about, the conglomerates—do not care so much about this bill and the big grain companies do not care about this—they can buy that grain and store it and wait—but not the small farmer or the low-income farmer whose market is the cash market. Their market is at the elevator between October and March and he does not have storage and does not even own any land on which to build storage. He depends on the cash market and if we do not do something for him now, there is not going to be anything done and they are going to go into town by the hundreds of thousands again.

The Department announced that they are going to buy some corn, but it is not under the provisions of this bill. What happened—the market went down. It is actually down 1½ cents in the last 3 days since they made the announcement that they will buy corn. The market has no confidence in what the Department will do when there are no statutory requirements to insulate it from the market. They figure that unless the statute provides the exact rules that will be followed, they might do whatever some big grain company wants to do or sell when they should not or not buy the amount they had the right to expect. Under my bill, they announce the amount subject to being able to buy it within the prices which apply that year.

Mr. ANDERSON of Tennessee. Mr. Speaker, I reserve the remainder of my time.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. TEAGUE).

Mr. TEAGUE of California. Mr. Speaker, I am opposed to H.R. 1163 and to the rule which proposed to make the text of another bill, H.R. 8290, in order but which denied the opportunity to offer a \$20,000 payment limitation.

At the appropriate time I intend to support the effort of the gentleman from Massachusetts (Mr. CONTE) to defeat the previous question on the rule in order to create the parliamentary opportunity for a \$20,000 payment limitation to be made in order for debate in the House.

There are, Mr. Speaker, three separate propositions involved in this legislation.

First, there is the issue of whether the Government should commit itself to a program of purchase and perpetual storage of large amounts of grain. That is what H.R. 1163 is all about.

Second, there is the issue of whether the levels at which the Government lends money to eligible farmers on their grain production should be raised. H.R. 8290 proposes to raise these loan levels by 25 percent for this year and next year.

Finally, there is a question of the cost of these propositions and whether some fiscal restraint should be structured into the program. That is what the \$20,000 payment limitation is all about.

H.R. 1163—GRAIN RESERVE BILL

This bill raises more questions than it answers. For example:

If there is to be a reserve supply of grain in this country, who should own it, the producers and processors of grain or the Government?

And how likely is it there will be an actual shortage?

And are alternative sources of grain available?

And what happens to market prices later when there is a large bumper crop with a reserve, that is surplus, already on hand?

H.R. 1163 does not effectively answer any of these questions because it proposes that the Federal Government rather than farmers or the private grain trade be the keeper of the surplus.

It fails to recognize the fact that there is no shortage of grain now or in the foreseeable future.

It ignores sources of grain both at home and overseas that would be available.

In brief, it simply adds a very expensive price depressant to farmers' market price picture.

COST

The Department of Agriculture estimates that the cost of acquiring the grain under H.R. 1163 would be \$1.45 billion. In addition, there would be annual storage and handling costs of \$215 million each year and every year thereafter.

Even after accepting the proponents' premise that large quantities of grain will be acquired by CCC under the regular price-support system, the additional acquisition cost of grain under H.R. 1163 is still estimated to be \$143 million.

BAD FOR FARMERS

In the years ahead, farmers would ruefully regret the enactment of this bill. They would surely find that after the so-called "reserve" has been accumulated it will hang there—like an economic sword of Damocles—for years to come as a threat to higher market prices.

Under the terms of the bill, grain must be sold into the market at 120 percent of the previous 5-year market average. This mandate is further circumscribed by

possible presidential or congressional actions.

Thus, it is more probable than possible that in future years the surplus in this so-called reserve will be dumped onto the market and destroy any chance grain producers might have for better prices.

H.R. 1163 does not seem to me to be in the interest of a healthy market economy for grain producers.

USDA ACTION

The fact is, Mr. Speaker, that the U.S. Department of Agriculture is taking a series of steps to improve grain prices, and grain prices have advanced in recent weeks. The price in Chicago for No. 2 yellow corn now is \$1.18 compared to \$1.05 only a couple of weeks ago. USDA actions include extending CCC crop loans into future years; expanding exports to foreign nations, including the Soviet Union; and inaugurating a grain purchase program.

On this latter point I would like to call to the attention of the House a recent departmental announcement and news story:

SECRETARY BUTZ ANNOUNCES THAT USDA TO BUY CORN IN THE OPEN MARKET

WASHINGTON, December 3.—Secretary of Agriculture Earl L. Butz today announced that the U.S. Department of Agriculture will soon begin purchasing corn in the open market.

Today's action is prompted by the large 1971-crop corn production which is now estimated at more than 5.5 billion bushels. This record crop reflects the response of farmers to the threat to corn supplies by corn blight which did not materialize to the degree expected. Because farmers responded by planting extra acreage to assure adequate supplies of feed grain at home and abroad, the big crop has brought a sharp drop in the corn prices.

The purchase operation will firm up farm prices and will provide reserve stocks to meet domestic requirements during periods of short supply. This action combined with the already strengthened and broadened commodity loan program as well as the recent large sale of U.S. corn to the Soviet Union gives farmers a wide choice of alternatives in handling and marketing this year's corn crop.

Secretary Butz pointed out that record quantities of corn are going under loan earlier in the season this year than ever before. A preliminary report indicates that nearly 240 million bushels of 1971-crop corn had gone under loan through Nov. 26. This is more than 2½ times the previous record amount of corn put under loan from the beginning of harvest through November. Additional extensive use of the loan program by farmers will continue the advance in corn prices which has been underway for the past two weeks.

While the purchases announced today will be at market prices, specific amounts to be purchased and prices to be paid will be a continuing determination. The bid invitation is being sent to interested persons this weekend from the Kansas City ASCS Commodity Office which will handle the details of the corn purchase operation. First offers will be due next Friday, Dec. 10, for acceptance Monday, Dec. 13.

[From the Washington Post, Dec. 4, 1971]

U.S. CORN PURCHASE ANNOUNCED BY BUTZ

Moving quickly to quell farm belt unrest over low grain prices, Agriculture Secretary Earl L. Butz announced yesterday the gov-

ernment "will soon begin purchasing corn in the open market."

Butz, who promised during the fight over his confirmation to take action to bolster grain prices sagging under record harvests, acted less than 24 hours after his swearing-in.

The Agriculture Department said the specific amount of corn to be bought at market prices was left open. First bids will be received Dec. 10 for acceptance Dec. 13.

"The purchase operation will firm up farm prices and will provide reserve stocks to meet domestic requirements during periods of short supply," a department statement said.

Butz was administered the oath of office at the White House late Thursday, just hours after his confirmation by the Senate on a 51-to-44 vote. The sharp confirmation battle appeared to be the opening gun in farm belt presidential campaigning for 1972.

Butz said the corn purchase—which had been demanded earlier by farm bloc lawmakers but resisted by the Agriculture Department under former Secretary Clifford M. Hardin—was prompted by the record 5.5 billion bushel 1971 corn crop.

"This record crop reflects the response of farmers to the threat to corn supplies by corn blight which did not materialize to the degree expected, because farmers responded by planting extra acreage to assure adequate supplies . . . the big crop has brought a sharp drop in corn prices," the department said.

Butz' move appears to be designed partly to head off a push by House farm bloc lawmakers, mostly Democrats, for a bill which would require the government to purchase up to 900 million bushels of feed grain and 300 million bushels of wheat for storage in a "national reserve."

The House Rules Committee is scheduled to decide Monday whether to send that bill to the House floor over the opposition of GOP farm leaders.

Butz said preliminary reports show nearly 240 million bushels of 1971 corn were put under loan—thus holding it off the market—through Nov. 26. This is more than 2½ times the previous record volume in the support loan program in any similar period.

While there was no indication immediately how much corn the government would buy, experts pointed out that much of the cost might be offset by the fact that if market prices are pushed up, prospective supplemental government payments due to farmers next March to maintain a \$1.03-a-bushel price could be reduced.

SIMILAR PROGRAM PROPOSED IN 1954

In 1954 when Mr. Ezra Taft Benson was Secretary of Agriculture a grain "set-aside" or reserve plan was included in the Agriculture Act of 1954.

During the hearings on that legislation, my friend and colleague the gentleman from Texas (Mr. POAGE) made some very pertinent, and I might say, accurate observations about this type of a proposition.

The record reads as follows:

Mr. POAGE. . . . But I do know that there has never been any method whereby we could set aside commodities and not have the trade take it into consideration.

Mr. POAGE. What Mr. Benson has proposed is simply to make that storage a permanent burden on the United States because, if we are going to store these surpluses forever, then we are going to have to pay that burden continuously from now on out. . . .

LITTLE SUPPORT FOR BILL

There is, Mr. Speaker, very little public support for this bill. The administra-

tion is opposed to it, and I doubt very much if there is any significant interest in its enactment outside the major cash grain producing States in the Midwest.

The following editorial from the Livestock Market Digest of Monday, December 6, 1971, pretty well sums up a lot of opinion that exists out in the countryside:

STRATEGIC RESERVE NO INSTANT PRICE SOLUTION

It is the low price of corn resulting from abundant supplies which has attracted much attention to current farm problems. Those millions of Americans whose food bargains are provided by a relatively small number of livestock men and farmers were introduced to the subject briefly on nationwide television recently. This was when President Nixon said he was going to nominate Earl Butz to replace Secretary of Agriculture Clifford Hardin. When Mr. Butz had his turn at the microphone, he ended a commentary by remarking, ". . . and corn is too low" as he looked in Mr. Hardin's direction.

Because of these prices—in the range of 90 cents in the high-producing Corn Belt—there is talk about establishing "strategic reserves." The purpose would be to take priceable supplies and increasing prices.

An excellent analysis of such proposals has been made by M. M. Van Kirk, Nebraska farm columnist. He comments that one of the arguments for such a reserve is that its existence would have resulted in releasing some of the government-held stocks of corn to forestall shortages resulting from the effects of last year's corn blight. Instead, corn production acreages were allowed to increase to offset the shortage, and this year's surpluses are the result.

"In other words," says Mr. Van Kirk, "the government-held stocks of corn would have been available to dump onto the market to hold down the price of corn in event there was a short crop as occurred in 1970." He continued: "What the promoters of the 'strategic reserve' idea seem to ignore is that in the fall of 1970 when results of Southern corn leaf blight had taken such a heavy toll, the price of corn did rise sharply and immediately the government did put millions of bushels of government-held corn on the market to halt the price increases."

Thus the problem with any such reserve system is that it reacts to political pressures fully as much to hold prices down as to hold them up. This is a feature forgotten when surpluses become burdensome.

Mr. Van Kirk concluded that stockpiling strategic reserves of grain is far different than stockpiling copper or strategic metals. "Grains are perishable and eventually what goes in must come out and when they do they will have a depressant effect on the market."

In the heat of the hour, however, solutions are tried from a political standpoint that have no justification economically.

MISCHIEF IN H.R. 8290

The text of H.R. 8290 which this rule proposes to make in order as a non-germane amendment to H.R. 1163 would raise grain loan levels by 25 percent in 1971 and 1972.

Corn would increase from \$1.05 to \$1.31 per bushel, wheat from \$1.25 to \$1.57, grain sorghum from \$1.73 to \$2.16 per hundredweight, oats from 81 cents to \$1.01 per bushel, and barley from 54 cents to 68 cents.

These increases would come at a time when there is a large surplus of grain and at a time when the Department is trying to discourage plantings under the 1972 program. This is the main mischief

involved in H.R. 8290. It simply fouls up the 1972 feed grain program. The 1972 feed grain program is designed to retire over twice as much acreage as this year's program—some 38 million acres in 1972 compared to 18 million acres in 1971.

If loans were increased as proposed in this amendment, the nearly \$2 billion being spent to make the 1972 program work would be washed out as many farmers would be encouraged to grow more grain and receive the higher prices stimulated by a 25-percent boost in CCC loans.

In this regard, the Department estimates the additional cost in the current fiscal year—fiscal year 1972—to be \$281 million. Next year the cost would of course skyrocket as the surplus built up.

TWENTY-THOUSAND DOLLAR LIMIT

The final issue before us today is the \$20,000 payment limit. The House has voted on this proposition several times. Each time the will of the House has been frustrated and the limitation has not been enacted into law. The time has now come to apply this discipline to these expensive commodity bills.

The Committee on Rules denied a rule making the \$20,000 payment limitation in order by the narrowest of margins on an 8-to-7 vote. It permitted a non-germane grain price support amendment to be included.

It seems to me that equity calls for the same treatment for both amendments.

What is good for the goose ought to be good for the gander too.

That is why I hope the House will vote down the previous question on House Resolution 728 and make the \$20,000 payment limit in order.

That is why I joined yesterday with a number of my colleagues on a nonpartisan, and I might add, a nonideological basis to urge this action in the following letter:

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 7, 1971.

DEAR COLLEAGUE: H.R. 1163 (Strategic Grain Reserve) is expected to be on the floor soon (perhaps Wednesday, Dec. 8). It presents the only opportunity in the waning days of this session to impose a \$20,000 annual limit on government commodity program payments to farmers.

Unfortunately, by a vote of 8 to 7, the Rules Committee refused to make in order the \$20,000 limit amendment. It is therefore necessary for the House to defeat the previous question on the rule before Members can even consider the payment limit.

Big payments to huge agricultural combines are becoming more numerous each year. In 1969, 7,795 farmers got payments exceeding \$20,000. In 1970 the number of such farmers rose to 10,371.

Payments of this magnitude actually finance bigness in agriculture and, at the same time, tend to discredit farm programs.

We urge your support for the effort to vote down the previous question, so Members may have the opportunity to vote on the payment limit.

Page Belcher, R-Oklahoma, Charles Teague, R-California, William Wampler, R-Virginia, Wiley Mayne, R-Iowa, Paul Findley, R-Illinois, William Stanton, R-Ohio, Frank Horton, R-New York, Frank Thompson, D-New Jersey, Edith Green, D-Oregon, Silvio Conte, R-Massachusetts, Margaret Heckler, R-Massachusetts, John Bra-

demas, D-Indiana, Ken Hechler, D-West Virginia, Seymour Halpern, R-New York, Vernon W. Thomson, R-Wisconsin, Shirley Chisholm, D-New York, Robert Drinan, D-Massachusetts, Robert Glaimo, D-Connecticut.

SUMMARY

H.R. 1163 and its kindred amendment included in H.R. 8290 is not sound legislation. Prospects are high, however, that this bill is going to pass the House. If it does, there should be a countervailing cost discipline established to keep these expensive new subsidies from being bestowed on those least needing them. Thus a \$20,000 payment limit is not only in order; it is imperative.

I urge the rejection of the previous question.

Mr. LATTI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have in my hand a crop carryover report from the Department of Agriculture on the situation in November, and I would like to have the RECORD show the carryover of corn for 1968 was 1,162,000,000 bushels; in 1969 it was 1,113,000,000 bushels; in 1970 it was 999,000,000 bushels; in 1971 it was 665,000,000 bushels, and will be 1,400,000,000 bushels for 1972. This gives an average, for 1965 to 1969, of 1,017,000,000 carryover bushels, so it cannot be argued that we need this bill from a strategic need basis. We have had more than ample supplies as indicated from this carryover.

Mr. Speaker, I yield 7 minutes to the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Speaker, H.R. 1163 which we consider tonight was originally a strategic reserve bill for purchase of a very large amount of corn and wheat to be kept in a reserve. However, the Rules Committee has now permitted an amendment to be offered which will also increase the loan rate on wheat and corn by 25 percent. This would raise the present wheat loan from \$1.25 to \$1.56 per bushel and the present corn loan from \$1.08 to \$1.35. The theory of this amendment is that such an increase in the loan rate will cause the price of corn to rise to the level of the loan rate.

If this happens and the Department of Agriculture proceeds to buy 900 million bushels of corn, as the reserve aspect of the bill requires, it will cost the taxpayer at least \$1.35 per bushel or \$1,215 million plus \$1.56 per bushel for 300 million bushels of wheat, or \$468 million, or a total of \$1,683 million.

This is just for acquisition of the reserve. In addition, it will cost \$210 million a year to store this grain. And all of these figures are in addition to more than \$2,050 million paid to feed grain and wheat farmers in direct payments under this year's program and \$2.9 billion to be paid next year under the 1972 program already announced. This does not include cotton payments which have been costing from \$820 to \$915 million per year. Nor does it include any money to be paid out in loans. These figures I have just stated are direct payments, acquisition of reserve costs, reserve, and storage costs.

It is obvious that with these very substantial payments to be made to wheat and feed grain farmers, Members who

have voted in the past to limit annual commodity payments to \$20,000 would certainly want to have an opportunity to vote for such a limitation again. After all this House has three times voted for a \$20,000 limit and the Senate did so as recently as November of 1970. But the Rules Committee by the narrowest possible margin of only 8 to 7 has refused to open up this rule to permit the gentleman from Massachusetts (Mr. CONTE) and the gentleman from Illinois (Mr. FINDLEY) to even offer their \$20,000 limitation amendment. And that is why it becomes so necessary to vote down the previous question on this rule. And I would like to add that I am no Johnny-come-lately on this \$20,000 limitation proposal as I have voted for it at least the last five times it has come up.

The action of this bare majority of the Rules Committee in trying to bar consideration of any limitation of payments is especially difficult to understand in view of the great national concern which has been demonstrated in recent weeks about the way in which vertically integrated conglomerates, other farming corporations and giant individual producers are swallowing up medium- and small-sized farms and driving family farmers from the soil. These agrigiants are receiving huge payments under existing programs which they use to widen the unfair competitive advantage they already hold over family farmers. This anxiety about family sized farms and the need to place some reasonable curbs on the way they are being taken over by the agrigiants has been most eloquently expressed in recent weeks in the other body during its confirmation hearings on the appointment of a new Secretary of Agriculture.

One would think that the Rules Committee would also want this House to be able to take some effective action to protect the family farmer against the depredations of the fat cats of American agriculture. Unless we vote a payment limit on this bill they will continue to be enriched with huge payments which they will continue to use to buy up more and more land driving more hundreds of thousands of farmers out of agriculture. Eight members of the Rules Committee did vote to help the family farmer for whom these commodity programs were originally designed, but unfortunately a slim majority of nine voted to deny members even the right to vote on the proposition that annual payments should be limited to the very reasonable amount of \$20,000. That is why I say we should vote "no" and vote down the previous question.

As I have said repeatedly, annual payments of more than \$20,000 are hurting, not helping the family farmer. They are subsidizing the gigantic agricultural combines, corporate and otherwise which have been gobbling up family size farms and driving families from the land by the hundreds of thousands. I have said before and I say again, we should not be misled by the arguments that payments of more than \$20,000 are helping the small and medium size farmers when they, in fact, contribute to their destruction. Agriculture Department records show the number of larger producers receiving large Government payments is

growing by leaps and bounds. In 1968, a total of 5,914 farmers received payments of more than \$20,000. In 1969, 7,795 producers collected more than \$20,000. Last year it increased to 10,371. In other words, the number receiving over \$20,000 nearly doubled in just 2 years.

I have already pointed out that if the proposals currently under consideration become law, there will be a very substantial increase in the cost of our commodity programs. Is it not time for Congress to restrict the programs benefits to those for whom they were originally intended, the small- and medium-sized farmers of America? I say it is past time to eliminate these payments over \$20,000 which are giving large producers an unfair competitive advantage over the family farmer. If we will give him a chance to compete fairly and openly, the family farmer can still hold his own with the agrigiants in the production of our food and fiber.

Recent reports from our land grant universities prove that the family farmer can produce just as efficiently, if not more so, than the large corporate giants. At the same time, our family farm structure of agriculture makes a far greater contribution to our national rural life. The family operator trades in the small- and medium-sized towns of America, instead of having everything shipped from corporate headquarters. He is concerned about the quality of schools and other services in the neighborhood, the absentee corporate investor is not. Most family farmers are interested in preserving the soil for future generations. The large corporates are mainly interested in showing a profit for their investors.

I say to all Members who have supported a \$20,000 limitation of payments in the past that the need for such a limitation now is greater than ever before. Let us make sure this bill is not used to further enrich conglomerates, corporate combines, and other large individual operators. We have all read about the subterfuges and evasions through which they continue to draw big combined payments in excess of the present \$55,000 limit.

Members genuinely interested in the survival of the family farmer will vote "no" on the previous question so that the House can again work its will, and for the fourth time adopt a \$20,000 amendment, and this time one with teeth in it which can really be enforced.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Ohio (Mr. HAYS).

Mr. HAYS. Mr. Speaker, the gentleman from Iowa (Mr. MAYNE) spent 7 minutes and failed to get through to me in his argument why he voted to report the bill out of the Committee on Agriculture, but now wants to kill the rule. I think that \$20,000 business is a little bit specious, to use a very polite word.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Iowa (Mr. SCHERLE).

Mr. SCHERLE. Mr. Speaker, I thank the gentleman for the time allocated to me.

I am not going to talk on the bill at

this time. I am more interested in the rule.

Members of this House, as a farmer I am totally opposed to reducing the limitation to \$20,000 to one farmer for all products. Let me tell you why.

There is sufficient evidence to show that the \$20,000 ceiling per farm for all crops will not take into the program the larger operating farmer who contributes to the glut on the market. The problem in the marketplace is not because of the production of the little farmer, it is due to the tremendous production of the large farmer. It is the large operator who produces the surplus, and an enticement must be offered to the large farmer to participate in a workable farm program. If we do not have the large farmer idling some of his land and taking that land out of production, then everything he grows finds its way into the marketplace.

The small farmer, as we recognize him, is diversified; he has livestock and is a grain and livestock operator. This is my operation. We sell very little of our grain. We do not contribute to the problem. It is the large operator who does.

We are asking the man who pays taxes to take land out of production. We cannot do that without providing some means for that individual to be compensated.

Just a short time ago a statement was made that these combines were broken up into smaller units. In fact, in 1969 there were 7,795 farmers receiving payments, and in 1970 there were 10,371. All right. The combines were broken up, and the additional farmers went on the land and farmed that land. Additional farmers went to work—is not this what we want?

I suggest that we vote for the previous question.

We have a problem on the farm, as most of you know. It is nothing new. But a \$20,000 limitation at this time I think would wreck the program.

We heard a statement a short time ago that the Secretary of Agriculture will buy corn and that offers will be made on Friday of this week. Bids will be opened on Monday. The problem with that is we have no idea how much corn he is going to buy or any idea of what he will pay for it. I would have thought the USDA would have let us know in sufficient time so that we could make some judgment on this bill. Since this consideration was not given I must abide by the old saying, "a bird in the hand is worth two in the bush." I am going to support the bill and support the amendment offered by the gentleman from Montana (Mr. MELCHER). I ask my colleague in this House to vote for the little farmer.

The big farmer must participate in a program if there is to be a little farmer.

I suggest you vote yes on the previous question.

Mr. ANDERSON of Tennessee. Mr. Speaker, I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I know that many of my colleagues are convinced that I will take every opportunity to

speaking about farm subsidies and to urge adoption of a \$20,000 limitation on these subsidies. I rise today to reconfirm their conviction.

But I am not here today just to take advantage of one more opportunity. This is the last such opportunity we will have this session to impose this ceiling. Although frustrated by the failure of our colleagues in the other body, this House has now three times gone on record as favoring my \$20,000 limitation. We reconfirmed that determination to restore some sanity to our runaway farm program as recently as 6 months ago.

It was with this thought in mind that my colleague, the gentleman from Illinois (Mr. FINDLEY) asked the Rules Committee to make this amendment in order today. And the narrow margin of its defeat, 8 to 7, is strong testimony to the awareness of the mood of this House.

Now, Mr. Speaker, the argument is made that this is not the time to consider a payment limitation. Now all of us have heard this point made whenever any attempt is made to limit subsidies. It has never been the right time. If the distinguished chairman of the Agriculture Committee and his allies had their way, that time would never come again.

Some of you may also feel that it is futile to try again this session because the other body earlier this year frustrated our efforts in this matter. But I submit that it is never futile to attempt to remedy an injustice. In the legislative process, persistence is a powerful weapon. Some of the voters may not have been paying attention last summer when the House voted to reform and the Senate rejected that reform. So let us repeat at least our part of the process and let us see if the other body is willing to repeat theirs.

We have before us the means to do just that. We have only to defeat the previous question on this present rule. If that is done, it is my intention to offer an amendment to the proposed rule to make in order our consideration of an amendment to limit subsidies to \$20,000 per farm. I then intend to offer such an amendment in the committee of the whole and, once again, I am confident the House will reaffirm its commitment to this reform.

There is one final point I would make. Mr. Speaker, we are faced at this moment with a simple question of basic equity. For we are not to be presented solely with a bill to create a strategic grain reserve. The same rules committee which would deny us the opportunity to vote on this ceiling has decided it shall be appropriate to consider the bill supported by the gentleman from Montana (Mr. MELCHER) to raise grain loan levels by 25 percent. There is simply no justification for this double standard of treatment, Mr. Speaker.

And we also cannot ignore the fact that this basic bill before us today may cost as much as \$1.4 billion. And the additional bill to be offered by the gentleman from Montana would cost an additional \$281 million. I make no comment on the merits of either of these bills. I am simply saying that we owe it to the American taxpayer to limit spending where we can.

Let us leave no doubt, Mr. Speaker, that the taxpayer's voice will be heard today. Let us vote down the previous question on the rule and proceed to the adoption of a reasonable limit on these giant subsidies.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, the gentleman from Iowa (Mr. MAYNE) very ably set forth the arguments for the \$20,000 payment limitation, as did the gentleman from Massachusetts (Mr. CONTE).

I shall add one thought. A justification for this unusual procedure, seeking to make in order what is clearly a non-germane amendment, is that if we do not seize this opportunity tonight on this bill, we will thus miss any opportunity to effect the substantial savings that could accrue with a \$20,000 payment limit on the 1972 crops.

When the appropriations bill comes around next spring or next summer, undoubtedly, a \$20,000 payment limitation will be offered, and I will forecast that it will be accepted by the House. However, by that time the contracts will have been made for 1972 crops for feed grains, for cotton, and for some types of wheat no doubt. So, it would hardly be proper or legal at that late stage, for us to try to change those contracts. Therefore, that is why there is a note of urgency in the proceedings tonight, why it is absolutely essential to vote down the previous question in order to make in order this \$20,000 limitation.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I just have a couple of comments to make, and then I will gladly yield to the gentleman.

Mr. Speaker, the gentleman from Illinois (Mr. ARENDT) the minority whip, was not able to be here this evening, but he asked me to state his support for the move to vote down the previous question.

The gentleman from Oklahoma (Mr. BELCHER) the ranking minority member of the House Committee on Agriculture, is in the same position; he is unable to be here this evening, but he has sent word that he too, supports the move to vote down the previous question.

Of course, the minority leader, the gentleman from Michigan (Mr. GERALD R. FORD) is here to speak for himself.

I would like to add finally that a very distinguished Democrat, a man who served for a number of years as Under Secretary of Agriculture, John Schnitker has maintained consistently and persistently over a period of years, that a limitation of this type would not impair the proper functioning of commodity programs. In fact, he enthusiastically supports this type payment limitation.

So I think the comment that was made just a little bit earlier at least can be challenged, the comment to the effect that the limitation would be destructive. I have never viewed it as a destructive amendment. I view it as an amendment that would bring about a badly needed reform and bring greater respect in the public's eye for farm programs, make them function better to the greater ad-

vantage of the small farmers without enriching needlessly the large farmers.

Now, Mr. Speaker, I will yield to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, if the gentleman is so interested in this amendment why do you not put it on some bill that can become law with the amendment on it?

The gentleman knows that it will kill this bill. Why not put it on the bill which is coming up tomorrow?

Mr. FINDLEY. I am glad to seize every opportunity, and I hope the gentleman will join me.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield such time as he may consume to the distinguished Chairman of the Committee on Agriculture, the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Speaker, it is not my intention to take any undue time, because I know there are Members who have stayed here for the purpose of casting their vote on this matter. I appreciate the sacrifice they are making.

I do want to call attention, however, to the fact that the crux of this matter is to be settled on this question of whether or not you are going to vote down the previous question on the rule.

If you will vote for the previous question on the rule, as we do in 99 percent of the cases, we will proceed here and consider the bill which is before us.

If you vote down the previous question, we will bog down into discussion of something that has no more relevancy to this bill than it had to the education bill that was up yesterday, or to the military appropriations bill, or to any other piece of legislation.

In evidence of that, it is going to require a change of rule in order to make any such amendment in order on this bill. It could be attached to any bill before this House by that procedure. If the advocates of this amendment were only concerned with the amendment why did they not offer to put it on a bill which seemed sure of passing?

It simply has nothing to do with this bill. This bill does not change the amount of payments to anybody. Therefore the amendment has nothing to do with this. We ought not change the amount of payments. We have encouraged farmers to make large expenditures on the strength of existing rules.

The gentleman has pointed out that we made commitments, and we have. We have a 3-year program. Farmers have been investing money, relying on that program. They have bought equipment. They have made their investments, and those investments ought to be protected during that period of time. The only purpose of amending the rule is to load the bill down and to thereby defeat it.

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

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

Mr. BURTON. Mr. Speaker, I would like to join with our distinguished chairman of the Committee on Agriculture, the gentleman from Texas (Mr. POAGE), in urging my colleagues to vote for the previous question. That is the issue. That is where every one of us, at least, on this

side of the aisle, ought to be casting our votes.

Mr. POAGE. That is the issue. Let us vote.

Mr. ANDERSON of Tennessee. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman from Ohio (Mr. LATTI) has 2 minutes remaining.

Mr. LATTI. Mr. Speaker, I reserve the balance of my time.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Speaker, for a number of years I have been one of the pioneer advocates for limiting subsidy payments under the farm program. Both in the Rules Committee and on the floor of the House during the last 4 or 5 years I openly opposed the fabulous and, in most cases fraudulent, annual six-figure payments to corporate farms for idle acres of land. The \$20,000 limitation amendment that is being offered to this bill today is nongermane and it is being presented for the primary purpose of creating a gimmick that will mislead a few of our Members and result in defeating this necessary farm legislation.

There are no provisions in this legislation for payments to farmers and this \$20,000 limitation amendment is completely remote and not germane from the purpose for which this bill should be enacted.

The sponsors know that if it is attached to the bill the bill will never be passed and, of course, if the bill is not passed the amendment will not become law either. So on the face of it, it is just a political move and gimmick to try to get the bill into cross-currents and result in killing it.

Obviously rural America is in a desperate situation. People are moving to the cities faster than we can take care of the problems in the cities and it would be better to make it possible to stay in rural America a little longer or at least until we have less unemployment. The administration's new farm program was rammed and pressured through Congress last year. The administration asked farmers to produce more crops this year, because there was fear of a food shortage which did not occur and resulted in the cheapest farm prices in years. While cost-of-living prices are going up, farm prices have gone way down. When these family farmers cannot buy farm machinery, the factories and mills in our cities cannot sell steel for farm machinery plants. Some of the farm machinery plants are down below 50 percent production. We need this bill to take some of the surplus off the market this year and keep it for a year when we will need it. This bill will help farmers this year and it will eventually help consumers, because consumers are not going to get food any cheaper. In some future years, it will help the consumers, because when prices of farm products go up, consumers always pay more, because we never see a reduction in a retail store—always an increase.

The proponents of this payment limitations amendment on the pending bill

which is nongermane did not ask us at the Rules Committee to put it on any other bill. We have had a dozen bills up which they could have asked us to attach it to but they did not. They did not ask us to put it on the poverty bill with the excuse that they needed money to pay for the child day care bill. They did not ask us to put payment limitations on the foreign aid bill so we could get the money to pay for that bill. They did not ask us to make a payment limitations bill in order as a part of a number of other bills that some of the people supported. They just pick out this one bill and want to get it in the cross-current.

I recognize this move to attach limitations on payments on this bill for just what it is. It is a political bidding for the White House which has been embarrassed by the Butz appointment and they do not want to openly oppose this bill and show that they are even more against the farmers. But a vote to defeat the previous question on this bill is plain and simple. A vote against doing something about this desperate farm situation.

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

Mr. MADDEN. I yield to the gentleman.

Mr. HAYS. I would suggest if the gentleman from Illinois (Mr. FINDLEY) and the gentleman from Massachusetts (Mr. CONTE) are sincere, and I am sure they are, and they really want to have their amendment adopted, and I am sure they do—I suggest they offer it to phase II tomorrow where it properly belongs in the price control bill—and I will support it.

Then if you want to offer it on phase III, I will support it there. I do not know whether you know what phase III is, but when somebody asked the President when phase II would be over with, he said when phase III starts. When he was asked what phase III was, he said that was getting reelected.

Mr. MADDEN. Mr. Speaker, I have 2 minutes left, and I am going to yield that time to the gentleman from Iowa (Mr. SCHERLE) if he has anything to say.

Mr. SCHERLE. I appreciate the generous amount of time that my colleague from Indiana has given me, and I am just going to reiterate what some of the other Members mentioned earlier tonight. The distinguished chairman of the Agriculture Committee from Texas (Mr. POAGE) really simplified the argument. He said that this very Congress passed a farm bill guaranteeing the farmers of this country a farm program which would run for 3 years, hopefully without interruption. These farmers expanded their operations. They bought additional machinery. They went into debt to do so, because they took this House at its word. If this House decides tonight to renege on that promise, it will result in continued injury as far as the farmers of the Middle West are concerned. They are in debt.

As I said earlier, we need the large farm operator in this program. It is a lot easier and less costly to pay farmers not to produce than it is to encourage the small farmer, without having the large farmer in the program, to produce com-

modities for the Government to buy, pay storage costs and have that grain hanging over the head of the farmer for "who knows how many" years. It is that simple. If you are for the small farmer, you will vote "yea" on the previous question and not reduce the amount from \$55,000 to \$20,000. Give those people on the farm an opportunity which they thought they were getting under the previous legislation.

Mr. ANDERSON of Tennessee. Mr. Speaker, I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I take this time to set the record straight. My colleague from Indiana has charged that the opponents of this legislation resorted to devious tactics by filibustering in the Rules Committee for 3 days to prevent this legislation from coming to the floor. I have in my hand a list of the witnesses who appeared before the Committee on Rules, and by a margin of 2 to 1, those who were in favor of the legislation, six of those testified for the bill as against only three opponents and, as I recall quite distinctly, those six consumed a great deal more time of the Committee on Rules than did the three who spoke against this legislation. So it is completely inaccurate and unfair to suggest that any effort was made to filibuster this measure in the Committee on Rules.

Mr. LATTA. Mr. Speaker, I yield 30 seconds to the gentleman from California (Mr. TEAGUE).

Mr. TEAGUE of California. Mr. Speaker, again to set the record straight. The only Members tonight who have spoken in favor of the \$20,000 limitation are those who have consistently supported it in the past. They are Mr. MAYNE, Mr. FINDLEY, Mr. CONTE, and myself. So the gentleman from Indiana was entirely incorrect in his assertion.

Mr. LATTA. Mr. Speaker, I was certainly amazed at the position taken by my friend from Indiana on this bill. I have heard many times, in the Rules Committee and on the floor, the gentleman from Indiana speak about the large corporate farmers getting all these large payments to the detriment of the small farmers. Now that he has an opportunity to put his vote where his speeches have been he is taking the other position. I am anxious to see how the gentleman's remarks are received back in Gary.

I yield back the balance of my time.

Mr. ANDERSON of Tennessee. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on the motion offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. CONTE) there were—ayes 106, noes 87.

Mr. CONTE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 204, nays 164, not voting 63, as follows:

[Roll No. 443]

YEAS—204

| | | |
|-----------------|-----------------|----------------|
| Abbott | Ford, | Moorhead |
| Abernethy | William D. | Morgan |
| Abourezk | Fraser | Moss |
| Abzug | Fulton, Tenn. | Murphy, N.Y. |
| Addabbo | Fuqua | Natcher |
| Alexander | Gallagher | Nedzi |
| Anderson, | Gettys | Nichols |
| Calif. | Gibbons | Nix |
| Anderson, | Gonzalez | Obey |
| Tenn. | Gray | O'Hara |
| Andrews, | Green, Pa. | O'Neill |
| N. Dak. | Griffin | Passman |
| Ashley | Griffiths | Patten |
| Aspin | Hagan | Pepper |
| Aspinall | Hamilton | Perkins |
| Badillo | Hammer- | Pickle |
| Baker | schmidt | Poage |
| Barrett | Hanley | Preyer, N.C. |
| Begich | Hanna | Price, Ill. |
| Bergland | Hansen, Idaho | Price, Tex. |
| Bevill | Harrington | Purcell |
| Biaggi | Hathaway | Randall |
| Bingham | Hays | Rangel |
| Blanton | Helstoski | Rarick |
| Boland | Hicks, Mass. | Rees |
| Bolling | Hicks, Wash. | Reuss |
| Brasco | Holifield | Rhodes |
| Brinkley | Howard | Roberts |
| Brooks | Hull | Rodino |
| Burke, Mass. | Hungate | Rooney, N.Y. |
| Burleson, Tex. | Ichord | Rooney, Pa. |
| Burlison, Mo. | Jarman | Rosenthal |
| Burton | Johnson, Calif. | Roush |
| Byrne, Pa. | Jones, Ala. | Roy |
| Byrnes, Wis. | Jones, N.C. | Roybal |
| Byron | Jones, Tenn. | Runnels |
| Cabell | Karth | Scherie |
| Caffery | Kastenmeier | Scheuer |
| Carey, N.Y. | Kazen | Sebelius |
| Carney | Kee | Seiberling |
| Chappell | Koch | Shoup |
| Clark | Kuykendall | Sikes |
| Clay | Kyl | Sisk |
| Conyers | Kyros | Slack |
| Corman | Landgrebe | Smith, Iowa |
| Culver | Landrum | Staggers |
| Daniel, Va. | Leggett | Stanton, |
| Daniels, N.J. | Lennon | James V. |
| Danielson | Link | Steed |
| Davis, Ga. | Long, La. | Steiger, Ariz. |
| Davis, S.C. | Long, Md. | Stephens |
| de la Garza | McClure | Stokes |
| Dellums | McCormack | Stubblefield |
| Denholm | McFall | Stuckey |
| Dent | McKay | Taylor |
| Dickinson | McMillan | Teague, Tex. |
| Donohue | Macdonald, | Thompson, Ga. |
| Dorn | Mass. | Udall |
| Dow | Madden | Ullman |
| Downing | Mahon | Van Deerlin |
| Eckhardt | Mann | Vigorito |
| Edmondson | Matsunaga | Waggoner |
| Edwards, Calif. | Mazzoli | Waldie |
| Eilberg | Meeds | White |
| Evans, Colo. | Melcher | Wilson, |
| Fascel | Metcalfe | Charles H. |
| Fisher | Mills, Md. | Yates |
| Flood | Minish | Yatron |
| Flowers | Mink | Young, Tex. |
| Foley | Mitchell | Zablocki |
| | Mollohan | Zwack |

NAYS—164

| | | |
|----------------|-----------------|-----------------|
| Adams | Collins, Tex. | Goldwater |
| Anderson, Ill. | Conable | Goodling |
| Archer | Conte | Grasso |
| Ashbrook | Cotter | Gross |
| Bell | Coughlin | Grover |
| Bennett | Crane | Gubser |
| Betts | Davis, Wis. | Haley |
| Blester | Delaney | Hall |
| Bow | Dellenback | Halpern |
| Brademas | Dennis | Harsha |
| Bray | Devine | Harvey |
| Broomfield | Drinan | Hastings |
| Brotzman | Dulski | Heckler, W. Va. |
| Brown, Mich. | Duncan | Heckler, Mass. |
| Brown, Ohio | du Pont | Heinz |
| Broyhill, Va. | Edwards, Ala. | Hillis |
| Buchanan | Erlenborn | Hogan |
| Burke, Fla. | Esch | Horton |
| Camp | Eshleman | Hosmer |
| Carter | Findley | Hunt |
| Cederberg | Ford, Gerald R. | Hutchinson |
| Chamberlain | Forsythe | Jacobs |
| Clancy | Frelinghuysen | Johnson, Pa. |
| Clausen, | Frenzel | Jonas |
| Don H. | Frey | Keating |
| Clawson, Del | Gaydos | Keith |
| Cleveland | Gialmo | Kemp |

| | | |
|--------------|---------------|----------------|
| Latta | Poff | Stanton, |
| Lent | Powell | J. William |
| Lloyd | Quie | Steele |
| McClory | Quillen | Steiger, Wis. |
| McCloskey | Rallsback | Stratton |
| McCollister | Reid, N.Y. | Talcott |
| McCulloch | Riegle | Teague, Calif. |
| McDade | Robinson, Va. | Terry |
| McDonald, | Robison, N.Y. | Thomson, Wis. |
| Mich. | Roe | Thone |
| McEwen | Rogers | Vander Jagt |
| McKevitt | Rousselot | Vanik |
| McKinney | Ruppe | Veysey |
| Mailliard | Ruth | Wampler |
| Martin | Ryan | Ware |
| Mayne | St Germain | Whalen |
| Michel | Sandman | Whalley |
| Miller, Ohio | Satterfield | Whitehurst |
| Mizell | Saylor | Widnall |
| Monagan | Schmitz | Williams |
| Morse | Schneebell | Wilson, Bob |
| Mosher | Schwengel | Winn |
| Myers | Shipley | Wolf |
| Nelsen | Shriver | Wyatt |
| O'Konski | Skubitz | Wydler |
| Pelly | Smith, Calif. | Wylie |
| Pettis | Smith, N.Y. | Wyman |
| Pike | Snyder | Young, Fla. |
| Pirnie | | Zion |

NOT VOTING—63

| | | |
|----------------|-----------------|----------------|
| Andrews, Ala. | Edwards, La. | Minshall |
| Annunzio | Evins, Tenn. | Montgomery |
| Arends | Fish | Murphy, Ill. |
| Baring | Flynt | Patman |
| Belcher | Fountain | Peyser |
| Blackburn | Galifianakis | Podell |
| Blatnik | Garmatz | Pryor, Ark. |
| Boggs | Green, Oreg. | Pucinski |
| Broyhill, N.C. | Gude | Roncallo |
| Casey, Tex. | Hansen, Wash. | Rostenkowski |
| Celler | Hawkins | Sarbanes |
| Chisholm | Hébert | Scott |
| Collier | Henderson | Spence |
| Collins, Ill. | King | Springer |
| Colmer | Kluczynski | Sullivan |
| Curlin | Lujan | Symington |
| Derwinski | Mathias, Calif. | Thompson, N.J. |
| Diggs | Mathis, Ga. | Tiernan |
| Dingell | Mikva | Whitten |
| Dowdy | Miller, Calif. | Wiggins |
| Dwyer | Mills, Ark. | Wright |

So the previous question was ordered. The Clerk announced the following pairs:

On this vote:

Mr. Spence for, with Mr. King against.
Mr. Annunzio for, with Mr. Gude against.
Mr. Hawkins for, with Mr. Collier against.
Mr. Hébert for, with Mrs. Dwyer against.
Mr. Boggs for, with Mr. Arends against.
Mr. Rostenkowski for, with Mr. Minshall against.

Mr. Garmatz for, with Mr. Fish against.

Until further notice:

Mr. Thompson of New Jersey with Mr. Wiggins.

Mrs. Sullivan with Mr. Lujan.

Mr. Blatnik with Mr. Belcher.

Mr. Andrews of Alabama with Mr. Blackburn.

Mr. Casey of Texas with Mr. Derwinski.

Mr. Celler with Mr. Peyser.

Mr. Kluczynski with Mr. Springer.

Mr. Murphy of Illinois with Mrs. Hansen of Washington.

Mr. Mikva with Mrs. Chisholm.

Mr. Miller of California with Mr. Mathias of California.

Mr. Tiernan with Mr. Dowdy.

Mr. Roncallo with Mr. Evins of Tennessee.

Mr. Fountain with Mr. Broyhill of North Carolina.

Mr. Colmer with Mr. Scott.

Mr. Mathis of Georgia with Mr. Galifianakis.

Mr. Podell with Mr. Collins of Illinois.

Mr. Henderson with Mrs. Green of Oregon.

Mr. Baring with Mr. Diggs.

Mr. Dingell with Mr. Whitten.

Mr. Pryor of Arkansas with Mr. Wright.

Mr. Flynt with Mr. Mills of Arkansas.

Mr. Montgomery with Mr. Patman.

Mr. Pucinski with Mr. Sarbanes.

Mr. Symington with Mr. Curlin.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 1828, TO AMEND THE PUBLIC HEALTH SERVICE ACT

Mr. STAGGERS submitted the following conference report and statement on the bill (S. 1828), to amend the Public Health Service Act so as to establish a Conquest of Cancer Agency in order to conquer cancer at the earliest possible date:

CONFERENCE REPORT (H. REPT. No. 92-722)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1828) to amend the Public Health Service Act so as to establish a Conquest of Cancer Agency in order to conquer cancer at the earliest possible date, 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 to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as "The National Cancer Act of 1971."

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds and declares—

(1) that the incidence of cancer is increasing and cancer is the disease which is the major health concern of Americans today;

(2) that new scientific leads, if comprehensively and energetically exploited, may significantly advance the time when more adequate preventive and therapeutic capabilities are available to cope with cancer;

(3) that cancer is a leading cause of death in the United States;

(4) that the present state of our understanding of cancer is a consequence of broad advances across the full scope of the biomedical sciences;

(5) that a great opportunity is offered as a result of recent advances in the knowledge of this dread disease to conduct energetically a national program against cancer;

(6) that in order to provide for the most effective attack on cancer it is important to use all of the biomedical resources of the National Institutes of Health; and

(7) that the programs of the research institutes which comprise the National Institutes of Health have made it possible to bring into being the most productive scientific community centered upon health and disease that the world has ever known.

(b) It is the purpose of this Act to enlarge the authorities of the National Cancer Institute and the National Institutes of Health in order to advance the national effort against cancer.

NATIONAL CANCER PROGRAM

SEC. 3. (a) Part A of title IV of the Public Health Service Act is amended by adding after section 406 the following new sections:

"NATIONAL CANCER PROGRAM

"SEC. 407. (a) The Director of the National Cancer Institute shall coordinate all of the activities of the National Institutes of Health relating to cancer with the National Cancer Program.

"(b) In carrying out the National Cancer Program, the Director of the National Cancer Institute shall:

"(1) With the advice of the National Cancer Advisory Board, plan and develop an expanded, intensified, and coordinated cancer research program encompassing the programs of the National Cancer Institute, related programs of the other research institutes, and other Federal and non-Federal programs.

"(2) Expeditiously utilize existing research facilities and personnel of the National Institutes of Health for accelerated exploration of opportunities in areas of special promise.

"(3) Encourage and coordinate cancer research by industrial concerns where such concerns evidence a particular capability for such research.

"(4) Collect, analyze, and disseminate all data useful in the prevention, diagnosis, and treatment of cancer, including the establishment of an international cancer research data bank to collect, catalog, store, and disseminate insofar as feasible the results of cancer research undertaken in any country for the use of any person involved in cancer research in any country.

"(5) Establish or support the large-scale production or distribution of specialized biological materials and other therapeutic substances for research and set standards of safety and care for persons using such materials.

"(6) Support research in the cancer field outside the United States by highly qualified foreign nationals which research can be expected to inure to the benefit of the American people; support collaborative research involving American and foreign participants; and support the training of American scientists abroad and foreign scientists in the United States.

"(7) Support appropriate manpower programs of training in fundamental sciences and clinical disciplines to provide an expanded and continuing manpower base from which to select investigators, physicians, and allied health professions personnel, for participation in clinical and basic research and treatment programs relating to cancer, including where appropriate the use of training stipends, fellowships, and career awards.

"(8) Call special meetings of the National Cancer Advisory Board at such times and in such places as the Director deems necessary in order to consult with, obtain advice from, or to secure the approval of projects, programs, or other actions to be undertaken without delay in order to gain maximum benefit from a new scientific or technical finding.

"(9) (A) Prepare and submit, directly to the President for review and transmittal to Congress, an annual budget estimate for the National Cancer Program, after reasonable opportunity for comment (but without change) by the Secretary, the Director of the National Institutes of Health, and the National Cancer Advisory Board; and (B) receive from the President and the Office of Management and Budget directly all funds appropriated by Congress for obligation and expenditure by the National Cancer Institute.

"(c) (1) There is established the President's Cancer Panel (hereinafter in this section referred to as the 'Panel') which shall be composed of three persons appointed by the President, who by virtue of their training, experience, and background are exceptionally qualified to appraise the National Cancer Program. At least two of the members of the Panel shall be distinguished scientists or physicians.

"(2) (A) Members of the Panel shall be appointed for three-year terms, except that (i) in the case of two of the members first appointed, one shall be appointed for a term of one year and one shall be appointed for a term of two years, as designated by the President at the time of appointment, and (ii)

any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term.

"(B) The President shall designate one of the members to serve as Chairman for a term of one year.

"(C) Members of the Panel shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Panel, and shall be allowed travel expenses (including a per diem allowance) under section 5703(b) of title 5, United States Code.

"(3) The Panel shall meet at the call of the Chairman, but not less often than twelve times a year. A transcript shall be kept of the proceedings of each meeting of the Panel, and the Chairman shall make such transcript available to the public.

"(4) The Panel shall monitor the development and execution of the National Cancer Program under this section, and shall report directly to the President. Any delays or blockages in rapid execution of the Program shall immediately be brought to the attention of the President. The Panel shall submit to the President periodic progress reports on the Program and annually an evaluation of the efficacy of the Program and suggestions for improvements, and shall submit such other reports as the President shall direct. At the request of the President, it shall submit for his consideration a list of names of persons for consideration for appointment as Director of the National Cancer Institute.

"NATIONAL CANCER RESEARCH AND DEMONSTRATION CENTERS

"SEC. 408. (a) The Director of the National Cancer Institute is authorized to provide for the establishment of fifteen new centers for clinical research, training, and demonstrations of advanced diagnostic and treatment methods relating to cancer. Such centers may be supported under subsection (b) or under any other applicable provision of law.

"(b) The Director of the National Cancer Institute, under policies established by the Director of the National Institutes of Health and after consultation with the National Cancer Advisory Board, is authorized to enter into cooperative agreements with public or private nonprofit agencies or institutions to pay all or part of the cost of planning, establishing, or strengthening, and providing basic operating support for existing or new centers (including, but not limited to, centers established under subsection (a)) for clinical research, training, and demonstration of advanced diagnostic and treatment methods relating to cancer. Federal payments under this subsection in support of such cooperative agreements may be used for (1) construction (notwithstanding any limitation under section 405), (2) staffing and other basic operating costs, including such patient care costs as are required for research, (3) training (including training for allied health professions personnel), and (4) demonstration purposes; but support under this subsection (other than support for construction) shall not exceed \$5,000,000 per year per center. Support of a center under this section may be for a period of not to exceed three years and may be extended by the Director of the National Cancer Institute for additional periods of not more than three years each; after review of the operations of such center by an appropriate scientific review group established by the Director of the National Cancer Institute.

"CANCER CONTROL PROGRAMS

"SEC. 409. (a) The Director of the National Cancer Institute shall establish programs as necessary for cooperation with State and other health agencies in the diagnosis, prevention, and treatment of cancer.

"(b) There are authorized to be appropriated to carry out this section \$20,000,000 for the fiscal year ending June 30, 1972, \$30,000,000 for the fiscal year ending June 30, 1973, and \$40,000,000 for the fiscal year ending June 30, 1974.

"AUTHORITY OF DIRECTOR

"SEC. 410. The Director of the National Cancer Institute (after consultation with the National Cancer Advisory Board), in carrying out his functions in administering the National Cancer Program and without regard to any other provision of this Act, is authorized—

"(1) if authorized by the National Cancer Advisory Board, to obtain (in accordance with section 3109 of title 5, United States Code, but without regard to the limitation in such section on the number of days or the period of such service) the services of not more than fifty experts or consultants who have scientific or professional qualifications;

"(2) to acquire, construct, improve, repair, operate, and maintain cancer centers, laboratories, research, and other necessary facilities and equipment, and related accommodations as may be necessary, and such other real or personal property (including patents) as the Director deems necessary: to acquire, without regard to the Act of March 3, 1877 (40 U.S.C. 34), by lease or otherwise through the Administrator of General Services, buildings or parts of buildings in the District of Columbia or communities located adjacent to the District of Columbia for the use of the National Cancer Institute for a period not to exceed ten years;

"(3) to appoint one or more advisory committees composed of such private citizens and officials of Federal, State, and local governments as he deems desirable to advise him with respect to his functions;

"(4) to utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal, State, or local public agencies, with or without reimbursement therefor;

"(5) to accept voluntary and uncompensated services;

"(6) to accept unconditional gifts, or donations of services, money, or property, real, personal, or mixed, tangible or intangible;

"(7) to enter into such contracts, leases, cooperative agreements, or other transactions, without regard to sections 3648 and 3709 of the Revised Statutes of the United States (31 U.S.C. 529, 41 U.S.C. 5), as may be necessary in the conduct of his functions, with any public agency, or with any person, firm, association, corporation, or educational institution; and

"(8) to take necessary action to insure that all channels for the dissemination and exchange of scientific knowledge and information are maintained between the National Cancer Institute and the other scientific medical, and biomedical disciplines and organizations nationally and internationally.

"SCIENTIFIC REVIEW; REPORTS

"SEC. 410A. (a) The Director of the National Cancer Institute shall, by regulation, provide for proper scientific review of all research grants and programs over which he has authority (1) by utilizing, to the maximum extent possible, appropriate peer review groups established within the National Institutes of Health and composed principally of non-Federal scientists and other experts in the scientific and disease fields, and (2) when appropriate, by establishing with the approval of the National Cancer Advisory Board and the Director of the National Institutes of Health, other formal peer review groups as may be required.

"(b) The Director of the National Cancer Institute shall, as soon as practicable after the end of each calendar year, prepare in consultation with the National Cancer Advisory Board and submit to the President for transmittal to the Congress a report on the

activities, progress, and accomplishments under the National Cancer Program during the preceding calendar year and a plan for the Program during the next five years.

"NATIONAL CANCER ADVISORY BOARD

"SEC. 410B. (a) There is established in the National Cancer Institute a National Cancer Advisory Board (hereinafter in this section referred to as the 'Board') to be composed of twenty-three members as follows:

"(1) The Secretary, the Director of the Office of Science and Technology, the Director of the National Institutes of Health, the chief medical officer of the Veterans' Administration (or his designee), and a medical officer designated by the Secretary of Defense shall be ex officio members of the Board.

"(2) Eighteen members appointed by the President.

Not more than twelve of the appointed members of the Board shall be scientists or physicians and not more than eight of the appointed members shall be representatives from the general public. The scientists and physicians appointed to the Board shall be appointed from persons who are among the leading scientific or medical authorities outstanding in the study, diagnosis, or treatment of cancer or in fields related thereto. Each appointed member of the Board shall be appointed from among persons who by virtue of their training, experience, and background are especially qualified to appraise the programs of the National Cancer Institute.

"(b) (1) Appointed members shall be appointed for six-year terms, except that of the members first appointed six shall be appointed for a term of two years, and six shall be appointed for a term of four years, as designated by the President at the time of appointment.

"(2) Any member appointed to fill a vacancy occurring prior to expiration of the term for which his predecessor was appointed shall serve only for the remainder of such term. Appointed members shall be eligible for reappointment and may serve after the expiration of their terms until their successors have taken office.

"(3) A vacancy in the Board shall not affect its activities, and twelve members thereof shall constitute a quorum.

"(4) The Board shall supersede the existing National Advisory Cancer Council, and the appointed members of the Council serving on the effective date of this section shall serve as additional members of the Board for the duration of their terms then existing, or for such shorter time as the President may prescribe.

"(c) The President shall designate one of the appointed members to serve as Chairman for a term of two years.

"(d) The Board shall meet at the call of the Director of the National Cancer Institute or the Chairman, but not less often than four times a year and shall advise and assist the Director of the National Cancer Institute with respect to the National Cancer Program.

"(e) The Director of the National Cancer Institute shall designate a member of the staff of the Institute to act as Executive Secretary of the Board.

"(f) The Board may hold such hearings, take such testimony, and sit and act at such times and places as the Board deems advisable to investigate programs and activities of the National Cancer Program.

"(g) The Board shall submit a report to the President for transmittal to the Congress not later than January 31 of each year on the progress of the National Cancer Program toward the accomplishment of its objectives.

"(h) Members of the Board who are not officers or employees of the United States shall receive for each day they are engaged in the performance of the duties of the Board compensation at rates not to exceed the daily equivalent of the annual rate in effect for

GS-18 of the General Schedule, including traveltime; and all members, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as such expenses are authorized by section 5703, title 5, United States Code, for persons in the Government service employed intermittently.

"(i) The Director of the National Cancer Institute shall make available to the Board such staff, information, and other assistance as it may require to carry out its activities.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 410C. For the purpose of carrying out this part (other than section 409), there are authorized to be appropriated \$400,000,000 for the fiscal year ending June 30, 1972; \$500,000,000 for the fiscal year ending June 30, 1973; and \$600,000,000 for the fiscal year ending June 30, 1974."

"(b) (1) Section 402 of the Public Health Service Act is amended by adding at the end thereof the following:

"(b) Under procedures approved by the Director of the National Institutes of Health, the Director of the National Cancer Institute may approve grants under this Act for cancer research or training—

"(1) in amounts not to exceed \$35,000 after appropriate review for scientific merit but without the review and recommendation by the National Cancer Advisory Board prescribed by section 403(c), and

"(2) in amounts exceeding \$35,000 after appropriate review for scientific merit and recommendation for approval by such Board as prescribed by section 403(c)."

"(2) Section 402 of such Act is further amended—

"(A) by inserting "(a)" immediately after "Sec. 402."; and

"(B) by redesignating paragraphs (a), (b), (c), (d), (e), (f), and (g) as paragraphs (1), (2), (3), (4), (5), (6), and (7), respectively.

"(3) Section 403(c) of such Act is amended by striking out "In carrying out" and inserting in lieu thereof "Except as provided in section 402(b), in carrying out".

REPORT TO CONGRESS

SEC. 4. (a) The President shall carry out a review of all administrative processes under which the National Cancer Program, established under part A of title IV of the Public Health Service Act, will operate, including the processes of advisory council and peer group reviews, in order to assure the most expeditious accomplishment of the objectives of the Program. Within one year of the date of enactment of this Act the President shall submit a report to Congress of the findings of such review and the actions taken to facilitate the conduct of the Program, together with recommendations for any needed legislative changes.

"(b) The President shall request of the Congress without delay such additional appropriations (including increased authorizations) as are required to pursue immediately any development in the National Cancer Program requiring prompt and expeditious support and for which regularly appropriated funds are not available.

PRESIDENTIAL APPOINTMENTS

SEC. 5. Title IV of the Public Health Service Act is amended by adding after part F the following new part:

"PART G—ADMINISTRATIVE PROVISIONS

"DIRECTORS OF INSTITUTES

"SEC. 454. The Director of the National Institutes of Health and the Director of the National Cancer Institute shall be appointed by the President. Except as provided in section 407(b) (9), the Director of the National Cancer Institute shall report directly to the Director of the National Institutes of Health."

CONFORMING AMENDMENTS

SEC. 6. (a) (1) Section 217 of the Public Health Service Act is amended (A) by striking out "National Advisory Cancer Council," each place it occurs in subsection (a), and (B) by striking out "cancer," in subsections (a) and (b) of such section.

(2) Sections 301(d), 301(i), 402, and 403 (c) of such Act are each amended by striking out "National Advisory Cancer Council" and inserting in lieu thereof "National Cancer Advisory Board".

(3) Section 403(b) of such Act is amended by striking out "National Cancer Advisory Council" and inserting in lieu thereof "National Cancer Advisory Board".

(4) Section 404 of such Act is amended—
(A) by striking out "council" in the matter preceding paragraph (a) and inserting in lieu thereof "National Cancer Advisory Board", and

(B) by striking out "COUNCIL" in the section heading and inserting in lieu thereof "BOARD".

EFFECTIVE DATE

SEC. 7. (a) This Act and the amendments made by this Act shall take effect sixty days after the date of enactment of this Act or on such prior date after the date of enactment of this Act as the President shall prescribe and publish in the Federal Register.

(b) The first sentence of section 454 of the Public Health Service Act (added by section 5 of this Act) shall apply only with respect to appointments made after the effective date of this Act (as prescribed by subsection (a)).

(c) Notwithstanding the provisions of subsection (a), members of the National Cancer Advisory Board (authorized under section 410B of the Public Health Service Act, as added by this Act) may be appointed, in the manner provided for in such section, at any time after the date of enactment of this Act. Such officers shall be compensated from the date they first take office, at the rates provided for in such section 410B.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "An Act to amend the Public Health Service Act so as to strengthen the National Cancer Institute and the National Institutes of Health in order more effectively to carry out the national effort against cancer."

And the House agree to the same.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
DAVID E. SATTERFIELD,
PETER N. KYROS,
RICHARDSON PREYER,
JAMES W. SYMINGTON,
WILLIAM R. ROY,
WILLIAM L. SPRINGER,
ANCHER NELSEN,
TIM LEE CARTER,
JAMES F. HASTINGS,
JOHN G. SCHMITZ,

Managers on the Part of the House.

EDWARD M. KENNEDY,
HARRISON A. WILLIAMS, Jr.,
GAYLORD NELSON,
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ALAN CRANSTON,
HAROLD E. HUGHES,
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WALTER F. MONDALE,
RICHARD S. SCHWEIKER,
JACOB K. JAVITS,
PETER H. DOMINICK,
BOB PACKWOOD,
J. GLENN BEALL, Jr.,
ROBERT TAFT, Jr.,

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 amendments of the House to the bill (S. 1828) to amend the Public Health Service Act so as to establish a Conquest of Cancer Agency in order to conquer cancer at the earliest possible date, 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 title to the Senate bill was "An Act to amend the Public Health Service Act so as to establish a Conquest of Cancer Agency in order to conquer cancer at the earliest possible date." The House amended the title of the bill to read as follows: "An Act to amend the Public Health Service Act so as to strengthen the National Cancer Institute and the National Institutes of Health in order to conquer cancer as soon as possible." Under the conference agreement the House amendment to the title was adopted with an amendment.

The Senate bill provided the short title "Conquest of Cancer Act". The House amendment provided the short title "The National Cancer Attack Act of 1971". The conference substitute provides that the Act shall be known as "The National Cancer Act of 1971".

SUMMARY OF SUBSTANTIVE PROVISIONS OF SENATE BILL

Section 2 of the Senate bill amends title IV of the Public Health Service Act to include the following new sections:

FINDINGS AND DECLARATION OF PURPOSE

New Section 407A.—States that cancer is increasing and is of major concern, that attainment of better methods of prevention, diagnosis, and treatment deserves the highest priority, that scientific advances offer opportunity for conducting a major program for the conquest of cancer, and that the purpose is to establish a Conquest of Cancer Agency as an independent agency within the National Institutes of Health.

CONQUEST OF CANCER AGENCY

New Section 407B.—Provides for establishment of an independent Conquest of Cancer Agency within the National Institutes of Health.

APPOINTMENT OF DIRECTOR, DEPUTY DIRECTOR, AND ASSISTANT DIRECTORS

New Section 407C.—Provides for Presidential appointment, by and with the advice and consent of the Senate, of a Director and Deputy Director, and for the Director to appoint not to exceed five Assistant Directors.

FUNCTION OF THE AGENCY

New Section 407D.—Assigns to the Agency a broad range of functions and authorities considered necessary to accomplish the conquest of cancer. Specifically, this section would require the Director to:

1. Carry out all research activities previously conducted by the National Cancer Institute, as well as additional activities required for an expanded, intensified, and coordinated cancer research program, and administer authorities previously vested in the Secretary under the Public Health Service Act with respect to cancer.

2. The Agency is directed to expeditiously utilize existing resources, explore the greater use of new resources such as industrial concerns, and, in general, employ the skills of any individual or group capable of making a contribution to the conquest of cancer. This authority would also include support of meritorious foreign research—wherever it is conducted.

3. Strengthen existing cancer research centers and establish new centers as needed.

4. Collect, analyze, and disseminate all

data useful in the prevention, diagnosis, and treatment of cancer.

5. Support appropriate manpower training programs.

6. Prepare and submit an annual budget estimate directly to the President for transmittal to the Congress and receive directly from the President and the Office of Management and Budget the funds appropriated by the Congress for the Agency.

ADMINISTRATIVE PROVISIONS

New Section 407E.—Authorizes the Director to take actions necessary to manage a program of the scope and status envisioned for the Cancer Conquest Agency—an "independent agency within the NIH." The Director is given specific authority to do the following things:

1. Appoint a limited number of senior staff without regard to Civil Service regulations, and appoint certain specifically qualified persons at two grades above the entrance level normally authorized by Civil Service regulations.

2. Construct or acquire facilities.

3. Issue rules and regulations.

4. Utilize the resources of other agencies.

5. Coordinate cancer research with the other research programs of the NIH.

6. Provide for appropriate peer review of research grants and programs.

REPORTS

New Section 407F.—Requires the Agency Director to submit to the President for transmittal to the Congress an annual report on the activities of the Agency during the preceding year.

NATIONAL CANCER ADVISORY BOARD

New Section 407G.—Establishes a National Cancer Advisory Board composed of the Director of NIH and eighteen members appointed by the President, by and with the advice and consent of the Senate. No more than twelve of the appointed Board members shall be scientists or physicians and no more than eight shall be members of the general public. Ex officio members include the Secretary, the Director of the Conquest of Cancer Agency, and the Director of the Office of Science and Technology. The Chairman will be designated from the appointed members by the President.

This section also establishes administrative procedures to be followed by the Board, empowers it to hold hearings and evaluate and make recommendations on the Agency's program plan and budget, directs it to make an annual report to the Congress on the Agency's progress toward its objectives, and charges it with the responsibility of insuring that the Agency Director maintains scientific peer review. The Board will supersede the existing National Advisory Cancer Council, take over its functions, and include in its membership the present council members for the duration of their terms, or if the President so determines, their terms may be shortened or terminated.

DEFINITIONS

New Section 407H.—For the purposes of the Public Health Service Act this section defines: "Director", "Agency", "Board", "Cancer center", "Construction", "Function", and "Federal Agency".

AUTHORIZATION OF APPROPRIATIONS

New Section 408.—Authorizes "such sums as may be necessary" to carry out the programs, functions, or activities of the Conquest of Cancer Agency.

Section 3 of the Senate bill provides for compensation for the Director of the Conquest of Cancer Agency at Level IV of the Executive Schedule, and the Deputy Director of the Agency at Level V by amending Title 5 of the U.S. Code.

Section 5 of the Senate bill makes the National Cancer Institute part of the Conquest of Cancer Agency and authorizes the Con-

quest of Cancer Agency, rather than the Secretary of HEW, to carry out the purposes of Section 301 of the Public Health Service Act with respect to cancer. This section would also give certain administrative authority presently exercised by the Secretary to the Conquest of Cancer Agency.

Section 6 of the Senate bill merges the functions of the National Advisory Cancer Council with the National Cancer Advisory Board by amending the Public Health Service Act in the appropriate sections.

Section 7 of the Senate bill provides that the Act take effect sixty days after its date of enactment or on a prior date if the President should so prescribe and publish in the Federal Register. This section would also provide that any officers appointed after date of enactment shall be compensated from the date they first take office from funds available from functions to be transferred to the Agency.

SUMMARY OF SUBSTANTIVE PROVISIONS OF THE HOUSE AMENDMENT

The House Amendment makes the following findings: That cancer is the disease most feared by Americans; that as the new scientific leads are comprehensively and energetically exploited, they may advance the time when more adequate preventive and therapeutic capabilities can cope with cancer; that cancer, heart and lung diseases, and stroke are the leading causes of death in the United States; that the present understanding of these diseases are the result of broad advances of all the biomedical sciences; that the most effective attack on cancer should use all the resources of the National Institutes of Health; and that the programs of the National Institutes of Health produced the world's most productive scientific community center upon health and disease. The purpose of the Act is stated to be to enlarge the authority of the National Cancer Institute and the National Institutes of Health in order to advance the national attack on cancer.

NATIONAL CANCER ATTACK PROGRAM

New Section 407(a).—That the Director of the National Cancer Institute shall be an Associate Director of the National Institutes of Health and shall coordinate all cancer-related activities of the National Institutes of Health with the National Cancer Attack Program.

New Section 407(b).—It further assigns to the Director of the National Cancer Institute a range of responsibilities necessary to accomplish the conquest of cancer. Among these responsibilities are—

(1) With the advice of the National Cancer Advisory Council plan and develop an expanded, intensive and coordinated cancer research program encompassing the programs of the National Cancer Institute and under policy control by the Director of the National Institutes of Health, related programs of other research institutes and other Federal and non-Federal programs.

(2) Utilize under a new policy controlled by the Director of the National Institutes of Health, existing facilities and personnel of the National Institutes of Health to rapidly explore opportunities for the conquest of cancer in areas of special promise.

(3) Encourage and coordinate cancer research by industrial concerns which evidence a capability for such research.

(4) Collect, analyze, and disseminate all data useful in the prevention and diagnosis of the treatment of cancer including the establishment of an international cancer data bank.

(5) Establish or support a large scale production or distribution of specialized biological medicine or other therapeutic substances for research and set standards of safety and care for their use.

(6) Support meritorious foreign research and support collaborative research involving American and foreign scientists and the training of Americans abroad and foreign scientists in the United States.

(7) Support appropriate manpower training programs in fundamental sciences and clinical discipline including the use of stipends, fellowships and career awards to provide an expanded manpower basis from which health professional personnel will be selected to participate in clinical and basic research programs related to cancer.

(8) Call special meetings of the National Advisory Cancer Council as the Director deems necessary to gain maximum benefit from new scientific or technical findings.

(9) Prepare and submit an annual budget estimate for the National Cancer Attack Program directly to the President after the Secretary, the Director of the National Institutes of Health and the National Advisory Cancer Council have had an opportunity to make comments on but not change the estimates. Receive from the President and the Office of Management and Budget directly the funds appropriated by the Congress for the National Cancer Institute.

The House amendment further provides that the National Advisory Cancer Council shall meet at the call of its chairman, of the Director of the National Cancer Institute, but not less than four times each calendar year.

The House amendment further provides for a President's Cancer Attack Panel. Such panel shall be comprised of three persons of whom at least two shall be distinguished scientists or physicians appointed by the President to appraise the National Cancer Attack Program. The panel shall meet at the call of the chairman but not less than twelve times a year. The function of the panel will be to monitor a National Cancer Attack Program and to report directly to the President. It shall immediately bring to the President's attention any delay in program execution and a report annually to the President with suggestions for improvement. At the President's request, it shall also submit a list of names of persons for consideration for appointment as Director of the National Cancer Institute.

NATIONAL CANCER RESEARCH AND DEMONSTRATION CENTERS

The House amendment provides that the Director of the National Cancer Institute is authorized to establish 15 new centers for clinical research, training, and demonstration of advanced diagnostic and treatment methods, related to cancer. Also authorized are cooperative agreements with public and private nonprofit agencies for the planning, establishment, strengthening and basic operating support of existing and new centers. Federal payments may be used for construction, staffing, basic operating course, training and demonstration purposes but support shall not exceed \$5,000,000 per year per center excluding construction. Support for these centers shall be for three years but may be extended by the Director of the National Cancer Institute for additional three-year periods after a review by an appropriate scientific review group.

CANCER CONTROL PROGRAMS

The House amendment provides that the Director of the National Cancer Institute establish programs necessary for cooperation with State and other health agencies in the prevention, control, and eradication of cancer. For these purposes there are authorized to be appropriated \$20 million for fiscal year 1972, \$30 million for fiscal year 1973, and \$40 million for fiscal year 1974.

AUTHORITY OF THE DIRECTOR

The House amendment authorizes the Director of the National Cancer Institute after

consultation with the National Advisory Cancer Council to:

(1) Obtain the services of not more than 50 experts or consultants who have scientific or professional qualifications if so authorized by the National Advisory Cancer Council.

(2) Acquire, construct, improve, repair, operate and maintain cancer centers in laboratories, research, and other necessary facilities, and equipment and related accommodations as may be necessary; and such other real or personal property as may be necessary, and to acquire by lease, buildings in the District of Columbia, or adjacent area, for use of the National Cancer Institute for a period not to exceed ten years.

(3) Appoint advisory committees.

(4) Utilize the services of other Federal, State, or local government agencies.

(5) Accept voluntary and uncompensated services.

(6) Accept unconditional gifts or donations of services.

(7) Enter into contracts, leases, cooperative agreements, and other transactions as may be necessary to the conduct of his functions.

(8) Assure that all channels for the dissemination and exchange of scientific knowledge and information are maintained between the National Cancer Institute and other disciplines and organizations, nationally and internationally.

SCIENTIFIC REVIEW

The House amendment provides that the Director of the National Cancer Institute shall provide for proper scientific review of all research grants and programs of which he has authority. He shall utilize to the maximum extent possible appropriate peer review groups established within the National Institutes of Health, but when appropriate money, with the approval of the Director of the National Institutes of Health and the National Advisory Cancer Council establish other fundamental peer review groups as may be required.

REPORTS

The House amendment provides that the Directors of the National Cancer Institute in consultation with the National Advisory Cancer Council shall submit an annual program report to the President for transmittal to the Congress.

AUTHORIZATION OF APPROPRIATIONS

The House amendment authorized to be appropriated for programs other than cancer control \$400 million for fiscal year 1972, \$500 million for fiscal year 1973, and \$600 million for fiscal year 1974. These sums shall be available until expended. The House amendment further provides that the Director of the National Cancer Institute under procedures approved by the Director of the National Institutes of Health may approve grants not to exceed \$35,000 after appropriate review for scientific merit but without Advisory Council review and approval. Grants in excess of \$35,000 continue to require approval by the Advisory Council.

REPORT TO CONGRESS

The House amendment requires the President to conduct a review of all administrative provisions under which the National Cancer Attack Program shall operate within one year. Such findings shall be reported to the Congress together with recommendations for any legislative changes. The President is also directed to request without delay any additional appropriations and authorizations as are required to pursue any development in the National Cancer Attack Program for which regularly appropriated funds are not immediately available.

PRESIDENTIAL APPOINTMENT OF THE INSTITUTES' DIRECTOR

The House amendment provides for the Presidential appointment of the Director of

the National Institutes of Health and the Directors of the National Cancer Institute, the National Heart and Lung Institute, and the National Institute of Neurological Diseases and Stroke. Such Directors are also designated as associate directors of the National Institutes of Health and shall report directly to the Director of the National Institutes of Health.

The House amendment further provides that the Director of the National Institutes of Health is elevated to Executive Level III; the Deputy Director of the National Institutes of Health; the Deputy Director for Science, National Institutes of Health; the Director of the National Cancer Institute; the Director of the National Heart and Lung Institute; and the Director of National Institutes for Neurological Diseases and Stroke are elevated to Executive Level IV.

EXPLANATION OF CONFERENCE SUBSTITUTE

The conference substitute accepts the provisions of the House amendment with the following substantive changes in the House amendment:

(1) All references to diseases other than cancer are omitted.

(2) In lieu of the National Advisory Cancer Council the conferees adopted a modified version of the Senate provision for a National Cancer Advisory Board as follows:

The National Cancer Advisory Board shall be composed of eighteen members appointed by the President and five Federal officials who shall serve ex officio. Not more than twelve of the appointed Board members may be scientists or physicians with outstanding backgrounds in research, diagnosis, or treatment of cancer or in related fields and not more than eight may be members of the general public especially qualified to appraise the programs of the Institute. Ex officio members of the Board shall include the Secretary of Health, Education, and Welfare, the Director of the Office of Science and Technology, the Director of the National Institutes of Health, the chief medical officer of the Veterans' Administration (or his designee), and a medical officer designated by the Secretary of Defense. The Chairman will be designated from the appointed members by the President.

The conference substitute follows the Senate bill, which establishes administrative procedures to be followed by the Board; empowers it to hold hearings on and evaluate the National Cancer Program and directs it to make an annual report to the Congress. The Board will be charged with the responsibility of approving grants in excess of \$35,000, as was provided by the House bill. The Board supersedes the existing National Advisory Cancer Council, takes over its functions (including fees review functions for grants over \$35,000), and includes in its membership the present appointed Council members for the duration of their terms or if the President so determines their terms may be shortened or terminated.

The conferees intend that the Board shall maintain the same high level of scientific review which has characterized the decisions of the Council.

(3) The conference substitute provides that the Director of the National Institutes of Health and the Director of the National Cancer Institute shall be appointed by the President and that, except with respect to budget matters, the Director of the National Cancer Institute shall report directly to the Director of the National Institutes of Health.

The House amendment provides for the establishment of 15 new Clinical Research Centers, with support by the Federal Government for such centers at levels not to exceed \$5 million a year (exclusive of assistance for construction). This limitation is not intended to preclude any such center, or researcher at such center, from receiving

research or training grants under provisions of law other than this section.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
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Managers on the Part of the House.

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BOB PACKWOOD,
J. GLENN BEALL, Jr.,
ROBERT TAFT, Jr.,

Managers on the Part of the Senate.

STRATEGIC STORABLE AGRICULTURAL COMMODITIES ACT OF 1971

Mr. POAGE. 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 (H.R. 1163), to authorize the establishment and maintenance of reserve supplies of soybeans, corn, grain sorghum, barley, oats, and wheat for national security and to protect domestic consumers against an inadequate supply of such commodities; to maintain and promote foreign trade; to protect producers of such commodities against an unfair loss of income resulting from the establishment of a reserve supply; to assist in marketing such commodities; to assure the availability of commodities to promote world peace and understanding; and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

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 H.R. 1163, with Mr. NEDZI 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 Texas (Mr. POAGE) will be recognized for 30 minutes and the gentleman from California (Mr. TEAGUE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. POAGE).

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

Mr. Chairman, I do not believe the House needs further explanation of this bill. Most of the Members who were here heard the discussion on the rule, and other Members already had either made up their minds or relied on someone who was here.

This bill does basically one thing, and that is to provide a limited method of carrying out the purchase of feed grains in lieu of the unlimited method under which the Secretary of Agriculture is now acting. He has already indicated his support for exactly this procedure, and one of his first announcements was that he was going to begin to buy corn.

That is what the bill does, it requires him to buy grain but the bill does set safeguards around the way the grain is handled. If the Members want an orderly procedure, they will adopt the bill. If the Members simply want to say that the Secretary is buying corn, then, of course, the Members will vote against the bill, and say the Secretary is doing everything that is needed.

Mr. Chairman, I reserve the balance of my time.

Mr. PURCELL. Mr. Chairman, this is an eventful day for the farmers and consumers of America. The bill we are considering—to authorize the establishment and maintenance of reserve supplies of farm commodities—has been needed for a number of years. It cures one of the biggest single defects of government farm programs—the inability to have a truly insulated reserve against which the Secretary of Agriculture could rely when trying to anticipate the allowable planting for the next crop year. If enacted, it would assure that, in lean years we would always have an available commodity supply.

For me personally, and for many of us who have supported this concept in past years, it is a signal victory that we are able to consider the reserve concept today. Without the strong leadership of the Speaker, majority leader, the majority of the Rules Committee chaired by the gentleman from Mississippi (Mr. COLMER), the outstanding contribution of the gentleman from Texas (Mr. POAGE), our chairman of the Committee on Agriculture, and those members of the committee who are honestly trying to do something about the disastrous farm situation today, the bill would not be here. Four years ago, in 1967, we were on the verge of moving my own bill to establish the reserve concept into law, but we simply did not have the horsepower to get it done. Today, the situation demands it.

In order to meet their assigned objective of maintaining adequate supplies of food and fiber for domestic consumption and world trade, the Food and Agriculture Act of 1965, and its successor, the Agriculture Act of 1970, gave the Secretary of Agriculture the burden of estimating production and world consumption for upcoming years and promulgating standards and allowable plantings of wheat and feed grains in order to meet this goal.

Historically, farmers plant to the limit of the Secretary's pronouncements. In making the decision as to the size of next year's crop, and the amount of acreage to be allotted to each State for planting, the Secretary must consider the anticipated domestic consumption of feed grains and wheat, anticipated exports, imports, if any, and anticipated use of

commodities for seed and feed. He must also hazard an estimation of the average production per acre, taking into account such variables as climate, effects of plant disease, and historical data as to productivity of various strains of the seed.

The possibilities for misestimation are obvious and historically real. From a surplus nationally, southern leaf blight seriously reduced the 1970 corn crop. The Secretary's estimation in 1970 of the future of the disease was again wrong: Southern leaf blight failed to reappear, resulting in the production of a huge corn surplus, and corn prices fell far below the cost of production. Similarly, in 1970 and 1971, wheat production was misestimated. Despite a drought that destroyed the wheat crop in the areas of the Southwest, indicated production has now climbed to 1,627,575,000 bushels, and with a failure of demand in the world market, a carryover of 849,000,000 bushels is projected much of which will go into Commodity Credit Corporation loan stocks, as a burden on the domestic market.

Overproduction or underproduction—neither benefits the farmer, the American consumer, nor foreign nations relying on us as a reliable source of supply. Overproduction drives commodity prices below the cost of production, drives more and more people from farming as a source of income, and eventually, increases the migration to the already overcrowded urban centers. Because of the relatively high processing costs required to produce the finished foodstuffs the American consumer demands, actual food costs to consumers are actually reduced very little by heavy production. In world trade, reliability of supply is as important as abundance, since the latter must be offset against the demand of foreign markets.

Production which does not meet the total requirements of foreign and domestic markets, victimizes not only the farmer, who feels he should have been allowed to plant more, but the consumer. Shortage of grain will not only drive up the cost of foodstuffs made therefrom, it drives up the cost of meat from animals and poultry fed on grains. A necessary side effect of underproduction is to limit the availability of Public Law 480 shipments to needy areas of the world and turn the Public Law 480 program into an expression of American care for the needy of other countries, available only in times of superabundance.

The 1971 crop year, coupled with projections for 1972, provides particular emphasis for the necessity of meeting the twin demands of adequate supplies, and viable market conditions to maintain the American food producers' role as economically desirable. The U.S. corn crop, originally estimated by the Department of Agriculture to be as low as 3.8 billion bushels is now estimated at 5.4 billion bushels. As a result, in the farm belt, corn on the farm has dropped from a June price of \$1.42 to 92 cents at harvest time—or less than the cost of production. The wheat crop, planted under the encouragements of the 1970 Agricultural Act's "set-aside" approach, is now estimated at 1,627,575,000 bushels, despite a

major drought in some planting areas, with a carryover of 849 million bushels. The previous average carryover for the years 1964–68 was 627 million bushels and wheat has fallen from 1970's \$1.41 per bushel to \$1.26 in mid-September 1971.

Moreover, reliable estimates which have looked at the increased acreage, larger use of fertilizer, and new, higher yielding varieties, have estimated that acreage and total production for 1972 may equal or exceed the total for 1971. Against a world market background of the "green revolution" which has changed India, for example from a net importer to a projected commodity surplus country by the end of 1971, a surplus of raw commodities which will glut the market appears inevitable.

H.R. 1163 meets the challenge of today's demands and production capacity of the American farmer by enacting into law the "strategic grain reserve" concept—also referred to as a "national food bank." The thrust of the legislation is to "lock up" an important part of the huge surplus of wheat and feed grains presently burdening the American market, and hold the stocks so acquired for one of two purposes: either for sale, at 120 percent of the average market price for the previous 5 years, or for the specifically designated uses enumerated in section 4 of the bill. These uses are:

First. To relieve stress in any area of the United States:

Second. Use in connection with a civil defense emergency; and

Third. To provide feed for livestock in any emergency in order to preserve critical foundation herds.

In order to establish the reserve, the Secretary of Agriculture is given the authority to buy up 300 million bushels of wheat, and 25 million tons of feed grains, paying the average price farmers received for such commodities during the preceding 5 marketing years—adjusted to reflect location and grade price differential—proportioning purchases to the various varieties and grades of each of the commodities to correspond to usual marketing demands. The reserve will be held for sale or use as mentioned above, and provisions are contained within the bill to provide for normal turnover of stocks, and storage, if practicable, in producer-owned farm storage facilities.

Enactment of H.R. 1163 in a time of surplus, such as the present, is obviously proper: The reserve would give strength, continuity, and resultant stability to an erratic market swollen by domestic overproduction, and facing difficult foreign trade circumstances, not the least of which has been a U.S. dock strike of mammoth proportions. If an adequate reserve had already been enacted, the Secretary of Agriculture would not have felt the need for increasing 1971 corn acreage, with the resultant depressing of farm prices.

H.R. 1163 provides for an insulated reserve to be acquired in time of abundance, and used in time of shortage. It would be more insulated from the market than the present CCC stocks acquired through non-recourse loans: These have

been more directly connected to and operated in conjunction with farm income operations only, and on some occasions have acted to depress income, as well as increase it. The reserve established under H.R. 1163 would operate as a balance wheel and not be charged with conflicting objectives.

Mr. Chairman, I notice that our friends across the aisle are valiantly trying to defend the administration's record in farm policy by threatening to vote against the bill, or to amend it with some sort of a new lower payment limitation. In this respect, I believe that all of us will agree that it is high time that we quit playing politics with the grain reserve concept and enact it into law. The bill itself may have slight imperfections, but it is certainly a far greater step toward assuring adequate income to the farmer than anything they have received to date from the Nixon administration.

In place of a more prosperous farm program under the Democrats, we now find that parity has slipped to an historical low, that consumer protection programs administered by the Department have been gutted, and we have corn piled on the ground across half the heartland of America. To top it off, at a very time when small family farmers are in the direst straits of the century, they appoint a man to the Secretary's job who, if past performance is any indication, has little concern for anything but the agricultural conglomerates who produce food at higher costs and poorer taste quality than the family farmer. I sympathize with my friends across the aisle. Many of them have quite logically abandoned the destructive policies of the administration toward farmers, and have gone instead toward a more constructive viewpoint. They realize that the only help the farmer is going to get is going to come from right here, on the floor of the House. And the only help we have to offer, at present, is what is being heard on the floor of the House today.

Mr. Chairman, I have tried to avoid being an alarmist during the 10 years I have spent in this body. But I am alarmed today. Rural America is being gutted. The economic opportunities in the heartland are no longer there. Young people cannot enter farming, because they cannot afford the cost of land, high expenses incurred in production under the present farm program, which I trust everyone will recall, we passed 2 years ago under assurances of veto, if we did not.

This is not my own personal bill, but I support it as the best available at this particular time. I also support the amendment to be offered by the gentleman from Montana (Mr. MELCHER). To vote against the bill, or to vote for crippling amendments that gut its promised effect, is condemning rural America to economic death.

Today, we have the opportunity to put hope into the eyes of the small American farmer. Today, we also have the chance to provide an assurance that this Nation need not suffer from commodity shortages. Now is the time for the Congress to decide whether it is going to go along

with administration efforts to drive American farmers into bankruptcy, while corporate farmers pick up the pieces and drive food costs higher and higher; or whether we are going to stop this continual depressing situation of higher production costs and lower farm income.

Mr. Chairman, I ask favorable consideration and passage by the House of Representatives for H.R. 1163.

Mr. TEAGUE of California. Mr. Chairman, as I hope I made quite clear in debate on the rule, I am completely opposed to the bill. I will not repeat the arguments I made at that time.

Mr. Chairman, we do have some requests for time on this side of the aisle. I yield 10 minutes at this time to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I thank the gentleman from California for yielding this time.

First of all, let me say I yield to nobody in this Congress nor to anybody in the United States in my interest and my desire to get the U.S. farmer off the bottom of the economic totem pole. He has been there entirely too long, but in my opinion what we are proposing to do here tonight, or at least what some Members are proposing to do, is not in the way of helping the farmer off the bottom of that pole.

Let me ask: Does this Nation need a granary?

Some have been considering reserves ever since Biblical times. Scripture tells us that Egypt was warned it would have 7 years of famine and 7 years of plenty. We have come a long way since that time. We have come a very long way since that time. The situation today is completely different. Can anyone in this House, can anyone anywhere tell me or show me when we have ever had a complete crop failure? Sectionally, yes; nationally, never.

Last year the Southern corn blight reared its ugly head over the farmers of this Nation, and we were very much concerned as to what might happen to this year's corn crop. This was a relatively new disease about which we knew very little.

Let us take a look at what happened this year. The figures are not all in at this time, but the USDA estimates indicate that the corn crop this year was 5.4 billion bushels. That is 32 percent higher than last year's crop, and the former record was 4.76 billion bushels, and that occurred in 1967.

Let us take a look at wheat. The crop this year has been estimated at 1.63 billion bushels. That is 18 percent above last year's crop, and it is a new all-time high.

Unfortunately some political considerations have crept into this granary that we are talking about here tonight.

Let me ask you, gentlemen—and ladies, if there are any in this House tonight—when are we going to learn this undeniable fact? I have been a farmer probably longer than any other man in this House. We are simply overproducing practically every farm commodity today.

Let me point out there are far fewer farmers but these fewer farmers are producing far more commodities. And with the technology we have today, gives us

every indication that this trend of overproduction is going to continue.

The question we face today is this: Do we put the Government further into the farmer's marketing with the reserves, or work toward freer markets for farm products?

Let us look at some of the results which will occur if this bill is enacted into law.

First of all, it will be administered by the Commodity Credit Corporation. Let us take a look at just how fortunate the Commodity Credit Corporation has been in disposing of farm surpluses. Unfortunately, tonight I do not have any figures for feed grains and wheat, but I do have some for peanuts that I want to point out to the Members of the House. The same thing is going to continue for the feed grains and wheat if this bill is enacted, that has happened to peanuts.

Practically every day the members of the Committee on Agriculture—I assume these come only to the members of the Committee on Agriculture—receive a news release from the Department of Agriculture. I picked these off my desk this morning. These can be duplicated practically every week, two or three or four times.

November 17. "U.S.D.A. sells peanuts, offers more." This release points out that on this sale they sold 3,667,000 pounds of shelled crushing peanuts and 39,262,000 pounds of farmers stock peanuts. They were also offering another 6 million pounds of shelled peanuts and 56 million pounds of farmers stock peanuts.

November 26. "U.S.D.A. sells peanuts, offers more." This sale was 6 million pounds of shelled crushing peanuts and 46 million pounds of farmers stock peanuts.

December 2. Again they have a sale of 5 million pounds of shelled crushing peanuts and 36 million pounds of farmers stock peanuts. And they also offer for sale 6 million pounds of shelled peanuts and 52 million pounds more of farmers stock peanuts.

Why do I quote these figures? I hope Members will pay attention to this, and especially the people who are dollar conscious.

I point out these figures simply to show what this program will cost the American taxpayer.

This is the point I want to make in connection with this program. I have not checked these figures recently, but the last time I checked, the Commodity Credit Corporation was losing 10 cents a pound on every pound of peanuts it sold. I think it is very important that the people of this country should know this.

The issue we face today is this: Is this plan good for the farmers; is it good for the general public? I and many of my colleagues in this House and on the Committee on Agriculture believe that it is not in the best interests of the farmers and that it is simply one more luxury that the American taxpayer cannot afford.

Proponents say that this will raise the price of feed grains and wheat. What happens when reserves accumulate? Someone has said—and I think this is a very good statement—that these surpluses hang like the economic sword of Damocles as a threat to higher farm prices. I agree with that statement.

This bill says we must sell the surpluses for 120 percent of the previous 5-year market average. Is there anyone in this House who is sufficiently naive to think this can be done? How can we continue or how can anybody continue to sell farm surpluses at 120 percent above the previous 5-year average? It just cannot be done. If there were a Houdini in the House or a Houdini in the Department of Agriculture, I might agree that it can possibly be done, but unfortunately we do not have such an individual.

Now let us look at the cost. This has been brought out to a certain extent, but some things have not been said.

For example, the U.S. Department of Agriculture estimates that for the purchase of this wheat and feed grains the cost will be \$1.455 billion. That is for 300 million bushels of wheat and 25 million tons of feed grains. This is one point I do not believe has been brought out.

As I stated, costs have been brought out on the floor of the House, but one thing I do not believe has been stressed, and I want you to pay attention to it: this grain and this wheat is going to be stored at an annual cost of 13 cents per bushel, most of this going to grain elevator operators.

We have had no estimated transportation costs.

Anyone who is familiar with grain storage knows great care must be exercised in maintaining quality. It is subject to rodent damage and many types of insects and weevils. This can also be quite costly.

In summary, then, this bill could be a bonanza for grain elevator operators.

Eventually it will react against rather than in favor of the grain farmer.

With a national debt of more than \$417 billion, I do not propose to support this bill which will place more of a burden on the already overworked taxpayer.

It will prove to be ineffective and further complicate an already complicated farm program.

As has already been pointed out, an almost identical program was vigorously opposed by the gentlemen on the other side of the political aisle during the last Republican administration. If any justification was given for this 180-degree turn, it must have been given in a very low key. I failed to hear it. We have reached a sorry state of affairs when the American farmer is used for a political football.

Mr. TEAGUE of California. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. I thank the gentleman for yielding.

It seems every time we have a piece of farm legislation it comes up in the middle of the night.

I think it is important for the Congress and the Nation to take a look at why we are in the position we are in today.

This is not the farmers' fault. We had corn blight affecting this very staple feed grain crop, and the Secretary of Agriculture decided in the interest of the consumers and of the Nation as a whole that the feed grain acreage ought to be increased. If any error is to be made in agricultural practices by the Secretary, he

seems to err on the side of overproduction in order to protect the consumers of the Nation. We are here tonight testifying to the fact that the farmers were efficient and produced the goods necessary to save our country from the dire consequences of a possible shortage.

I am getting sick and tired of listening to people talk about the farmers being inefficient and needing a handout and consider a farm program as a luxury. It is not a luxury.

Actually, Mr. Chairman, our farmers are providing our country with an adequate supply of corn, wheat, and other feed grains. This is a kind of an insurance policy for the Nation as a whole. But because we opened up production we had a big crop and the prices came way down below the cost of production. That means that the American farmer which constitutes 5 percent of the population is being forced to pay the total premium on this insurance policy for an adequate food supply for the balance of the Nation.

Mr. Chairman, it is unfair and I think anyone would agree when looking at the total situation. There are two bills to be considered tonight. There is the Smith bill to take some of the surplus out of the marketplace and put it in storage, so that it will be there in case of future corn blights and then there is the bill that Mr. MELCHER and I have cosponsored which will be offered as an amendment which we think will improve the Smith bill because it increases the price to the farmer by 25 percent. It keeps that grain in storage on the farm so that the farmer gets the 13-cent storage payment. So this grain remains on the farm from where it can move into our food distribution channels when it is needed to the four corners of the world where people are hungry and starving.

Mr. Chairman, I think it ought to be pointed out today that our farmers are efficient. They are doing a darn good job for America. The reason they are in trouble tonight is not their fault.

Secretary of Agriculture after Secretary of Agriculture through many, many past administrations have done the same thing with reference to the farmers' problems. In fact, if you put the last 10 Secretaries of Agriculture into a bag, shook it up, and pulled out one of them, it would not matter which one you pulled out because all of them were on the side of the consumer and the farmer has taken it in the neck.

This measure, Mr. Chairman, is designed to better protect the American farmer. This will give our farmers a fairer shake than the situation which they now face, where we find wheat here in this country selling for \$1.40 a bushel while in Europe it is selling for \$3.40 a bushel. Corn which brings less than \$35 per ton here is selling at the rate of \$112 a ton in Latin America where people are starving and Castroism is moving in. It is ridiculous that we let our farmers be forced out of the major markets of the world.

Mr. Chairman, our farmers are efficient producers.

If tariff barriers were removed, we would not have such a great reliance on farm programs. However, a part of the reason for this legislation today is to

make up for what the striped-pants boys in the State Department have done to our farmers at the trade negotiating tables around the world. If they had stood up for the American farmer in the Kennedy round of negotiations and in the GATT agreements, we would not be in the trouble in which we find ourselves today. Our feed grains and wheat would be going into other nations of the world where people are hungry and where the prices are right. This would be of great benefit not only to the farmers of our Nation but the people who live in the cities because it would have a direct effect upon our balance of payments and gold outflow. Yes, the lack of these markets were a major reason for the economic problems confronting us that led to the President's action of last August 15.

Yes, Mr. Chairman, this legislation is necessary and we need this legislation very much, not only for the farmers of America but for all of the people of the country and for the future of the country.

Mr. Chairman, I thank the gentleman from California for yielding me this time.

Mr. TEAGUE of California. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. ZWACH).

Mr. ZWACH. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want first of all to say that I do not consider this a partisan matter. It is not a partisan matter, because every administration has had the plague or the blessing of a surplus.

If you read the chart that the gentleman from Iowa, my neighbor, Mr. SMITH presented with regard to surpluses, you saw a down dip in 1971, but you also saw one in 1966. Then it was announced that we were going to feed the world, and we suffered a tremendous drop in feed grain prices now, the blight scare did not develop and again we suffered a big drop in prices.

So it is not a matter of partisanship. In fact, Members of the House and Members on my side of the aisle, 22 of us Republican Congressmen petitioned the President and the Secretary to purchase on the open market and set aside into a reserve, 600 million bushels or more of corn. We have already set in motion a strategic reserve. Every administration needs it. The Secretary is already purchasing corn. He is already putting out bids.

The question tonight resolves around this:

Shall we as the Congress have something to say about how it is purchased? About at what figures it is released? Or shall we leave that entirely to the Secretary? That is what is involved tonight in this legislation.

I introduced a strategic reserve bill similar to this. The hazards that are peculiar to my business of agricultural production are so great that without a reserve no Secretary can properly have balanced production.

The question is, How do we best preserve for consumers and for producers a proper balance? For consumers, a hunger insurance policy—and believe me, that is exactly what it is, a reserve is a

hunger insurance policy, it is just as important for the consumer as it is for the producer.

And so, very briefly—and the time is late—I would like to say some more things, but the hour is late. I think the time has come for us as the Congress of the United States to write a reserve program and not let all flexibility rest in the Secretary of Agriculture. We gave too much power to the Secretary in the 1970 act. Again and again and again. I tried in the committee, as these gentlemen know, to strengthen that legislation to give to the Congress more of a voice, but we were not able to do that. But I do not believe that we ought, now that we ask the Secretary to buy corn, to leave it entirely up to him how he is going to set it aside, and at what prices it shall be released. I believe we need a strategic reserve bill.

Mr. TEAGUE of California. Mr. Chairman, speaking for myself, I have been very proud of the last two Republican speakers.

I now yield 5 minutes to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I would like to direct a question or two to the distinguished chairman of the House Committee on Agriculture, if I can have his attention.

USDA places a figure of \$441 million annual cost to the so-called Melcher bill. I wonder if the very knowledgeable chairman of the House Committee on Agriculture could state whether or not he feels that an estimate of \$441 million annually is a reasonable estimate?

Mr. POAGE. Mr. Chairman, if the gentleman will yield, if the program should be administered as ineptly as the Department of Agriculture has shown ability to administer programs under this administration, probably \$441 million is a very conservative figure. But if the program is administered with any degree of sound judgment it ought not to cost \$100 million.

Mr. FINDLEY. It ought to cost \$100 million? Would the gentleman support an amendment which would put a limitation of \$100 million on the cost of the program?

Mr. POAGE. No; I will not because your Department of Agriculture will still have charge. They will probably make the same mistakes in the future they have made in the past.

Mr. FINDLEY. If the gentleman has that little confidence in the U.S. Department of Agriculture, I think he would defer the consideration of this bill until some distant date when we might have another man in charge of the Department.

Mr. POAGE. If the gentleman will yield, that is the very reason for having the bill—if we had a department which was taking the steps that they knew should have been taken, there would not be the slightest need for this bill.

It is because of a penchant to make errors in the calculations of your department that we need the bill.

Mr. FINDLEY. I wonder why the gentleman and the party that he leads so ably in this field did not take action to adopt a bill like this during 8 years that Orville Freeman headed the Department?

Mr. POAGE. Because Orville Freeman was not making any billion-bushel mistakes.

Mr. FINDLEY. How come we got such a bad situation so suddenly once Mr. Freeman left office? Can the gentleman shed any light on that?

Mr. POAGE. Yes, certainly. I am not suggesting that there was wrongdoing but they made a billion-bushel mistake in estimating this year's corn crop. But there was corn blight last year and it did cut the corn crop very materially.

Mr. FINDLEY. You cannot blame the Department of Agriculture for that; can you?

Mr. POAGE. I do not blame the Department of Agriculture for the blight. But the Department of Agriculture assumed that the blight would be just as bad this year as it was last year and they tailored their program on that assumption, which was an erroneous assumption.

Now I recognize that all of us are better second guessers, when we are looking back to the past than we are in foreseeing the future. But the fact is your Department made a billion bushel error in their calculations of the corn crop and that caused the need for the bill.

Mr. FINDLEY. I thank the gentleman for those comments. I am sure the new Secretary of Agriculture will take note of his estimate that \$100 million properly administered would be adequate to finance the Melcher part of this proposal.

I am concerned about the effect of the Melcher provision on the soybean crop. What we actually had this past year was really a shortage of this very popular crop. Too many people planting corn—with the oversupply of corn and the undersupply of beans. What will be the effect of the Melcher bill next year? Will this not induce the farmers to stay in the corn program and give them a strong financial incentive to pour on all the fertilizer they can to produce every ear of corn they can out of their land? Likely they will shift where they can away from soybeans, create a new surplus of corn and a shortage of soybeans. That is a very serious concern.

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

Mr. FINDLEY. I yield to the gentleman.

Mr. MELCHER. I want to comment on the last question the gentleman posed.

I would refer the gentleman to last year's corn price when corn was selling at \$1.40 during the spring at signup time for the corn program. It was the best price corn farmers had had in a long time and the Department got the best signup they ever got in history.

So I would assume, if they got the price of corn back to \$1.25 or to \$1.30 perhaps, they would get the best signup they have ever had in history.

Mr. FINDLEY. Can the gentleman give me an estimate as to the cost of his bill? He heard the estimate of the chairman of the committee, I am sure.

Mr. MELCHER. I know the gentleman from Illinois wants to be entirely correct on the Department's estimate on the cost of my bill.

The Department's estimate shows that \$160 million saving in wheat certificates. That is a saving in payments. Subtracted from the total cost that the gentleman

mentioned leaves a net cost, according to the Department's estimate, of \$281 million.

But I would hasten to point out that that \$281 million is mostly outlay for the crops and, when the crop is sold, they will get most of the \$281 million back.

Mr. FINDLEY. One thing is sure: It is going to cost a lot of money.

Mr. Chairman, total cost of operating the program called for under the strategic grain reserve bill if the Melcher amendment language is approved as part of it, would be \$2.051 billion in 1972.

Add this to the recent estimate of program payments to farmers for 1972 of another \$2.850 billion for wheat and feed grain producers, and the total cost to the U.S. Treasury in 1972 for these two commodities alone will be nearly \$5 billion. To this must be added costs of administration.

Broken down:

| [In billions] | |
|------------------------------------------------------------------|-------|
| Under H.R. 1163, the procurement costs of the grain..... | \$1.4 |
| Annual storage costs..... | .210 |
| USDA estimate of H.R. 8290 annual costs | .441 |
| Total | 2.051 |
| USDA estimate of 1972 wheat payments and feed grain payments.... | 2.850 |
| Total | 4.901 |

At my request USDA supplied the following data on costs and prospective savings:

WHEAT, FEED GRAINS, AND COTTON: MARKETING RECEIPTS AND DIRECT GOVERNMENT PAYMENTS, 1965-72

| [In millions] | | | | |
|-----------------------------|---------|-------------|-------------|---------|
| Year | Wheat | Feed grains | Cotton lint | Total |
| Marketing receipts: | | | | |
| 1965..... | \$1,637 | \$3,152 | \$2,065 | \$6,854 |
| 1966..... | 1,948 | 3,718 | 1,322 | 6,988 |
| 1967..... | 1,917 | 3,768 | 931 | 6,616 |
| 1968..... | 1,568 | 3,714 | 1,093 | 6,375 |
| 1969..... | 1,725 | 3,893 | 1,193 | 6,811 |
| 1970..... | 1,560 | 4,078 | 1,047 | 6,685 |
| 1971 (preliminary)... | 1,995 | 4,352 | 1,228 | 7,575 |
| 1972..... | 1,840 | 3,973 | 1,282 | 7,095 |
| Direct Government payments: | | | | |
| 1965..... | 525 | 1,391 | 70 | 1,986 |
| 1966..... | 679 | 1,293 | 773 | 2,745 |
| 1967..... | 731 | 865 | 932 | 2,528 |
| 1968..... | 747 | 1,366 | 787 | 2,900 |
| 1969..... | 858 | 1,643 | 828 | 3,329 |
| 1970..... | 871 | 1,504 | 919 | 3,294 |
| 1971 (preliminary)... | 872 | 1,193 | 820 | 2,885 |
| 1972..... | 900 | 1,950 | 820 | 3,670 |

1 Forecast.

Source: Department of Agriculture.

PROBABLE SAVINGS IN PROGRAM COSTS FROM A \$20,000 LIMIT PER PRODUCER

More than 10,000 producers earned payments of \$20,000 or more from one or more of the 1971 cotton, feed grain, or wheat programs. Of these, 79 earned payments of \$20,000 or more from 2 programs, and 5 exceeded \$20,000 from each of the 3 programs.

Payments to these producers totaled more than \$347 million, or about \$145 million in excess of \$20,000 each (Table 1). Thus \$145 million is the maximum saving that could be expected by lowering the limit from \$55,000 per producer to \$20,000.

Some perspective with regard to actual savings can be gained by observing the results of the \$55,000 limit in 1971 programs. In 1970, nearly 1,400 producers earned \$70 million in excess of \$55,000 each. For 1971, most of these producers had adjusted their farming operations so that only 467 pro-

ducers had payments reduced just over \$2 million (Table 2). This \$2 million is a minimum estimate of savings.

Changes from 1970 to 1971 in the wheat and feed grain programs reduced 1971 payments to these producers, so that the reductions resulting from the payment limitations were not as great as the excess of 1970 payments over reductions in 1971. Some of the largest feed grain producers were principally barley producers; and with barley out of the 1971 program, these payments were eliminated. Also, voluntary diversion of feed grain or wheat was not an option under the 1971 programs; thus, payments to most producers were smaller in 1971, and fewer were affected by the \$55,000 limit.

The combination of a smaller payment per pound of cotton, and a slightly larger acreage on which the payment was based resulted in an 8-percent reduction in payments per acre to cotton producers in 1971 compared with 1970. But most of the differences between payments in excess of \$55,000 in 1970 and the reduction in cotton payments in 1971 resulted from adjustments by producers to minimize the effect of the payment limit. Some large producers unable to transfer allotments to smaller producers may have reduced their acreage of cotton to only the amount for which they could receive payments. The extent of such adjustments is unknown, but they would have caused some reduction in cotton program costs beyond the \$1.3 million shown in Table 2. With a further reduction to a limit of \$20,000, it may be increasingly difficult to find eligible producers to accept allotments, and savings may be correspondingly larger.

TABLE 1.—PRODUCERS EARNING PAYMENTS OF \$20,000 THROUGH \$55,000, BY PROGRAMS, 1971

| Program | Number of producers | Amount of payments | Payment in excess of \$20,000 |
|------------------|---------------------|--------------------|-------------------------------|
| Cotton..... | 8,742 | \$308,117,488 | \$133,277,488 |
| Wheat..... | 1,112 | 32,009,382 | 9,769,382 |
| Feed grains..... | 247 | 7,185,549 | 2,245,549 |
| Total..... | 10,101 | 347,312,419 | 145,292,419 |

TABLE 2.—PRODUCERS EARNING PAYMENTS IN EXCESS OF \$55,000 IN 1970 AND THOSE WITH PAYMENTS REDUCED TO \$55,000 IN 1971, BY PROGRAMS

| In thousands of dollars | | | | | | |
|-------------------------|---------------------|------|----------------|--------|---------------------------------------|-------|
| Program | Number of producers | | Total payments | | Payments earned in excess of \$55,000 | |
| | 1970 | 1971 | 1970 | 1971 | 1970 | 1971 |
| Cotton..... | 1,232 | 414 | 131,749 | 24,046 | 63,989 | 1,276 |
| Wheat..... | 67 | 42 | 5,971 | 3,046 | 2,286 | 736 |
| Feed grain.... | 94 | 11 | 9,501 | 777 | 4,331 | 172 |
| Total..... | 1,393 | 467 | 147,221 | 27,869 | 70,606 | 2,184 |

FARMERS GETTING PAYMENTS IN EXCESS OF \$20,000 (PRELIMINARY)

| Program | Farmer numbers | | Amount paid | |
|------------------|----------------|------|---------------|------|
| | 1970 | 1971 | 1970 | 1971 |
| 1971: | | | | |
| Cotton..... | 8,742 | | \$308,117,488 | |
| Wheat..... | 1,112 | | 32,009,382 | |
| Feed grains..... | 247 | | 7,185,549 | |
| Total..... | 10,101 | | 347,312,419 | |
| 1970: | | | | |
| Cotton..... | 7,753 | | 327,701,000 | |
| Wheat..... | 1,223 | | 36,865,000 | |
| Feed grains..... | 1,395 | | 49,934,000 | |
| Total..... | 10,371 | | 414,500,000 | |

Mr. Chairman, reprinted below is an editorial in the current issue of Farm

Journal which comments on the plain politics of the grain reserve proposal:

STRATEGY FOR PLENTY—OR FOR POLITICS?

"Corn—90c" Some country elevators chalked that price into painful reality in recent weeks. No one feels the pinch as sharply as the grower, of course. But the situation prompts a hard reappraisal for USDA officials; for farm-state Congressmen and Senators; for organization leaders; for anyone who cares about the economic health and well-being of farmers.

Everyone knows the role that corn leaf blight played in making this year's crop so unpredictable. Almost everyone knew last spring that we would end up this fall with either too little or too much corn. But that doesn't change or soften the result: In a year when your costs have soared to an all-time high, farmers probably will end up with an average market price for their 1971 crop (not including program payments) lower than in any year since 1960.

As they should, the administrators and lawmakers in Washington are asking themselves what more they can do. The Administration has already done several things—announced a re-seal program for 1969, 1970 and 1971 corn; liberalized loans for building on-farm storage; made an early announcement of the 1972 Feed Grain and Cotton programs; increased the set-aside and the payments so farmers will be able to divert more acres next year. There is doubtless more it could do such as invoke the Taft-Hartley Act to end the East Coast dock strike and get grain exports moving again.

But the desire to "do something" has resurrected in Washington several shop-worn and discredited proposals. They are an affront to the intelligence of farmers who remember the failures of past farm programs—and a cruel hoax to those who don't remember.

Take the proposal to increase the corn loan rate to \$1.25 per bushel. It certainly doesn't seem right to keep the loan rate right where it was in 1960. Yet, when the Kennedy Administration boosted the rate to \$1.20 in 1961, they discovered that was too high. By 1963, they had to cut it back near the old level, where it has remained.

One big reason why Secretary Hardin opposes an increase in the loan rate is his fear of what it will do to our exports. During the 1960s we learned that the loan rates on our wheat, cotton and feed grains created a bonanza for other exporting countries. We were guaranteeing a market for any country who could produce those crops for less than our loan rates.

We learned the lesson anew with soybeans in 1968. When the loan rate was increased to \$2.50, oil and meal producers all over the world—of Russian sunflowers, Peruvian fishmeal, palm and coconut oil—rushed to cash in on the price we had guaranteed them. Our own soybeans began piling up in storage and were soon down to the support level in price. When the loan level was dropped to \$2.25, our foreign competitors cut back, and soybeans resumed their climb—in price and volume.

A bigger surprise came last month when the House Ag Committee dredged up that hoary old remedy, "the strategic reserve." Senator Humphrey has since introduced in the Senate a similar bill, to establish a reserve inventory of wheat, feed grains and soybeans. He proposes to "insulate them from the marketplace so as to avoid their depressing effect on farm prices."

Somehow, the idea doesn't have the same clarion ring that it had in January 1954 when President Eisenhower made it a part of his farm program. He asked Congress then for the authority to "set aside \$2.5 billion of our present farm surpluses for national defense, emergencies, disaster relief, foreign aid," etc. And he promised to "freeze" it so it couldn't affect market prices.

The rest is history. The "freeze" was meaningless. For ten years, the nation waited for emergencies and disasters that didn't come. All that time, farm surpluses hung over the market, depressing prices for farmers, making money for the elevators and grain traders—men who were storing them, and making enemies for Secretary of Agriculture Orville Freeman when he finally began working them off into the open market.

In the words of a leading Congressman: "There's no padlock big enough to keep farm surpluses from affecting farm prices." Surprisingly, that same Congressman was among those who voted for the strategic reserve bill last month.

With the national elections less than a year away, it's entirely possible that Congress could force the Administration to make one of the above moves sometime between now and next fall. If it does, it will be for the same reasons that such moves have been made in the past: For temporary political gain rather than for long-term benefit to farmers.

Mr. TEAGUE of California. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Chairman, the strategic reserve bill to establish reserve stocks of wheat and feed grains, which we are now considering, is just one of the vehicles which have been suggested to raise the price of corn. A second proposal is to have the Commodity Credit Corporation immediately commence open market purchases of corn under existing authority of the Agricultural Act of 1949. Such action has already been initiated by the new Secretary of Agriculture, who on December 3, less than 24 hours after taking the oath of office, announced that such purchases will promptly begin.

Still another vehicle is H.R. 8290, a bill to increase the loan rates on wheat and feed grains at least 25 percent, which under the rule granted by a vote of 8 to 7 in the Rules Committee can be offered as an amendment to this strategic reserve bill now under consideration.

Whichever of these methods is pursued to improve the present market price of corn, there can be no question but what that market price is in drastic need of great improvement. This is the direct result of serious overproduction of corn this year, which in turn resulted from Government planning to allow for expected corn blight damage, which did not in fact occur.

It is easy with the wisdom of hindsight to now blame the Department of Agriculture for overreacting to the threat of blight, but the danger of a recurrence of 1970's serious infestation in 1971 was very real. A combination of drought and blight had reduced the 1970 crop 15 percent below July forecasts, and 10 percent below actual 1969 production; 4.58 billion bushels in 1969 compared with only 4.1 billion bushels in 1970, the latter figure being 360 million bushels below actual corn usage in this country.

Live blight spores were known to have survived the winter and to be thriving in fields in the heaviest corn-producing areas of the country.

Whatever the justification for that decision, the fact is the Department encouraged the farmers to increase production to make allowances for a recurrence of blight, and blight did not in fact recur. This combined with ideal weather conditions in planting, growing, and harvest-

ing time led to production of a whopping corn crop now estimated to reach 5.54 billion bushels, up almost 1½ billion bushels from last year. The impact of this huge surplus on cash corn prices has been devastating. They tumbled 46 cents per bushel from \$1.38 in mid-June to 92 cents for No. 2 yellow corn at Central Iowa markets in mid-October.

Farmers who expanded their production this year in direct response to their Government's request for more corn, are now suffering great economic hardship as a direct result. This continues even though there has been some improvement in the situation since back-to-work orders were obtained by the Department of Justice in the dock strike on November 26 and Secretary Butz ordered purchases of new corn in the open market on December 3.

No. 2 yellow corn at central Iowa markets has now advanced from a range of 92 to 94 cents in mid-October to a range of \$1.02 to \$1.05 on Monday, December 6. However, further substantial improvement is urgently needed as current prices are still definitely below the farmer's cost of production.

This continues to have a severely depressing effect on our cornbelt farm economy and corn farmers cannot endure continued distress selling at these levels. On the basis of all the evidence available to me, I sincerely believe that open market purchases under existing authority are the quickest and most effective way to raise corn prices. I have been advocating this ever since receiving word of the August 11 crop report. I wrote to the Secretary of Agriculture that date urging him to make market purchases of corn at harvest time to help stabilize prices. I continued to push for such open market purchases in conferences with the Secretary and in correspondence with the Department and the White House. I was one of 22 cornbelt Congressmen who wrote the President on November 1 urging him to order the CCC to start buying 1971 corn immediately and to buy up to 600 million bushels if necessary to raise prices to reasonable levels.

I am, of course, pleased that the new Secretary moved promptly and decisively to buy corn under existing authority as soon as he was sworn into office. He would have taken such action 3 weeks earlier if the other body had not taken so long wrangling about his confirmation. If I were to put pride of authorship first I would say the course of open market purchases which I have long advocated and which is now being implemented is the only one worthy of consideration. But the price situation in corn is too serious to justify any of us asserting pride of authorship. The important thing is not for me to get credit for the open market purchases which are now underway, or for the gentleman from Iowa (Mr. SMITH) to get credit for the strategic reserve bill, or for the gentleman from Montana (Mr. MELCHER), to get credit for his loan rate amendment. The important thing is that we all get together and back some effective program, any effective program to strengthen the corn market. For that reason I have told both the President and the Secretary of Agriculture that I will support them in any reasonable ac-

tion which will improve the price of corn. I am also glad to vote for any reasonable action on the floor of this house tonight even though I happen to have a strong preference for the open market purchase method which the Secretary has instituted. I have been glad to support H.R. 1163, the strategic reserve bill on each occasion it has come up in the Subcommittee on Livestock and Grain and the full Committee on Agriculture, and I gladly support it again now. I intend to vote for it again on final passage, as one of the methods which may be used to relieve the severe pressure which corn market prices continue to suffer from this year's record crop.

Mr. OBEY. Mr. Chairman, it may seem as if an effort is being made here to put a limitation on farm program payments to individual farmers. What is really going on is an attempt to defeat income-boosting legislation which is badly needed by the farmers in this country.

I have supported legislation in the past to limit farm payments to \$20,000. But this is not the place to do that. And anyone who really cares about helping our farmers knows that.

What really is at issue is legislation to stabilize grain supplies and grain prices and boost farm income at least to the level where farmers are not losing money by growing a bushel of corn. Also at issue is an amendment by Congressman MELCHER to increase the loan rate for feed grains and wheat by 25 percent.

It is hardly a secret that the farmers in this country are in serious economic trouble. Those in rural America have known this for some time, and if the nomination of Earl Butz did nothing else it did, I think, make known to those in urban America that the price of corn is much too low.

We have an opportunity today to correct that situation by supporting the strategic reserve bill with the Melcher amendment. All other attempts to fudge up this issue and kill this legislation ought to be defeated.

Mr. MICHEL. Mr. Chairman, I rise in opposition to H.R. 1163. While I agree wholeheartedly with the objective of this bill—to improve farm prices by taking some of our current grain surplus off the market—I cannot agree that the methods proposed here are the best way—or even a good way—to achieve that objective.

There is nothing new about the idea of a strategic agricultural commodity reserve, of course. We have been debating the advisability of such a reserve for years, and it always seems to boil down to the seemingly unresolvable question of just what a truly "strategic" reserve should be. Should it be primarily a grain-buying operation to boost farm prices, or should it be a permanent stockpile of all kinds of food which could be dipped into in the event of a real national emergency? Now, these are two very different things, and I do not think we can get by with mixing these two concepts.

This bill is not really a "strategic" reserve in any sense of the word. It deals only with raw wheat and feed grains. It terminates at the end of the 1973 marketing year. It does not effectively insulate the commodities from the market. And, it makes no special provision

for storage so that the grain would be both protected and readily available for processing and use in all types of national emergencies. So, we must say that as a "strategic" reserve proposal, the bill is clearly inadequate. And, this does not even touch the basic question of whether or not a truly "strategic" agricultural reserve is, at this point, either necessary or desirable.

That brings us, then, to the issue of farm prices. Yes, most of us agree that farm prices are too low—grain prices especially, because of the huge crop and the dock strike, primarily. And, most of us agree that if the Federal Government can take any action to help boost those prices and move some of this grain, then it should be done—it is in the long term best interests of both farmers and consumers to do so.

But, does this bill provide an effective method of moving our grain surplus and boosting farm prices? No, it does not. Does it add anything to the authority already available to the executive in this area? No, it does not.

And, perhaps more important, does not a grain-buying bill disguised as a "strategic" reserve bill leave us with a more costly, confusing and downright dangerous mechanism than the Federal commodity programs we already have? Yes, unfortunately, it does.

The fact is that the Department of Agriculture already has all the authority it needs to purchase grain in the open market, and Secretary Butz announced last Friday that he intends to do so. The first offers for CCC purchases of corn on the open market will be due this Friday for acceptance December 13.

Unlike the existing CCC purchasing authority, the reserve bill would require purchases—mandatory purchases—of large quantities of wheat and feed grains, and once bought, the grain would just hang there, like a Damocles sword, over farmers' heads. I think the minority report of the House Agriculture Committee outlines very concisely the very real problems involved in the mandatory purchase and sale formulas in the bill:

Neither does it take into account changing conditions. H.R. 1163 would base purchases and sales on a supply and demand situation that was projected as of a specified date near the beginning of the marketing year. The demand for grains cannot be pinpointed at the beginning of the marketing year since many variables affect both supply and utilization. Production estimates of the crops later in the year would change the supply-use relationship and consequent stock change. As a result, purchases might be required to be made at a time when sound policy indicated that sales be made or vice versa. Thus, in some years we might find that too much or too little was purchased.

Even operating under ideal circumstances, if too much grain was removed from the market, the price would cause a decline in utilization. A decline in use in turn would bring a further increase in carryover and necessitate additional purchases. Additionally, the situation for a particular grain or group of grains could vary between regions. For example, an ample supply in the Pacific Northwest could occur at the same time there was a shortage in the Southeast.

Besides all this, the bill would add substantially to the costs of Government commodity programs without providing proportionate price benefits to farmers.

It has been estimated that the total cost of the reserve bill would be about \$1.455 billion, plus \$215 million per year in storage costs. This is a tremendous cost for a very questionable result. It is true that almost any action to help boost farm prices is going to cost something, but I think the obvious cost-benefit ratio of the reserve bill shows that it would be a very poor investment, indeed.

In fact, we could be making much better progress toward solving some of the price problems of farmers if we were debating, right now, the President's strike legislation instead of this bill. The dock strike is one of the biggest factors affecting grain prices, pushing them down, and getting the docks operating again would be one of the best things we could do for farmers if we are really serious about helping them. Oh, I know we have got some grain moving now, but Taft-Hartley is temporary—on the west coast, the 80 days are up at Christmas. Talk about a Damocles sword—this dock situation really is one. I just wonder how many of my colleagues who are out here now pushing for this bill would lift a finger to help get some permanent, effective legislation to deal with this kind of strike?

And, there is just one last point I want to make before I stop, here. We hear a lot of loose talk about how the administration has not done a thing to help farmers—well, offhand, I can name at least a dozen specific things they have done in just the recent past, and I am going to list them, not because I think that everything is rosy or that the farmer never had it so good, but because the administration is trying to help farmers, and I want to see credit where credit is due. So, let us just run down through a dozen recent actions:

First. A larger quantity of corn is eligible for loan than ever before. This gives farmers an opportunity to hold a substantial part of harvest off the market in order to strengthen prices.

Second. With a larger proportion of the crop eligible for loan, more farmers than ever can get immediate cash through the loan program and hold their grain for better prices after harvest.

Third. The facility loan program under which farmers can borrow money from the CCC to erect farm storage was made more responsive to current needs, thus enabling farmers to get 65 million bushels of additional storage during the first 3 months of this fiscal year. This is nearly double the activity of a year earlier.

Fourth. Since January 1, nearly 70 million bushels of bin storage capacity has been shifted from Government to farm ownership, and thus is strategically positioned to help meet farmer storage needs now and reduce distress selling.

Fifth. The sharp reduction in Government-owned stocks of grain during the past year has removed the Government stocks as a major factor in tying up storage and overhanging the market.

Sixth. To help farmers get storage so they can get a loan, storage in Government-owned bins is available for farmers to rent. As a result of the stocks reduction, about 270 million bushels of bin-site space was available to farmers this fall.

Seventh. The loan program was changed to allow producers to enter into

contracts to sell their grain for future delivery without loss of loan eligibility. This gives producers greater freedom to negotiate a better price.

Eighth. Early announcement of a broad resale program which enables producers to extend support loans on 1969-1970-1971 crops through 1973 maturity dates enhances the bargaining power of producers through farmholding of reserve stocks. They also earn income for the storage of the reserve on farms— income that would be lost if the Government held the reserve directly.

Ninth. In order to make the loan available to all eligible producers, a distress loan for ear corn is available where permanent storage is short. This was designed to help cushion the adverse effects of the transportation tieup which delays grain shipments and subsequently depresses farm prices.

Tenth. To help storage short areas, loans can now be obtained at the local rate even though the grain is moved immediately to storage outside the production area. No transportation cost is charged producers. They still control the loan.

Eleventh. A major breakthrough in trade with Eastern Europe was the massive sale of feed grains negotiated with the Soviet Union. This provides an added market for this year's large feed grain crop.

Twelfth. USDA purchases of corn on the open market—announced Friday—will provide another outlet for our huge crop.

Now, these actions alone will not bring the millennium—they are no panacea. But this reserve bill would be even less so, for it would do little good and carries with it the potential for a great deal of harm. We are going to have to continue to search for ways to improve farm prices, to provide a fair return to America's farmers, but passage of H.R. 1163 is not a step in this direction.

Mr. RANDALL. Mr. Chairman, I support the Storable Agricultural Commodities Act of 1971.

Moreover, I supported the previous question on the rule to H.R. 1163 on the premise that if we voted down the previous question and would then have to endure the potentially divisive debate over the \$20,000 limitation, those who opposed the \$20,000 limitation might have enough numbers to defeat the rule. Then without a rule there would be no opportunity to pass H.R. 1163, the Strategic Storable Agricultural Commodities Act of 1971 before our adjournment sine die.

In the past I have both supported and opposed the efforts to limit payments to \$20,000. In our congressional district, if my memory serves me correctly, there are only seven or eight who receive in excess of \$20,000 and in these few cases, only slightly over the proposed limitation. In former years there was an effort at a \$55,000 limitation. We supported that because it was a reasonable and workable restriction.

But, Mr. Chairman, tonight we are in a very different parliamentary situation. Faced with this unusual situation, the issue comes down to whether we want to do something for our hard-pressed feed

grain farmers or do we want to stand on some kind of easy way out and say in effect we are sorry we could not surmount the complexity of the parliamentary procedure to help them before adjournment sine die. If we do not pass this bill we leave our American farmers in their worst condition since the days of Ezra Taft Benson.

Mr. Chairman, our farmers are suffering from low feed grain prices which have dropped sharply since the price freeze as a result of record crops. They are entitled to some relief, from these excessively low grain prices, not just sometime or anytime but now.

During the amendment process, I supported the Melcher amendment which was identical to H.R. 8290 introduced by the gentleman from Montana earlier this year. In effect it calls for an increase in the loan level for the 1971 crop by at least 25 percent, and that 25 percent would apply to the measure we are considering tonight.

The Smith bill, H.R. 1163, as amended by the Melcher amendment, will provide the means for our farmers to have some real help that is not now provided by the Department Agriculture's purchase program.

If any additional reasons are needed to explain why our corn farmers are in the fix they are, it is because the corn blight from which they had suffered in former years did not materialize this year. Consequently, corn and other feed grain prices are depressed to one of the lowest levels in recent times.

No one can be certain that H.R. 1163 will be an adequate answer to the depressed situation which exists in rural America. That is something that only time can tell. What this is then, is a sincere effort to try to help our farmers who cannot make payments on their farm machinery and who cannot meet payments at the bank because after the heavily increased planting to anticipate shortages which were predicted would result from corn blight. When the blight did not materialize the situation became so desperate that something drastic must be done to try to help. The hard, unvarnished, unpleasant facts are that the small farmer is today not making a living.

Mr. Chairman, when we look about to see who is for or against this bill it is strange to note that the administration opposes H.R. 1163, along with only one farm organization. All of the other large farm organizations, including all of those with membership in the Middle West, strongly support both the Smith bill and the Melcher amendment.

What are the consequences if we do not act on this measure? Well, if we do not pass this bill tonight, several hundred thousand more people will be forced to move from the farms to the cities, seeking jobs there that do not exist. Former farm communities which were prosperous have dwindled in a short time to mere ghost towns. If some kind of quick help is not provided to our farmers the migration of our farmers to the cities will not only continue, but with no jobs available in the cities, these people may be forced to live on welfare in order to survive. This

legislation tonight may not be the answer or provide all the answers, but it is the only vehicle now available on which the House may work its will in a sincere effort to improve the desperate plight of our farmers when they need it most. That time is now.

Mr. FRENZEL. Mr. Chairman, even though a serious problem exists for our farmers, including those in my State, I intend to vote against H.R. 1163.

The bill came to us in a heavy-handed, amendment-resistant manner inconsistent with the House's tradition for fairness and impartiality. Since it could not be amended in the ways I thought necessary to protect the taxpayers, I am voting no.

The proponents are using a bona fide corn crisis to dispense this bill's largesse to wheat as well as corn, and they are unwilling to allow a vote on the needed \$20,000 single farm limitation.

Since we are now in dangerous deficit position with respect to balance of payments, I question the wisdom of raising the price of our wheat without more careful consideration.

If the Quie amendment, excluding wheat, had been adopted, and if the \$20,000 limit had been imposed, I would cheerfully have supported the bill.

In its present form it represents an unwise use of taxpayers' money and does not provide solutions to surplus problems. I hope the committee will now begin seeking long-term solutions to the corn surplus problem.

The CHAIRMAN. Are there any further requests for time?

Mr. POAGE. Mr. Chairman, in order to expedite the business, I will yield no further time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

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 this Act shall be cited as the "Strategic Storable Agricultural Commodities Act of 1971".

SEC. 2. Notwithstanding the provisions of any other law, the Secretary of Agriculture shall establish, maintain, and dispose of a separate reserve of inventories of wheat, and feed grain, and soybeans as provided in this Act.

Such reserve inventories shall include not more than the following quantities: (1) three hundred million bushels of wheat; (2) a total of twenty-five million tons of feed grain; (3) one hundred million bushels of soybeans. The Secretary is authorized to proportion reserve stocks of feed grains to correspond to usual marketing demands.

SEC. 3. The maximum price the Secretary shall pay for any commodity shall be the average price farmers received for such commodities during the preceding five marketing years adjusted to reflect the customary location and grade price differentials.

The net additional quantity of any commodity procured under this Act in any marketing year shall be the lesser of the following:

(a) 80 per centum of the net additional estimated total carryover for the marketing year; or

(b) the amount the maximum reserve inventory specified in section 2 above exceeds the total stocks of such commodity owned by the Commodity Credit Corporation at the beginning of the marketing year.

Such maximum prices and the quantity to be procured during the marketing year and the estimates used in arriving at the same shall be announced during such marketing year on the last Friday of July for wheat, on the last Friday of October for feed grains, and on the last Friday of September for soybeans.

The Secretary is authorized to proportion purchases of the various varieties and grades of each of the above commodities to correspond to usual marketing demands.

SEC. 4. Except when a state of emergency has been proclaimed by the President or by concurrent resolution of Congress declaring that such reserves should not be sold, the Secretary shall offer each commodity in the reserve for sale at a price of 120 per centum of the average price farmers received in the United States during the preceding five marketing years for the commodity involved adjusted to reflect the customary location and grade price differential or at such greater amount as may be obtained through normal market channels: *Provided, however,* That sales during any marketing year shall be limited to the net quantities by which estimated domestic consumption and exports exceed estimated domestic production and imports.

The Secretary is also hereby authorized to dispose of commodities in such reserve as follows:

(1) For use in relieving distress (a) in any area of the United States, including the Virgin Islands, declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (b) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U.S.C. 1855 et seq.).

(2) For use in connection with a state of civil defense emergency as proclaimed by the President or by concurrent resolution of the Congress in accordance with the provisions of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2251-2297).

(3) For sale in assistance in the preservation and maintenance of foundation herds of cattle (including producing dairy cattle), sheep, and goats and their offspring, under section 407 of the Agricultural Act of 1949, as amended (7 U.S.C. 1427), and to provide feed for livestock in any emergency area under the Act of September 21, 1959, as amended (7 U.S.C. 1427, note).

The Secretary may buy and sell at an equivalent price, allowing for the customary location and grade price differentials, substantially equivalent quantities in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such reserve. Such purchases to offset sales shall be made within two market days.

The Secretary may accept warehouse receipts in lieu of taking physical possession of the grain, but in such cases the obligor under the warehouse receipt shall be required at all times to have the grade stated on the warehouse receipt or a better grade available for delivery.

The Secretary shall make a daily list available showing the price, location, and quantity of the transactions entered into hereunder.

SEC. 5. The Secretary shall use the Commodity Credit Corporation to the extent feasible to fulfill the purposes of this Act; and to the maximum extent practicable consistent with the fulfillment of the purposes of this Act and the effective and efficient administration of this Act shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.

SEC. 6. There is hereby authorized to be

appropriated such sums as may be necessary to carry out the purposes of this Act.

SEC. 7. The purchase authority under sections 2 and 3 of this Act with respect to each of the commodities specified shall expire at the end of the marketing year for the 1973 crop of such commodity.

Mr. POAGE (during the reading). Mr. Chairman, I ask unanimous consent that the bill 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 Texas? There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 3, after the word "wheat" strike the comma and insert the word "and".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 4, after the words "feed grains" strike the comma and the words "and soybeans".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 7, following the words "feed grains" strike the semicolon and insert a period.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment:

The Clerk read as follows:

Committee amendment: Page 2, line 8, strike the phrase "(3) one hundred million bushels of soybeans."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 3, after the word "wheat" strike the comma and insert the word "and".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, lines 4 and 5, after the words "feed grains" strike the following: "and on the last Friday of September for soybeans."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 5, insert the following: "Provided, That for the 1971 marketing year such announcements shall be made as soon after the effective date of this Act as is reasonably possible."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 19, after the word "commerce," insert the following: "The Secretary is authorized to store grain purchased under this Act in producer-owned storage facilities and commercial storage facilities."

SUBSTITUTE AMENDMENT OFFERED BY MR. PRICE OF TEXAS FOR THE COMMITTEE AMENDMENT

Mr. PRICE of Texas. Mr. Chairman, I offer an amendment as a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PRICE of Texas as a substitute for the committee amendment: Page 5, line 19, in lieu of the language proposed in the committee amendment, insert the following: "Insofar as practicable the Secretary shall store all grain purchased under this Act in producer-owned storage facilities."

Mr. PRICE of Texas. Mr. Chairman, with respect to H.R. 1163, the Strategic Storable Agricultural Commodities Act of 1971 as reported by the Committee on Agriculture, I offer an amendment to safeguard national and farmer interests in event this controversial bill were to pass the House.

I submit, as I pointed out in hearings on this bill and in additional views to the minority report in opposition to H.R. 1163, that this proposed measure, besides being a political contrivance as written, should contain specific provisions so that a true grain reserve would be structured so that the grain is stored on the farms by producers.

If this is to be a true strategic reserve from a national defense standpoint, it should be stored on farms in various areas of the country where it would be protected in case of emergency. This means also that the grain should be stored on the farms where it is produced, so that farmers receive the storage payments. This could be an important supplement to the income of hard-pressed farmers.

The sponsors of this bill have shown a remarkable disregard for producer equity, for the national interest, and for practical and desirable stock location and marketing practices.

In general, over the years, reserve stocks whose ultimate destinations are uncertain, are stored close to the point of production or along the main flow routes, out of major producing areas. Onfarm storage in context of H.R. 1163, is a logical extension of this practice. It should be mandated, as provided in the amendment I offer.

I would point out, too, that the prime importance of the marketing function often imposes limits on the quantities of grain that can be stored in particular commercial facilities. Many grain elevators are not set up to provide "dead storage" for extended periods. Their main function is profit in the marketing of grains, and this often involves turning their stocks several times during the course of a marketing season.

Some commercial capacity is used for rice, dry beans and peas, field seeds, flaxseed and soybeans, in addition to wheat and feed grains. Also, commercial grain elevators need some part of their rated capacity for working space. It is unrealistic not to face up to the fact that, unless specifically required otherwise, stor-

age of reserves in off-farm commercial facilities would put a severe and unnecessary strain in some areas as bumper crops were directed to be moved off-farm.

In essence, my amendment to require onfarm storage of strategic storable commodities carries out the traditional and continuing policy of the Congress, and the particular goals of this administration, to maximize the accrual of benefits to those for whom commodity programs are designed—the producers. It is a betrayal of farmer trust to shovel storage profits to commercial conglomerates.

Under my amendment, farmers—not commercial interests—would retain control of their stocks committed to strategic storage. Farmers, not commercial interests, would earn and justly receive storage payments for the grains held under the program.

Onfarm storage of these reserves would be but a logical, practical, and sound adjunct to present policies of transition of CCC holdings to resale holdings by the farmer, with storage payments going where they rightly belong. If additional onfarm bins would be needed in some areas, farm facility storage and drying equipment loan programs are available, and have proved successful and beneficial to the farmer.

In summation, I point out that for the 2-year period of the bill alone, storage payments to farmers on the grain quantities specified in the bill would amount to \$120 million, based on a reserve of 300 million bushels of wheat and 600 million bushels of feed grains—mostly corn. If these reserves are to be maintained, then storage should be onfarm and the farmer should be the recipient of storage payments. Any other approach simply would be hypocritical to any assertion of protecting farmers' interests and income.

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

Mr. PRICE of Texas. I yield to the gentleman from Minnesota.

Mr. QUIE. I commend the gentleman for offering this amendment. I would have preferred even to have the language "insofar as practicable." deleted from the amendment.

This program is going to cost \$215 million for storage, and I think that \$215 million ought to go to the farmers, not into the pockets of the warehousemen. Definitely we should not start construction of Government bins, which was a scandal some years in the past.

If this strategic reserve bill meant an increase in Government-owned bins I would be against it. I plan to support it. I will find it easier to support with the gentleman's amendment. I hope the Price amendment will be agreed to so that all the grain will be stored on the farms.

Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the amendment.

It sounds good to say that we want this grain stored in producer-owned storage. I point out, first of all, any producer who is able to build storage enough to rent to the Government on a multiyear basis is not just a producer any more. He is also in the storage business.

In addition to that, I want to point out that while at one time most of the grain was consumed on the farm or near the

farm, a lot of it now is shipped overseas. Over 500 million bushels of corn was exported last year, and a big percentage of our wheat was.

So the market for the tenant farmer, the ones who do not own their land, do not own storage facilities, is the elevator. They have to get rid of their grain, and they send it to the commercial market.

In addition to that, we are interested, in this day and age, in promoting exports, not only in exporting what we have been exporting but in exporting more. This means some of this grain ought to be in a terminal position, in a position to export.

If a man goes down to the automobile agency nowadays to buy a new car, he does not want to wait 6 months to get it. He wants it now.

Sometimes the people who secure money to buy grain or have a shortage, from overseas, want it now. They do not want to wait until they get it out from under a snowdrift in Iowa next spring and take it to the gulf, but they want it now, or as soon as they can get it; so some of this ought to be in export position.

I also point out, as a matter of fact, we are losing \$200 million in export money this year because the price is down below last year. Last year 516 million bushels of corn brought \$200 million more than this year on the export market. Unless we pass this bill as a truly reserve bill and get the market up a little bit, we will be in difficulty. Purchasers of our exports were willing to pay as much as last year, but they did not have to because the market was bad. We are losing export dollars. I say this amendment to use farm storage almost exclusively sounds good, but in fact the tenant farmers and those who need to move this grain at harvest time and who are interested in the exports being promoted need to permit the Department to have some latitude to store some in producer-owned facilities.

Mr. PRICE of Texas. Will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman.

Mr. PRICE of Texas. I would like to point out in this bill it does not provide for export of this grain. It is only under three conditions—

Mr. SMITH of Iowa. I did not say this identical grain is to be exported, but there is a provision in this bill whereby they can sell grain out of this reserve and buy within 48 hours grain which is not in the reserve. They can do it in any year. If this grain is in an export position and they want to sell it to somebody who wants to export it, they can do so. This is the way we promote exports. We have not been doing it in the past and consequently we lost some sales.

Mr. PRICE of Texas. I agree, but I say that under this bill we have under consideration it is not intended for use as an export. This is a strategic reserve bill and it is for use in connection with the civil defense emergencies; and so on.

Mr. SMITH of Iowa. Look at the bottom of page 4 where it says:

The Secretary may buy and sell at an equivalent price, allowing for the customary location and grade price differentials, sub-

stantially equivalent quantities in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such reserve.

So if a grain company has a sale and the grain is in Houston or Corpus Christi or New Orleans and they need grain quickly, they can sell to them and buy the next day in the corn belt and ship it to them. It will promote export sales.

Mr. PRICE of Texas. I said it should be stored on the farms primarily. I am aware of the fact that there is not enough storage, probably, for all of the grain that we have. I think it should go to the producer first and then, if there is storage available, it should go there. In that way, if it is in the strategic reserve, it is placed there so that it can be strategically located.

Mr. QUIE. Will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman.

Mr. QUIE. I think it is important that the amendment offered by the gentleman from Texas be adopted because the commercial warehouses will use this to get Government payments to store the grain that they would store anyway. They are in the business of merchandising grain overseas. But if the Federal Government is going to store its own grain in strategic reserves, these warehousemen will get paid for doing what they do anyway if it is handled the way the gentleman from Iowa (Mr. SMITH) explains it. That is why I want that \$215 million to go to the farmers in every way possible, because warehousemen will not stand there with their facilities empty waiting to get grain out of the snow, and they will be buying the grain in time so it can move out of their storage site to world markets when the sales are made.

Mr. SMITH of Iowa. The fact is that they have not been doing this and they have lost sales. I think you have to have some judgment left in the Department as to where to locate it. We cannot say in the bill that you have to have x number of bushels here or there or someplace else. You have to leave some judgment in their hands and exercise oversight on the Hill as to how they handle it.

Mr. SCHERLE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, first of all I would like to call attention to the remark made by my colleague from California (Mr. TEAGUE) in regard to Mr. ZWACH and Mr. ANDREWS in saying that Mr. Benson would appreciate the remarks made by my two colleagues. I would like to call attention to the fact that in those 2 years we had a Republican Congress, and that is the last one we had since.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. SCHERLE. Yes, I yield to the gentleman from California.

Mr. TEAGUE of California. Did I understand the gentleman to say you would hate to see a repetition of a Republican Congress?

Mr. SCHERLE. I would hate to see a repetition of Mr. Benson, former Secretary of Agriculture.

Mr. TEAGUE of California. Well, this is one of his programs and I quoted from

him this afternoon. It is exactly what he proposed in 1944.

Mr. SCHERLE. Well, let me go into this a little further.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield briefly?

Mr. SCHERLE. Yes, I yield briefly to the gentleman from Iowa.

Mr. SMITH of Iowa. It just goes to show if one will look long enough and go back as far as 17 years, one could find something good about every Secretary's program.

Mr. SCHERLE. Mr. Chairman, the problem facing the Midwestern farmer is corn. There is no question about it. Last year the Iowa corn farmer averaged 86 bushels per acre, and he received \$1.31. That meant that his average gross profit was \$112.56 per acre. This year the projected yield is a record 103 bushels per acre. According to the latest information, corn is now selling for \$1 a bushel at the local elevator. That means that this year the gross profit for an Iowa corn farmer is \$103 per acre. In other words, even though the farmer is producing 17 extra bushels per acre, his gross profit per acre is \$9.66 less. There are few business enterprises in this country which have so increased their productivity and still reduced their profits.

The reason for these low prices is very simple. The USDA erred in judging the optimum number of acres in production. They were concerned about the blight. However, I have talked to numerous scientists and nowhere in the history of this country have we had blight 2 years in a row. This was just to protect the USDA once again by taking it out at the expense of the farmer.

A year ago I warned then Secretary of Agriculture Cliff Hardin, that the set-aside was too low. As a farmer I could predict the drastic consequences which occurred this fall. This year we listened to the economists and the bureaucrats at the USDA and the results have been disastrous for the feed grain participant.

Mr. Chairman, there are only two groups caught in this bind of production costs and purchase costs. One is the producer who gets nothing for his product and the other is the consumer who pays a high price for the finished product. The middle man is doing fine—no problem.

Mr. Chairman, the USDA is primarily responsible for overproduction by encouraging the Nation's farmers to produce extensively. If there is any compensation that should be realized out of this storage, it should go to the farmer that produces the corn. It costs \$1.08 to produce a bushel of corn and now it is selling for \$1. I think that is altogether too significant to the farmer. He cannot survive very long at this rate.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. SCHERLE. Yes, I yield to the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. I think one of the things that ought to be pointed out for the benefit of those representing heavy consumer areas is that in the amendment that calls for a 25-percent increase in price to the farmer, the price of corn and other feed grains and wheat would still be about 22 per-

cent less than it was last year. So, there should be no impact on the consumer price at the grocery store over last year.

Mr. SCHERLE. The gentleman is absolutely correct.

Mr. Chairman, it is interesting to note that a certain type of tractor in 1948 cost \$4,500, while that tractor today costs \$17,500. A bushel of corn in 1948 was worth \$2.63. Today it is worth \$1 a bushel. For every bushel of wheat out of which they make 69 loaves of bread, in 1948 the producer received 3 cents per loaf which cost 11 cents and, today, 1971, a loaf of bread is selling for 40 cents and the producer still gets 3 cents.

Mr. Chairman, in 1968 we had 1,162 million bushels of corn; in 1969 we had 1,113 million bushels of corn; in 1970 we had 999 million bushels of corn and now 1971 we have 1.4 billion bushels of corn. So, anyone can see what has happened to the program. The USDA made a humble mistake but the poor farmer is the one who suffers. Who care anymore? They are expendable.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Texas (Mr. PRICE) for the committee amendment.

The question was taken; and on a division (demanded by Mr. PRICE of Texas) there were—ayes 44, noes 62.

TELLER VOTE WITH CLERKS

Mr. PRICE of Texas. Mr. Chairman, I demand tellers.

Tellers were ordered.

Mr. PRICE of Texas. Mr. Chairman, I demand tellers with clerks.

Tellers with clerks were ordered; and the Chairman appointed as tellers Messrs. POAGE, PRICE of Texas, PURCELL, and TEAGUE of California.

The Committee divided, and the tellers reported that there were—ayes 147, noes 179, not voting 106, as follows:

[Roll No. 444]

[Recorded Teller Vote]

AYES—147

| | | |
|------------------|-----------------|---------------|
| Andrews, N. Dak. | Edwards, Ala. | McCulloch |
| Archer | Esch | McDade |
| Ashbrook | Findley | McDonald, |
| Baker | Ford, Gerald R. | Mich. |
| Bell | Forsythe | McEwen |
| Betts | Frelinghuysen | McKevitt |
| Blester | Frenzel | McKinney |
| Bow | Frey | Mahon |
| Broomfield | Goldwater | Martin |
| Brotzman | Goodling | Mayne |
| Brown, Mich. | Gross | Michel |
| Brown, Ohio | Grover | Miller, Ohio |
| Broyhill, Va. | Hall | Mills, Md. |
| Buchanan | Halpern | Mizell |
| Burke, Fla. | Hammer- | Mosher |
| Burleson, Tex. | schmidt | Nelsen |
| Camp | Harsha | O'Konski |
| Carter | Harvey | Pettis |
| Cederberg | Hastings | Peyser |
| Chamberlain | Hechler, W. Va. | Pirnie |
| Clancy | Heckler, Mass. | Price, Tex. |
| Clausen, | Hogan | Quie |
| Don H. | Horton | Quillen |
| Clawson, Del. | Hunt | Railsback |
| Cleveland | Hutchinson | Reid, N.Y. |
| Collins, Tex. | Jarman | Robinson, Va. |
| Conable | Jones | Robison, N.Y. |
| Conte | Jones, N.C. | Rogers |
| Coughlin | Keating | Roush |
| Crane | Kemp | Rousselot |
| Davis, Ga. | Kuykendall | Roy |
| Davis, Wis. | Kyl | Ruppe |
| Dellenback | Latta | Ruth |
| Dent | Lent | Sandman |
| Devine | Link | Saylor |
| Dickinson | Lloyd | Scherle |
| Dulski | McClory | Schmitz |
| Duncan | McCloskey | Sebelius |
| du Pont | McClure | Shipley |
| | McCollister | Shoup |

Shriver
Skubitz
Smith, Calif.
Smith, N.Y.
Snyder
Stanton.
J. William
Steele
Steiger, Wis.
Stratton
Talcott

Teague, Calif.
Thompson, Ga.
Thompson, Wis.
Vander Jagt
Veysey
Wampler
Ware
Whalen
Whalley
White
Whitehurst

Widnall
Williams
Winn
Wyatt
Wyder
Wylie
Wyman
Young, Fla.
Zion
Zwack

NOES—179

Abbott
Abernethy
Abourezk
Adams
Addabbo
Albert
Alexander
Anderson,
Calif.
Anderson,
Tenn.
Ashley
Aspin
Aspinall
Badillo
Barrett
Begich
Bennett
Bergland
Bevill
Blaggi
Bingham
Blanton
Boland
Bolling
Brademas
Brasco
Brinkley
Brooks
Burke, Mass.
Burlison, Mo.
Burton
Byrne, Pa.
Byrnes, Wis.
Byron
Cabell
Caffery
Carey, N.Y.
Carney
Chappell
Colmer
Corman
Cotter
Culver
Daniel, Va.
Daniels, N.J.
Danielson
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Donohue
Dow
Downing
Drinan
Eckhardt
Edmondson
Edwards, Calif.
Ellberg
Evans, Colo.
Fascell

Fisher
Flood
Flowers
Foley
Ford.
William D.
Fraser
Fuqua
Gallagher
Gaydos
Gettys
Giammo
Gibbons
Gonzalez
Grasso
Green, Pa.
Griffin
Griffiths
Hagan
Hamilton
Hanley
Hays
Helstoski
Hicks, Mass.
Hicks, Wash.
Hollifield
Howard
Hull
Hungate
Ichord
Jacobs
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Kee
Koch
Kyros
Leggett
Lennon
Long, La.
Long, Md.
McCormack
McFall
McKay
McMillan
Macdonald,
Mass.
Madden
Mann
Matsunaga
Mazzoli
Melcher
Metcalfe
Minish
Mink
Mitchell
Mollohan
Monagan
Moorhead

Morgan
Moss
Murphy, N.Y.
Natcher
Nedzi
Nichols
Nix
Obey
O'Hara
O'Neill
Passman
Patten
Perkins
Pickle
Pike
Poage
Freyer, N.C.
Price, Ill.
Purcell
Randall
Rangel
Rarick
Rees
Reuss
Roberts
Rodino
Roe
Rooney, Pa.
Rosenthal
Roybal
Runnels
Ryan
St Germain
Satterfield
Scheuer
Seiberling
Sikes
Slak
Slack
Smith, Iowa
Staggers
Stanton,
James V.
Steed
Stubblefield
Symington
Taylor
Teague, Tex.
Udall
Van Deerlin
Vanik
Vigorito
Waggonner
Waldie
Wilson,
Charles H.
Wolf
Yates
Yatron
Young, Tex.
Zablocki

NOT VOTING—106

Abzug
Anderson, Ill.
Andrews, Ala.
Annunzio
Arendt
Baring
Belcher
Blackburn
Blatnik
Boggs
Bray
Broyhill, N.C.
Casey, Tex.
Celler
Chisholm
Clark
Clay
Collier
Collins, Ill.
Conyers
Curlin
Dennis
Derwinski
Diggs
Dingell
Dorn
Dowdy
Dwyer

Edwards, La.
Erlenborn
Eshleman
Evins, Tenn.
Fish
Flynt
Fountain
Fulton, Tenn.
Gallifanakis
Garmatz
Gray
Green, Oreg.
Gubser
Gude
Haley
Hanna
Hansen, Idaho
Hansen, Wash.
Harrington
Hathaway
Hawkins
Hébert
Heinz
Henderson
Hillis
Hosmer
Johnson, Pa.
Keith

King
Kluczynski
Landgrebe
Landrum
Lujan
Mailliard
Mathias, Calif.
Mathis, Ga.
Meeds
Mikva
Miller, Calif.
Mills, Ark.
Minshall
Montgomery
Morse
Murphy, Ill.
Myers
Patman
Pelly
Pepper
Podell
Poff
Powell
Pryor, Ark.
Pucinski
Rhodes
Riegle
Roncalio

Rooney, N.Y. Steiger, Ariz. Tiernan
Rostenkowski Stephens Ullman
Sarbanes Stokes Whitten
Schneebeli Stuckey Wiggins
Schwengel Sullivan Wilson, Bob
Scott Terry Wright
Spence Thompson, N.J.
Springer Thone

So the substitute amendment for the committee amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: Page 6, after line 4, insert the following new section 8:

"Sec. 8 (a). Section 107 (a) of the Agriculture Act of 1949, as amended, is further amended by striking the period at the end, inserting a semicolon, and adding: 'Provided further, That notwithstanding any other provision of this Act, the Secretary shall increase the loan level heretofore announced for wheat of the 1971 crop pursuant to this section, as amended by the Agricultural Act of 1970, by 25 per centum.'

"(b) Section 105 of the Agriculture Act of 1949, as amended, is further amended by substituting a semicolon for the period at the end of the sentence in (a) (1) and adding 'notwithstanding any other provision of this Act, the Secretary shall increase the loan levels heretofore announced for feed grains of the 1971 crop pursuant to this section, as amended by the Agricultural Act of 1970, by 25 per centum.'

"(c) The amendments contained in this section shall be effective in relation to crops harvested in 1971 and 1972."

Mr. MELCHER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Montana (Mr. MELCHER) for 5 minutes in support of his amendment.

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

Mr. MELCHER. I yield to the gentleman from Missouri.

Mr. HUNGATE. Mr. Chairman, I rise in support of the bill.

Mr. MELCHER. Mr. Chairman, I will not take very much time on this amendment, because it is H.R. 8290. The rule provides that this amendment may be incorporated with H.R. 1163. The bill was passed by the House Agriculture Committee by a vote of 19 to 6. The rule is printed and is available to all Members, as is the bill H.R. 8290.

There is, of course, a great need, as has been demonstrated by many speakers here tonight, to improve grain prices. The rule provided for joining these two bills, the strategic reserve bill and the increase in loan rate bill.

I think if any one of us in our own livelihood, in our own way of making our living, if anyone in business had to suffer a 25-percent cut in his income between the years 1970 and 1971, he would be asking this Congress to see whether or not something could be done. This

would be particularly true since the cut for the grain farmers in grain prices this fall came about because of unfortunate provisions of the set-aside program of the 1970 Farm Act and the unfortunate predictions and calculations by the Department of Agriculture.

The purpose of the amendment that I am offering is to raise the floor for the market prices under the wheat, corn and other feed grains by 25 percent. I assure the Members it is needed. Going back only to the freeze period, July 15 through August 15, we find that corn was selling for \$1.36, wheat for \$1.34, and sorghum \$2.37 per bushel.

The loan rates that might be available for these crops when all crops are averaged and all the bushels are averaged under the bill will be raised only to a point which still will be below the average for all the bushels and all the crops that prevailed during the freeze period. Corn and sorghum would be selling below those prices and wheat somewhat higher. There is no reason to think that by raising the loan rates by 25 percent we will get the average price for all grains so high as to require increases in food costs. That just will not happen.

The cost of my amendment is \$281 million, as has been described in the dialog with the gentleman from Illinois. Some of this would be recovered, because it is an increase in the loan rate and is an outlay of the loans most or all of which is recovered when the grain is sold.

When the grain is sold then the loan is repaid. Or, if the CCC has to take over the grain, when they sell it that money goes back to the Treasury.

The income increase per year for all grain growers in this country as a result of the bill will be \$2 billion. This is money which is badly needed on our farms and in the rural economy. This is the added income by raising these floor prices on these grains, which will be brought to the American farmers.

It is time that we do it. They can no longer exist under the price structure they have to endure this fall. We need the bill now.

My amendment makes the loan rate increase available for the crop years of 1971 and 1972.

The bill is endorsed by almost all major farm organizations. It is also specifically endorsed by one of the largest organized consumer groups in America, the AFL-CIO.

I ask all Members to approve the amendment and to approve the bill on final passage.

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

Mr. MELCHER. I yield to the gentleman from Minnesota.

Mr. BERGLAND. Mr. Chairman, I am a farmer who has been in Congress 10 months. I represent one of the most rural districts in the United States. I have voted for city programs during these 10 months, not because I always understood the problems of the city nor have I always clearly understood the proposed remedy. I have supported these city programs because I know a problem left festering in the cities could well infect the bloodstream of the United States and

spread a plague about our land. I am now asking for help from those of you who serve the cities.

My kind of people are in deep trouble. It is not the kind of trouble that commands front-page headlines, but the cold fact is half of the poor people in the United States are in the rural areas. Two-thirds of the substandard housing in this land is found in the countryside. My people do not march, they do not demonstrate. They suffer in silence. I know it is fashionable in some quarters to denounce the farmer as a "fat cat" with his hand in the Federal Treasury and living the life of luxury. There are some celebrated instances where this is true, but nearly 2 million farm families are forced to live on incomes near or below the poverty level.

While many of you may not fully understand the bill being considered today, it is desperately needed to help deliver my kind of people from the serious economic and attending social conditions existing among the great majority of our American farm families. Unless this festering problem is remedied, this infection could well become the economic and social cancer that breaks the back of our fight to remedy the already serious problems confronting all of this great land.

Mr. Chairman, I urge approval of the amendment offered by Mr. MELCHER that he, I, and others have cosponsored and urge passage of this bill as amended.

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

Mr. MELCHER. I yield to the gentleman from North Dakota.

Mr. LINK. Mr. Chairman, as a cosponsor of the Melcher bill, I rise in support of his amendment to Congressman SMITH's bill.

Mr. Chairman, this Nation's domestic problems are intertwined. There is no urban problem in isolation. Nor is there a farm problem in isolation. All are of a piece, and they must be viewed in their relationship to each other.

The problems of our cities are all too visible: Overcrowded conditions, traffic jams, pollution, inadequate housing, crime on the streets.

The problems of rural areas are equally severe: The lowest agricultural prices since the 1930's, the highest farm foreclosure rate since World War II, and a consequent drying up of the economic base.

The exodus of people from rural areas to our already congested cities, because of lack of opportunity, simply aggravates their problems. One set of problems feeds on the other.

Agriculture still is this Nation's largest single industry—an all-important purchaser of machinery and other products of factories. A sick agriculture can infect the entire economy.

I was gratified that so many of my city colleagues understood these relationships in tow farm-day forums we conducted in March and May emphasizing the problems of agriculture and rural America.

The Nation needs to insure a fair, adequate income to the producers of its food and fiber supply. Because of a flaw in our distribution system, our farmers have not been receiving their fair share.

Unless we take action to firm up the economic base of rural America, we will increase the migration to cities. And we will be wasting many assets: The living room in rural areas; our public service system of highways, hospitals, and other facilities; our electric power supply; a lower crime rate; and a personal life style that is lacking in our big cities.

Mr. Chairman, I request the support of my colleagues for H.R. 1163 by Congressman SMITH with the Melcher amendment (H.R. 8290) as a modest way to make the economy of rural America more viable. Both H.R. 1163 and H.R. 8290 were approved by the House Agriculture Committee and scheduled for floor action by the House Rules Committee. Their combined purpose is to stabilize grain income and supply and to increase the minimum support level of grains by 25 percent. Neither will affect consumer food prices or inflation, since the farmer's share of such prices is minute and because the only effect will be to bring grain prices up to the level of a few months ago.

The Smith bill with the Melcher amendment deserves the support of Congressmen from every section of the Nation to help solve the intertwined problems of urban and rural areas.

AMENDMENT OFFERED BY MR. FINDLEY TO THE AMENDMENT OFFERED BY MR. MELCHER

Mr. FINDLEY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY to the amendment offered by Mr. MELCHER: At the end of the first paragraph, strike the period and add the following: "Provided, That notwithstanding any other provision of law, effective with the crops of feed grains and wheat planted and harvested in 1972, the aggregate payments which a person shall be entitled to receive under the annual price support programs carried out for these commodities pursuant to this Act, shall not exceed \$20,000."

POINT OF ORDER

Mr. POAGE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. POAGE. The amendment is not germane, in that the purpose of the Melcher amendment is to require the Secretary of Agriculture to increase the loan levels for wheat and feed grains by 25 percent on the 1971 and 1972 crops. Nothing in the Melcher amendment increases the payments to the farmers, other than the increase in loans. Inasmuch as the Melcher amendment does not have any bearing on the payments that wheat and feed grains farmers would receive, it would appear that the Findley amendment, limiting to \$20,000 payments to wheat and feed grains growers, is not too germane to the Melcher amendment.

The CHAIRMAN. Does the gentleman from Illinois desire to be heard on the point of order?

Mr. FINDLEY. I do, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. FINDLEY. Mr. Chairman, this amendment has been very carefully constructed realizing the problem of germaneness.

First of all, it does not go beyond the

scope of the Melcher language. The Melcher language amends two parts of the Agricultural Act of 1949, as amended.

One part is section 105, dealing with feed grains. The other part is section 107, dealing with wheat.

The feed grains section provides for payments. The Melcher amendment, therefore, would amend the provision of the act of 1949, as amended, which provides for payments, and thus makes a payments provision amendment.

The same can be said for the wheat provision of the Agricultural Act of 1949. It deals only with feed grains and wheat. It is not as broad as I would like, because it does not include cotton. It deals only with the crops that are provided in the Melcher amendment. The Melcher amendment does increase price supports, which are a form of compensation for the farmer, and the loans are certainly a form of payments.

Therefore I would state that the amendment is clearly germane. I cite to the attention of the Chair, V, section 5811 and 5820, VIII, sections 2922 and 2936, taken from the precedents of the House of Representatives, at least the latest edition of the precedents available to Members.

The CHAIRMAN (Mr. NEDZI). The Chair is prepared to rule on the point of order raised by the gentleman from Texas.

The Chair has listened to the point of order made and the remarks of the gentleman from Illinois.

The gentleman from Texas has raised a point of order against the amendment offered by the gentleman from Illinois (Mr. FINDLEY) on the ground that the amendment is not germane.

The amendment would impose an overall restriction on payments which a person can receive under the various annual price support programs for feed grains and wheat carried out pursuant to the Agricultural Act of 1949 as amended.

The Committee of the Whole now has before it the bill H.R. 1163, which, as so far amended by the committee, establishes a strategic reserve of wheat and feed grains. To that bill the gentleman from Montana (Mr. MELCHER) has offered an amendment made in order by the rule. That amendment increases the loan levels for feed grains and wheat by 25 percent for the 1971 crop.

The Chair would point out that nothing in the matter now pending deals with total amounts of payments to be received by farmers either collectively or individually. The pending matter, the amendment offered by the gentleman from Montana (Mr. MELCHER) deals only with the increase in loan levels for the 1971 crop. It does not go to purchases which are also part of the price support program and which would be covered by the amendment of the gentleman from Illinois.

To reiterate, while the amendment offered by the gentleman from Montana does go to the sections of the law cited by the gentleman from Illinois, it affects only the loan levels authorized there and does not go to the purchases. It is well established that a proposition narrowly amending one section of existing law

does not necessarily open that entire section to further amendment.

For these reasons the Chair sustains the point of order that the amendment is not germane.

Mr. FINDLEY. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Am I correct that as a general proposition an amendment is held to be germane if it seeks to amend a section of the statute which the original amendment to which it is offered is also altered? In other words, is it germane to the particular paragraph or section to which it is offered?

The CHAIRMAN. The Chair will state that is not necessarily the case.

Mr. FINDLEY. A further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Can the Chair advise the Members at what date they may expect to have an updated edition of the precedents of the House of Representatives?

The CHAIRMAN. The Chair will state that is not a parliamentary inquiry.

AMENDMENT OFFERED BY MR. QUIE AS A SUBSTITUTE TO THE SUBSTITUTE AMENDMENT

Mr. QUIE. Mr. Chairman, I offer an amendment in the form of a substitute.

The Clerk read as follows:

Substitute amendment to the Melcher amendment offered by Mr. QUIE: Page 6, line 4, insert the following new Section 8: Section 8 (a). Section 105 of the Agriculture Act of 1959 is amended, is further amended by substituting a semicolon for the period at the end of the sentence in (b) (1) and adding "notwithstanding any other provision of this Act, the Secretary shall increase the payment heretofore announced for feed grains of the 1971 crop pursuant to this section, as amended by the Agriculture Act of 1970, by 25 per centum."

(b) The amendments contained in this section shall be effective in relation to the crop harvested in 1971.

POINT OF ORDER BY MR. POAGE

Mr. POAGE. Mr. Chairman, I raise a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. POAGE. Mr. Chairman, the amendment is subject to the same interpretation that the amendment offered by the gentleman from Illinois (Mr. FINDLEY) was subject in that it proposes to amend the Melcher bill by changing the payments that are being made under the terms of that bill; whereas, the Melcher amendment makes no change in any payments whatsoever and relates only to the lower levels. That is exactly the same situation that we had in the case of the Findley amendment.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. QUIE. I do, Mr. Chairman.

Mr. Chairman, the Findley amendment, perhaps, went further than section 105. This amendment is limited to section 105 which is amended by the Melcher amendment. It is a different subsection, it is true. Subsection (b) rather than subsection (a) of section 105, but under the circumstances of the past amendment, or section of an

amendment to a different part of that section which is offered as a substitute, it has been held germane.

The CHAIRMAN (Mr. NEDZI). The Chair is prepared to rule.

The Chair has listened to the point of order and the remarks of the gentleman from Minnesota. The Chair notes that the amendment offered by the gentleman from Montana was made in order by the rule. The substitute was not. Hence its germaneness to the Melcher amendment is in issue. The pending matter, the amendment offered by the gentleman from Montana (Mr. MELCHER) deals only with the increase in loan levels for the 1971 crop. It does not go to purchases, which are also part of the price support program and which would be covered by the amendment of the gentleman from Minnesota. This situation thus falls within the rule that an individual proposition cannot be amended by another individual proposition. The specific amendment to the 1949 Act provided in the amendment offered by the gentleman from Montana cannot be broadened by amendment into a proposition general in scope.

For these reasons, the Chair sustains the point of order that the amendment is not germane.

AMENDMENT OFFERED BY MR. QUIE TO THE
AMENDMENT OFFERED BY MR. MELCHER

Mr. QUIE. Mr. Chairman, I offer an amendment to the amendment offered by Mr. MELCHER.

The Clerk read as follows:

Amendment offered by Mr. QUIE to the amendment offered by Mr. MELCHER: Strike out subsection (a); reletter subsections (b) and (c) as subsections (a) and (b).

Mr. QUIE. Mr. Chairman, the effect of my amendment is to strike the increase of 25 percent of the price support loan on wheat. Presently, wheat gets 100 percent of parity for domestic human consumption share of the crop and that represents 42 percent of the wheat. If there is a price support loan increase by 25 percent, there would be a reduction in the direct payment by that amount for wheat.

Now, what you would do by the Melcher amendment on wheat is to make wheat go up to a price where it would not be as competitive on the world market. So, not only would we have a strategic reserve, but more would stay in regular storage. There is no commodity that moves overseas which is produced by American farmers as much as wheat and this will hamper our efforts.

I think this is a shortsighted amendment to increase the price support loan on wheat, because already the direct payment takes care of the difference between the average price at the marketplace and 100 percent of parity. That is not the case with reference to corn. Corn is the commodity which is in trouble. Corn is where the mistake was made in the estimate last spring. The corn blight did not occur. Wheat can move overseas to a much greater extent than corn.

I think it would have been wiser as I proposed to increase the direct payment on corn instead of increasing the loan, however I am prohibited from doing that because of the point of order. However,

let us at least not make the mistake now of increasing the price-support loan on wheat because I just want to repeat to you again that you have to have a competitive price in order to sell it overseas.

I recall the years when I was on the Committee on Agriculture, and the cotton producers had the kind of strength around here so that they kept their price-support loan up high, so high that they had their warehouses full of surplus cotton. Finally we had to do something about it, we had to bring the price-support loan down, so it was competitive on the world market. That was the only way they moved it out of storage, and it worked. It now goes on the market, rather than into storage.

Mind you, you are on the verge of making a serious mistake on wheat of storing commodities in the bin rather than letting it go overseas.

So I urge you to adopt this amendment. Let us help the corn farmers by increasing the loan because they are the ones who are in trouble because of a mistake by USDA. They are the ones who cannot make the payments on their machinery, they are the ones who are in serious trouble with the bankers, because of a mistake in USDA's corn crop estimate. I know that the wheat farmers are not making as much money as they should but taking direct payments away from wheat farmers and giving it to them in increased loans is not much help to them.

Just keep in mind that if you raise the price support loan now so that you make the wheat uncompetitive you will have worse trouble next year with wheat, because we will keep it in storage instead of moving it overseas. The dock strike is a big reason for wheat's trouble. When the ports are open we can move wheat only when prices are competitive. Do not fix the price of wheat so that you cannot move it.

I urge you to adopt this amendment.

Mr. MELCHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I must point out to my good friend, the gentleman from Minnesota, and my colleagues here in the Committee of the Whole, that the relationship between the various prices of grain must be maintained. It would ill behoove the loan rates to be put out of kilter by raising just corn, or feed grains. The loan rate increases must also include wheat to maintain a balance of loan rates between wheat and feed grains. As a matter of fact, under the amendment that I have proposed, the cost to the Treasury is actually reduced by including wheat. The reason for that is, just as the gentleman from Minnesota outlined, that wheat certificates are paid on a portion of the crop, by including wheat in the bill the savings to the Government will be \$160 million. The Department shows further that the outlay for the increase on the loan rates—and remember, they will get most of that back—is \$100 million for wheat and \$39 million additional for export certificates. Because of the decrease in wheat certificate costs, you can readily see that including wheat will reduce the overall cost to the Treasury by the difference between \$160 million and \$139 million or a savings of \$21 million.

So I would urge the committee to vote down the amendment.

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

Mr. MELCHER. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, I thank the gentleman for yielding.

I think the gentleman ought to tell the Members where that \$160 million comes from that the Government will save. It comes from the pockets of the farmers—the wheat farmers will get that if it is not taken away from them by this amendment.

Mr. MELCHER. I well recognize that, but the wheat farmers are also aware that only 42 percent of the crop goes for domestic consumption; they want it for the rest so that they can survive, and at the current prices and the current loan rates they cannot stay in the wheat business and stay in farming. They need our help now with passage of this legislation to help wheat, corn, and other feed grain producers.

Mr. TEAGUE of California. Mr. Chairman, I rise in support of the amendment. I know the mood of the House, and the majority is running roughshod over this side of the aisle. But I want to be sure that my colleagues understand that the Melcher amendment is going to cost several hundred million dollars more than the present program. No one claims it is going to cost less, and it is not going to help the small farmers. We had a chance a few moments ago to help the small farmers by paying him part of the annual rental fees of around \$215 million, and you turned that down.

But you gentlemen from the cities are being very generous tonight, and you should have earned the undying gratitude of the large as well as the small farmers, certainly the warehousemen.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I seek this time for the purpose of stating my support for the legislation. I want the record to show, however, my reservations with respect to both the Smith bill providing for a strategic reserve of wheat and feed grains and the Melcher amendment which provides for an increase of 25 percent in the loan rate for the same two commodities.

The legislation should be broader, so as to include cotton and soybeans. I offered amendments to do this in the Agriculture Committee. I am not going to take the time of the House to reoffer those amendments at this time for a couple of reasons. In the first place, I do not have the votes to pass these amendments and in the second place, if the amendments were adopted, I am afraid that they would make it more difficult to pass the amended bill on the floor at this time.

In summary, Mr. Chairman, I support this legislation though in my judgment it should also include soybeans and cotton. At the same time, I recognize the extremely urgent crisis which is now facing the wheat and feed grain producers and, therefore, I urge my colleagues to support the committee on this important legislation.

Mr. KYL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, even the casual observer would be able to determine that there is a great deal of politics involved in this particular legislation and that, as a matter of fact, regardless of any substantive changes that could have been made here this evening or that should have been made, I doubt that any votes would have been changed by any of the debate.

But I think we should know exactly what we are doing here, because this is not the last that we will hear about the problems of the corn farmer or the wheat farmer or the cotton farmer.

Now all of us, to be very frank, have to make a little guess about what effect on the market prices the strategic reserve portions of this bill will have. I do not think there is anyone here who can tell with any assurance what that effect will be. We know that is the case of the military oriented surpluses that we have in the stockpiles, no matter even if it takes an act of Congress to move those to the market, they have a depressing effect on the market price.

The chairman of the Committee on Agriculture has said so truthfully so many times that there is no padlock in the world big enough to hold these stored crops off the market regardless of what kind of situation you have.

We may get an increase in prices as a result of this program or we may not. But I say to you in all honesty and in all candor, that we do not know what the effect is going to be.

Now, so far as the Melcher portion of this bill is concerned, we know immediately what the effect will be. We will have some problem, because a farmer who has sold his corn gets no help. This portion of the bill will put money in the pockets of most grain farmers and the wheat farmers. There is no question about that and they need the help—and there is no question about that. The immediate help is good. But what about the long range?

There is also some serious question as to what this portion of the bill may do to compliance with the program next year and the year following that or with intensity of production.

Both sides of this bill fall short of solving the fundamental problem of oversupply.

Before I continue with that, I also want to explain for some of you who may be a little naive about these matters, why it was so important that the rule was adopted without any reservations. It is not because a limitation on payments of \$20,000 is important to feed grain farmers or wheat farmers particularly—it is because of the relationship of cotton. But regardless of what has happened here today, I think I can say with absolute assurance that the die is now cast on this business of payment limitations.

The first time a germane amendment can be offered, I think our cotton producing friends should know that there will be a payment limitation. This does not make me happy. I have never voted for a limitation myself, because I know you will have to have an entirely different kind of cotton program to control

the supply in that area, if you implant limitation.

If we have to do that, we may ultimately divide these farm programs, and we will not have the kind of necessary support for our feed grain programs. This is a matter of candor which I am delivering to you.

Getting back to this business of a solution of the problem, we have too much corn. Somebody has said that we never have a blight for more than 1 year in a locality. I can point to areas in which we have had blight for 8 years—until this year, when it disappeared. Anyhow we have that surplus. Neither of these two approaches tonight will diminish the total supply of corn by one ear or one bushel, or of wheat, either.

First, we have to have the program for next year geared to bring production back in line so that the 2-year supply is in order, and then the only way we can get disappearance of this surplus product is through trade, trade, and more trade. We have to remove every obstacle that there is to the removal of this surplus through trade.

This proposition tonight, helpful as it may be to our farmers today—and they need help—is not going to remove the surplus. We have to continue working for trade and more trade to get this job done.

One other thing. This House, if it is going to protect the feed grain industry and the other agriculture of this Nation, is going to have to adopt some permanent legislation to stop these long strikes in the transportation industry which have had such a disastrous effect these past months.

Mr. NELSEN. Mr. Chairman, I move to strike out the requisite number of words, and rise in support of the Quie amendment.

Mr. Chairman, there is an old story about the daddy robin and the mother robin flying South. Daddy robin gets to the destination 4 or 5 days late with his feathers all beat up, his tail feathers all torn. Mother robin gives daddy robin a severe look and daddy robin says, "Now, it isn't what you think. I was just flying low, and I got caught in a badminton game."

I have been on the farm all my life. That is my business. I am getting a little weary about the badminton game or politics that is always played with me and with my associate farmers when we get to legislation. I support the Quie amendment, because I believe wheat is going to be damaged by the proposed amendment. But I am perfectly willing to go along on corn. Something drastic needs to be done because the price of corn is extremely low. I doubt that the farmer can long survive with the price of feed grain at this time. I am willing to do something drastic to try to correct that situation.

I am sorry that the author of the Melcher proposal speaks against the Quie amendment. I think a very careful analysis on the part of Congressman QUIE, who has been very, very attentive to farm problems and understands them and points out the danger of our world market—and I believe there is a danger with our world market. Mr. QUIE has so well pointed out the wheat does have protection under the present program. But I

am willing to go along with this proposal as far as corn is concerned. The important thing now is to get some corn off the market so that the market can improve, hoping that we can look to the future and reduce our production and feather in some of our stockpiles that we may have.

I hope the Quie amendment will be adopted. I believe it is a good one. I believe it is sound. I hope the amendment is adopted.

Mr. POAGE. Mr. Chairman, I move to strike the last 5 words.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. POAGE. Mr. Chairman, I do not want to pass judgment upon anyone's political motivation. I come from a country which does not grow much wheat and does not grow much corn. I simply have been amazed at the way in which gentlemen from areas that grow no wheat have found it possible to decide for the wheat areas just what, exactly, is good for them.

As one who is from neither a wheat growing nor a corn growing area, it just seems passing strange to me that the gentlemen from the corn areas should be so gifted as to be able to tell the wheat growers exactly what is in their best interest. They tell the Members that they should strike out provisions offered by a man from a great wheat State, such as Montana, and to substitute those provisions offered from a district growing no wheat at all. It is just a mystery to me. I suggest that we let those from the wheat country speak for the wheat people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. QUIE) to the amendment offered by the gentleman from Montana (Mr. MELCHER).

TELLER VOTE WITH CLERKS

Mr. QUIE. Mr. Chairman, I demand tellers.

Tellers were ordered.

Mr. QUIE. Mr. Chairman, I demand tellers with clerks.

Tellers with clerks were ordered; and the Chairman appointed as tellers Messrs. QUIE, MELCHER, PURCELL, and PRICE of Texas.

The Committee divided, and the tellers reported that there were—ayes 128, noes 222, not voting 82, as follows:

[Roll No. 445]

[Recorded Teller Vote]

AYES—128

| | | |
|---------------|-----------------|----------------|
| Archer | Conte | Halpern |
| Ashbrook | Coughlin | Hansen, Idaho |
| Baker | Crane | Harsha |
| Bell | Davis, Wis. | Harvey |
| Betts | Dellenback | Hastings |
| Blester | Dennis | Heckler, Mass. |
| Bow | Devine | Helms |
| Bray | Dickinson | Hillis |
| Broomfield | Dulski | Hogan |
| Brown, Mich. | Duncan | Horton |
| Brown, Ohio | du Pont | Hosmer |
| Broyhill, Va. | Edwards, Ala. | Hunt |
| Buchanan | Esch | Hutchinson |
| Byrnes, Wis. | Findley | Jacobs |
| Byron | Ford, Gerald R. | Johnson, Pa. |
| Carter | Forsythe | Jonas |
| Cederberg | Frelinghuysen | Keating |
| Chamberlain | Frenzel | Keith |
| Clancy | Frey | Kemp |
| Clausen | Goldwater | Kuykendall |
| Don H. | Goodling | Landgrebe |
| Clawson, Del. | Gross | Latta |
| Cleveland | Grover | Lent |
| Conable | Hall | Lloyd |

McClory
McCulloch
McDade
McDonald,
Mich.
McEwen
McKinney
Mayne
Mazzoli
Michel
Miller, Ohio
Mills, Md.
Mizell
Morse
Myers
Nelsen
Pettis
Peyser
Pike
Pirnie

Quile
Quillen
Rallsback
Reid, N.Y.
Robinson, Va.
Robison, N.Y.
Rousselot
Ruppe
Ruth
Sandman
Saylor
Scherie
Schmitz
Schneebell
Schwengel
Smith, Calif.
Smith, N.Y.
Stanton,
J. William
Steele

Steiger, Ariz.
Steiger, Wis.
Stuckey
Teague, Calif.
Terry
Thomson, Wis.
Vander Jagt
Veysey
Wampler
Ware
Whalley
Widnall
Williams
Wyatt
Wydler
Wylie
Wyman
Young, Fla.
Zion

Blatnik
Broyhill, N.C.
Casey, Tex.
Celler
Chisholm
Collier
Collins, Ill.
Conyers
Curlin
Derwinski
Diggs
Dingell
Dowdy
Dwyer
Edwards, La.
Erlenborn
Eshleman
Evins, Tenn.
Fish
Flynt
Fountain
Garmatz
Gray
Green, Oreg.
Gubser

Gude
Haley
Hanna
Hansen, Wash.
Harrington
Hawkins
Hébert
Henderson
Kling
Kluczynski
Landrum
Lennon
Lujan
Mailliard
Mathias, Calif.
Mathis, Ga.
Mikva
Miller, Calif.
Mills, Ark.
Minshall
Montgomery
Mosher
Murphy, Ill.
Patman
Pelly

Pepper
Podell
Poff
Powell
Pryor, Ark.
Pucinski
Rhodes
Riegle
Roncallo
Rooney, N.Y.
Rostenkowski
Sarbanes
Scott
Spence
Springer
Stokes
Sullivan
Thompson, N.J.
Tiernan
Whitten
Wiggins
Wilson, Bob
Wright

NOES—222

Abbitt
Abernethy
Abourezk
Adams
Addabbo
Albert
Alexander
Anderson,
Calif.
Anderson,
Tenn.
Andrews,
N. Dak.
Ashley
Aspin
Aspinall
Badillo
Barrett
Begich
Bennett
Bergland
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Brademas
Brasco
Brinkley
Brooks
Brotzman
Burke, Fla.
Burke, Mass.
Burlison, Tex.
Burlison, Mo.
Burton
Byrne, Pa.
Cabell
Caffery
Camp
Carey, N.Y.
Carney
Chappell
Clark
Clay
Collins, Tex.
Colmer
Corman
Cotter
Culver
Daniel, Va.
Daniels, N.J.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellums
Denholm
Dent
Donohue
Dorn
Dow
Downing
Drinan
Eckhardt
Edmondson
Edwards, Calif.
Ellberg
Evans, Colo.
Fascell
Fisher
Flood
Flowers
Foley
Ford
William D.

Fraser
Fulton, Tenn.
Fuqua
Gallifanakis
Gallagher
Gaydos
Gettys
Gialmo
Gibbons
Gonzalez
Grasso
Green, Pa.
Griffin
Griffiths
Hagan
Hamilton
Hammer-
schmidt
Hanley
Hathaway
Hays
Hechler, W. Va.
Helstoski
Hicks, Mass.
Hicks, Wash.
Hollifield
Howard
Hull
Hungate
Ichord
Jarman
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Kee
Koch
Kyl
Kyros
Leggett
Link
Long, La.
Long, Md.
McCloskey
McClure
McCollister
McCormack
McFall
McKay
McKevitt
McMillan
Macdonald,
Mass.
Madden
Mahon
Mann
Martin
Matsunaga
Meeds
Melcher
Metcalfe
Minish
Mink
Mitchell
Mollohan
Monagan
Moorhead
Morgan
Moss
Murphy, N.Y.
Natcher
Nedzi
Nichols
Nix
Obey

O'Hara
O'Konski
O'Neill
Passman
Patten
Perkins
Pickle
Poage
Preyer, N.C.
Price, Ill.
Price, Tex.
Purcell
Randall
Rangel
Rarick
Rees
Reuss
Roberts
Rodino
Roe
Rogers
Rooney, Pa.
Rosenthal
Roush
Roy
Roybal
Runnels
Ryan
St Germain
Satterfield
Scheuer
Sebelius
Seiberling
Shipley
Shoup
Shriver
Sikes
Slask
Skubitz
Slack
Smith, Iowa
Snyder
Staggers
Stanton,
James V.
Steed
Stephens
Stratton
Stubblefield
Symington
Talcott
Taylor
Teague, Tex.
Thompson, Ga.
Thome
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Waggonner
Waldie
Whalen
White
Whitehurst
Wilson,
Charles H.
Winn
Wolff
Yates
Yatron
Young, Tex.
Zablocki
Zwach

NOT VOTING—82

Abzug
Anderson, Ill.
Andrews, Ala.

Annuzio
Arends
Baring

Belcher
Blackburn
Blanton

answer to the farm income problem. In addition to the previous amendment, I feel we should structure the grain reserve so that the grain is stored on farms by producers. If this amendment is not adopted, an estimated \$215 million per year will be spent for storage costs that will not improve farm prices or reach the farmer. In view of our past history with grain stockpiles, without the farm storage provision, this could be a gross disservice to farmers.

Mr. Chairman, if we are going to increase farm prices and income as a result of legislative action, I think we must agree to put partisan politics aside. I support this legislation. However, I am concerned that this bill was reported by the House Agricultural Committee without the amendments mentioned previously. I am also concerned this legislation was reported when the Department of Agriculture already has existing grain reserve authority. I still do not understand why this legislation does include the provision to set the release price at 100 percent of parity. It would seem to me that if we are going to have a strategic reserve, it should of course benefit the Nation, but the farmer as well.

While I support this bill in the hope we have a remote possibility to improve farm prices, I am convinced we can work together to enact legislation that will be of more direct benefit to the farmer and that represents a better way to approach the farm income problem. I would hope Strategic Storable Agricultural Commodities Act of 1971 does not represent the total sum of what we can do to improve farm income and revitalize our rural areas.

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

Mr. PRICE of Texas. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I wish to compliment my friend and colleague from Texas and I rise in support of his amendment.

Mr. PRICE of Texas. Mr. Chairman, I offer an amendment to H.R. 1163, the Strategic Storable Agricultural Commodities Act of 1971, so that, if this bill were to pass, vital safeguards are included to protect both farmer and national interests—matters of seemingly little importance in the language of the bill as reported.

This amendment would require that the release price of strategic reserve grains be set at 100 percent of parity. The bill, as reported, would require grain to be forced onto the market at 120 percent of the past 5-year average market price. This could be disastrous to farm income if commodities were released from the reserve at that price at a time when farmers were receiving a good price for their grain.

At the formula level of the bill, stock releases could have definite adverse effects on the markets—both at home and abroad. At the price level prescribed in the bill, there is every chance that the judgment factors calling reserve grains onto the market could, either immediately or over a span of time, force down commodity prices.

The terrific economic impact to farmers would be unconscionable. The effect

Mr. HAMMERSCHMIDT changed his vote from "aye" to "no."

So the amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PRICE OF TEXAS

Mr. PRICE of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRICE of Texas: Page 3, line 15, strike the words "a price of 120 per centum of the average price farmers" and strike all of lines 16, 17, 18, 19 and the words "market channels" on line 20 and insert in lieu thereof "not less than 100 per centum of the parity price for any such commodity".

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

Mr. PRICE of Texas. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I appreciate this opportunity to discuss H.R. 1163, the Strategic Storable Agricultural Commodities Act of 1972.

It is common knowledge we are experiencing an economic crisis in our rural areas. The cost of producing the Nation's food and fiber keeps rising and the price of farm products remains the same or decreases. Only the farmer's industry and amazing productivity gains have prevented a severe and drastic economic depression in our rural areas. We must work to halt this economic decline which could produce an economic crisis throughout our country. We must control inflation and provide the farmer a decent price for his products.

With all due respect, Mr. Chairman, I do not think this legislation offers an immediate solution to the farm income crisis. In fact, this legislation represents, I think, a most indirect approach. However, I feel that we should explore every alternative in our search for new prosperity in agriculture.

I am disappointed that this legislation does not include the provision to set the release price at 100 percent of parity. This amendment, which I supported, was defeated 16 to 14 in committee, would have eliminated the reserve as a market depressant and would have also insured an available supply of grain in the event of some great disaster.

I am concerned that this bill will prove to be a cosmetic rather than a real

on markets would be unpardonable. The cumulative result to farm income, and the general economy, and to both domestic and foreign markets could negate any sound progress to stability and equity in the public interest.

Setting the release price at 100 percent of parity would strongly insulate the program against the future dumping of reserve stocks onto the market. And let us not blink our eyes to the fact that H.R. 1163 as reported provides some dangerous areas that, in judgment areas as to moving out reserve stocks, could depress prices and could disrupt orderly market movement.

Let us not forget, either, that what is acquired under a Federal program must, at some point of time, be disposed of—and in the past it has too often been to the disadvantage of the farmer and has worked against the production, supply, and income programs in effect.

A sound and workable grain reserve would be of benefit should some great disaster befall our Nation, and adequate supplies were not at hand. However, the release of reserve stocks as provided in H.R. 1163 at the unrealistic level of 120 percent of the past 5-year average market price bodes ill for the farmer and promises little for the Nation.

Producers have a number of interests in maintaining stable supplies of farm products at fair and reasonable price. However, ultimately movement of supplies for nominally reserve stocks at an impractical price level could have unfortunate, and even critical, repercussions. Some commodity markets simply would be completely demoralized with the onslaught of an unwarranted dumping of reserve stocks.

Mandating the release price at 100 percent of parity also insures, as reserve stocks were to move onto markets as needed and at an orderly rate, that price would not be a deterrent to farmer income or disrupt marketing patterns. If these reserves are stored onfarm, in facilities owned and controlled by the producer, the farmer is assured of an adequate price.

At this point, I submit tables based on those provided the Committee on Agriculture with selected data related to H.R. 1163, but with an additional column depicting dollars per bushel at 100 percent of parity, in addition to the column showing the amount pegged at 120 percent of average price received for the preceding 5 years.

The tables referred to are as follows:

SELECTED DATA RELATED TO H.R. 1163

(Dollars per bushel)

| Crop year | Average price received | 120 percent of average price received preceding 5 years | Parity ¹ |
|-------------------------|------------------------|---------------------------------------------------------|---------------------|
| Current crop | Preceding 5 years | | |
| Corn: | | | |
| 1961..... | 1.10 | 1.11 | 1.62 |
| 1962..... | 1.12 | 1.08 | 1.61 |
| 1963..... | 1.11 | 1.08 | 1.59 |
| 1964..... | 1.17 | 1.08 | 1.56 |
| 1965..... | 1.16 | 1.10 | 1.57 |
| 1966..... | 1.24 | 1.13 | 1.60 |
| 1967..... | 1.03 | 1.16 | 1.62 |
| 1968..... | 1.08 | 1.14 | 1.65 |
| 1969..... | 1.15 | 1.14 | 1.72 |
| 1970 (preliminary)..... | 1.36 | 1.13 | 1.79 |
| 1971 (estimate)..... | 1.00 | 1.17 | 1.88 |

| Crop year | Average price received | 120 percent of average price received preceding 5 years | Parity ¹ |
|----------------------------|------------------------|---------------------------------------------------------|---------------------|
| Current crop | Preceding 5 years | | |
| Sorghum: | | | |
| 1961..... | 1.01 | .96 | 1.15 |
| 1962..... | 1.02 | .94 | 1.13 |
| 1963..... | .977 | .95 | 1.14 |
| 1964..... | 1.05 | .94 | 1.39 |
| 1965..... | 1.00 | .98 | 1.37 |
| 1966..... | 1.02 | 1.01 | 1.38 |
| 1967..... | .99 | 1.01 | 1.43 |
| 1968..... | .95 | 1.01 | 1.44 |
| 1969..... | 1.07 | 1.00 | 1.48 |
| 1970 (preliminary)..... | 1.14 | 1.01 | 1.20 |
| 1971 (estimate)..... | .95 | 1.03 | 1.56 |
| Wheat:² | | | |
| 1961..... | 1.83 | 1.83 | 2.20 |
| 1962..... | 2.04 | 1.80 | 2.37 |
| 1963..... | 1.85 | 1.82 | 2.42 |
| 1964..... | 1.37 | 1.84 | 2.18 |
| 1965..... | 1.35 | 1.77 | 2.51 |
| 1966..... | 1.63 | 1.69 | 2.21 |
| 1967..... | 1.39 | 1.65 | 2.12 |
| 1968..... | 1.24 | 1.52 | 2.57 |
| 1969..... | 1.24 | 1.40 | 2.03 |
| 1970 (preliminary)..... | 1.34 | 1.37 | 1.98 |
| 1971 (estimate)..... | 1.30 | 1.37 | 2.61 |
| Barley:² | | | |
| 1961..... | .979 | .895 | 1.82 |
| 1962..... | .915 | .893 | .75 |
| 1963..... | .897 | .899 | .842 |
| 1964..... | .947 | .898 | .74 |
| 1965..... | 1.02 | .916 | .842 |
| 1966..... | 1.05 | .952 | .856 |
| 1967..... | 1.00 | .966 | .866 |
| 1968..... | .91 | .983 | .878 |
| 1969..... | .872 | .985 | .892 |
| 1970 (preliminary)..... | .956 | .970 | .941 |
| 1971 (estimate)..... | .85 | .958 | .941 |
| Oats:² | | | |
| 1961..... | .642 | .623 | .75 |
| 1962..... | .624 | .614 | .75 |
| 1963..... | .622 | .618 | .75 |
| 1964..... | .631 | .627 | .75 |
| 1965..... | .622 | .624 | .75 |
| 1966..... | .665 | .628 | .75 |
| 1967..... | .659 | .633 | .75 |
| 1968..... | .60 | .640 | .75 |
| 1969..... | .586 | .635 | .75 |
| 1970 (preliminary)..... | .628 | .626 | .75 |
| 1971 (estimate)..... | .57 | .628 | .75 |

¹ Parity Sept. 15.

² Parity, June 15.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. PRICE).

The question was taken; and on a division (demanded by Mr. PRICE of Texas) there were—ayes 83, noes 130.

TELLER VOTE WITH CLERKS

Mr. PRICE of Texas. Mr. Chairman, I demand tellers.

Tellers were ordered.

Mr. PRICE of Texas. Mr. Chairman, I demand tellers with clerks.

Tellers with clerks were ordered; and the Chairman appointed as tellers Messrs. PRICE of Texas, SMITH of Iowa, MELCHER, and QUIE.

The Committee divided, and the tellers reported that there were—ayes 145, noes 201, not voting 86, as follows:

[Roll No. 446]

[Recorded Teller Vote]

AYES—145

| | | |
|----------------|---------------|-----------------|
| Anderson, Ill. | Carter | Dickinson |
| Ashbrook | Cederberg | Dulski |
| Baker | Chamberlain | Duncan |
| Betts | Clancy | Edwards, Ala. |
| Blester | Clausen, | Donchue |
| Bow | D. N. H. | Findley |
| Bray | Clawson, Del. | Ford, Gerald R. |
| Broomfield | Cleveland | Forsythe |
| Brotzman | Collins, Tex. | Frelinghuysen |
| Brown, Mich. | Conable | Frenzel |
| Brown, Ohio | Conte | Frey |
| Broyhill, Va. | Coughlin | Goodling |
| Buchanan | Crane | Gross |
| Burke, Fla. | Dellenback | Grover |
| Byrnes, Wis. | Dennis | Hall |
| Camp | Devine | Halpern |

| | | |
|-----------------|---------------|----------------|
| Hammer-schmidt | McEwen | Schneebell |
| Harsha | McKevitt | Schwengel |
| Harvey | McKinney | Sebellus |
| Hastings | Mann | Shriver |
| Hechler, W. Va. | Martin | Skubitz |
| Heckler, Mass. | Mayne | Smith, N.Y. |
| Heinz | Mazzoli | Snyder |
| Hillis | Michel | Stanton, |
| Hogan | Miller, Ohio | J. William |
| Hull | Mills, Md. | Steele |
| Hunt | Mizell | Steiger, Ariz. |
| Hutchinson | Morse | Steiger, Wis. |
| Ichord | Mosher | Stratton |
| Jacobs | Myers | Talcott |
| Johnson, Pa. | Nelsen | Terry |
| Jonas | O'Konski | Thomson, Wis. |
| Keating | Pettis | Thone |
| Keith | Peysner | Vander Jagt |
| Kemp | Pirnie | Veysey |
| Kuykendall | Price, Tex. | Wampler |
| Kyl | Quie | Ware |
| Landgrebe | Quillen | Whalley |
| Latta | Railsback | Whitehurst |
| Lent | Reid, N.Y. | Widnall |
| Lloyd | Riegle | Williams |
| McClary | Robinson, Va. | Winn |
| McCloskey | Robison, N.Y. | Wyatt |
| McClure | Rogers | Wylder |
| McCollister | Rousselot | Wylie |
| McColloch | Ruppe | Wyman |
| McDade | Ruth | Young, Fla. |
| McDonald, Mich. | Sandman | Zion |
| | Saylor | Zwack |
| | Scherle | |

NOES—201

| | | |
|------------------|-----------------|----------------|
| Abbt | Fisher | Nedzi |
| Abernethy | Flood | Nichols |
| Abourezk | Flowers | Nix |
| Adams | Foley | O'By |
| Addabbo | Ford | O'Hara |
| Albert | William D. | O'Neill |
| Anderson, Calif. | Fraser | Passman |
| Anderson, Tenn. | Fulton, Tenn. | Patten |
| Andrews, | Fuqua | Perkins |
| N. Dak. | Gallifanakis | Pickle |
| Archer | Gallagher | Pike |
| Ashley | Gaydos | Poage |
| Aspin | Gettys | Preyer, N.C. |
| Aspinall | Gialmo | Price, Ill. |
| Badillo | Goldwater | Purcell |
| Barrett | Gonzalez | Randall |
| Begich | Grasso | Rangel |
| Bell | Gray | Rarick |
| Bennett | Green, Pa. | Rees |
| Bergland | Griffin | Reuss |
| Bevill | Griffiths | Roberts |
| Biaggi | Hagan | Rodino |
| Bingham | Hamilton | Roe |
| Boggs | Hanley | Rooney, Pa. |
| Boland | Hathaway | Rosenthal |
| Bolling | Hays | Roush |
| Brademas | Helstoski | Roy |
| Brasco | Hicks, Mass. | Roybal |
| Brinkley | Hicks, Wash. | Runnels |
| Brooks | Holifield | Ryan |
| Burke, Mass. | Horton | St Germain |
| Burleson, Tex. | Hosmer | Satterfield |
| Burlison, Mo. | Howard | Scheuer |
| Burton | Hungate | Schmitz |
| Byrne, Pa. | Jarman | Seiberling |
| Cabell | Johnson, Calif. | Shipley |
| Caffery | Jones, Ala. | Shoup |
| Carey, N.Y. | Jones, N.C. | Sikes |
| Carney | Jones, Tenn. | Sisk |
| Chappell | Karth | Slack |
| Clark | Kastenmeier | Smith, Iowa |
| Clay | Kazen | Staggers |
| Corman | Kee | Stanton, |
| Cotter | Koch | James V. |
| Culver | Kyros | Steed |
| Daniel, Va. | Leggett | Stephens |
| Daniels, N.J. | Link | Stubblefield |
| Danielson | Long, Md. | Stuckey |
| Davis, Ga. | McCormack | Taylor |
| Davis, S.C. | McFall | Teague, Calif. |
| Davis, Wis. | McKay | Teague, Tex. |
| de la Garza | McMillan | Thompson, Ga. |
| Delaney | Macdonald, | Udall |
| Dellums | Mass. | Ullman |
| Denholm | Madden | Van Deerlin |
| Donchue | Mahon | Vanik |
| Dorn | Matsunaga | Vigorito |
| Dow | Meeds | Waggonner |
| Dwining | Melcher | Waldie |
| Drinan | Metcalfe | Whalen |
| du Pont | Minish | White |
| Eckhardt | Mink | Wilson, |
| Edmondson | Mitchell | Charles H. |
| Edwards, Calif. | Molloyhan | Wolff |
| Eilberg | Monagan | Yates |
| Evans, Colo. | Moorhead | Yatron |
| Fascell | Morgan | Young, Tex. |
| | Moss | Zablocki |
| | Murphy, N.Y. | |
| | Natcher | |

NOT VOTING—86

Abzug
Alexander
Andrews, Ala.
Annunzio
Arends
Baring
Belcher
Blackburn
Blanton
Blatnik
Broyles, N.C.
Casey, Tex.
Celler
Chisholm
Collier
Collins, Ill.
Colmer
Conyers
Curlin
Dent
Derwinski
Diggs
Dingell
Dowdy
Dwyer
Edwards, La.
Erlenborn
Eshleman
Evins, Tenn.

Fish
Flynt
Fountain
Garmatz
Gibbons
Green, Oreg.
Gubser
Gude
Haley
Hanna
Hansen, Idaho
Hansen, Wash.
Harrington
Hawkins
Hébert
Henderson
King
Kluczynski
Landrum
Lennon
Long, La.
Lujan
Mailliard
Mathias, Calif.
Mathis, Ga.
Mikva
Miller, Calif.
Mills, Ark.
Minshall

Montgomery
Murphy, Ill.
Patman
Pelly
Pepper
Podell
Poff
Powell
Pryor, Ark.
Pucinski
Rhodes
Roncalio
Rooney, N.Y.
Rostenkowski
Sarbanes
Scott
Smith, Calif.
Spence
Springer
Stokes
Sullivan
Symington
Thompson, N.J.
Tiernan
Whitten
Wiggins
Wilson, Bob
Wright

So the amendment was rejected.

AMENDMENT OFFERED BY MR. BADILLO

Mr. BADILLO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BADILLO: Page 4, line 1, strike out all that comes after "any" and insert in lieu thereof "in any State, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, or any other territory or possession".

Mr. BADILLO. Mr. Chairman, section 4 of H.R. 1163 provides that the separate reserves of corn, barley, wheat and other grains established by this legislation can be utilized to help in alleviating distress in locations which the President declares to be "acute distress" areas. Such a designation would be based on unemployment or some other adverse economic condition. As presently written, H.R. 1163 limits such areas to the United States and the Virgin Islands.

Considering the fact that the current official unemployment rate in Puerto Rico is 12 percent and approaches 30 percent, when you take into account those who have despaired of finding employment and are not actively seeking work, it is clear that Puerto Rico would qualify as an acute distress area. I can see no reason why Puerto Rico or the other territories or possessions of the United States should not be treated fairly and on the same basis as the 50 States.

As I have observed on past occasions, the economic recession on the mainland—especially in the area of agriculture—is felt as a full depression in Puerto Rico and similar conditions prevail in Guam and the other territories. Also, we must not forget that these people are also American citizens—or at least nationals, in some of the territories—and should be afforded the same assistance on the same basis as those other citizens who reside on the mainland.

Accordingly, the amendment I am offering today includes Puerto Rico, Guam, the District of Columbia and the other territories and possessions of the United States on the same footing as the States in being considered for designation as an acute distress area and thereby benefiting from the assistance provided by this action. Commonsense and

equity demand that if such aid is to be extended to the States and the Virgin Islands, Puerto Rico and other U.S. possessions should also benefit. I urge the adoption of my amendment.

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

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

Mr. POAGE. Mr. Chairman, the gentleman needs to make no speech for us. As far as I am concerned, we accept the amendment.

Mr. BADILLO. I thank the gentleman.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

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

Mr. TEAGUE of California. Mr. Chairman, it may come as a great surprise, but again, for myself, I accept the amendment.

AMENDMENT OFFERED BY MR. CORDOVA AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BADILLO

Mr. CORDOVA. Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from New York (Mr. BADILLO).

The Clerk read as follows:

Amendment offered by Mr. CORDOVA as a substitute for the amendment offered by Mr. BADILLO: Page 4, line 1, strike out all that comes after (a) and all of line 2 and insert in lieu thereof, "in any State, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa or the Pacific Trust Territory."

Mr. BADILLO. Mr. Chairman, if the gentleman will yield, I accept the substitute amendment.

Mr. CORDOVA. Mr. Chairman, I appreciate the gentleman's accepting my substitute, because I thought since I represented Puerto Rico that it was up to me to see that this substitute amendment was presented to the Committee of the Whole. It is a question, as I understand it, of an inadvertent omission of the territories in general except for the Virgin Islands in the matter of distribution of these commodities in cases of economic disasters.

I believe there is no reason other than inadvertence for not having included Puerto Rico or Samoa or Guam or the Virgin Islands. I therefore urge all my colleagues to accept the substitute amendment which I have offered.

The CHAIRMAN. The question is on the substitute amendment offered by the Resident Commissioner of Puerto Rico (Mr. CORDOVA) to the amendment offered by the gentleman from New York (Mr. BADILLO).

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. BADILLO) as amended by the substitute.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. JACOBS

Mr. JACOBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JACOBS: page 5, line 22, after the period add: "Or the secretary may store the grain purchased under

this Act in the homes of hungry Americans who, in the opinion of the Secretary, are unable to afford sufficient food to maintain their good health. And said hungry people shall consume said grain and charge nothing for its storage."

Mr. JACOBS. Mr. Chairman, here is an opportunity for all of us to come together. There is something in this short little amendment for everybody: For the conservatives, the saving of a quarter of a billion dollars; for the liberals, the feeding of hungry people; for everybody else, commonsense.

I yield back the remainder of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. JACOBS).

The question was taken; and on a division (demanded by Mr. TEAGUE of California) there were—ayes 53, noes 134.

TELLER VOTE WITH CLERKS

Mr. CONTE. Mr. Chairman, I demand tellers.

Tellers were ordered.

Mr. CONTE. Mr. Chairman, I demand tellers with clerks.

Tellers with clerks were ordered; and the Chairman appointed as tellers Messrs. JACOBS, CONTE, POAGE, and TEAGUE of California.

The Committee divided, and the tellers reported that there were—ayes 17, noes 271, answered "present" 59, not voting 85, as follows:

[Roll No. 447]

[Recorded Teller Vote]

AYES—17

| | | |
|---------------|---------------|----------------|
| Brademas | McCulloch | Rousselot |
| Duncan | McDonald, | Saylor |
| Edwards, Ala. | Mich. | Schmitz |
| Goodling | Myers | Sebelius |
| Jacobs | Riegle | Teague, Calif. |
| Kuykendall | Robison, N.Y. | Ware |

NOES—271

| | | |
|----------------|---------------|-----------------|
| Abbott | Caffery | Ford, |
| Abernethy | Camp | William D. |
| Abourezk | Carney | Forsythe |
| Adams | Carter | Fraser |
| Addabbo | Cederberg | Frelinghuysen |
| Albert | Chamberlain | Frey |
| Alexander | Chappell | Fuqua |
| Anderson | Clark | Galifianakis |
| Calif. | Cleveland | Gallagher |
| Anderson, Ill. | Colmer | Gaydos |
| Anderson, | Conable | Gettys |
| Tenn. | Corman | Glaimo |
| Andrews, | Cotter | Goldwater |
| N. Dak. | Culver | Gonzalez |
| Archer | Daniel, Va. | Grasso |
| Aspin | Daniels, N.J. | Gray |
| Aspinall | Danielson | Green, Pa. |
| Badillo | Davis, Ga. | Griffin |
| Begich | Davis, S.C. | Griffiths |
| Bell | Davis, Wis. | Gross |
| Bennett | de la Garza | Grover |
| Bergland | Delaney | Hagan |
| Betts | Dellenback | Halpern |
| Bevill | Dellums | Hamilton |
| Blaggi | Denholm | Hanley |
| Bingham | Dennis | Harvey |
| Boggs | Dent | Hastings |
| Boland | Dickinson | Hathaway |
| Bolling | Dorn | Hays |
| Bow | Dow | Hechler, W. Va. |
| Brasco | Downing | Heinz |
| Brinkley | Drinan | Helstoski |
| Brooks | Dulski | Hicks, Mass. |
| Brotzman | du Pont | Hicks, Wash. |
| Brown, Ohio | Eckhardt | Hogan |
| Broyles, Va. | Edmondson | Hollifield |
| Buchanan | Elberg | Horton |
| Burke, Fla. | Esch | Howard |
| Burleson, Tex. | Evans, Colo. | Hull |
| Burlison, Mo. | Fascell | Hungate |
| Burton | Findley | Hutchinson |
| Byrne, Pa. | Fisher | Ichord |
| Byrnes, Wis. | Flood | Jarman |
| Byron | Flowers | Johnson, Calif. |
| Cabell | Foley | Johnson, Pa. |

| | | |
|--------------|---------------|----------------|
| Jonas | Moss | Seiberling |
| Jones, Ala. | Murphy, N.Y. | Shipley |
| Jones, N.C. | Natcher | Shoup |
| Jones, Tenn. | Nedzi | Shriver |
| Karth | Nelsen | Sikes |
| Kastenmeier | Nichols | Sisk |
| Kazen | Nix | Slack |
| Kee | Obeys | Smith, Iowa |
| Kyl | O'Hara | Staggers |
| Kyros | O'Neill | Stanton |
| Latta | Passman | J. William |
| Leggett | Patten | Stanton |
| Lennon | Perkins | James V. |
| Lent | Peyster | Steed |
| Link | Pickle | Steiger, Ariz. |
| Long, La. | Pike | Steiger, Wis. |
| Long, Md. | Pirnie | Stephens |
| McClary | Poage | Stratton |
| McCloskey | Preyer, N.C. | Stubblefield |
| McCollister | Price, Ill. | Stuckey |
| McCormack | Price, Tex. | Taylor |
| McDade | Purcell | Teague, Tex. |
| McFall | Quile | Thomson, Wis. |
| McKay | Railsback | Thone |
| McMillan | Randall | Ullman |
| Macdonald, | Rangel | Van Deerlin |
| Mass. | Rarick | Vander Jagt |
| Madden | Rees | Vanik |
| Mahon | Reuss | Vigorito |
| Mann | Roberts | Waggonner |
| Martin | Robinson, Va. | Waldie |
| Matsunaga | Rodino | Wampler |
| Mayne | Roe | Whalley |
| Mazzei | Rogers | White |
| Meeds | Rooney, Pa. | Whitehurst |
| Melcher | Rosenthal | Widnall |
| Metcalfe | Roush | Williams |
| Miller, Ohio | Roy | Winn |
| Mills, Md. | Roybal | Wolff |
| Minish | Runnels | Wyatt |
| Mink | Ruppe | Wyman |
| Mizell | Ruth | Yates |
| Mollohan | Sandman | Yatron |
| Monagan | Satterfield | Young, Tex. |
| Moorhead | Scherie | Zablocki |
| Morgan | Scheuer | Zion |
| Morse | Schneebell | Zwach |
| Mosher | Schwengel | |

ANSWERED "PRESENT"—59

| | | |
|-----------------|----------------|---------------|
| Ashbrook | Fulton, Tenn. | Pettis |
| Ashley | Hall | Quillen |
| Baker | Hammer- | Reid, N.Y. |
| Barrett | schmidt | Ryan |
| Bray | Harsha | St Germain |
| Broomfield | Heckler, Mass. | Skubitz |
| Brown, Mich. | Hillis | Smith, N.Y. |
| Burke, Mass. | Hosmer | Snyder |
| Carey, N.Y. | Hunt | Steele |
| Clancy | Keating | Talcott |
| Clausen, | Keith | Terry |
| Don H. | Kemp | Thompson, Ga. |
| Clawson, Del | Koch | Veysey |
| Collins, Tex. | Landgrebe | Whalen |
| Conte | Lloyd | Wilson, Bob |
| Coughlin | McClure | Wilson, |
| Devine | McEwen | Charles H. |
| Donohue | McKevitt | Wydler |
| Edwards, Calif. | McKinney | Wylie |
| Ford, Gerald R. | Mitchell | Young, Fla. |
| Frenzel | O'Konski | |

NOT VOTING—85

| | | |
|----------------|-----------------|----------------|
| Abzug | Fish | Murphy, Ill. |
| Andrews, Ala. | Flynt | Patman |
| Annunzio | Fountain | Pelly |
| Arends | Garmatz | Pepper |
| Baring | Gibbons | Podell |
| Belcher | Green, Oreg. | Poff |
| Bieber | Gubser | Powell |
| Blackburn | Gude | Pryor, Ark. |
| Blanton | Haley | Pucinski |
| Blatnik | Hanna | Rhodes |
| Broyhill, N.C. | Hansen, Idaho | Roncallo |
| Casey, Tex. | Hansen, Wash. | Rooney, N.Y. |
| Celler | Harrington | Rostenkowski |
| Chisholm | Hawkins | Sarbanes |
| Clay | Hébert | Scott |
| Collier | Henderson | Smith, Calif. |
| Collins, Ill. | King | Spence |
| Conyers | Kluczynski | Springer |
| Crane | Landrum | Stokes |
| Curlin | Lujan | Sullivan |
| Derwinski | McAllard | Symington |
| Diggs | Mathias, Calif. | Thompson, N.J. |
| Dingell | Mathis, Ga. | Tieman |
| Dowdy | Michel | Udall |
| Dwyer | Mikva | Whitten |
| Edwards, La. | Miller, Calif. | Wiggins |
| Erlenborn | Mills, Ark. | Wright |
| Eshleman | Minshall | |
| Evins, Tenn. | Montgomery | |

Mr. BURKE of Massachusetts changed his vote from "aye" to "present."

Mr. BARRETT voted "present."

Mr. FULTON of Tennessee voted "present."

Mr. CHARLES H. WILSON voted "present."

Mr. EDWARDS of California voted "present."

Mr. MITCHELL voted "present."

Mr. KOCH changed his vote from "nay" to "present."

Mr. ASHLEY voted "present."

Mr. RYAN voted "present."

Mr. DONOHUE changed his vote from "aye" to "present."

Mr. ST GERMAIN changed his vote from "nay" to "present."

Mr. CAREY of New York voted "present."

Mr. CLANCY voted "present."

Mr. HALL voted "present."

Mr. REID of New York voted "present."

Mr. BROWN of Michigan voted "present."

Mr. HOSMER changed his vote from "aye" to "present."

Mr. THOMPSON of Georgia changed his vote from "nay" to "present."

Mr. SKUBITZ changed his vote from "nay" to "present."

Mr. KEATING voted "present."

Mr. BAKER voted "present."

Mr. SNYDER voted "present."

Mr. WHALEN voted "present."

Mr. ASHBROOK changed his vote from "aye" to "present."

Mr. HUNT voted "present."

Mr. COUGHLIN voted "present."

Mr. WYLIE voted "present."

Mr. MCKINNEY changed his vote from "aye" to "present."

Mr. DEVINE voted "present."

Mr. DON H. CLAUSEN voted "present."

Mr. McEWEN voted "present."

Mr. CARTER changed his vote from "aye" to "no."

Mr. DEL CLAWSON changed his vote from "aye" to "present."

Mr. HARSHA changed his vote from "aye" to "present."

Mr. PETTIS changed his vote from "aye" to "present."

Mr. TERRY voted "present."

Mr. QUILLEN changed his vote from "aye" to "present."

Mr. McKEVITT changed his vote from "aye" to "present."

Mr. LANDGREBE voted "present."

Mr. HILLIS changed his vote from "aye" to "present."

Mr. YOUNG of Florida changed his vote from "aye" to "present."

Mr. TALCOTT voted "present."

Mr. VEYSEY voted "present."

Mr. HAMMERSCHMIDT voted "present."

Mr. KEMP changed his vote from "aye" to "present."

Mr. McCLURE changed his vote from "aye" to "present."

Mr. FRENZEL changed his vote from "aye" to "present."

Mr. GERALD R. FORD changed his vote from "aye" to "present."

Mr. WYDLER changed his vote from "aye" to "present."

Mr. BRAY changed his vote from "aye" to "present."

Mr. SMITH of New York changed his vote from "aye" to "present."

Mr. CONTE changed his vote from "aye" to "present."

Mr. KEITH voted "present."

Mr. BROOMFIELD changed his vote from "aye" to "present."

Mrs. HECKLER of Massachusetts voted "present."

Mr. JOHNSON of Pennsylvania changed his vote from "aye" to "no."

Mr. BYRNES of Wisconsin changed his vote from "aye" to "no."

Mr. HALPERN changed his vote from "aye" to "no."

Mr. STEELE changed his vote from "aye" to "present."

Mr. O'KONSKI changed his vote from "aye" to "present."

Mr. LLOYD changed his vote from "aye" to "present."

Mr. COLLINS of Texas changed his vote from "aye" to "present."

Mr. BOB WILSON voted "present."

So the amendment was rejected.

Mr. TEAGUE of California. Mr. Chairman, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with the amendment just rejected.

The CHAIRMAN. The Chair will state that the unanimous consent request is not in order in the Committee of the Whole.

AMENDMENT OFFERED BY MR. SEBELIUS

Mr. SEBELIUS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEBELIUS: On page 2, line 6, strike the figure "300,000,000" and insert in lieu thereof the figure "600,000,000".

Mr. SEBELIUS. Mr. Chairman, I stand here amid demands to vote, and I can understand the impatience, especially when \$2 billion is involved. My amendment on page 2, line 6, would strike "three hundred million" bushels of wheat and insert in lieu thereof "six hundred million" bushels of wheat. The Committee beat the amendment which would provide parity. The Committee also beat the proposal to store grain on the farm and that was very natural and a goal for our farmers. We would not have this grain released unless it was released at parity for our farmers.

I have gone through this exercise. I know what is going on. I am a member of the Agriculture Committee. But I want to tell you something. If you want to do something for the farmers, get a move on. My amendment presents something constructive here.

I am very sincere in what I offer. I do not want to belabor the point. My district grows more wheat than any State in the Nation. My district has 57 counties. My district has more wheat farmers than all others put together down here. I am sincere in what I am doing, but I want to do it in a responsible manner. Six hundred million bushels of wheat is only twice the amount my district raised this year, with fewer acres than we have ever produced before under any farm

program we have ever had. I say that because we have had farm problems. We have one tonight. We have one tonight that I think needs to be faced.

I am going to vote for it. I am going to vote for it because I would like to be back here next year. I do not have much more logic than that. I am willing to try anything. I really am. I am very sincere about this. Now we are talking about locking 300 million bushels. Six hundred million bushels is a darned sight better. I am going to leave it right here. I am trying to make a point.

I have watched the exercise. I have gone up the aisles. The farmers in my district are not making a living.

I do not think this is the total answer. I say I am going to vote for it, but there has to be fresher and newer ideas. We have heard about corn. Let us talk about wheat. I say when we go into the restaurant and we do not eat the rolls, at least mess them up.

Incidentally, I have never tasted coffee, and when I am on an airplane, and they offer me coffee, tea, or milk, what I say is, "I do not want coffee. We do not grow it in my district."

If there is merit in the 300 million bushels, and that is good, then 600 million might help cure the situation.

Thank you, good night, and God bless you.

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I think it is quite evident we have had quite enough of amendments. I think it is quite evident it is time to vote, and I hope the committee will now vote down this amendment and vote for the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. SEBELIUS).

The question was taken; and on a division (demanded by Mr. SEBELIUS) there were—ayes 58, noes 272.

So the amendment was rejected.

Mr. MIZELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I certainly have no intention of taking all the time.

Mr. Chairman, the last time I got a hand like that, I believe I was knocked out of the box in Cincinnati.

Seriously, Mr. Chairman, I take this time because I am concerned about the action that is being taken by the House tonight. When I first came to the Congress, I asked to be assigned to the Agriculture Committee, and I was granted that assignment. I do not believe any committee has ever worked any harder with complete cooperation from the Department of Agriculture as well as the administration and the individual members of this committee.

I have been proud to serve on this committee.

We drafted and brought to the House a comprehensive farm bill. That bill was passed by the House. For the first time, a farm bill had a limitation on payments attached to it, and this one was at \$55,000 per crop. I supported that level of limitation; and I have consistently voted against limitations calling for any lower level of payments.

Mr. Chairman, I have studied the legislation before us this evening since it

was first presented in the committee, and I am convinced that this legislation is not and will not be in the best long-range interests of the American farmers or of the future of farm programs. For that reason I intend to vote against this legislation.

This legislation will establish a tremendous surplus of wheat and feed grains that will be held over the head of the farmer, and will produce an additional cost of storage from year to year at the taxpayers' expense.

I say to my colleagues, in my opinion, by bringing this legislation to the floor there has been set in motion what I believe will ultimately result in a payment limitation of at least as low as \$20,000, and I would suggest the possibility of a limitation of \$10,000 or even \$5,000 in the future.

It is true, on the parliamentary procedure vote on ordering the previous question this evening, many Members voted to order the previous question who in the past have voted for a limitation on farm payments. But you know and I know, Mr. Chairman, on a direct vote as to limitation of payments they will support the lowest level of payment offered. I do not like to sound like a prophet here this evening, but as I view the situation as it has developed this evening I believe there is a real possibility that support for farm programs has been divided here this evening, and a possibility that we will never be able to pull all sides back together as we have on the bill we reported to this floor.

I say to the members of my committee and to the Members of the House from our agricultural areas, you can begin now to get your houses in order. Lower payments are in the future for you.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair (Mr. NEDZI) Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 1163) to authorize the establishment and maintenance of reserve supplies of soybeans, corn, grain sorghum, barley, oats, and wheat for national security and to protect domestic consumers against an inadequate supply of such commodities; to maintain and promote foreign trade; to protect producers of such commodities against an unfair loss of income resulting from the establishment of a reserve supply; to assist in marketing such commodities; to assure the availability of commodities to promote world peace and understanding; and for other purposes, pursuant to House Resolution 728, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

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

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the

engrossment and third reading of the bill.

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

MOTION TO RECOMMIT OFFERED BY MR. TEAGUE OF CALIFORNIA

Mr. TEAGUE of California. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. TEAGUE of California. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. TEAGUE of California moves to recommit the bill H.R. 1163 to the Committee on Agriculture.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

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

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 182, nays 170, not voting 79, as follows:

[Roll No. 448]

YEAS—182

| | | |
|-----------------|-----------------|--------------|
| Abourezk | Flood | Mayne |
| Adams | Flowers | Mazzoli |
| Alexander | Foley | Meeds |
| Anderson, | Ford, | Melcher |
| Calif. | William D. | Metcalfe |
| Anderson, | Fraser | Mink |
| Tenn. | Fulton, Tenn. | Mitchell |
| Andrews, | Fuqua | Mollohan |
| N. Dak. | Gallifanakis | Monagan |
| Aspin | Gallagher | Moorhead |
| Aspinall | Gettys | Morgan |
| Badillo | Glaimo | Morse |
| Barrett | Gibbons | Murphy, N.Y. |
| Begich | Gonzalez | Natcher |
| Bennett | Grasso | Nedzi |
| Bergland | Gray | Nelsen |
| Bevill | Green, Pa. | Nichols |
| Bingham | Griffiths | Nix |
| Boggs | Hagan | Obeys |
| Boland | Hamilton | O'Hara |
| Bolling | Hanley | O'Konski |
| Brademas | Hansen, Idaho | O'Neill |
| Brasco | Hathaway | Passman |
| Brinkley | Hays | Patten |
| Brooks | Helstoski | Perkins |
| Burke, Mass. | Henderson | Pickle |
| Burleson, Tex. | Hicks, Mass. | Poage |
| Burlison, Mo. | Hicks, Wash. | Podell |
| Burton | Hollifield | Preyer, N.C. |
| Byrne, Pa. | Howard | Price, Ill. |
| Cabell | Hull | Price, Tex. |
| Caffery | Hungate | Purcell |
| Carney | Ichord | Quile |
| Carter | Johnson, Calif. | Rallsback |
| Chappell | Jones, Ala. | Randall |
| Clark | Jones, N.C. | Rees |
| Corman | Jones, Tenn. | Reuss |
| Cotter | Kastenmeier | Roberts |
| Culver | Kazen | Rooney, Pa. |
| Danielson | Kee | Roush |
| Davis, Ga. | Kyl | Roy |
| Davis, S.C. | Kyros | Roybal |
| de la Garza | Landrum | Runnels |
| Dellums | Lennon | Scherle |
| Denholm | Link | Sebelius |
| Dent | Long, La. | Seiberling |
| Donohue | McClure | Shipley |
| Dorn | McCollister | Shoup |
| Dow | McCormack | Sikes |
| Eckhardt | McFall | Sisk |
| Edmondson | McKay | Skubitz |
| Edwards, Calif. | McMillan | Slack |
| Ellberg | Madden | Smith, Iowa |
| Evans, Colo. | Mahon | Staggers |
| Fascell | Martin | Stanton |
| Fisher | Matsunaga | James V. |

Steed
Stephens
Stubblefield
Stuckey
Taylor
Teague, Tex.
Thompson, Ga.

Thomson, Wis.
Thone
Ullman
Van Deerlin
Vigorito
Waggonner
Whalen

White
Yatron
Young, Tex.
Zablocki
Zwach

NAYS—170

Abbitt
Addabbo
Anderson, Ill.
Archer
Ashbrook
Ashley
Baker
Bell
Betts
Blaggi
Blester
Bow
Bray
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burke, Fla.
Byrnes, Wis.
Byron
Camp
Carey, N.Y.
Cederberg
Chamberlain
Clancy
Clausen
Clausen, Del.
Cleveland
Collins, Tex.
Colmer
Conable
Conte
Coughlin
Crane
Daniel, Va.
Daniels, N.J.
Davis, Wis.
Delaney
Dellenback
Dennis
Devine
Dickinson
Downing
Drinan
Dulski
Duncan
du Pont
Edwards, Ala.
Esch
Findley
Ford, Gerald R.
Forsythe
Frelinghuysen
Frenzel
Frey
Gaydos

Goldwater
Goodling
Griffin
Gross
Grover
Hall
Halpern
Hammer-
schmidt
Harsha
Harvey
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Hogan
Horton
Hosmer
Hunt
Hutchinson
Jacobs
Jarman
Johnson, Pa.
Jonas
Keating
Keith
Kemp
Koch
Kuykendall
Landgrebe
Latta
Lent
Lloyd
Long, Md.
McClary
McCloskey
McCulloch
McDade
McDonald,
Mich.
McEwen
McKevitt
McKinney
Macdonald,
Mass.
Mann
Michel
Miller, Ohio
Mills, Md.
Minish
Mizell
Morse
Mosher
Myers
Pettis
Peyser
Pike
Pirnie

Quillen
Rangel
Rarick
Reid, N.Y.
Riegle
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Rosenthal
Rousset
Ruppe
Ruth
Ryan
St Germain
Sandman
Satterfield
Saylor
Scheuer
Schmitz
Schneebell
Schwengel
Shriver
Smith, Calif.
Smith, N.Y.
Snyder
Stanton,
J. William
Steele
Steiger, Ariz.
Steiger, Wis.
Stratton
Talcott
Teague, Calif.
Terry
Vander Jagt
Vanik
Veysey
Waldie
Wampler
Ware
Whalley
Whitehurst
Widnall
Williams
Wilson, Bob
Wilson,
Charles H.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Young, Fla.
Zion

NOT VOTING—79

Abernethy
Abzug
Andrews, Ala.
Annunzio
Arends
Baring
Belcher
Blackburn
Blanton
Blatnik
Broyhill, N.C.
Casey, Tex.
Celler
Chisholm
Clay
Collier
Collins, Ill.
Conyers
Curlin
Derwinski
Diggs
Dingell
Dowdy
Dwyer
Edwards, La.
Erlenborn
Eshleman

Evins, Tenn.
Fish
Flynt
Fountain
Garmatz
Green, Oreg.
Gubser
Gude
Haley
Hanna
Hansen, Wash.
Harrington
Hawkins
Hébert
Karth
King
Kluczynski
Leggett
Lujan
Mailliard
Mathias, Calif.
Mathis, Ga.
Mikva
Miller, Calif.
Mills, Ark.
Minshall
Montgomery

Murphy, Ill.
Patman
Pelly
Pepper
Poff
Powell
Pryor, Ark.
Pucinski
Rhodes
Roncallo
Rooney, N.Y.
Rostenkowski
Sarbanes
Scott
Spence
Springer
Stokes
Sullivan
Symington
Thompson, N.J.
Tiernan
Udall
Whitten
Wiggins
Wright

So the bill was passed.

The Clerk announced the following pairs.

On this vote:

Mr. Annunzio for, with Mr. Thompson of New Jersey against.

Mr. Hébert for, with Mr. Tiernan against.
Mr. Spence for, with Mr. Celler against.
Mr. Casey of Texas for, with Mr. Collier against.
Mr. Dingell for, with Mr. King against.
Mr. Dowdy for, with Mrs. Abzug against.
Mr. Evins of Tennessee for, with Mrs. Dwyer against.
Mr. Fountain for, with Mr. Belcher against.
Mr. Garmatz for, with Mr. Eshleman against.
Mr. Kluczynski for, with Mr. Erlenborn against.
Mr. Mathis of Georgia for, with Mr. Gude against.
Mr. Miller of California for, with Mr. Derwinski against.
Mr. Blanton for, with Mr. Pelly against.
Mr. Flynt for, with Mr. Rhodes against.
Mr. Blatnik for, with Mr. Fish against.
Mr. Pepper for, with Mr. Rooney of New York against.

Until further notice:

Mr. Whitten with Mr. Arends.
Mrs. Sullivan with Mr. Gubser.
Mrs. Hansen of Washington with Mr. Blackburn.
Mr. Andrews of Alabama with Mr. Broyhill of North Carolina.
Mr. Abernethy with Mr. Lujan.
Mr. Leggett with Mr. Stokes.
Mr. Karth with Mr. Mailliard.
Mr. Mikva with Mrs. Chisholm.
Mr. Montgomery with Mr. Mathias of California.
Mr. Roncallo with Mr. Minshall.
Mr. Haley with Mr. Poff.
Mr. Pryor of Arkansas with Mr. Powell.
Mr. Wright with Mr. Scott.
Mr. Rostenkowski with Mr. Springer.
Mr. Symington with Mr. Wiggins.
Mr. Murphy of Illinois with Mr. Diggs.
Mr. Hanna with Mr. Clay.
Mr. Pucinski with Mr. Conyers.
Mr. Udall with Mr. Hawkins.
Mr. Harrington with Mr. Collins of Illinois.
Mr. Baring with Mr. Mills of Arkansas.
Mr. Patman with Mr. Curlin.
Mrs. Green of Oregon with Mr. Sarbanes.

Mr. HARSHA changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to authorize the establishment and maintenance of reserve supplies of corn, grain, sorghum, barley, oats, and wheat for national security and to protect domestic consumers against an inadequate supply of such commodities; to maintain and promote foreign trade; to protect producers of such commodities against an unfair loss of income resulting from the establishment of a reserve supply; to assist in marketing such commodities; to assure the availability of commodities to promote world peace and understanding; to protect producers' incomes when rebuilding reserve stocks of wheat or feed grains; and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

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

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

There was no objection.

DAIRY IMPORT TARIFFS

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

Mr. VIGORITO. Mr. Speaker, I wish to join with my colleagues from dairy States in urging that the President take immediate action on implementing the recommendations of the Tariff Commission as they relate to the importation of foreign dairy products.

The rapid growth of these dairy imports has worked immeasurable hardship on American dairymen. Importers continue to find ways to evade the present import quotas and other restrictions. It becomes more and more difficult for dairymen to compete with low price foreign dairy products.

Since 1966 the Tariff Commission has held four hearings designed to investigate the problem of dairy imports. Following a report of their findings, each time the President has acted to close loopholes the importers have found in the laws. No sooner was this done, however, but the importers would find some other means of evading the regulations.

In 1969 a number of cheeses were placed under quota, although cheeses which cost 47 cents or more were exempt from the quota. The purpose of this was to allow specialty cheeses, not normally produced in this country, to be imported. Again the importers found means of increasing imports in this quota-free category, so that by 1970 the over-47-cent cheeses accounted for nearly 25 percent of all dairy imports.

The Tariff Commission met again this year and on July 28, made its recommendations to the President. The Commission suggested that the 47-cent price break be abolished and that a quota be set for the different types of cheeses involved regardless of price. It recommended that the present quotas, which had previously applied only to under-47-cent cheeses, be increased by taking into account recent imports of over-47-cent cheeses. Basically, the new quota, which was to cover regardless of purchase price, would be based on the past shipment of both over- and under-47-cent cheeses.

The unfortunate aspect of this problem is that although the Tariff Commission made its recommendations more than 3 months ago, the President has failed to take any action on them.

Each day of delay works to the detriment of our dairymen. If we look closely at their plight I think we will agree that we cannot afford to delay any longer. Domestic dairy production is up this year over 1970. Producers must find a market for their products at a price which will provide a fair return on their investment. If the flood of dairy imports continues to flow into this country that fair return will not be possible.

I hope all my colleagues will join with me in urging the President to promptly implement the recommendations of the Tariff Commission. There is nothing to be gained from further delay.

THE SITUATION ON THE INDIAN SUBCONTINENT

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

Mr. GALLAGHER. Mr. Speaker, I rise at this point to respond to certain remarks made by some of my colleagues earlier in the Foreign Aid debate about the blame for the crisis now gripping the Indian subcontinent. In May of this year, I held the first congressional hearings on the crisis in East Pakistan. I was the first Member of the Congress to view the refugee camps in India, and I authored the House-passed restrictions on all aid to the Government of Pakistan. I have kept myself constantly informed on developments there. I think I speak now with some credentials on this matter and with special knowledge about the Indian subcontinent. Nothing could be further from the truth than to say that the fault in any possible degree belongs to India. And nothing could be contrary to India's national interest than the present tragedy of the dismemberment of Pakistan.

BACKGROUND

Since the army of Pakistan began its brutal sweep to overturn the results of a free and fair election inside East Pakistan—an election in which the Awami League won control of both wings of Pakistan by gaining 167 of the 313 seats contested nationwide—the root of the problem and the heart of the solution has been inside East Pakistan. India was drawn into the problem because refugees, now numbering 10 million, fled across her borders.

What I saw when I visited the refugee camps cannot be understood simply through debate. The excellent coverage in newspapers, magazines, and recently on television speaks far more powerfully about the brutality and the wretched conditions of those who were forced to flee. India had no way in the world to close that border between herself and East Pakistan. Except to fire into the refugees fleeing into her country. Certainly, no civilized people could exercise that option. These refugees were helpless, terrified people, some of whom walked over 350 miles to escape the Pakistani soldiers who were murdering, looting, and raping innocent civilians who were their own countrymen. The territory of India completely surrounds East Pakistan, and in many places there is no way to determine where Pakistani territory ends and Indian territory begins.

The only alternative to accepting these peoples would have been to immediately move machineguns into position along the border and annihilate, perhaps, 4 or 5 million of these refugees. But India, thank God, is not that kind of country and she took the terrorized, starving Bengalis into her country.

When I first requested information about the evolving tragedy which I said on May 11 in the opening statement to my Asian and Pacific Affairs Subcommittee "combined the worst features of Vietnam and Biafra," I was told that the Congress of the United States should do nothing because we would be exploiting

the Sino-Soviet rift and the Indian subcontinent was so overcrowded that another 10 million people would make no difference to India. This last point was well expressed in a letter to me from a leader in the population control movement, Prof. Garrett Hardin, and my response, I believe, deals usefully with both points. I shall insert this exchange of letters released on July 18 at the end of my remarks.

INDIA: THE VICTIM OF CIVILIAN AGGRESSION

Mr. Speaker, the population of East Pakistani refugees in the refugee camps inside India is greater than the population of 58 countries of the world. It is the largest population shift in a short time in the entire history of mankind. India accepted the refugees not because she wanted them or encouraged them. India took the refugees because she had no choice.

Perhaps the saddest thing about the entire situation is that the Government of Prime Minister Gandhi won a smashing victory at the polls, and was beginning to make significant strides toward meeting her nation's massive economic and social problems. But the expense of caring for and feeding the refugees blunted India's progress toward meeting the needs of her own people.

So we see the result of Pakistani Government policy—terrorized Bengalis being driven across an international border by the murderous army of Pakistan—posed a grave threat to the stability of India.

And yet, Mr. Speaker, India took no action against Pakistan for 8 months. The refugees continued, President Yahya offered certain cosmetic measures to hide the true situation inside East Pakistan, the Government of the United States said nothing critical of the Army's sweep and, in my view, quite probably emboldened President Yahya by allowing the impression of strong support to remain due to continued shipments of arms. Still, India did nothing but care for the refugees, even though her Government received an entirely false view of American arms policy. I myself, along with many other Members of the Congress received the same erroneous information, and whether or not it was deliberate misinformation, the point is that shipments of arms to the Government of Pakistan continued until quite recently.

And we must never forget that India is the largest country in the world with a democratic tradition. Prime Minister Gandhi's electoral victory gave her nation new hope and new faith in India's hard-won traditions of democracy. Would it not then be wise for America to be very careful in its dealings with India? For the sake of our own oft-expressed traditions, should we not be disposed to consider India's position with sympathy and understanding? We did not do this, Mr. Speaker, and American relations with the Government of India are now at an alltime low. I strongly suspect that this loss of Indian respect and regard may be the greatest long-term loss to the United States in this tragic situation. She is the world's largest experiment with democratic government.

If developing countries are to find a viable alternative to communism and fascism it will be because democracy really worked, not in the United States or Great Britain, but that it really worked in India under the most appalling conditions possible. And it is working. This tragedy sets back India's progress and it is totally disruptive of all its domestic policies that were just beginning to show results. Results that were necessary if democracy is to succeed in India. This is the tragedy within the tragedy.

INDIAN ARMY VIEWED AS LIBERATORS INSIDE BANGLADESH

After exercising 8 months of incredible compassion, restraint, and patience, India finally sent her troops into Bangla Desh in support of the Bengalis. The people of East Pakistan who won the election on a basis of regional autonomy—correcting years of economic exploitation by the West Wing—and who only began to work toward total independence after the army swept through on March 25 are welcoming the Indian Army as liberators. Indian troops are co-operating closely with the last majority of the people of Bangladesh, and they are acting in coordination with the Mukti Bahini, the liberation fighters.

In my view, India moved because she could see no possible way for the refugees ever to return home unless strong action was taken. Let me say, Mr. Speaker, that I regret that India viewed her own national security in a manner that convinced her that military action was essential. No one welcomes this war, and probably no one is more distressed about its necessity than Indian leaders themselves. Certainly this war is anathema to Prime Minister Gandhi.

India has enough land and enough people; she does not need or want more. An independent Bangladesh could well cause grave problems within India because other national groups in certain territories may want to move toward the same thing, particularly in the strife-ridden Indian state of West Bengal, where the vast majority of the refugees now are.

I repeat: India moved into East Pakistan because it was the only way she could see to have the refugees stop their incredible drain on her economy and her very future.

THE SIN OF THE BENGALIS WAS TO WIN AN ELECTION

Mr. Speaker, we must wonder why, if this entire war is a cynical master exercise in global politics and directed solely at the breakup of the state of Pakistan, the Indian Army is being hailed at every town and village as liberators. If the Government of Pakistan is indeed the offended party in this matter, why flowers for invaders; why cheers for violators of the sacred soil of Pakistan? Why, Mr. Speaker?

Quite simply, in my view, because India is working closely with the legitimate government of Bangladesh. The Awami League won 167 of the 169 seats contested in East Pakistan in the December election and this gave them a majority of the whole country. I am somewhat astounded that some of my

colleagues in the Congress should so casually dismiss an election victory of such an overwhelming magnitude. I am puzzled that those of us who depend on the will of the people can overlook the fantastic impact this win had on the people of East Pakistan.

The murder, rape, looting, burning, and genocide practiced against those whose only sin was to win a fair and free election and which caused 10 million Bengalis to flee to India totally removes this question, in my view, from the queasy legalism of "an internal matter of Pakistan." Not only are the refugees not "an internal matter of mankind," not only are the forces of Bangladesh fighting to capture what they had won by voting, but the Indian Army is being supported by the overwhelming majority of the Bengalis who make up the population of East Pakistan.

President Yahya Kahn took a number of measures which he hoped would be designed to lure the Bengalis back into supporting, if they ever really did, the cause of a united Pakistan. But at each step of the way he was violently opposed by the Bengalis. He appointed several East Pakistanis to the regional assembly and to the national assembly. Many of these people, most of whom were resoundingly defeated by Awami League candidates in the general election, were promptly assassinated by the Mukti Bahini. In spite of some assurances of trying to deal with the real leaders of the Awami League, the only legitimate spokesman for Bangladesh, the real leader, Sheikh Mujib still languishes in prison on trial for high crimes against the State of Pakistan. Appeals from all over the world to release Sheikh Mujib have gone unheeded by President Yahya. Yet we are told that India is the aggressor.

ONE OVERLOOKED POINT

Mr. Speaker, I do not want to discuss in any length today American responsibility for the tragedy in Bangla Desh. The record is not a creditable one, but it is especially lacking when compared to the restraint, compassion, patience and statesmanship of the Government of India. There is enough blame to go around to all the nations of the world. And some of this blame surely should find its way to the People's Republic of China.

U.S. aid to the Government of Pakistan is but a fraction of that received from the People's Republic, particularly arms, and this aid is being used in an attempt to crush the Bengalis. And what is the struggle for Bangladesh, which began immediately after the Pakistani Army's sweep of March 25. It is "a war of national liberation," Mr. Speaker, and the major source of support for those trying to crush it comes from the People's Republic of China.

CONCLUSION

Let me conclude by reviewing the points I have made.

First. The crisis began when President Yahya ordered his troops to overturn the results of a free and fair election, by an attempt to literally exterminate the winners and their supporters.

Second. Ten million refugees fled to India and the only way she could have

stopped the flow would be by a slaughter at the border equal to the slaughter inside East Pakistan.

Third. The security and stability of India itself was threatened by the "civilian aggression" and by her massive and continuing humanitarian efforts to care for the refugees, while the U.N. and its members ignored the terrible slaughter and the refugees which resulted.

Fourth. India exercised great restraint for 8 months in the face of continued provocations that few people would even acknowledge were really happening.

Fifth. President Yahya gave no indication of releasing Sheikh Mujib who Yahya himself said was elected to be the Prime Minister of all of Pakistan, and his efforts at conciliation were totally rejected by the Bengali people and seen as merely cosmetic measures by informed observers around the world.

Sixth. India, whose appeals for help were ignored, therefore acted in the only way possible to rid herself of the intolerable burden of the refugees and to save the lives of those Bengalis remaining inside Bangladesh, for there is no cessation of the murder of the Bengali people by the army. The victims continue to be referred to as citizens of Pakistan by President Yahya, yet he has unleashed genocide on people he claims to be his own.

Seventh. The Indian soldiers are being welcomed as liberators by the people of Bangladesh.

Mr. Speaker, no effective case can be made that stands up under informed scrutiny which places the blame on India for creating this crisis. To try to make such a case only intensifies the loss of Indian respect and regard for the United States and nourishes the roots of continued tragedy.

At this point in the RECORD, I include the exchange of correspondence between myself and Prof. Garrett Hardin.

TEXT OF PROFESSOR HARDIN'S LETTER

DEAR MR. GALLAGHER: Thank you for sending me a copy of the Hearings before the Subcommittee on Asian and Pacific Affairs on May 11 and 25, 1971, on the "Crisis in East Pakistan."

I am worried about the drift of these hearings. To put the matter bluntly, I am worried that our tender hearts may lead us into another Vietnam. I am afraid that there is inadequate appreciation of the magnitude of the disaster developing on the Indian peninsula and of our powerlessness to prevent it. The basis for my position will be found in the two *Science* editorials here enclosed.

[Subcommittee note: Professor Hardin included editorials of February 12, 1971, entitled "Nobody Ever Dies of Overpopulation," and of June 25, 1971, entitled "The Survival of Nations and Civilization"]

Your committee is worried about the loss of thousands of Pakistani lives. You know that Pakistan (as well as India) is greatly overpopulated. But do you fully realize that it would require the loss of 4½ million lives each year to keep Pakistan from sinking even further into the mire of overpopulation? That's the rate of yearly increase in Pakistan. Are we helping this wretched country when we saddle her economy with more mouths to feed? Or India?

Our compassion is short-sighted. We fail to ask "... and then, what?" We hear that five million people are in need of food, so we send \$15 million in aid. At 33¢ per person per day that takes care of their "need" for just 9 days.

And then, what? Are we to take care of these people forever? Have we any reason to believe that they will be able to take care of themselves after 9 days? After 90? After 900? If we have not, are we not then guilty of the cruelty of raising in their hearts a hope that we cannot fulfill? Let me remind you of the plea made by a Bengali as quoted in your speech to the House on 10 June 1971: "Please do not have your country send any aid to this country, not even food. The food will only go to the Army and prolong our agony." Food sent to India would attract more refugees out of East Pakistan, improving the position of the Pakistan army still more. When we realize that, would we not then take the next step in a new, and endless, escalation?

Please—one Vietnam is enough. Good intentions are no excuse for starting on the road to another. Our compassion must be guided by intelligence into channels where it can do more good than harm. I am afraid Pakistan is not such a channel.

Respectfully,

GARRETT HARDIN.

P.S.—I am taking the liberty of sending a copy of this to each of the Members of your Subcommittee on Asian and Pacific Affairs.

TEXT OF CHAIRMAN GALLAGHER'S LETTER

DEAR PROFESSOR HARDIN: I deeply appreciate your letter of July 9, 1971, for it gives me an opportunity to respond at some length to an often heard criticism of attempting to alleviate problems of the Indian subcontinent. You criticize my concern with the Pakistani refugees and the threat of famine in East Pakistan by pointing to the chronic over-population in the region and you discern a "drift" in my Asian and Pacific Affairs Subcommittee hearings in May which could lead us to another Vietnam. To quote from your letter: "I am worried that our tender hearts may lead us into another Vietnam . . . do you fully realize that it would require the loss of 4½ million lives each year to keep Pakistan from sinking even further into the mire of overpopulation . . ." After pointing out the inadequacy of our aid to continue feeding refugees in India, you say, "... are we not then guilty of the cruelty of raising in their hearts a hope that we cannot fulfill." You kindly enclosed a copy of an editorial you wrote in the February 12, 1971, *Science* magazine, in which you say: "I was in Calcutta when the cyclone struck East Bengal in November 1970," and refer to the estimated 500,000 people who lost their lives, commenting, "Pakistani parents repaired the population loss in just 40 days . . ."

Now that I have stated your position, Professor Hardin, permit me to express mine. I certainly favor the limitation of population, but only in consonance with the mores and traditions of those affected. To paraphrase that ancient hope of mankind, until we are ready to beat baby rattles into intrauterine loops, we must have affection for the living. My action in holding hearings, introducing legislation to suspend military and economic aid to the Government of Pakistan, and in speaking out forcefully is to save lives and to try to arrest a "drift" in American policy which, in my judgment, will present the world community with torrents of tragedy even exceeding those in Vietnam.

Let me briefly describe the realities of East Pakistan as seen by the chairman of a Foreign Affairs subcommittee who visited the refugee camps in India this June. The people of East Pakistan, a majority of that bifurcated and now ended entity known as Pakistan won the election in December. This earned them the control of the whole country; yet, the military leader whose administration conducted the election everyone concedes was fair now chooses to thwart the electoral mandate by an unprecedented reign of terror which utilizes American arms.

Formal statements by our Administration led the Congress to believe our arms shipments had stopped, but that sovereign Cybernetic State of Departments of Defense and State computers continues our lethal intervention on the side of the Army by still sending arms. This unhappy conjunction of bureaucratic blunders and political ineptitude has infuriated the world's largest democracy—India—and increased the credibility chasm of the world's best democracy—America.

The Pakistan Army's brutal sweeps beginning on March 25, are search and destroy missions repeating the delusion of technological superiority used by our technocrats to lead us into the Vietnam quagmire. Our continued aid to President Yahya has not turned him away from his bloody policy (the sole Administration hope offered in justification), it has diminished our moral influence in the world, it threatens war between Pakistan and India, with Great Power involvement inevitably following.

How then can a Member of Congress, particularly one who watched our escalation in Vietnam with increasing dismay, exercise his responsibility in the East Pakistan situation? First, he can attempt to alert his colleagues and the American people to the quicksand just one step ahead of our current plodding policy. Second, he can reap the blessings of hard-won seniority by holding hearings with this Subcommittee. Third, he can introduce legislation and work for its passage. Fourth, he can vigorously dispute those who point to overpopulation in the region and call for *ex-post-facto* birth control. Fifth, he can think.

When I expressed my concern about East Pakistan in early April, I was advised that the United States could do nothing because we would be exploiting the Sino-Soviet rift, due to the Chinese Peoples Republic support of the Government of Pakistan and Russia's expressions of approval of the people of East Pakistan. I rejected that rigid Cold-Warriorism and I will now make an additional leap based on my opportunities mentioned above and, hopefully, emphasizing the fifth.

The Chinese Peoples Republic has pointed to numerous governments around the world which enjoy American military and economic aid and yet which do not practice pure Jeffersonian democracy. Leaving good intentions or considerations of morality totally aside, China's support of the Government of Pakistan has finally given the United States a similar propaganda point. Why not stop our aid to Pakistan, fully support the democratic aspirations of the people of East Pakistan, ally ourselves firmly with India in this matter, and according to informed testimony of Harvard Professor Robert Dorfman before my subcommittee, make it economically impossible for President Yahya to continue his repressive policies?

Following this scenario, the area generating the refugees would be pacified, the 6.5 million now straining India's already overburdened society could return, America would have restored excellent relations with India, and the Chinese Peoples Republic would have its own Czechoslovakia and Hungary to explain. And then, what? The United States could focus even more of its attention on its already somewhat successful program of disseminating birth control methods. I believe our responsibility in East Pakistan does not extend to the possible introduction of American ground troops and I am offended that you imply my position embraces such an unthinkable option. I hope you can tell me that your position does not include famine as a calculated component.

With continued best wishes and appreciation for your valued support of my previous efforts on privacy, I am

Sincerely,

CORNELIUS E. GALLAGHER,

Chairman.

P.S.—I am taking the liberty of releasing this letter to the press.

INDIA-PAKISTAN CRISIS

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

Mr. BINGHAM. Mr. Speaker, I believe it was unnecessary and inappropriate for the Nixon administration to brand India as an aggressor in the current crisis. Yesterday's reported explanations by a White House spokesman have not really ameliorated the matter.

India's acts in recent days can no more be separated from the events of the past few months than could Israel's sudden military moves in June of 1967 be separated from the events of the preceding weeks, notably Nasser's move against Sharm el-Sheikh.

The holier-than-thou criticisms of India for using military force have come with extraordinarily bad grace from an administration that has been using force, in defiance of the majority of world opinion, for the last several years in Indochina.

I am against our military involvement in Vietnam, but I am no pacifist. I believe there are times when a nation has no alternative but to use military force. This was surely the case 30 years ago after the Japanese had attacked Pearl Harbor.

I believe the Israelis were fully justified in using force in 1967 and I believe the same is probably true of India in December 1971.

Those of us who would pass judgment on India should reflect on what we would have done if confronted with the overwhelming problem of 6 to 9 million refugees on our soil without the capacity to care for them and with no foreseeable prospect of getting them to return to their homes.

The Pakistanis apparently attacked first with their aircraft and gave the Indians the excuse that they were doubtless looking for. But the question of who started shooting first is really not a basic one in this case, any more than it was in the Arab-Israeli war of 1967. The cause of the fighting is more basic.

I am hopeful that the military actions taken by the Indian Government will soon result in control of East Bengal by a new, independent state known as Bangladesh, followed by an end to the fighting. This will enable the refugees in India to return to their homes. I trust that the world community, including the United States, will be willing to assist in the gigantic task of restoring this part of the world to some semblance of order and hope for the future.

For several months, I have been convinced, on the basis of the views expressed to me by Americans with long experience in, and great sympathy for, Pakistan, that the days of a "united" Pakistan were numbered. This curious country, divided into two parts by a thousand miles of Indian territory, was the artificial creation of ingenious British minds seeking a solution for the communal differences and hatreds that had plagued British India.

For a while Pakistan did remarkably well. But when the people of East Pakistan voted so overwhelmingly for a party which favored autonomy for East Pak-

istan that they actually carried a majority of the seats in the Pakistan Parliament, and when Gen. Yahya Kahn responded to this political reverse by a brutal and systematic suppression of the Bengalis, the British experiment had come to an end in failure. The Americans I have referred to all advise me that the sooner the inevitability of a separation of the two parts of Pakistan into separate independent states was recognized the better for all concerned.

If there had been no military action, the situation might have dragged on interminably with widespread suffering and with no real hope of a peaceful solution. The Indian Government, led by a courageous and patriotic woman, has acted decisively and in a way which will probably lead to a solution in a relatively short time. The use of force, with the inevitable brutality which accompanies it, is in itself deplorable and runs counter to our common belief that all international problems can be solved peacefully. But I believe that in the end the people of the Indian subcontinent will be better off. The wounds will be clean and will heal. The alternative was a festering sore affecting millions of people that would not heal and would provide a continuing threat of even wider trouble for years to come.

I include two editorials on the subject, from the New York Times and the Washington Post.

[From the New York Times, Dec. 8, 1971]

ALIENATING INDIA

President Nixon's declaration of "absolute neutrality" in the Indian-Pakistani conflict fail to conceal Administration policies, which have, in fact, been obviously biased in favor of the Government of President Yahya Kahn in Islamabad.

During the eight months of repression in East Pakistan which led to the present international conflict on the subcontinent, Washington's "neutrality" consisted of maintaining silence while Yahya's troops suppressed a freely elected autonomy movement in East Pakistan, were responsible for the death of thousands of Bengalis and forced millions more, mostly Hindus, to flee to India where their presence has posed a growing threat to Indian political, economic and social stability. For many months the Administration actually gave material support to this unconscionable repression by continuing to ship small amounts of military supplies to Islamabad.

Administration officials argued that their public silence and the continuance of aid were designed to strengthen quiet efforts to promote a political settlement in East Pakistan that would bring peace and the return of the refugees. But there is no evidence that President Yahya has tried to reach any accommodation with the imprisoned Sheikh Mujibur Rahman and the other elected representatives who command the confidence of the overwhelming majority of Pakistan Bengalis.

Having failed to condemn the repression in East Pakistan or to press for a genuine political solution, the United States has now flatly charged India with "major responsibility" for the resulting international conflict; having waited months to suspend arms aid to Pakistan, the Administration has promptly suspended military and economic aid to India. This is hardly "absolute neutrality"—even though it must be fully recognized that India is by no means guiltless in the actual outbreak of armed conflict, and, despite all the hypocritical and self-serving

statements issued from New Delhi almost daily, has been aggressively maneuvering against her northern neighbor. There is plenty of blame to go all the way around.

United States efforts at the United Nations, first in the Security Council and now in the General Assembly, have been aimed at bringing about a simple cease-fire and withdrawal of forces. Urgent and desirable as such action surely is, it cannot be practically effective unless the United Nations and its leading members—especially the United States—are prepared at the same time to recognize and attempt to deal with the root cause of the problem in Pakistan.

[From the Washington Post, Dec. 7, 1971]

THE U.S. PURSUIT OF DISASTER IN SOUTH ASIA

Suppose President Nixon had deliberately set out: to aggravate tensions in South Asia; to identify the United States with a military regime almost universally condemned for its abuse of its own people; to shred American ties with the most populous and powerful nation of that region, a democracy and a traditional friend; to help drive that dominant state into a waiting Soviet embrace; and, once war had erupted, to diminish possibilities of political compromise and undermine what moderates might remain. What would he have done differently with respect to the developing conflict between India and Pakistan over the last eight months? In our view, not much.

The whole rationale of American policy eludes us. Some payment was owed Pakistan for helping arrange Henry Kissinger's first trip to Peking. And Mr. Nixon evidently has long had a soft spot in his heart for Pakistan, at one time a model military anti-Communist regime. But at some point as the tragedy grew, cold calculations of power politics should have overtaken these largely sentimental considerations. Sound policy dictated an effort to maintain friendship with both India and Pakistan; if that were not possible, why put all the American chips on a discredited failing regime in much the smaller and more trouble-ridden of the two nations involved? If the answer lies somewhere in the political geometry of the Moscow-Peking-Washington triangle, we fail to perceive it.

The announcement yesterday that the United States had suspended development aid in the pipeline to India is equally puzzling. The stated grounds, that such aid contributes to short-term economic welfare and war-making potential, are laughable: the gesture was purely punitive and the party that is to be punished is not the government nearly so much as the impoverished people of India. A more telling abuse of foreign aid—at a more delicate moment, when a new aid bill is hanging by a thread in conference—could not be imagined.

As we have said before, India deserves sharp criticism for its calculated use of the refugee crisis to promote the dismemberment of Pakistan, although such criticism ill befits any government, such as the American government, which tolerated Pakistan's manufacture of that crisis. Where was the quick clampdown on arms aid to Pakistan then? India's invasion of West Pakistan and its now-open designs on Pakistan-held Kashmir are entirely unsupportable. But the source of the present crisis is Pakistani policy in East Pakistan. Only there can a solution be found. That the United States should not only be failing to contribute to such a solution but could be making one more difficult to attain is a measure of how far we in fact have traveled under the much trumpeted Nixon Doctrine toward a new foreign policy. In South Asia, we have moved backward—if we have moved at all—toward those early postwar cold war attitudes that gave us CENTO and SEATO and the heavy-handed employment of foreign aid as a bludgeon or a bribe.

THE COSTS AND DANGERS OF TRADE RESTRICTIONS

The SPEAKER. Under a previous order of the House, the gentleman from Florida (Mr. GIBBONS) is recognized for 1 hour.

Mr. GIBBONS. Mr. Speaker, today we have asked for time to discuss a very important subject which affects every American—the costs and dangers of trade restrictions.

This is the second in a series of three special orders we have planned, because of our concern about the current trend toward defeatism and restrictionism in our trade policy.

Several weeks ago, Mr. FRASER, Mr. MORSE, Mr. HAMILTON, Mr. SEIBERLING, Mr. HANNA, and I spoke on the U.S. stake in world trade and continued international cooperation. We found that this stake is high—higher than most of us had imagined.

We also found that we could not discuss the benefits we receive from world trade without discussing what we and the whole world will lose if we abandon our traditional support of mutually beneficial world trade and of international cooperation as a means of solving any trade or payments problems which may arise.

It has been said, very aptly, that trade is a two-way street. No nation can take unilateral action to restrict the imports it receives without incurring at least equal retaliation from its trading partners.

Our experience with unilateral trade restrictions has been that retaliation results, that this retaliation escalates, the volume of world trade shrinks, the economy of each country suffers, and the whole world is worse off. In fact, there is a good deal of evidence to indicate that the unintended consequence of a trade war may be war itself.

In 1930, Congress approved the Smoot-Hawley Tariff Act in an effort to "protect" American industry and found, much to its sorrow, that the act had a disastrous effect on our own economy and on the rest of the world.

The tariffs established by the Smoot-Hawley Act were the highest in our history, averaging 60 percent of the value of imports subject to duty. Other countries were not about to let us get away with continuing to send our exports to them once the Smoot-Hawley tariffs had virtually eliminated the United States as a market for their exports, so they retaliated in kind.

American exports shrank by 45 percent and world trade stagnated as the exports of other countries also declined precipitously. Thus, the United States was not only unsuccessful in its efforts to protect American jobs and industries by tariff walls, but its action contributed heavily to a worldwide depression.

Certainly the Smoot-Hawley Tariff Act has been recognized as one of the biggest mistakes in our history. Why, then, is there so much talk of a need to return to such measures?

It appears that this is so because we have been confronted with domestic economic problems which are not so easy or painless to solve. These problems are

much easier to blame on "foreigners" than on our own neglect—and it is then much easier simply to erect trade barriers than to find more realistic and effective solutions to these problems.

This approach has been getting a lot of mileage lately. Nonetheless, authorities who have spoken to our bipartisan group of Members concerned about our trade policy have made an extremely strong case for the argument that trade simply is not responsible for our domestic economic problems. They point out that, if anything, we have benefited from our substantial export trade and the low-cost imports which have been available to Americans during our present recessionary period.

These authorities further noted that—

In many of the adjustment assistance cases which come before the Tariff Commission, the company involved has told its employees that it has to close down or relocate, because of import competition. However, the Tariff Commission's investigation of the case often reveals that the cause was not import competition but some other factor, such as mismanagement, changing consumer tastes, or changing economic conditions.

Many imported products simply do not compete with American products and have no effect on U.S. employment levels.

Even with recent increases in import levels, the total impact of imports on the U.S. economy amounts to only about 4 percent of our gross national product—hardly enough to cause an unemployment rate of 6 percent. Nearly every other nation in the world is more dependent on trade than we are.

There is strong evidence that we have many more jobs involved in our \$43 billion export business and in handling and servicing imports than may be adversely affected by any import competition.

In the high technology fields in which the United States excels, we had a \$10.5 billion surplus of exports over imports last year.

Many progressive businesses have been expanding their exports and their foreign operations. In the manufacturing industry alone, nearly 7 percent of all jobs depend on exports. In certain industries the figure is twice this, or more.

Our balance-of-payments difficulties cannot be blamed on fluctuations in our balance of trade alone. Our balance of trade has been in surplus for more than 75 years and now appears to be in trouble, because of temporary or neglected circumstances, including an overvaluation of the U.S. dollar and rampant inflation in the United States. Both of these factors made U.S. exports less competitive in world markets and imports more attractive to U.S. consumers than they would normally have been.

If we are looking for remedies to our balance of payments problems, we should also look at the possibility of reducing our military and defense spending abroad, especially in Vietnam. Further, at the present rate of growth, our return on our investments abroad will become a substantial positive contribution to our balance of payments within the next few years.

What seems to really be needed to re-

duce unemployment and stagnation in the American economy is not import restrictions, which are likely to result in retaliation and the opposite effect, but truly effective Government policies which will restore confidence in the American economy, stimulate production and provide training and public service employment when necessary. Unfortunately, the Revenue Act of 1971 appears to offer little hope of progress in this area.

By any serious study or index we have far more to lose than gain by turning from our traditional liberal trade policy to proposed severe trade restrictions. We should have learned better than this from our experience of the 1930's, when such trade restrictions brought increasingly severe retaliation against our exports by other countries and further depressed not only our own economy but those in the rest of the world.

If we are reasonable men, we cannot persist in risking easy but inadequate trade restriction measures as answers to our domestic and international economic difficulties. The costs to Americans as consumers, as workers and as businessmen—as well as the dangers of a trade war—are far too great for us to do otherwise.

What, then, are we to do?

We will be discussing this in detail in another special order after the Christmas recess. However, I think we have made some progress recently in knowing what should be done and also in actually doing some of these things.

The July 1971 report of the President's Commission on International Trade and Investment Policy and the papers which accompanied that report gave us a rather balanced analysis of the real trade problems facing us today and possible solutions to them. At the end of my statement today I would like to insert one of the papers from this report in the *Record*. This paper, by Irving Kravis, respected professor of economics from the University of Pennsylvania, discusses in detail some of the problems with import limitations.

Some of the speakers who have appeared before our bipartisan group have indicated that we may even want to look beyond the suggestions of the Commission's report—and some of us in Congress have also made suggestions to this effect.

Our speakers indicated that, since imports are really only a minor factor among the many causes for business or job dislocations in our economy, we should at least consider innovations such as these:

A more active Federal role in research, development, and technical assistance to business.

A more coordinated and effective organization of Government to deal with domestic and international economic problems.

More adequate training programs to help American workers prepare for the demanding jobs of modern industry.

Measures to increase labor mobility help workers take advantage of changing job opportunities, including more adequate protection for pension rights.

Provision for meaningful public service employment jobs according to economic and social needs.

On the international scene, we are going to have to reassume our position of leadership in working for cooperative solutions to the real trade problems we face. A beginning toward this goal was made on August 15, but much work remains to be done in this area.

Perhaps the most urgent need in our trade policy today is for removal of the "temporary" 10-percent import surcharge which was imposed by the President on August 15. The surcharge has more than served its purpose and is currently resulting in retaliation and in adverse economic consequences not only for our competitors in trade, but also for some of our oldest friends, such as Canada.

If we, the richest country in the world, do not exercise our power in trade matters responsibly, then how can we expect responsible action from other countries, which are not so affluent and are much more dependent on trade for their livelihood.

A second area to which we and the administration must give top priority is that of successful negotiations for a realignment of exchange rates and basic reform of the international monetary system. This factor has, I think, been generally underrated with regard to its importance in improving the competitiveness of American exports and improving the U.S. balance-of-payments situation.

Each percentage point of revaluation of the dollar against foreign currencies could bring a gain of \$800 million in the U.S. balance of payments. Thus, a possible 11 percent revaluation could, in itself, bring about an \$8.8 billion gain in the U.S. balance-of-payments position.

We have also given too little attention to the possibilities of fruitful trade relations with the people of Russia and Eastern Europe, as well as with the developing nations. Trade with these areas of the world may prove most important in providing new markets for American exports and in building peace and prosperity throughout the world.

Finally, as the world's largest and most attractive market for the exports of other countries, the United States has a good deal of bargaining power with which to negotiate cooperative solutions to existing trade problems, including nontariff barriers to our exports which have been erected by other nations. Certainly we should have no second thoughts about embarking on such negotiations. They are badly needed to remove barriers to U.S. exports and establish the foundation for a further expansion of mutually beneficial world trade—the rising tide which lifts all the boats, as the late President Kennedy once said.

It should be clear by now that the alternative to these measures and to a continuation of our traditional policy of freer trade whenever possible is a self-destructive return to the disastrous trade restrictions of the 1930's.

Let us not choose that alternative. Let us not go down in history as the generation of Americans that was willing to spend a hundred thousand lives to protect freedom around the world but was not willing to risk \$1 of potential profit or one job to gain the immense benefits of free trade and the benefits of world

stability that naturally flow from such trade.

The Kravis paper follows:

THE CURRENT CASE FOR IMPORT LIMITATIONS

(By Irving B. Kravis)

I. INTRODUCTION

If the best interests of the U.S. lie in faster rather than slower growth in output and income and in better rather than poorer relations with other nations, the policy of the U.S. should be to reduce its barriers to imports and to expand its total trade by seeking reductions in the barriers of other countries to its exports.

The basic logic underlying the economic aspects of this statement is simple and incontrovertible. The gain from our trade with the rest of the world consists not of the things we export, but of the things we import. We are not made better off by giving up goods, we are made better off by receiving them. Public policies that limit our ability to obtain goods from abroad freely and cheaply reduce the real income of the nation.

Of course, restriction of imports may help particular groups in the economy, just as any restriction of supply may. Restrictions on the number of doctors raise the income of doctors; restrictions on hours of work of electricians combined with limitations on occupational entry raise the income of electricians; production quotas on petroleum output raise the income of oil producers. Limitations of imports of cotton textiles or meat raises the incomes of the workers and firms in the industries producing them.

Why not then spread these beneficial effects to everybody? Why not restrict the number and hours of work of each group so as to raise its income? Why not help each group further by protecting it from foreign competition?

The answer is, of course, that every one of these restrictions benefits the individuals concerned at the expense of the rest of the people. Each involves a reduction of production and of the national income and a redistribution of the smaller amount of income in favor of the beneficiaries of the restriction. Practiced on a wide enough scale—i.e., if we all try to better ourselves by restricting the supply of our services—even the "beneficiaries" will be left worse off than if there were no restrictions.

Every current claim for protection, no matter what its guise, is a claim for special preference at the general expense.

Whatever the desired objective that is described, there is no getting around the fact that every successful claim for protection makes a select few better off at the cost of making everybody else worse off. It is not possible to use restrictions of supply to make the nation in general better off. The power of the Government to control trade should not be used to favor select groups.

Despite this fundamental truth, there has been in recent years a new wave of sentiment in industry and labor and even in the Congress in favor of import limitations. This is based to a considerable extent upon unfavorable developments in our trade balance which has brought new arguments to the fore and revitalized some old ones. These arguments are assessed in the following section. Each is stated and then analysed.

II. SOME CURRENT ARGUMENTS FOR IMPORT LIMITATIONS

U.S. Imports Have Risen More Rapidly Than Exports in Recent Years; Our Trade Surplus Is Much Reduced, and May Even Be Eliminated or Turned into a Deficit

Trade surpluses have been characteristic of the U.S. balance of payments for nearly a century, and have been large and important during most of the last 25 years. Even after the early post-war shortages in Europe and elsewhere were ended, the surpluses averaged \$3.5 billion per annum (1953-67). The trade

surpluses helped to provide the foreign exchange necessary to support American foreign investment and U.S. military and economic programs abroad. The decline of the surplus to a little more than a half-billion dollars in 1968 and 1969 has therefore been a cause for much concern.

However, the use of the decline in the trade surplus as an argument for increased import limitation depends upon four propositions:

- a. A trade surplus should be an objective of U.S. policy.
- b. The decline in the U.S. trade surplus is permanent.
- c. Import restrictions can indeed increase the trade surplus.
- d. Import restrictions are the optimal way of increasing the trade surplus.

The need for a trade surplus

Whether a trade surplus should be an objective of U.S. economic policy depends in part upon an assessment of the nature of the trade balance that will coincide with a long run equilibrium position in the U.S. balance of payments and in part upon an assessment of the exigencies of the immediate future when equilibrium may not be attained. The long run factors seem to suggest that a trade deficit rather than a surplus will be the appropriate position since income from foreign investments is likely, later if not sooner, to grow faster than either new investments abroad or government expenditures abroad (military plus aid).

However, the analytical relationships are very complicated and forecasting the components flows is very uncertain, while the current balance-of-payments pressures are both clear and certain. It is therefore assumed for purposes of this paper that the U.S. as a matter of prudence, should pursue a policy of avoiding trade deficits and achieving trade surpluses. The assumption might not stand up against careful analysis, but if it errs, it errs in favor of the case for import limitations.

Long-run prospects for the U.S. trade balance

No one can really predict with confidence what the long-run prospects with respect to the U.S. trade balance are. A myriad of factors affect both U.S. exports and U.S. imports. The interplay of these factors as they change continually through time will produce a shifting margin between these two aggregates of diverse goods. The record bears out this expectation of great instability in the difference between exports and imports. In the post-war period the export surplus has waxed and waned several times over varying from less than \$1 billion to more than \$10 billion. As recently as 1964 it was \$6.8 billion while the 1968 and 1969 surpluses of \$0.6 billion were the lowest since World War II, surpluses near the \$1 billion level were recorded in 1950, 1953 and 1959. Even the \$3.2 billion drop in the surplus between 1967 and 1968 was not the only large decline. Larger decreases were recorded between 1947 and 1948 and between 1949 and 1950. The surplus now seem to be waxing again, although not with a great amount of vigor.

Nevertheless, these past ups and downs do not warrant the assumption that there have been no persistent factors adversely affecting the U.S. trade position.

When the components of exports and imports which produced the recent deterioration in the U.S. trade balance are examined, it quickly becomes evident that the largest changes are to be found on the import side. Imports rose by nearly \$7 billion between 1967 and 1968, an increase of 23%. This rise swamped an expansion of exports of nearly \$3 billion which, though not unprecedented, was more than twice the annual average increase of the preceding 14 years. The import

expansion was quite generally distributed among major commodity groups although manufactures rose more than primary products. However, motor vehicle imports alone increased more than 60 percent, accounting for \$1.5 billion of the \$6.2 billion rise in total imports. Over half of this increase consisted of motor vehicle imports from Canada.

If a slightly longer view is taken and changes in exports and imports are compared from the last peak surplus year, 1964, imports again are seen to be the major factor in bringing about the changed position. The rise in imports between 1964 and 1968 was more than \$14 billion while the rise in exports was only a little more than \$8 billion.

These changes in the U.S. trade position could be attributable to a number of different circumstances, some of which might be operating simultaneously. It seems likely that one important set of influences at work was the quickening pace of economic activity with the increase in military expenditures connected with the Viet Nam war. This occurred at a time when the rate of increase in industrial production in Europe slackened. The impact of these opposite movements in aggregate demand was reflected in a tendency for U.S. prices to rise relative to those of Europe and Japan.

There is also some evidence of structural shifts in the U.S. trade position. In the longer run the U.S. has become a net importer in mineral fuels, motor vehicles, and "other manufactures", comprising such categories as textiles, iron and steel, etc. Chemicals and machinery other than motor vehicles are the only sectors in which there has been an upward trend in the trade balance, but only in the former is this associated with a faster export growth rate. In "other machinery" a very small starting level for imports and a large one for exports has produced larger dollar increases in exports than in imports despite a lower export growth rate; this kind of upward trend contains the seeds of its own destruction. Of course, our perception of these trends is heavily influenced by the sharpening of demand pressures in the U.S. and their relaxation in Europe in the last few years mentioned above.

On the other hand, it is possible to argue that there are basic alterations, in the world economic picture that are unfavorable to the U.S. trade balance. The faster diffusion of technology, the spread of U.S. managerial methods and indeed of American management itself, and the greater international mobility of capital all tend to diminish important margins of advantage that the U.S. has had which contributed substantially to the U.S. export position in newer and more sophisticated products.

Of course, it has been true all along that the monopoly that an innovating country enjoys on a new product is apt to be a temporary one. Even before foreign affiliates, licensees or subsidiaries—let alone multinational corporations—became so common, the knowledge of the new product in almost all cases sooner or later was spread abroad and production was successfully imitated. The innovating country does not necessarily have a long-run comparative advantage in every new product that it develops. Thus, for the United States for nearly 102 years now, the exports of one year have often become the imports of a later year. This has happened to a long list of American products from sewing machines to TV sets.

The transfer of technology, it should be noted, goes in both directions. Some has been from foreign countries to the United States. Thus, the Bessemer and open-hearth processes for making steel were imported from England in the last century and the oxygen process from Austria, Germany or Sweden and the extrusion process of squeezing cold steel into desired shapes from Italy in more recent years. Also, there is a substantial amount of direct investment by multinational firms other than those of U.S. origin.

A recent estimate for 1966 placed the proportion of U.S.-owned international direct investment at 57.4 per cent.¹ If the multinational corporation is a transmitter of technology, it seems likely that a lot of foreign technology is also being diffused, and some of it to the U.S. However, it is highly probable that the overwhelming movement has been outward from the United States. The innovating country sometimes still enjoys benefits after the transfer in the forms of licensing royalties or direct profits on foreign production. Also, the position of a continuous innovator is partly protected by the continual development of new products or models that make obsolete or at least less desirable the ones that have spread abroad. The speed with which innovations are being replaced by superior innovations is probably also increasing and this, too, affords some continuing margin of advantage for the innovating country.

In general, however, it seems likely that the net effect of all these changes and particularly of the greatly increased speed with which they have been occurring has been to reduce the margin of technological leadership which the United States formerly enjoyed.

All in all, then, there are grounds for pessimism with respect to the structural influences affecting the U.S. trade balance. However, even if the direction of these influences turns out to be unfavorable, no confident forecast of the future can be made. Many other factors affect the trade balance, and prediction is just about impossible. The most important unknown consists of developments in the relative prices at which U.S. goods are available to foreigners and in the relative prices at which foreign goods are available to Americans. These are proximately determined by changes in domestic price levels and in exchange rates. The movement of each country's domestic price level is heavily influenced by cyclical developments and by public policies that are not related or only partially related to balance of payments factors. Even if pessimistic expectations about the structural factors turn out to be correct, we cannot tell whether a future rise in U.S. prices relative to those of foreign countries will accentuate their impact or a future fall offset and obscure them. The possibility of changes in government policies taken to influence the trade balance or the balance or the balance of payments in general adds to the uncertainties. No one can say if or when monetary and fiscal policies to affect the price level or commercial policies—tariff and nontariff barriers, export subsidies, etc.—intended to have a direct effect on trade flows will be altered in the U.S. or in one or more of its important trade partners. No one can predict when a key exchange rate will be altered under the pressure of a deficit or of a surplus. All these factors have a powerful influence on the U.S. trade balance, and their net effects can not be known in advance.

In view of these uncertainties, let us again draw the inference that appears to be most favorable to the case for import limitations. Let us assume that a trade surplus will not come about without some deliberate policy action by the U.S. The question then facing the U.S. in the 1970's is whether this should be attempted mainly or even to a major degree by means of trade restrictions.

The feasibility of import restrictions as a means of increasing the U.S. trade surplus

The hard truth of the matter is that it is not open to the U.S. to improve its trade balance through item-by-item import restrictions. Almost any restrictive move made by the United States can be expected to bring retaliation and to result in an approximately equivalent diminution in U.S. exports. The warnings on this point by responsible foreign

¹Footnotes at end of article.

authorities should be taken at their face value.

It must be realized that these warnings refer not to new and untried measures but rather to responses that are built into the trading system community of nations. A basic principle of GATT (the General Agreement on Tariffs and Trade), which governs the trade relations of the western countries, is the preservation of the "balance of benefits" which each country derives from the tariffs that have emerged from six rounds of international negotiations in the last quarter of a century. A country that finds its interests adversely affected by an increase in a duty that has been bound or reduced in a GATT negotiation—and this includes virtually every U.S. tariff classification—or by the imposition of a quota is entitled to compensatory concessions. If these are not forthcoming, it is free to restore its balance of benefits through restrictions of its own. Any extensive effort by the United States to use import limitations to improve its trade balance is thus almost certain to set off a self-defeating chain of restrictions on trade that would serve neither the economic nor the political objectives of this country.

Trade restrictions as the optimum way to improve the trade surplus

Even if it were claimed that other countries would permit the United States to improve its trade surplus through limitations of imports, the further proposition would still have to be established that item-by-item import restriction was the best way to achieve the desired increase in surpluses. The item-by-item approach can be defended only if it is argued that the government and not the marketplace should be allowed to determine the changes in the commodity composition of imports by which the trade balance should be improved.

If the objective is to reduce the general level of imports or to limit its increase, then it is logical and efficient to use some general criterion, perhaps a uniform ad valorem tariff surcharge applied to all goods, rather than a series of discriminatory tariff increases favoring the domestic producers of some goods over the domestic producers of others. But if the trade surplus is the true objective, it can be improved through an increase in exports as well as a diminution in imports. Increased exports can be encouraged through export promotion measures such as tax incentives and better credit facilities. However, if a uniform ad valorem tariff were applied to imports an export subsidy would make the price of foreign currency the same for U.S. exporters and importers and would therefore lead to the most efficient use of U.S. resources as between home and foreign markets in production and between home and foreign goods in consumption.

A uniform tariff and subsidy would be akin to a practical devaluation of the dollar applicable only to trade or perhaps to trade and some service transactions. There are, of course, still other ways of achieving the same effects of making U.S. goods cheaper to foreigners and foreign goods dearer to Americans. One is outright devaluation which would affect capital as well as trade and service transactions. Other less dramatic ways which are much less likely to encounter objections from other countries involve the restriction of future U.S. price movements to rates of increase that are lower than those of the other major industrial countries. This can be accomplished through monetary and fiscal policy or through a wage and price policy, although either means would be politically difficult. All these measures (i.e., partial or total devaluation, restraint of price increases through general or specific policies) would achieve an improvement in the trade balance while leaving it to the market to determine which imports would decrease and which exports would increase.

The United States has, over the years, given many one-sided trade concessions that have opened its markets to foreigners while U.S. exporters find themselves under serious handicaps in foreign markets.

To some degree, this argument is an extension of the previous one. The relative rise in imports is taken as evidence of the opening of the U.S. market and the failure to export to increase more rapidly as evidence of the discriminatory practices in foreign markets. The trend of exports and imports, however, is not in itself conclusive evidence since many other factors could account for these trends.

Claims that American negotiators over the years have traded away market opportunities in the U.S. without equivalent concessions abroad have never been accompanied by a quantitative assessment of the impact of changes in tariffs and other terms of access. Such evidence as is readily available does not support the view that U.S. commercial policy, either alone or in conjunction with foreign commercial policy, has been responsible for the rapid growth of imports or for the failure of our exports to expand more rapidly.

In the first place, a number of comparative studies of tariff levels have indicated that U.S. tariffs are slightly higher on the average than those of the European Economic Community and slightly lower than those of the U.K. The accompanying table shows average tariff rates for various categories of goods as well as the overall averages. The latter differ little among the major industrial exporters. Average post-Kennedy Round tariffs on non-agricultural, dutiable imports are estimated at 9.6% for the U.S., 8.1% for the Common Market, 10.6% for the U.K., and 9.5% for Japan; for dutiable manufactures, the rates are 9.9, 8.6, 10.8 and 10.7, respectively, for the same countries. The U.S. rates in these computations are expressed as a percentage of c.i.f. value, as are the rates for the other countries.

Of course, even similar tariffs may have different restrictive effects in different countries, depending on such factors as the structure of the rates, elasticities of demand and supply, the share of imports in domestic consumption, and the composition of imports. When these factors are taken into account, U.S. tariffs, Professor Balassa found in a study of pre-Kennedy Round rates, were more restrictive of imports than those of the EEC and the U.K., though less restrictive than Japan's.²

Tariffs for individual commodities and average tariffs for classes of commodities are dispersed around these overall rates in ways that differ from one country to another. In some commodity classes, such as textiles and chemicals, the table indicates that U.S. rates are higher than those of other countries; in others such as transportation equipment and electrical machinery the U.S. rates are lower. Thus, individual U.S. industries sometimes find that the tariffs levied on American goods by the foreign source of supply are higher than the corresponding U.S. rates. For example, U.S. and foreign tariffs on electronic products (tubes, transistors, transformers, loudspeakers, etc.), were cited as an example of inequitable tariff treatment at the recent House Ways and Means Committee hearings on "Tariff and Trade Proposals". The U.S. rate of 7.6% was compared to rates of 14% for the EEC and 12.4% for Japan.

Where cross exporting (i.e., two-way trade) of similar products exists or where U.S. firms would be able to export to the foreign source of supply over a lower tariff barrier, an industry might justifiably regard a difference in tariff rates as inequitable. This would, of course, be equally true for a foreign industry facing higher U.S. tariff rates. Very often,

however the difference in rate is of little practical importance because the domestic industry would not be able to compete in the foreign market regardless of the level of the foreign tariff. If in the electronic components industry, for example, Japanese costs are lower than those of the U.S., a lowering of the Japanese tariff to the American level would not have any beneficial effects upon the position of the U.S. industry.

Not only are the present overall tariff levels rather similar among the major industrial exporters, but it is not at all clear that U.S. tariff levels have declined very precipitously in the last 20 years. Tariff Commission figures show that duties collected as a percentage of dutiable imports have varied mainly in the 11 to 12% range in the last few years compared to a 12 to 13% range in the early 1950's.³ As the Commission points out, these average ad valorem equivalent duties are not completely reliable guides to changes in the level of protection since, among other reasons, they are affected by changes in the composition of imports. Tariffs reduced to the threshold that made imports possible where there were none before, might still average out to levels above the previous average ad valorem equivalent collected duty. The average might thus fail to decline despite general reductions in duties. On the other hand, there is little doubt that in the various GATT rounds of tariff cutting, particularly before but not altogether excluding the Kennedy Round, there was a systematic search for concessions to offer to foreigners that could safely be made without having a great impact on U.S. imports.

The notion that tariff concessions played a major role in the increase in U.S. imports is not strongly supported by the timing of the import changes. If tariff concessions were an important influence, each round of tariff reductions should have been followed by a surge of imports. In fact, neither the reductions made in the 1956 round nor those made in the Dillon Round of 1961-62 appear to have a large gross impact on U.S. imports. The great increase in imports between 1967 and 1968 did come at a time when the first Kennedy Round reductions went into effect, but the 23 percent increase in imports could not have been attributable to any major degree to a cut in tariffs that can hardly have amounted to an average reduction in price to U.S. buyers of as much as 1 percent.⁴

The available evidence thus does not indicate that U.S. firms are generally at a competitive disadvantage owing to differences in tariff barriers or that the U.S. tariff barriers faced by actual exporters to the U.S. have been radically reduced in the last twenty years.

Much of the concern about the relatively unfair treatment of American exports is, however, directed to non-tariff rather than to tariff barriers.

There is no doubt that U.S. exports are limited by non-tariff barriers. Buy domestic policies, safety regulations, and the rebating of excise taxes on exports and compensatory levies on imports are among the many practices that American exporters have found place them at a disadvantage in international competition. However, the United States is not without its own non-tariff barriers including buy American policies, the imposition upon foreign countries of "voluntary" agreements to limit exports to the U.S. as in cotton, textile, and steel, and direct unilateral restrictions on imports of dairy products, meat, sugar and oil. Also, the U.S. barriers have been increasing rather than diminishing in number and importance. In the last few years, "voluntary" quotas on steel and meat, prohibition of imports of firearms other than those used for sporting purposes, and a tariff quota on brooms have been added to the list.

Trends in foreign non-tariff barriers have been more mixed. Between the early 1950's

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and the early 1960's the trade restrictions maintained by many countries for balance-of-payments reasons were reduced and then eliminated. With the advent of the Common Market, however, some new and important barriers to U.S. trade, particularly the variable import levy, were imposed.

The non-tariff barriers imposed by the United States and other countries undoubtedly restrict the volume of foreign commerce but whether they are at present more burdensome to American exporters than to foreign exporters is not obvious. The Japanese restrictions almost surely limit imports more than do the non-tariff barriers of the U.S. and Western European countries. It would take a special study to confirm or deny the widely prevalent notion in the United States that European non-tariff barriers are more restrictive than ours. An important new work by Professor Baldwin suggests that relative to the U.K., at least, the U.S. still has a slightly higher rate of effective protection when non-tariff, as well as tariff, barriers are taken into account. (The effective rate of protection measures the degree of protection of value added in manufacturing; it indicates the excess in domestic value added that can be obtained as a result of trade restrictions, as a percentage of what the value added would be under free trade.) Baldwin's estimates for 1972, the year in which the Kennedy Round tariffs come into full force, indicate a 15 percent overall rate of effective protection (tariff and non-tariff) for the U.S. and a 13 percent rate for the U.K.⁵

This is not to deny that nontariff barriers have been growing in importance, both at home and abroad, relative to tariffs. Furthermore, the common U.S. view that foreign non-tariff barriers are greater than those of the U.S. may well turn out to be more justified in the case of the EEC and still more in the case of Japan. Even so, it seems doubtful that non-tariff barriers can be held responsible for the failure of U.S. exports to grow more rapidly. A relaxation of the barriers would, it is true, give U.S. exporters a fairer chance to enter European and Japanese markets, but U.S. export gains might turn out to be modest. Most of the barriers are aimed at imports in general and are not discriminatory against the U.S. Their relaxation would therefore open each market not just to the U.S. but to other competing countries as well. American exporters would probably enjoy some increase in sales as a consequence, but to gain this and to achieve the still more problematic effect of an increase in the rate of growth in their sales, they would have to meet the competition of other countries. The record does not suggest that under the conditions prevailing in the last few years, U.S. exporters would be very successful. Between 1964, the year when there was a trade surplus of \$6.8 billion and 1969, the U.S. share in world exports declined from 15.2% to 13.8%. The U.S. shares in imports of Japan, of the developing countries and of the EEC from outside countries also dropped by 1 or 2 percentage points. None of these changes can possibly be attributed to nontariff barriers.

The dismantlement of non-tariff barriers is an objective that is important to pursue but it is doubtful that it will provide a major key to the resolution of the problems with our trade balance. Even if all—U.S. and foreign—non-tariff barriers were eliminated, it is not sure that our export balance would become larger. Certainly our imports would increase and our exports also, but even if the barriers of foreign countries are more restrictive than ours, the size of the gain in our exports would depend upon the competitiveness of our economy. Non-tariff barriers certainly have a harmful effect on world commerce and income, but they just

do not fill the role of chief villain in the story of the disappearing trade balance.

Imports Have an Unfavorable Impact on Employment, Particularly Since They Tend To Be Concentrated in Labor-Intensive Products

One of the necessary conditions for the improvement of the living standards of a country is the mobility of labor and capital. Some notion of the dynamism of the modern economy is called to mind simply by considering what a small fraction of his consumption expenditure each of us spends on things that are physically identical to those purchased by his father at an equivalent stage in his life.

Some of the changes in production necessary to turn out new products and new product varieties and to use cost reducing methods can be smoothly absorbed by the existing industrial organization without requiring much adjustment either by labor or capital. For example, when the home freezer industry developed, the workers and firms that had previously manufactured refrigerators could move easily into the new good. Other changes, however, require reduction in the number of firms and workers in an old industry as new conditions develop. For the most part, the pressures for change are generated within the internal economy of the United States. This was true, for example, of the losses of employment suffered in the Michigan peninsula when station wagon bodies began to be made of steel rather than of wood. It was true also when the hosiery industry moved out of Philadelphia into the South and more generally when the textile industries of Pennsylvania and other northern states shifted to North Carolina and other southern states. Between 1947 and 1967, for example, Pennsylvania lost 69,700 production jobs in the textile industry while North Carolina gained 32,500. Sometimes, as in the recent contraction of the space effort, a change in government needs or priorities is the cause of the disruption of individual lives and of blight for a whole community. In these cases and many more, thousands and thousands of workers and many employers suffered great economic, social and psychological injuries through no fault of their own as a result of changes in the marketplace. In each of these cases it would have been in the interest of the workers and employers concerned to have government intervention or decision that would prevent the shift to a new product or a new location.

What is the appropriate national policy in these cases? Surely, no one would argue that it would be appropriate to guarantee any industry or firm against a reduction in its level of employment. Any effort along these lines obviously would promote a hothouse economy pockmarked with artificially maintained prices for commodities serving needs that could be more cheaply provided for in a free market. The protection of particular individuals against such disruptions can only be achieved at the expense of the rest of the U.S.

What is worse, such protection tends to freeze patterns of employment that are not in the long-run interests of workers or of the U.S. at large. The jobs that are protected tend to be low-wage jobs relative to those that would be available without protective policies. The Pennsylvania textile workers of yesterday were injured by the shift to the South. Today, their successors are better off than they would be if the government had intervened to keep the textile industry in that stage; they are working in industries that pay higher wages than the textile industry.

The problem is not different when the pressure for the reduction in the employment and number of firms in an industry comes not from another section of the coun-

try but from abroad. Today's workers and employers in that industry will be better off if the government intervenes and prevents their loss of jobs and capital. The cost of such a policy in the short run is borne by the rest of the economy which is denied the opportunity to obtain the goods at the lower prices available abroad. In the long run, however, the workers themselves have to be regarded as worse off. By and large, the industries that need protection from foreign competition are low-wage industries and the jobs that are being perpetuated by restrictions on imports are low-wage jobs. At the same time, a policy of import restriction prevents the expansion of export industries which characteristically pay higher wages. This is true because the restriction of our purchases abroad gives foreigners fewer dollars which they can spend in the United States.

In short, protection can at best make a small fraction of today's labor force better off at the expense of the large majority and at the expense also of tomorrow's labor force.

The irrationality of a policy of using trade restrictions to create jobs is shown by data presented to the Congress by a spokesman for industries seeking the restriction of imports. In a statement before the Joint Economic Committee last March, a representative of the Trade Relations Council reported upon an analysis of the trade position of 313 four-digit manufacturing industries of the United States. In 1967, 128 of these industries had a foreign trade deficit aggregating \$9 billion. The excess of imports over exports in these industries was calculated to involve a net loss of 367,552 jobs. The other group, consisting of 185 industries, had trade surpluses which amounted to \$10.4 billion. The job-equivalent of this trade surplus was estimated at 201,532 jobs. Although apparently cited as an argument for protection, these data constitute a powerful argument for freer trade. For the labor of a little more than 200,000 men, we received \$10.4 billion. This was enough to obtain goods from abroad that it would have taken 400,000 men—twice as many—to produce. To advance these figures as an argument for protection is to embrace a make-work philosophy. It is to argue that we should devise policies that will lead to more, rather than fewer, hours of work to produce a dollar's worth of real income. If this is what we want, protection is a good way to get it. If we want to find ways to increase man hours per dollar of output, international trade is not for us. International trade increases real product per hour of work rather than raising the hours required to produce a dollar's worth of product.

The magnitude involved in the Trade Relations Council's estimates of the net effect of trade on employment also clearly indicates that the trade balance has only a small net impact on overall employment in the U.S. The size of the trade surplus affects at most a few hundred thousand out of the nearly 80 million civilian jobs. During 1968, for example, when imports soared and the trade balance plummeted, other and much larger influences were at work so that employment expanded by more than 2 million jobs and the unemployed rate dropped from 3.5 to 3.3 percent.⁶

As these events suggest, the level of employment in the U.S. does not depend in any quantitatively significant way upon the level of imports. It is determined to an overwhelming degree by internal influences. The expansion of international trade certainly does not require a higher level of unemployment. International trade is no more inconsistent with full employment than other efficiency-increasing influences such as automation or cost-reducing changes in industrial location. All impose a temporary cost in terms of job displacement.

Advocates of freer trade—like defenders of automation—have sometimes been chided

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for citing job statistics without sufficient regard to the human beings involved. However, the whole argument turns precisely on human welfare. Is it increased or diminished by changes that are required for greater efficiency? The answer is that there is a restricted and short-run hurt in exchange for a widespread and long-run gain. The extent of the losses to adversely affected individuals will be smaller when the changes occur against the background of a buoyant economy. This is clearly illustrated in the story of the remarkable achievement of the Common Market countries in abolishing tariffs among themselves completely with little disruption of individual firms and workers. Rapid economic expansion was an essential feature of the story. The real gross national product of the Common Market countries increased by 50 percent from 1959 to 1967 while internal tariffs were coming down.⁷ It is easy to make room for increased imports when domestic demand is expanding; even where imports enter in very large volume it is not so difficult for businesses to find other lines which they can pursue with greater profit.

The proper means to pursue full employment objectives is not tariff policy but monetary and fiscal policy.

Foreign Competition Is Unfair Because it is Based on Low Wages

International trade raises real income because certain industries, owing to some natural or cultural differences between different areas of the world, are able to produce at a lower cost in one country while others will be able to produce at lower cost in some other part of the world. American producers, when confronted with the natural or acquired advantage enjoyed by a foreign industry, often feel, quite rightly, that they are facing unequal odds. Some years ago, a Pennsylvania oil producer whose wells produced less than a barrel a day felt that it was unfair to have to compete with the wells of the Middle East that produce 5,000 barrels a day. So in a sense it was. However, it was "unfair" in the sense that one would use in a sports contest; the same standard of equity is not appropriate as an economic criterion. No sound policy can be based on the principle of eradicating all the economic advantages possessed by any contestant in order to run a competition that gives an equal chance to all entrants. Such a policy would imply that American firms that have unusual know-how or access to large amounts of capital should be precluded from selling abroad because they have an unfair competitive advantage over less sophisticated and more poorly capitalized European firms. It would be, once again, to reject the view that a main goal of our economy is to maximize output per unit of input.

The advantage that most other countries have relative to the U.S. is an abundant labor supply relative to other factors of production. Productivity is low, but wages are sometimes even lower so that the labor costs in some industries are below those of the U.S. For example, in 1967 the Japanese GNP per capita was, according to the rather imperfect measures available, about 40 percent of that of the U.S. However, in the iron and steel industry hourly labor cost was only 21 percent of the U.S. level and unit labor cost 30 to 38 percent of the U.S. level.⁸ In industries where differences in wage levels are decisive, foreign firms are apt to have the advantage over U.S. firms. Such industries include labor intensive industries like textiles and shoes and also industries like steel, mass-producing relatively standardized products by well established, widely known methods of production.

The wage advantage that these foreign industries enjoy is no more "unfair" in the

relevant economic sense than is the superiority of the Middle East oil well over the Pennsylvania oil well or the well capitalized technologically advanced U.S. firm over the smaller and less sophisticated European firm. It is easy to understand and indeed difficult not to sympathize with the feeling of workers and firms that the situation is unfair to them. However, the fact remains that no case can be made in the broad public interest for the protection of particular industries on grounds of "unfair" competition even when, owing to low foreign wages, prices and costs abroad are lower than the most efficient producer at home can achieve.

What can be regarded as unfair is to ask the workers and employers in the affected industries to bear the costs of adjustment, particularly if these costs result from a change in national policy designed to benefit the nation as a whole. Relief should, however, be temporary and geared to adjustment rather than to the permanent protection of any share of the domestic market. The experience of the European Economic Community in moving to tariff-free trade, already noted, suggests that the extent of the dislocation of industry may be surprisingly small. Once the policy of free trade was convincingly laid down in the six Common Market countries, firms had the incentive to adjust rather than the incentive to organize politically for protection.

Someone might wish to argue that the whole level of wage rates abroad is so low relative to wage rates in the United States that all foreign industries or many of them have advantageous labor costs relative to the U.S. industries. If that argument were valid, what would be called for is not protection for particular industries but an across-the-board change in the power of foreign currencies to purchase U.S. goods; the objective would be to restore a balance in which some industries had low enough labor costs so that, together with their other advantages, they would be enabled to export enough to achieve a trade balance (or a trade surplus if that were taken as an objective of our policy). Alternative ways of achieving such an adjustment have already been discussed.

The Advent of the Multinational Corporation has so Changed the Nature of Trade Relations that the Case for Freer Trade has been Made Irrelevant

The rise of multinational corporations has brought forward new problems. In a world organized into nation-states the rise of firms employing a global approach to production and marketing creates new problems with respect to national jurisdiction and national interests with respect to the location and volume of production, exports and imports, taxation, etc.

However, there is no evidence that the multinational corporation is immune from the economic forces that determine which goods can be most cheaply produced in which countries. On the contrary, it seems likely that the multinational corporation provides decision-makers with better information about the most advantageous location of production than was previously available. Components, such as the Ford engine for the Pinto, are produced abroad when they can be made cheaper.

The effects of multinational corporations on the U.S. trade balance are very difficult to estimate. They have hastened the processes described earlier as probably unfavorable to the U.S.—the diffusion of American managerial methods, production techniques, and capital; but in a shrinking world the pace of this diffusion was bound to increase anyway. Exports from their U.S. plants of the main products produced by their foreign plants have probably been reduced. However, there is at least some validity to the claim made by the corporations themselves that their establishment of production abroad was necessary to protect their holdings of the foreign

market against potential foreign competition. To the extent to which this is true, foreign production and even exports from foreign plants may not be at the expense of U.S. exports, and the profits from foreign operations a possible net gain to the U.S. balance of payments, depending upon the use to which they are put. More definite sources of gain to the U.S. balance of payments are exports of machinery and of supplementary product lines, the latter being of potential importance when full-line production is maintained in the U.S. and foreign production limited to models for which there is a large market in the host country.

However the net effects turn out, it seems clear that multinational corporations can hardly be held responsible for import problems in textiles and a number of other areas where the domestic industry has been in difficulty and has sought protection. Multinational companies are important in automobile production, petroleum, tractors, chemicals, pharmaceuticals, office machinery, and farm and construction equipment. In most but not all of these areas the U.S. has a strong export position. In the few cases in which multinational corporations have been conspicuous in industries encountering severe import competition, the products though relatively new, such as electronics, require labor-intensive methods of production.

In any case, the injury to U.S. interests of which multinational corporations are accused by those seeking trade restrictions is not different from others independently claimed as a basis for import limitations and already discussed—viz., a reduced U.S. trade surplus and job displacement. The expansion of the multinational form of corporate enterprise adds many new problems to the relations between government and business and to inter-governmental relationships, but it does not constitute a new argument for protection. Indeed, the retaliatory or at any rate unfavorable responses that can be expected from foreign governments to any U.S. effort to limit imports would make much more difficult the intergovernmental cooperation that is required to cope with many of the problems in this field.

The National Security of the United States Requires That Some Industries Be Protected

The national security argument is sometimes applied to natural resource products such as petroleum and sometimes to fabricated products such as steel.

It can hardly be denied that petroleum and steel and indeed a vast host of other products are essential to national defense. But direct guarantees do not always achieve their intended results. One is reminded of the old story of the wise town elders who, wishing to accommodate the convenience of all visitors, decreed that one of the town's two taxis always had to be at the railroad station.

In the case of a natural resource product, it has never been satisfactorily explained how a program which encourages the use of domestic reserves rather than the use of the foreign product will assure adequate domestic supplies in case of an emergency. The argument advanced to defend quotas on the import of crude oil and petroleum products is that high domestic prices, which are necessary to maintain a high level of new discovery and exploration, can be kept only by restricting cheap foreign imports. If national security is dependent upon the ready domestic availability of large quantities of petroleum, what is really called for is a program of subsidization for the exploration of petroleum reserves in the United States and a program that would restrict domestic production to the levels necessary to keep a domestic petroleum industry operational and capable of sudden and large expansion in the event of necessity.

What is particularly indefensible is the protection of the domestic petroleum indus-

Footnotes at end of article.

try through import quotas rather than tariffs. Import quotas have the effect of transferring to private pockets in the form of monopoly profits substantial sums of money from the public purse. If it is felt that tariffs are too uncertain in their effects on import quantities and quotas are desired on this account, the quotas should be auctioned off so that their monopoly value does not accrue to private firms. At a time when important social needs are being denied because of inadequate government revenues, it is particularly inappropriate for the government to confer monopoly power worth over a half billion dollars per annum on private parties.⁹

In the case of a manufacturing industry, such as the steel industry, it is argued that protection is necessary to maintain skills that would be lost were the industries subject to unrestricted import competition. The American Iron and Steel Institute, for example, has claimed that the unchecked growth of steel imports presents a direct threat to our national security since a domestic industry will no longer be able to produce the full range of steel products necessary for national security.¹⁰ In addition, it is argued, that under crisis conditions serious shortages might develop.

In fact, the wartime experience of the United States, like that of every other country, including England, Germany, and Japan, demonstrates very clearly that human skills and ingenuity manage very quickly to produce whatever is needed in wartime. The United States during World War II, for example, was able to produce large quantities of airplanes including many kinds which had never been produced before and even to master the production of products like lenses, which formerly had been regarded as the province of highly skilled craftsmen not to be found in the United States.¹¹

The national security argument is also weakened by the diminished likelihood of a large-scale conventional war of long duration. A major nuclear war would be brief and horrible and its outcome would not be affected by the size of particular domestic industries such as oil or steel. Non-nuclear wars restricted to particular regions are unlikely to leave the U.S. cut off from all foreign sources of supply.

Protection for national security purposes is also counter-productive politically and diplomatically. Further action to limit steel imports, for example, would strengthen the divisive forces affecting our relations with friendly countries.

III. THE COST OF INCREASED PROTECTION TO THE UNITED STATES

The benefits of import limitations, it has been shown, accrue to favored groups in the economy at the expense of the population as a whole. Some of the ways in which these costs are incurred have already been described. The disadvantages of a policy of protection are set out more systematically in the following paragraphs.

The Insulation of the U.S. Economy from Foreign Competition will Reduce Consumer Choice and the Stimulus to Innovation

The maintenance of competition in a market economy under modern technological conditions where the scale of the firm is so large in many industries is one of the difficult problems of economic organization facing the United States. The entry of foreign competitors into the American market makes it more difficult for large firms to pursue a live-and-let-live policy that will produce a quiet life for their managers but which will not be in the interests of consumers or the economy at large. There are on record in recent years a number of cases in which the stimulus to innovation has come from foreign competition—the small car, oxygen steel, and flat glass. The American consumer and the

economy in general is better off for each of these cases of increased foreign competition.

Import Limitations will Lead to Higher Prices and Make the Control of Inflation More Difficult

Recently, the proposition that import controls or tariffs are likely to lead to higher prices for the protected commodities has been challenged. These challenges usually take the form of citing cases in which products under protection such as cotton textiles have been marked by price increases smaller than the price level in general. These instances have usually been contrasted with other products like coal which although unprotected have risen in price more than average. The juxtaposition of such examples only indicates, however, that there are other price-determining influences that are also at work. It does not mean that the observed price of a protected good whether it has risen more or less than average, would not be lower without the quota or without the tariff.¹² Nobody has yet set out the logic by which it can be claimed that the restriction of a cheap source of supply will not tend to raise the price. Most quotas not only result in higher prices to buyers but, as noted in connection with the discussion of the oil quota above, confer a monopoly profit on those lucky enough to receive the privilege of importing some of the limited quantity of goods permitted to enter the United States.

The upward pressure on prices exerted by import quotas or tariffs also hurts the United States by weakening our export position. Import quotas on petroleum, for example, push up fuel costs for our manufacturing industries and the "voluntary" quotas on steel have enabled increases of steel prices to occur which have raised input costs for our machinery producing industries. Our machinery industries, which are so important in our export trade, are competing with foreign producers who are able to buy fuel and steel at world market prices.

Protectionist policies will reduce the participation of the United States in World Trade and thus lower its rate of growth and income

Textbook writings on international trade and the current arguments of those favoring increased protection have one thing in common. Both view international trade as leading to a form of specialization in which some industries expand in each country while others contract. To some degree, this is still a correct view. It is likely, for example, that under free trade the textile industry and the steel industry in the United States would grow smaller than they are today while the machinery industries would expand.

However, there is a large and growing form of international trade that does not take this character at all. The trade between the great industrial countries is increasingly taking the relatively new form of intra-industry specialization. It is based on the economies of long production runs for particular variants of products. It owes its origin to the ever-growing variety of specialized materials and machines which is emerging to provide a more and more varied and sophisticated bundle of consumers goods and to meet the needs of industry for labor-saving cost-reducing methods of production. How can this great growth in variety of output be reconciled with the great economies that can be derived from long production runs? The answer for most producers is to concentrate on a limited range of product variants.

To see the impact that this has on international trade, let us consider, for example, the production of machinery for the use of such industries as printing, baking and pharmaceuticals. Such machinery is manufactured in the United States, the United Kingdom, Germany and other western European countries. However, in each of these countries the equipment is designed

to meet local conditions such as the usual scale of output and the prevailing ratio of wages to capital costs. Each country could produce the whole range of equipment but in fact concentrates on the product variants most in demand in its own or in other nearby markets. Thus the European equipment is typically designed for smaller volume, lower speed and greater variety of purpose than the American equipment for the same industries. Trade arises because in each country there is likely to be some limited need for the kinds of machines produced abroad although the major need will of course be for the type of machine produced at home. Since the direction of technological progress is clearly toward more and more complicated and highly specialized machinery, the volume of intra-industry specialization may be expected to increase.

Intra-industry specialization in the trade among the industrial countries accounts for the apparently contradictory phenomena, that there is on the one hand a great similarity in the commodity composition of the exports of the industrial countries and that on the other hand a substantial fraction of world trade consists of exchanges between the industrial countries themselves.

The expansion of this trade is attractive not only because it lowers costs and raises incomes for the participating countries but also because it brings relatively few of the adjustment problems that are so difficult where specialization by whole industries is involved. From the standpoint of the U.S., it points also to a profitable avenue for the expansion of trade that does not depend upon the maintenance of the technological margin of superiority the U.S. enjoyed in the past.

The experience of the Common Market may again be taken as an illustration. Trade among the six countries tripled in the decade following the establishment of the Common Market in 1957. This expansion of trade was based on neither large technological gaps among the countries nor on the disappearance of entire industries as a result of intra-industry specialization.

Those seeking import limitations are asking the U.S., in effect, to sacrifice the change to participate fully in this growing trade in an effort to protect the short-run interests of limited groups in the economy.

The Political and Diplomatic Costs of Import Limitations Would Be Very High

Any marked movement toward further limitations on imports would, as already remarked, bring retaliations. There is a great danger that a trade war would be set off which would have the economic and political consequences in restricting world trade that would clearly leave all trading countries worse off. What is even more dangerous, however, is the broader impact upon the political leadership of the United States. The United States has in the community of nations stood for the principles of a competitive economy and for the reliance upon markets rather than upon governments for economic decision-making. We have put our great weight behind the reduction of trade barriers. A U.S. policy of protection where competition hurts some American workers and firms, and of free trade where it does not, will hardly strengthen our position of leadership. Rather it will strengthen the position of those cynics who argue that the United States has been using its great power to pursue its own short-run economic interests rather than as we claim to create a peaceful, prosperous and stable world.

IV. A TRADE POLICY FOR THE 1970'S IN THE NATIONAL INTEREST

The national interests of the U.S. lie in the direction of freer trade. The arguments for a contrary policy, it has been shown, are based on incorrect assessments of the facts, draw unwarranted conclusions from true statements of fact, or stress benefits that may

Footnotes at end of article.

be real and important but are either incapable of achievement or can be attained only at large economic and political cost.

The strength and pervasiveness of the present trend toward import limitations is evidence of the capacity of men to believe what it is in their economic interests to believe. It reflects also the hospitality the democratic political process gives to the efforts of organized groups to benefit themselves when the gain to them is large and the losses to others are widely distributed. Political leaders may have to yield to such pressures, but if so the only rational ground is a concern for a special interest or political necessity and not a concern for the national interest. Their need to yield may be less if the special and public interests are clearly distinguished.

V. SUMMARY

A new wave of sentiment in favor of import limitations has brought forward some new arguments for import limitations and revived some old ones.

The fundamental fact remains that every restriction of supply, whether it be applied to supply of domestic or foreign origin, helps the producers of the restricted products but only at the expense of everyone else.

Every current claim for protection, no matter what its guise, is a claim for special preference at the general expense.

Let us take the main current arguments for import limitations one by one.

U.S. Imports Have Risen More Rapidly Than Exports in Recent Years; Our Trade Surplus Is Much Reduced, and May Even Be Eliminated or Turned Into a Deficit

It is not at all clear that the U.S. balance payments should in the long run have a trade surplus or that a trade surplus needs to be an objective of U.S. Government policy, but even if these points are granted they do not establish the case for import restrictions. Import restrictions will bring retaliation that will reduce the level of trade without any predictable effect on the trade balance. Furthermore, even if other countries were to permit the U.S. to improve its trade surplus through import limitation, item-by-item restrictions would provide neither an equitable nor efficient method. Discriminatory tariff increases or quotas favor the domestic producers of some goods over the domestic producers of others. They also require that the Government rather than the market place determine which imports will be reduced.

If the objective is really to improve the trade balance, a uniform ad valorem tariff surcharge and an export subsidy of the same amount would be more equitable and efficient. Other measures that would accomplish the same result include a depreciation of the dollar and the restriction of the U.S. price level to lower rates of increase than foreign price levels.

The United States Has, Over the Years, Given Many One-sided Trade Concessions That Have Opened Its Markets to Foreigners While U.S. Exporters Find Themselves Under Serious Handicaps in Foreign Markets

The pervasiveness of this view in the U.S. is remarkable in view of the almost absolute lack of evidence to support it. The available evidence does not indicate that U.S. tariff levels are now substantially lower than those of other major industrial countries or that they have been so reduced in recent years as to enhance substantially the price competitiveness of foreign goods in the U.S. market place. Certainly the disappearance of the U.S. trade surplus since 1964 cannot be explained on these grounds. Tariff changes have had on the average small effects on the landed dollar prices of foreign goods and have been accompanied by roughly equal advantages for U.S. exporters. Much has been made of non-tariff barriers, but, if anything, U.S. non-tariff

barriers have increased since 1964 relative to foreign non-tariff barriers. Furthermore, the only attempt to estimate the overall level of effective protection inclusive of tariff and non-tariff barriers, made for the U.S. and the U.K., does not show any great difference between the two countries. This is not to deny that non-tariff barriers have been growing in importance, both at home and abroad, relative to tariffs, nor is it to claim that the non-tariff barriers of Japan and the EEC are not more restrictive than those of the U.S. It is to say that claims that foreigners have one-sided access to the U.S. market are at the minimum grossly exaggerated.

Imports Have an Unfavorable Impact on Employment, Particularly Since They Tend to be Concentrated in Labor-Intensive Products

It is true that international trade enables us to export the goods of 1,000 man-hours and receive back goods that would require more than 1,000 man-hours to produce. This is our gain from trade. Every internal improvement has the same effect; we get more goods per man-hour. The optimum way to full employment does not lie in make-work policies such as excluding labor-intensive imports or forbidding new labor-saving machines. Protection of labor-intensive industries is certainly not in the best interests of U.S. labor in any long run sense; it leads to the preservation of low-wage jobs which would disappear in a free market and be replaced by higher wage jobs. In my home state of Pennsylvania, the textile workers of yesterday were injured when the textile industry moved south but their successors today are better off than they would be if there had been government intervention to keep the textile industry in Pennsylvania; they are working at better paying jobs in new or expanded industries that are competitive and can export different products to the rest of the U.S. and to the world.

Foreign Competition is Unfair Because it is Based on Low Wages

The wage advantage that foreign industries enjoy is no more unfair in a relevant economic sense than is the advantage of superior capital resources or of sophisticated technology enjoyed by many U.S. industries. No sound policy can be based on the principle of eradicating all the economic advantages possessed by any contestant in order to run a sports-like competition that gives an equal chance to all entrants. It is precisely by capitalizing upon the special advantages enjoyed by workers and producers everywhere that we can maximize output per unit of input.

The Advent of the Multinational Corporation Has so Changed The Nature of Trade Relations that the Case for Freer Trade Has Been Made Irrelevant

There is no evidence that the multinational corporation is immune from the economic forces that determine which goods can be most cheaply produced in which countries. On the contrary, it seems likely that the multinational corporation provides decision-makers with better information about the most advantageous location of production than was previously available. Components, such as the Ford engine for the Pinto, are produced abroad when they can be made cheaper.

The effects of multinational corporations on the U.S. trade balance are very difficult to estimate, but multinational corporations can hardly be held responsible for import problems in textiles and a number of other areas where the domestic industry has been in difficulty and has sought protection. In most of the areas in which multinational corporations are important, the U.S. has a strong export position.

In any case, the injury to U.S. interests of which multinational corporations are ac-

cused by those seeking trade restrictions is not different from others independently claimed as a basis for import limitations and already discussed—e.g., a reduced U.S. trade surplus and job displacement.

The National Security of the United States Requires That Some Industries be Protected

The national security argument is sometimes applied to natural resource products such as petroleum and sometimes to fabricated products such as steel.

In the case of a natural resource product, it has never been satisfactorily explained how a program which encourages the use of domestic reserves rather than the use of the foreign product will assure adequate domestic supplies in case of an emergency. If national security is dependent upon the really domestic availability of large quantities of petroleum, what is really called for is a program of subsidization for the exploration of petroleum reserves in the United States and a program that would restrict domestic production to the levels necessary to keep a domestic petroleum industry operational and capable of sudden and large expansion in the event of necessity.

In the case of a manufacturing industry, such as the steel industry, it is argued that protection is necessary to maintain skills that would be lost were the industries subject to unrestricted import competition. In fact, the wartime experience of the United States, like that of every other country, including England, Germany, and Japan, demonstrates very clearly that human skills and ingenuity manage very quickly to produce whatever is needed in wartime.

The national security argument is also weakened by the diminished likelihood of a large-scale conventional war of long duration. A major nuclear war would be brief and horrible and its outcome would not be affected by the size of particular domestic industries such as oil or steel. Non-nuclear wars restricted to particular regions are unlikely to leave the U.S. cut off from all foreign sources of supply.

Protection for national security purposes is also counterproductive politically and diplomatically. Further action to limit steel imports, for example, would strengthen the divisive forces affecting our relations with friendly countries.

The national interests of the U.S. lie in the direction of freer trade. The arguments for a contrary policy, it has been shown, are based on incorrect assessments of the facts, draw unwarranted conclusions from true statements of fact, or stress benefits that may be real and important but are either incapable of achievement or can be attained only at large economic and political cost.

The costs include the reduction to the stimulus to innovation, less consumer choice, higher prices, lower exports owing to higher costs and to the exclusion of the U.S. from the growing volume of intra-industry trade, and the deterioration of our relations with friendly countries.

Import limitations involve the use of government power to promote special interests at the general expense.

FOOTNOTES

¹ A. Robock and Simmonds, "How Big Is It—The Missing Measurements", *Columbia Journal of Business*, May-June 1970.

² Bela Balassa, *Trade Liberalization among Industrial Countries*, 1967, p. 59.

³ See U.S. Tariff Commission, *Value of U.S. Imports for Consumption, Duties Collected and Ratio of Duties to Values, under the Tariff Act of 1930, 1930-69*, Feb. 1970, (processed).

⁴ The reductions averaged 37 percent, and 20 percent of each reduction went into effect on January 1, 1968. A 7.4 percent cut in an average duty of, say 12 percent comes out to a

saving for U.S. buyers of imports of less than 1 percent.

⁹ Robert E. Baldwin, *Non-tariff Distortions of International Trade*, Brookings Institution, 1970, pp. 165 and 168.

¹⁰ Employment and unemployment figures as of January 1968 and January 1969.

¹¹ From \$240.1 billion to \$350.0 billion in 1968 prices (A.I.D., "Gross National Product Growth Rates and Trend Data", April 30, 1970).

¹² GNP estimates from U.N., *Yearbook of National Accounts Statistics*, 1968, Vol. 2. Labor cost comparison from BLS estimates reproduced in House Ways and Means Committee, *Hearings on Tariff and Trade Proposals*, May 11, 1970, p. 215.

¹³ Baldwin's estimate for 1966 was \$620 million; the markup that year was equivalent to 67 percent of the cost of imported oil. *Op. cit.*, p. 32.

¹⁴ See U.S. Senate, Committee on Finance, *Compendium of Papers on Legislative Oversight Review of U.S. Trade Policies*, 90th Congress, second session, Volume 2, page 501.

¹⁵ See the statement of Raymond Vernon, Joint Economic Committee, Subcommittee on Foreign Economic Policy, *Hearings: Defense Essentiality and Foreign Economic Policy*, 84th Congress, second session, June 4, 5, 6 and 7, 1956, pp. 49-53.

¹⁶ The only exception to the price raising effect of tariffs or quotas occurs when they have no protective effect. If U.S. wheat, for example, is selling at world prices or lower, a quota on wheat imports will never have to be administered and will have no impact on the U.S. price. Few of the claimants for protection, however, would be interested in measures that did not restrict the foreign supply to the U.S. market.

Mr. FRASER. Mr. Speaker, I would like to discuss two of the most immediate dangers of protectionism. The first danger is the fact that we would be acting against our own economic best interests by severely restricting foreign direct investment. Those who support restrictions feel that foreign direct investment has resulted in reduced exports from this country and increased imports from abroad with the result being a decrease in employment among American workers. It is also argued that U.S. companies are locating abroad to take advantage of lower wage rates meaning the additional loss of U.S. jobs.

These arguments have a strong appeal at first glance. But the facts of some recent research indicate otherwise. Rather than having a negative impact on the U.S. economy, foreign direct investment has actually contributed to economic expansion in this country and has resulted in increased employment. The following article appeared in the November 26 *Christian Science Monitor* and discusses a study on the effects of direct investment overseas. A report on the findings for the Department of Commerce is currently being finalized by a team at the Harvard Business School under the direction of Professor Robert B. Stobaugh:

WORKERS NEED JOB-CHANGE AID

(By Richard A. Nenneman)

BOSTON.—In 1964 a consumer electronics company made the initial investment in Taiwan in a series of moves that over the next five years were to represent an outlay of \$6 million for plant and equipment there. A good part of that \$6 million represented purchases of U.S. capital goods, and helped the U.S. balance of payments. Right? Right.

In turn, over the same five-year period

that \$6 million plant supported production worth some \$100 million. That production by workers in Taiwan represented jobs lost to workers in the United States. Right? Wrong.

Why? Because in part three, that \$100 million in production, which took the form of assembled electronic components, came back to this country and had another \$80 million in value added to it for eventual sale.

The company involved had made a defensive move. It did not, contrary to the conventional wisdom on the subject, go to Taiwan just because labor rates were lower there. It went there because its research indicated that within five years its U.S. market for this particular product would disappear if it didn't take advantage of Taiwan.

POTENTIAL LOSS SEEN

Another manufacturer, probably Japanese, would have moved in and done the same thing. The finished consumer product would have been sold in America with a loss to this country of not only the \$100 million in production in Taiwan, but also the capital goods investment of \$6 million and the \$80 million worth of work done here.

This intricate description forms part of an almost finished analysis for the U.S. Commerce Department by a group of professors at the Harvard Business School under the direction of Prof. Robert B. Stobaugh, a specialist in international business (who was for many years a petrochemical engineer abroad). It forms part of a study of the effect on U.S. domestic employment of direct investment overseas by American companies.

The professors have examined nine major investments in nine different industries which together account for the bulk of U.S. overseas investment: oil, chemicals and allied products, electrical machinery, non-electrical machinery, electronics, food, paper, primary and fabricated metals, and rubber goods.

Because the firms involved in the study are all large, it was assumed that each new investment was an incremental one. That is, the company has access to the capital markets and is doing all it finds attractive domestically already; a "no-go" decision on a foreign investment wouldn't increase its domestic activities.

ALTERNATIVES IGNORED

Previous studies of investment abroad have not tried to find out what would have happened if a particular investment hadn't been made, said Professor Stobaugh. A presumption has been growing, however, that U.S. firms, in order to escape high wage rates at home, were farming out production overseas and putting U.S. laborers out of work. But the tentative conclusions of the study indicate almost the exact opposite. They indicate that:

U.S. direct investment abroad creates, rather than destroys, U.S. jobs. But it also heightens the need for adjustment assistance for U.S. workers.

The jobs created at home by investment abroad are in an above-average income category.

Although the figures are tentative, Professor Stobaugh estimates that from 250,000 to 500,000 U.S. managerial and research and development jobs are in effect supported by U.S. investment overseas.

U.S. direct investment abroad has a positive balance-of-payments effect.

Most direct investment abroad is defensive; that is, it is made to protect a market a U.S. company already has, either at home or abroad.

MOSTLY FOR OVERSEAS SALES

Some 78 percent of U.S. foreign investment goes to serve a local market overseas. Another 15 percent goes to serve a third-market country (although half of such trade is within the Common Market area), and the rest, 8 percent, comes back into the U.S. This latter

figure would be only 2 percent, however, if Canadian auto production were not included.

Professor Stobaugh has himself made a study of 350 individual foreign investments by the chemical industry, which backs up his conclusion that such investment is largely defensive. Not a single one of them was made, he said, before the chemical involved was already being produced at the foreign location.

Almost all foreign investment is done by oligopolistic firms. A firm starts as a leader in its industry and tries to defend an eroding position.

An example of this, says Professor Stobaugh, was the decision of an auto company to make a \$16 million investment in the Philippines to save its local market there. If the investment hadn't been made, most likely a German or Japanese manufacturer would have moved in.

By making the assembly plant in the Philippines, moreover, the auto company preserved some jobs here, as the autos were made in knocked-down form in this country, contributed to an export of capital equipment from this country, and supported some part of its managerial and research personnel in this country.

TIRE INVESTMENT STUDIED

In another example, a U.S. tire manufacturer invested \$8 million in Canada. Canadian tariffs were keeping out American-made tires. By building a factory in Canada, the rubber company not only kept its market there but also maintained its position with its same auto company clients in the U.S. (If they had begun to switch to some other tires in Canada, this might have been the prelude to a switch here also.)

Other conclusions of the study are that:

Trade restraints abroad, together with the oligopolistic position of many U.S. firms, are the major reasons for a decision to make a foreign investment. Lower labor costs abroad and tax breaks are relatively minor factors.

A foreign investment seldom works out exactly as planned. In almost none of the nine firms surveyed was this so. This seems to be an argument for allowing a company the greatest amount of flexibility.

No firm is a single economic decision-maker. There are many different power centers within an organization, Professor Stobaugh noted, and what happens with a foreign investment sometimes represents the shifting of influence of those centers.

The future is not dim. Although companies typically are defending forward positions, and lose some of their market as others catch up, the strength of the U.S. firm has always lain in its technological lead. Professor Stobaugh pointed out that in one product line after another in the chemical industry the U.S. lead had been lost. However, because of product innovation, the industry as a whole has turned in a strong performance overseas.

U.S. firms need to invest abroad to reap the full benefit of scales of economy which in turn support their R&D spending. Without this support, U.S. industry would gradually fall behind foreign competition.

JOB ADJUSTMENT STRESSED

Perhaps the most important conclusion of the report will be that the U.S. worker needs drastically more adjustment assistance. "The most important industrial problem facing the U.S.," said Professor Stobaugh, "is the adjustment of jobs. A young person learning a job when he is 18 may not have it by the time he is 28."

He noted that back in 1954 at the time of the Randall Commission's report (President Eisenhower's Foreign Economic Policy Commission), David J. McDonald, then head of the United Steelworkers, had asked for adjustment assistance. His plea, however, was voted down by all the other members of the group.

Professor Stobaugh also discussed balance-of-payments statistics. He feels they are an inadequate measure of what is actually transpiring among the nations of the world. There was, for instance, an increase of \$7 billion in retained earnings abroad last year. But what is retained abroad doesn't show up in the figures.

Yet that \$7 billion represents an increase in U.S. economic strength and in corporate liquidity overseas that suggests the opposite of the actual payments figures. Professor Stobaugh questions, with the operations of U.S. business abroad so complex and the returns to capital and labor in this country so intertwined, whether we have the ingenuity to construct a "true" balance-of-payments statement.

The Harvard study is not pessimistic. If the U.S. has to work harder to stay ahead, by implication the study says this can be done. But it will require more dynamic action in helping the U.S. labor force adjust to new jobs.

Professor Stobaugh's findings are supported by the results of a recent survey of member companies by the National Foreign Trade Council. Section III of their report is a summary analysis of their findings and includes several case studies:

III. SURVEY ASSESSMENT OF CLAIMS

Several U.S. Labor groups and others have made three major claims concerning the impact of U.S. foreign direct investment on U.S. labor, trade and the balance of payments as follows:

1. Direct investments overseas promote production and employment abroad at the expense of U.S. exports and employment of American workers.
2. Advanced technology is rapidly transferred abroad to countries having lower labor costs where it is incorporated in products which are then exported to the United States.
3. All of the foregoing is damaging to the U.S. balance of payments.

These claims are implicit in legislation recently introduced in the Congress which would:

- (a) alter the taxation of income from foreign affiliates with the intention of removing the existing "tax incentives" and impose new taxes on royalty income;
- (b) impose new controls over the outflow of capital for foreign direct investment;
- (c) impose controls over the outflow of technology;
- (d) establish a new agency to impose quotas on imports so as to achieve "industrial self-sufficiency" within the United States;
- (e) affirm the purpose of insuring "that the production of goods which have historically been produced in the United States is continued and maintained. To the extent that production of such goods has been transferred abroad, it is the intent of Congress that this production be encouraged to return to the United States."

NFTC member companies having foreign direct investment were surveyed to determine whether the claims are valid in the light of their experiences. In asking for current information in narrative form, including quantitative data if possible, respondents were requested to include a statement of the reasons for deciding to invest abroad; the effect that such investment decisions have on employment in domestic manufacturing facilities; whether the transfer of technology results in low-wage imports; the long-term favorable effect, if any, on jobs because of widened export opportunities resulting from the establishment of manufacturing or assembly operations overseas; and the impact of such investments on the U.S. balance of payments.

The claim that foreign direct investment causes a reduction of exports and a loss of

U.S. jobs can only be supported if both of these events occur as a result of the investment having been made. If either of these results has not occurred, then the *a priori* case of Labor is in doubt. What is then required to be shown, but cannot be, is that exports would have been higher in the absence of investment, which implies that the investment did not stimulate exports; or that employment would have been higher but for the production abroad, implying that the new situation involving the investment abroad did not create *net* new employment.¹

The NFTC survey found that both U.S. employment and exports in responding companies have generally risen. The findings support the conclusion that foreign direct investment tends to expand trade and create employment in the United States, even though this may involve some shifts in the structure of employment in this country. The evidence, moreover, indicates that such shifts as they occur are likely to be toward industries of higher technology.²

EXCLUDED SECTORS

To clarify the applicability of Labor's argument it is first necessary, however, to break down the structure of foreign investment among industry sectors. For many of them, exports from the United States are simply not a relevant alternative, since in such sectors there were no exports beforehand. They must be excluded, therefore, from the claims of Labor: They constitute a large segment of foreign direct investment, including activities ranging across the sectors of extraction, materials processing, construction materials, packaging, pharmaceuticals, services, items of high transport cost relative to value, marketing activities, and a variety of items not produced in the United States at all. The total of these sectors amounts to 75 per cent of outstanding foreign direct investment emanating from the United States.

Investment in extractive operations abroad cannot substitute for U.S. exports since the objective is to obtain materials that do not exist in the United States in sufficient quantity; these materials are exported to world markets or, as needed, into the United States to supply materials for industrial output. Without such an inflow of materials, a large number of U.S. jobs would be lost. In addition, a substantial number of jobs are created by the supply of such operations with U.S. machinery and materials; for example, lubricants that cannot be produced locally in the host country.

The further processing of such raw materials as minerals and timber abroad requires investment and creates jobs there, but it cannot be said to take jobs from U.S. labor. U.S. enterprise can hardly claim the right to process foreign materials in the United States; each resource-exporting country will rightfully demand to process as much of its raw materials as it can economically. Again, even this type of investment—as with processing bauxite into aluminum—creates jobs in the United States for the export of equipment and the fabricating of aluminum into final products; moreover, U.S. exports will rise to countries that are richer because of their own processing or fabricating of aluminum products.³ The same argument applies to oil, copper, manganese, etc.

Basic construction materials such as cement, brick and stone, roofing, paints, and glass enter very little into trade. In contrast to lumber, the raw materials for these items are relatively abundant in each country and local production is much cheaper than imports.⁴ Wood is not always available or is too high-cost to compete with imported supplies. Foreign investment in these areas must also be excluded from the criticism of so-called "runaway plants."

Similarly, investment in the packaging industry abroad does not reduce U.S. exports simply because this is not a sector which can export significantly. Empty tin cans, bottles, and even corrugated board take up too much space to be economically exported. However, the materials for such containers and corrugated board can be exported, and such exports were reported to be substantial creators of U.S. jobs.

Pharmaceuticals constitute another area in which export is often prohibited by governmental inspection regulations rather than by import restrictions or transport costs.⁵ Governmental inspection of drugs must take place during the process of their production in order to certify purity and safety. Local production is, therefore, required. Again, it is feasible in some instances, but not always to export some of the bulk chemicals or ingredients. The United States imposes even more stringent regulations on the manufacture of drugs than do other countries; consequently it is difficult to argue against similar regulations in other countries resulting in the need for local manufacture.

Investment abroad in the service sector does not imply a loss of jobs in the United States. Only local banks can serve local customers. Similarly, hotel services, consulting services, insurance, accounting, etc. can be effectively provided only from local offices. The United States itself has regulations concerning the operation within the U.S. economy of foreign banks, foreign insurance companies, shipping companies, etc. If a U.S. company wishes to do business in a foreign country in the service sector, it has to "go local."

Finally, marketing and the setting up of distribution facilities necessary to foreign operations cannot be accomplished from within the United States. This requires the provision of warehouses, trucking and other distribution facilities, as well as advertising and sales functions. Thus, a significant portion of foreign direct investment required for these purposes would have to be expended anyway—even where there is successful exporting.⁶

All of the foregoing sectors which should be excluded from the claims of Labor have one of two characteristics. Either the operation involved could simply not be undertaken in the United States or the transport costs involved in moving the U.S. product or service abroad are too great in relation to their value.

There is a final type of activity abroad which does not fit the above categories but must also be excluded from Labor's claims, namely, the type of activity in which items are manufactured abroad for local preferences but are not produced in the United States. Some examples are detergents having qualities not desired by U.S. users; automobiles which do not satisfy U.S. needs or desires; foods which satisfy local tastes; tropical drugs; and "stripped-down" refrigerators.

RATIONALE FOR FOREIGN DIRECT INVESTMENT AND ITS IMPACT ON U.S. EMPLOYMENT AND EXPORTS

It is essential to any appraisal of the validity of the claims of Labor and others to examine the rationale of direct foreign investment. The term "rationale," as used herein, means the reasons or motivations which result in a decision to invest or reinvest abroad and the beneficial or negative effects that such investments can have on an enterprise.

The reasons for investing abroad most frequently mentioned in the responses to the survey (without attempting to rank such reasons) are as follows:

- (a) to jump tariff and import barriers and regulations, including local-content regulations or a requirement that local exports be made in order to receive an import license;

- (b) to reduce or eliminate high transportation costs;
- (c) to obtain or use local raw materials;
- (d) to obtain incentives offered by host governments;
- (e) to maintain existing market positions;
- (f) to participate in the rapid expansion of a market abroad;
- (g) to control quality in the manufacture of specialized products;
- (h) to follow customers abroad;
- (i) to follow a competitor abroad;
- (j) to obtain foreign technical, design, and marketing skills;
- (k) to bid on foreign infrastructure projects.

Low labor costs were not mentioned as a factor in the decisions save in a very few instances; even if they exist—as they do in almost all countries compared to the United States—they are not decisive. Rather, low labor costs have existed for some time as between countries without inducing a significant movement of U.S. capital, technology, and management. It has only been since the rise of internal markets to levels making local production possible on sufficient scale or the reduction of trade barriers which opened the world market that factor movements have occurred in significant amounts.

In many cases, the investment abroad has been in an industrial sector that is not labor-intensive but capital-intensive. Since the affiliate uses U.S. processes, it does not gain from the fact that labor may be cheaper.

The experience of almost all of the companies responding to the survey shows that the existence of a manufacturing, sales and distribution facility in a foreign market results in increased exports of more sophisticated products which are only still being made in the United States, or of other products of a company's manufacture, many of which the company had been unable to export previously.

The following excerpts taken from responses deal with matters considered in this part of Section III:

CASE 1—"Our company] had never been able to penetrate the market, despite the fact that Australia is an important minerals country. Chief reason was that equipment could be imported from the UK either duty free or at a Customs rate of 7½%. Duty on U.S. made machinery was 55½%. Australian mining firms often visited us in the U.S., informed us they liked our product and would buy it if we manufactured it in Australia, thus avoiding the import duty. We finally agreed and have built a good business." (Heavy tool company)

CASE 2—"We have found that the acquisition of complementary product lines and new technology in foreign countries frequently stimulates our domestic U.S. manufacturing and sales activities because it provides new products to be manufactured and sold in the United States." (Industrial products company)

CASE 3—"Without our international operations, it's doubtful that our export situation would be as favorable, and of course, our current favorable export picture is an affirmative factor in our U.S. employment.

"In the interest of brevity, I will list only one other example of how our international operations benefit the entire company. [This firm has] research and development facilities in England, France and Australia in addition to our main laboratories in the United States. From our international laboratories have sprung ideas resulting in products which have been—and are—produced in our U.S. manufacturing plants. For example, the research laboratory [in] France, developed a new [product] which is now being produced in this country.

"The global interaction of our research plays a key role in producing the ideas and insights that lead to the new and improved products found on today's U.S. production

lines. So, too, will our worldwide research effort spark the breakthroughs of tomorrow." (Consumer products company)

CASE 4—"We established [a plant] late in 1954, . . . currently employing approximately 230. This plant was established primarily to serve the Eastern Hemisphere at a time when Sterling Bloc Exchange restrictions were limiting sales of U.S. manufactured products in U.S. Dollars. Two of our major competitors took similar steps resulting in plants in England and The Netherlands. Factors which did influence our decision to locate in Northern Ireland were concessions granted by the Government of Northern Ireland, and a readily available work force at low cost." (Tool company)

CASE 5—"A chemical fertilizer plant was constructed in a developing country to supply the local market, primarily through contract sales to the government. The choice of this location was based on the following factors: the fertilizer industry is completely controlled by the local government, which was determined to establish local production facilities, with imports strictly controlled; the plant could be integrated with the Company's local feedstock production and the investment generated considerable good will for the Company in that country, thereby benefiting its other operations there. There was no alternative to local investment to serve this market. Wage rates were not a factor in the decision." (Petroleum company A)

CASE 6—"A large steamcracker was established in a European country to produce ethylene for sale to a local plastics manufacturer. The European location was chosen for the following reasons: Infeasibility of serving this market from the U.S. because of high transportation costs; the contract customers and the spot market for the output were located in this particular European country; customers were interested in security of supply; the local government would not permit raw material for its plastics industry; and the minority partner in our petroleum affiliate in this country would not be content to allow supply of a petroleum-related product to this market from a 100 percent-owned Company affiliate which was offshore. Wage differentials were not a factor in the decision to locate in this country." (Petroleum company B.)

CASE 7—"In building overseas production facilities we have found that although export of the specific finished product probably decreases (which would happen under these conditions anyway), overall there is actually a gradual net enhancement of total exports. This is because export of the more sophisticated types or grades of product lines, for which the local production facility is usually not designed to supply, begin to grow even more rapidly as a result of our being a local producer. Again, we have found that simply through our physical presence in these foreign markets, and with a stronger, more effective local organization, we generate additional U.S. export sales for the corporation frequently unrelated to the product being manufactured in that country. Finally, export still generally continues with raw or semi-finished material being supplied to the foreign plant in partial replacement of finished product export. Under these conditions, if exports are higher than they otherwise would have been if a foreign facility is going to be installed anyway and we did not install it, it seems obvious that employment of American workers must have benefited." (Industrial products company.)

CASE 8—"Our experience is directly to the contrary. We started our active manufacturing program [abroad] in 1965 and between then and 1970 our products manufactured overseas increased by 159%. However, it is our experience that operating a plant overseas increases export business from the United States in other products, and it is significant that our export sales from U.S.

plants increased by 171% during the same period." (Electric supply company)

CASE 9—"Between 1960 and 1970, our overseas manufacturing employment rose by 140%, whereas our exports from the U.S. increased 750%, consisting of the more sophisticated, higher-priced equipment plus material inputs for assembly overseas." (Office equipment company)

CASE 10—"We have increased our U.S. exports since 1935 from \$817,000 to \$19,148,000, with a corresponding increase in employment for exports; this would not have been possible in the absence of our overseas manufacturing facilities." (Pharmaceutical company)

CASE 11—"These statistics have been taken directly from our corporate records:

[Dollar amounts in millions]

| | 1961 | 1970 | Increase |
|--------------------|---------|---------|----------|
| Exports: | | | |
| To affiliates | \$1,046 | \$9,993 | \$8,947 |
| To others | 13,164 | 22,848 | 9,684 |
| Total exports | 14,210 | 32,841 | 18,631 |
| Employment: | | | |
| U.S.-based | 35,537 | 52,239 | |
| Foreign operations | 9,200 | 18,004 | |

"Of the total foreign employment shown for 1970 over 90% represents foreign jobs already existing at the time [the firm] acquired its ownership interests in the foreign affiliates, and the remainder reflects normal growth of the foreign countries' economies.

"Of the U.S. based personnel, we estimate that non-U.S. business provides employment for the equivalent of between 1,500 and 2,000 full-time employees. That takes into consideration the production of ware for export, export marketing activities, servicing foreign technical assistance and licensing arrangements, and U.S.-based personnel concerned with our foreign affiliates' operations.

"As the statistics indicate, our investments in foreign affiliates definitely have had no adverse effect on export sales. To the contrary, most of the over \$52MM total export sales to our affiliates during the 1961-1970 period would not have occurred if [we] had not made the investments. In the period 1964-1970, exports of our machinery and equipment alone totaled over \$32MM; prior to [our] investing overseas, such exports were insignificant. [Our] investments have been made only where [our] export markets had been or were about to be lost irretrievably, or where it was not economically feasible to supply the foreign markets through U.S. exports. The major limiting factor on [our] exports is the high freight sensitivity of most [our] products.

"To complete the picture of our operation: Imports—From foreign affiliates—Less than \$100M for the entire period 1961 through 1970. Income from foreign affiliates, after foreign taxes but before U.S. taxes \$1,186M to \$12,095M." (Industrial products company)

CASE 12—"As a result of investments abroad, our marketing position has been strengthened and our sales have grown substantially around the world. Far from reducing exports of American goods, these have grown from \$7 million in 1961 to \$70 million in 1970. U.S. labor has produced approximately \$5 million worth of machinery shipped abroad and installed in our plants, a practice we expect to continue." (Electrical equipment company)

CASE 13—"During fiscal 1969, corporate orders totaled \$344 million. 30.5 percent of these, or \$105 million, were received from customers outside the United States. \$80 million, or approximately three-quarters of the international orders, were supplied from U.S. production. The remainder was supplied from three factories located outside the United States—two in Western Europe

and one in Japan. Exports of finished products from our U.S. factories provided more than 3,000 jobs here in the U.S. Our foreign factories produced a total of \$25 million worth of goods. Over 25% of the value of the goods manufactured abroad consisted of components and sub-assemblies manufactured in our U.S. factories. This provided an additional 300 jobs here in the U.S." (Industrial equipment company)

CASE 14—"The most interesting situation now is that we find we are exporting [our] foods in substantially greater quantities than we were in 1959, even though we do not export our products to the countries or areas mentioned in the earlier part of this letter."

"Actually, our export volume today allows us to operate such plant approximately 16 to 18 workdays per year. Back in 1959 when [the] plant did not have the high speed, efficient operation they enjoy today, our export volume would have accounted for operating that plant only some 4 to 6 workdays per year." (Food company)

CASE 15—"We have enjoyed very many years of product distribution in countries throughout the world. As an area example, fifteen years ago our brand of foods had a dominant share of the market in ten Latin American countries. Today, we are excluded from eight of these same ten countries which once were primary markets for our products. In the ninth country, we have survived simply because to manufacture there. After years of primary marketing investment, these countries were foreclosed to us by trade restrictions."

"In the example of the one country where we now manufacture, a wall of trade barriers had been built before we decided in favor of local manufacture and, so, the sales we now enjoy in that ninth country are not a transfer but, rather, business that could not have been shared from a U.S. base of supply."

"Industries differ one from another and what holds valid for one business may not be applicable to another. Because of the efficiency of American agriculture and the U.S. food industry, American processed foods are generally lower costing than anywhere else in the world. In our particular experience, we can pack our products and deliver them to practically any country at less than the same product can be locally processed. Since, therefore, countries are closed to us through trade restrictions, any decision for local manufacture is not one of choice but, rather, one of necessity for survival in the local market. It is not a matter of a transfer or loss of U.S. sales."

"Some ingredients used in our overseas manufacture are supplied from the United States and food processing equipment installed in the plants is of American origin, adding to the country's exports."

"As a matter of record, although we presently manufacture in many countries outside the United States, our export sales are at an all time high. Even in the countries where we have local production, we enjoy some supplemental export sales from the U.S. that probably would not have survived without the catalyst of our local manufacture and marketing operations." (Food company)

CASE 16—"During the past few years we have secured two major contracts in Scandinavia, one in Africa and one in Australia for iron ore processing facilities. Because of tariff and import barriers, local content requirements and financing and currency preferences on the part of the buyers, none of these jobs would have been awarded to a U.S. bidder for equipment manufactured in the U.S. and calling for payment in dollars. In fact, such bids were unacceptable to the buyers. By arranging for the manufacture and supply of most of the equipment in Sweden, Australia, Germany and the United Kingdom, and thus making it possible for the customer to pay the major portion of the job in local currencies, [we were] able to

participate in this business. Roughly speaking, I believe we could estimate that the total value of U.S. equipment and services required for these contracts if manufactured in the U.S. could have amounted to approximately \$24,000,000. Keep in mind that had we pursued the policy of bidding on the basis of U.S. manufacture, the net resulting business would have been zero. Nevertheless, by proceeding in the manner generally described above, [we] received somewhere in the neighborhood of \$4,500,000 to \$5,000,000 (roughly about 20% of the U.S. equipment and services value) as payment for engineering services, know-how fees and certain special parts and components of U.S. manufacture all of which, I repeat, would have been lost had we insisted in offering U.S. manufactured goods." (Machinery company)

CASE 17—"The question of labor rates overseas has played virtually no role in our overseas investment policy. Our foreign production is mostly for sale within the country of manufacture, or to neighboring countries such as in the European Common Market. Just as wage rates vary from country to country, so do prices. There are other factors which are far more important in deciding to build or buy a plant overseas, such as the market. Wage rates are important only in calculating total cost and profitability of an overseas venture, generally." (Chemical company)

CASE 18—"The majority of our products are material, rather than labor, intensive. Therefore, low-cost labor has not been a significant factor in our overseas manufacturing program. Our factories abroad were established primarily to maintain and extend our competitive position within the three major world markets or free trade areas. In general, we tend to manufacture our less sophisticated products in these factories, products for which there is considerable local competition. Although we manufacture a relatively small portion of our total product line abroad, we find that in each country in which we do manufacture, we gain the advantage of a local identity which substantially increases our total imports of U.S. products in that market. Without local production, the addition of import duties to our U.S. products would severely reduce our competitiveness and, thus, most of this important volume of business and all the U.S. jobs it provides would be lost." (Industrial products company)

CASE 19—"We would not be able to compete in overseas markets unless we produced locally. The labor content of our cost of goods sold is no more than 10% and the benefits enjoyed through these additional overseas payments and profits for override any possible theoretical loss to American labor." (Industrial products company)

CASE 20—"We have constructed the following table ranking the principle factors in determining foreign investment decisions, for your interest—ranked 1 (most important factor) to 5 (least important factor):

| | Canada | Western Hemisphere | Western Europe | Far East | Rest of world |
|----------------------------------------------------------------------|--------|--------------------|----------------|----------|---------------|
| Trade restrictions (e.g., tariffs, quotas, non-tariff barriers)..... | 2 | 4 | 1 | 1 | 4 |
| Investment regulations (e.g., local content requirements)..... | 4 | 3 | 5 | 5 | 3 |
| Market demands..... | 1 | 2 | 2 | 4 | 2 |
| Labor cost advantage..... | 5 | none | 4 | 2 | none |
| Other factors— | | | | | |
| Investment climate..... | 3 | 1 | 3 | 3 | 1 |

"Nor have our foreign investments detracted from our domestic investments. We have expanded as fast as markets, funds and management have permitted in both the United States and overseas in general."

"Nor have our overseas investments had any significant adverse impact on United States exports. On the contrary, they have been beneficial through purchase of U.S. machinery. The markets we have filled would have been filled by other manufacturers, and not by United States exports, for the most part." (Chemical company)

Case 21—"In developing our response, we have analyzed each foreign investment we have made. . . .

"Japan—To enter into the Japanese consumer products market the only choice we had was to manufacture locally. High transportation and insurance costs made it practically impossible to compete with local firms."

"As a consequence of having a base in Japan [we have] gained export sales of other products that otherwise we would not have."

"India—India's foreign exchange laws precluded sales into that country, so that direct investment was the only choice. The difficulties of exporting from the U.S. into India meant that we had no sales in that market till we invested there, since most of [our] products fall in the 'luxury' category as far as import laws are concerned. It is obvious that when one has no export sales, one similarly cannot employ U.S. workers to manufacture for export."

"Pakistan—As in India, Pakistan's foreign exchange laws make it practically impossible to export products from the U.S. into Pakistan. Further, the only way to meet competition from Eastern European countries is to manufacture locally. Prior to investing, [we] did not sell in the Pakistan market."

"Argentina—Being a country that needs to protect local industry, Argentina has established tariff barriers for most products. In addition to that, the distance from the U.S. is another important factor in the cost of exporting. Therefore, we chose to invest in a manufacturing subsidiary."

"Some of the products we manufacture in Argentina are also very service sensitive (bottles, for example), making export sales impossible to sustain. Others, like ampules and flasks, [we do] not manufacture in the U.S."

"Investing in Argentina did not represent any loss of export sales or transfer of jobs abroad because neither before or after investing had [we] exported to that market."

"Brazil—The move to Brazil was forced by the establishment of a foreign competitor (non-U.S. company) in that country. Had we not moved we would have lost the total market of which we now hold a good share."

"As a result of not losing the total market, we have been able to export parts and components to the Brazilian subsidiary."

"Mexico—Basically the reasoning for moving into Mexico was the same as to Brazil. However, in this case the Mexican government placed restrictions allowing only one [product A] manufacturer to enter the country."

"By manufacturing locally [we were] able to capture the whole market. Had we not entered Mexico, the competitor, who in this case was also a non-U.S. company, would have gotten the whole market. By doing so, [we] maintained the export of U.S. manufactured additional parts to Mexico."

"An investment in a laboratory glass operation was due to competition from Argentina, which has preferential tariff treatment in Mexico. Without the local manufacture, we would have lost the entire market. As in [our other] operation, [we were] able to maintain export of parts and components to supplement the local manufacture."

"England and France—Local competition as well as imports from other European countries with preferential tariff treatment forced [us] to invest in those countries."

"Export of supplementary parts from the

U.S. were kept by having a share of the market.

"England—By acquiring an instruments company in England, [we] increased [our] export sales of similar products by marketing them through this company's distribution network. In addition to that, [we] acquired new technology that will be used in the U.S.

"France—With the advent of EEC, our U.S. position weakened relatively to EEC countries. This forced [us] to make direct investment in France to be able to compete with European companies, particularly on [product A].

"[Certain] products . . . have strong local competition that cannot be met by exporting from the United States.

"We have maintained strong exports of [product A] to our subsidiary in France.

"Netherlands—Tariffs on imports of finished products made it necessary for us to put a finishing operation in Netherlands. With that [we have] kept the market through exporting the semi-finished product from the United States for finishing in Netherlands." (Manufacturer of glass products)

CASE 22—"We would prefer to supply foreign markets directly from our U.S. plants. If so, we could better utilize our existing capacities; more easily and cheaply raise the capital for investments and at the same time minimize the risks; increase employment; etc. However, the decision to manufacture abroad or export from the U.S. is largely dependent on outside factors rather than on our preference. This is documented by the following few examples:

"In the case of [product A], some of our customers, the local vehicle producers and/or assemblers, who often are the subsidiaries of U.S. vehicle manufacturers, want to assure themselves of a steady supply of [product A] and require, therefore, local production. We must comply and build a plant in the country in question. If we do not, our competitors, Americans or others, certainly will.

"With rising vehicle population everywhere, many governments include a [product A] factory in their national plans. Our Company is often approached by such governments, government agencies, or private organizations and invited to build the plant. If we are reluctant to establish a manufacturing facility, the government signs a contract with our competitor. As a rule, if we do not build a local facility, we lose the country as an export market as soon as local production begins because higher tariffs and other trade restrictions are established to protect the new facility. The local market is often closed to imports, except for [certain] products not produced locally. These products may be brought in by the local manufacturer if a part of a multinational company.

"A similar situation concerns our major plastic material [product B]. The established versatility of this [raw material], of which we are the major producer, lures many governments and private investors into establishing production facilities for this material locally. In some cases, however, the lack of an adequate supply of raw materials needed for production of [product B] permits the establishment of compounding facilities only, while the [basic ingredient] is exported by us from the U.S. Here again, should we fail to build a local plant, our competitors would undoubtedly do so and we would lose our exports to that market.

"All of these factors have enabled our Company to continue improving our export levels from the U.S. During the past decade, 1960-1970, tonnage exports of our plastic materials almost tripled. Our exports of other products during the same period increased by 35.6 percent. A growing portion of these exports went to our subsidiaries—from 16.3 percent in 1960 to 35.5 percent in 1970, for a total increase of 194.8 percent. These percentages reveal the importance of our manu-

facturing subsidiaries abroad to our exports from the U.S. Many countries permit us to export from the U.S. only because we have a local manufacturing facility but do not produce all types of products locally. Otherwise, we would be excluded from that market." (Supplier to automobile industry)

CASE 23—"As a pharmaceutical firm, engaged primarily in the manufacture and marketing of ethical drugs, we have been subjected to increasingly strict regulatory procedures and economic pressures in almost every country in which we operate. Some of the restrictions we have encountered have been legitimately inspired by serious concern for the medical welfare of nationals. Others have been motivated by the desire to reduce imports, to favor national raw material suppliers, to favor locally-owned industry, to attract research to within national boundaries, and the compel the transfer of technology to nationals.

"There follows a representative, but by no means inclusive, listing of some of the problems we have encountered:

"a. A country insists that a local raw material be used. The borders are closed to any finished product which contains this ingredient. The raw material differs chemically from that used in the domestic (U.S.) product. Decision: Manufacture the product locally.

"b. A country enacts a law declaring that if a patent-protected product is not manufactured locally, the patent rights may be ignored and the product may be purchased from patent infringers. Decision: Manufacture locally.

"c. A country with a comprehensive social security system which includes the provision of free pharmaceuticals decrees that the 'lowest bidder' on a tender for a pharmaceutical is the in-country producer whose bid is no more than 10% higher than the lowest tender for the imported product. Decision: Manufacture locally.

"d. A country decides that no foreign enterprise may be more than 55% foreign-owned. The only suitable local minority partners insist that their own manufacturing facilities be utilized to produce some products as part of the partnership agreement. Decision: Manufacture locally.

"e. A country, by law, stipulates that finished goods of a company may be imported only if that company is engaged in some local manufacture. Certain finished goods which are widely accepted cannot for technological or cost factors be manufactured locally. Therefore some products must be locally manufactured to permit the import of others. Decision: Manufacture locally.

"f. A common market organization establishes tariffs for pharmaceutical products entering from outside the market and eliminates tariffs within its boundaries. Price competition within the boundaries is very strong. Decision: Manufacture locally.

"The results of these pressures and the subsequent decisions to market locally include:

"a. Each year the volume of goods manufactured abroad increases; each year the dollar and unit volume of goods exported from the U.S. to company subsidiaries increases.

"b. While much of the volume increase in exports is in intermediates, the absolute volume of finished goods exported from the U.S. has also increased each year. Since 1952, when export sales amounted to less than 4% of total corporate sales, through 1970, when international sales amounted to 33% of total sales (sales five times as great as in 1952), the Company has established [many] overseas subsidiaries and has built manufacturing plants in [various] countries with additional manufacturing plants currently under construction.

"c. Sharply increased exports of intermediates has created highly-skilled jobs within the U.S.; the increase in export of finished goods has created new unskilled, semiskilled

and highly-skilled jobs in the U.S." (Pharmaceutical company)

CASE 24—"For the five year period 1966-71 our foreign investments can be grouped into three categories:

"A. Investments which by their nature have no impact on U.S. exports: purchase of land, construction of office buildings, replacement and modernization of existing facilities, creation of business operations for products inherently foreign which could not be exported from the U.S. in any case.

"B. Foreign investments which actually increase exports of U.S. made products such as marketing and support service operations, warehouses and distribution networks.

"C. Foreign investments that theoretically substitute for U.S. exports.

"During this five year period the total foreign investments were about \$160 million of which Groups A & B accounted for 65% and Group C 35%.

"In the description of Group C items 'theoretically' is emphasized in defining the category as including investments for the production of products that substitute for U.S. exports. In reality none of the investments in this group were substitutes for U.S. exports. As a firm policy, we invest abroad in local facilities to supply host country markets only when these markets cannot be supplied from U.S. sources. There are many reasons why U.S. exports cannot be sold at a profit in specific markets; actual prohibition against them by quotas, exorbitant import duties, non-tariff barriers, host government subsidies to local producers, etc.

"As a matter of fact, the Group C investments almost always assist U.S. exports through:

"a. export sales of capital equipment needed to establish manufacturing capabilities; and/or

"b. continuing export sales of raw materials and components used by the foreign facilities in assembling the end products." (Electrical machinery company.)

CASE 25—"Exports of \$35,000,000 in 1970 compare with \$4,000,000 in 1961—11½ percent of sales over \$300,000,000 in 1970 compared to 3 percent of 1961 sales of \$133,000,000—and now equal foreign sales from affiliates abroad." (Equipment company)

CASE 26—"We suggest that the path followed by American management of establishing local production facilities which would 'pull' exports of U.S. goods has proven to be for the benefit of U.S. industry and its production employees in the U.S.

"In our company the benefits received by our production employees in terms of full and expanded employment as a result of the development of our international business is striking. In 1935 when our company started its international expansion program we had export sales of \$817,000. By 1970 our export sales had reached the figure of \$19,148,000. The number of production employees engaged in producing goods for export has increased substantially over this period.

"The significant increase in export sales by our company in the years since 1935 could not have been accomplished without our foreign operations, including our overseas manufacturing facilities." (Drug company)

CASE 27—"Summary of U.S. Exports to Wholly-owned Subsidiaries, Joint Ventures, and Licensees

[In thousands of dollars]

| | 1955 | 1960 | 1965 | 1970 |
|-------------------------|-------|-------|--------|--------|
| United Kingdom (A)..... | 250 | 250 | 2,226 | 4,221 |
| United Kingdom (B)..... | | | 493 | 2,302 |
| Germany..... | 25 | 121 | 1,892 | 2,407 |
| India..... | 252 | 1,181 | 1,722 | 1,224 |
| Japan..... | 100 | 278 | 512 | 3,174 |
| Mexico..... | 2,307 | 4,542 | 6,259 | 9,869 |
| Total..... | 2,934 | 6,372 | 13,104 | 23,197 |
| Employees..... | 98 | 212 | 437 | 807 |

"[The firm's U.S.] sales per employee are approximately \$30,000 per year. Consequently, whereas in 1955 some 98 [U.S.] employees were engaged in sales to the countries listed above, in 1970, 773 employees were engaged in these exports, an increase of 675 employees (689%)." (Industrial products company)

CASE 28—"With a local manufacturing approach, however, we were able to continue exporting to our subsidiaries in these areas components from U.S. production which are included in the local production and in addition, we are still able to export certain types of completely assembled units from the U.S. to those areas, which would not have been possible had we not been physically present in the area.

"The total international volume of our company outside of North America amounts to over 20% of the total corporate volume (approximately \$400 million in 1970). Our international volume has increased more than five times during the last nine years. Our growth in the foreign field has been possible only because of the increased investment we have made in foreign manufacturing. At least 30% of our total international volume is composed of components which are shipped from our U.S. manufacturing facilities." (Industrial machinery company)

CASE 29—"In many cases we must manufacture consumable supply products abroad because borders have been closed against import; this enables reliable support with quality supplies of those U.S. machines assembled locally from parts or those models which may have been imported fully assembled where quality and reliability may outweigh price considerations. This again is strategy to preserve maximum demand for U.S. made products.

"Obviously, if we do not choose to fully satisfy a market potential, someone else will fill the vacuum; and all our export business will go by default." (Electrical equipment company)

CASE 30—"When we manufacture abroad, we manufacture the standard items that are typically manufactured less expensively. We need a sales force to sell these products abroad. This same sales force sells special products and new products which are manufactured in the United States and which cannot be manufactured economically in the foreign country. Without the foreign subsidiary sales force, very few of these products would ever be sold. Historically speaking, we export more, in relation to the size of the market, to countries where we have subsidiaries than to countries where we do not.

"Since the foreign country subsidiary handles all the sales and administrative functions, and provides all the local standard threads and adapters, we are able to ship standard U.S. made products to the foreign subsidiary at a lower price than we could sell a customer. Thus where economic advantages due to long production runs do exist in the United States, we are able to supplement our foreign manufactures by exporting those products.

"The net result of this program is that over an 8-year period our exports have increased from \$4 million a year to \$6 million a year; our foreign sales have increased from \$12 million a year to \$46 million a year; and our imports have fluctuated below the \$1 million a year level, with no trend being apparent at the present time." (Electrical equipment company)

CASE 31—"In all instances, we find that the existence of our own manufacturing facilities in a foreign country enhances the ability to export into that country from the U.S. high technology and specialty items which cannot be produced efficiently in the foreign country. We have enjoyed a steady growth in our exports of such products for several years.

"We make a substantial volume of intermediate products which are incorporated into a wide variety of finished items. A major portion of these intermediates are made in the United States which is the primary source of supply for our foreign subsidiaries. Without manufacturing facilities in foreign countries we would be at a serious disadvantage in maintaining the high level of production of such intermediates in the United States. We have considerably expanded our facilities here in the past 5 years for production of such intermediates." (Industrial products company)

CASE 32—"In light of these many investments over the last 15 years, our domestic operations have received direct benefits through our overseas affiliates. In every case, a door has been opened for the sale of domestic products or raw materials, either through [our] sales offices, sales representatives or licensees abroad. In the period 1962-1970, [our] exports have increased 300% and have been supplemented by our production facilities abroad. (It is important to note that the goods which are exported are not generally the same as those produced abroad.)" (Materials company)

CASE 33—"As a matter of fact, using the new Mexican plant as a base of operations, significant increases in sales of Product Line 'A', manufactured in the U.S. and exported to Mexico, have come about." (Equipment company)

CASE 34—"Setting up marketing organizations in the different countries resulted in increased exports from the U.S.—from approximately \$12 to \$15 million in the late '50s to in excess of \$65 million in 1970.

"Approximately 20% of our total sales are made in foreign countries. Of this 20%, 30% are exports from the U.S. to a foreign affiliate who makes the sale. Without the foreign affiliate our exports and direct subsidiary sales would be negligible." (Machinery company)

CASE 35—"In 1970, through purchase orders to vendors and materials drawn from U.S. plants, [we] exported almost \$3 million worth of components, raw materials and products in various stages of manufacture. This does not include our export sales of finished goods from the U.S. which amounted to an additional \$1.17 million. To balance this figure, we imported a total of approximately \$126,000 worth of materials and products from abroad." (Toiletries manufacturer)

CASE 36—"Our plant in Holland does not manufacture a complete line, so we supplement it with items from this country. Sales today in Holland are larger than our exports to the Common Market were in 1957.

"The 'foot in the door' to the EEC also gave the company access to some newly independent African nations. The former French colonies are big users of [our product]. Had we not been in the Common Market, our sales there would have been zero—or a drop in the bucket. We had none." (Tool company)

CASE 37—"A distinction needs to be made between overseas investments in marketing affiliates and investments in production facilities. (Our) foreign investment in plant facilities has been made primarily in response to the competitive forces encountered in our overseas markets. As most of the products with which we compete are produced overseas, it has been necessary to secure the same cost advantages they have over U.S. exports. These cost advantages include lower labor and transportation costs and more favorable tariff rates. Without these plants, it is estimated that at least 70% of the sales involving their production would have been lost to competition. That would have meant a loss to the U.S. balance of payments of the profit and royalty remittances associated with these sales and of most of the \$30-40 million in assembly parts exported annually in the last few years. Moreover, most of the

1,500 jobs associated with those exports would have been lost.

"The products produced in our overseas plants support U.S. export sales and jobs in another important respect. They provide a competitive base for selling the more sophisticated products now exported from our U.S. plants through our foreign sales and service organizations. Most of (our) overseas investment is in these marketing affiliates, which develop expanding local markets for our U.S.-made products around the world by maintaining extensive customer contacts and substantial (our) positions in keenly competitive environments. These affiliates supply our U.S. plants with local market requirements for new products. New technologies developed overseas are also incorporated in U.S. products for both foreign and domestic markets. These affiliates were responsible for the bulk of our international revenues, which comprised 45% of total 1970 corporate revenues.

"In 1970, [we] exported \$170 million in equipment, parts, and supplies from [our] U.S. plants. It is estimated that over 4,500 jobs were associated with these exports. Without the foreign investments which supported these export sales, many of those jobs would not exist. In 1970, when U.S. domestic demand was sluggish, the 25% increase in our export business took on added importance in providing U.S. jobs." (Office machine company)

CASE 38—"Our direct overseas investments have been uniquely tailored to achieve market penetration and growth under circumstances which at least in our estimation would not be possible through direct export from the U.S.

"Perhaps the most clear example of the above statement is our investment in Mexico which was made in the latter part of 1957. Because of the protectionist attitude of the Mexican government toward local industry, importation into Mexico of many of our standard products which we consider the bread and butter items of our offerings were not permitted. Consequently, a market which before World War II had been of some importance to [us] by 1955 had been reduced to virtually a market for replacement parts and some specialized items not at that time produced by our Mexican based competitors.

"In order to re-establish a position in the Mexican market, we did in 1957 establish a subsidiary company in which [we have] a controlling interest and Mexican shareholders a minority position. Our exports to Mexico prior to 1957 amounted to less than \$50,000 a year, but in 1970 exports in the form of parts, subassemblies and finished apparatus not currently produced by our Mexican subsidiary or competitors amounted to over \$300,000.

"I have not tried to make an evaluation of the production labor hours represented by our exports to Mexico in 1955 versus a similar statistic in 1970. It would be necessary, of course, to state these exports in terms of constant dollars in order to make an accurate comparison. I am positive, however, our costs have not gone up six times in the 15 years and that in fact we have increased employment here in the U.S. as a result of our investment.

"Perhaps the most telling statistic in terms of benefit in our overseas investments is the comparison of U.S. exports in 1957, the year in which we made our first overseas investment—the one in Mexico, with our direct exports in 1970. In 1957 our exports amounted to \$1,200,000, whereas, in 1970 our exports amounted to approximately \$6,500,000. In the years between 1957 and 1970 [we have] made investments, in addition to the one in Mexico, in Canada, India, South Africa, Costa Rica, France, Holland, Germany, Belgium, Italy, Spain and Sweden. Today over 50 percent of our direct exports are in the form of parts, subassemblies as well as finished apparatus to associate companies in which

we hold either a controlling or minority equity position.

"I cannot state unequivocally that our exports would not have increased in these 15 years had we not made the above mentioned investments. I am positive, however, our exports would not have increased as dramatically if it were not for these investments.

"I would like to cite another case where an investment was made in a market which could not be penetrated by another means. A 49 percent equity investment was made in [a firm in] India which has been operational for three years. Exports of complete apparatus to India are today not materially different than prior to our investment. These exports are to customers which have been customers of [ours] for a good many years. [Certain] products which are sold to Hindustan Aircraft are not manufactured by our Indian associate and are products we have sold in that market for a considerable period of time. We do, however, sell to our Indian associate parts and subassemblies in excess of \$150,000 annually—sales which did not exist prior to our investment." (Electrical equipment company)

CASE 39—"From the end of 1960 to date, eight manufacturing installations have been established abroad in Japan, Australia, Mexico, Argentina, Canada, Germany, France, and South Africa.

"Except as noted below, the primary motivating factor in establishing these manufacturing entities abroad was that competition had either already started or was about to start foreign operations with the result that any business which we enjoyed in that territory had either been lost or was about to be lost to a local supplier. In some cases these foreign competition activities were sponsored by U.S. based firms but in a number of cases such as Australia and Japan, local brands, locally owned were established. In other areas such as Germany, South Africa, France, and Australia, local activities—foreign owned—operating under license arrangements with U.S. firms were in operation.

"A second factor which lead to the undertaking of local activities was the limitation of export due to barriers imposed by high duty rates (Argentina 110 percent, Australia 57 percent) and import embargoes (Mexico).

"Results 1960-1971—In the year 1960, the total amount of export business to customers abroad purchasing our completed devices for incorporation into their packages amounted to approximately \$500,000. The bulk of these shipments was destined for Europe (primarily Holland, Switzerland, France, Germany, and Scandinavia). The industry had not been developed in Latin America, Africa or the Far East to any degree at that time. Clearly with the establishment of manufacturing facilities first in Germany in 1961, the volume of export of complete units to Europe declined sharply but was continuously replaced by increased exports to other areas notably South Africa, Argentina, Venezuela, etc. Just as had been the case in Europe with the establishment of the German plant, exports declined rapidly with the establishment of local production facilities by competitors. In the case of South Africa, a British owned competitor established manufacturing facilities there and, had we not set up a local production facility promptly, the entire export market and any possibility of supplying the market through local manufacture would both have been foreclosed.

"The loss of market potential is even more dramatically pointed out in the case of Australia. In Australia a local competitor was established which captured more than 50 percent of the total market and a second competitor—a licensee of a U.S. competitor, captured virtually the rest of the market. The result was that exports from the United

States to Australia by our firm were less than \$5,000 in 1965.

"This whole situation can well be summed up by the statement that if you are not in the local market directly, you will lose the entire market as soon as someone else establishes there. Furthermore, the fact that the industry started in the United States does not give any complete monopoly to United States intelligence and many local organizations have proved themselves capable of competing with or without technical assistance from the United States.

"Despite the fact that large segments of the total world market are now serviced by us with local manufacturing facilities, exports of completed assemblies in 1970 exceeded \$650,000. In other words our export activities now center on shipments to other areas than they did in 1960, but are still substantially higher than they were at that date.

"While export of complete units has increased, the supply of component parts to our various manufacturing subsidiaries abroad in 1970 totaled well over one million dollars. In addition to the shipment of component parts and finished units, we have also exported equipment machine tools, and automatic assembly lines to our foreign subsidiaries in a total volume of some two million.

"In summary, if we did not have manufacturing subsidiaries abroad we would still have exported something more than we did in 1960, but the tripling of the 1960 level of exports is due almost exclusively to the fact that we manufacture parts in the United States for shipment to our subsidiary companies thus providing exports which, without foreign subsidiaries would not exist.

"In view of the above it becomes apparent that:

"1. The amount of U.S. labor employed in manufacturing components and completed assemblies for export is substantially higher than it was in 1960.

"2. The fact that some 600 people are now employed in our foreign operations abroad has no bearing whatever on the use or lack of use of U.S. labor since that business would not be available to us or to any U.S. based manufacturer, but for the existence of foreign manufacturing facilities.

"3. Through actual calculations, we have determined that there is no such thing as a 'lower labor cost.' There are lower hourly wages paid in a number of countries in which we are in operation but 'lower labor cost' implies that productivity is of a similar nature to the U.S. productivity figure and therefore, labor cost per unit of production is reduced. This has not proved to be the case. We have found that the cost to produce one unit, i.e. the labor cost, is approximately the same regardless of the hourly wage paid. This is due to differentials in productivity. It must be noted that all of our manufacturing operations abroad are equipped with the same high speed mechanized equipment as we have in the United States. The difference in productivity is due to larger production runs in the U.S.A., shorter 'legal' vacations, better use of work time, lower illness and absenteeism, etc.

"4. In view of the absence of 'lower labor costs' and the presence of higher prices for raw materials, we have found that the cost of production in all areas is as high as or higher than in the United States. It follows therefore, that the export of foreign finished products to the United States exists only in small shipments of specialized items." (Manufacturer of mechanical devices)

With the permission of General Motors Corporation, whose development of its worldwide operations covers a long span of exporting and manufacture, its response is quoted below at length:

CASE 40—"Development of General Motors World-wide Operations.

"The history of General Motors clearly demonstrates that the extension of its operations outside of the United States was never in any way undertaken to the detriment of expanded investment and employment in the United States. Over the period 1950-1970, GM's total expenditures for plant and equipment (excluding special tools) amounted to \$14.3 billion, 80.8% of which was spent in the United States. Over this same period GM's total employment averaged 621,400 employees, and ranged from a low of 490,700 in 1952 to a peak of 793,000 in 1969. Employment in 1970 averaged 695,800. The ratio of employment in the United States to total world-wide employment averaged 77.7% over the last 21 years.

"The distribution, service, assembly and manufacturing facilities which General Motors has established and operates outside of the United States have as their objectives the achievement of sales which could not be effected by means of such facilities located only in the United States. The motivation for the establishment and operation of its world-wide facilities has been the challenge of competition for customers for its products throughout those areas of the world to which they are permitted access. The search for markets and not the search for low-cost labor or special investment and tax incentives has been and always will be the dominant factor in determining the location and course of action of its operations around the world. An examination of the evolution of General Motors from its earliest days to present confirms this fact.

"General Motors began competing for sales in foreign markets by exporting fully assembled vehicles from the United States. Between 1911 and 1922, almost all of its sales abroad were made in this way. The largest number of such units exported in this period was about 30,000 in 1920.

"With rising incomes in Europe, motor vehicle demand increased rapidly during the 1920's, rising from about 250,000 in 1921 to around 1,500,000 vehicles in 1929. In unit terms, 1929 represents historically the peak year in U.S. automobile exports. Close to 750,000 U.S. source cars and trucks were sold in foreign markets that year, of which General Motors supplied about a third.

"During this decade of the twenties, European countries were beginning to develop their own automobile manufacturing industries and in doing so imposed tariffs and other restrictions to provide protection against imported U.S. source vehicles. Import duties on fully assembled cars and trucks were generally set higher than those on parts and components for assembly, and local producers had the added natural advantages of location and lower transportation costs from factory to customer. To meet these conditions General Motors, between 1923 and 1928, opened nineteen assembly plants in fifteen overseas countries. By 1929 over 65 per cent of the GM cars and trucks exported from the United States were shipped as parts and components to its foreign assembly plants. Without such assembly plants abroad neither General Motors nor the rest of the U.S. automobile industry could have achieved the high export volumes for U.S. motor vehicles recorded during the second half of the 1920's against intensifying foreign competition.

"By the end of the 1920's, however, it became evident that although local assembly abroad greatly assisted the continued sale of U.S. source vehicles in export markets, the preponderance of demand in the principal foreign markets increasingly would be tending toward product types differing from those required to meet the demands of U.S. consumers. In 1930, U.S. passenger cars in the high sales volume low-priced group averaged 108 inches in wheel base, 180 inches in over-

all length, 188 cubic inches in engine displacement and about 2,500 lbs. in curb weight. Their average retail price was the equivalent of about 22 per cent of per household national income. In contrast, the most widely sold passenger cars in Europe had an average wheel base of 95 inches, an over-all length of 150 inches, engine displacement of 58 cubic inches, and curb weight of 1,650 lbs. Annual vehicle registration fees and insurance premiums in Europe were sharply progressive in relation to engine displacements. These factors, combined with high gasoline taxes, kept engine sizes small. Even so, the retail prices of such cars, equal to some 70 per cent of per household national income, made them relatively much more expensive to foreign buyers than were the larger, more comfortable and better performing U.S. cars to American buyers.

"These wide gaps in retail prices and operating costs relative to consumer incomes and the great differences in driving conditions between the United States and most other countries accounted for the foregoing differences in product concept and design. Americans who could in increasing numbers afford the larger type vehicle did not accept the smaller foreign type in any significant volume. Thus the United States did not provide the large volume domestic market base required for a U.S. source product to be manufactured on a sufficiently large scale to compete effectively with the smaller vehicles produced abroad to meet the demands there.

"The world-wide economic difficulties of the early 1930's induced extensive distortions in international trade. Industrially advanced countries abroad invoked high tariffs, discriminatory taxes and other measures to protect and promote the domestic market interests of their own developing automobile industries. In the period 1920 through 1924, the four principal foreign automobile manufacturing countries at that time—France, Germany, Italy and the United Kingdom—supplied an average of 75 percent of their domestic demand for automobiles and imported 20 per cent from the United States and 5 per cent from other sources. In the period 1930 through 1935, however, these countries supplied an average of 95 per cent of their own requirements and imported only 4 per cent from the U.S. and 1 per cent from other sources.

"General Motors' reaction to these trends, which became increasingly evident as the nineteen twenties progressed, was that to assure for itself a competitive capability to meet consumer demand for automobiles in expanding world markets outside the United States, it would have to acquire manufacturing facilities abroad. Consumer demand considerations prompted the General Motors' acquisition of two motor vehicles manufacturing facilities, one in England in 1925 and one in Germany in 1929. The objective of these major extensions of GM's world-wide operations was most emphatically not to replace exports from the U.S. by cars produced in other countries. It was obvious that unless General Motors had economic sources of non-U.S. type products, its participation in overseas markets would decline when confronted with the natural advantages enjoyed by foreign manufacturers and the protective policies of their governments.

"The pre-war trend continued after World War II with most foreign economies disrupted and seeking to re-establish their competitive bases. The divergence of American and foreign vehicle types persisted, as did restrictive import quotas, high import duties and other tax and non-tariff barriers.

"Australia, formerly a relatively large export market for U.S. source automobiles (1935-39 annual average of 50,000 total American source and 21,000 GM American source cars and trucks) in October, 1944 addressed a communication to the local General Motors assembly operation requesting an

indication of any interest it might have in undertaking the manufacturing of a motor car in that country. It further requested that if General Motors was interested, it should submit a proposal at an early date for consideration by the Australian government. Following are some excerpts from the proposal GM submitted in January, 1945:

"We would undertake to manufacture in Australia a five seater sedan car and related utility (a small passenger and cargo carrying vehicle) which would be specifically designed for the economic and operating conditions of Australia.

"The objective of General Motors-Holden's Ltd. is to manufacture Australian motor vehicles in the low price group to sell competitively with imported vehicles without subsidy and without increase in the customs tariff rate prevailing in 1939.

"General Motors-Holden's does not request that any special advantages be extended to them. This recognizes that any other concern will be equally free to enter into manufacture of any type under the same conditions as are accorded by the Government to General Motors-Holden's."

"It was obvious to General Motors that since the Australian government had addressed its request to a number of world-wide manufacturers, the chances were that if it did not accept the challenge, some other manufacturer or manufacturers would. The consequence would have been to accept withdrawal from or severely curtailed participation in a motor vehicle market with substantial growth potential. General Motors, by accepting the challenge has seen its production of cars and trucks in Australia increase to 190,000 in 1970, and its continuation as a major supplier of the Australian motor vehicle market—35% annual average 1965-70.

"A number of other countries, such as Argentina, Brazil, Mexico, Republic of South Africa and Venezuela, which had been large export markets in the past for U.S. produced motor vehicles, have followed Australia's lead and are currently engaging in local automobile manufacturing to increasing or virtual exclusion of imported vehicles. Continued participation in these expanding markets by General Motors has been possible only by investments in facilities required by government-imposed local manufacturing programs.

"Before World War II, Argentina was one of General Motors' best export markets outside of Europe with average annual sales of 12,300 cars and trucks over the period 1935-39. While Argentina was moving ahead with general industrial expansion, General Motors was of the opinion that because it lacked strong supporting industries and was short of essential raw materials, its overall economic development would be advanced more effectively in the automotive sector by continued reliance on a combination of the economies of local vehicle assembly with the efficiencies of outside parts and component manufacture. However, in 1958 and early 1959, Argentina moved rapidly in the direction of local automobile manufacturing and General Motors had to reconsider its position in that country. Prohibitive import duties, surcharges and licensing requirements were instituted in 1959 aimed at an early phasing out of vehicle importation and assembly. For example, a Chevrolet passenger car then selling for around \$2,500 in the United States would have cost over \$20,000 with duty and surcharges. These import restrictions were followed by governmental decrees requiring the imported content by value to be reduced to 30 per cent for trucks and to 10% for passenger cars by 1964, and the institution of prohibitive surcharge scales—up to 200% of c.i.f. value for trucks and 400% for passenger cars. By 1969 the Argentine program effectively limited the maximum allowable import content to 2.5% for passenger cars and to 10% for commercial vehicles.

"For manufacturers with approved programs, machinery, tools and equipment could be brought into Argentina duty-free, and protection against imported products was provided through surcharge schedules favorable to local manufacturers. The decision confronting General Motors under these circumstances was whether to go along with the Argentine vehicle manufacturing program, or to abandon participation in that market. Its decision was to conform with the program, and it reflected primarily the desire on the part of General Motors to retain a position in one of its important traditional markets and one which it considered to hold promise of substantial future growth. In 1970 GM manufactured 34,700 cars and trucks in Argentina.

"In 1956 the Brazilian government decreed that by 1961 motor vehicles had to be produced almost entirely with locally manufactured parts and components. General Motors again decided not to abandon its participation in a market which showed signs of developing, in the years ahead, into not only the largest vehicle market in Latin America but also into one of the largest in the world. In 1970 the total market in Brazil was 417,700 units and GM's production was 70,100 units.

"In the cases of Mexico, the Republic of South Africa and Venezuela, local content requirements have also been instituted but not to the extent of Argentina and Brazil. Mexico and South Africa require the local manufacture of engines but not Venezuela. However, the local content percentages are in all cases being progressively increased. While they are not likely, at least for some time, to reach the levels of Argentina and Brazil, they nevertheless compel investment decisions determining continuing market participation. General Motors decided not to forgo the opportunity to participate in these markets (1970 total unit sales: Mexico 191,600; Republic of South Africa 297,600; Venezuela 76,400) and accordingly has made and will continue to make investments in facilities required under the respective automotive industry development programs.

"Japan has become the focus of a great deal of interest recently by the American automobile industry. General Motors has shared in that interest. Japan's motor vehicle production, domestic market sales and exports have in recent years significantly outperformed the phenomenal growth of that country's overall economic growth. Japan by 1970 had become the world's second largest manufacturer of cars and trucks as well as the second largest market for motor vehicles. In contrast to all other major automobile manufacturing countries which by 1970 had become fairly large importers of motor vehicles, (imports as a percentage of total passenger car market: U.S. 14.7%; U.K. 14.2%; France 19.8%; Italy 27.7%; Germany 22.5%; Australia 28.1%) Japan's market remained virtually closed to outside competition. Foreign source products account for but 0.7% of the total Japanese passenger car market in 1970. Thus while Japan was successfully keeping foreign manufacturers from participating in its large and expanding market through either investment or trade, its own automobile producers were in a position to compete freely in the United States and most other major markets of the world. This lack of reciprocity and denial of access to the Japanese market has constituted a major complaint of the U.S. automobile industry, including General Motors.

"Japan's rapid economic growth and expanding exports, together with increasing pressures from foreign governments and industries, have worked to bring about some relaxations in its import restrictions. In the case of the Japanese motor vehicle market, the absence of import quotas and duties would not necessarily open up opportunities to outside manufacturers for any significant

sales volumes of foreign source products. High costs of transporting cars and trucks from North America and Western Europe to Japan; a well-developed, efficient and high volume domestic manufacturing industry; and, the unique feature of a large demand (700,000 units or 30% of total passenger car market in 1970) for 'mini' cars of under 22 cu. in. engine displacement produced nowhere else, provide that country with a high degree of special insulation from import competition. For General Motors to participate in the Japanese automobile market thus requires more than equitable entry terms for its cars and trucks produced in the United States or other countries. It requires access through investment in facilities for the manufacture in Japan at Japanese cost of types of vehicles that can compete for sales in that country against the products of other local manufacturers. Without such facilities General Motors has been denied the opportunity to compete at all effectively in a market that in 1970 had reached 4,200,000 cars and commercial vehicles and that is projected to increase to around 4,800,000 in 1975. In July 1971 GM reached agreement with Isuzu Motors, a Japanese motor vehicle company, on terms for an equity participation in manufacturing and distribution facilities in Japan. That agreement is now awaiting what is expected to be early formal approval by the Japanese government.

"The basic objective of the arrangement now governing trade in automotive products between the United States and Canada has been to enable Canada to develop and maintain a North American manufacturing position in this product area more commensurate with its consumer role. Neither the U.S. automobile industry as an industry nor General Motors as a company took the initiatives that culminated in the United States-Canadian Automotive Products Agreement of 1965. However, both the industry and General Motors have cooperated with the governments of the United States and Canada in implementing the terms of that Agreement and its related legislation. Total trade in motor vehicles and parts, components and accessories expanded from \$1.2 billion in 1965 to \$6.7 billion in 1970, with U.S. exports to Canada increasing from \$931 million to \$3.2 billion and Canadian exports to the U.S. rising from \$227 million to \$3.5 billion. The agreement is regarded as a trade-expansive solution to a trade imbalance problem Canada was determined to cope with. The alternatives being considered were negative in nature and would have resulted in sharply reducing the exports of U.S. automotive products to Canada. The United States would have experienced a major negative impact upon its annual automotive trade balance with Canada through greatly reduced export volumes. Canada would have succeeded in reducing its large trade imbalance with the United States, but at the high price involved in promoting import substitution for products whose unit manufacturing costs are closely correlated to output volumes.

"It is the challenge of the world motor vehicle market and not just the challenge of the United States market that has been the primary influence in determining the allocation and location of General Motors resources around the world. It is that challenge that has determined its evolution from a national company into a worldwide enterprise. The use of its resources to meet specialized consumer demand for motor vehicles has been influenced in certain instances by tariff and non-tariff barriers and national requirements to undertake local manufacturing. In no instance has the motivation been to seek and use low cost labor and substitute foreign production for U.S. production to supply that specialized demand.

"Finally, the General Motors responses to the 1959 (10%) and current (15%) import

penetrations of the U.S. passenger car market were not those of drawing heavily on the outputs of its overseas subsidiaries to meet the competitive challenges. The response to the earlier import thrust was a peak import of some 63,300 units from Germany and U.K. in 1959. In the meantime it was developing its U.S. source compact cars. This was also the course taken by other U.S. automobile manufacturers. By 1963 imports of Opel and Vauxhall cars by General Motors had declined to 482 units. Imports as a whole had declined to 4.9% of the U.S. market by 1962. They stayed below 10% until 1968, the first year in which Japanese source passenger car imports exceeded 100,000 units. By that time it also became evident to General Motors that Japanese manufacturers, with access to the U.S. market free of any arbitrary restrictions on trade and investment and at low import duties (5.5% in 1968; 3.5% in 1971; and 3% after January 1, 1972), would become large suppliers of cars in the American market.

"The General Motors' response was to resume the importation of some of its Opel passenger cars while designing and engineering a competitive car for efficient low cost production entirely in the United States by American labor and almost completely of U.S. parts and componentry. This was the concept of the Chevrolet Vega introduced in 1970. Despite interruption of production during a long strike that same year, Vega ended its first model year production run at 269,900 units. Sales of Opels declined from 91,200 in 1969 to 83,200 in 1970. General Motors, while highly satisfied with the initial results of its second major effort to confront foreign competition head-on in the U.S. market, is, nevertheless, not complacent about the longer term implications of escalating costs in the United States in maintaining that successful competition. The comparative cost handicap of the United States in the manufacture of small import type cars is only too evident from a reading of the current cost of an hour of labor in the U.S. of \$6 vs. \$3 in West Germany and under \$2 in Japan.

"General Motors, in its role as a worldwide automobile manufacturing enterprise, will in the future, as it has in the past, exert its maximum efforts to compete for customers for its products in as many different countries as possible. It will use its resources as efficiently as it can to provide the types of cars required to satisfy consumer demand. It does not expect any market to be more open or to offer more opportunities for substantial sales of a greater variety of motor vehicles than the United States. The extent to which General Motors or any other U.S. manufacturer will be able to supply that market over its entire product range from U.S. facilities will in the final analysis depend upon the degree to which cost and productivity increases can be kept in reasonable balance."

All the above Cases argue strongly for the *a priori* case that investment is needed to expand exports, particularly where governmental restrictions dictate a relocation of production and where local markets abroad are expanding rapidly enough to warrant the establishment of production facilities in the actual market.

TRANSFER OF TECHNOLOGY AND LOW-WAGE IMPORTS

The basic issues with respect to the second claim of Labor and other groups are: what constitutes "advanced technology," what constitutes "low labor costs" and the extent to which products that are manufactured abroad incorporating advanced technology and low labor costs are exported to the United States. Where such technology is employed at overseas manufacturing facilities having lower labor costs, such facilities are referred to as "runaway plants." The results of the NFTC survey show that the prob-

lem of runaway plants is centered in a very few industrial sectors and in a few components or relatively simple products. Here again, as with the analysis of whether export reductions result from foreign investment, we must exclude from this claim of Labor imports which arise from investment in certain industrial sectors abroad such as raw materials and items not produced in the United States.

Fifty of eighty companies responding to this question reported that they had no imports whatsoever from their foreign affiliates. One company reported it had traditionally imported from its affiliates, but that the volume had declined some five per cent during 1960-1970. Seven companies reported they were importing from their affiliates but the volume was exceedingly small: "components and materials equal 0.4% of sales, of which only a small fraction was from affiliates"; "infinitesimal amounts"; "less than \$1 million on over \$1 billion of sales"; "insignificant amounts of products not formerly produced in the U.S."; "less than 1% of sales, of items not in the U.S. line"; "less than 1% of sales, with 1/4 of this exported"; "1/2 of 1% of total overseas business, specialty items."

The phenomenon of importing items not in the U.S. line was illustrated by still more companies: tires of "foreign" sizes household items, some office equipment, and machinery. These are items produced in volume for a different market and for which the market in the United States is not sufficiently large to justify local production. Two companies reported, however, that as soon as U.S. production was large enough, they would introduce production in the United States. One company, instead of exporting advanced technology so as to produce abroad, bought such technology abroad, is currently producing the item only abroad but will start up in the United States as demand increases.

The remaining companies were importing what they considered to be significant amounts (unstated) of components or final items for a variety of reasons. But none considered that the technology being transferred to support such production could be classified as "advanced." On the contrary nine companies categorically stated that the technology was quite low; another that the low-wage countries could not undertake the highly-advanced technologies within that industry; and still another that the imports were not from low-wage countries. Examples are as follows:

CASE 1—"The repurchase by us of certain parts and materials produced in such facilities to our quality standards enables us to offset some domestic inflationary pressures providing a more competitive product to our local customers who can, in turn, remain more competitive with their overseas competition in the U.S. market."

"While advanced technology is available for export, the conditions in overseas countries do not often permit the rapid incorporation of such technology in their products. The time phasing is generally such that new technology is kept on the favorable side of U.S. produced products." (Auto equipment company)

CASE 2—"Our imports, which have consistently been very low in relation to our exports, are primarily of older technology, labor intensive products. If we did not produce these products in lower cost areas we would be driven out of this market sector both in the U.S. and overseas by foreign competitors who would therefore become larger and stronger and more able to compete with us in other market sectors. The imports would, of course, come in anyhow in a price competitive environment; the question is whether the profits are to go to the U.S. or foreign companies. It is also true that our purchases of other countries' products provide the wherewithal for them to purchase our products."

"We feel there is a confusion in the charge of possible damaging effects to U.S. jobs of advanced technology being 'transferred' overseas and then incorporated in products to be imported into the U.S. Overseas manufacturers are offered the greatest economic advantage with labor intensive products. Characteristically such products embody relatively old technology—conversely the latest technology products minimize labor inputs and hence offer less of an advantage to overseas manufacturers, particularly when weighing up the prospects of jumping the U.S. tariff barrier to import into the U.S. In other words, the economic considerations are essentially in the area of relative quantity of labor input rather than technology per se. It should be pointed out that even products popularly thought of as being of 'advanced technology' are manufactured in stages and contain a number of levels of technology, some of which require very unskilled labor representing an older technology. In our case, we have found that when advanced technology is developed in the U.S., as a practical matter it is essentially impossible to transfer it abroad during the years when it remains relatively new. It is only when the technology matures that it can be successfully systematized and, if economic, transferred. There are of course many examples of the import into the U.S. of technology, including early work done in England and Germany on such advanced products as computers, radar and jet aircraft. Presumably a ban on export of technology would imply restrictions on import of technology." (Business equipment company)

CASE 3—"We manufacture one of our diesel fuel injection systems now overseas. This move was basically made for two reasons:

"a. to improve our competitive position in the U.S.A.

"b. to give us access to foreign markets at the original equipment level.

"Since its invention the diesel engine has been produced in much larger numbers abroad than in the U.S.A. For example, the publication 'Automotive Industries' stated in its March 15, 1971 issue that U.S. production of diesel engines in 1969 was 253,732 units. By comparison, the estimated production in 1969 in major producing countries abroad as published in the December 1970 issue of 'Diesel and Gas Turbine Progress' was:

| | |
|-------------|---------|
| England | 829,607 |
| Japan | 820,000 |
| Germany | 392,000 |
| India | 223,000 |
| France | 167,750 |
| Italy | 154,100 |
| Spain | 115,000 |
| Brazil | 62,000 |
| Scandinavia | 45,000 |

"While the U.S. market has shown growth, it has shown nothing compared to the growth of the market for diesel engines abroad. This trend was probably accelerated by the shift in market requirements. The trend in the U.S.A. has been generally to heavy-duty, higher horse power diesel engines for all applications. In the farm tractor market the U.S. trend has been to larger and larger farms and therefore requirements for larger tractors which are far too big to be efficiently used on the small European farms. As a result, the U.S. farm tractor manufacturers have gone abroad to manufacture foreign models and have imported from foreign sources their relatively limited number of smaller units required in the U.S.A.

"Our foreign competitors have therefore had not only the advantage of lower labor costs but also particularly of much larger production volume.

"If we wanted to obtain any OE business abroad from the U.S. we would have to develop fuel injection equipment suitable for European or other foreign engines, at U.S. engineering costs, produce it at a competitive price, sell in foreign markets without

having the benefit of a large volume domestic market for the same items. This simply was not feasible from a cost standpoint.

"As a result of the large volume production benefits, our European competitors began to invade the U.S. market on a larger and larger scale. Thus we found ourselves forced to go abroad to try to recapture or retain our U.S. customers.

"If we had not moved abroad, then we would not enjoy the new business which we have obtained as a result of this move because we could not have produced this equipment at acceptable prices here in the U.S.A." (Automotive equipment supplier)

Eight of a total of eighty companies replying to this question reported situations that might be characterized as falling within Labor's second claim. Of these, however, one asserted that, though imports based on high-level technology were made in low-wage countries the components were not in fact low-cost because of the high fringe benefits and governmental costs imposed on the operation. One reported that it imports a single component produced in volume abroad; two reported that they import several components or simple products.

Of the remaining four, one acknowledges that there is some basis for the claim of Labor, but states it finds itself in strong competition straits because of the ability of low-cost producers of final products to enter the U.S. market.

The second⁸ company reported that it had found the analysis of the U.S. Tariff Commission concerning Sec. 866.30 and 807.00 correct; namely that foreign components had to be used at times to keep costs down so as to permit production of the final product within the United States.

The third⁹ and fourth¹⁰ stated that the problem arose from third-country competitors and there was no way to handle it save to shut out these final producers.

Rather than there being a widespread escape of high-technology production abroad under the aegis of multinational companies, the NFTC survey has revealed only a handful of cases in which componentry or single products are imported by the parent company from affiliates abroad. Not all of these are in "low-wage" countries. Only a few embody what could be called "advanced technology."¹¹ In some instances, the items are not and were not produced in the United States previously. And in one case, the technology exchange was forced under an Anti-trust Consent Decree, which opened the patents of the present to all comers.¹²

The survey shows that very often the reality of the situation with respect to this claim of Labor is that no choice exists between exporting from the United States and producing locally abroad. For as one respondent stated:

"In summary, if U.S. companies want to sell products in many of the better foreign markets, the only practical means is through local production operations in these markets which require foreign investments. It is not a question of choice between exports from this country and local production abroad; the only choice is between forgoing the business altogether and making the foreign investments.

"With regard to foreign investments made for the purpose of bringing manufactured products back to this country (aside from raw materials or extractive products), the solution is political, not a question of management choice or decision.

"Until U.S. productivity improves to at least equal that of leading foreign manufacturers; and unless political restraints are imposed against imports, U.S. manufacturers will have to resort to any and all means of achieving cost production including off-shore operations, in order to stay in business." (Electronics company)

Footnotes at end of article.

Another answer was suggested in the response of another company which urges the United States to keep ahead rather than try to retain what is essentially a wasting asset. This respondent commented:

"One might say, 'Why not do more overseas?' The biggest drawback to this in our case is the loss of flexibility and the increased reaction time for change. We expect technology to originate in the U.S. for the foreseeable future. The rate of change of technology is rapid enough in our business that it simply cannot be transferred overseas rapidly enough to significantly increase the foreign percentage of our production. This phenomenon might not be the case, of course, for a technologically stable industry. I would say that any industry producing the same product with the same technology for five years is going to feel foreign competition or the need to import from foreign manufacturing facilities." (Electronics company)

BALANCE OF PAYMENTS EFFECTS

With respect to the claim of some Labor groups and others that direct foreign investment and the transfer of technology resulting in low-cost imports are damaging to the U.S. balance of payments, the NFTC survey requested information as to whether this assertion is supportable in terms of the respondents' operating experience. As stated earlier in this Section III, member companies were asked for narrative responses. Every such response with respect to balance of payments effects, clearly shows that the company had a favorable balance of payments in its total overseas operations.

Cited below are some case examples illustrating impressive results over the past decade which have been taken from some of the data:

CASE 1—"Our exports from domestic plants to foreign customers have increased by \$1,980,000 or 47.2% in 1970 over 1960. Also our exports to our affiliates increased \$500,000 or 53.6% in 1970 from 1960. During this period we have received \$10,368,000 in foreign source income from dividends and royalties from our subsidiaries and licensees." (Transportation equipment company)

CASE 2—"Comparing the total inflows resulting from dividends, royalties, interest and export sales to the total outflows through investments, loans, and imports shows that [our] position has been the following:

| | |
|-------------------------------|--------------|
| Inflows exceeded outflows by: | |
| 1967 | 4.8 times |
| 1969 | 10 times |
| 1970 | 16.3 times." |

Note: Glass products company.

CASE 3—"We feel that because of direct investments overseas we have contributed in a positive fashion to the U.S. balance of payments.

"(1) Over the last 10 years, exports of [our] U.S.-produced products have increased at an average rate of 10%/year compounded. In 1970 the figure was approximately \$230-million.

We could not have afforded the marketing and technical service organizations to do this, had we not also had the business resulting from overseas production.

"(2) Profits generated from overseas production and returned to the U.S. parent company in the form of dividends certainly also support the U.S. economy.

"(3) In 1970, a particularly distressing year for U.S. business, our international business made a significant contribution in enabling our company to maintain the level of production in U.S. plants and therefore employment that we did." (Chemical company)

CASE 4—"In the 10 years 1961 through 1970, [this firm] contributed \$4.7 billion to a favorable U.S. balance of payments. Our investment in overseas markets has been accompanied by a 150% increase in employment over that period of time contrasted to

a 200% increased contribution to the nation's balance of payments.

| | Contribution to U.S. balance of payments (millions) | Overseas Employment |
|------|-----------------------------------------------------|---------------------|
| 1961 | \$263.1 | 5,294 |
| 1962 | 263.8 | 5,416 |
| 1963 | 332.8 | 5,966 |
| 1964 | 384.1 | 7,313 |
| 1965 | 461.1 | 7,975 |
| 1966 | 443.7 | 8,649 |
| 1967 | 484.2 | 9,500 |
| 1968 | 582.6 | 10,948 |
| 1969 | 687.4 | 12,595 |
| 1970 | 791.2 | 13,605 |

"The contribution toward the U.S. balance of payments shown above consists chiefly of exports with, for example, \$767 million exports in 1970 vs. the remainder of but \$24.2 million in licensing fees, royalties, and return on investment." (Heavy equipment company)

CASE 5—"Combining net exports and net earnings remitted and capital transactions, the resulting total positive contribution to the U.S. balance of payments from General Motors—Attribution has been permitted by the respondent company—operations outside the United States during the period 1946 through 1970 was in the amount of \$13,191 million.

"The performance indicated by the General Motors data can be construed in no other way than as highly beneficial for the United States balance of payments. These favorable results derive from the capabilities which General Motors has been able to develop as a world-wide enterprise in organizing and utilizing resources to manufacture and aggressively compete in a variety of automobile markets around the world."

CASE 6—"We have calculated our contribution to the United States balance of payments in 1960, 1965, and 1970 as follows:

| | [In millions of dollars] | | |
|------------------------------------------------------------------------|--------------------------|------|------|
| | 1960 | 1965 | 1970 |
| U.S. PAYMENT INFLOWS | | | |
| Merchandise exports: | | | |
| To affiliates | 5 (E) | 7 | 12 |
| To others | 40 (E) | 25 | 29 |
| Purchases by affiliates from other U.S. sources | 50 (E) | 51 | 9 |
| Subtotal | 95 (E) | 83 | 50 |
| Income from fees, royalties, and miscellaneous services: | | | |
| From affiliates | 1 (E) | 3 | 4 |
| From others | 1 (E) | 1 | 1 |
| Subtotal | 2 (E) | 4 | 5 |
| Direct investment income (dividends, branch earnings and net interest) | 6 (E) | 6 | 21 |
| Total inflow | 103 (E) | 93 | 76 |
| U.S. PAYMENT OUTFLOWS | | | |
| Merchandise Imports: | | | |
| From affiliates | 3 (E) | 12 | 28 |
| From others | 8 (E) | 10 | 11 |
| Sales by affiliates to other U.S. producers | 5 (E) | 7 | 3 |
| Subtotal | 16 (E) | 29 | 42 |
| Payments for fees, royalties, and miscellaneous services: | | | |
| To affiliates | | | |
| To others | | | |
| Subtotal | | | |
| Capital outflows: | | | |
| Net investment in affiliates | (3) (E) | 39 | 2 |
| Net loans to affiliates | 2 (E) | 8 | 2 |
| Total outflows | 15 (E) | 76 | 46 |

"Thus, [our] net contribution to the United States balance of payments has been as follows:

| | [In thousands of dollars] | | |
|---------------|---------------------------|--------|--------|
| | 1960 | 1965 | 1970 |
| Total inflow | 103,000 | 93,000 | 76,000 |
| Total outflow | 15,000 | 76,000 | 46,000 |
| Net benefit | 88,000 | 17,000 | 30,000 |

"The foregoing benefits to our balance of payments have been achieved in a company which has been as aggressive as most, I think, in investing overseas. We have been very aggressive in particular over the last ten years in European investments.

"You may also find useful the statistics on our investments since the 1920's in [Country A]. Between 1926 and 1968 the significant figures were as follows:

| | Million |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Original investment—1926 | \$4.6 |
| Investment by end 1968 | 60.0 |
| Taxes paid to [Country A] 1926–1968 | 40.0 |
| Wages and benefits 1926–1968 (including 10.0 in 1968) | 90.0 |
| Local purchases 1926–1968 | 63.0 |
| Exports 1926–1968 | 75.0 |
| Imports replaced 1926–1968 | 290.0 |
| Net dividends remitted to United States 1926–1968 (none since 1963) | 24.0 |
| Purchases of U.S. machinery and other products 1926–1968 | 73.0 |
| Cash contribution to [Country A's] economy 1926–1968: Taxes plus wages and benefits plus local purchases | 193.0 |
| Benefits to [Country A's] balance of payments 1926–1968: Original investment plus exports plus imports replaced less Dividends less U.S. and estimated other foreign purchases (estimated) | 200.0 |
| Benefits to U.S. balance of payments 1926–1968: Dividends remitted plus U.S. purchases less original investment (estimated) | 90.0 |

"For the purposes of your study the last figure may be of interest; that is, despite the enormous investment over a period of 40 years in this major installation (with 3,500 employees and a town of 20,000 people) the net benefit to the United States balance of payments was \$90 million.

"[Country A's] balance of payments also benefitted heavily as shown above. In other words, both sides benefitted. Neither side took money out of the other's hide. Wealth was created for everyone concerned. This is the point which the 'liberals' never seem to understand; they think that if somebody makes money it has to come out of someone else. They don't understand that a good investment actually creates wealth."

(Diversified chemicals company)

FOOTNOTES

¹ "Our experience has shown that direct investments overseas have resulted in an increased market for our products overseas while causing an increase in domestic employment. Our foreign investments have increased our exports rather than decreasing them. A few pertinent factors may help in visualizing our operations. Approximately 30% of our sales are made overseas and virtually all of these sales are made through foreign subsidiaries. In general, the products manufactured overseas are the higher volumes and more simple products. Even with foreign manufacturing, our exports of the products manufactured overseas have continued to grow as foreign markets are enlarged." (Electronics company)

² "Building a mineral fiber ceilings plant

in Great Britain reduced the amount of mineral fiber ceilings exported from the U.S. to Europe for the simple reason that ocean freight and duties on such shipments represented from 50% to 100% of the manufactured cost of the products. On the other hand, certain higher priced U.S.-made resilient floors now sell in greater volume in these markets, even though we have some kinds of flooring manufacturing facilities there, too. In the Far East, where we built a flooring plant in Australia during this period, our sales of U.S.-made flooring more than tripled." (Building materials company)

³ "Placement of the manufacturing facilities of any international integrated aluminum company is dictated by several imperatives (none of which, incidentally, has anything to do with labor costs), e.g.:

"1. The location, quantity and quality of its raw material reserves, that is, bauxite. The bulk of world bauxite reserves is located outside the U.S. The U.S. has extremely limited reserves, and supplies an extremely small proportion of the total bauxite needed to support the U.S. aluminum industry.

"2. Requirements imposed by most bauxite-owning nations that make it necessary to process much of the bauxite into the intermediate product, alumina; and, in a growing number of instances, into crude aluminum and even into semi-fabricated and fabricated aluminum products. Generally, processing of the raw material is required as a condition for mining the reserve.

"3. Logistics requires the siting of plants in an integrated aluminum complex to obtain the lowest possible transportation costs (a major cost element in an industry such as the aluminum industry). Unless this is done efficiently, no aluminum firm can survive.

"4. Tariff walls that make it mandatory to build a facility in the country or economic bloc that has erected the wall in order to be able to compete in that marketplace.

"5. Growing nationalism, particularly among the developing nations, which is leading to establish their own aluminum industries as a matter of national pride. In these cases, there is no choice. An international aluminum company must either forego the market, or join with local partners in building an industry within the developing country. In many instances the national government requires that local partners own a majority interest in the business.

"Our participation in these ventures is not essential to their going forward. If we do not, our foreign competitors will. In other words, U.S. firms do not have the power or influence to stop this type of growth.

"6. The market for aluminum outside the U.S. is larger than in the U.S., and, in addition, is growing at a more rapid rate. This fact, plus the situation outlined in the above points, makes it essential for any international aluminum firm to produce its product in the international marketplace if it wishes to participate in this growth." (Aluminum company)

⁴ "If we take the case of an economically essential and relatively cheap building material such as cement, requiring a large capital investment, and not lending itself to long distances of transportation, employment abroad is certainly created, but not at the expense of either U.S. exports or the employment of American workers. On the contrary, the need for the capital machinery creates the very same things that labor says are bypassed. Add to this the economic benefits accruing to the host country and the inflow to the United States as a result of both the export and investment; and you have a balanced situation benefitting all parties." (Cement company)

⁵ Pharmaceuticals are highly regulated products, and our reasons for establishing manufacturing installations have usually

pertained directly to local regulations. Many countries, for example, ban the importation of finished pharmaceuticals, and others maintain a duty structure that, in effect, accomplishes the same result. This is to say that, more often than not, we manufacture abroad more out of necessity than choice. Local labor cost advantages have never been a critical consideration.

While our employees abroad number almost 10,000, fewer than one third of these are engaged in production jobs that in any sense could be construed as substituting for U.S. employment. The others—professional representatives, accountants, executives, physicians, lawyers, secretaries, clerks, etc.—are engaged in servicing a local market." (Pharmaceutical company)

"Because of the complex nature of our products, it is only through self-owned fully responsive outlets that market coverage and product performance is maximized—thereby providing maximum demand for U.S. goods. Independent Dealer support has not been satisfactory.

"Some less economically developed areas offer a market for less sophisticated and less costly equipment—if expertly covered by a sound local marketing base. This provides an opportunity for export of those of our products approaching obsolescence in the domestic market extending the demand for U.S. labor." (Equipment company)

"We have in two or three instances invested in assembly operations designed to take advantage of low labor rates outside this country. A prime consideration in each case was the existence of foreign competition, often Asian, which exported to the U.S. in quantity in product areas where voluntary quotas or other restrictions were unlikely. Without assembly operations at competitive rates, we would have been forced out of the business and some U.S. jobs would have been dropped as a result. The value added in this type of operation in our particular case is negligible in view of our total volume." (Electronics company)

"In the event that a product is substantially less expensive overseas, and the economics are such that after paying freight and tariffs, the goods can be priced competitively in the United States, we at least are in a position to compete on a basis no less favorable than our foreign competitors. This is a protection to us, and it is also a protection to our work force." (Industrial products company)

"The operation in Taiwan was organized in 1967. It was formed for an entirely different reason. The purpose was to secure a base from which to compete in this country with the Japanese product being imported in ever increasing quantities.

"A substantial portion of the material incorporated in the Taiwan product originates in the U.S. However, it has been the trend to seek to replace U.S. material with local material and/or material from other Far East sources." (Electronics company)

"As we view the situation today with some of our plants (by no means the majority), the choice is fast becoming one of either liquidating the business or restructuring the business so that a portion at least, if not all, of the products sold by the business are manufactured abroad and brought back to the U.S. At least under the latter condition we maintain our sales and profits. An alternative, of course, is a tariff wall high enough to keep out foreign-made products of all kinds, and this means passing on to the public the relatively higher cost of U.S. labor. Carried to its ultimate, such a course eventually defeats the consumer's ability to pay." (Equipment company)

"Here again a distinction needs to be made between technology transfer intended primarily to supply host country markets and that involved in countries and operations intended primarily for exports back to the U.S.

"Within each of these two categories there is also involved the definition of what constitutes 'advanced' technology as distinguished from 'mature' technology." (Electronics company)

"Another general point relates to the fact that under U.S. anti-trust regulations, Department of Justice rulings and Consent Decrees, American companies must freely license their patents to all applicants, foreign or domestic, to avoid implications of divisions of markets, divisions of territories, etc." (Electronics company)

While these studies make a strong case for the positive effects of foreign investment and the severe competitive problems that would result without it, I think it is also significant that both reports also recognize the negative impact of this type of activity on certain groups of workers and indicate the need of some form of adjustment assistance to meet the very real problems faced by these individuals.

The second danger that we risk in a protectionist movement to impose restrictions on our trade with foreign countries is the almost certain fact that our trading partners will impose equal if not more restrictive measures on American exports. This would be severely damaging to our own economy and the economies of many of the nations of the world.

One nation very concerned with this problem is our neighbor to the north. Canada has long been one of our closest allies and best customers. The Canadians are deeply worried not only about the permanency of the 10-percent surcharge but also about the protectionist legislation currently before the Congress.

The Canadian Minister of Industry, Trade and Commerce, Jean-Luc Pépin, recently addressed the Canadian-California Symposium on Canada's Approach to International Trade. He offers an interesting analysis of the extent of American-Canadian relations. I would like to make his entire statement part of the RECORD.

CANADA'S APPROACH TO INTERNATIONAL TRADE (By the Honourable Jean-Luc Pépin)

Let me remind you of the ABC's of Canadian Trade policy and performance.

1. Last year Canada exported \$16.9 billion worth of goods and imported \$13.9 billion worth for a surplus in merchandise trade of about \$3 billion. A surplus of this size is a new phenomenon for Canada.

2. Canada's total exports of goods and services represent 25% of our GNP, as opposed to percentages of 5.3 in U.S.A. and 11.3 in Japan. For Canada, foreign trade is a necessity.

3. Canada and Australia are the only major industrialized countries without a domestic market of their own of at least 100 million people (or an unrestricted market equivalent to such a domestic market).

Because of our small domestic market, we couldn't make "it" without access to the U.S. market.

4. 50% of all goods produced in Canada are exported and presently 40% of our exports are in the category of finished goods as opposed to 12%, 10 years ago. It is essential that this trend continue as we have the fastest growing labour force in the industrialized world (3%).

5. We feel we cannot afford to concentrate on any particular group of products (e.g. natural resources) or on one geographic area (e.g. U.S.). We are active everywhere and in

every commodity. We sell watches to Switzerland and ice skates to Puerto Rico! Diversification is our constant preoccupation.

6. Our import policy is one of the most liberal in the world. When we take protective measures we ensure that injury is demonstrated.

7. Because of these interests and because of its intrinsic value, we work toward freer trade through the multilateral system based on GATT. This system we believe is endangered now by three sets of factors:

- (1) the formation of trade blocs and the continuation of restrictive trade practices.
- (2) abnormalities in currency values.
- (3) And now, particularly threatening both to Canada and the world, the U.S. economic measures (surcharge job development tax credit, DISC).

CANADA AND UNITED STATES TRADE

Because of geographic proximity, close corporate and labour inter-relationships, cultural and social affinities and because of the liberal economic policies prevailing in our two countries, the Canadian economy is oriented to the U.S. to a unique degree and consequently very exposed to U.S. policy changes.

In Houston recently I illustrated at length the unique nature of the relationship between our two countries.

In summary:

We exchange goods—in the amount of \$19.8 billion last year. Canada exported to the United States \$10.6 billion worth of merchandise in 1970, i.e. 65 per cent of our total exports and 28 per cent of your total imports. We in turn took \$9.2 billion of U.S. goods (with 10 times fewer people) which is 20.7 per cent of your total exports and 72 per cent of our total imports.

These figures are even higher in 1971. In fact, your sales to Canada in the first eight months of 1971 (\$6.7 billion) exceed those to your next three best customers—Japan (\$2.66 billion), Germany (\$1.94 billion) and Britain (\$1.60 billion) combined (\$6.2 billion). Canada is your biggest, and I suggest, your best customer.

Manufactured products play an important role in the trade between our two countries. 71 per cent of your exports to Canada and 48 per cent of ours to you are manufactured items. When I translate the 48 per cent to \$5.1 billion worth of labour intensive exports, you will understand our concern about the effects of the present 10 per cent surcharge on Canada's employment prospects. The adverse effects will be compounded in many cases, by the Investment Tax Credit.

Placing our purchases now on a per capita basis: in 1970 each of you bought \$50 worth of Canadian goods while each Canadian imported \$500 from the United States.

WE EXCHANGE TECHNOLOGY

We easily recognize that the United States is the principal source of technology for Canadian industry. At the same time we take credit for a number of innovations which are also of benefit to you. I have already referred to STOL aircraft. We have also pioneered the use of Cobalt radiation units for cancer therapy, snowmobiles, forest fire-fighting machinery, subway underground construction techniques, lasers...

There is a book by Brown, "Ideas in Exile", which gives an idea of Canadian inventions that have been developed and marketed in the United States.

WE EXCHANGE SERVICES

Electric power companies in many parts of our nations have combined their services into grid systems.

Transportation companies of both countries provide air, road and rail services on both sides of the border. I am told, for example that nearly 14,000 rail boxcars are in common service.

We read your books and magazines—\$168

million worth, "officially" last year. You imported from Canada, in the same year, only 10 per cent of that, in part due to the onerous restrictions of your copyright law.

WE EXCHANGE CAPITAL

The "book" value of U.S. direct investment in Canada at the end of 1970 was about \$21 billion. This is concentrated in the mining and manufacturing industries. At the end of 1968, U.S. residents "controlled" (i.e. owned more than 50 per cent of) 51 per cent of all assets in the mining industry and 43 per cent in manufacturing. The degree of U.S. control in certain sectors of manufacturing is even higher, e.g., rubber products: 84 per cent; petroleum refining: 76 per cent; transportation equipment: 73 per cent (and that's why we say your "new economic policy" can go against your new interests).

Canadians have invested in the U.S. more than \$3 billion. On a per capita basis, each American has invested about \$100.00 in Canada and each Canadian has invested in the U.S. approximately \$150.00!

WE EXCHANGE PEOPLE

It is, for example, estimated that over 2.5 million New Englanders are of French Canadian descent. (How many are there in California?)

Today, fully 15 per cent of academic staff at Canadian universities hold U.S. citizenship. Over 1 million Canadians winter annually in California, Arizona and Florida.

Last year 37 million visits from the United States resulted in \$1.08 billion being spent in Canada while Canadians made 37 million visits to the United States where they spent \$936 million. This, on a per capita basis, is \$5.40 per American and \$46.55 per Canadian.

We do economic "things" together—so many that it would take hours to list them. We work together to contain and remove pollution from the Great Lakes (although we don't always agree on what causes it!). Our labour unions work together (62 per cent of all unionized labour in Canada is affiliated with unions in the U.S.). . . .

Have I said enough to indicate the close ties in every sense between our two countries, to demonstrate the unique character, unique in quantitative as well as in qualitative terms, of our economic relationship?

THE U.S. ECONOMIC MEASURES

For a long time, people on both sides of the longest undefended border in the world" have been taking for granted that very unique economic relationship. Yes, we had problems but we usually managed to settle them in a spirit of cooperation. In moments of enthusiasm we were very eager to offer ourselves to the world as an example of neighbourly relations.

Canadian politicians and businessmen alike have postulated that the unique relationship" made it possible to develop trade freely between the two countries without fear of major "accidents." I suggest most American politicians and businessmen have done the same. That postulate is now questioned by the surcharge (which will affect \$2.5 million of Canadian exports, mostly manufactured goods), the tax credit and the DISC concept.

1. We share many of your preoccupations.

The causes of the present disagreements between the U.S. and its trading partners are many and varied. There is no doubt that the U.S. administration has been less than successful in bringing its own impediments to trade, in keeping up the momentum generated by the Kennedy Round—because they had no further negotiating capacity from Congress and hesitated to ask for it.

But is the United States alone responsible for the disagreement? Certainly not.

Canada shares with the U.S. the belief that some countries have been reluctant to face up to the added international responsibility

that comes with their emergence as leading industrial and economic powers;

Canada shares with the U.S. an interest in obtaining a realignment of exchange rates that would realistically reflect the industrial strength and competitive position of the world's industrial powers;

Canada shares with the U.S. a vital interest in obtaining a relaxation of restrictions by some countries, a relaxation that would reflect a fairer balance of trading advantages;

Canada shares also with the U.S. a deep concern about the emergence of preferential arrangements around the fringes of regional groups under the guise but not the reality of free trade.

But in contrast to the rather passive U.S. attitude to international trade negotiations since 1967, Canada has been working through the GATT to lay the basis for a new round of international trade negotiations in order to come to grips with some of these basic issues that the Americans rightly identify. We have been emphasizing, for example, the need for early negotiations as a means of mitigating the effects on outside countries of the prospective enlargement of the EEC.

I would think that the present situation created by the U.S. measures makes the pursuit of multilateral negotiations even more important and more urgent. This would have to be done sooner rather than later with the full support of the U.S.A., Japan and the E.E.C.

2. We say "it does apply to us" to the rationale for the U.S. measures advanced by President Nixon and Secretary Connolly—the correction of exchange rates and of trade practices.

The Canadian dollar has been floating for almost 18 months now and has experienced significant appreciation in value. We have not "played" with our U.S. dollar reserves. We implemented the full Kennedy Round tariff cuts ahead of schedule. We apply no unfair restrictions to the importation of U.S. goods; in fact, no other market is more open to U.S. goods than is the Canadian.

The DISC is designed to correct abnormalities of which Canada is not guilty. Canada does not have special tax incentives to favour exports. And we have no unfair "cultural" advantages either in terms of availability of cheaper labour, or less concern about pollution etc. . . .

3. We say that because of the size and depth of our bilateral trade, these measures will hurt us more than they will hurt any other country.

Their cumulative effect would, over time, have an impact on Canada going well beyond the need for temporary adjustments. Our industrial strategy over recent years has been aimed at developing specialized, efficient, and competitive manufacturing industries.

Some of our exporters rely on the U.S. market more than any other overseas market. Canada imports 50% to 60% of its machinery requirements, 90% from U.S.A.; is it fair to deprive our producers of the capacity to export to the U.S. in the same category of goods?

4. We suggest that by hurting us, you might hurt yourself to a certain extent in the process, both with respect to your trade and to your citizens' investments in Canada. The U.S. sales in Canada vary depending on our own economic domestic performance. In 1970 a year of slow growth in Canada, your exports to us went down by 3.3 per cent; in 1971 with a better performance in Canada, they are increasing by 5.2 per cent in the first nine months.

5. Your Secretaries (Treasury, Commerce, State) have indicated to us in conversation that the U.S. had a number of "irritants" with Canada having to do with the autopact safeguards, with the defense sharing agreement, etc.

We have a number too—the de facto uranium embargo, the copyright laws, the immi-

gration rules making it difficult for Canadian executives to continue their corporate careers in the U.S.A. etc.

This is not too surprising. How can two countries trade 20 billion dollars worth of goods in a year and not have "irritants"?

6. We worry particularly because some U.S. leaders seem to be basing their attitudes towards Canada on misconceptions about the bilateral balance of trade. It is true that during the last three years Canada has had a surplus with the United States in commodity trade (280 million in 1968, 1,357 million in 1970). This is the first time it has occurred in many decades. Up to 1968, Canada had trade deficits with the United States financed in part by Canadian surpluses with other countries and in part by in-flows of capital.

Why did this change in 1968? Primarily, I think, because of the slow-down in Canada's economy following steps we had to take to restrain inflationary forces. Now that the Canadian economy has resumed a rapid rate of growth our imports are rising faster than our exports, and our surplus on current account with the world as a whole this year will probably be less than half what it was last year. In short, the adjustment is taking place through normal market forces.

I would remind you also that Canada has to finance every year very large payments to the United States for interest, travel, services and dividends arising from your considerable capital investments in my country. We had a deficit of \$214 million with you on current account in 1970. If we are to make these payments and repay some of the investments themselves we will have to have surpluses on merchandise trade—not necessarily surpluses with the United States itself, I agree, but certainly with the world as a whole and there are limits to our capacity for diversification of trade patterns.

I believe that the present Canada-U.S. trade difficulties are transitory, are caused mostly by a temporary conflict between multilateral and bilateral U.S. interests, are essentially a "pause for station identification", a "do not adjust your set" situation.

Canadians must continue to regard the U.S. as their major and most valued customer, just as they expect that the U.S. will continue to regard Canada in the same way.

Even if so, things will be changed somehow. For better or for worse, from now on Canadians and Americans will not take each other for granted as easily as before. Canadians will certainly have to try even harder than they do now at industry and trade diversification in an attempt to decrease the degree of vulnerability of their economy.

CANADA AND THE PACIFIC RIM

But it was never and is certainly not the design of the Canadian Government to keep increasing the dependence on the U.S. market to the neglect of others. On the contrary, one of the reasons for what is sometimes called the Canadian Government "obsession" with multilateral trade policy is the creation of wide-ranging access opportunities for Canadian producers and manufacturers to the markets of the world.

We approach each opportunity in the most energetic way.

For example, this year alone I have led "ministerial missions" to three important overseas markets; the U.S.S.R., the People's Republic of China, the Republic of Germany. I intend to lead one to Japan in early 1972.

The Pacific Rim is one area of great interest. We are busy in one way or another almost everywhere, in Malaysia, Indonesia, Australia and New Zealand . . . but particularly in China and Japan.

Our exports to the area doubled from \$669 million in 1965 to \$1.3 billion in 1970. During the same period, our imports rose from \$406 million to \$1 billion for a total two-way trade of \$2.3 billion, or 7.5 per cent of Can-

ada's trade with the world. A better measure perhaps, is that the Pacific accounts for 1/3 of our total overseas trade.

The People's Republic of China represents a new and uncharted opportunity to most Canadian businessmen. Our objective in going there was to determine how best to tackle this potentially gigantic market.

Presidents of leading trade and business associations who came to China held detailed meetings with state trading corporations. As a result of these and of inter-governmental discussions, the Chinese authorities undertook to look to Canada as a source of supply for their import needs; as a primary source for wheat; and perhaps more important still, they promised to give us an advance look at their import requirements for the year ahead. We are following this up with further trade consultations in Peking early in December and we have set up a "working group" within my Department whose task is to ensure that trade opportunities uncovered in China are brought quickly to the attention of Canadian exporters.

Although it is too early to draw any conclusions about the shape and size of our future with China, there are already some encouraging signs. Partly as a result of better political relations between the two countries, our exports are running some 25 per cent ahead of last year and there is a good chance that they may reach \$200 million by the end of the year (compared to \$142 million last year). These exports still consist mainly of wheat but on the basis of my discussions with Chinese officials as well as with members of the trade mission, we might also witness an interesting broadening of our trade.

CANADA-JAPAN

Canada-Japan trade is generally good. In the space of six years, our exports to that country jumped from \$316 million to almost \$800 million, while imports . . . also jumped from \$230 million to \$582 million. Japan has been Canada's third largest market and might overtake Britain in the not too distant future as number two.

But there is another side to this picture, a little less attractive. In our view, Canada does not have a good enough product mix in this trade. Less than three per cent of our exports are in the form of end products. A further 32 per cent have some, often minimal, measure of upgrading. The bulk of Canada's exports to Japan move in the crudest form. As opposed to that, Japan finds Canada an open market for its processed and manufactured goods which account for 96 per cent of its total sales in the market. While the dollar balance is in Canada's favour, the more attractive balance of "job producing trade" is very much to Japan's advantage, as are the terms of access to each others markets. (In the first nine months of this year, Japan has exported \$530 million (+26%) worth of merchandise to us and taken only \$577 million worth (-5.7%).)

One might think that the Canadian performance in the Japanese market is due to our inability to compete in manufactured products. I would like to point out that this is not so. In 1970, 45 per cent of our total exports to the United States and 40 per cent of our exports to Australia were fully manufactured end products. In the Philippines where the Japanese and the American competition is keen, Canada was able to ship 61 per cent of its exports in fully manufactured form.

Quite naturally then, we wish to upgrade our exports to Japan and ship metals as well as ores, paper as well as pulp.

As an industrious country, short of raw materials and long on technology, one expects that Japan would import raw materials and export manufactured products. We do not argue with this "expectation," and, as I have said, we value the important market which Japan provides for our raw materials

and foodstuffs. But we don't believe that the exchange of raw materials for fully manufactured goods should become a permanent and rigid trading pattern between our two countries.

We are not alone with this concern. Among the major trading countries of the world, Japan has the lowest proportion of manufactured products imported, i.e. 15 per cent, as percentage of total imports. Britain with an island economy similar to Japan's, takes 33 per cent of her total imports in the form of manufactured goods. In Japan, tariff and non-tariff barriers have tended to work excessively to control imports of manufactured products and to limit to a marked degree import competition.

In the Canada-Japan ministerial committee in Toronto only a few weeks ago, I expressed my disappointment. I pointed to their restrictive import policy as a major factor in the lack of satisfactory progress for Canadian manufactured exports. I also called on Japan to take a leading role among the world's major trading nations in pressing for new international trade negotiations.

The trade relations between Canada and the United States must be nurtured with patience and sensitivity on both sides. This is particularly true in the potentially dangerous situation we face today. For my part I remain an optimist. If these issues are attacked with good will and good sense they can surely be resolved and a basis can be established for further expansion of mutually profitable trade.

The Canadian Ambassador to the United States, Marcel Cadieux, discussed the future of United States-Canadian trade and economic relations in a presentation before the Economic Club of Detroit. Excerpts from his speech follow:

EXCERPTS

Let us now consider economics. Economics is not of course an isolated thing. As you know the original Greek word means . . . skilled in the management of a household. And a household—or a nation—has within it all the problems of man. There are economic aspects to our military alliances and—certainly—to our concerns about the pollution of the environment.

There are no other nations in the world that are as closely linked economically as the United States and Canada. The United States buys 68 per cent of all the things we sell and sells us 75 per cent of all the things we buy. That 75 percent is a quarter of all the United States' exports. We are your best customer and you are ours.

For many reasons—not accidental reasons but the consequences of bilateral planning—there are industrial areas in which our production efforts are integrated—in automobiles, in farm machinery and in defense materials. We are distinct and separate countries but in the twentieth century there are no countries that can exist alone economically and the economic ties between the United States and Canada are the most intricate in the world. We have been an enormous field for your investments—multinational corporations based in the United States control half of Canada's manufacturing and ninety percent of the petrochemical industry in Canada. Thirty percent of all U.S. moneys invested abroad are invested in Canada. And Canadian investments in the United States are—per capita—even greater.

We are your secure and reliable source of oil and forest products and minerals. The uninterrupted flow of these materials is essential to the United States economy. The extent of this economic involvement is, I think, only vaguely understood on either side of the border. It should be of vital concern to every citizen in both countries. There is a true interdependence between your country and mine but it is the interdependence of a great power and a small one.

What we do economically affects you—but what you do affects us ten times over. When you itch you scratch—and when you scratch too hard we are in danger of being cut to shreds.

The economic measures announced by the United States last August 15 have created extraordinary problems for Canada. I am referring to the 10 percent surcharge on dutiable imports.

I am referring to the proposed job development tax credit.

I am referring to the proposed domestic international sales corporation.

How remote and technical these words sound—surcharge, tax credits, DISC. They are words that people in your trades and mine use as tools. We hear them every day, familiar words but dry and abstract terms, words without emotion.

But for Canada the facts behind these words are not only harsh and very real, they are emotional in their social and human impact.

Without painful and expensive compensating action in Canada, the surcharge could cost the jobs of 90,000 Canadian wage earners in a year—it is laid on two-and-a-half billion dollars worth of Canadian exports to the United States, a quarter of the total—the most vulnerable quarter—the exports that come from our labour intensive secondary manufacturing sector. The sector where so many of our people work—a sector already adversely affected by the appreciation of the Canadian dollar.

If the surcharge remains in effect we will be exporting jobs—not products. We will lose them at a time when Canadian unemployment is dangerously high—persistently higher than in the United States.

A careful survey by the Canadian government of 1300 export firms suggests that the surcharge could cause the loss of export sales approaching \$900 million in a year.

The proposed job development tax credit would discriminate against those Canadians who supply you with machinery and equipment.

The proposed domestic international sales corporation would defer corporate liability for United States income taxes on export sales and thereby discourage direct investment in Canada.

How remote these words and phrases sound and how real to Canada is their meaning. We would if we could avoid their consequences. But what—precisely—are we to do? The surcharge was designed to force the other trading nations to allow the United States' dollar to adjust freely to its fair level in international exchange. Canadian currency is free—Canada floated its dollar in May, 1970—its value in terms of the U.S. dollar has appreciated by some seven percent.

The surcharge was designed to persuade some trading nations to eliminate discriminatory tariffs and other barriers to the free flow of American goods.

Canada has no such barriers—it had none to eliminate.

The surcharge was designed to persuade some nations to assume their proper share of responsibility for aiding emerging nations.

Canada has long carried its share—its per capita aid to developing nations compares favorably with that of the United States and it is increasing steadily and substantially.

What actions then could Canada take?

We took the proper action for a friend and ally. Canadian ministers met with Secretaries Connally and Stans on August 19. Other officials from both governments met on August 27. Formal and informal talks began and continue. Canada told the United States clearly how it feels about the application of the surcharge to its exports.

It argued its case—earnestly and fully—

not only to the American government but at the annual meeting of the International Monetary Fund in September and in GATT, the Group of Ten.

We have tried to make clear to everyone what the new economic policy of the United States means to Canada—the magnitude of our difficulties.

Canada does not resist nor resent the efforts of the United States to bring its own economic house to order. We believe it necessary and wise for the United States to move to restore equilibrium in its balance of payments—to rebuild confidence in the United States dollar—to eliminate discriminatory trade barriers. Free, fair trade is in Canada's interest. We do not object to the ends but we object most strenuously to some of the means as they apply to Canada.

For 18 years the governments of the United States and Canada have had the machinery to discuss and resolve economic problems—the Canada-United States Ministerial Committee on Trade and Economic Affairs was established in 1953. It has met 13 times in those 18 years—most recently a year ago this month. It is a committee designed to serve friends and equals—the United States Secretary of State and the Canadian Minister of External Affairs are its cochairmen. The cabinet members from both countries concerned with economics—the ambassadors—other senior officials—sit across a table and formulate the broad strategies and policies that can best serve the people and businessmen of both countries.

This committee is probably the most important of all the joint Canada-United States organizations. It is most important that the machinery established for the resolution of economic problems not be ignored.

They are by their nature the most complex of problems—they involve not only the governments—Federal, State, Provincial and city—but also the buyers and the sellers, the manufacturers and the shippers, indeed the consumers. Our economic problems affect you. A weakened Canadian economy is not good for the United States. We are your best customer. We have been your most profitable field for investment. We are a secure and reliable source of raw materials and products vital to your economy.

We hope that the unhappy situation in which we find ourselves now will not damage this tried and valued machinery of negotiation.

We believe full, frequent and free consultation between all trading nations is the best way to achieve full, free and profitable trade. The world needs fewer trade barriers, not more—we can achieve that goal if the leading economic powers wish to achieve it. Canada will use every opportunity to promote consultations among all traders—to achieve the enlargement and liberalization of world trade—to lay a secure foundation for another generation of economic growth for Canada, for the United States and for all members of the world trading community.

By nature, by profession, I am an optimist. I do not believe that your country and my country can gain by a retreat to nationalism and bloc rivalry. I believe that though our problems are serious they will be resolved.

Our Prime Minister said only a few weeks ago that "Canada's long relationship with its oldest friends is proof to us that however uncertain may be the consequences from time to time of short term events, the long run consists of a climate of understanding and co-operation."

He made that statement in the presence of Premier Kosygin of the USSR.

I believe in that continuing fair climate despite the current storms.

Still I must be candid—if the United States regards these measures that are so injurious to us as measures for an emergency—as temporary measures for use in a

phase of transition—then all will be well again.

If however we must accept such conditions for a long period then we will be compelled to make basic readjustments in our trading patterns. I find it hard to believe that we could so drastically rearrange the common structures of our economies without severely affecting our relationships in other respects. We have many fields in which we work together and we have kept them in separate compartments—we have not mingled our economic negotiations with our military ones, we have not considered the ecological challenge as a challenge to be met or not met depending on how we are faring in other fields.

But I do fear that if old structures are abandoned in one field, the machinery in other fields may be strained.

The incentives to co-operation are a blend of familiarity, respect, politics and economics. I believe that we will find solutions now as we have found solutions in the past—through negotiation—without any special concession or generosity from the larger power—nor any compromise of its independence by the smaller.

We need a solution. Our long history of respectful and fair negotiations encourages me to believe that we will find one—that we will find it soon—that it will be one with which we both continue to grow and prosper as full and free trading partners, side by side.

Mr. REID of New York. Mr. Speaker, I wish to commend the gentleman from Florida (Mr. GIBBONS) for reserving the time for a number of us to participate in a discussion on the dangers and costs of a protectionist trade policy.

I have long been opposed to imposing high trade barriers or restrictions, not only because I believe in general that free trade benefits our economy and the economy of other countries, but also because I believe that protectionism hurts the American worker. If this country raises trade barriers, retaliation from others will be imminent, thus reducing our exports as well as our imports. As I have pointed out before, we have probably more than 2.7 million export-related jobs. We must consider these in the light of protectionism and the dangers of other countries placing barriers against our goods.

Having looked into this question in some detail, I insert in the RECORD at this point my individual views on title III of H.R. 7130, the Fair Labor Standards Amendments of 1971, a title which moves dangerously toward protectionism:

INDIVIDUAL VIEWS OF MR. REID OF NEW YORK

Although I support increasing and extending the minimum wage as recommended in this legislation, I strongly oppose Title III of the bill, relating to imports. This is a highly protectionist section and an extreme form of "Buy American," which could invite a trade war, isolate the U.S. from foreign markets, and seriously hurt the American worker.

The first portion of Title III would, in effect, require the Secretary of Labor to recommend, and authorize the President to impose, higher tariffs or import quotas on competitive imports produced abroad under working conditions below the U.S. minimum standards which threaten to impair the "economic welfare" of some community of workers in the United States.

The second portion of the Title, Section 301(f), would impose restrictions on government procurement (or any procurement

which is federally aided) of goods produced abroad under working conditions less favorable than those specified in the Fair Labor Standards Act. In other words, since no country except Canada has such standards, virtually all federally aided procurement under Sec. 301(f) would be limited to U.S.-made products.

To me, both of these provisions represent the theme of "Buy American" at its most extreme, since most procurement would have to be U.S.-made. Not only would this Title be inflationary and non-competitive, it could also severely limit the opportunities for private U.S. firms overseas to compete for public procurement in other countries on the same basis as their foreign competitors.

I object to these provisions not only because I believe generally that a free trade policy will help our economy more than a protectionist one through expanding our GNP and our tax base, but also because I believe specifically that protectionism, which would inevitably bring retaliatory measures by other nations, would injure American labor immediately as well as in the long run.

The following dangers could become realistic if Title III were passed, and must be closely considered:

1. *Since there are more export-related jobs than there are import-affected jobs, a protectionist policy with retaliation by foreign countries could severely limit our exports and affect as many as 2.7 million American workers in export jobs.*

This excess of export-related jobs over import-related jobs is true even at the present time, when our trade balance is negative. It is even more true at other times, when our trade balance is positive, and when the difference between export jobs and import jobs is as much as 700,000 jobs.

Secretary of Labor Hodgson has noted that the implementation of Title III "would not serve the best interests of the U.S. and American workers." He has stated that "the net effect of any broadscale restriction on our imports could be to reduce rather than increase employment opportunities in the U.S." (See appendix A for text of letter.)

At present, excluding Canada whose labor conditions are similar to ours and who would therefore not be subject to Title III, our three largest trading partners are Japan, Germany and the United Kingdom.

An analysis of the "Overseas Business Reports" (July 1971) published by the Department of Commerce reveals that if these three countries retaliated through GATT (General Agreement on Tariffs and Trade), or even some through the Common Market, or through informal pressures, to reduce American imports, the American workers most affected could be, in general, those involved in both electric and nonelectric machinery, transport equipment and agriculture, or, to put it another way, those who in many cases

¹ The Bureau of Labor Statistics has noted that there were approximately 2.7 million American workers whose jobs depended directly and indirectly on exports in 1969. This estimate includes the direct employment which produced the exported goods, and also the indirect labor necessary for all supplies and services in the exported item, plus transportation and handling jobs. The BLS also estimated that if we had attempted to produce domestically products which are now being imported competitively into this country in 1969, we would have needed 2.5 million additional workers.

This sounds, at first glance, like 2½ million empty jobs to fill with our unemployed. But American trade, and American jobs, do not operate in a vacuum. If our trading partners retaliated, many if not all of our 2.7 million export-related jobs would be lost.

are already suffering from the effects of the national economic slump.² (See appendix B for trade tables)

2. *American agriculture would be devastated by reciprocal quotas imposed by foreign countries.*

The agricultural produce from one out of every four acres is exported. This alone indicates what retaliatory actions could do to our farmers.

We exported over \$1 billion in agricultural commodities to Japan in 1970, a large portion of which was wheat and corn. I Japan retaliated to a U.S. protectionist policy, or if Japan's purchasing power had become so reduced as to preclude their buying of our agricultural products, not only would our farmers be hurt, but also, the costs to the American taxpayer for storing agricultural surpluses, etc., would increase. The same would be true, of course, if European Common Market nations retaliated, by replacing U.S. wheat and soybean exports with Canadian or Australian exports.

3. *Many of our trading partners, unable to sell to the U.S., would thus be unable to earn the necessary foreign exchange to purchase our exports, again threatening our export-related jobs.* Take Japan, for instance, our second largest trading partner. Last year we exported \$4.652 billion worth of goods to Japan. We imported almost \$5.875 billion worth of Japanese goods, thus averaging a deficit of \$1.2 billion. If we refused to import a significant portion of that \$6 billion, which would be the case under Title III, Japan's net purchasing power would vastly decrease and Japan would be unable to purchase the almost \$5 billion worth of U.S. goods we want to export. Not only, then, would this protectionist policy seriously affect Japan's economy; equally, it would affect our own exports because we would take away Japan's ability, let alone interest, in buying them.

4. *The American consumer would be the loser, since reduced competition within the U.S. could produce both higher prices and lower quality.*

There are 80 million workers in this country. They are all consumers. Competition is vital in a free enterprise economy to keep prices down and both consumer demand and quality up. As inflation takes its course, American products abroad will become less competitive, and our exports trade will suffer accordingly.

5. *Title III would seriously jeopardize international efforts presently underway on trade and procurement practices, and would violate GATT.*

Multilateral and bilateral negotiations are presently underway with a number of countries, including the Group of Ten, on the realignment of exchange rates, the surcharge, international liquidity and appropriate reserve instruments including special drawing rights and other reforms of the International Monetary Fund system, and on a number of other matters, with a view toward opening up markets for U.S. exports.

² At the present time, for instance, Japan's largest American imports are electric computers and parts, civilian aircraft, inedible crude material other than fuel (such as soybeans, softwood logs and iron and steel scrap), and agricultural food products including corn and wheat.

Germany's largest American imports are agricultural machinery, civilian aircraft, agricultural food products, and crude material other than fuels.

Finally, the United Kingdom's largest imports are electrical apparatus, civilian aircraft, agricultural food products, and paper.

In all of these areas the U.S. exports significantly more than it imports. If, therefore, any or all of these countries retaliated, U.S. farmers and workers would be severely affected.

Further, title III in my view violates not only the spirit and the intent of GATT, but also the very letter of the agreements. First of all, under Article I,³ all contracting parties are to be treated equally without discrimination or preference. Surely, however, under Title III, Canada's treatment certainly is preferential to that which Japan has in store.

Additionally, GATT requires the payment of compensation by any country which raises its tariffs unilaterally to those countries which are affected, either in terms of direct payments or in terms of lifting duties on some other product which would help the countries affected. Title III makes no such provision.

Finally, the spirit of GATT recognizes that hardships may occur to some communities due to imports, but urges the use of internal measures rather than tariffs or quotas to remedy the situation.

At this time when our credibility, let alone our popularity, is not high overseas, I think it would be unwise to break any solemn international agreements to which we are a party, let alone to sabotage those efforts presently underway.

6. *In sum, we cannot export unemployment, and there must be a thoughtful national dialogue as to domestic, diplomatic and economic measures we can take as an alternative to protectionist legislation.*

Our jobs gain more from exports, the figures reveal, than they lose from imports, and when we consider the trade war we could find ourselves in, protectionism is dangerous in the short run and could be devastating in the long run.

This is not to say that certain communities will not suffer from imports. Some will, and they should not be made to bear the brunt of the nation's trade policy. But neither should they control the direction of our trade policy and jeopardize the whole economy, or the whole labor market, by the writing of bad law in violation of international agreements.

There are mounting pressures in some areas of U.S. labor for "Buy American" and protectionist legislation. Accordingly, it is vital that there be a thoughtful national dialogue on this question and on viable alternatives to a policy of narrow economic nationalism. This will require both the Congress and the Executive, in concert with labor and management, to exert national leadership as to the problem and its remedies.

Diplomatically, there is much more we can do in the spirit of the initial Kennedy Round to open markets to U.S. goods and services.

Economically, we must remove the surcharge before we invite economic retaliation, consonant with our international agreements, including GATT.

Domestically, we should consider trade adjustment assistance legislation that will involve job training, tax incentives, and emergency subsidies to effect necessary transitions in humanitarian and economic terms.

American labor must show some leadership that in recent years has been lacking to work with other countries, either bilaterally or with international forums such as the ILO and the Organization for Economic Cooperation and Development (OECD), to develop international fair labor standards.

Finally, rather than return to the Smoot-Hawley era of high protectionism, we must control inflation, encourage greater productivity and competitiveness for U.S. products through fiscal, monetary and international

³ GATT's article I says in part " * * * any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties."

trade policies promoting real growth in our GNP and in our overseas trade.

During mark-up of this bill in full Committee, I moved to strike Title III. The motion failed by a non-partisan vote of 16-19. I intend to do what I can when this legislation reaches the Floor of the House to eliminate the protectionist features of this otherwise valuable legislation.

APPENDIX A

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, October 19, 1971.

HON. OGDEN REID,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN REID: This is in response to your request for my views on Title III of H.R. 7130, a bill to amend the Fair Labor Standards Act of 1938.

Title III of H.R. 7130 deals with the question of the impact of imports on employment. As I indicated in my testimony on this bill on May 12, 1971 before the General Subcommittee on Labor, I believe that this is inappropriate legislation for dealing with trade problems. For that reason, I did not go into a detailed discussion of the substance of Title III at that time.

The Department of Labor is deeply concerned about the effects on labor of international trade. However, we do not favor Title III because its implementation would not serve the best interests of the United States and American workers.

The bill would, in effect, require the Secretary of Labor to recommend, and authorize the President to impose higher tariffs or import quotas on competitive imports produced abroad under working conditions below the U.S. minimum standards. This new grant of authority to the President would be sweeping. Since no other country, except possibly Canada, has such standards, virtually all U.S. imports would fall within its scope.

The President already has broad powers under existing legislation to curtail imports which adversely affect American industry and labor. Examples of such authority include the tariff adjustment provisions of the Trade Expansion Act of 1962, the Antidumping Act of 1921, the Agricultural Adjustment Acts of 1933 and 1956, and the Tariff Act of 1930. Further, the Administration is on record as favoring the liberalization of the adjustment assistance and escape clause procedures so that industries, workers, and firms can be better protected from import inquiry.

The net effect of any broad-scale restriction on our imports could be to reduce rather than increase employment opportunities in the United States. Other countries would be likely to take retaliatory action against our exports. Moreover, the ability of our trading partners to purchase U.S. goods would be curtailed since many of them depend on sales to the U.S. to earn the necessary foreign exchange to purchase our exports.

If enacted, the bill would have an inflationary impact by limiting the availability of competitive goods and by shifting U.S. consumption and production to higher cost goods.

Another proposed amendment would impose restrictions on government procurement and on any procurement financed in whole or in part by Federal funds of goods produced abroad under conditions less favorable than those specified in the Fair Labor Standards Act. In our view, this represents an extreme form of "Buy America" legislation, which in effect would require that practically all Federal procurements be limited to U.S.-made products. The effects would be inflationary and would reduce or destroy competition in many fields where it may be needed.

Moreover, this amendment would seriously jeopardize international efforts currently underway to reach agreement on a code of fair and equitable public procurement practices.

One important objective of this effort has been to insure that U.S. exporters have the opportunity to compete for public procurement in other countries on the same basis as their foreign competitors.

I would like to emphasize that our opposition to Title III of H.R. 7130 in no way indicates a lack of concern about the problems faced by some workers adversely affected by import competition. However, in our view, this legislation is neither an appropriate nor feasible approach to such problems.

Sincerely,

J. D. HODGSON,
Secretary of Labor.

APPENDIX B

U.S. TRADE WITH JAPAN, THE FEDERAL REPUBLIC OF GERMANY, CANADA, AND THE UNITED KINGDOM

[In millions of dollars]

| | 1969 | 1970 |
|---------------------------------------------------------------|----------|----------|
| JAPAN | | |
| Exports, total..... | 3,489.7 | 4,652.0 |
| Foods, feeds, and beverages..... | 756.9 | 971.3 |
| Industrial supplies and materials..... | 1,594.6 | 2,119.4 |
| Capital goods including trucks and buses..... | 853.2 | 1,201.3 |
| Consumer goods, nonfood, including automobiles and parts..... | 209.9 | 250.7 |
| "Special category" and other exports..... | 75.1 | 109.3 |
| Imports, total..... | 4,888.2 | 5,875.3 |
| Foods, feeds, and beverages..... | 137.1 | 169.9 |
| Industrial supplies and materials..... | 1,548.7 | 1,808.7 |
| Capital goods including trucks and buses..... | 613.3 | 658.2 |
| Consumer goods, nonfood, including automobiles and parts..... | 2,513.1 | 3,160.4 |
| Other imports..... | 66.0 | 78.1 |
| FEDERAL REPUBLIC OF GERMANY | | |
| Exports, total..... | 2,142.1 | 2,740.2 |
| Foods, feeds, and beverages..... | 270.0 | 408.3 |
| Industrial supplies and materials..... | 802.5 | 961.7 |
| Capital goods including trucks and buses..... | 746.1 | 1,031.1 |
| Consumer goods, nonfood, including automobiles and parts..... | 131.2 | 159.7 |
| "Special category" and other exports..... | 192.3 | 179.4 |
| Imports, total..... | 2,603.4 | 3,129.6 |
| Foods, feeds, and beverages..... | 40.7 | 53.7 |
| Industrial supplies and materials..... | 618.5 | 722.1 |
| Capital goods including trucks and buses..... | 553.0 | 666.8 |
| Consumer goods, nonfood, including automobiles and parts..... | 1,305.6 | 1,599.8 |
| Other imports..... | 85.6 | 87.2 |
| CANADA | | |
| Exports, total..... | 9,137.0 | 9,083.8 |
| Foods, feeds, and beverages..... | 646.8 | 741.7 |
| Industrial supplies and materials..... | 2,201.1 | 2,195.7 |
| Capital goods including trucks and buses..... | 2,825.0 | 2,793.5 |
| Consumer goods, nonfood, including automobiles and parts..... | 3,080.3 | 2,778.3 |
| "Special category" and other exports..... | 383.8 | 574.6 |
| Imports, total..... | 10,383.6 | 11,091.1 |
| Foods, feeds, and beverages..... | 577.9 | 644.6 |
| Industrial supplies and materials..... | 4,737.4 | 5,198.8 |
| Capital goods including trucks and buses..... | 1,384.1 | 1,481.8 |
| Consumer goods, nonfood, including automobiles and parts..... | 3,022.4 | 3,162.4 |
| Other imports..... | 661.8 | 603.5 |
| UNITED KINGDOM | | |
| Exports, total..... | 2,334.6 | 2,536.8 |
| Foods, feeds, and beverages..... | 191.0 | 272.6 |
| Industrial supplies and materials..... | 794.0 | 886.6 |
| Capital goods including trucks and buses..... | 804.2 | 1,071.9 |
| Consumer goods, nonfood, including automobiles and parts..... | 158.0 | 166.7 |
| "Special category" and other exports..... | 387.4 | 139.0 |
| Imports, total..... | 2,120.4 | 2,195.8 |
| Foods, feeds, and beverages..... | 318.6 | 367.8 |
| Industrial supplies and materials..... | 463.9 | 485.7 |
| Capital goods including trucks and buses..... | 475.3 | 502.7 |

| | 1969 | 1970 |
|---------------------------------------------------------------|----------|----------|
| Consumer goods, nonfood, including automobiles and parts..... | 747.5 | 727.2 |
| Other imports..... | 115.1 | 112.4 |
| Total U.S. balance of trade with major partners: | | |
| With Japan..... | -1,398.5 | -1,223.3 |
| With Germany..... | -461.3 | -389.4 |
| With Canada..... | -1,246.6 | -2,007.3 |
| With United Kingdom..... | +214.2 | +341.0 |

Mr. ASPIN. Mr. Speaker, recently the Brookings Institution published part II of its annual three-part series on economic activity. In that volume there is an excellent and timely article by Lawrence Krause and his assistant, John Mathieson, entitled "How Much of Current Unemployment Do We Import?"

In his article, Mr. Krause has posed a very simple question: "Has the recent growth of imports been the cause of the high rate of unemployment in this country?" His answer is "No." By making the necessary adjustments for varying labor imports and the import-output factors calculated by the Bureau of Labor Statistics, Mr. Krause concludes that the job creation and job loss due to changes in international trade in the past year has resulted in a loss of only an estimated 17,100 jobs.

The loss of 17,100 jobs is insignificant when measured against the December 1971 unemployment rate of 6 percent that accounts for a total of 5,150,000 unemployed Americans. According to this article less than one-third of 1 percent of today's unemployment is the result of jobs lost to imports.

The fantastic rate of unemployment we have today is according to Mr. Krause the fault of the poor economic policies of the Nixon administration.

I recommend Mr. Krause's article which follows for careful study:

HOW MUCH OF CURRENT UNEMPLOYMENT DID WE IMPORT?

(By Lawrence B. Krause, assisted by John A. Mathieson)

In the first quarter of 1970, unemployment in the United States rose to 4 percent of the labor force, the presumed full employment target. By the first quarter of 1971, unemployment reached the undesirable level of nearly 6 percent. Over this same one-year period, imports into the United States increased by \$4 billion (1971:1 over 1970:1 at annual rates) and exports increased by only \$3 billion, reducing the net positive trade balance by \$1 billion. An increase of competitive imports—considered in isolation—has the direct consequence of reducing job opportunities. A reduction of exports has a similar job-destruction effect. By the same token, a reduction of imports and an increase of exports have the opposite consequence on job opportunities. In view of the trade development, a seemingly natural question is how much of current unemployment did we import?

Actually the question is not as natural as it appears because international trade cannot be considered in isolation from other economic developments. In an efficiently evolving dynamic economy, job opportunities are constantly being lost because of many factors, but the losses are more than offset by job-creating developments. Shifts in consumer demand, changes in productive technology, restructuring of government expenditures, as well as increases in imports, cause

unemployment among domestic workers whose product is no longer needed. General unemployment need not occur, however, as long as aggregate demand is maintained in the economy, if need be through governmental policy. In the particular events of 1970-71, full employment was not maintained and, therefore, the contribution of the decline of net exports to the increase in unemployment becomes meaningful. To be sure, the employment effects of the decline of net exports could have been offset by appropriate fiscal stimulation, but it can be argued that trade movements are relatively unpredictable and, therefore, some unintended unemployment may have resulted.

It is not legitimate, however, to count the entire decline in net exports since 1964 as a cause of current unemployment. Up to 1970, displaced workers in the aggregate were absorbed elsewhere in the economy and did not create an unemployment problem as such. Indeed, while the trade balance was declining from \$6.8 billion in 1964 to \$0.7 billion in 1969, unemployment also declined from 5.2 percent to 3.5 percent.

In addition to the issue of total employment, the economic welfare of the society depends on what kind of job opportunities are created in exchange for those being destroyed. When specific jobs are lost through technological change, for instance, there is a presumption that economic welfare is improved even though the workers actually displaced may not find equally remunerative work. A similar presumption, based on the theory of comparative advantage, exists concerning disturbances arising from international trade. Society's welfare should improve even though the individuals displaced may suffer a loss. This presumption, however, is dependent on the country's having an equilibrium exchange rate. An overvalued exchange rate would not directly prevent a country from reaching full employment; but at full employment, resource utilization would be distorted away from tradable goods toward nontradable goods and services with resulting welfare loss for the world as a whole.

METHODOLOGY

The purpose of this exercise is to obtain an estimate of the employment consequences of the decline in U.S. net exports between the first quarter of 1970 and the first quarter of 1971, the period in which unemployment rose. The first step in the estimation process was to record the changes in exports and imports at annual rates. Because different products have widely different labor inputs, some disaggregation was required. Since the intention is to relate trade changes to employment levels, the classification scheme utilized in employment reports was adopted as shown in Tables 1, 2, and 3. The trade statistics were taken from the Census report by end-use categories and aggregated to reach the proper classification. The trade data are given in Table 1, with exports and imports shown separately. Since the data come from Census reports, they differ from the merchandise totals reported in the balance of payments because they are unadjusted for timing and coverage. Furthermore, the rise in military sales (\$307 million annual rate) and unclassified exports (\$131 million annual rate) have been excluded from exports. The growth of unclassified imports was similarly excluded (\$267 million), as was the decline of noncompetitive imports like coffee (\$127 million) since these declines did not lead to increases in American production. The resulting increases were \$4.1 billion in imports and \$3.1 billion in exports.

The second step in the estimation process was to evaluate the number of jobs lost and jobs gained as a result of the trade changes. There is both a direct job effect within the trade-impacted industry and an indirect effect in industries supplying inputs to it. The

technical coefficients for both the direct and indirect employment effects were taken from a study by the Bureau of Labor Statistics. This study is based on the 1958 input-output tables, but projected to 1970 based on trends in productivity. The prices are also on a 1958 base, which causes some difficulty. One would like to deflate the trade values by indexes of prices of imports and exports. But since indexes of traded goods of individual industries are not available, no adjustment was made. This will tend to bias upward the estimates of both jobs lost and jobs gained, but probably will not be very significant on the net balance.

FINDINGS

The consequences of the trade changes for employment are shown in Table 2. In direct employment, an estimated 47,800 jobs were lost due to decreases in some exports and 134,000 jobs were lost due to increases of imports, making a total loss of 182,200 jobs. However, 181,400 jobs were gained through increases in exports and a further 1,300 jobs were created through some import declines, making a total of 182,700 job increases. Thus there was on balance a slight edge toward job creation when direct employment effects are taken by themselves.

The inclusion of indirect effects shifts the balance slightly toward job destruction. There was a net loss of about 17,000 jobs due to indirect effects (227,600 losses, offset in part by 210,600 job gains). It is reasonable to expect the indirect effects to be more unfavorable to employment than the direct effects. Much of the growth of exports was in agriculture and mining. In both of these industries, the ratio of value added within the industry to total sales is much higher than it is in manufacturing, where most of the import increases were recorded. Since the indirect employment effects come from that portion of sales value not added by the industry itself, the observed differential was to be expected.

When the direct and indirect effects are taken together, a loss of 16,600 jobs between 1970:1 and 1971:1 can be attributed to changes in exports and imports. If the displaced workers stayed in the labor force and were not absorbed into employment, then approximately 16,600 people were added to the unemployment rolls from this cause. During this span, total unemployment rose by 1.7 million persons. Thus international trade contributed less than 1 percent of the increase. To put the results somewhat differently, if unemployment had increased only because of trade dislocations, the unemployment rate would have risen from 4.16 percent to 4.18 percent, rather than to the actual 1971:1 average of 5.93 percent. The net job loss may appear surprisingly small, given the decline in net exports. But it should be remembered that U.S. exports are labor-intensive relative to U.S. imports, as Leontief established and others subsequently confirmed. The United States need not have balanced increases in exports and imports to maintain employment in trade-related industries. If imports increase more than exports, as occurred in the period under investigation, job losses may not occur.

While only an insignificant portion of total

unemployment can be attributed to international trade, the employment situation in particular industries could be greatly affected. Table 3 relates the net direct job changes due to trade to the employment situation in specific industries. Only direct job effects were used since indirect effects are spread widely throughout the economy. As is seen, employment was down 4.6 percent in primary metals (mainly steel); 2.5 percent in motor vehicles; and about 1.5 percent in textiles. On the other hand, coal mining gained 6.6 percent in employment; other transportation equipment (mainly aircraft), 4.4 percent; and machinery, 2.0 percent. These data suggest that a good case can be made for adjustment assistance to industries that are seriously affected by imports. However, the imposition of import barriers is very dangerous since it usually leads to retaliation, which can have serious consequences on export industries. The difficulties imports cause textile firms are well known, but little attention is paid to the effect on the hard-pressed aircraft industry if it could not export.

QUALIFICATIONS

The interpretation of these findings requires certain qualifications. First, with an expanding labor force, the avoidance of job destruction is not enough to ensure full employment: Jobs must be created in sufficient numbers to accommodate new workers. Thus, even though international trade did not destroy many jobs on balance, neither did it carry its weight in creating jobs for the new entrants into the labor force. Second, even when the total number of jobs created is equal to the total destroyed, if the absolute numbers are large, frictional unemployment could increase. To establish this point, the variance of employment due to changes in international trade must be compared with the variance in employment from all other causes, and this calculation was not made. Finally, net income flows in the economy were reduced by \$1 billion due to the decline in net exports of goods, and the multiplier effects on employment were not estimated. However, these reductions were more than offset by the \$2.7 billion rise in net exports of services during the same period. In any event, the multiplier effects would be small in an economy as large as that of the United States and impossible to calculate because expenditure patterns cannot be traced.

JOBS AND DOLLAR DEVALUATION

One of the pillars of the new economic policy announced by President Nixon on August 15, 1971, was a group of measures that should lead to the devaluation of the dollar. As noted above, this should improve economic welfare from international trade, since the dollar was overvalued. The devaluation will also stimulate U.S. exports. Domestic employment will rise as a direct consequence of the devaluation, for U.S. exports will be stimulated by it, and as imports rise in price, Americans should switch consumption toward domestically produced goods. It is important to recognize, however, that the devaluation is desirable not to alleviate unemployment, but because the dollar was overvalued, as evidenced by the disequilibrium in the overall U.S. balance of

payments. At full employment, there will not be more jobs because of the devaluation, but different jobs. Employment in trade-related industries will be greater and employment in purely domestic industries will be lower because of it. The most fundamental principle of the International Monetary Fund is that depreciation of a currency should not be used to correct an unemployment problem, for that merely exports the unemployment to a nondepreciating country, a practice that can lead to competitive devaluations and a host of other beggar-my-neighbor policies.

There is an important tie, however, between the timing of a devaluation and the existence of unemployment. Devaluation by itself is stimulative and inflationary. Countries usually combine devaluation with monetary and fiscal policies designed to offset the stimulation so as not to lose through domestic inflation the competitive gain they achieve via devaluation. Given the current slack in the U.S. economy, the stimulative consequences of devaluation can be accommodated through greater production, but the direct inflationary effects will still be of some concern as the higher U.S. prices of imported goods raise the price level.

As part of the new economic policy, President Nixon imposed a temporary 10 percent import surcharge, presumably for the purpose of urging other countries to appreciate their currencies to effectuate the dollar devaluation the United States seeks. It should be noted, however, that the surcharge interferes with the formulation of a new pattern of exchange rates via market action since it artificially strengthens the dollar, as does the maintenance of capital controls. Permanent restrictions on trade merely maintain an overvalued dollar, thus sacrificing exports while restraining imports and on balance reducing job opportunities for Americans.

CONCLUSION

How much of current unemployment did we import, then? None, apparently, or at most an insignificantly small portion. Domestic economic policy must take the blame for the overall unemployment situation.

Nevertheless, individual industries are greatly affected by shifts in trade, some losing employment and some gaining it. Public policy should help ease the burden of adjustment to shifts in trade as it should for other causes of unemployment.

The proper policy instruments for dealing with general unemployment are monetary and fiscal policies. Since these work best when used in tandem, monetary policy cannot be, as is sometimes suggested, separately targeted for balance-of-payments purposes—at least not without significant costs. Monetary and fiscal policy must be free of external constraints, and this can be accomplished by keeping exchange rates at equilibrium values. Maintaining equilibrium will require some flexibility in spot exchange rates. With equilibrium exchange rates, one need not worry about the employment effects of a declining trade balance. Clearly, politicians must forgo the simplistic but appealing tie between imports and unemployment if a viable international system is to be maintained.

TABLE 1.—GROWTH OF U.S. EXPORTS AND IMPORTS, BY INDUSTRY GROUP, 1ST QUARTER 1970 TO 1ST QUARTER 1971

(Annual rates in millions of dollars)

| Industry group | Exports | | | Imports | | |
|----------------------|---------|--------|----------|---------|--------|----------|
| | 1971:1 | 1970:1 | Increase | 1971:1 | 1970:1 | Increase |
| Total | 44,986 | 41,416 | 3,571 | 42,109 | 37,823 | 4,286 |
| Manufacturing | 38,978 | 36,765 | 2,214 | 35,807 | 31,580 | 4,228 |
| Durable goods | 24,176 | 22,657 | 1,519 | 20,465 | 17,064 | 3,401 |
| Primary metals | 2,388 | 3,488 | -1,100 | 4,326 | 3,657 | 670 |
| Fabricated metals | 439 | 419 | 20 | 468 | 450 | 18 |
| Machinery | 9,737 | 8,916 | 820 | 2,706 | 2,638 | 68 |
| Electrical equipment | 2,488 | 2,374 | 93 | 2,457 | 2,102 | 354 |

TABLE 1.—GROWTH OF U.S. EXPORTS AND IMPORTS, BY INDUSTRY GROUP, 1ST QUARTER 1970 TO 1ST QUARTER 1971—Continued

| Industry group | Exports | | | Imports | | |
|--------------------------------------|---------|--------|----------|---------|--------|----------|
| | 1971:1 | 1970:1 | Increase | 1971:1 | 1970:1 | Increase |
| Motor vehicles and equipment..... | 4,404 | 3,626 | 778 | 7,676 | 5,771 | 1,905 |
| Other transportation equipment..... | 4,008 | 3,102 | 906 | 231 | 168 | 63 |
| Other durables..... | 732 | 731 | 1 | 2,600 | 2,278 | 322 |
| Nondurable goods..... | 14,802 | 14,108 | 694 | 15,342 | 14,516 | 827 |
| Food and kindred goods..... | 6,144 | 5,224 | 920 | 3,886 | 3,914 | -29 |
| Textile mill goods..... | 712 | 701 | 11 | 1,373 | 1,258 | 116 |
| Apparel, finished textiles..... | 258 | 275 | -17 | 1,288 | 1,060 | 228 |
| Other nondurables..... | 7,688 | 7,908 | -220 | 8,795 | 8,283 | 512 |
| Agriculture..... | 2,069 | 1,401 | 668 | (1) | (1) | (1) |
| Mining..... | 992 | 741 | 252 | 1,556 | 1,638 | -82 |
| Coal and related fuels..... | 952 | 724 | 228 | 9 | 5 | 4 |
| Crude petroleum and natural gas..... | 41 | 17 | 24 | 1,547 | 1,634 | -86 |
| Unclassified..... | 1,472 | 1,341 | 131 | 1,528 | 1,262 | 267 |
| Noncompetitive imports..... | | | | 3,216 | 3,343 | -127 |
| Military exports..... | 1,474 | 1,168 | 307 | | | |

¹ Agricultural imports are mostly noncompetitive or food and kindred nondurable goods, and are included in these categories in the table. The balance of agricultural imports is negligible.

Source: U.S. Bureau of the Census, Highlights of U.S. Export and Import Trade, FT990 (March 1970), and Highlights of Exports and Imports, FT990 (March 1971), tables E-7 and I-8. Figures are rounded and may not add to totals.

TABLE 2.—DIRECT AND INDIRECT EMPLOYMENT CHANGES CAUSED BY U.S. EXPORT AND IMPORT TRADE, 1ST QUARTER 1970 TO 1ST QUARTER 1971

[Thousands of jobs]

| Industry group | Direct job losses | | | Direct job gains | | | Indirect job changes ¹ | | | |
|--------------------------------------|-----------------------------|-----------------------------|-------|-----------------------------|-----------------------------|-------|-----------------------------------|----------------|----------------|-----------------------|
| | Due to decreases in exports | Due to increases in imports | Total | Due to increases in exports | Due to decreases in imports | Total | Net direct job loss ² | Total job loss | Total job gain | Net indirect job loss |
| Total..... | 47.8 | 134.4 | 182.2 | 181.4 | 1.3 | 182.7 | -0.5 | 227.6 | 210.6 | 17.1 |
| Manufacturing..... | 47.8 | 134.3 | 182.0 | 122.1 | .7 | 122.8 | 59.2 | 227.5 | 172.8 | 54.7 |
| Durable goods..... | 37.5 | 94.5 | 132.0 | 99.1 | | 99.1 | 33.0 | 179.5 | 108.6 | 71.0 |
| Primary metals..... | 37.5 | 22.8 | 60.3 | | | 60.3 | | 56.5 | | 56.5 |
| Fabricated metals..... | | .7 | .7 | .8 | | .8 | (1) | .8 | .9 | -.1 |
| Machinery..... | | 3.2 | 3.2 | 38.1 | | 38.1 | -34.9 | 2.8 | 33.2 | -30.4 |
| Electrical equipment..... | | 13.4 | 13.4 | 3.5 | | 3.5 | 9.9 | 15.0 | 3.9 | 11.0 |
| Motor vehicles and equipment..... | | 37.4 | 37.4 | 15.3 | | 15.3 | 22.1 | 90.2 | 36.9 | 53.3 |
| Other transportation equipment..... | | 2.9 | 2.9 | 41.3 | | 41.3 | -38.4 | 2.3 | 33.8 | -33.4 |
| Other durables..... | | 14.1 | 14.1 | .1 | | .1 | 14.0 | 12.0 | (1) | 11.9 |
| Nondurable goods..... | 10.3 | 39.7 | 50.0 | 23.0 | .7 | 23.7 | 26.3 | 48.0 | 64.2 | -16.2 |
| Food and kindred goods..... | | | | 22.6 | .7 | 23.3 | -23.3 | | 63.7 | -63.7 |
| Textile mill goods..... | | 4.0 | 4.0 | .4 | | .4 | 3.6 | 5.2 | .5 | 4.7 |
| Apparel, finished textiles..... | 1.1 | 14.3 | 15.3 | | | | 15.3 | 13.6 | | 13.6 |
| Other nondurables..... | 9.2 | 21.4 | 30.7 | | | | 30.7 | 29.3 | | 29.2 |
| Agriculture..... | | | | 49.6 | | 49.6 | -49.6 | | 30.8 | -30.8 |
| Mining..... | | .2 | .2 | 9.8 | .6 | 10.3 | -10.1 | .1 | 7.0 | -6.9 |
| Coal and related fuels..... | | .2 | .2 | 9.6 | | 9.6 | -9.4 | .1 | 4.9 | -4.8 |
| Crude petroleum and natural gas..... | | | | .2 | .6 | .7 | -.7 | | 2.1 | -2.1 |

¹ Indirect job losses and gains are attributed here to the import or export industry but are actually found in the industries that supply it or are otherwise related to it.

² Total direct losses minus total direct gains.

³ Less than 0.05.

Sources: Calculated from table 1, and input-output figures from U.S. Bureau of Labor Statistics, Projections 1970: Interindustry Relationships, Potential Demand, Employment, Bulletin 1536 (1966), table V-2. Figures are rounded and may not add to totals.

TABLE 3.—EMPLOYMENT, WITH AND WITHOUT EFFECTS OF CHANGES IN EXPORT AND IMPORT TRADE, BY INDUSTRY GROUP, 1ST QUARTER 1971

[Thousands of persons, seasonally adjusted]

| Industry group | Average employment, 1971:1 ¹ | Net primary job loss due to changes in export and import trade | Potential employment without trade effect | Job loss as percentage of potential employment | Industry group | Average employment, 1971:1 ¹ | Net primary job loss due to changes in export and import trade | Potential employment without trade effect | Job loss as percentage of potential employment |
|---------------------------------------------------|-----------------------------------------|----------------------------------------------------------------|-------------------------------------------|------------------------------------------------|----------------------------------------------------|-----------------------------------------|----------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| | | | | | | | | | |
| Total..... | 74,027.2 | -0.5 | 74,026.7 | (2) | Food and kindred goods..... | 1,781.3 | -23.3 | 1,758.0 | -1.3 |
| Trade related..... | 22,536.4 | -.5 | 22,535.9 | (2) | Textile mill goods..... | 946.7 | 3.6 | 950.3 | .4 |
| Manufacturing..... | 18,749.2 | 59.2 | 18,808.4 | 0.3 | Apparel, finished textiles..... | 1,378.7 | 15.3 | 1,394.0 | 1.1 |
| Durable goods..... | 10,100.8 | 33.0 | 10,133.8 | .3 | Other nondurables..... | 4,541.7 | 30.7 | 4,572.4 | .7 |
| Primary metals..... | 1,255.3 | 60.3 | 1,315.6 | 4.6 | Agriculture..... | 3,380.0 | -49.6 | 3,330.4 | -1.5 |
| Fabricated metals..... | 1,327.7 | 0.0 | 1,327.7 | | Mining, total..... | 624.0 | -10.1 | 613.9 | -1.6 |
| Machinery..... | 1,806.0 | -34.9 | 1,771.1 | -2.0 | Mining, trade related..... | 407.2 | -10.1 | 397.1 | -2.5 |
| Electrical equipment..... | 1,791.0 | 9.9 | 1,800.9 | .5 | Coal and related fuels ² | 152.9 | -9.4 | 143.5 | -6.6 |
| Motor vehicles and equipment ³ | 879.5 | 22.1 | 901.6 | 2.5 | Crude petroleum and natural gas ³ | 254.3 | -.7 | 253.6 | -.3 |
| Other transportation equipment ³ | 914.3 | -38.4 | 875.9 | -4.4 | Services..... | 48,043.0 | | 48,043.0 | |
| Other durables..... | 2,127.0 | 14.0 | 2,141.0 | .7 | Contract construction..... | 3,231.0 | | 3,231.0 | |
| Nondurable goods..... | 8,648.4 | 26.3 | 8,674.7 | .3 | | | | | |

¹ Quarterly average.

² Less than 0.05 percent.

³ Not seasonally adjusted.

Source: Employment and earnings, vol. 18 (July 1971). Figures are rounded and may not add to totals.

GENERAL LEAVE

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on the subject of my special order today.

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

There was no objection.

FIFTEENTH ANNIVERSARY OF THE HUNGARIAN REVOLUTION COMMEMORATES DETERMINATION OF HUNGARIAN FREEDOM FIGHTERS AND REAFFIRMS THE PURSUIT OF LIBERTY AND FREEDOM FOR ALL PEOPLES

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. HORTON) is recognized for 30 minutes.

Mr. HORTON. Mr. Speaker, 15 years ago in 1956, Hungarian freedom fighters battled Soviet troops and tanks with sticks and stones in one of the most stirring expressions of a people's desire for freedom and liberty the world has known. Thousands of men and women sacrificed their lives in a courageous attempt to secure for themselves, their country, and for all captive nations people the right to self-determination.

Although this goal was not actually realized, their valiant efforts are a memorial not only to the courage of oppressed people, but to the desire of these people to live in freedom.

The American Citizens Committee for the Commemoration of the 15th Anniversary of the Hungarian Revolution, of which I was privileged to serve as national chairman, and the Hungarian Freedom Fighters Federation recognized the courage and valor of the 1956 freedom fighters with a dinner on October 23, the anniversary date of the revolution. During this occasion, tribute was paid to the deeds and goals of these people and special recognition was given to those who have worked to further their goals.

Mr. Speaker. I would like to share with my colleagues some of the citations, official proclamations and speeches made at this dinner and elsewhere in commemoration of this historic event. My purpose is not only to focus attention on the courageous actions of the 1956 Hungarian freedom fighters and their goals of liberty and self-determination, but also on the plight of the millions and millions of people presently living under Soviet oppression in Eastern and Central Europe.

The American Citizens Committee was the prime mover behind the October 23 dinner. This event could not have had the impact that it did without the participation of the distinguished members of the committee. They lent their time and support not only to the dinner itself but to the general recognition of this historic event.

The honorary chairmen of the committee were my distinguished colleagues in the House, the Speaker, the Honorable CARL ALBERT and the minority leader, the Honorable GERALD R. FORD,

Senator ROBERT DOLE, and Senator DANIEL K. INOUE.

Cochairmen of the committee were Gen. Donald Dawson, a Washington attorney, and Philip Hannan, archbishop of New Orleans.

Congressmen EDWARD J. DERWINSKI and WILLIAM J. SCHERLE were cochairmen of the executive committee. Dr. Andras Pogany, president of the Hungarian Freedom Fighters Federation, and Mr. Laszlo Pasztor, director of the Heritage Groups Division of the Republican National Committee, also served on the executive committee.

There is another man, Mr. Speaker, who perhaps more than any other single person has been responsible for keeping alive the memory and spirit of the Hungarian Revolution in the United States.

I am speaking of the copresident of the Hungarian Freedom Fighters Federation, Istvan B. Gereben. Steve is a renowned oceanographer, who, in his spare time, has organized and kept alive the activities of countless American public figures and others in our country, who have sought, over the years, to work for policies which could promote a greater degree of freedom for people of captive nations.

He certainly was the key man behind the successful efforts of the committee to win such widespread recognition for the 15th anniversary of the Hungarian revolution.

I would like to share with my colleagues some of the important events and messages which took place at the October 23 dinner to commemorate this 15th anniversary. The dinner was held in the National Press Building in Washington, D.C.

The underlying message of the speakers at this dinner was that Americans have forgotten the lessons of Hungary. We have, as a nation, forgotten the ruthlessness of Communist totalitarianism and we have forgotten what it is like to live under such a government. We as citizens of a nation which places such a premium on freedom, must do all that we can to see that it is extended to all peoples.

At the beginning of the dinner Mr. Gereben introduced Congressman SCHERLE, who welcomed the dinner guests on behalf of the committee.

Archbishop Hannan offered the invocation. He said:

In the name of the Father and of the Son and of the Holy Spirit.

Oh, God, the source of freedom bless all assembled here, and all the Freedom Fighters of 56. As their heroism sparked the rebirth of freedom in their beloved land, may the remembrance of their deed revive the cause of freedom everywhere.

We pray also for Your continued blessing and support of that great champion of freedom, Jozsef Cardinal Mindszenty, that his example may feed the flame of freedom in all hearts! May every soul fulfill the words of scripture: live as free men, not using your freedom as cloth for malice, but as servants of God!

Pour out your special blessing on Hungary, the land which sacrificed so much for freedom and hasten the day when it will take its rightful place again as an honored member of the Free World. Amen.

In the name of the Father and of the Son and of the Holy Spirit.

Mr. Speaker, at this point I would like to share with my colleagues a poem that was read at the dinner. Entitled "Hungary, 1956," it was composed by our colleague from Maryland, LAWRENCE J. HOGAN.

HUNGARY, 1956

(By LAWRENCE J. HOGAN)

Under Soviet oppression
And tyrannous aggression
People lived in deep despair
And dark clouds hung everywhere
In this nation without hope or goals.
But, under burned-out coals,
Freedom smoldered there
Beneath that blanket of despair.

Then, just as pressure of stifling suffocation
On a dying fire makes spontaneous combustion,

The long-dormant spark exploded
To enflame a patriotism so long eroded.
Old men and young boys,
Heady with freedom's joys,
Became rag-tag soldiers adrift,
Gambling God's most precious gift
For a chance to rescue their nation
By risking wild confrontation;
To make a choice
Which is no choice:
Quick, rewarding death
Or slow, living death.

Soft-skinned boys emerge as men
To learn what life might have been.
Old men forget infirmities
And women ignore their frailties,
As an inspired nation arises in bravery
To cast off the chains of slavery
And invest sacrifice and dedication
With prayer and desperation
In a wild gamble to be free—
To make impossibility, reality.
To the world's disbelief
And their own ecstatic relief—
Amazing, odds-defying success
Exhilarating, intoxicating, joyful success.

Freedom! Freedom is to be.

Oh, to be free! To be free!
Hearts throb for love of country
Throats, aching from shouting defiantly,
Constrict and tears leak out of eyes
That had wept so many of despair's cries.

Now come, America, and give your solace
To this proud, brave populace
And rejoice in this heroic spirit
Arising from a coma, and share it.
Come, America, and help this rag-tag army grow

As France helped you so long ago
By making your revolt her own.
Come help reap what love of freedom has sown.

Come, America, with your mighty hands of friendship
To shelter freedom's fire in kinship.
Hear the Freedom Fighter's shout
Don't let freedom be snuffed out.
Come, America, and answer this plea
From a nation hungry to be free.

As days pass awaiting America's hand
An ominous quiet envelopes the land.
An eerie calm forewarns of storm
As lines of desperate resistance form.
Suddenly, the bleak November sky
Is pierced by Soviet MIGs' screaming cry.
And into every Budapest street
Firing on all they meet
Russian tanks rumble
To make all opposition crumble.
Tanks take vigil on each corner and wait.
Come, America, the hour is late!

Salvo after salvo of artillery
Bear witness to Soviet villainy.
Buildings crumble or are licked by flames
As cruel retaliation takes its claims.
Wreckage chokes Hungarian streets
And enemy fire cuts off retreats.

Behind blocked windows resisters stare
As smoke and stench of death poison the
air.
Freedom Fighters spend dwindling rounds
and wait
In hopeless defiance of their fate
As Soviet soldiers, recapturing a nation,
Bring house-to-house annihilation.
In a last gasp to make fate pause,
Anonymous heroes die in a lost cause.
Come, America, and watch a nation die
As all who love freedom cry!

The Russian shooting decreases
As the last remnant of resistance ceases.
Wisps of tell-tale smoke rise
Where the corpse of freedom lies,
Its acrid smell should shame
The nostrils of all who share the blame.

Where were you, America, as freedom died
To redeem the promise which you lied?
You whose own quest for freedom's chance
Would have failed without the aid of France.
Where were you, America, when children died
in bravery
Fighting a war that could have saved the
world from slavery?
Where were you, America, when the boot of
tyranny stomped out freedom's fire?
You were there, America, as pallbearer at
the funeral pyre!

Mr. Douglas Baldwin, a member of the steering committee, read the resolution of self-determination and neutrality of the Hungarian Freedom Fighters Federation. I would like to share this resolution with my colleagues:

STATEMENT OF THE HUNGARIAN FREEDOM FIGHTERS FEDERATION ON THE FIFTEENTH ANNIVERSARY OF HUNGARIAN REVOLUTION

In the 1970's, it is insufficient simply to attack or defend communism. We must know it: what moral, economic, military forces, what psychological modes hold it together; what new concepts and measures see the light of day, what kind of language the Communists use, that is understood differently by them and by us.

While there is no longer a single strong authoritarian leader who speaks for and rules over all communists, with its present polycentrism, Communism presents an equally great threat to free societies. The aim of Communism is still the domination of the world by elimination of free political systems and their transformation into fundamentally totalitarian Communist rule. The leaders of Communism reconfirm this goal day by day.

Communist strategy, in order to achieve this goal may have been changed. The nature of confrontation may be shifted from a primarily military arena to the ideological battlefield. We here in the West are much better prepared to cope with the articulate military threat than with the shapeless and deceptive tactics of ideological warfare.

The realization of the consequences of nuclear warfare has increased the prudence of the Communists leaders, but has not made them any more ready to abide by the U.N. Declaration of Human Rights or the Atlantic Charter than they did earlier. There is the problem of internal discontent in Communist countries, which moreover makes the Soviets less adventurous; however, the West has not tried to use this discontent to force the Communists to implement the very principles of the two mentioned documents and help restore self-determination among those nations which are deprived this right by their Soviet rulers.

Instead a staunch refusal to exacerbate the problems has been expressed. One cannot ignore the dehumanizing, aggressive ideology of the Communist powers and their military institutions which threaten the rest of the world. One cannot dream of coexistence and react only episodically to crises.

Systematic long term planning—based on the U.N. Declaration of Human Rights and the Atlantic Charter—is needed to help humanize the governments of the oppressed nations and restore lost freedoms in countries now occupied by foreign troops and foreign ideologies.

A man who has been sitting too long in one position in his chair and has become stiff has the right to change his position but not with the argument that he is doing it because the attitude of the chair has changed. Let us change policy; let us try new ways of bettering understanding between East and West! But let us not try to convince the world that Communism has changed because we did, for that is an illusion, and in politics, one cannot fall for an illusion without losing substance.

Are there more convincing examples of Soviet perfidy and perseverance than the Hungarian Revolution? The Berlin Wall? Czechoslovakia? The Russian writers in asylums?

In 1956, fifteen years ago, Hungary and her people of ten million tried to end the shameless double standard applied in international politics. To create reality from the myth of self-determination, they sacrificed their lives by the thousands. On November 4, 1956, the most principled, cleanest revolution of our century—Hungary's fight for freedom—was crushed by Red Starred tanks. A brave people and the great principle of self-determination were shockingly overrun and abandoned.

Because of the complexity of international politics and because of recurrent delusions, it is tempting to accept the status quo, arguing that not much can be done anyway, and that one must avoid an accidental nuclear war. But such a quietist approach assumes that the status quo is tolerable and just, which is simply not true. The international responsibilities incumbent on any great power cannot be avoided by Western governments. They must, therefore, creatively modify the situation in the direction of restoring lost freedoms and rectifying past injustices. The tacit acceptance of the Communist two-zone doctrine is erroneous and dangerous.

Legalization of present conditions, that is, prolongation of the status-quo, seems particularly injurious to Hungary. The economic conditions were improved and the standard of living of the average Hungarian has increased in the past decade.

The Revolution in 1956 was not fought over bread and butter issues. The essential issues rousing a whole nation in anger, sacrificing its youth, its men and women, are still there: The country is occupied by Soviet troops, the government put in power by Russian tanks and condemned by sixteen U.N. Resolutions continues to deny the basic human rights to the Hungarian people. The basic demands of the nation are not fulfilled. The withdrawal of foreign military forces from Hungarian soil, the declaration of neutrality and the establishment of a constitutional government through free elections with the participation of multiple parties representing multiple political and economic philosophies and interests, did not occur in the past fifteen years.

On the fifteenth anniversary of the Hungarian Revolution, the Hungarian Freedom Fighters Federation is compelled to declare that the demands of the Hungarian people as they have been expressed during the Revolution are still unfulfilled. Hungary is still a dictatorship, a police state permeated by a network of informants assuring total control over the people. The changes observed by naive tourists, eager reporters and shortsighted politicians are changes in outside appearance, changes in tactics and changes in the nonessentials.

The substance of the political, economic,

and social system, which the revolution attempted to overthrow is still unchanged.

Hungary is ruled by foreign ideals and occupied by foreign troops. Therefore, we Hungarian Freedom Fighters and other Hungarians living in the United States shall continue to work for a sovereign, constitutionally established, free Hungary and for freedom for all oppressed peoples of the world!

Dr. ANDRAS POGANY,
President.

ISTVAN B. GERBEN,
Coproresident.

WASHINGTON, D.C., October 23, 1971.

Following dinner, five men who have devoted an extraordinary effort to supporting the causes of the 1956 freedom fighters and to the cause of freedom for all men were cited. Receiving the 1971 Freedom Award were David Lawrence, renowned editor and newspaper columnist; Representative LAWRENCE J. HOGAN; Frank N. Maloof, philanthropist and humanitarian; Paul Miller, chairman of the Gannett Co. and president of the Associated Press; and Dr. Stefan T. Possony, professor, the Hoover Institution on War, Revolution and Peace at Stanford University.

I would like to note here that the first recipient of this award in 1960 was then Vice President Richard M. Nixon.

Upon receiving his citation, Mr. Lawrence spoke about the need for Americans to be told more about the history of the Hungarian revolution and the plight of captive peoples. His remarks follow:

REMARKS OF MR. DAVID LAWRENCE, EDITOR OF U.S. NEWS & WORLD REPORT UPON RECEIVING THE "FREEDOM AWARD" OF THE HUNGARIAN FREEDOM FIGHTERS FEDERATION U.S.A.

I appreciate very much of this honor and I am glad to be one of those receiving the Freedom Award of the Hungarian Freedom Fighters Federation. I think Representative Horton's speech is one of the finest I have ever heard. We, in America little realize what has happened in the last fifteen years since the Hungarian Revolution. If you asked any ten people, aged 25-30 what happened then, what captive states there are in this world, they would not even know. They do not know what a captive state is, they do not know what Hungary is, and they do not know how it became captive, and how it lost its short lived freedom in 1956. We forget too quickly.

We are involved in a war in Vietnam to save a small country, to enable it to have the right of self-determination and to maintain true independence. Many people in this country found that a novelty. It is not a novelty, it is one of the things that we, as individuals and as a nation have always believed in. The example of Vietnam does not mean that we are helping every nation become free. But it does mean that the gospel of today is freedom. In the United Nations and all other international conferences the uppermost subject should be freedom for all the nations.

I am convinced that if the plight of people living in the captive nations were better known in the United States, if more public sentiment were mobilized behind the concept of freedom for captive nations peoples, we would see public opinion developed in America supporting that concept. In turn this would have its affect in the international forums of the world.

We became involved in World War II because we were attacked by Japan. At the start of that war, Russia was on the side of Hitler. When we entered the war they were fighting against each other and the Soviets were in

trouble. We helped them out. It was the alliance with the United States and the West that saved Russia. At the end of the war, when peace was made, who took control of those states in Eastern Europe? Russia did! We apparently let it go by. We are the ones who saved Russia and by doing so we have part responsibility for the kind of settlement that was made. We have not told all the facts about the peace agreements.

The Captive Nation is a phrase that ought to be widely known in this country, so that Americans will be sympathetic to the peoples of captive nations, wish them freedom and try, through indirect ways to help them gain their freedom. We should do so because that is going to be the issue in the coming years—let small nations have their independence and let all nations choose their own form of government, even if they choose communism, but they must choose it honestly. That is what is coming: a desire for autonomy of nations and not the rule of autocratic governments which give their subjects no right whatsoever.

Your meeting here is symbolic of the movement to save the captive nations. But we don't know enough about it in America. The average citizen, I am quite sure, does not know much about it. You have to tell him what a captive nation is and who are the captive nations. A big publicity campaign is yet to be undertaken.

Thank you.

Dr. Possony, one of the recipients of the 1971 Freedom Citation, also spoke on behalf of the men who received the awards. His eloquent remarks made clear the meaning of the Hungarian revolution for all peoples, especially for Americans.

Dr. Andras Pogany, national chairman of the Hungarian Freedom Fighters Federation, talked about the moral hypocrisy of freedom-loving countries forgetting the hundreds of millions of people living behind the Iron Curtain.

Following the benediction by Archbishop Hannan and the National Anthems of Hungary and the United States, this memorable and moving event was concluded.

In addition to this recognition of the 1956 Hungarian revolution, 18 Governors and 96 mayors proclaimed October 23, 1971, Hungarian Freedom Fighters Day. I would like to include the list of those who designated the day as such:

STATES AND THEIR RESPECTIVE GOVERNORS, PROCLAIMING OCTOBER 23, 1971, AS HUNGARIAN FREEDOM FIGHTERS DAY

Alaska—William A. Egan, Governor.
Colorado—John D. Vanderhoof, Lieutenant and Acting Governor.
Connecticut—Thomas J. Meskill, Governor.
Delaware—Russel W. Peterson, Governor.
Georgia—Jimmy Carter, Governor.
Illinois—Richard B. Ogilvie, Governor.
Kansas—Robert B. Docking, Governor.
Kentucky—Louie B. Nunn, Governor.
Louisiana—John J. McKeithen, Governor.
Maine—Kenneth M. Curtis, Governor.
Massachusetts—Francis W. Sargent, Governor.
Maryland—Blair Lee, Lieutenant and Acting Governor.
Michigan—James H. Brickley, Lieutenant and Acting Governor.
Nebraska—J. James Exon, Governor.
New Jersey—William T. Cahill, Governor.
New Mexico—Bruce King, Governor.
Tennessee—Winfield Dunn, Governor.
Vermont—Deane C. Davis, Governor.

CITIES AND THEIR RESPECTIVE MAYORS PROCLAIMING OCTOBER 23, 1971, AS HUNGARIAN FREEDOM FIGHTERS' DAY

Albany, New York—Erastus Corning.
Allentown, Pennsylvania—Clifford S. Bartholomew.
Anderson, Indiana—J. E. Flanagan.
Atlantic City, New Jersey—William I. Somers.
Aurora, Illinois—Albert D. McCoy.
Baltimore, Maryland—Thomas J. D'Alesandro III.
Barberton, Ohio—I. Kenneth R. Cox.
Bayonne, New Jersey—Francis G. Fitzpatrick.
Berkeley, California—Warren Widener.
Bethlehem, Pennsylvania—I. H. Gordon Payrow.
Binghamton, New York—Alfred J. Libous.
Billings, Montana—Willard E. Fraser.
Boston, Massachusetts—Kevin H. White.
Bowie, Maryland—Leo E. Green.
Bridgeport, Connecticut—Hugh C. Curran.
Buffalo, New York—Frank A. Sedita.
Canton, Ohio—Stanley A. Cmich.
Cedar Rapids, Iowa—Donald J. Canney.
Chattanooga, Tennessee—Robert Kirk Walker.
Chesapeake, Virginia—W. S. Overton.
Chester, Pennsylvania—John H. Nacrelli.
Corpus Christi, Texas—Ronnie Sizemore.
Cicero, Illinois—John Karner.
Concord, California—Laurence Azevedo.
Clifton, New Jersey—Anna M. Latteri.
Dearborn, Michigan—Orville L. Hubbard.
Dearborn Heights, Michigan—John L. Canfield.
Denver, Colorado—W. H. McNichols.
Detroit, Michigan—Roman S. Gribbs.
East Chicago, Indiana—Dr. John B. Nicosia.
Elmhurst, Illinois—Charles Weigel.
Euclid, Ohio—Harry J. Knuth.
Fort Worth, Texas—R. M. Stovall.
Gainesville, Florida—Neil A. Butler.
Garfield, New Jersey—Richard Visofiky.
Hialeah, Florida—Charles A. Whiteacre.
Hollywood, Florida—John T. Wulff.
Honolulu, Hawaii—Frank F. Fasi.
Indianapolis, Indiana—Richard G. Lugar.
Irving, Texas—R. Dan Matkin.
Jacksonville, Florida—Hans G. Tanzler.
Kansas City, Kansas—Richard F. Walsh.
Kettering, Ohio—Charles F. Horn.
Lafayette, Indiana—Donald W. Blue.
Los Angeles, California—Sam Yorty.
Lakewood, California—Charles T. Schweitzer.
Lancaster, Pennsylvania—Thomas J. Monaghan.
Lansing, Michigan—Gerald W. Graves.
Lewiston, Maine—Robert W. Clifford.
Livonia, Michigan—Edward H. McNamara.
Long Beach, California—Edwin W. Wade.
Lorain, Ohio—Woodrow W. Mathna.
Macon, Georgia—Ronnie Thompson.
Madison, Wisconsin—William O. Styke.
Maple Heights, Ohio—Emil J. Lisy, Jr.
Memphis, Tennessee—Henry Loeb.
Miami, Florida—David T. Kennedy.
Milwaukee, Wisconsin—Henry W. Maier.
Mobile, Alabama—Robert B. Doyle, Jr.
Monterey Park, California—Al L. Kreger.
Mountain View, California—William L. Herfurth.
Nashua, New Hampshire—Dennis J. Sullivan.
Newark, New Jersey—Kenneth A. Gibson.
New Orleans, Louisiana—Moon Landrieu.
Newport News, Virginia—J. W. Hornsby.
Norwalk, Connecticut—Frank N. Zullo.
Oklahoma City, Okla.—Patience Latting.
Omaha, Nebraska—Eugene A. Leahy.
Onondaga County, New York—John H. Mulroy, County Executive.
Ontario, California—Howard J. Snider.
Orlando, Florida—Carl T. Langford.
Paterson, New Jersey—Lawrence F. Kramer.

Philadelphia, Pennsylvania—James H. J. Tate.
Pico Rivera, California—Anthony M. Santchez.
Portsmouth, Virginia—Jack P. Barnes.
Providence, Rhode Island—Joseph A. Doorley.
Pomona, California—Richard C. Brownell.
Rochester, New York—Stephen May.
Royal Oak, Michigan—James P. Cline.
Saint Louis, Missouri—Alfonso J. Cervantes.
Saint Paul, Minnesota—Charles P. McCarty.
Salt Lake City, Utah—J. Bracken Lee.
San Jose, California—Norman Y. Mineta.
Santa Barbara, California—Gerald S. Firestone.
Santa Clara, California—Gary G. Gilmor.
Santa Monica, California—Antony L. DiTuri.
Santa Rosa, California—John H. Downey, Jr.
Savannah, Georgia—John P. Rousakis.
Simie Valley, California—Lester D. Cleveland.
South San Francisco, California—William A. Borba.
Tempe, Arizona—Dale R. Shumway.
Torrance, California—Ken Miller.
Trenton, New Jersey—Arthur J. Holland.
Virginia Beach, Virginia—Donald H. Rhodes.
Waukegan, Illinois—Robert Sabonjian.
West Haven, Connecticut—Alexander F. Zarnowski.
Westminster, California—Derek C. McWhinney.

The proclamations from these Governors and mayors were moving tributes to the freedom fighters and eloquent pleas for the right of self-determination by all peoples.

The following are among the proclamations issued on behalf of the October 23 Hungarian revolution.

The first one proclaimed by Mayor Stephen May is from Rochester, N.Y., in my congressional district:

CITY OF ROCHESTER, N.Y.

Whereas, the people of the City of Rochester are sympathetic toward the efforts of the people of Hungary to free themselves from the chains of communistic totalitarianism, and we, in America, are reminded of our commitment to the purposes of the Hungarian Revolution by the presence of nearly fifty thousand refugees within our borders; and

Whereas, we are merciful of the memory of several thousand Hungarian Freedom Fighters who died in their attempt to win freedom in the fall of 1956, and of countless thousands of human beings who were jailed or deported after the Soviet forces overran Hungary again, and there is ample evidence that, in spite of claims by Hungarian communists to the contrary, not one of the goals of human freedom which the Hungarian nation fought for in 1956 have been realized, which evidence is well illustrated by the barbed wire fences surrounding Hungary today; and

Whereas, it is crucially important for us, as Americans, to sustain the hope and faith of the Hungarians, and all captive peoples in their eventual freedom from communist domination, and the freedom-loving people of Hungary look to the United States as the citadel of human freedom and to the people of the United States as leaders in the effort to secure their freedom and independence; and

Whereas, October 23, 1971 will mark the fifteenth anniversary of the day on which

the people of Hungary won their freedom, only later to be crushed by the brutal power of the Soviet army, and the desire for liberty and independence among the Hungarians and other oppressed peoples constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, many Hungarians have chosen Rochester to be their home and have contributed significantly to the well-being of this community,

Now, therefore, I, Stephen May, Mayor of Rochester, do hereby proclaim October 23, 1971 to be Hungarian Freedom Fighters' Day in Rochester, and urge all Rochesterians to pay special tribute to these loyal and brave people by recognizing the plight of Hungary and recommitting ourselves to work and pray for the day when Hungary will once more take its proper place in the family of free nations.

PROCLAMATION

Whereas, October marks the 15th anniversary of the Hungarian Revolution, the brave effort of the Hungarian people to cast off the yoke of communist domination inflicted upon them in the aftermath of World War II; and

Whereas, the revolution which began in the streets of Budapest October 23, 1956 brought temporary freedom—until the Soviets brought in foreign troops and tanks for what became a blood bath; and

Whereas, the weeks following the revolution saw thousands of Hungarians risk their lives in leaving their beloved country to find freedom in western Europe and the United States; and

Whereas, today, Hungarian Americans are valued and productive citizens of every major American city and the personal qualities that built a splendid nation in the heart of Europe enrich America:

Now, Therefore, I, H. Gordon Payrow, Jr., Mayor of the City of Bethlehem, Pennsylvania, do hereby proclaim Saturday, October 23, 1971 as Hungarian Freedom Fighters Day, and urge that all of our citizens pay special tribute to these loyal and brave people by studying the plight of Hungary and recommit themselves to the just aspirations of the Hungarians.

TRENTON, N.J., PROCLAMATION

Whereas, the desire for liberty and independence by the Hungarians and other oppressed peoples constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, it is incumbent upon free citizens to recognize appreciatively that the people of Hungary, with those others who share their destiny, in aggregate constitute not only a primary deterrent against a hot global war and further overt aggression by Moscow's totalitarian imperialism, but also a prime positive means for the advance of world freedom in a struggle which in totalistic form is psychopolitical; and

Whereas, in pursuit of a diplomacy of truth we cannot for long avoid bringing into question Moscow's legalistic pretensions of "non-interference in the internal affairs of States" and other contrivances which are acutely subject to examination under the light of morally founded legal principles and political, economic and historical evidence; and

Whereas, the continued occupation of Hungary by Russian troops constitutes a violation of the principles of the Atlantic Charter and the Universal Declaration of Human Rights to which documents the Soviet Union itself is a signatory; and

Whereas, the people of Trenton wish to express their dismay over the denial of fundamental human rights and self-determination to the people of Hungary:

Now therefore, I Arthur J. Holland, Mayor

of the City of Trenton do hereby proclaim Saturday, October 23, 1971 as: "Hungarian Freedom Fighters' Day" and urge that all of our citizens pay special tribute to these loyal and brave people by studying the plight of Hungary and recommit themselves to the just aspirations of the Hungarians.

PROCLAMATION

The people of Alaska are sympathetic toward the efforts of the people of Hungary to free themselves from the chains of communist totalitarianism, and we, in America, are reminded of our commitment to the purposes of the Hungarian Revolution by the presence of nearly fifty thousand refugees within the borders of the United States.

October 23, 1971, will mark the 15th anniversary of the day that the people of Hungary won their freedom, later to be crushed. It is of crucial importance for us, as Americans, to morally sustain the hope and faith of the Hungarians, and all captive peoples in their eventual freedom.

The freedom loving people of Hungary look to the United States as the citadel of human freedom to the people of the United States as leaders in bringing about their freedom and independence. It is incumbent upon us free citizens to appreciatively recognize that the people of Hungary, with those others who share their destiny, constitute not only a primary deterrent against a global war and further aggression, but also a prime positive means for the advancement of world freedom.

The people of Alaska wish to express their dismay over the denial of fundamental human rights and self-determination to the people of Hungary.

Therefore, I, William A. Egan, Governor of Alaska, do hereby proclaim Saturday, October 23, 1971, as Hungarian Freedom Fighters' Day and urge that all of our citizens pay special tribute to these loyal and brave people by studying the plight of Hungary and by recommitting themselves to the just aspirations of the Hungarians.

Dated this 21st day of October, 1971.

PROCLAMATION BY THE GOVERNOR

To the people of Kansas, greetings:

Whereas, the desire for liberty and independence by the Hungarians and other oppressed peoples constitutes a powerful deterrent to any ambitions of Communist leadership in form is psychopolitical; and

Whereas, it is incumbent upon us free citizens to appreciatively recognize that the people of Hungary, with those others who share their destiny, in aggregate constitute not only a primary deterrent against a hot global war and further overt aggression by Moscow's totalitarian imperialism, but also a prime positive means for the advance of world freedom in a struggle which in totalistic form is psychopolitical; and

Whereas, in pursuit of a diplomacy of truth we cannot for long avoid bringing into question Moscow's legalistic pretensions of "non-interference in the internal affairs of States" and other contrivances which are acutely subject to examination under the light of morally founded legal principles and political, economic and historical evidence; and

Whereas, the continued occupation of Hungary by Russian troops constitutes a violation of the principles of the Atlantic Charter and the Universal Declaration of Human Rights to which documents the Soviet Union itself is a signatory; and

Whereas, the people of Kansas wish to express their dismay over the denial of fundamental human rights and self-determination to the people of Hungary:

Now, therefore, I, Robert B. Docking, Governor of the State of Kansas, do hereby proclaim Saturday, October 23, 1971, as Hun-

garian Freedom Fighters' Day and urge that all of our citizens pay special tribute to these loyal and brave people by studying the plight of Hungary and recommit themselves to the just aspirations of the Hungarians.

Mr. Speaker, in addition to these citations, proclamations, and speeches, there is an effort underway to express America's determination to see that the principles of democracy and freedom be restored to the people of Hungary. Many Members of Congress have joined in action to insure that the national treasure of Hungary, the Holy Crown of St. Stephen, remain in the safekeeping of our Government until the Government of Hungary improves the individual rights and freedoms of its citizens.

U.S. troops took the 11th century crown, a gift from Pope Sylvester II to St. Stephen, Hungary's first Christian king, at the end of World War II from surrendering Hungarian forces, who were allied with the Germans.

Congressmen LARRY HOGAN and WILLIAM SCHERLE have been leaders in the congressional effort to see that the Crown remain in the hands of the United States. Under the leadership of Congressman HOGAN, 25 Members of the House joined in a resolution expressing the wish that the Holy Crown be retained in the United States for the time being and seven Senators led by Senators ROBERT DOLE, introduced a similar resolution.

In August, in light of news reports that the Holy Crown was in danger of being returned to the current Hungarian Government, 25 Members of Congress signed a letter to President Nixon expressing the desire of Members of Congress that no further action be taken by our diplomats and negotiators with regard to the crown until the Congress has expressed itself on this resolution.

The position of the U.S. State Department on this issue is embodied in an Associated Press dispatch of August 6 which reads:

WASHINGTON, Aug. 6.—A State Department spokesman said Friday there ought to be more improvement in U.S.-Hungarian relations before there could be any active discussion involving the return of the crown of St. Stephen and other jewels to the Hungarian people.

The statement by Press Officer Robert J. McCloskey officially set at rest reports that negotiations were nearing an end for the return of the jewels to Hungary. The United States has acted as a custodian since the end of World War II of the Crown of St. Stephen.

Earlier this week Istvan Darvasi, vice president of the Hungarian Peace Council, told 50 visiting professors from the United States that the U.S. and Hungary had resumed negotiations for the return of the jewels including the crown.

McCloskey said there are no negotiations and "presently the U.S. government feels that generally there ought to be more improvement in U.S.-Hungarian relations before we get into active discussions involving the return of the crown." The report from Budapest had stirred concern among Hungarian groups in the United States.

It is important that we do all that we can to insure that this crown remains in the United States until Hungary once again functions as a government, established by the Hungarian people through

free choice. We must continue to press diplomatic efforts to see that this is achieved.

Mr. Speaker, as we observe the 15th anniversary of the Hungarian revolution, these speeches, proclamations and other commemorative actions point up all too vividly the problems of the millions of people living under Soviet oppression in Eastern and central Europe.

Despite some lessening of tensions in the diplomatic relations between the United States and the Soviets, the plight of the people held captive in Communist controlled nations has not been diminished.

We, in America, often take our rights and freedoms for granted and forget what it is like to live under Soviet oppression. We must not forget. We must strive to do all that we can to recognize the tragic situation of people living under Soviet rule, and perhaps by doing so, bring closer the day when they can live in dignity and freedom.

Mr. HOGAN. Mr. Speaker, as a member of the American Citizens Committee for the Commemoration of the 15th anniversary of the Hungarian revolution I am pleased to join with our colleague, the gentleman from New York (Mr. HORTON), who served as chairman of that committee, in this dialog today.

On October 23 of this year, the American Citizens Committee sponsored a dinner here in Washington to commemorate the passing of 15 years since the Hungarian revolt in 1956. At that dinner, our colleague from New York (Mr. HORTON) presented the keynote address and discussed most cogently the present international realities of the 1970's and how they differ from the stark, cold war days of the mid-1950's.

I was deeply distressed by the American inaction during the 1956 Hungarian revolution. Since my election to Congress I have tried to focus attention on the plight of Hungary and other captive nations.

For the past year I have tried to get a commitment from the administration to guarantee the safekeeping of the Hungarian Holy Crown of Saint Stephen. Mr. Speaker I am particularly pleased at the number of our colleagues who have joined me in cosponsoring my concurrent resolution to maintain the holy crown in the safekeeping of the United States until such time as a constitutional government freely elected by the Hungarian people once again functions in Hungary. At the present time, there are 39 cosponsors in this body and seven in the other body.

Further, I received word this week from Chairman THOMAS MORGAN of the House Foreign Affairs Committee, to which this resolution was referred, that House Concurrent Resolution 385 has been assigned to the Subcommittee on Europe for further action.

Mr. Speaker, since becoming involved in this issue, I have written to President Nixon on several different occasions requesting a clarification of our present negotiating stance vis-a-vis the Hungarian Government on the subject of the disposition of the holy crown. For

the record, I would like to include at this point that series of letters:

MAY 19, 1970.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR Mr. PRESIDENT: Recent news reports indicate that the diplomatic and commercial relations between the United States and Hungary are improving and it has come to my attention that the Holy Crown of St. Stephen, Hungary's national treasure and main symbol of constitutional government, may be surrendered by the United States in future negotiations. Allow me to impress upon you, Mr. President, that this should not be a negotiable item.

The Crown of St. Stephen is the symbolic source of all Hungarian laws and powers. It has become the symbol of Hungarian sovereignty, achieving particular significance since 1945 when the Crown was entrusted to the United States for safekeeping until Hungary would once again function as a constitutional government established by the Hungarian people through free choice.

Despite the current improvement in our relations with the leaders of the Hungarian government, the United States cannot violate her trust by surrendering this state symbol to the totalitarian regime of a Soviet satellite. The unresolved dispute over United States claims on American properties confiscated or nationalized by Hungary after World War II gives us ample legal justification for holding this Crown as security against those unpaid claims. I urge that we maintain a firm stance on this matter.

The hopes of the oppressed people of Hungary for a future of freedom and liberty and the hopes of their brothers and sisters, the American-Hungarians in this country, will be dashed forever if the United States breaks its sacred trust and relinquishes the Crown.

Sincerely,

LAWRENCE J. HOGAN,
Member of Congress.

[From the New York Times, Apr. 15, 1970]

UNITED STATES AND HUNGARY PLEASED BY
IMPROVING RELATIONS

(By David Binder)

BUDAPEST, April 14.—A perceptible improvement in diplomatic and commercial relations between the United States and Hungary is prompting officials in Washington and Budapest to view the future with optimism.

According to reliable sources proving at the pace maintained in the last seven months, the day may be close when Washington finds an occasion to return Hungary's national treasure, the Crown of St. Stephen, to Budapest.

The jeweled crown is nearly 10 centuries old. It was given to St. Stephen, who was King of Hungary from 1000 to 1038, by Pope Sylvester II.

PROPERTY OF HUNGARY

Hungarian soldiers serving in Hitler Germany's Wehrmacht removed it from the Budapest Castle just 25 years ago as the Red army tightened its grip on the capital. The Hungarians took it to Salzburg, Austria, where they handed it over to a United States Army unit for safekeeping. It has been locked up in Washington in a secret place ever since.

However, the United States Government has regarded it as Hungarian property.

The recent improvement in relations has occurred in two areas—diplomatic courtesies and commerce.

Last August, for example, the Hungarians lifted travel restrictions for Ambassador Alfred Puhán, only two months after he had arrived. For 13 years previously the United

States ambassador had been denied access to most border regions and to many major cities. Washington responded with a similar removal of restrictions on the Hungarian ambassador.

The United States Information Agency has been allowed more leeway in presenting exhibitions in Hungary. A recent display of a moon rock at the National Museum was given public notice in the party organ, Nepszabadsag. More than 35,000 Hungarians went to view the rock in its two days on exhibition.

For a visitor familiar with Hungary since 1964 these changes represent a notable departure from the cold war attitudes that dominated relations in the past.

U.S. CONCERNS HAVE TIES

In the commercial field, three American concerns are developing cooperation with Hungarian counterparts. Corning Glass has a \$7-million operation here, making light bulbs together with the Hungarian Tungsram concern. The Hilton chain is participating in the building of a hotel on Castle Mill in Buda, the Budapest section on the west bank of the Danube. They are also planning a joint undertaking here.

One topic in which both the United States and Hungarian governments are interested is a consular convention that would allow Hungary to open consulates in New York and Cleveland, both of which have sizable Hungarian minorities.

While there is no need for American consulates in Hungary, Washington is interested in a consular convention as a means of providing added protection for American travelers in distress.

A long-standing issue between Budapest and Washington is United States claims on American properties confiscated or nationalized by Hungary after World War II. The two sides have made several unsuccessful attempts to negotiate this issue and still remain far apart. But another round of negotiations, the first in five years, is in the offing.

THE WHITE HOUSE,

Washington, D.C., May 28, 1970.

HON. LAWRENCE J. HOGAN,
House of Representatives,
Washington, D.C.

DEAR LARRY: This will acknowledge and thank you for your letter to the President regarding diplomatic and commercial relations between Hungary and the United States, with particular reference to the Holy Crown of St. Stephen. You may be assured that your views on this matter will be brought to the President's attention at the earliest opportunity.

With warm regard.

Sincerely,

WILLIAM E. TIMMONS,
Assistant to the President.

THE WHITE HOUSE,

Washington, D.C., June 11, 1970.

HON. LAWRENCE J. HOGAN,
House of Representatives,
Washington, D.C.

DEAR LARRY: We have had an opportunity to look further into the question of the Crown of St. Stephen of Hungary on which you commented in your letter of May 19. You may be assured that the White House and the State Department are fully aware that the custody of the Crown and the question of its ultimate return to Hungary have many delicate aspects. As you pointed out, the Crown has a unique character of great symbolic and constitutional significance to the Hungarian people. Clearly, these and other sensitive factors must be taken into careful consideration.

I am informed that the Hungarian Gov-

ernment has raised the matter of the return of the Crown in recent years, as discussions have been carried on looking toward the settlement of various long standing problems, but there are no present plans for the return of the Crown. Any such eventual action must serve the objective of goodwill and not discord, and the problem will continue to be treated with the discretion its delicacy requires.

With cordial regard.

Sincerely,

RICHARD K. COOK,
Special Assistant to the President.

AUGUST 18, 1971.

DEAR MR. PRESIDENT: On July 30, 1971, I introduced H. Con. Res. 385, with the co-sponsorship of 24 of my colleagues in the House of Representatives, expressing the sense of Congress that the Holy Crown of St. Stephen should remain in the safekeeping of the United States Government until Hungary once again functions as a constitutional government established by the Hungarian people through free choice. I have enclosed a copy of this resolution for your review.

Subsequent to the introduction of this concurrent resolution, a news story appeared in *The Washington Post* of August 4, 1971, indicating that the Holy Crown is in imminent danger of being returned to the current Hungarian Government through ongoing diplomatic and commercial negotiations.

I feel strongly that the Crown should not be returned at the present time and that this national treasure and symbol of constitutional government, which has been entrusted to the United States Government for safekeeping, not be considered a negotiable item by our diplomatic representatives. I strongly urge that no further action be taken with regard to the Holy Crown until such time as the Congress has expressed itself on the concurrent resolution which these 25 members of the House of Representatives have introduced.

Despite any changes in our relations with the leaders of the Hungarian Government, the United States cannot violate her trust by surrendering this state symbol to the totalitarian regime of a Soviet satellite. As I stated in my letter to you of May, 1970, the unresolved dispute over United States claims on American properties confiscated or nationalized by Hungary after World War II gives us ample legal justification for holding this Crown as security against those unpaid claims. I urge, again, that the United States maintain a firm stance on this matter.

Mr. President, the hopes of the oppressed people of Hungary for a future of freedom and liberty and the hopes of their brothers and sisters, the American-Hungarians in this country, will be dashed forever if the United States breaks its sacred trust and relinquishes the Holy Crown of St. Stephen at this time.

Sincerely,

LAWRENCE J. HOGAN,
Member of Congress.

[From the Washington Post, Aug. 4, 1971]

UNITED STATES AND HUNGARY RESUME TALKS ON CROWN JEWELS

BUDAPEST, Aug. 3.—Negotiations have been resumed for the return to Communist Hungary of the holy crown of St. Stephen and other Hungarian crown jewels, which have been in U.S. custody since the end of World War II, a Hungarian official said today.

Hungarian sources said this could be the first indication of an early settlement of the jewels' fate.

Istvan Darvasi, vice president of the Hungarian Peace Council, made the statement to a group of 50 American professors visiting Hungary.

The 11th Century crown, a gift from Pope Sylvester II to St. Stephen, Hungary's first

Christian king, is Hungary's most treasured historical relic. U.S. troops took the crown and other jewels at the end of World War II from surrendering Hungarian forces, who were allied with the Germans.

THE WHITE HOUSE,

Washington, D.C., August 30, 1971.

HON. LAWRENCE J. HOGAN,
House of Representatives,
Washington, D.C.

DEAR LARRY: I would like to acknowledge and thank you for your letter to the President with reference to the Holy Crown of St. Stephen and the House Concurrent Resolution regarding it which was introduced by several Members in July. You may be assured your letter will be brought to the President's attention at the earliest opportunity.

With warm regards,

Sincerely,

WILLIAM E. TIMMONS,
Assistant to the President.

CONGRESS OF THE UNITED STATES,
Washington, D.C., September 15, 1971.

The President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On July 30, 1971, we, the undersigned Members of Congress, introduced H. Con. Res. 385, expressing the sense of Congress that the Holy Crown of St. Stephen should remain in the safekeeping of the United States Government until Hungary once again functions as a constitutional government established by the Hungarian people through free choice.

Subsequent to the introduction of this concurrent resolution, a news story appeared in the Washington Post of August 4, 1971, indicating that the Holy Crown is in imminent danger of being returned to the current Hungarian Government through ongoing diplomatic and commercial negotiations.

We, the undersigned, feel that the Crown should not be returned at the present time and that this national treasure and symbol of constitutional government, which has been entrusted to the United States Government for safekeeping, not be considered a negotiable item by our diplomatic representatives. We strongly urge, Mr. President, that no further action with regard to the Holy Crown be taken until such time as the Congress has expressed itself on the concurrent resolution which we have introduced.

Despite any changes in our relations with the leaders of the Hungarian Government, the United States cannot violate her trust by surrendering this state symbol to the totalitarian regime of a Soviet satellite. The unresolved dispute over United States claims on American properties confiscated or nationalized by Hungary after World War II gives us ample legal justification for holding this Crown as security against those unpaid claims. We urge that the United States maintain a firm stance on this matter.

Mr. President, the hopes of the oppressed people of Hungary for a future of freedom and liberty and the hopes of their brothers and sisters, the American-Hungarians in this country, will be dashed forever if the United States breaks its sacred trust and relinquishes the Holy Crown of St. Stephen at this time.

Sincerely,

Lawrence J. Hogan, Joseph P. Addabbo, John B. Anderson, Frank J. Brasco, James A. Byrne, Philip M. Crane, Edward J. Derwinski, Thaddeus J. Dulski, Edwin B. Forsythe, Don Fuqua, Seymour Halpern, Henry Helstoski, Louise Day Hicks, Frank Horton, William J. Keating.

Jack F. Kemp, Earl F. Landgrebe, James D. McKeivitt, Thomas M. Pelly, Roman C. Pucinski, John H. Rousselot, Charles W. Sandman, Jr., William J. Scherle, and Lawrence G. Williams, members of Congress.

THE WHITE HOUSE,

Washington, D.C., September 17, 1971.

HON. LAWRENCE J. HOGAN,
House of Representatives,
Washington, D.C.

DEAR LARRY: Thank you for your joint letter to the President in which you urge that no action be taken to return the Holy Crown of St. Stephen to the current Hungarian Government until such time as the Congress has expressed itself on the concurrent resolution which you have introduced.

You may be assured that I shall call your comments and requests to the President's attention.

With warm regards,

Sincerely,

WILLIAM E. TIMMONS,
Assistant to the President.

DECEMBER 3, 1971.

The President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Once again, news reports indicate that the United States is negotiating with the Hungarian Government for the return of the Hungarian Holy Crown of St. Stephen, which was entrusted for safekeeping to the United States in 1945.

I am enclosing for your further information the translation of an article which appeared in the October 21, 1971 issue of the *Salzburger Nachrichten*, entitled "Secret Exchange of Mindszenty for St. Stephen's Crown?", as well as a copy of The Scott Report which appeared in the November 11, 1971 edition of *The Wanderer* newspaper. These articles allege that negotiations for the return of the Crown are under way, and even go so far as to indicate that the Crown has been promised in exchange for the safe resettlement of Jozsef Cardinal Mindszenty in Rome and Vienna. Despite these allegations, the enclosed copy of a letter which I received from Jozsef Cardinal Mindszenty indicates that the Cardinal himself wishes the Holy Crown to be retained in the United States at this time.

To date, thirty-nine members of the House and seven Senators have co-sponsored my resolution providing for the safekeeping of the Holy Crown until such time as a constitutional government freely elected by the Hungarian people once again functions in Hungary. This support is, I believe, indicative that many members of the Federal legislature are gravely concerned with the fate of this symbol of constitutional government and of the American role in its preservation.

I have called on Chairman Thomas E. Morgan of the House Committee on Foreign Affairs to initiate hearings on this important resolution. Prior to any public hearings, I would appreciate having your comments about these reports of alleged negotiations concerning the return of the Crown.

Sincerely,

LAWRENCE J. HOGAN,
Member of Congress.

VIENNA, November 20, 1971.

Rep. LAWRENCE J. HOGAN,
U.S. House of Representatives,
Washington, D.C., U.S.A.

SIR: It is with the deepest sense of gratitude that I received the information about a resolution action for the preservation of the Holy Crown of St. Stephen, for trying to prevent its being delivered into the hands of our worst enemies.

I express my feelings of hope in the success of your endeavours for this noble cause.

With the expression of my thanks,

I am, sincerely yours,

JOZSEF CARDINAL MINDSZENTY,
Primate of Hungary,
Archbishop of Esztergom.

[Translation (German) Source: "Salzburger Nachrichten" ("Salzburg News") October 21, 1971]

SECRET EXCHANGE OF MINDSZENTY FOR ST. STEPHEN'S CROWN?

München [Munich] October 20, 1971 (DPA). According to information received by the CSU organ "Bayernkurier", secret negotiations between the American and Hungarian Governments are underway concerning the crown of Saint Stephen, which is on deposit at Fort Knox in the United States.

As the Bavarian Party organ writes in its latest issue, "the return of the crown of the founder of the Hungarian Kingdom was one of the conditions which the Hungarian Government had made for the granting of safe conduct for Jozsef Cardinal Mindszenty during his recent resettlement to Rome. Allegedly, the negotiations concerning the departure of the Cardinal who had enjoyed asylum in the U.S.A. Embassy in Budapest since 1956, resulted in Pope Paul VI's "strict order" for the Cardinal to come to the Vatican, while the Budapest Government had given its approval of the exchange of St. Stephen's crown for Mindszenty's departure."

[From the St. Paul (Minn.) Wanderer, Nov. 11, 1971]

WILL REDS GET ST. STEPHEN'S CROWN? (By Paul Scott)

WASHINGTON.—Secret diplomatic maneuvering is now underway for the State Department to turn over the Holy Crown of St. Stephen's to the Communist Government of Hungary.

The historic crown, the oldest Christian symbol of freedom and authority in Europe, was entrusted to the U.S. Government in 1945 to keep it out of the hands of attacking Russian armies and until Hungary is a free nation again.

The return of the Holy Crown and its jewels is being engineered by Dr. Henry Kissinger, the adviser, and is an integral part of President Nixon's new policy of accommodating Moscow and Peking to obtain a lowering of East-West tensions.

Under the Kissinger plan, the Holy Crown is to be returned to Hungary before the President visits Moscow. The return could come as early as this Christmas if a U.S.-Hungary claims settlement agreement can be worked out before then.

The return of the Holy Crown is to serve as a public gesture to Moscow and the other Soviet-bloc nations that the U.S. Government fully recognizes Communist control over Hungary and the other captive nations of Eastern Europe.

Given to King Stephen of Hungary by Pope Sylvester II in the year 1000 A.D., the Holy Crown is a national treasure of immense historic and symbolic significance to Hungarians and American Hungarians who believe that government power is inherent in the Holy Crown itself. To many Hungarians, the Holy Crown represents that Hungary always would be a Christian nation.

Discussions on the arrangements for the return of the Holy Crown are now going on in Budapest between Hungarian officials and U.S. Ambassador Alfred Puhán. The arrangements are expected to be completed soon unless Congress bars the move.

Twenty-five lawmakers led by Representative Lawrence Hogan (R., Md.), a leading Catholic layman and former FBI agent, have introduced a concurrent resolution in Congress designed to block the return. Their resolution expresses the sense of Congress that the Holy Crown should remain in the United States until Hungary once again functions as a constitutional government established through free elections.

The House legislators, who are from politically strategic States ranging from New York to California, and Massachusetts to Pennsylvania, are now pressing for public hear-

ings before the House Foreign Affairs Committee. The Hogan group's objective is to expose the Kissinger plan before it can be consummated and rally public and Congressional support against the return.

Their argument against the return is that it would be taken by persons behind the Iron Curtain as a breaking of a sacred trust and a sign that the United States has given up hope that Hungary and the other captive nations will ever be free. As one member of the Hogan group put it:

"The return of the Holy Crown would be a symbol that the United States believes Communist rule will go on indefinitely in Hungary and the other Eastern European nations."

State Department officials so far have been able to delay public hearings by declining to answer the committee's request for the Nixon Administration's position on the resolution.

THE NEW POLICY

The significance of the present U.S.-Hungarian talks to return the Holy Crown is that they began shortly after President Nixon made his decision to support the legalization of Communist control over all the people and nations seized during and since World War II.

Although never announced by the President, this new doctrine of writing off the captive nations of Europe and Asia was secretly made known to Soviet and Chinese leaders several months ago and shortly after the decision was made.

Administration insiders say the new Nixon policy had a lot to do with those invitations from Moscow and Peking for President Nixon to visit those countries next year. Another sign of the policy is the red-carpet treatment that the White House accorded President Tito when the Communist boss of Yugoslavia visited Washington last week.

It was Tito who encouraged Nixon during their meeting last year in Belgrade to give "legal recognition" to the territorial changes that took place in Europe after the Second World War.

MINDSZENTY EXILED

The pressured exile of aging Cardinal Mindszenty recently from his self-imposed asylum in the U.S. Embassy in Budapest was part of the new Nixon policy toward the Communists. As a symbol of a free Hungary, the Communist government there wanted Cardinal Mindszenty removed from the country. The Nixon Administration agreed and put pressure on Rome to force Mindszenty to leave.

Significantly, one of the charges leveled against Cardinal Mindszenty, when he was jailed after the Communists took over Hungary, was that he had urged the United States to protect the Holy Crown or turn it over to Rome for safekeeping. Cardinal Mindszenty was freed from jail by the Hungarian Freedom Fighters during the October, 1956, uprising. He was forced to seek asylum in the U.S. Embassy when Soviet troops crushed the rebellion.

Now living in exile in Austria, Cardinal Mindszenty's private plea to his supporters here is to do everything possible to keep the Holy Crown out of the hands of the Communists. One of his long-time supporters here, former Speaker John McCormack, is telling members of Congress that "the return of the Crown to the present Hungarian government must be stopped."

Mr. Speaker, after reviewing this correspondence I think it becomes eminently clear that the vital issue at the moment is whether or not our diplomatic negotiators are indeed negotiating away the Holy Crown of St. Stephen, the Hungarian symbol of constitutional government.

I am anxiously awaiting the Presi-

dent's response to my letter of December 3. I think that, in view of the interest of numerous Members of Congress and of Jozsef Cardinal Mindszenty himself in safeguarding this holy crown, we cannot stand idly by while our diplomatic negotiators adopt the stance that the crown is simply a jewel which should be handed over to the present Soviet-dominated Government in Hungary.

The Holy Crown of St. Stephen is far more than a jewel and giving it to the present Hungarian Government would deal a crushing blow to all American-Hungarians and to their captive brethren in their Hungarian homeland.

Mr. Speaker, since I have become interested in this matter numerous documents have crossed my desk which touch on the Holy Crown of St. Stephen. I include them in the RECORD at this point for the further information of our colleagues and the American public:

MEMORANDUM ON THE HOLY CROWN OF ST. STEPHEN

AN AMERICAN APPRAISAL

A distinguished American, John F. Montgomery, for eight years President Roosevelt's Envoy to Hungary, has defined the meaning and the intrinsic value of St. Stephen's Crown for the Hungarian people. In his book, "Hungary the Willing Satellite" he explained (p. 36) that "Hungary, as contrasted with England and nearly every other kingdom, has always put the crown above its wearer: *the king really served as regent for the crown* in which rested the sublime power carried down through the ages from the time of King Stephen." That sober American also paid tribute to St. Stephen and his people by stating that "with the coronation of its medieval king, who after his death was sainted, Hungary became the most eastern of the western lands," (p. 37).

CUSTOM AND CONSENT

The Hungarian constitution—although its application was interrupted in 1945 by Soviet military occupation—remains based on St. Stephen's Crown. The constitution is the product of the Hungarian Realm's millenary history, gradually developed by custom and consent, with its roots extending far back into the tribal past of the nation. It is of primary importance that sovereignty attributed to the Holy Crown derives from the rule that decisions on affairs of public concern have to be made in the name of St. Stephen's Crown, personifying both the King and the Nation. Since the reign of Andrew II (1205-1235), "the strict observance of the rights, the freedoms, and the laws of the nation" has been included in the king's oath of coronation. Charles Robert was not accepted as the constitutional king in 1308 by the Hungarian nation when at first he was crowned with a substituted crown.¹ He had to be coronated a second time in 1310 with St. Stephen's Crown. Since that time the coronation implies the constitutional sanction that "only he shall be recognized as a legally reigning king of Hungary, whom the nation has crowned with St. Stephen's Crown."² Since then the crown is being designated and revered as the "Holy Crown" of Hungary, a unique concept among people living under a monarchy.

MYSTERY OF THE HOLY CROWN

The mystery of the Holy Crown had been developed gradually and its partly religious, partly political origins could hardly be explained rationally, except by the fact that it grew out of the historical necessity to synchronize the sovereign authority of the

Footnotes at end of article.

King with the Nation's insistence on its sovereign right to freedom. Sovereignty, however, means: supreme power—it is therefore indivisible. Unity and balance within the state had been secured in Hungary by personifying St. Stephen's Crown and attributing to it the ownership of Hungarian sovereignty with the King and the Nation participating jointly in the Crown's ownership, as members ("membra Sacrae Coronae").

This theory (in America it might be called a "doctrine") was born in the early XII century. King Coloman ("the Booklover") noted in 1103 that his treaty with the Doge of Venice "would have less validity unless it was concluded with the consent of the Kingdom's Council".² Personal rule by the King has been alien thereafter and unacceptable to the Hungarian people. In contrast to west European practice, donation of land in Hungary could only be effected as a reward for public service ("iusto servitio", according to King Andrew II's "Golden Bull", Art. XVII of 1222) and not as a personal favor.

In later centuries, landed aristocracy did gain more, but never exclusive influence on the conduct of state affairs; its power was never able, however, to eliminate the principle of constitutional government as incorporated into the personification of the Holy Crown. This theory remained the source not only of the King's sovereign power, but also of the people's inalienable right to freedom and self-determination. Political science, in modern times, has accepted the concept of "the state as a living organism." The Hungarian people have never deviated from that concept. They have considered the State as a society, established in order to serve the welfare of the entire community. Personified, the Holy Crown is the owner of all the public power originally rooted in the nation and held jointly by the King and the people. Always more than a symbol, the Crown during ten centuries also represented the statehood of Hungary and her sovereign independence from foreign nations. In 1440, the National Assembly of Hungary in its Manifesto already recognized the Holy Crown as a "Mystery".

WERBÖCZY'S "TRIPARTITUM"

This interpretation of the Holy Crown's sovereignty had been fully developed by the end of the XIVth century. Unquestionably, "the Kings of Hungary obtained loyalty of their subjects primarily because of the fidelity owed by them to the Crown."⁴ The famous jurist, Stephen Werbőczy, in the beginning of the XVth century (1517) did not formulate but only compiled the principles and rules of the then existing Hungarian constitution, formed by custom. In his egregious work, the "Tripartitum," based on accepted tradition, but not codified ever before, he defined the constitutional theory of the Holy Crown which upholds the irrevocable sovereignty of the King once he was crowned but sets up the constitutional limits of his power also. St. Stephen's Crown remains the only source of power within the state: it confers sovereignty but also vindicates absolute rule. The Holy Crown is not only the symbol of national unity, it also owns all the land which forms "the territory of the Holy Crown." The Crown also maintains, though sometimes only in principle, the equality of rights among all noblemen ("una eademque nobilitas") and actually prevented the aristocracy from legally setting up its rule over the lesser nobles as did happen in Western European feudal states.⁵ King Ferdinand II, in 1635 (Art. XVIII) confirmed on the part of the Hapsburg Dynasty Werbőczy's statement that "legislative power belongs jointly to King and Parliament." The Kings of Hungary ruled not alone "by the grace of God", but with participation and consent of the nation also. The will of the Holy Crown has only been

accepted as "the law of the land." And "the law is binding also the King," stated Werbőczy,⁶ as being the basic rule in the constitution.

ABSOLUTISM REPUDIATED

The "mystery" of the Holy Crown has not been derived from the medieval idea of the state ("Mysterium Christi"), but from the ancient Hungarian concept of divided sovereignty between King and Nation, held in indivisible unity by the Holy Crown. With the ascension of the Hapsburg Dynasty to the throne of Hungary (1529) valuable Western aid was secured against continuous Turkish invasions. But frictions also resulted from the difference between the Hungarian theory of the Holy Crown and the feudal concept of the monarch's personal (absolute) power in his germanic provinces. Attempts by the King at imposing similar absolute rules on Hungary have been consistently repelled by the Nation as contrary to the theory of the Holy Crown.

Such was the fate of King Rudolph's imposition in 1604 of Law XXII proclaimed by the King without the Nation's consent which two years later in Art. 1 of the Vienna Peace Treaty was repudiated as null and void. The same fate befell Joseph II's entire reign when the laws of his regime were cancelled under his own signature. The Law X of 1790 declared: "It is being recognized by His Majesty that in Hungary and her Associated Lands, the right to make laws, enforce and withdraw them remains a joint responsibility of the constitutionally crowned King and the estates convened in Parliament, and nothing can be imposed except through Parliament." In 1462, the great King Matthias I had already proclaimed this principle and in 1741 Queen Maria Theresa had also emphasized that supreme power of the King is power conferred on him by the Nation ("concessa potestas"),⁷ through the instrumentality of the Holy Crown.

THE BASIC REFORM OF 1848

The supreme power of the Holy Crown remained intact with the abolition of the nobility's privileges in 1848. Up to then, Hungarians who could trace back their ownership of land to original settlement or donation by the King, had been accepted as noblemen and thus participating in the membership of the Holy Crown. Thereafter, all Hungarian citizens became entitled to participate in that membership and to form jointly with the King, after he has been duly crowned, the entire Body of the Holy Crown, ("totum corpus regni Sacrae Coronae") it being identical with the Hungarian State. Since 1848, therefore, every Hungarian citizen could claim the rights and freedom reserved previously for nobles only. At the end of the Second World War, however, the Soviet Union imposed on Hungary the dictatorship of the Proletariat.

THE CORONATION

Since the Holy Crown has been considered for centuries the personification of the State and of its sovereignty, the crowning of a King had become an indispensable condition for the King's possession of royal powers. No law was needed to establish this postulate for an alert national conscience saw to it that the legality of the King's rule be properly established. The law passed in 1723 (the "Pragmatica Sanctio") on the succession of the House of Habsburg-Lothringen to the throne of Hungary, stipulated also that before being crowned, the rightful heir to the throne issue a diploma and guarantee under oath to abide by the Constitution. The powers to sanction law and to confer donations were reserved—according to Werbőczy—only for the legally crowned King ("rex legitime coronatus"). Law III of 1790 also stipulated that "irrefusably" ("inomisze") the King's coronation must take place within six months from

the heir's accession to the throne, or else all his acts and orders shall lose validity.

CONCLUSION

Mindful of the veneration paid to St. Stephen's Crown by Hungarians of all walks of life and every creed, there is unanimity among them that the last irreplaceable remnant of Hungary's millenary constitution and her national sovereignty may not be exposed to seizure by the Soviet army. It is generally felt that the historical existence of the Hungarian nation is attached to the Crown's survival for which innumerable Hungarian lives have been sacrificed during thousand years. The shattered sovereignty of the Hungarian state, the downtrodden freedom of its citizens, the confiscated independence of the nation, the entire destiny of Hungary are being intimately tied in the Hungarian heart to the fate of the Holy Crown.

Years ago, in 1955, the Department of State has given assurance⁸ that it is "fully cognizant of the character and importance of St. Stephen's Crown", and that "as property of a special status held in trust by the United States authorities, the Crown of St. Stephen is being properly safeguarded under wholly secure conditions of custody," and that furthermore any exigencies that might arise from some future action "cannot endanger or otherwise affect the safekeeping of the object [the Holy Crown] in any way."

The present government in Budapest is being inescapably controlled by the Soviet Union. Handing over the Holy Crown to that government while Soviet troops are stationed in the country would be deeply resented as a breach of promise. It would cause lasting alienation from America among Hungarians all over the world. For no cogent reason it would be generally damaging to the good name of the United States government.

DR. TIBOR ECKHARDT,

Chairman, Coordinated Political Affairs Committee of Hungarian Organizations in North America

FOOTNOTES

¹ C. A. Macartney: "Hungary, A Short History", Aldine Publishing Co. Chicago, 1962, p. 40.

² A. Timon: Die Theorie der Heiligen Krone (p. 309), published in Weimar by Hegmann Bohlens.

³ All the Latin terms in this Memorandum are quoted from Werbőczy's Tripartitum.

⁴ A. Timon, Ibid., p. 318.

⁵ Francis Eckhart, "The History of Hungary," Budapest, Kádor Publishing Co., 1946, p. 120.

⁶ Werbőczy, Tripartitum, Tit. 5, part II.

⁷ A. Timon, Ibid., p. 322.

⁸ On April 6, 1955, Mr. Walworth Barbour, Deputy Assistant Secretary for Foreign Affairs, issued the attached statement.

DEPARTMENT OF STATE,

Washington, D.C., April 6, 1955.

HON. DALLAS S. TOWNSEND,
Assistant Attorney General,
Washington, D.C.

DEAR COLONEL TOWNSEND: Thank you for your letter of March 22, 1955 which enclosed copies of your communication to Mr. Bernard M. Shanley and a letter from Dr. Tibor Eckhardt concerning the Crown of St. Stephen of Hungary. I greatly appreciate your courtesy in bringing this matter to my attention.

The Department of State is fully cognizant of the character and importance of St. Stephen's Crown. This historic and symbolic object is held in trust and safekeeping by United States authorities under circumstances of especial delicacy and responsibility. In view of the unique nature and status of the property, as well as of important considerations relating to its physical care and

safeguarding, I regret to inform you that the Department of State is not prepared to permit the release of the Crown, however temporary, from official safekeeping or to accede under any circumstances or conditions to requests or proposals for its exhibition.

As property of a special status held in trust by United States authorities, the Crown of St. Stephen is being properly safeguarded under wholly secure conditions of custody. I can assure you, therefore, that any exigencies that might arise from the reestablishment of sovereignty by the Federal Republic of Germany or from some future action of a German government cannot endanger or otherwise affect the safekeeping of the object in any way.

Sincerely yours,

WALWORTH BARBOUR,
Deputy Assistant Secretary for European Affairs.

CARDINAL MINDSZENTY ON ST. STEPHEN'S CROWN

1. The Crown of St. Stephen was given by Sylvester II to Stephen in the year 1000.

Stephen (named Vajk) who was merely the Dux or Leader of the Magyars became recognized as an Apostolic King of a European State, and Hungary became a new State in Europe.

2. In granting this crown, Pope Sylvester was acting in the manner similar to Pope Sylvester I, who was Pope when Emperor Constantine issued the Edict allowing Christians religious liberty in the Roman empire.

3. By accepting the crown, Stephen established the Hungarian State which recognized the right of religious liberty—that is, that the Christian faith would have its own institutions free of the State. A part of the agreement was the establishment of the Archbishopric of Esztergom (Mindszenty's See) and other bishoprics.

4. Thus the Crown has, over and above its political importance, an ecclesiastic and religious significance, which puts Cardinal Mindszenty under permanent obligation and right to preserve and protect it.

5. Because of the extraordinary circumstances surrounding the establishment of the Hungarian State, quite unlike the origins of any other European State, *Mindszenty felt and still feels*, that the liberty of the church is best safeguarded by the doctrine of the Holy Crown, which places reciprocal rights and duties on the secular authorities, the ecclesiastic authorities, and the people of Hungary.

6. The "doctrine of the Holy Crown of Hungary" thus denotes, as a symbol, the constitutional relationship between the political, or secular, power; the ecclesiastic power; and the national, or popular, power. *It is not the crown of a royal family or dynasty, but it has a significant symbolic meaning for the whole country. The Holy Crown is the source of national existence and the basis of sovereignty. The King (or it could be President), wearing the Holy Crown on the one hand, and the nation as a whole on the other, together constitute the "body" of the Holy Crown—the Hungarian State in its entirety. The territory of the State is the territory of the Crown. All prerogatives are not rights of the King, but of the Holy Crown (that is, of the Constitutional State). The right of the Legislature, as well as the right of the executive or king, is also the right of the crown. Legislative authority is exercised jointly by the monarch and the "members of the nation" represented in Parliament. The right to sanction or veto legislation is thus conferred upon the King only by his coronation and on the understanding that the other rights of other branches of the government are honored by him. Included among these, of course, is the liberty of the church and of the*

right of churchmen to be in free contact with the Holy See.

7. Cardinal Mindszenty stressed recently to the religious leaders with whom he spoke in the Vatican that he did not change his opinion about this matter since 1948 when he expressed his views on the Crown in a letter to U.S. Minister Selvin Chapin in Budapest. The letter is preserved in the Archives of the State Department.

8. Cardinal Mindszenty has been writing while in the U.S. Embassy in Budapest a five volume history of the Hungarian church during five crisis periods, including the last one in World War II. He intends to publish it in Vienna where he hopes to document this work using the church archives.

[From Michigan Catholic, Nov. 17, 1971]

MINDSZENTY ASKS NIXON TO KEEP HUNGARIAN CROWN

WASHINGTON.—Cardinal Jozsef Mindszenty reportedly has written a letter to President Nixon asking that neither St. Stephen's crown nor cloak—symbols of Hungarian sovereignty—be released to Hungary's Communist rulers.

Although the White House did not confirm receipt of the letter, a source told NC News that it was sent to the President in care of Frank Shakespeare, director of the United States Information Agency. Shakespeare was not available for comment.

The source claimed that Cardinal Mindszenty's letter not only cautioned the President against transferring the crown from a U.S. hiding place to the Communists, but condemned Janos Kadar, head of Hungary's Communist regime, and requested that the United States give money to certain members of Hungarian nobility.

If the cardinal's letter reached the President, it could be considered something of a personal coup for the elderly prelate whose words were heavily guarded by the Vatican after he hesitantly agreed in September to end his self-exile in the U.S. embassy in Budapest at Pope Paul's insistence.

The whereabouts of St. Stephen's crown remained foremost in his mind because Hungarian tradition gives government leadership to its possessor who, many Hungarians believe, should be the country's Church leader in the absence of a ruling king.

Cardinal Mindszenty has placed so much importance on possession of the crown that he is believed to have earlier urged the late Cardinal Francis Spellman of New York "in a ferocious letter" not to let the crown fall into Communist control—an act which Cardinal Mindszenty thought would perhaps destroy the morale of Hungarians who trusted the symbolism of the crown's power.

This trust has led to some Hungarians' insistence that their country's leadership under Kadar is not legitimate because it does not possess the crown.

Lack of the crown does not seem to have affected Kadar's rule but Communist leaders have resumed their calls for the crown's return to Hungary.

The crown originally bestowed on King Stephen I of Hungary in 1000 A.D. by a Pope, has through the ages been a symbol of civil power.

The crown fell into U.S. hands in 1945 after a regent of Hungary fled Soviet invasion and took it to Austria where Americans found it with other valuables in a discarded wooden case.

A copy of the crown is on display in the Vatican museum but the original rests at a spot undisclosed by U.S. officials who remain reluctant to discuss it.

The source said that Cardinal Mindszenty's letter to President Nixon was written in faulty English and unclear terms and warned that "Kadar is evil because under his

rule several million embryos will be handed over to satan."

THE TRIAL OF JOZSEF MINDSZENTY

MINDSZENTY. Whether on the first or second occasion, I don't know. But it happened.

PRESIDENT. So it happened.

MINDSZENTY. Yes.

PRESIDENT. Did he also tell you that he was soon going abroad, to France, and so would get in touch with Otto?

MINDSZENTY. I think he said this, too.

PRESIDENT. He did, in fact, leave and discussed matters with Otto abroad in 1947, and returning home in October 1947, he visited you again?

MINDSZENTY. Whether in October, I don't know, it is unimportant. But he visited me.

PRESIDENT. It is unimportant. Is it correct that it could have been in 1947 in the autumn? The year before last?

MINDSZENTY. Yes, I think so.

PRESIDENT. Where did you meet? You will certainly remember the place better.

MINDSZENTY. I think at the central seminary.

PRESIDENT. Did Ullmann report what he had discussed with Otto?

MINDSZENTY. Yes. He sent his greetings.

PRESIDENT. Did you write to United States Minister Chapin on August 31, 1947, asking him that the Hungarian Holy Crown which was in the possession of the American Army should not be sent to Hungary but to Rome?

MINDSZENTY. Yes.

PRESIDENT. What was the reason for this? To whom does the Crown belong?

MINDSZENTY. Undoubtedly to the Hungarian nation.

PRESIDENT. Who is entitled to deal with the Crown? To it? And where should this be done?

MINDSZENTY. In any case, in normal times we all consider it natural that the Holy Crown be guarded in Budapest in the Castle of Buda. Nevertheless, in the given situation the matter did not appear to be so, since everybody thought the Holy Crown lost and was sorry about it.

PRESIDENT. It was known at that time that it was not lost. It survived the events of war and the excesses of the Arrow Cross.

MINDSZENTY. Yes.

PRESIDENT. Now I am going to review the letter marked A/8 (showing it). Is this your own handwriting?

MINDSZENTY. Yes.

PRESIDENT. Here is also Zakar's own English translation:

"Your Excellency,

The United States returned, her soldiers brought back the Holy Right Hand of Saint Stephen, our first king, which has remained preserved for 909 years. His Holy Crown our most valued constitutional and historical relic, is also in the hands of the United States Army in Wiesbaden, Germany.

My request to you is to obtain an order from your Government, effecting the transportation of the Crown by the Army and its transfer to the same Apostolic Power, His Holiness the Pope, whose predecessor presented St. Stephen with the Holy Crown in the year of 1000.

Since this cause is a very important one for our nation, and since demands for its return and military advances might be fatal for the Crown, only Rome could reassure us. Please accept my sincere esteem, etc."

Defense Counsel: I beg the People's Court to permit the Prince Primate to sit down if he wishes.

PRESIDENT. I beg you, please tell me if you are tired, then of course. Are you? A chair please. (Guard brings a chair, Mindszenty sits down.) If you are also mentally tired, please tell me, and I shall order a recess. Should we go on with the trial?

MINDSZENTY. Yes.

PRESIDENT. So here is the original letter from Selden Chapin, dated September 2, 1947. It reads as follows:

"Legation of the United States of America

BUDAPEST, HUNGARY,

September 12, 1947.

MY DEAR CARDINAL MINDSZENTY: I have received your letter of August 31 with regard to the disposition of the Holy Crown of Saint Stephen that your state is now in the hands of the United States Army in Wiesbaden.

Permit me to assure you, my dear Cardinal, that your suggestion will be given due consideration at such time as the disposition of this relic is brought to the attention of this Legation.

Sincerely yours,

SELDEN CHAPIN,
American Minister.

His Eminence Jozsef Cardinal Mindszenty, Arch Primate of Hungary, Archbishop of Esztergom, Esztergom, Hungary."

Did Zoltan Csaky visit you in September 1947? Did you know him formerly?

MINDSZENTY. No, never.

PRESIDENT. How did he happen to come to you? Who recommended him to you?

MINDSZENTY. I think he came with a letter from Professor Baranyai.

PRESIDENT. Here is the letter written to you by Baranyai on August 26, 1947. (He reads the letter.) Baranyai considers you alone competent to deal with the matter of the Crown. This also shows that you considered this matter from the Legitimists' viewpoint. Isn't it so? You said just now that only the Hungarian Government was competent.

MINDSZENTY. In any case, I thought that for the religious side I had some role in this respect.

PRESIDENT. Did you report to any official of the Hungarian Government in what danger the Crown was, and that it would be a good idea to get it to Rome for the time being, and later after the international tension had ceased, we could bring it home? Did you suggest this to anybody?

MINDSZENTY. No, I did not report this to anybody because I was told meanwhile that the American Government was already beginning to be reluctant about returning certain Hungarian property. This I heard in Hungary from the Ministry of Finance.

PRESIDENT. All the more reason! If you had wanted to save the Crown for the Hungarian nation and not to make use of it against the existing State, then you would have cooperated with the Government organs. We had an entire organization abroad searching for looted property, until its work was made impossible. This would have been the natural course to follow.

MINDSZENTY. I never thought of it.

PRESIDENT. This would have been legal and natural, wouldn't it?

MINDSZENTY. I didn't take such steps.

PRESIDENT. You didn't take any steps for this purpose. Did Zoltan Csaky visit you later on with the above mentioned letter? What did he report on?

MINDSZENTY. I think he referred to his relationship with Ernő Pajtás and said that he no longer doubted that the Holy Crown was in Wiesbaden. He said this and said he could cooperate in bringing the Holy Crown perhaps to Rome. Then I gave a commission to Csaky, wrote a letter for him that he could intervene with the authorities concerned. If I remember well, the Archbishop of Vienna and then the Archbishop of Salzburg, were directly mentioned.

PRESIDENT. (He reads Mindszenty's letter of recommendation. Is this your own writing? (He shows it.)

MINDSZENTY. Yes.

PRESIDENT. (He reads Mindszenty's letter

to the Archbishop of Vienna and to the Archbishop of Salzburg and the letter of recommendation for Zoltan Csaky.) Did you send the two letters of recommendation to the above mentioned Archbishops?

MINDSZENTY. Yes. Then Csaky turned to other people whose names I had not expressly mentioned.

PRESIDENT. Did you know that Csaky returned home from the West illegally?

MINDSZENTY. This I only knew when he returned the following year. If I remember well it was in the middle of January, and he showed me the replies. I asked him why these letters had come so late, though they were addressed to me. He answered: "I didn't want to send them any other way. I wanted to bring them personally and I was not able to pass the frontier." Then I knew that he used to go illegally.

PRESIDENT. Csaky asked you for financial support for these trips on his first visit. Did he get it? Did you give him any financial support?

MINDSZENTY. Yes, I did. I couldn't say exactly how much. I gave him 4-5000 forints.

PRESIDENT. You gave him 4-5000 forints.

NATIONAL CAPTIVE NATIONS COMMITTEE,

Washington, D.C., October 6, 1971.

HON. LAWRENCE J. HOGAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: This committee and its associated members, such as the Ukrainian Congress Committee of America, express their full and wholehearted support for your measure, H. Con. Res. 385, seeking the retention of the Holy Crown of St. Stephen in the safekeeping of our Government until the Hungarian people are free again. This commendable measure cannot but receive the support of our concerned citizenry.

You have our highest praise and admiration in leading this endeavor, and rest assured of our supporting efforts.

With warmest personal regards and best wishes,

Sincerely,

LEV E. DOBRIANSKY.

RESOLUTION

Resolution adopted at the 9th World Congress of the Hungarian Freedom Fighters (Nemzetor) World Federation with the Hungarian October 23rd Movement and the Hungarian Freedom Fighters Parliament's session in New York on October 23, 1971.

In the perspective of the past fifteen years it becomes more and more obvious that the Hungarian Revolution and Freedom Fight of 1956 was the most outstanding history-shaping event of the Twentieth Century.

We Hungarian Freedom Fighters as well as all freedom loving peoples of the world condemn the treacherous attacks of the Soviet Union on the Hungarian people in October-November 1956 and protest against the continued occupation of Hungary. We solemnly remind the world of the fact that these attacks as well as the continued colonial rule of Hungary was and still is made possible only by the inaction, indifference and lack of understanding of their responsibilities of the still free nations of the world.

It must be emphasized before the peoples of the world that the present authorities in Hungary were imposed into power by the armed forces of the Soviet Union, and are maintained in power by the Soviet occupation forces against the expressed and manifested will of the Hungarian people and that the Hungarian people have no desire to participate in or to give support to such a Soviet-imposed Communist regime.

Therefore, we call upon the Peoples and Governments of the Free World to support the demands listed hereafter at the proper international forums:

1. Soviet troops to be withdrawn from the territory of Hungary without delay.

2. Law and order is to be maintained in the country after the withdrawal of Soviet troops by an international force that will observe the sovereignty of the country.

3. Free and secret elections to be held under international supervision to elect a truly representative Hungarian Parliament. A new representative Government be formed based on the results of these elections with the aim to lay the foundations of a free and democratic Hungary in accordance with the aims and purposes of the Hungarian Revolution and Freedom Fight of 1956.

4. People formerly sentenced for their participation in the Hungarian Revolution and Freedom Fight be rehabilitated.

5. Return of Hungarian citizens who were deported to the Soviet Union before and after the events of 1956.

6. An International Commission be sent to Transylvania, and to all other countries bordering Hungary with substantial Hungarian population to investigate and to bring to a stop the genocide of Hungarians there.

7. The Abortion Decree of Hungary be immediately revoked so the future of the Hungarian Nation will not be murderously undermined.

8. Rehabilitation and unconditional return of Jozsef Cardinal Mindszenty, primate of Hungary, to his seat in Esztergom.

We firmly believe that as long as these demands have not been fulfilled, the Hungarian question cannot be considered solved and no true peace can be established in the world.

Those present at the Congress unanimously call upon the joint Central Committee of the Hungarian Freedom Fighters (Nemzetor) World Federation with the Hungarian October 23rd Movement and the Hungarian Freedom Fighters Parliament to act as their representative and spokesmen for all Hungarians.

TIBOR TOLLAS: THEY'VE WALLED UP EVERY WINDOW . . .

Of life without, only this gleam was left,
A tiny patch of stars, a glimpse of sun.
In daily gloom, within dim walls bereft,
We watched the vent for this as day was done.

This too they stole, this streak of sunlight thin,
They've walled up every window tight with tin.

In memory's eye, I mark the azure sea
At Naples, and beside the shining shore
Vesuvius waits and smokes. Can you, like me,
See happy, sun-browned swimmers by the score?

We live in night like men who blind have been:
They've walled up every window tight with tin.

Our ten mouths gasping for the missing air,
Ten of us lie, in one close kennel pent,
As fish-gills on the bank might gasp despair.
To eat the food, which stinks of excrement,
Our stomachs lack the power to begin:
They've walled up every window tight with tin.

From the bright fragrance of the Alpine peaks
The west wind blows freshness of bouquets;
Of virtue to the soul that distance speaks,
And smiling summits swell the hymn of praise.

But phthisis grips my cell-mate, dark as sin,
They've walled up every window tight with tin.

For us no more the steamer's whistle blows;
All maiden laughter from our sense is wiped;
No pleasure in our ears sonorous flows;
No summer plays an organ, myriad-piped.
Our cells are deaf, all sound is dead herein:
They've walled up every window tight with tin.

By Barcelona, in a garden fair,
The warm vice of a tawny woman croons;
The streets are pied with dances here and there;
A gay guitar gives dusk its tinkling tunes.
Our leaden days flow silent in chagrin:
They've walled up every window tight with tin.

We probe in darkness towards the velvet skies
As if within a coffin we were nailed,
We only touch our rags and agonize,
Or feel our hands by vermin-hosts assailed.
We once caressed the sunlight, like soft skin,
They've walled up every window tight with tin.

There is a ball in London; like a rose
A girl glides, in her silks, on floors that gleam;
In all the bloom of lustrous hair she glows,
Soft-mirrored in the wainscot, like a dream.
The West is dancing. Has it Magyar kin?
They've walled up every window tight with tin.

Our tongues recall the pleasant taste of spring
Then swallow with a groan our morsel dank
Whose fecal horror chokes its entering
And turns our bellies sick, our reason blank;
Yet even this our famine forces in.
They've walled up every window tight with tin.

Sleep locks our hungered bodies in its spell
And there I sate a gourmet's appetites
On all that Paris offers—see as well.
Climbing above the city's neon-lights,
The Silent Ghost—but here no dawns begin;
They've walled up every window tight with tin.

The radios shout hoarsely of new deals,
Of freedom and of justice due to man.
But here my dungeoned body only feels
The million lashes of foul Stalin's plan,
From Vác to far Peking his slaves make din:
"Beware! Beware! Or through the entire world
They'll wall up every window tight with tin!"
(Translated by Watson Kirkconnell.)

(NOTE.—This poem was originally written in 1953 in the prison of Vác. Published first in the West after 1956, it became one of the most popular Hungarian poems. The "Windows Walled Up Tight With Tin" became a symbol of the retreating line of freedom everywhere.)

Mr. WAGGONER. Mr. Speaker, the 15th anniversary of the Hungarian revolution once again brings into focus a valiant, but futile attempt to shake off Soviet shackles, and how fortunate we are to represent a freedom-loving country with none of the unsurmountable odds faced by the unarmed and unprepared Hungarians in their outcry for human dignity and liberty.

The cost of the Hungarian revolution to the Soviets was high, even though they crushed it, although the cost to the awe-inspiring Hungarians who revolted was much higher. Hungary is still a captive nation, an unhappy land of the averted glance and hushed conversation which come with living under a totalitarian system with no room for political freedom.

In painting a true picture of the Communist oppression, the Hungarian revolt goes down in history as a tragic contribution to man's struggle for independence and freedom. I pray that the Hungarian people may one day get the independence and freedom they so richly deserve, and that all people living under the yoke of oppression may one day be free.

Mr. MINSHALL. Mr. Speaker, on Monday of this week I joined with my good friend and very able colleague, Congressman HOGAN of Maryland, as a cosponsor of his resolution expressing it to be the sense of Congress that the Holy Crown of Saint Stephen remain in the safekeeping of our government until Hungary once again is a constitutional government established by the Hungarian people through free choice.

It seemed particularly appropriate to me to take this action as we observe the 15th anniversary of the Hungarian revolution.

Today we commemorate the incredible events of 13 years ago when for five wild, triumphant, and heartbreaking days, Hungary threw off her shackles and was free.

In those few days freedom of religion was restored. Free speech was possible on radio and in the small newspapers which sprang to life. Political parties of every shade of opinion began to take form.

After 11 years of oppression and tyranny, 11 years of despair, Hungarians seemed to have miraculously won their freedom from the Soviets.

The winning, and tragic losing, of those 5 memorable days cost Hungary, and all the free world, most dearly.

But those brief shining hours of freedom remain an inspiration to us all, a symbol of the undying determination of Hungary to gain real and lasting liberty. Today we reaffirm that we will keep burning the torch passed to us by those brave men and women, and even children, the freedom fighters whose unbelievable courage shook the world when they pitted their determination and love of country against armed Soviet tanks in the blood-drenched streets of Budapest.

Twenty-five thousand Hungarians died when the Kremlin crushed the 1956 revolution. More thousands remain in prison to this day for their participation. To them we pledge to carry on the freedom fighters' commitment to liberty, not only for Hungary but for all men, of all nations, for all time.

Those of us who watched and waited and prayed during those critical days of late October and early November 1956, will always vividly remember the horror of the Soviet's treachery. After solemnly pledging that they were withdrawing troops from Budapest, promising that Russia was preparing to discuss a revision of the Warsaw Pact, the Soviets struck.

Sunday, November 4, eight divisions, seven of them armored, and fleets of bombers, clattered and roared through the dawn. I recall the urgent teletype messages sent by a newsman and freedom fighter from the Hungarian MTI News Agency on that dreadful morning. He graphically described the heroism and hell of that day. In a telephone message to the Associated Press in Vienna, he said:

Russian gangsters have betrayed us. They are opening fire on all of Budapest. Please inform Europe and the Austrian government, they have opened fire on everyone. There is heavy fighting. I stay and continue with the news.

At 6:10 he reported by teletype:

Young people are making Molotov cocktails and hand grenades to fight the tanks. We are not afraid. Send the news to the world. The fight is very close now and we haven't enough tommy guns in the building. I don't know how long we can resist. Heavy shells are exploding nearby. Above, jet planes are roaring. I am running over to the window to shoot, but I will be back.

We will hold out to the last drop of blood. Downstairs there are men who have only one hand grenade. Now the firing is starting again. We are getting hits. It can't be allowed that people attack tanks with their bare hands! Goodbye friends, goodbye. God save our souls. The Russians are too near.

The teletype line went dead, not to be heard again.

The light of freedom was fast fading over Hungary.

Civilized people of the world—on the watchtower of thousand-year-old Hungary the last flames begin to go out—

Cried a Budapest radio station in one of the last free broadcasts from that city—

Do not forget there is no stopping the wild onslaught of Bolshevism. Your turn will come also if we perish.

In the rubble-choked streets of Budapest, Soviet and Hungarian dead lay strewn, and patriots crept forth to cover the fallen freedom fighters with the red, white and green flag of Hungary.

Soviet tanks had mowed down Hungarian crowds in Parliament Square in a massacre of brutality that never can be forgiven. Telephone communication with the outside world was cut off. Trains stopped running.

A Swiss businessman who fled the country reported seeing "people hanging in rows along the Danube Pier, 20 executed people hanging from flagpoles and street lights. The Russians have started a horror regime."

We carry in our memories the desperate battles at Maria Theresa Barracks, at the Communist Party headquarters, at the steel mills at Csepel Island. We remember the 10-year-old freedom fighter firing a rifle nearly as long as he was tall, and the 15-year-old girl who fought for freedom manning a sub-machine gun.

With only a few arms, but with fantastic courage and determination, the freedom fighters of Hungary fought one of the most spectacular revolutions of all times.

"Our weapon is our flag," shouted one freedom fighter in defiance of Soviet troops, and the chemistry of courage, anger, and desperation that makes men wager their lives for an ideal gave them the strength to roll back the curtain long enough for the entire world to see the ugly, brutal face of Communist totalitarianism.

The freedom fighters have gained an immortality comparable to Thermopylae.

We strive for them now, in their spirit, the freedom fighters who gave their lives, the freedom fighters who remain in Soviet prisons and slave labor camps, the freedom fighters exiled from their homeland.

There are many of us working for them, the brave Hungarian people, the tired, oppressed and wretched people under the yoke of communism. One man

alone cannot achieve the goal of freedom for Hungary, any more than the freedom fighters of Budapest could achieve that goal unaided. But, banded together, we ultimately can win through sheer force of combined moral strength and determination.

I hope that Hungarian friends everywhere will carry with them the words of the poet and great Freedom Fighter Tibor Tollas, written on the eve of the revolution:

Our hearts rise out of darkness, opening.
The purple flower clambers out of the earth,
Out of dark slavery our light is ripening—
Weaponless, the conquerors come forth!

Mr. J. WILLIAM STANTON. Mr. Speaker, the Hungarian revolution of 1956 constitutes a landmark in the history of men's fight for freedom from foreign domination. Having experienced 10 years of oppression, the Hungarian people rose up in an attempt to throw off the shackles of subjugation. After a decade of Communist government, they wanted to be able to decide who should govern their country through free and secret elections. This they wanted to do without the presence of Soviet troops, without restriction on speech and movement and without the all-pervasive control of the Communist Party. In short, the Hungarian people wanted for themselves the freedoms which we as Americans take for granted.

While those heroic efforts did not succeed in obtaining the removal of Soviet troops, they marked the end of the conception of a ring of placid satellites whose purpose was to serve as a strategic and economic barrier for the Soviet Union. By their actions, the Hungarian people told the Russians that they were not going to tolerate their control indefinitely. The Communists still rule in Hungary today, but they remember the events of 15 years ago and know that the desire for freedom is still as strong. As we pause in homage to the sacrifices of the Hungarian freedom fighters, let us rededicate our own lives to the cause for which they fought—freedom and dignity for all men.

Mr. McKINNEY. Mr. Speaker, some 6 weeks ago, I shared with the Members of this House some of the thoughts I had concerning the anniversary which was then upon us—the 15th anniversary of the fight for freedom in Hungary.

It is with a special sense of pride that I join with my colleague the gentleman from New York (Mr. HORTON) in reflecting on these thoughts again today.

Late in 1956, the living symbol of Hungarian freedom, Jozsef Cardinal Mindszenty, spoke for all of his countrymen when he said:

We Hungarians want to live and progress as the standard bearers of the family of peaceful European nations. We want to live in a spirit of friendship with all the people of Europe and not on the basis of an artificially-created friendship. And turning our eyes toward more distant parts, we, a small nation, want to live in friendship, in undisturbed, peaceful and mutual esteem with the great United States, as well as the powerful Russian empire, and in good neighborly relations with Prague, Bucharest, Warsaw and Belgrade.

But sadly, Mr. Speaker, in that same speech, he had to agree that—

There is no country which in the course of its thousand years of history has suffered more than we have.

This is a truly unfortunate commentary on the world in which we live. A small nation, with peace in its heart, in a lifelong struggle for freedom. In large measure, the primary force contesting this independence has come from the great plains to the east: the Mongols, the Soviets. The domination continues to today and the presence is only exceeded by the spirit of freedom which burns as a glowing undercurrent. The Hungarian people, and the world, will remember always the men and women of courage who gave their lives during those 17 days of freedom in 1956. The historical resolution which came to the fore during that time lives on as it did then. Sadly, the good cardinal has now joined the Holy Crown of St. Stephen in exile but he, like it, will return and this proud nation will some day see its legacy become reality.

In recent days, Mr. Speaker, a poignant poem has come to my attention and it was written in the midst of the 1956 fighting by one of Hungary's foremost poets: Lajos Tamas.

Mr. Speaker, I would like to share that poem with my colleagues at this time:

RED BLOOD ON THE STREETS OF PEST

(By Lajos Tamas)

We march and now our hearts are stirred
And quickened by some mystic powers.
Although our song may falter, now

We know the streets of Pest are ours.

Nothing is left for us but this,

Our only haven now is here:

We know we are about to see

A holy radiance appear.

Our banners jubilantly rise,

They float above like glowing flowers;

The silken colours billow wide,

The streets of Pest again are ours.

Our brave song once again is heard,

Our free hearts follow their own star.

To fire the guns we now confront,

Whom do you order, Commissar?

The blood is on the streets of Pest,

Young men our brave defenders are.

Their blood is on the streets of Pest—

Whom do you order, Commissar?

Whom do you order now to fire,

You, Ministers, who cringe with fear?

No secret police can save you now,

The hour of reckoning is near.

And in the name of those you kill,

Where are you running in defeat?

Where will you hid your blood-stained hands,

You murderers in full retreat?

The streets of Pest are running red,

Until the storm sends down the rain

And washes all the blood away,

Yet cannot wash away the stain.

The streets of Pest are red with blood,

On these the blood of youth is spilled.

Beside the tricolour on high

Holst mourning banners for the killed.

Beneath the tricolour above

We make a solemn, threefold vow:

First, we must sorrow for the dead

And second, hate the tyrant now.

And third, a pledge for this small land,

Let those who still with life are blessed,

Remember: freedom has been bought

With blood upon the streets of Pest.

Mrs. GRASSO. Mr. Speaker, 15 years have passed since the ill-fated Hungarian revolution of 1956. But the people of Hungary and the world have not forgotten those too few days of freedom.

The revolution began on October 23, when the workers—supposedly the major beneficiaries of Hungary's socialism—joined with students to protest conditions in their country. The revolution spread rapidly throughout the country until freedom, long smoldering under the cloak of oppression, again filled every corner of the land. Unfortunately the heavy treads of Soviet tanks crushed the Hungarian attempt to achieve freedom.

Nevertheless, the impact of those 13 days has not been lost on the peoples of the world. The heroic struggle of the Hungarian people for truth, justice, freedom, and peace shines as a glowing example of the inability of even overwhelming odds to extinguish the flame of freedom.

American ties with the free people of Hungary reach way back into our history. After another ill-fated revolt in 1848, America honored the hero of that day, Lajos Kossuth. Throughout the years, Hungarian immigrants have contributed to the growth of our Nation. Today, the United States is the custodian of the symbol of a free Hungary—the Holy Crown of St. Stephen. To return this crown to the Government of Hungary—a government that rules, but does not represent the people—would be a betrayal of all that freedom-loving Hungarians have died for.

Therefore, I am pleased to join my colleagues who have cosponsored a resolution calling for the retention of the crown of Hungary by the United States until Hungary once again has a constitutional government. Mr. Speaker, it is our way of proving to the people of Hungary that their sacrifices have not been in vain.

Mr. GUDE. Mr. Speaker, I commend my colleague Representative FRANK HORTON for his interest in keeping the memory of the tragic Hungarian revolution of 1956 alive. A gentleman from my district has written an interesting article on the views of former Secretary of State John Foster Dulles concerning this matter and I would like to insert it for the information of my colleagues.

The following article was written by Francis S. Wagner of Kensington, Md., and appeared in the book "The Hungarian Revolution in Perspective," Freedom Fighters Memorial Foundation, 1967:

JOHN FOSTER DULLES ON THE HUNGARIAN REVOLUTION

(By Francis S. Wagner, Kensington, Md.)

The sudden, unexpected outbreak of the Hungarian Revolution caught most of the observers of world politics by surprise. This is why only a few statesmen were able to make a matter-of-fact analysis of the Hungarian situation simultaneously with those historic events. Besides that there were some other reasons which prevented the realistic approach towards the problems of Eastern Europe. It should be noted that since the meeting of heads of government of France, United Kingdom, Soviet Union, and the United States in Geneva, 1955, international atmosphere was filled with the idea of peaceful coexistence between the East and the West.

And in promoting the peace mission the overwhelming majority of political analysts, especially foreign correspondents of newspapers, became such wishful thinkers who were inclined to label some East European countries, first of all Hungary, as easy-going satellites. As a direct consequence of such preset views, no wonder there was no room for a realistic interpretation of the far-reaching East European development stemming from the Poznan-Budapest mass demonstrations. The Poznan and Budapest riots lacked objective and versatile chroniclers.

As I have mentioned above, only a few statesmen could pass a correctly focused opinion concurrent with the Polish and Hungarian occurrences of 1956. Secretary of State John Foster Dulles belonged to this group of statesmen.

On October 21, 1956, just on the eve of the Hungarian revolt, the following question was asked Secretary Dulles: if the Iron hand or Stalin's rule were reimposed once more on the Eastern European Satellites, especially in Poland now, without the United States taking some sort of specific action to encourage the revolt as it seems to be developing, wouldn't that discourage for a long time any of the other peoples behind the Iron Curtain from trying to rise up against Moscow?

Secretary Dulles: "I do not believe that it is possible to keep a whole people under that kind of military control . . . You run into all sorts of problems . . . Now you cannot run a country just by guns . . . But certain types of peril I think have disappeared, and I think the type of peril that resulted in the militaristic policies of Stalin, I do not think that can be recalled or resumed by the Soviet Union . . ."

The late Secretary's brilliant analysis of the Hungarian situation and its effect upon the balance of power in East-West relations is all the more evident since it was delivered only a few weeks after the Soviet troops had quelled the Uprising: "The Poznan riots and consequent unrest in Poland seem to have been accepted as capable of being restrained within tolerable limits. But when that was followed by the Hungarian revolution and signs of unrest within the other satellite countries, it seems that after a period of some irresolution the decision was taken to use open force without any restraint to the extent needed to quell the revolution. Furthermore there seems to have been an effort to check to liberalizing trend within the Soviet Union itself. However, it seems that the Soviet rulers are still able to contain and if need be extinguish the liberalizing trends which were set in motion by their decisions of 1955 and the spring of 1956. Such forces once given an opportunity readily prove to be irresistible and it does not now seem that the Soviet leadership can successfully go back to the Stalinist policies. These policies are not bringing successes but disasters. The brutal display of crude force in Hungary has revolted the Communist parties within the free nations of the world. It has dissipated the illusions which tended to weaken and divide the free nations and within the satellite nations themselves there has been a demonstration which must be shocking to the Soviet rulers—that whereas they had counted upon secure advanced positions in Western Europe upon satellite allies which would fight with them, the reality is that their advanced positions are insecure and that in the event of war the satellite divisions would probably be found fighting against and not with the Soviet Union. Thus the military power position, particularly in Europe, has been greatly altered and altered in a way which it seems cannot readily be remedied to Soviet advantage. The fact is that within the last year Soviet foreign policy has suffered grave setbacks and the Soviet rulers must be in a state of great perplexity and even distrust when they see

the ruin of much that they had planned and counted upon. We can take great satisfaction from what has happened but we must also realize that it is not without great dangers . . ."

En route home during a brief stopover in Bermuda the late Secretary of State made some remarks unusually sincere from a responsible diplomat to a group of just arrived Hungarian refugees (December 15, 1956) in which he masterly emphasized the main objective of the Hungarian Revolution.

"I am very happy that you are going to find freedom and opportunity in the United States. But I want you to know that we shall also be thinking, as you will be thinking, of your compatriots who are still in Hungary and ways in which we can also get freedom for them."

It is a fact that John Foster Dulles as a roving ambassador of freedom frequently used the example of the Hungarian Revolution at his most significant diplomatic missions, referring to it as an epoch-making series of events.

On March 11, 1957, at the Seato Council meeting, in Canberra, Australia, he prepared an "Outline for Statement. Introduction" in which he dealt in detail with developments in Poland and in Hungary. In conjunction with Poland he stressed "the influence of nationalism versus colonial exploitation" among the causes of the Poznan revolts and foresaw "the evolution toward Titoism."

In reference to developments in Hungary, Secretary Dulles emphasized as a history-making factor "the influence of nationalism and also of capitalism." In the Soviet military intervention, he saw "proof of continued Communist willingness to use violence to preserve its colonial conquests." Section 5 of the Outline is devoted entirely to "Communist China's Enlarged Role." He clearly stated that Red China was emerging from its isolated position to the scene of world politics due to the international constellation created by the Hungarian Revolution. Secretary Dulles' train of thought about China's enlarged role is well demonstrated in his Outline: "Communist China's close partnership with USSR manifested in continuing efforts to maintain Bloc unity, culminating in Chou's trip to Eastern Europe and Chinese Communist support for Soviet use of force in Hungary. Peiping's influence and role within the Bloc appear to be growing . . ."

The editor of this volume has made some efforts to specify the indisputable correlation between the Hungarian Revolution and the timing of the Suez crisis. Because heretofore published documents and writings have not revealed much on this correlation I sent a letter to one of the great statesmen of our times, Mr. David Ben-Gurion, Prime Minister of Israel during the Suez affair asking for his contribution to our collective work. Mr. Ben-Gurion in his handwritten letter addressed to me on June 6, 1966, from Tel Aviv, wrote that he was unable to comply with my request and said: "I know too little about Hungary and the Hungarian Revolution to make any contribution for your book."

Since my very first effort has failed I should postpone any further investigation into the correlation of these two topics which cannot be made solely on the basis of the Dulles Papers I was granted access to. Serious research on this problem can start only in the event when all nations involved will open their archives storing documents relating to the ill-timed Suez crisis to the historical profession.

Robert Murphy, former high-level international troubleshooter, involved in the Suez crisis, in his memoirs described briefly the unique situation as follows: "The concomitant of the military operations in Hungary and Egypt burdened the State Department

with its most intense responsibilities since World War II, causing me and some other officers to work around the clock, while Secretary Dulles went to New York to take personal charge with Ambassador Lodge, of the simultaneous proceedings in the United Nations."

Dulles' published and unpublished views alike are all the more the true reflections of a farsighted statesman because for the already mentioned reasons the whole world was thoroughly unprepared to deal with the complex situations arising from the Poznan-Budapest riots. There were not enough statesmen and specialists of Dulles' caliber even in world relation to meet the grave foreign policy situations. To characterize the then existing global views of the foreign policy constellation here we should again quote Robert Murphy: "In retrospect, world acceptance of the Russian aggression in Hungary is still incredible. For sheer perfidy and relentless suppression of a courageous people longing for their liberty, Hungary will always remain a classic symbol. Perhaps history will demonstrate that the free world could have intervened to give the Hungarians the liberty they sought, but none of us in the State Department had the skill or the imagination to devise a way."

Mr. KEMP. Mr. Speaker, it is an honor to participate in this commemoration of the Hungarian Revolution.

Almost 200 years ago America fought a war of independence and succeeded in gaining her freedom. I believe that Americans today, mindful of our own struggle to obtain liberty and self-determination, can feel a unique kinship with the Hungarian people who still suffer under the bondage of communism.

Mr. Speaker, I am proud that many people of Hungarian origin have chosen the western New York area and my district as their home. More than 15 Hungarian organizations and churches have banded together to form the Hungarians of the Niagara Frontier. This group includes the Hungarian Freedom Fighters' Federation, the Hungarian Girl Scouts and Boy Scouts, and many others.

On October 24 of this year, a ceremony was held by the Hungarians of the Niagara Frontier in the city hall of Buffalo, N.Y., to commemorate the Hungarian revolution and those who so selflessly gave their lives in a courageous effort to regain their nation's freedom.

The master of ceremonies was Albert J. Weinert and the major speaker was Robert Curran whose column appears in the Buffalo Evening News. A proclamation from the mayor of Buffalo was read and the ceremony concluded with the singing of the Hungarian national anthem.

On October 31, an ecumenical service was held at the Westside Hungarian Reform Church in remembrance of the estimated 40,000 Hungarians who died in the revolution.

This was followed on November 20 by a concert by the Kodaly Ensemble, an amateur folklore group with professional qualities, which strives to perpetuate the music and folklore of Hungary.

Dr. Judith M. Lehotay, who is one of those who personally experienced the tragedy of the Hungarian revolution, was kind enough to provide me these details of the Buffalo commemoration.

Were the Hungarian people's sacrifices in vain? I do not believe so. Their courage

lives on in organizations such as the Hungarians of the Niagara Frontier and October of 1956 will always remain a grim reminder of Soviet imperialism and the complete failure of communism.

Archibald MacLeish has, I feel, expressed our feelings well in his writings concerning Hungary's fight for freedom. I quote from his work, "For the People of Hungary":

We do not speak of a Hungarian Revolution. We speak of the Hungarian agony. From the moment when the Communist regime in Budapest fired upon an unarmed crowd and turned its quarrel with the Hungarian people from a political quarrel which it could not win into an armed revolt which, with Soviet aid, it could not lose, the suppression of the Hungarian resistance was inevitable. The world seemed to feel that it had no choice, short of atomic war, but to sit back and watch, in horror and disgust, the brutal, methodical destruction of an angry people by overwhelming force and conscienceless treachery.

It is understandable, certainly, that we in the United States should feel ashamed by our inability to act in this nightmare. Nevertheless, we should not forget, in all the suffering and pain, that we owe the people of Hungary more than our pity. We owe them also pride and praise. For their defeat has been itself a triumph. Those Hungarian students and workers and women and fighting children have done more to close the future to Communism than armies or diplomats have done before them. They have given more and done more. For what they have done has been to expose the brutal hypocrisy of Communism for all of Asia, all of Africa, all the world to see. So long as men live in any country who remember the murder of Hungary, Soviet Russia will never again be able to pose before the world as the benefactor of mankind. The Hungarian dead have torn that mask off. Their fingers hold its tatters in their graves.

Mr. Speaker, I join with freedom-loving individuals everywhere in commemorating the gallant efforts of the people of Hungary to free themselves from Communist tyranny.

I include at this time, for the attention of my colleagues, the following articles: "The Blood of the Hungarians," by Albert Camus; "Hungary in 1971," by Mihaly Hoka; "The Contribution of Magyars to America," from the magazine *Faklyalang*; "With Worry and Faith," by the Hungarian Writers' Association; and "Facts About the Hungarian Revolution of 1956," excerpts from the report of the Special Committee of U.N. on the Problem of Hungary:

THE BLOOD OF THE HUNGARIANS
(By Albert Camus)

I am not one of those who wish to see the people of Hungary take up arms again in a rising certain to be crushed, under the eyes of the nations of the world, who would spare them neither applause nor pious tears, but who would go back at once to their slippers by the fireside like a football crowd on a Sunday evening after a cup final.

There are already too many dead on the field, and we cannot be generous with any but our own blood. The blood of Hungary has re-emerged too precious to Europe and to freedom for us not to be jealous of it to the last drop.

But I am not one of those who think that there can be a compromise, even one made with resignation, even provisional, with a regime of terror which has as much right to call itself socialist as the executioners of the Inquisition had to call themselves Christians.

And on this anniversary of liberty, I hope with all my heart that the silent resistance of the people of Hungary will endure, will grow stronger, and, reinforced by all the voices which we can raise on their behalf, will induce unanimous international opinion to boycott their oppressors.

And if world opinion is too feeble or egotistical to do justice to a martyred people, and if our voices also are too weak, I hope that Hungary's resistance will endure until the counter-revolutionary State collapses everywhere in the East under the weight of its lies and contradictions.

Hungary conquered and in chains has done more for freedom and justice than any people for twenty years. But for this lesson to get through and convince those in the West who shut their eyes and ears, it was necessary, and it can be no comfort to us, for the people of Hungary to shed so much blood which is already dying in our memories.

In Europe's isolation today, we have only one way of being true to Hungary, and that is never to betray, among ourselves and everywhere, what the Hungarian heroes died for, never to condone, among ourselves and everywhere, even indirectly, those who killed them.

It would indeed be difficult for us to be worthy of such sacrifices. But we can try to be so, in uniting Europe at last, in forgetting our quarrels, in correcting our own errors, in increasing our creativeness, and our solidarity. We have faith that there is on the march in the world, parallel with the forces of oppression and death which are darkening our history, a force of conviction and life, an immense movement of emancipation which is culture and which is born of freedom to create and of freedom to work.

Those Hungarian workers and intellectuals, beside whom we stand today with such impotent sorrow, understood this and have made us the better understand it. That is why, if their distress is ours, their hope is ours also. In spite of their misery, their chains, their exile, they have left us a glorious heritage which we must deserve: freedom, which they not only chose, but which in one single day they gave back to us.

HUNGARY IN 1971

On the 15th anniversary of the Hungarian Revolution and Freedom Fight, the situation in the country is basically the same as it was in 1956. The fact is that the regime can remain in power only because of the continued presence of Soviet occupation forces. Patriotism, faithfulness to the interests of the Hungarian people are still regarded punishable crimes. Practicing of religion is still punished with imprisonment. Catholic priests are still being sentenced to long prison terms for teaching religion "without permit and in secret." The so-called process of "liberalization" is nothing but a facade since the Kadar regime is as much intolerant and inflexible as any time since 1956.

At the end of 1970, the country had a population of 10,342,000, showing only an increase of 32,000 over the previous year. Adding 18,000 to this increase to account for those who defected in 1970, the total annual increase amounts to about 50,000, an extremely low figure in the world. This slow increase may have serious demographic repercussions already in the immediate future. *Torchlight*—the English version of *Faklyalang*—was among the first ones who raised their voices against this criminal genocide in Hungary. If the regime in Hungary does not remedy the situation by abolishing legalized abortions, as in Rumania recently, the Hungarian freedom fighters in the free world will take steps before proper international forums to coerce the regime to put an end to this type of genocide.

The dictatorship has not relented any in the recent so-called National Assembly and

local council elections. The one-party system is still the rule of the day in Hungary.

It is worthwhile to mention that in a country whose people so unanimously revolted against the one-party system of the Soviet-imposed Communist Party, and where only about 6 percent of the total population is, even if nominally, member of the Communist Party, the regime obtained a 99 percent majority. They do not confuse themselves, however, because they know that the whole election process was but a farce.

According to the official Hungarian News Agency, MTI, 7,432,420 people were on the list of eligible voters. Of them 98.7 percent, or 7,334,918 voted in the elections. The number of those who did not vote was 97,502 or 1.3 percent. Of the total votes cast 7,258,121 or 98.9 percent were valid votes.

This time the regime permitted the nomination of two candidates in each district, on paper, since only 48 districts had in fact two candidates. But in one, in Obuda, the electors put a third one on the ballot, Zoltan Szep, a blind historian, who was also elected to the National Assembly by obtaining 56.1 percent of the votes in the district, a clear-cut rejection of handpicked candidates.

The farcical character of the whole election process is clearly demonstrated by the fact that the candidates for various offices had been selected by the Communist-dominated and Communist-run Patriotic People's Front—as its name indicates: a Communist front organization. The names of these handpicked candidates were submitted to so-called nomination meetings. According to official statements, there were an average of 400 people at these meetings. Taking the total number of districts, it becomes quite evident that only about 1.5 percent of the eligible voters approved the proposed candidates for the various offices. But nowhere in a Communist country did the people demonstrate the rejection of even the second choice of the party—and consequently the entire system—as in April 1971, the people of the election district of Obuda.

No wonder that the Soviet Union uses Hungary as a shop-window, a Potemkin village towards the non-Communist world, to deceive the eager foreigner. Behind an attractive facade there are considerable stresses and tensions well hidden from the eyes of the visitors. Living conditions are steadily deteriorating. The hardship of elderly people, particularly of the retirees of agricultural production cooperatives, is reaching unbelievable proportions. Some of these retired people receive the sum equivalent of a pair of shoes as a monthly pension in the "socialist paradise," in a state of "the workers and peasants."

Paralleling the role of economic shop-window, Hungary is also being used as a political propaganda outlet especially in cases in which Soviet prestige is deeply involved. Kadar's regime is the most outspoken promoter of the so-called European conference designed to secure or neutralize the Soviet Union's western flank in the face of increasing Chinese Communist pressure. It is the Kadar regime that most noisily condemns the unruly "Chinese comrades." They are also condemning the Rumanian Communist comrades for their friendship with the Chinese Communist regime. Curiously enough, they remain silent over the unbearable oppression of Hungarian minorities in Czechoslovakia and Rumania, and to some degree, also in Yugoslavia. These Hungarians suffer under a two-fold oppression: 1. for being democrats and anti-Communists, and 2. for being of Hungarian origin.

Kadar and his henchmen are concerned about the fate of the 4 million Hungarians living in the territories detached from Hungary in 1918-19, and again in 1945, as much as they are concerned about the fate of the 10 million Hungarians living in the present

dismembered Hungary. Being the puppets of the Soviet Union, they only care about the interests of their masters who let the Hungarians bear the blame for the maneuvers directed against the Balkans.

Unfortunately, in the present feverish search for a detente by the government of the free world, cursory observers hardly look beneath and beyond the very enticing surface they see in 1971.

— Mihaly Hoka.

THE CONTRIBUTION OF MAGYARS TO AMERICA

On this 15th anniversary of the Hungarian Revolution and Freedom Fight we feel obliged to commemorate those who sacrificed their lives or who fought for the freedom of mankind. We fervently believe that the time will come when their sacrifices will be remembered as great contributions to the cause of freedom all over the world.

It is generally conceded, that all the racial groups which came to America contributed to the character, culture and material advancement of this country.

We are content that the Magyars have given more than their share. This is not a zealous exaggeration, but a statement supported by irrefutable facts. We are proud in the knowledge, that we gave, we gave to America of which we too are forever an integral and inseparable part!

The name of Colonel Michael de Kováts is written indelibly in the annals of the American Revolutionary War. Colonel-Commandant Michael Kováts de Fabricy, was born in Hungary, 1724; volunteered his service through Benjamin Franklin, then American Envoy to France. After two years of intensive campaigning under General George Washington, he fell mortally wounded on May 11, 1779 in the battle of Charleston, S.C. His motto "Faithful Unto Death," determines our primary aim toward these United States.

In 1860 there were only about 4000 Magyars living in the United States, when President Lincoln sent out his call for men to join the Northern Army; more than 800 Magyars volunteered. This means that practically every able-bodied Magyar lined up with the Union Army. As far as proportionate population is concerned, no other ethnic group can match this record!

Unquestionably, one of the most daring and amazing feats in the whole Civil War was the death-defying charge led by the Magyar Hussar-major Zágonyi, at Springfield, Mo., on October 25, 1861. An everlasting tribute is paid to this great Magyar soldier by a painting which vividly depicts his suicidal attack. This painting decorates the White House in Washington, D.C.

Major Zágonyi is the first among immigrants from Hungary to be merited a prominent memorial at the National Park in St. Louis; a full-size portrait of him can be seen at the Wilson Creek Battlefield, near Springfield, Missouri.

Leading American newspapers devoted front-page headlines to some outstanding exploits at the time and even today, over 100 years later, accounts such as the following appear in the metropolitan press: "One of the most celebrated events of the entire Civil War. Major Charles Zágonyi's capture of Springfield took place on the seventh anniversary of the famous 'Charge of the Light Brigade at Balaklava.' Mounted on bloodied bays, clad in blue uniforms and wearing kid gloves, everyone of Zágonyi's men was armed with two revolvers, a rifle and a saber. This crack cavalry became a legend of bravery throughout the United States. When only 165 of his men remained to attack a force 15 times greater, the undaunted Major Zágonyi, a veteran of the Hungarian uprising of 1848, led the troops, shouting 'Charge men, charge!'" (Quoted from the Civil War Scrapbook published serially in 1,400,000 copies of the Chicago Sunday Tribune Magazine.)—A.B.D.

HUNGARIAN HEROES OF TWO GREAT AMERICAN WARS REVOLUTIONARY

Colonel-Commandant of the Pulaski Legion, Michael de Kovats, Exercise Master of Washington's Cavalry; Died at the Defense of Charlestown, South Carolina May 11th, 1779.

Count Francis Benyovszky, Lieutenant of Hussars, in Lausun's Legion.

Count John Polereczky, Major in Lausun's Legion.

CIVIL WAR

Major-General Julius Stahel, Commanded an Army-Corps and was decorated with the Congressional Medal of Honor.

Major-General Alexander Asboth, one of the designer's of the Central Park in New York Commanded a Division and after the war was sent as U.S. Ambassador to Argentine.

Brigadier-General Albin Schoepf, Commanded a Division and a Fort.

Brigadier Generals: Frederic Knopfler, Eugen Kozlay, Charles Mandy, George Pomutz.

Colonels: M. Adler, Anselm Albert, P. Peter Dobozy, T. John Fiala, Philip Figyelmesy, Gabriel Korponay, Aloysius Kozlay, Geysa Mihaloczy, Joseph Muzsik, Joseph Nemeth, Maurice Perczel, R. Julius Rombauer, Emerich Szabad, Joseph Vándor, Gustav Wagner, Ladislaus Zsulavsky.

Lieutenant Colonels: Zoltan Barothy, Anthony Pokorny, Stephen Szendy.

Majors: J. Csermely, E. Detsky (Decsi), Dr. Alexander Fekete, C. Fornet, Andrew Galfy, L. Haskell, Hugo Hillebrandt, St. Kovacs, J. Kune, Mano Lulley, Emerich Meszaros, Charles Petri, G. R. Rombauer, Albert Ruttkay, Anthony Vekey; Charles Zagonyl, The Hero of Springfield.

Captains: Victor Chandory, Alexander Gaal, O. Gerster, G. Grehenek, G. Grossinger, Geysa Haraszthy, P. Hauser, Ch. Hochleitner, A. Jekelfalussy, J. Kemenfy, P. Komper, G. Kovats, J. G. Menyhart, E. Radnics, Stephen Radnics, R. I. Rombauer, T. Roland Rombauer, M. Rozsaffy, Ch. Schwartz, F. Speletics, F. Takacs, L. Tenner, A. Toplanyi, J. Vertessy.

Lieutenants: N. Bauman, I. Corman, N. George, I. Debreceanyi, L. M. Lecsy, Ch. Dolezich, Wm. Estl, S. Parkas, A. Kelemen, W. Kapus, F. Langenfeld, T. Majthenyi, A. Mollter, E. Zsulavsky.

Second Lieutenants: F. Bauer, H. Lang, P. Szerenyi, Ch. Szerdahelyi, A. P. Zimandy, S. Zsulavsky.

Field Surgeons: Dr. B. Bettelheim, Dr. I. Langer, Dr. G. Semig, Dr. R. Tausky. And so on. . . .

WITH WORRY AND FAITH

On December 28, 1956, soon after the crushing of the Revolution and Freedom Fight, 250 members of the Hungarian Writers' Association assembled in Budapest and 237 of them adopted a resolution entitled: "With Worry and Faith." Hereafter follows its English translation:

Many a storm has battered our nation in a thousand years. Nevertheless two lights always remained faithful to us in the darkness of the storms. One of them was the star of the nation the shine of which showed through the darkness of tempests; the other was the torch-light of our watchful poets which again became teaching for the Hungarian nation.

For us it means more because it is a mandatory heritage.

We would like to carry out this heritage faithfully. Though, it is difficult. Its carrying out is, however, the only way for us because there can be no absolution. Thus, here we stand under the moral compulsion of reckoning and confession. Here we stand over the bloody hill of the freedom fight of October which is being besieged by the hope of a people. If we look back to the last decade from this hill we see the people suffering and expecting. It suffered because the ideas

of its time which it greeted with hope ten years ago were attempted to be forced upon their lives in an alien form and tyrannical manner. During the long oppression the historic wounds reappeared on its character and saw that its national independence is being lost. It was yearning with hope for healing while suffering in its undeserved fate and languished to become a nation.

The spring that erupted from the depth on October 23 comes from this hope and longing. As the renowned witnesses of this spring we have to tell it with bitter heart that the Soviet Government committed a historic blunder when it has painted with blood the water of our spring. The living spirit of our glorious poets and human justice help us to make a prophecy: the time will come when the Soviets will confess to their sins just like the tsars had to repent for the crushing of the Hungarian freedom a hundred years earlier. We warn everybody against the misconception, convinced and knowing our people that the revolution would have destroyed the achievements of Socialism without the Soviet arms. We know that this is not true. Because the workers' class, the peasantry and the majority of the intelligentsia was and invariably is the follower of democracy and of the achievement of Socialism in society which they did not want to emaciate but rather to make it more living. It wanted to make it more living, i.e., to cut it to its Hungarian shape and also to fill it with the spirit of its national traditions.

That is what we wanted and this is what we still want today, we who preach the words of the hope of the people and who wager our writer's fate for a better future. This is what we stand for, individually and in mass, for the popular law of the 1945 land reform; similarly in the case of the mines, plants and banks that they should flourish in the property of society. But does the land produce enough if the peasant does not find his pleasure in the methods of production? And does the commonweal flourish if the society is not healthy?

Yes, indeed, the worker and the peasant, the hand and the intellect, are discouraged by the lack of national independence. Without a healthy society the commonweal does not grow. We must, therefore, gain the national independence and especially in the interest of social progress; and through popular self-government we must create the healthy society.

National independence and the democratic structure of social order: these are the hopes of the Hungarian people which we also share and try to put in work. And while this intent fills our hearts and the future days of our writers' life, we interpret it to everyone from besides the cradle of national unity. In caring for the common aim we offer our hands to the workers, we sent our greeting from our souls to the peasantry and from our hearts to the youth. Let us convince the leaders of policy together that policy cannot be an end in itself but a means for the salvation of the people; let us induce them to use this means in accordance with the unanimous desire of the Hungarian people. In other words, for one, for attaining independence, as for our internal life, domestic affairs for the building of the united Hungarian society on the stock of workers and peasants, with the help of the intellect and the intelligentsia, on the democratic way of self-government. Only thus can the strong and rich state come into being, the friendship of which with other countries is true and long-lasting and which not only banishes human exploitation but it does not weigh upon the people with its oppressive burden. The nation thus will be a certain trustee over the quiet and working society, over the state safeguarding the welfare of the people.

We have spoken in brief in these words about our Hungarian worries and we declare

our adherence to our opinion. The literary words will be our words, our worries go into the eternity of time, our opinion moves in the letters of public writing and literary works.

We pledge allegiance before the flag which signaled to us that from the revolutionary unity of the people the nation was reborn. According to our declaration of faith we shall care for and protect the spirit of the Hungarian people. Morale be the foundation stone of our work, the creative force of the people shall find reason intellect and form in our works, the era shall find harmony with mankind and its ideas.

Only thus shall we be worthy of the great ancestors and only thus may we become the worthy guardians of future generations."

HUNGARIAN WRITERS' ASSOCIATION.

[Excerpts from the report of the Special Committee of U.N. on the Problem of Hungary]

FACTS ABOUT THE HUNGARIAN REVOLUTION OF 1956

CONCLUSIONS

784. The terms of reference of the Special Committee covered a broad field, namely to report to the General Assembly of the United Nations after full and objective investigation, its findings on all aspects of the question of Soviet intervention in Hungary by armed force and by other means and the effects of such intervention on the political development of Hungary. The Committee's investigation, as has been explained, involved the study of copious documentation from various sources and in several languages, as well as the questioning of more than a hundred witnesses, whose testimony fills two thousand pages in the verbatim record. The Committee regrets that the attitude of the Hungarian Government has prevented it from basing its investigation on direct observation in Hungary, as required by the General Assembly resolution.

785. The Committee's findings relate to many aspects of the events in Hungary and are concerned with numerous points of detail that have a bearing on the origin and nature of those events. The report itself embodies the conclusions of the Committee, and these conclusions cannot be readily dissociated from the evidence which is there assembled. A summary of the Committee's findings on individual aspects of the situation in Hungary has been appended to certain of the chapters. It would, however, seem appropriate at this stage to summarize a number of conclusions drawn by the Committee from its study of the evidence as a whole. To the best of the Committee's belief, these conclusions represent the essential facts about the Hungarian uprising which are necessary to an understanding of its nature and outcome. They are as follows:

(i) What took place in Hungary in October and November 1956 was a spontaneous national uprising, due to long-standing grievances which had caused resentment among the people. One of these grievances was the inferior status of Hungary with regard to the USSR; the system of government was in part maintained by the weapon of terror, wielded by the AVH or political police, whose influence was exercised at least until the end of 1955, through a complex network of agents and informers permeating the whole of Hungarian society. In other respects also, Soviet pressure was resented. From the stifling of free speech to the adoption of a Soviet-style uniform for the Hungarian army, an alien influence existed in all walks of life. Hungarians felt no personal animosity towards the individual Soviet soldiers on Hungarian soil, but these armed forces were symbols of something which annoyed a proud people and fed the desire to be free;

(ii) The thesis that the uprising was fomented by reactionary circles in Hungary and that it drew its strength from such

circles and from Western "Imperialists" failed to survive the Committee's examination. From start to finish, the uprising was led by students, workers, soldiers and intellectuals, many of whom were Communists or former Communists. The majority of political demands put forward during the revolution included a stipulation that democratic socialism should be the basis of the Hungarian political structure and that such social achievements as the land reform should be safeguarded. At no time was any proposal made for the return to power, or to the Government, of any figure associated with pre-war days. "Fascists" and "saboteurs", heavily armed, could not have succeeded in landing on Hungarian airfields which were under Soviet supervision, or in crossing the Austrian frontier, where a closed zone was shown by the Austrian authorities to the military attachés of France, the United Kingdom, the United States of America and the USSR;

(iii) The uprising was not planned in advance. It was the universal testimony of witnesses examined by the Committee that events took participants by surprise. No single explanation can determine exactly why the outbreak occurred just when it did. Communist spokesmen, including Mr. Kádár and the members of his present Government, have recognized the bitter grievances of the Hungarian people before 23 October. They have spoken of a "broad, popular movement" caused by the "bitterness and indignation" of the masses. Two factors would seem to have brought this resentment to a head. The first of these was the news received on 19 October of a successful move by Poland for greater independence from the USSR. This news was largely instrumental in bringing the Hungarian students together in the meetings of 22 October. The second factor was the acute disappointment felt by the people when Ernő Gerő, First Secretary of the Central Committee of the Hungarian Workers' (Communist) Party, in his speech on the evening of 23 October failed to meet any of the popular demands and adopted what was considered a truculent tone towards his hearers;

(iv) Although no evidence exists of advance planning, and although the whole course of the uprising bears the hallmark of continuous improvisation, it would appear that the Soviet authorities had taken steps as early as 20 October to make armed intervention in Hungary possible. Evidence exists of troop movements, or projected troop movements, from that date on. It would appear that plans for action had therefore been laid some time before the students met to discuss their demands. The Committee is not in a position to say whether the Soviet authorities anticipated that the grievances of the Hungarian people, stimulated by events in Poland, could no longer be contained. Signs of opposition were evident before the 23rd; the Hungarian Government had reason to foresee that trouble was brewing. While the evidence shows that Soviet troops from outside Hungary were used even in the first intervention, no clause of the Warsaw Treaty provides for intervention by armed forces of the Soviet Union to dictate political developments within any signatory's frontiers;

(v) The demonstrations on 23 October were at first entirely peaceable. None of the demonstrators appear to have carried arms, and no evidence has been discovered that any of those who voiced the political demands or joined the demonstrators had any intention to resort to force. While disappointment at Mr. Gerő's speech may have angered the crowds, it would hardly of itself have sufficed to turn the demonstration into an armed uprising. That this happened was due to the action of the AVH in opening fire on the people outside the radio building. Within a few hours, Soviet tanks were in action against

the Hungarians. This appearance of Russian soldiers in their midst not as friendly allies, but as enemies in combat, had the effect of still further uniting the people;

(vi) Obscurity surrounds the invitation alleged to have been issued by the Hungarian Government to the Soviet authorities to assist in quelling the uprising by force. Mr. Nagy has denied, with every appearance of truth, that he issued this invitation or was even aware of it. Since Soviet tanks appeared on the streets of Budapest at about 2 a.m. on 24 October, it would have been impossible for him to have addressed any official message to the Soviet authorities, since he held no government post at the time when the tanks must have received their orders. An invitation may have been made privately by Mr. Gerő, First Secretary of the Central Committee of the Communist Party, or Mr. Hegedűs, the Prime Minister. The Committee, however, has had no opportunity of seeing a text of such an invitation, or of considering the exact circumstances in which it may have been issued. Until further information comes to light, it would be wise to suspend judgement as to whether such an invitation was issued at all.

Similar considerations apply to the invitation which is alleged to have been addressed to the Soviet authorities before the second intervention on 4 November. Mr. Kádár had remained a member of Mr. Nagy's Government when the latter was reconstituted on 3 November and the Committee is unaware of his having given any recorded indication of his disapproval of Mr. Nagy's policies. Mr. Kádár's movements at this time are not fully known, and he cannot be considered to have substantiated his own claim to have called, in the name of the Government, for Soviet help. In any event, there is abundant evidence that Soviet preparations for a further intervention, including the movement of troops and armour from abroad, had been under way since the last days of October. Mr. Kádár and his Ministers were absent from Budapest during the first few days after he formed his Government, and administrative instructions to the people of Hungary were issued by the commander of the Soviet troops;

(vii) When Mr. Nagy became Prime Minister, he was not at first able to exercise the full powers of that office. Only when the grip of the AVH was loosened by the victory of the insurgents was he able to take an independent stand. By this time, the real power in Hungary lay with the Revolutionary and Workers' Councils, which had sprung up spontaneously in different parts of the country and had replaced the collapsing structure of the Communist Party. Mr. Nagy, though himself a Communist of long standing who had lived for many years in the USSR, invited non-Communists into his new Government, and listened to the demands of various Revolutionary and Workers' Councils. It would appear that Mr. Nagy himself, like the country at large, was somewhat taken aback by the pace of developments. However, seeing that his countrymen were united in their desire for other forms of government and the departure of Soviet troops, he threw in his lot with the insurgents. By this action, he obliterated the impression which he had created while still under the domination of the AVH, and he became a symbolic figure in the uprising, although he had not instigated it, and was never its actual leader;

(viii) The few days of freedom enjoyed by the Hungarian people provided abundant evidence of the popular nature of the uprising. A free Press and radio came to life all over Hungary, and the disbanding of the AVH was the signal for general rejoicing, which revealed the degree of unity achieved by the people, once the burden of fear had been lifted from them;

(ix) There were a number of lynchings and beatings by the crowds. These were, in almost all cases, confined to members of the AVH or those who were believed to have cooperated with them.

(x) Steps were taken by the Workers' Councils during this period to give the workers real control of nationalized industrial undertakings and to abolish unpopular institutions, such as the production norms. These were widely resented as being unfair to workers and also a reflection of popularly suspected secret trade agreements with the USSR, which were said to make heavy demands on the Hungarian economy for the benefit of the Soviet Union. During the days of freedom, while negotiations continued with the Soviet authorities for the withdrawal of Russian troops, attempts were made to clear up the streets of Budapest and life was beginning to return to normal. The insurgents had agreed to amalgamate, while maintaining their identity, in a National Guard, which would have been responsible, with the Army and Police, for maintaining order;

(xi) In contrast to the demands for the reestablishment of political rights put forward during the uprising, is the fact that basic human rights of the Hungarian people were violated by the Hungarian Governments prior to 23 October, especially up to the autumn of 1955, and that such violations have been resumed since 4 November. The Committee is convinced that the numerous accounts of inhuman treatment and torture by the AVH are to be accepted as true. On the evidence, it is also convinced that numbers of Hungarians, including some women, were deported to the Soviet Union and that some may not have been returned to their homes.

These deportations were designed to break the back of the revolution. Action taken by the Hungarian people in their spontaneous uprising succeeded in ridding them for a few days of the apparatus of police terror. This democratic achievement of a united people was indeed threatened by a form of "counter-revolution" and it was to this that it succumbed. However, the "counter-revolution" consisted in the setting up by Soviet armed forces of Mr. Kádár and his colleagues in opposition to a Government which enjoyed the overwhelming support of the people of Hungary;

(xii) Following the second Soviet intervention on 4 November, there has been no evidence of popular support for Mr. Kádár's Government. Mr. Kádár has successively abandoned most of the points from the revolutionary programme which he had at first promised to the Hungarian people. On the central question of the withdrawal of Soviet troops, he has moved from complete acceptance of the nations' wishes to a refusal to discuss the subject in present circumstances. Against the workers, he has proceeded step by step to destroy their power and that of the Workers' Councils. Capital punishment is applicable to strike activities. The processes of justice have been distorted by the institution of special police and special courts and by the ignoring of the rights of the accused. The Social Democratic Party has again been forcibly liquidated. General elections have been postponed for two years. Writers and intellectuals are subjected to repressive measures. The Hungarian workers have shown no sign of support for Mr. Kádár's Government or for the prospect of continuous Soviet occupation. Only a small fraction of the 190,000 Hungarians, mostly young people, who fled the country have accepted his invitation to return. The peasants have reason to be grateful to Mr. Nagy for his attitude towards collectivization of agriculture and forced deliveries of farm produce;

(xiii) In the light of the extent of foreign intervention consideration of the Hungarian

question by the United Nations was legally proper and, moreover, it was requested by a legal Government of Hungary. In the matter of human right, Hungary has accepted specific international obligations in the Treaty of Peace. Accordingly, the Committee does not regard objections based on paragraph 7 of Article 2 of the Charter as having validity in the present case. A massive armed intervention by one Power on the territory of another, with the avowed intention of interfering with the internal affairs of the country must, the Soviet's own definition of aggression, be a matter of international concern.

Mr. HICKS of Washington. Mr. Speaker, in commemoration of the 15th anniversary of the Hungarian revolution, we both recall the past and look to the future. We commemorate in sadness the time when Hungarian citizens who dared to speak out for the independence that makes life worth living were crushed by ruthless military power. But the force of the military cannot eradicate the idea and the wish and the inevitability of freedom.

For thousands of years the world has been moving toward greater individual and national freedom. And as we honor those who died in the struggle for the right of self-determination, and as we look back on the tragedy of a brave people who were brutally suppressed, we must also look ahead, knowing that the struggle has not been lost.

We recall the tyranny and re-affirm our continuing desire to institute liberty in its place. Aristotle said, "liberty and equality . . . will be best attained when all persons alike share in government to the utmost." We look ahead to a time of greater participation of citizens the world over in their governments, and must continue to work to bring human dignity and political freedom to all people and nations.

Today we are mindful of the need for renewed efforts on behalf of the living and imprisoned citizens of Hungary and other captive nations. As we mourn those who gave their lives to secure freedom, we are mindful that freedom is not yet secured. The struggle continues.

Mr. DERWINSKI. Mr. Speaker, I am especially pleased and privileged to bring to the attention of my distinguished colleagues today, the speech made by Dr. Stefan Possony before the National Press Club on October 23, 1971, commemorating the 15th anniversary of the Hungarian revolution. Dr. Possony, as director of the Hoover Institute, Stanford University, Stanford, Calif., is known and recognized as a great educator. He is also a great American and a great patriot. I believe that Dr. Possony's thoughts deserve our attention and I recommend that my colleagues take a moment to review his comments:

HUNGARIAN OCTOBER

(Speech by Stefan T. Possony at the Dinner Commemorating the 15th Anniversary of the Hungarian Revolution, October 23, 1971, National Press Club, Washington D.C.)

The meaning of the 1956 October Revolution that occurred in Hungary is plain and overwhelming: it is that communist tyranny which oppresses personal and national freedom has only slim chances of survival.

Communist dictatorship is history's most

elaborate system of power—it is force and violence at its most perfected and refined. Yet communist power exhibits an irremovable defect that is far more deadly to the CP hierarchs than his unprotected heel ever was to Achilles. This defect is that the communist dictators, their unlimited power and their power abuses are not acceptable to the peoples. There is no consent to enslavement in the hearts and minds—and in the bodies—of the captives and the enslaved. However much beaten down, the *demos* remains the source of lasting power.

The Hungarian revolution was not the first act of resistance against communist tyranny. That resistance began in 1918 and it has never ceased. The revolution of 1956 simply was the most convincing demonstration of the true will of an entire people and nation, of the depth of their opposition and rejection, and of the extent of communist failure.

The Hungarian revolution proved that dictatorship can never be strong enough to be invulnerable against the general will. It dispelled the myth that a totalitarian regime cannot be overthrown because it is fully armed with tanks and planes; because it is defended by an all-pervasive secret police equipped with the most modern technological devices; and because this police is openly resolved to employ terror and torture—history's oldest techniques of tyranny.

Overthrow remains feasible because political power does not rest upon force but upon the consent of the governed. Since force is a function of consent, the overthrow occurs in the minds of the people.

Earlier defiance manifested itself in revolt by a few. This was revolution by students, intellectuals, workers, peasants, and—most significantly—by the police, the army, and the Communist Party itself. The old party did not survive—it destroyed itself, and the opposition of and by the party led the revolution.

The revolution by the self-critical communist, the no-longer-communist and by the secret ex-communist against the party dictatorship of disenchanted communists—that was the pattern which Hungary initiated—the pattern of Czechoslovakia and less clearly but perhaps more profoundly, of China.

The street battle, the burnt-out tank, the dead secret policemen, the defecting Ukrainian soldier, all these denote the drama of the event, but not its meaning. That meaning was laid down in the demands by the revolutionaries for national independence, general and secret elections, freedom of press, assembly, and culture, economic freedom and political reform; in brief, for freedom not only against the excesses of dictatorship, but against the dictatorship itself. The revolutionaries fought for freedom from communism as a theory and a practice, and they wanted no part of Lenin's and Stalin's communism as an utopian idea, as foreign oppression, as a fascist and nazi reality, and as toll and poverty.

On October 23, 1956, the Communist Party "disappeared overnight", as Bela Kovacs, a non-communist minister of state in the Nagy government said. The CP disappeared, it was "not forced to dissolve", but it dissolved "by common consent." "Have you ever heard", Kovacs asked, "of a ruling party voting itself out of existence?" Well, the event was not unprecedented. Tyranny often ends through political suicide.

Communist suicide was the prophetic event of the Hungarian October.

The pessimists will tell you that the Hungarian revolution failed. It did not. Hungary was invaded by the far stronger USSR, and the revolution was crushed from the outside.

But the story is not over. The germs have invaded the communist body and they still are multiplying, even while soviet missiles, submarines, and megaton weapons are multiplying also. Hungarian communism was over-

thrown in one week of October, but the international communist system will not be overthrown within a few days. The victory of freedom must be achieved by a protracted historic process. In the meantime, there is something of an evolution continuing in Hungary—don't forget it and don't understate the impact of that evolution. The old system was not put together again, and of all the satellites in the Soviet Outer Empire, Hungary is now the farthest removed from Stalinism.

The first lesson of 1956 was this: liberation is a protracted struggle.

The second lesson, alas, was that the U.S. did not understand what was happening. Some 15 years later, the U.S. still does not understand the significance of the self-destruction of the CP. In 1956, partly diverted by events in the Middle East, the U.S. adopted a passive policy—and this has become a pattern, too. In 1968 when the USSR invaded Czechoslovakia, this pattern was in full and painful evidence.

There are those who argue that the U.S. should have intervened in 1956, because the USSR would not have shot back. I reject such advice. If we confront the enemy, let us be prepared to fight. If we are not ready to fight, let us avoid the confrontation. In any event, let us not conceal the risk by wishful thinking. Instead, let us minimize the risk by being strong and by becoming stronger.

Whether or not non-intervention in 1956 saved this country from still another war, is debatable. But we did not do what we could have done. We failed to support Hungary psychologically and intellectually, and even our moral support was minimal. The American influence in the U.N. began to wane during the Hungarian October and during its aftermath. The reason for our moral and strategic ambivalence was that in a confused and half-conscious way we had—in our minds—recognized East Europe as belonging lastingly to the Soviet Outer Empire.

The Soviet Inner Empire will not last and the Outer Empire already is exhibiting decay. So the question posed in 1956 and 1968, and perhaps in 1970 in Poland, will be posed again and again—Rumania and Yugoslavia may be next in line. The question is this: do we want to preserve and even salvage soviet communism and soviet imperialism? Or do we recognize that fact that there will be no peace so long as aggressive communism is surviving?

The U.S. has written off liberation as a policy—but decommunization is a process which is under way and which cannot be halted or reversed permanently. This process will erupt in revolutionary outbursts, inevitably so. As in the past, the U.S. will be afraid to move. In an era when the USSR possesses military superiority over the U.S.—this era has come—American policy will be more timid and ambiguous than ever before. This timidity may well be the accessory cause of a future conflagration of which Soviet aggression will be the primary cause.

This situation requires a number of remedies in America.

1. U.S. military superiority must be reconstituted.

2. U.S. illusions that the international situation can be "stabilized" must be laid to rest—history never stands still, and freedom and progress must be secured daily wherever they are threatened.

3. U.S. thinking about the trends within the communist empire must cease being naive—communism is not stable and it will never be consolidated. Rather than appease the oppressors, it is a safer policy for the U.S. to assist the oppressed and help them recover their freedoms.

If there is to be security and peace—and freedom—and democracy—and social and economic development—liberation is the key

pre-requisite for the attainment of those goals. The liberation of East Europe is the nearest door that might lead to a better future.

The skeptics will say that the East Europeans want to stick to socialism and that terms like democracy must be interpreted in their socialist meaning. Perhaps so, but there are many socialist meanings and many meanings of socialism. We were told that the revolution of 1956, exactly like the Czech event of 1968, was of socialist inspiration. The evidence shows that humane socialists or communists revolted against Stalinism, among non-socialists and non-communists who revolted also. Socialism is a cliché word conjuring the perfection of man. This word is the fashionable translation of the outmoded word "paradise". There is no point wasting time about the practical significance of figleaf or illusionary semantics.

It seems to me that the Hungarians of 1956 were socialists in the same way as the Hungarians of 1936 were Habsburg royalists: A principle was recognized for the celebration of holidays.

By whatever name, the oppressed and captive peoples want to lose their chains. This desire commands America's full support. But liberation through nuclear war would be counter-productive and it probably would not work, except in defense against communist aggression. Under all circumstances it would be best to avoid nuclear war.

Liberation must therefore not be conceived as a cataclysmic outburst but as a lengthy task of gradual reform. This task the East Europeans are showing they are able to perform—and the Russians are beginning to learn. The communists are wedded to protracted conflict. Let the anti-communists courageously resist the incessant assault and commit themselves to protracted reform.

The U.S., if it ever throws away its intellectual blinders, can help immensely, in a thousand and one ways. We merely have to realize that it is futile to seek accommodation with communist dictatorships, for the elementary reason that those dictatorships will not survive, while the people who are now struggling to achieve their liberation, will remain.

The old notion that to achieve liberation, the iron curtain must be broken, may safely be discarded. The iron curtain is now a sieve. The internal situation in *Communistia*, as Georg Mikes pointed out years ago, is like that of a tin can: once air gets in, the fish inside starts to rot. Plenty of air has gotten into the communist can. We must be most careful lest we poison ourselves with red herring that is rotting.

So in looking back to 1956, we are able to gain the proper perspective in looking forward to 1984, and beyond to 1986. The Hungarian October is a revolution that lives. It was a revolution that created symbols that point to the future. It was the dramatic beginning of liberation, of self-determined self-liberation.

It is not the U.S. which will spark the liberation of Eastern Europe, though I hope that the U.S. will be more helpful than it has been in the past. A revolution must not be mounted by subversion, conspiracy, and war like the Bolshevik October of 1917. A political change demanded by the vast majority of a people needs strategic cover, but otherwise it needs intellectual and economic assistance, and above all, instantaneous moral support. It needs exactly what the U.S. would be able to offer.

The East Europeans, together with the anti-communists in the USSR and China, will gradually liberate themselves. In the process the anti-communists within the communist bloc will protect the United States from defeat and enslavement. This is so because we free men do no longer know

how to count our blessings, and because the oppressed cannot help but count their miseries.

There is no memory-hole big enough to conceal the eternal flame that was lit in 1956. Long live the Hungarian October!

Mr. PATTEN. Mr. Speaker, I appreciate having the honor today of joining my colleague, the Honorable FRANK HORRAN, in paying tribute to the Hungarian freedom fighters.

Fifteen years have now passed since these brave people stood up against tyranny and were counted in the fight for freedom. We all can well remember the suddenness with which news of the trouble in Hungary broke across our land. A nation had dared to stand up to the Soviet Union and demand the freedom which is the right of all men. The flame was lit, and the Russian military forces moved in quickly in overwhelming odds to put it out. But they really were not able to extinguish this flame of freedom, and it has surfaced on other occasions in Eastern Europe. With the help of our people and free people everywhere, it will continue to burn.

During the past year, I have heard from many constituents who have had contact with Eastern Europe. It saddens me to hear them tell about conditions there. People taking walks in the open parks whispering to each other, because this is the only way they know their conversation will not be overheard. The process of Russification is destroying all the customs and traditions of these people.

I hope as we meet here today and honor the Hungarian freedom fighters, we will think about the ordeal these people have gone through for the past 15 years and be inspired to continue our efforts to help them be free once again. I hope that all our citizens who learn of our discussion here today will also be inspired to join us. I further hope that our message will reach today's Hungarian freedom fighters, so that they will know we care and are with them in spirit and in action.

Mr. BIAGGI. Mr. Speaker, I am proud to stand here today with my colleagues to express together our support of all freedom fighters the world over. The Hungarian freedom fighters were among the first in postwar years to strike out against the tyranny that overtook their country. Today many others are engaged in a struggle against dictators and oppressors.

In the Middle East, the Jews are valiantly fighting to preserve their religious and ethnic heritage in a hostile land. Surrounded by nations who profess a foreign policy calling for elimination of Israel, these hardy people daily fight on to preserve their freedom.

In the Soviet Union another group of Jews is fighting to obtain their freedom. Their oppressors have systematically denied them their civil and humanitarian rights. They cannot peaceably assemble as a religious group, they cannot train their children in the faith of their fathers. They cannot emigrate to another land.

In Northern Ireland, yet another op-

pressed minority is fighting to gain the rights to human dignity and civil justice enjoyed by all Americans. Through the instrumentality of the infamous Special Powers Act, the British troops occupying that divided province have kept the minority from speaking out against the present government's stand on various issues. And woe be to the Irishman who calls for reunification with the Republic of Ireland. He will surely be interned without trial or charge and lost forever to his loved ones.

In Czechoslovakia as in Hungary, the citizenry attempted to rise up against the oppressive chain of the Soviet Union. The nation tried to steer an independent course in the international waters of world politics. But the Soviet excuse for justice was swift and sure. The tanks rolled, and the Czechs were soon brought back into the party line.

All around the periphery of the monolithic Soviet Union the so-called captive nations wait under the yoke of Communist tyranny for their day of freedom. The Ukraine, Estonia, Latvia, and Lithuania among others keep alive the hope that some day freedom and democracy will be theirs.

Tibet, North Vietnam, North Korea, and Mongolia are captive nations as well. Only the captor is another Communist terrorist—Red China. Little is said of these Far Eastern nations which have been absorbed behind the Bamboo Curtain, but the state of their existence puts fear into the hearts of those countries in Southeast Asia who live under the daily threat of a Communist takeover and a loss of their freedom.

Many people today are saying that the cold war is over and a new detente between the superpowers of the world will replace the strained relations of the fifties and sixties.

I say to you, my friends, that the cold war is not over for the people of Hungary, or the people of Czechoslovakia, or the people in the rice paddies of South Vietnam and Cambodia, or the street fighters in Northern Ireland.

This Nation committed its men and resources to fight the Second World War. The efforts of those men were directed towards building a world peace based on freedom and democracy. What have those sacrifices and the many sacrifices since then brought us? They have brought us a Hungary in 1956, a Vietnam in the 1960's and a Northern Ireland in 1970. Where is the peace and freedom in the world that this Nation fought so valiantly to keep alive?

Until the dream of Franklin Roosevelt to "make the world safe for democracy" is realized, the war of freedom-loving people the world over is not completed.

In this regard we are all freedom fighters. We as Americans must join with those oppressed people in other lands to assure every human being the right to self-determination of his future and that of his nation.

America was founded on the premise that there are certain inalienable rights, among them the right to life, liberty, and the pursuit of happiness, implied in this premise is the obligation to defend a person's privilege to share in these rights

and to afford everyone the opportunity to enjoy them. Let that be our goal and freedom be our battle cry.

Mr. RODINO. Mr. Speaker, before October 23, 1956, the concept of socialism to the Hungarian citizen was an idea devoid of the ideals of truth, justice, and freedom. The word "socialism" was associated only with the realities of foreign occupation and control, of regimentation, of the curbing of liberties, and of an abnormally low standard of living. A man could not believe in the possibility of gaining social justice nor hope to bring an end to his exploitation. No room was allotted for criticism. Hungary was a country in which intellectuals were schooled in the joys of freedom of thought while every original idea was denounced as heresy, a country in which phrases stressing "this land is rightfully every man's land" were constantly reiterated yet after each harvest, its people were left with hardly enough grain to last until the next sowing.

Unexpectedly, late in 1953, Imre Nagy, former vice president of the Hungarian Council of Ministers, was suddenly elevated to the position of Hungary's Premier. Unlike his predecessors, Nagy did not look upon himself as a weak servant of the Soviet Union. By being the only Communist leader who dared to say "no" to his party superiors, he became the first and only one to whom the Hungarians said "yes." His strength lay in his ability to truly listen to the heartbeats of his people. He traveled his own course, step by step, solving each problem, probing each question. In his program, he called for equality of political and economic rights, for a revision of the economic structure by specialists in conformance with Hungary's needs and peculiarities, for a higher standard of living, for a more tolerant attitude toward questions of religion, of a new level of esteem for intellectuals, and for more humane treatment of workers. For the first time, if a peasant wished, he could leave the cooperative. Nagy closed the internment camps, proclaimed a broad political amnesty, suppressed blacklists, dissolved political tribunals, and began rehabilitation of the victims of past prefabricated trials. He set forth five basic principles, principles which are universally embraced by men everywhere who seek freedom, principles recognizing national independence, national sovereignty, national equality, territorial inviolability and noninterference in internal affairs.

Suddenly, the very party leaders who had expressed confidence in Nagy, who had brought Nagy to power, and who had a year and one-half earlier refused to allow Rakosi, the former premier, to speak, met with Nagy and by unanimous consent, "for his rightest deviationism, for his divisive actions, for surrounding himself with antiparty groups which had become the rallying point of the enemies of socialism," dismissed him from his position and expelled him from the party. Nagy's efforts of defense and of refutation fell upon deaf ears. Obviously, the men whom he addressed were not free men. Their instructions as to the disposition of the Nagy case had been sealed well in advance.

Nagy, unlike the Rakosis before him, refused to recant his views and confess his errors, so convinced was he in the validity of his decisions.

The revolt itself began as a peaceful student demonstration. The demands made were nationalist, not anti-Communist in nature, yet the 13 days between October 23 and November 4, 1956 will stand aside as separate and distinct from all the days of Hungary's thousand years of history. It is important to note that Nagy's supporters were not men on the fringes of party life or men who had tossed aside party doctrine. Nagy dreamed of a humanist socialism—a socialism which would respect individual freedom as well as national independence. Those who supported him did not want to change the existing system. They wanted only to improve it, to reform it. Yet, they all condemned one element deeply embedded in the system—the practice of inhumanity.

The Hungarians wanted more than merely a reinstatement of Nagy. Among their demands, they called for a multi-party system and for the removal of all Soviet troops from their soil.

For us, there is no choice. Either we win or we fail. There is no third possibility—we will stay here and die, if necessary until the Russians agree to leave our homeland.

In the eyes of the Hungarian people, it could not be conceived that after so many words of ardent praise, the West could abandon Hungary and allow its quest for liberty to be crushed. The people of Hungary were convinced that the world could not be disinterested in their struggle. Their deep confidence in the West and their hope for U.N. action was perhaps their greatest source of strength.

The outcome of the Hungarian Revolution requires little reiteration. The Russians, who had agreed to begin troop evacuation on October 30, with no explanation, made an about face and returned en masse to a complete occupation of Hungarian soil. What had become of the solemn promise that no further Soviet units would enter Hungary? No answer came for Nagy—no answer from Russia, but more important, he received no response from the free peoples of the world.

Washington announced "a State Department spokesman refused comment for the time being on the message of the Hungarian Government relayed by the U.S. Embassy in Budapest." The U.N. Security Council, which had, on Saturday night, resumed its debate on the Hungarian situation, decided unanimously to adjourn until Monday morning.

No promises were kept. The newborn independence and sovereignty of Hungary lasted only a few days. Those who participated in the revolutionary struggle were subjected to pitiless persecution. Nagy was brought to trial, accused of high treason and sentenced to death.

Fifteen years after these events, Hungary has not forgotten the impact of those 13 days. According to the Hungarian writer Michael Polanyi in his "message of the Hungarian Revolution":

Since October 23, 1956, ideas have never ceased to circulate freely in Hungary. Those who still hotly profess the Marxist interpretation of history, who proclaim the surpassing achievements of revolutionary socialism and predict the proximate coming of communism—these people are increasingly looked upon as ignorant fools . . . the young are immune to their teaching.

The Hungarian revolutionaries of 1956 revived the ideas of truth, justice and liberty and were resolved to fight for these ideals. Their taste of justice and of freedom, however brief, remains dear to them, be it expressed in a scream, a whisper or in an unuttered phrase.

FROM "ONE SENTENCE ON TYRANNY"
(By Gyula Illyes)

Where tyranny is,
There is omnipresent
In all things, as your very God was not
In days gone by

There tyranny is
In the nursery schools,
In the father's advice,
The mother's smile,
In children's
Answers to strangers;

Not only in barbed wire,
In slogans in lines of print,
More than barbed wire
Dulling the brain;

It is in
The farewell kiss,
As the wife says,
"When will you be home, dear?"

In how-are-you's exchanged
Every day in the street,
In the suddenly looser
Grip of a handshake,

As all at once
Your love's face freezes,
It is there

In all trysts,
Not only in grilling
But in the declaration
In the sweet ecstasy of words,
Like a fly in your wine,

Because not even in your dreams
Are you alone, . . .

Mr. HANLEY. Mr. Speaker, as we commemorate the 15th anniversary of the Hungarian uprising, I want to join with my colleagues in paying tribute to one of the bravest people on earth—the long suffering but undaunted Magyars.

I well remember the horrors of October 1956, when the Hungarians attempted to throw off the yoke of Communist oppression, and how their spirits were first ignited and then dashed by a free world outside which sat idly by and watched Russian tanks smash all vestiges of hope. The brutality and carnage which followed in the wake of Russia's invasion still send a shudder up and down the spine of any civilized human being.

But, Mr. Speaker, it is all too easy to forget, it is all too easy to sweep painful memories under the rug of time and distance. And so this commemoration takes on all the more importance, for we must not forget. We must not forget the brave men, women, and children who died in that struggle; we must not forget the thousands who were imprisoned, tortured, and murdered for their part in the uprising; and we must not forget those millions who still live a half life on the other side of the Iron Curtain.

For a thousand years, the Magyar people have known adversity and they have always weathered it. Let us, as free men, keep the light of public opinion and the pressure of human decency on the Communist oppressors, so that the Hungarians will once again join the community of free nations.

Mr. BURKE of Florida. Mr. Speaker, I wish to thank my colleague, Congressman FRANK HORTON, who, as chairman of the American Citizens Committee for the Commemoration of the 15th Anniversary of the Hungarian Revolution, has obtained this special order so we can focus attention on the courageous actions of the Hungarian freedom fighters during the 1956 Hungarian revolution.

Mr. Speaker, I honor their fight for liberty and self-determination, and reflect on the plight of the millions of people who are presently living under Soviet oppression in eastern and central Europe.

Mr. Speaker, we in the United States know the feelings of the Hungarian advocates of freedom for their people and for an independent nation. The statements and documents written by the Founding Fathers of our own country—specifically, the Declaration of Independence is unparalleled in the literature of the world as an expression of the right of nations to self-determination. Its opening paragraph eloquently states this principle:

When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the laws of nature and of nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

The second paragraph, which is familiar to all Americans and most people of the world states succinctly and beautifully our national dedication to self-government:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are Life, Liberty, and the Pursuit of Happiness—that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed, that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness.

Unlike our revolution of 1776 which was successful, the Hungarian revolution of 1956 was not. From all appearances the Hungarian revolution was spontaneous, almost accidental.

On October 23, 1956, university students in Budapest organized a demonstration of sympathy for Poland; they used this occasion to publish demands for independence, free elections, and the end of Soviet political control and exploitation. Large crowds joined the demonstrators. The Hungarian police and later Soviet troops, called by Hungarian Premier Gero, fired into the

crowds, igniting a revolution that enveloped the country.

By October 30 it looked as though the revolution had succeeded. Imre Nagy had formed a genuine coalition cabinet, announced a return to conditions that existed before the Communist seizure in 1947, abolished the one-party system, promised free elections, and negotiated for the immediate withdrawal of Soviet troops. However, on November 1, Soviet military units surrounded Hungary's airfields and Budapest, its capital. Fresh troops were reported pouring into the country. Nagy responded with a proclamation of neutrality and a request to the West and United Nations for assistance. Direct assistance, however, was not forthcoming, and on November 4, the Soviet military forces attacked Budapest. Heavy fighting went on for days and a general strike paralyzed the country for several weeks.

Within a few days the Russians crushed the rebellion and installed a new regime under the Hungarian Communist leader, Janos Kadar. During the weeks of disorder an estimated 160,000 Hungarians fled the country and thousands were killed in the fighting.

The year 1956 was a decisive year for Europe, especially for the Soviet satellite states in Eastern Europe. During nearly a decade after World War II, Stalin had established iron-fisted control over these states structuring all very rigidly in accordance with the Soviet model and collectively creating the image of a monolithic Communist empire. In March 1953, Stalin died, and the political forces changed, unleashing a new leadership.

Khrushchev, by reconciling with Tito in 1955 and sanctioning thereby the principle of "other roads to socialism," and by his speech at the 20th Party Congress in February 1956 launching his de-Stalinization program, raised the hopes of Hungarians for freedom. But, in November 1956 the Soviet tanks stilled those hopes, or at least, stopped the expression of those hopes.

The aftermath of the revolt was brutal. Retaliation against the rebel forces began immediately. Thousands of Hungarians were executed or imprisoned. In 1958, Premier Nagy, General Pal Maleter, commander of the resistance forces, and several associates were secretly executed. To insure continued Soviet control, the Russians stationed between 50,000 to 80,000 additional troops in the country.

Throughout the entire crisis, the United States assumed leadership in denouncing the Soviet action in the U.N. and in urging the United Nations to sponsor a resolution requiring Soviet withdrawal from Hungary and the admission of U.N. investigators. The Russians opposed these measures and defeated them by using their veto power in the Security Council but a condemnation of the Soviets by the General Assembly was, nevertheless, passed. Because there were no other measures that could be taken, short of risking a possible war with the Soviet Union by direct military intervention, the U.N. finally acquiesced to the Soviet military reconquest of Hungary.

The United States lifted immigration barriers and accepted thousands of Hungarian refugees in addition to dispatching medical supplies and other forms of relief for Hungarian refugees awaiting transfer to other lands.

October 23, 1971, then marked the 15th anniversary of that bloody suppression of the Hungarian revolution which was one of the most stirring expressions of a people's desire for liberty the world has seen for many years. I am therefore proud of this opportunity to pay tribute to the deeds and goals of those freedom fighters of Hungary.

The U.S.S.R., without justification, still continues its acts of colonization against the Hungarian people. Let us hope the day will come when freedom will become a reality for the Hungarian people. Perhaps the Soviet Union will remove its armed forces from Hungary and allow the Hungarian people to exercise their right of self-determination. We can but hope and pray for freedom in Hungary.

Mr. SCHERLE. Mr. Speaker, the spirit and dedication of the Hungarian people to the cause of liberty has a most important meaning to me. As a first generation American of Hungarian and German descent, many of my relatives are now living behind the Iron Curtain suffering under the terror of Communist tyranny. Their plight is shared by millions of other human beings whose only desire is to live in justice and freedom. It is our responsibility as a free nation never to forsake these courageous people. That is why Presidents Eisenhower, Kennedy, and Nixon have called upon the citizens of the United States to never forget their obligation to these captive nations.

The attention of my colleagues is respectfully directed to the statements of these distinguished Americans which may be found in a book entitled "The Hungarian Revolution in Perspective," edited by Francis S. Wagner. This book was published by the Freedom Fighters Memorial Foundation, which is the cultural and educational organization of the Hungarian Freedom Fighters Federation, U.S.A. The members of this federation, of which I am an honorary member, deserve special recognition for their untiring devotion and work on behalf of freedom and liberty throughout the world.

DWIGHT D. EISENHOWER

The terror imposed upon Hungary repudiates and negates almost every article in the Declaration of Human Rights.

It denies that men are born free and equal in dignity and rights and that all should act in the spirit of brotherhood.

It denies the right to life, liberty, and security of person.

It denies the principle that no one shall be subjected to cruel, inhuman or degrading treatment.

It denies that no person shall be arbitrarily arrested, detained or exiled.

It denies that all are equal before the law and entitled to its equal protection.

It denies the right to fair and public hearings by an independent and impartial tribunal.

It denies the right to freedom of thought, conscience, and religion.

It denies the right to freedom of opinion and expression.

It denies the right to freedom of peaceful assembly.

It denies that the individual may not be held in slavery or servitude.

It denies that the will of the people shall be the basis of the authority of government.

That these human rights have been so flagrantly repudiated is cause for world wide mourning.

JOHN F. KENNEDY

October 23, 1956, is a day that will forever live in the annals of free men and free nations. It was a day of courage, conscience, and triumph. No other day since history began has shown more clearly the eternal unquenchability of man's desire to be free, whatever the odds against success, whatever the sacrifice required.

Americans will never—at any summit meeting, in any treaty declaration, in words or even in our minds—recognize Soviet domination of Hungary. Hungary's claim to independence and liberty is not based on sentiment or politics. It is deeply rooted in history, in culture, and in law. No matter what sort of puppet government they may maintain, we do not mean to see that claim abandoned.

Americans intend to hasten by every honorable and reasonable means the arrival of the day when the men and women of Hungary will stand again in freedom and justice. On this anniversary we must, with Abraham Lincoln, "Here highly resolve that these dead shall not have died in vain . . . it is for us the living . . . to be dedicated to the unfinished work which they so nobly advanced."

RICHARD M. NIXON

It was very early in December when I arrived in Austria. I had been sent there by President Eisenhower to inspect the refugee camps which had sprouted overnight in that neutral country and to help determine the immediate needs of the thousands of Hungarians who had streamed across the frontier.

November had been the cruelest of months for the Hungarian people. Alone they had risen and cut the fetters of Communist tyranny, breathed for a few disquieting days the exhilarating air of personal freedom and national independence, and then had Soviet treachery and Soviet armor abruptly awaken them from their dream.

One could see many emotions carved in the faces of these people as I walked through their gerry-built camps and saw them then trickling across the guarded frontier at Andau.

In the young, the emotions were anger and disillusionment at having seen their victory stolen away. This was coupled in many with the feeling that they had been abandoned by their natural allies—the West and in particular the United States. There was undisguised hatred of the Russians, a measure of joy at having escaped and a great measure of sorrow as they knew the agony their less fortunate countrymen were then undergoing.

Confronted with such a spectacle of human suffering, the thoughts do not come singly but in battalions. Certainly, one sentiment I shared then with every free man was a sense of awe and admiration at the incredible courage of these people who had challenged the most powerful tyranny in history.

To have seen the men and women and children who had accomplished so much led to many other thoughts—about the system from which they had fled and the system to which they had come.

Some of these thoughts occurred at that time and some came to mind later as one recalled the camps, the frontier and the faces. One could not help but think what a thor-

oughly contemptible form of government Communism really is.

Communism was the only system most of those children who made the rebellion had ever known. It had rigidly controlled their education, fed them its propaganda since they had reached the age of reason, dictated their development and growth, and they had nothing but hatred for it and the men who ran it.

I recall President Kennedy's comment in 1961 that the character of Communism was forever stamped on the bloody streets of Budapest and so it was for the world to see.

How rank and odious must such a system be, if these people who loved their land and their country would give up families and home and friends and property just to escape from it.

I recall during the early fifties having been told by my own friends and others that most of the states of Eastern Europe had come to accept their Communist masters, that the young had known no other system, that it would be foolish to believe they had any burning desire to rid themselves of it. I was told that economic advances were being made in Eastern Europe, that the people then at least had the security they had been denied during the war years.

We are told the same things today. It is true I think that, as one man has written, the tyrant always seems absolutely secure until five minutes before he is overthrown.

Since those days in Austria I have often wondered why the plight of the captive and exploited peoples in once-free Eastern Europe should be so ignored in a world where "anti-colonialism" and "self-determination" have been raised to the level of gospel.

I have thought as well how good it would be for every American boy to have walked through those camps and to have watched while the Hungarians came across the border at Andau.

The same lesson might have been learned from watching the Vietnamese pour down from the Communist North in 1954, the Tibetans abandoning their ancient homes in 1959, the Cubans fleeing across the Florida Straits in the first years of this decade and the Germans crashing through the Berlin Wall in 1961 and 1962. Therein lies an education not to be found in books.

Mr. STRATTON. Mr. Speaker, I am proud to join in this special order to honor the brave men and women of Hungary who in 1956 fought so courageously for their independence from the ruthless Soviet domination.

It is hard to believe that 15 years have now passed since we were following the struggle day by day in the newspapers and cheered the early victories of the rebels who battled tanks with rocks. What had started out as a peaceful student demonstration to express sympathy toward a Polish insurrection against the Soviets suddenly became a nationwide revolution when troops fired into the crowd, killing many of the demonstrators. After a week of fighting it had appeared on October 30, 1956, that the forces of freedom had brought liberty to that country, as Imre Nagy assumed the premiership, formed a genuine coalition cabinet, and promised free elections. He negotiated an immediate withdrawal of Soviet troops from the country and began plans to return Hungary to conditions that existed prior to 1947, the year communism began its dictatorship over that country.

As we have seen happen in Eastern Europe and elsewhere many times before

and many times after, the communists were not to be trusted at their word. On November 1, Soviet troops surrounded Budapest and Premier Nagy pleaded to the West and the United Nations for assistance. Can any of us forget the reports of bloodshed and atrocities plastered across the front pages of American newspapers in the days that followed? The rebellion was crushed and the Communist sickle of retribution swept quickly throughout the land, executing or imprisoning thousands of Hungarians.

But though the fight for freedom was ruthlessly put down by Soviet tanks in Hungary, just as it was later brutally put down in Czechoslovakia only 3 years ago, the spirit of freedom could never be crushed in the hearts of the brave Hungarian people.

I can still remember very clearly in the early months of 1957, as mayor of Schenectady, N.Y., being on hand to greet the brave Hungarian freedom fighters who had been fortunate enough to escape from Soviet control and who came to Schenectady, to friends and relatives of Hungarian descent, to seek a new life. How quickly these men and women began to build a new life for themselves. How quickly they rolled up their sleeves and went to work. How quickly they made a solid and prosperous new home for themselves, and became active and effective American citizens. Fifteen years later they are distinguished citizens of their adopted country and we are proud of them.

Yet for those who came to America, and for those who remained trapped behind the Iron Curtain, the hope is the same—to look forward to the day they will once again have the opportunity to welcome the restoration of freedom in their homeland. All of us here in America who are fortunate enough to have been born in the liberty won by our forefathers in another revolution share those hopes for Hungarian freedom.

President Eisenhower in the tragic days of November 1956, wrote Premier Bulganin, and uttered a plea that I think all Americans can reiterate again today, 15 years later:

I urge in the name of humanity and in the cause of peace that the Soviet Union take action to withdraw Soviet forces from Hungary immediately and to permit the Hungarian people to enjoy and exercise the human rights and fundamental freedoms affirmed for all peoples in the United Nations Charter.

Mr. Speaker, as I recall saying in 1957 in greeting to the Hungarian freedom fighters who came to Schenectady:

Ishten hozolt; ishten al wega Magyar!

Greeting to all, long live Hungary.

Mr. BUCHANAN. Mr. Speaker, it is with profound respect for the valiant efforts of Hungary's freedom fighters that I join my colleagues in their recognition today.

During those memorable and tragic days from October 23 to November 3, 1956, Hungary's freedom fighters captured the admiration and imagination of the free world on the one hand, and virtually shook the walls of the Kremlin on the other. It could be said, in fact, that from the date of the first revolu-

tionary outbreak through November 4, 1956, when the Soviet armies returned to attack the outmanned Nagy government forces, a totalitarian society was in dissolution.

The late Prime Minister of India, Jawaharlal Nehru, said so well in the September 7, 1958, edition of the New York Times Magazine:

What happened in Hungary demonstrated that the desire for national freedom is stronger even than any ideology and cannot ultimately be suppressed. What happened in Hungary . . . represented nationalism striving for freedom from foreign control.

The patriots envisaged an independent country outside the power blocs, where a multiparty system, parliamentary democracy, the observance of individual human rights, and an economy based on the concept of human justice would prevail.

After life had been crushed from the short-lived revolution against Soviet oppression and the United Nations finally agreed to investigate, Mayor Jozef Kovago of Budapest, testified before the U.N. Special Committee on the Problem of Hungary, January 29, 1957, as follows:

Truth outdoes fiction. This epic struggle written in blood; a struggle where the participants rose high above the measure of mortals, where 14-year-old children rose to the heights achieved by ancient heroes and 70-year-old grandmothers acted like Roman matrons. And yet my task is to relate this in a manner conveying a sense of reality.

There are memories of glorious days followed by gloom. First the joy of rapturous crowds in the smoke-filled streets; later the sombre calm of men to die in the rubble of the wounded city.

The Hungarian Revolution proves that the fate of nations is molded by the emotions of people . . .

I wish to emphasize that the Hungarian Revolution was not premeditated, nor organized by anyone. Hungarian youth as one man strained apart the Communist shackles, breaking them with volcanic force. In the heat of this sacred fire Communist indoctrination melted within minutes. The truth was suddenly revealed, and the repulsive farce of Communist lies and doctrines became apparent. These young people rose as one, rejecting Leninist-Stalinist teachings in a single resounding outcry.

The very same evening hundreds of thousands of Hungarians voiced one wish with all their hearts: "We want to be free!"

Tragically, Hungary is not yet free as the millions and millions of people presently living under Soviet oppression in Eastern and Central Europe are not free. The United Nations Hungarian resolutions are still unhonored; namely, the withdrawal of Soviet troops and the restoration of Hungary's freedom and independence. But the spark of freedom still burns there as it does in the heart of every man and in the composite soul of every nation that must continue to live in bondage.

October 23 to November 4, 1956, were days that will live forever in the records of free man and free nations. It represents the epitome of courage. The action of Hungary's freedom fighters underscores the eternal unquenchability of man's desire to be free—whatever the odds, whatever the sacrifice.

As we today pay tribute to these gallant men and women on the 15th anni-

versary of the Hungarian revolution we must, with Abraham Lincoln:

Here highly resolve that these dead shall not have died in vain . . . it is for us the living . . . to be dedicated to the unfinished work which they so nobly advanced.

RADIO AND TELEVISION LICENSES

The SPEAKER. Under a previous order of the House, the gentleman from Florida (Mr. FREY) is recognized for 5 minutes.

Mr. FREY. Mr. Speaker, as a member of the Power and Communications Subcommittee I have become aware of an injustice which is being imposed upon responsible broadcasters throughout our country.

As I am sure you know, in January of last year the Federal Communications Commission issued a policy statement that would give an incumbent licensee preference in seeking a renewal of his license provided, if, of course his past performance had shown substantial service to the public. In June of this year the U.S. Court of Appeals reversed that policy, saying it would substitute a standard of "substantial" service for the "best possible" service to the public.

I am sure that none of us in the Congress would want anything but the "best possible" programming to be shown on radio and television stations. However, this decision opens Pandora's box for any special interest group which may wish to harass a station.

By threatening contested license renewal hearings, special interest groups could coerce many broadcasters into changing parts of their programming to the detriment of the public in general. The Congress should not allow this possibility to exist.

My bill would exclude all new applications for a broadcast license when a station applies for a renewal, except in cases where the Federal Communications Commission had significant proof to show that the present licensee is not serving the "public interest, convenience, and necessity."

The bill would also make all commercial radio and television licenses valid for 5 years instead of the 3-year period provided in the present law.

As I am sure you know, the cost of buying and operating a radio or television station is phenomenal. In many cases it takes over 5 years for an owner just to break even. As the law now stands, the overwhelming majority of broadcast licenses are valid for only 3 years. Then the station owner must get a renewal which takes time and runs up additional expenses. I am introducing this bill extending the 3-year limit in order to give the broadcasters more stability while also giving the new broadcaster a better chance to break even on his financial investment.

B. JOHN TUTUSKA—DISTINGUISHED COUNTY EXECUTIVE

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, B. John Tutuska has devoted his life to public service. He has served honorably and with great distinction as a member of the Buffalo Police Department, as an officer of the U.S. Army during World War II and the Korean war, as sheriff of Erie County, N.Y., and most recently as county executive.

His record has been marked by a devotion to duty, a high regard for the welfare of people, and is characterized by his high sense of integrity and honesty.

Mr. Speaker, John will retire on December 31 as Erie County executive after 35 years of public service. This Saturday he will celebrate his 60th birthday and is grateful for an astonishing recovery from a massive heart attack which precluded his running for reelection. John is the type of dedicated public servant who was grateful for the opportunity to serve.

He was appointed county executive December 1, 1968, to succeed the late Edward A. Rath. He won election in 1969 to the balance of Mr. Rath's unexpired term. I believe the near 70,000 vote majority won by county executive elect, Ned Regan, as a manifestation from the electorate that the Tutuska led county government is one of the finest in the Nation and must be continued.

On April 7, 1971, I called the Erie County sesquicentennial to the attention of my colleagues and pointed out that as part of this anniversary celebration a new county office building was dedicated in memory of the first county executive, Edward A. Rath, Sr. In my extension, I remarked:

Under the farsighted direction of Edward A. Rath, Sr., our county government was launched into a new era of collective co-operation and beneficial association with all levels of government, as it does today under B. John Tutuska.

Now a fitting tribute will be paid to B. John, for the many years he has dedicated to serving us. I personally have profited from his advice and counsel during my campaign and in this, my first term in Congress. I am happy to join with the many thousands of friends of John who will in some way participate in a testimonial dinner to be held in John's honor Sunday, December 12, 1971, in Buffalo. I am looking forward to being a part of this memorable evening.

Mr. Speaker, George Borrelli in the Buffalo Evening News and Robert O. Graves in the Buffalo Courier-Express, have recently written articles paying tribute to B. John Tutuska. I think it is appropriate to include these articles at this point.

[From the Buffalo Evening News, Dec. 5, 1971]

TUTUSKA TO LEAVE OFFICE WITH A SENSE OF PRIDE

(By George Borrelli)

As he prepares to leave office Dec. 31, County Executive Tutuska nurses no grudges, harbors no animosities, has no regrets.

B. John Tutuska is 60 years old today. A handsome 6-footer with iron gray hair, his manner is relaxed, his mood philosophical. He's a man at peace with himself and

his surroundings. And he's a grateful man—thankful for the opportunities that propelled him to the county's highest elective office and for his recovery from a severe heart attack.

"I don't think I'll ever want to run for office again," said Mr. Tutuska in an interview this week—in his office on the 16th floor of the Rath Office Bldg.

He plans to remain active in community affairs, but beyond that has no plans for the future.

"I'm really not concerned about that," Mr. Tutuska said. "The future has a way of taking care of itself. I've always been content, whether I was a private in the Army, a patrolman in the Buffalo Police Department or county executive.

"I'm convinced that everything happens for the best."

What the modest Mr. Tutuska didn't say about his background as a soldier, policeman and elected official was considerable.

He was inducted into the Army during World War II as a private and discharged as a captain. Another tour of duty came during the Korean conflict, from 1951-52, and finally service in the Army Reserve, from which he retired with the rank of lieutenant colonel.

As a Buffalo policeman, Mr. Tutuska started as a patrolman in 1936 and rose to captain. Later, he became undersheriff, then sheriff of Erie County.

Mr. Tutuska was appointed county executive Dec. 1, 1968, to succeed the late Edward A. Rath.

He won election in 1969 to the balance of Mr. Rath's unexpired term.

Earlier this year, Mr. Tutuska was endorsed by the GOP for election to a full, four-year term. But fate intervened. He suffered a heart attack May 22.

After he was discharged from the hospital, Mr. Tutuska announced he would continue his candidacy. But he later pulled out of the race on advice of his physicians.

Subsequently, Edward V. Regan, who had filed to oppose Mr. Tutuska in the primary, was substituted as the GOP organization candidate and went on to win the general election.

Mr. Tutuska said he bears no ill feelings towards Mr. Regan, for whom he campaigned.

"What happened was a blessing," Mr. Tutuska said of his heart attack.

"At least I've had a warning. Some of my friends didn't have that warning."

While he has no desire to again run for office, Mr. Tutuska doesn't rule out the possibility of an appointive post.

Mr. Tutuska has a good relationship with Gov. Rockefeller and there have been recurring reports that he might receive a state appointment.

One of the top vote-getters in the history of Erie County, Mr. Tutuska won four elections—three for sheriff, one for county executive.

A tireless campaigner, he believed in moving around the county to meet people and listen to their problems.

"You can't find out what's going on by just sitting in that chair," said Mr. Tutuska pointing to his desk.

So strenuously did Mr. Tutuska campaign that he lost an average of 15-17 pounds every time he ran for office.

In 1965, the last time he was elected sheriff, Mr. Tutuska attended 101 picnics.

"But I never had time to eat," he laughed.

Mr. Tutuska interprets the near 70,000-vote majority won by County Executive-elect Regan this year as a double-edged reaction from the electorate.

On the one hand, they were giving the Republican-controlled county government a vote of confidence, said Mr. Tutuska.

"Our county government is one of the best . . . we're recognized as one of the finest in the nation."

On the other hand, the voters were expressing a desire for a younger man in the office, Mr. Tutuska continued.

Mr. Regan, 41, whose campaign theme was "a new generation of leadership," defeated Mayor Sedita, 64, the Democratic candidate.

In the three years that he presided at the helm of county government, Mr. Tutuska was beset with a number of problems, some of which were solved easily, while others produced frustration and conflict.

Chief among the latter was the acrimonious fight over a new football stadium, a battle finally resolved this year when the county agreed to build an 80,000-seat facility in Orchard Park.

Mr. Tutuska had initially favored a domed stadium in Lancaster. But when plans for the project collapsed, he shifted his support to the open stadium.

"I thought it was absolutely essential that we go ahead," he explained. "I couldn't subscribe to the argument that it had to be a dome or nothing."

Mr. Tutuska is leaving office with a pride in a number of projects on the drawing boards, underway or completed.

Major ones include the new Comprehensive Health Care Center, for which bids have been taken; expansion of the Erie County Community College—opening of a temporary city campus and plans for two new permanent campuses, one in downtown Buffalo, the other in Hamburg; creation of an office for the aging; establishment of a County Youth Board, a drug abuse program and a clinic for alcoholics.

Mr. Tutuska speaks feelingly for the aged and the poor. He admits the Medicaid program has been costly, but cites its pervasive benefits to the poor, the aged and families hit with catastrophic illness.

Mr. Tutuska, who has deep roots in the Buffalo area, plans to spend a month or two in Florida after he leaves office. Then he'll return to Buffalo, where he resides at 301 Colvin Ave. with his wife Marie and their three sons, Peter, a senior at UB; William, a freshman at Hilbert College, and John, a Canisius College graduate who's employed as an accountant.

"The future will take care of itself," Mr. Tutuska repeated. "Everything happens for the best."

[From the Buffalo Courier-Express, Dec. 5, 1971]

TUTUSKA "GRATEFUL FOR OPPORTUNITY TO SERVE" COUNTY

(By Robert O. Groves)

After 35 years of public service, the patrolman who had no political ambitions when he joined the Buffalo Police in 1936 will retire Dec. 31 as the county executive.

While marking his 60th birthday Saturday, Erie County Executive B. John Tutuska reflected on his career as military officer, police captain, county sheriff, and county executive with a characteristically modest, "I was grateful for the opportunity to serve."

Since his appointment on Dec. 1, 1968 as successor to the late Edward A. Rath, the county's first executive, and his subsequent election as county executive in 1969, Tutuska has seen the position grow to become the most important political post in Upstate New York and to assume the responsibility this year of a landmark \$266.6 million county budget.

It was only upon his physician's advice that Tutuska, after being hospitalized at Deaconess Hospital May 22 to July 4 for a heart attack, a massive coronary occlusion, which he suffered while appearing at the Buffalo Athletic Club, "reluctantly" declined the endorsement for reelection, thus stepping aside for Edward V. Regan, the victorious GOP candidate who will assume the post Jan. 1.

At the time of his withdrawal on July 30 from the 1971 campaign, Tutuska said, "I do

not shrink from conflict. I never have and I never will. I have searched my heart. I have sought guidance from my family, my friends and almighty God. At this point in time I cannot serve the party at the needed 100 per cent level during the campaign. Less than 100 per cent would be a disservice."

"But I am still the executive," Tutuska emphasized Saturday, "and will work diligently as such until Dec. 31. I don't intend to lose interest in this community. This is my permanent area."

"After four or five months of sun and golfing in Pompano Beach, Fla., I will probably be itching to get back. Since I don't assume an official capacity, I will have more time to be active in various service organizations to which I belong."

There is a wide field of service open to him. Over the years he has belonged to, or is still a member of 53 charities and social clubs, 18 major law enforcement-related organizations and 12 veterans and armed forces groups.

Some of these activities, such as the New York State Sheriff's Assn., have involved him in extensive committee work, while others, such as the Buffalo Area Council on Alcoholism, of which he was president in 1963, and the United Fund, for which he has held various chairmanships, have profited from his leadership.

High on the Tutuska list of social projects on which he will concentrate as an activated retiree will be programs to benefit senior citizens.

During his administration, the county established a state and federally-funded Office for the Aging. It upgraded and awarded contracts for new facilities at the Erie County Home and Infirmary in the Town of Alden. Two years ago the county's first Advisory Committee on Recreation for the Elderly was set up.

In his last days as executive, Tutuska, who is on the board of directors for the Nazareth Nursing Home, said he is making efforts to establish temporary nursing homes for some 700 senior citizens in the county who are trying to get into one.

"There are 200 of the elderly persons in our hospitals for whom a home would be a better environment," he said. "An effort has to be made to get some of the 26.5 million senior citizens in the United States back into the mainstream of life. Loved ones can't take care of all of them."

Other achievements during his three years as executive of which he is especially pleased include:

Approval and start of construction of the County Comprehensive Health Care Center to replace Meyer Memorial Hospital in three years, and the completion of School No. 84 for Handicapped Children on the Meyer Hospital grounds.

The designation of parts of the country as a "special impact area" by the federal government, thus increasing employment by making Erie County eligible for public works grants.

Construction of the \$700,000 Fire Training Center at Broadway and Union Rd., Cheektowaga, the Edward A. Rath County Office Bldg. in downtown Buffalo and the Torrax solid-waste disposal facility in Orchard Park and groundbreaking for Erie Community College's South Towns Campus.

Seven Special Achievement Awards to Erie County by the National Assn. of Counties for public service programs including those of the county departments of Social Services, Health, Mental Health, the County Youth Board's rehabilitation program in Buffalo's Lovejoy District and the Buffalo and Erie County Library.

The termination of the confused bitter battle of where to build a football stadium which began before Tutuska took office and which was resolved this fall with the county agreeing to build an 80,000-seat facility in Orchard Park.

Tutuska credits much of his organizational ability and feel for government to the experience he gained during World War II while serving with the U.S. Army Military Government unit which helped reorganize fire, police and public services in France, Belgium, Holland and Germany.

After serving from 1929 to 1932 as a corporal with the 106th Field Artillery of the N.Y. State National Guard, Tutuska was drafted into the Army as a private in 1942, served with the 17th Airborne Division and the Military Government Unit. He received among other decorations, the Middle Eastern Campaign Medal with four battle stars. He was discharged into the reserves in 1946 as a captain. He was recalled for 19 months of active duty during the Korean Conflict as a captain and retired from the U.S. Army Reserves in 1965 as a lieutenant colonel.

Tutuska joined the Buffalo Police Dept. in 1936 ("with the intent of just being a good police officer"). As a police lieutenant after World War II in charge of the department's Accident Prevention Bureau, he earned two National Awards for Buffalo from the National Safety Council. Following the Korean Conflict he was commander of the Niagara St. and the Fillmore Ave. stations as a captain.

He was appointed Erie County undersheriff in 1956 by former Sheriff Robert A. Glasser and was named by Gov. Rockefeller to succeed Glasser in September 1959.

"I had never wanted to be an elected official. But in the 1959 November elections I was faced with having to choose between running for office or getting out," said Tutuska. He ran and was elected to office four times by phenomenal majorities. As sheriff he fostered the establishment of the Erie County Sheriff's Training Academy and the development of modern communications systems and crimefighting techniques and equipment.

Tutuska, who saw the creation of the post of deputy county executive last April and who views his heart attack as a warning signal and "perhaps a blessing in disguise," believes the biggest help that the federal government can give counties is in the area of revenue sharing and welfare reform.

As for his own career, Tutuska recalled gratefully that "no matter where I went, whether I was directing traffic as a policeman or studying a town's sewer problems as county executive, I always found people willing and helpful."

The county executive said he plans to continue to maintain his home at 301 Colvin Ave.

TAKE PRIDE IN AMERICA

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER), is recognized for 5 minutes.

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. The volume of commerce flowing through U.S. ports annually numbers in the millions of tons. The United States ranks consistently among the world leaders in shipping commercial tonnage. Through the ports of New York and New Jersey, for example, a total of 167,548,704 tons passed in 1 year.

JOHN MUSSO: A TRUE ALL AMERICAN

The SPEAKER. Under a previous order of the House, the gentleman from

Alabama (Mr. BUCHANAN) is recognized for 5 minutes.

Mr. BUCHANAN. Mr. Speaker, the name Johnny Musso in the State of Alabama is synonymous with outstanding sportsmanship, performance on the football field, and scholastic achievement.

These qualities in this All-American running back from the University of Alabama were again recognized last night when John Musso received the Scholar-Athlete Award from the National Football Foundation and Hall of Fame in New York, becoming the first University of Alabama player to be so honored.

Those of us from Johnny's hometown of Birmingham, which it is my privilege to represent in the Congress, are especially proud of this young man. We have watched him from his days as a star of the Banks High School football team and student body president.

While at Alabama he was three times named all-SEC academic player. He has broken 22 University of Alabama records including seven for rushing and scoring.

During his senior year at Alabama he carried the ball 191 times for a total of 1,088 yards or an average of 5.7 yards per carry. He accounted for 16 Alabama touchdowns and 100 of the points which the university chalked up during its undefeated regular season—efforts which earned him fourth place in the balloting for this year's Heisman Trophy.

Earlier this week John was named Football News' Collegiate Player of the Year and has been selected an All-American by United Press International and by football writers nationwide.

All of these honors and more which he will receive, such as the Co-Southeastern Conference Player of the Year Award next week, are reflective of the type athlete and scholar which John Musso is.

But he is also a young man of much humility and character, quick to credit his successes to his family, teammates and coaches.

I think his remarks upon being notified of his selection for the National Football Foundation Award are even more indicative of the personality which go to make him not only an outstanding athlete, but an outstanding individual.

He said, and I quote:

I've had more thrills this season than a person deserves in a lifetime and I hope I can prove worthy of this honor in the future by my conduct as a person.

With this type of outlook on life, Mr. Speaker, I am sure he will be able to do so.

RETIREMENT OF CHARLIE PURYEAR

The SPEAKER. Under a previous order of the House, the gentleman from Mississippi (Mr. GRIFFIN) is recognized for 5 minutes.

Mr. GRIFFIN. Mr. Speaker, earlier this year one of the House of Representatives' most dedicated and faithful employees retired.

Charles A. Puryear started working in the House post office in August 1951 under the sponsorship of Representative John Bell Williams. He conscientiously performed his duties for nearly 20 years and became a well-known figure on Capitol Hill.

The life of Charles Puryear is a heartening example of what determination can achieve. Born without sight in one eye and with extremely limited vision in the other, Mr. Puryear was never deterred from seeking and obtaining productive employment. He made many friends while here and will be missed.

Mr. Puryear had great respect for the House of Representatives as an institution and the individual Members of Congress he knew on a personal basis. In turn, he was respected and admired by all who knew him.

The Griffin and Puryear families have ties that go back many years. Charlie Puryear's grandfather and my grandfather served together in the Mississippi Legislature. His father and my father served together on the Hinds County Board of Supervisors; and, as I tell Charlie, he and I served together in Congress.

Charlie and his charming wife Mary are living in retirement in Jackson, Miss. They have the sincere best wishes of many Members of this body as they enter this new phase in their life.

Upon Mr. Puryear's retirement last May, House Postmaster H. H. Morris had this to say about him:

Charlie Puryear, who is retiring on Monday after over 19 years in the House Post Office, is in my opinion one of the most dedicated public servants I have ever known. He was very efficient, punctual and always performing a little above and beyond his assignment.

He will be missed by his colleagues in the Post Office and the offices which he served.

Mr. Speaker, I include an Associated Press article which appeared in the Jackson Daily News on May 29, 1971, concerning Mr. Puryear. It follows:

"HUMAN ENCYCLOPEDIA" OF RAYMOND RETIRES

WASHINGTON.—Charles Puryear, whose encyclopedic knowledge of present and past members of Congress has served lawmakers and newsmen alike, is retiring after 19 years as a House employee.

Ask about almost any member who has served in the House or Senate since 1900 and Puryear can tell you the congressman's full name, state, district, and years of service and probably name the man he succeeded and the man who succeeded him.

Puryear, a native of Raymond, Miss., is one of the quiet, modest, unsung men who help the wheels of Congress turn smoothly.

He has been a House mail messenger for 19 years, pushing a cart around the office building halls and collecting mail. He has no idea of the miles he has tramped along the marble corridors.

Puryear's gift of almost total recall as to biographical information about congressmen is all the more remarkable since he was born almost blind. He has no sight in one eye, little in the other.

But he has read—and memorized—congressional biographies of virtually all members since about 1900. He modestly disclaims this, saying he doubts he can even go back as far as 1910, but congressmen who have tested his knowledge, say he can come up with information on at least 99 of every 100 who have served since 1900.

Puryear, now 60, came to Washington in 1952 as a patronage employee of Rep. John Bell Williams, D-Miss., now Mississippi governor. Puryear is due to retire at the end of June.

House Postmaster H. H. Morris, said of

Puryear. "He is one of the most dedicated public servants I have ever known—efficient, punctual and always performing a little above and beyond his assignment."

A 1932 graduate of Mississippi College, Puryear began his hobby of reading up on congressmen as a boy in Raymond after his appetite for information was whetted by reading the Congressional Record.

POLLUTION CONTROL AND PREVENTION

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, pollution is a devastating national problem that affects not only my city of Chicago, but every city and State throughout the country. It is a problem that has been propagandized, legislated, and reiterated. Time and again, in this body and in all the media, we are bombarded with it. It has become such a vogue issue that its slogans are almost rendered trite before they are written.

Until now, the impetus of effecting strong forceful change in pollution control and prevention has rested with small groups such as Citizen's Crusade for Clean Water. But, these action groups cannot hope to rectify the flagrant spillage of our water and air. They lack unity, control, funds, and most important, manpower.

The public has been made growingly aware of pollution as a social evil through mass media. Legislation has provided us with the beginnings for reform, but as yet we have nothing more than a beginning. Both the people and their representatives are aware and eager to eliminate the problem. Why then has anti-pollution action been so painfully slow?

A possible reason for this retarded action, as well as an attempted solution is in the process of being formulated by Ralph Nader and his well-known following of young superstars. There have been many times when I have thought Nader and his barnstorming tactics personally and politically defeating, but here, credit is deserved.

Nader's concept as I understand it is this: To construct an autonomous organization, the Fisherman's Clean Water Action Project, uniting the nation's 60 million fishermen, on the premise that they have an immediate and firsthand interest in cleaning up our waters. This new organization would then function as a gap filler. It would operate with top experts in the fields of biochemistry and ecology, as well as in the law. It would be an agency which would provide legal services for individual pollution problems and assemble information and disperse it to the public. It would act with and provide advice to legislators, and mobilize citizen groups around focus issues. In other words, Mr. Nader proposes to create a national organization whose sole interest is pollution control, specifically, water pollution control. The assumption is that organized enterprise will be better able to facilitate change with more speed and accuracy.

Mr. Speaker, it is obvious that something is vitally needed to stimulate con-

structive and continual action in order to combat pollution in this country. The Great Lakes regions of Illinois are prime examples of this national disgrace and the immediate need for remedies. I believe that Mr. Nader and his program deserve attention and support. I am sure that as this new organization progresses, it will command a watchful eye from Congress. I have a feeling we will be hearing from the Fisherman's Clean Water Action Project, hopefully very soon.

THE VICE PRESIDENT'S TEMPESTUOUS TROPOLOGY

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. WILLIAM D. FORD) is recognized for 15 minutes.

Mr. WILLIAM D. FORD. Mr. Speaker, once again the Nixon administration has unleashed the Vice President to contaminate the countryside with more of his rambling rhetoric and reckless rancor.

This time the targets of the Vice President's tempestuous tropology were the Democratic presidential contenders, who were accused of being "economic morticians" and labeled as purveyors of "pallbearer polemics" by the Vice President.

Defending the disastrous economic policies of the Nixon administration in a speech to the National Association of Manufacturers in New York on December 3, the Vice President stated that—

Pallbearer polemics and doomsday dispatches are unwarranted by an impartial examination of the facts readily at hand.

Mr. Speaker, the Vice President would be well advised to make his own "impartial examination of the facts readily at hand" before he so vigorously defends the Nixon administration's economic game plans.

Had he done so he may have learned that on the very day that he was making this speech the Department of Labor announced that the Nation's unemployment rate had once again edged upward in November to 6 percent of the labor force. This means that there are presently over 5 million Americans unable to find work.

The Vice President would have also learned that wholesale prices had again risen in November, although he probably would have chosen to defend this increase in the same manner he defended the October rise in the Consumer Price Index—by claiming that while inflation and prices may still be on the rise, they are not on the rise as fast as they used to be.

A further examination of the "facts readily at hand" would have indicated to the Vice President that after almost 3 full years of the Nixon administration, this Nation has seen the rate of unemployment climb from 3.3 to 6 percent, the Wholesale Index rise from 106.5 to a whopping 114.4, and the gross national product fall for the first time since 1958.

He would have learned that the Federal Reserve Index of Industrial Production has actually dropped by more than 4 points during this same period, that the Consumer Price Index has risen constantly, and that, for the first time since

1893, this country has suffered its first balance-of-trade deficit.

Mr. Speaker, the Vice President implied that part of the business leadership in this country has "allowed itself to be psychologically manipulated by the ritual doomsayers of the Democratic Party." After examining the "facts readily at hand," as the Vice President has suggested, it would appear to me that perhaps the Vice President himself is the one man who has been psychologically misled—by the public relations department of his own party.

I am certain, however, that the business leadership in this country has not been psychologically manipulated by the party out of power. The business leadership in this country has simply been victimized—by an administration which has chosen to cure the economic ills of the Nation with smooth talk and public relations gimmickry, rather than firm, positive action exercised by confident Executive leadership.

COTTER URGES PRESIDENT TO MAKE SOLUTION OF THE NORTHERN IRELAND CIVIL WAR THE HIGHEST PRIORITY IN HIS SUMMIT MEETING WITH THE ENGLISH PRIME MINISTER

The SPEAKER. Under a previous order of the House, the gentleman from Connecticut (Mr. COTTER) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, the tragic situation in Northern Ireland demands more attention and action by the United States. I have attended several high level meetings on this complex matter and I believe the administration's laissez-faire attitude about this bloody civil war is misguided and inappropriate.

It was for this reason I joined with my distinguished colleague from New York (Mr. CAREY) in calling for the enactment of legislation that would move the United States into a more constructive role in seeking a peaceful solution to this tragic conflict. This resolution calls for the immediate termination of all unconstitutional internment, full respect for the civil rights of all citizens of Northern Ireland, and most importantly termination of all political, social, economic, and religious discrimination that is the root cause of the current violence. This reasonable goal can only be accomplished by the withdrawal of British troops from Northern Ireland and the convening of all interested parties to work for the unification of Ireland.

I do not underestimate the obstacles in such a proposal and only an effort at the highest level of Government can assure its success.

For this reason today I have written to President Nixon urging him to place the issue of the solution of the civil war in Ireland as one of the high priority items in his scheduled visit with Prime Minister Heath of Great Britain on December 20 and 21.

For the benefit of my colleagues, and the readers of this RECORD, I am including in the RECORD a copy of my letter to the President in addition to a copy of this resolution.

CONGRESS OF THE UNITED STATES,
Washington, D.C., December 8, 1971.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I know that you share my deep concern over the tragic civil war that afflicts Northern Ireland.

Since you are preparing to meet with Prime Minister Heath on December Twenty-first and Twenty-second, I am hopeful that you will make the solution of the Northern Ireland conflict one of the highest priority issues in this summit conference.

After serious study of the situation, I can only conclude that an equitable solution will result in the unification of Ireland. This unification would, of course, ensure that all citizens are guaranteed their civil rights and the social and religious persecution that has characterized the history of Northern Ireland would be ended.

I am confident that you will give this matter your most detailed attention and exert U.S. influence in a constructive manner to end the tragic civil war.

Sincerely,

WILLIAM R. COTTER,
Member of Congress.

H. RES. 654

Whereas the continuing violence and bloodshed in Northern Ireland is a cause of the deepest concern to Americans of all faiths and political persuasions;

Whereas the causes of the present conflict may be traced to the systematic and deliberate discrimination in housing, employment, political representation, and educational opportunities practiced by the governmental authorities in Northern Ireland against the minority there;

Whereas the Governments of the United Kingdom and of Northern Ireland have failed to end the bloodshed and have failed to establish measures to meet the legitimate grievances of this minority;

Whereas continued repression and lack of fundamental reforms in Northern Ireland threaten to prolong and escalate the conflict and the denial of civil liberties: Now, therefore, be it

Resolved, That the House of Representatives expresses its deepest concern over the present situation in Northern Ireland and in accord with the fundamental concepts of nondiscrimination, fairness, democracy, self-determination, and justice requests the United States Government at the highest level to urge the immediate implementation of the following actions:

1. Termination of the current internment policy and simultaneous release of all persons detained thereunder.
2. Full respect for the civil rights of all the people of Northern Ireland and the termination of all political, social, economic, and religious discrimination.
3. Implementation of the reforms promised by the Government of the United Kingdom since 1968 including those reforms in the fields of law enforcement, housing, employment, and voting rights.
4. Dissolution of the Parliament of Northern Ireland.
5. Withdrawal of all British forces from Northern Ireland, and the institution of law enforcement and criminal justice under local control acceptable to all parties.
6. Convening of all interested parties for the purpose of accomplishing the unification of Ireland.

A FINAL TRIP TO THE RED BRICK CHURCH

The SPEAKER. Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE) is recognized for 10 minutes.

Mr. BURKE of Massachusetts. Mr.

Speaker, not many hours ago, the Nation paused in its daily routine to bow its head and say a prayer with those gathered in a turn-of-the-century red brick church at the corner of Columbia Road and Dorchester Avenue in the Dorchester section of Boston. Never in their dream of dreams did the poor immigrants who built that church imagine the day would come when the leaders of the Nation—former President and President's wife, Cabinet members, Senators, Congressmen, ambassadors, cardinals and bishops, Governors, mayors, and legislators by the score would kneel in prayer and shed a tear in this, their humble parish church with pews so rough and altars plain. The neighborhood, never knowing what it was to be really rich and famous, was content to pride itself on its hardworking, honest, and God-fearing families. If, over the years, one of their number came to know power and fame in the inner councils of the Nation's Government, neither he nor the neighborhood forgot their humble beginnings, however justifiable their pride in his success.

Why then all this national attention and sorrow over a man advanced in years paying his last respects to his wife of half a century? To be sure, the fact that the man in question was the former speaker of the U.S. House of Representatives, the third most powerful office in the land, probably accounts for some of the interest of the event with national press and media coverage. But interest is not the same as sorrow or a deep sense of loss. What then made this funeral service the touching event it was? If I may be permitted the liberty of interpretation, it was as if the Nation intuitively understood that it was witnessing in many ways the passing of an era, an era which produced men and women with the backbone and character, the integrity and values of John and Harriet McCormack. It is as if the Nation sensed we would never see their likes again, either individually or together. The very rapture with which the press focused on their perfect marriage has all of the qualities of a storybook romance, a legend in our time. Not a legend in their time, for such marriages in their time were not all that rare or uncommon; but a legend in our time, in a world when even those who should be closest find it more and more difficult to find time even for each other. The very sense of incredulity expressed over the fact that for 42 years of one of the most distinguished careers in Congress, the last 9 of it as Speaker, John W. McCormack always had time for Harriet Joyce McCormack, shows how far we have strayed as a people from their world.

The fact is though John W. and Harriet McCormack came a long way from South Boston and St. Margaret's Church in Dorchester, they never really left it. It was then the most natural and fitting thing in the world for John to return with his Harriet to St. Margaret's Church the other day for the final time, for it was in this setting that both acquired the values and outlook that were to serve them in such good stead over their long and eventful lives together. I know it is

common practice to declare that today we are living in an age of crisis and turmoil and chaos, of change and discord such as we have never known. A good deal of misplaced self-pity might be dispelled if we realized that the lifetimes of John and Harriet were not without their fair share of crises and disaster. Anyone who lived together through the Great World War, the Great Depression, the rise of Hitler, World War II, the dropping of the atomic bomb, Korea, and Vietnam and survived together, had to know the meaning of change and crises. What spells the difference between their generation and ours are probably such simple and basic virtues as faith and love—no more, no less. This is why I think the Nation paused the other day, because we knew what separated them from us and, realism being what it is, knew in our heart of hearts that we would probably never see their likes again. If John and Harriet McCormack leave no other legacy to this Nation from their years of undying and devoted service to their country, it will be their shining example of how two people can leave their home to serve their neighbors in the corridors of power and inner councils of Government and return home half a century later with their integrity, decency, and love intact and uncorrupted by power and fame. And so it was that even while a woman was being laid to rest a few hours ago in Dorchester, a legend was being born and which will live forever in the annals of the Nation's heroes. And it all began where it might have ended, in St. Margaret's Church in Dorchester.

MAINTAINING THE PUBLIC SAFETY

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. JAMES V. STANTON) is recognized for 15 minutes.

Mr. JAMES V. STANTON. Mr. Speaker, those officials in our Nation charged with maintaining the public safety—and this term, in its broadest sense, includes not only policemen, but also firemen, judges, prison guards, and all others connected with the criminal justice system—bear a very great responsibility, for only through their efforts can our Government achieve the constitutionally stated goal of insuring domestic tranquillity. Their task has never been an easy one, and it is made even more difficult now by the fact that they come into contact daily with persons who have demonstrated a lack of respect for the law, and in addition a bitter hatred for it and all of those charged with enforcing it.

And yet despite the extraordinary hazards which these officials face in attempting to offer protection to our citizens, the benefits granted by many States to the survivors of law enforcement officers killed in the line of duty are shamefully inadequate. In fact, a recent Justice Department study showed that as of October 1970, 18 States provided no financial assistance at all to these families. Certainly the fact that these men cannot be sure that the needs of their family will be provided for should harm befall them is a tremendous burden upon them.

In order to rectify this situation, legislation was introduced earlier this year to provide a \$50,000 death benefit to the survivors of any policeman killed in the line of duty. Because policemen are the most obvious targets of abuse, it was only natural that they would be thought of first.

However, I believe that all the other public safety officials I need are worthy of being covered under such a proposal. The killing in August 1970, of Judge Harold Haley of the Marin County, Calif., Superior Court, and the Attica prison riot make only too clear the dangers which they face. It is for this reason that I have introduced a bill, H.R. 11677, which would extend the \$50,000 death benefit to the following officials: policemen, firemen, sheriffs, deputy sheriffs, highway patrolmen, parole and probation officers, investigatory and correctional personnel, alcoholic beverage control agents, judges, magistrates, justices of the peace, and other officers of the court.

The need for this legislation cannot be doubted. Last year 100 policemen were killed in the line of duty, a 16 percent increase over the previous year's toll. As of October 31 of this year, 112 policemen have been killed already. The International Association of Firefighters reports that 113 firemen were killed in the line of duty last year, and two prison guards were lost. Thus it is apparent that the cost of this legislation to the Federal Government would be minimal, and yet it would mean so much to these men and their families. By enacting this bill, we will be providing a measure of financial security to those families which have suffered the ultimate tragedy, and, in a larger sense, we will be affirming the support of the Federal Government for these officials in their effort to enforce the law and give to the public the protection it needs and deserves.

I am pleased to note that the Senate Judiciary Committee has taken an interest in legislation on this subject, and last week held its second set of hearings on it.

At that time I submitted a statement in support of the expanded coverage which I have proposed. My testimony relied heavily upon the many statements of support I have received from public safety officials in the Cleveland area and in Ohio, and I would now like to commend to my colleagues the full text of these statements:

OHIO ASSOCIATION OF CHIEFS OF POLICE, INC.,

Columbus, Ohio, November 22, 1971.

Re H.R. 11677.

Hon. JAMES V. STANTON,
Longworth Building,
Washington, D.C.

MY DEAR CONGRESSMAN: On behalf of the Ohio Association of Chiefs of Police, I would like to wholeheartedly extend my support for the above bill.

This bill would have a tendency to bolster the feelings of all personnel in the Criminal Justice System, knowing they have backing while performing their duties.

This type of bill has been sorely needed for a long time.

If I can be of any assistance, please do not hesitate to call me.

Respectfully yours,

HARRY W. HIRD,
President.

CUYAHOGA COUNTY

POLICE CHIEFS ASSOCIATION, INC.,

Maple Heights, Ohio, November 22, 1971.

Hon. JAMES V. STANTON,
House of Representatives,
Washington, D.C.

SIR: At a recent meeting of this organization House Bill was discussed at length and it was a unanimous decision to offer you our support. We strongly feel, as you do, that the family of any peace officer killed in the line of duty should be assured, at least, that their loved one has not died in vain.

All sixty one (61) members join in support of this Bill and respect all your efforts in presenting and supporting legislation that enhances law enforcement.

Sincerely yours,

EDWARD J. PRASEK,
Secretary-Treasurer.

CLEVELAND POLICE PATROLMEN'S ASSOC.,

Cleveland, Ohio, November 23, 1971.

Hon. JAMES V. STANTON,
Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN STANTON: As President of the Cleveland Police Patrolmen's Association and Vice-President of the International Conference of Police Associations I wish to express the gratitude of all police officers to you for the introduction of House Bill H.R. 11677, and to your fellow members of Congress who are in support of you on this Bill.

The upholding and enforcement of the law in accordance with the spirit of the Constitution is a monumental task that the vast majority of the police officers in this Country have dedicated their lives to accomplishing.

All police officers from time to time during the course of their tours of duty get the feeling that they are all 'Alone'. This might be while walking down a dark alley on a burglary call or while facing a man with a gun whom you have just surprised during a hold-up in progress.

Police Officers the length and breadth of this great land have demonstrated time and time again the sacrifices they are prepared to make for the safety of the people. These same officers unselfishly concern themselves with the question of the welfare and well-being of their families, wives, and children if they should be killed in the line of duty.

Knowing that their Government cares about the welfare of their families should they be killed in the discharge of their duties will give to police officers peace of mind in this respect and the knowledge that such a supreme sacrifice is not in vain.

Very truly yours,

JAMES MAGAS.

FRATERNAL ORDER OF POLICE,

Parma, Ohio, December 4, 1971.

Mr. JAMES V. STANTON,
Longworth Building,
Washington, D.C.

DEAR Mr. STANTON: I am in receipt of your letter dated November 12, 1971 informing all persons connected with the administration of Criminal Justice of your bill, HR 11677. This bill was received and read to the members of Parma Lodge #15 of the Fraternal Order of Police at their regular meeting held on the 18th of November, 1971. All attending members were very gratified at the concern that you must have for law enforcement and related agencies. A motion was made and passed requesting me to send you this letter stating the position that Parma Lodge #15 is taking on your bill. Without exception, we the members, 244 in number, of Parma Lodge #15 of the Fraternal Order of Police, stand 100% in support of your bill.

It goes without saying that the members of the law enforcement field are concerned for the welfare of their families in case they are killed in the line of duty. If the bill becomes law, it would greatly reduce the fears that law enforcement officers now have for their families should they be killed. It is a

good feeling to know that our loved ones will be cared for if we are not here to do so. The \$50,000.00 death benefit that you propose is a giant step in the right direction.

I would like to take this opportunity to again express our thanks for your concern and wish you good fortune, not only in this endeavor, but in any endeavor that you may pursue in the future.

Sincerely,

C. R. KAHLER, *Secretary.*

CITY OF CLEVELAND,
November 18, 1971.

HON. JAMES V. STANTON,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR SIR: In reply to your letter of November 12, 1971 I feel I can speak for all of the members of the Cleveland Police Department in heartily supporting your legislation which would provide a \$50,000 Federal death benefit for the family of any public safety or law enforcement officer killed in the line of duty.

We also endorse the extension of this coverage to all law enforcement officers employed on a full-time basis by that state or a unit of general local government within the state.

The most important thing to any man is the health and welfare of his family. It is, therefore, easy to conclude that a man performing a hazardous duty will be more proficient when he has knowledge that his family will be well provided for in the event of his demise.

When the burden of such responsibilities are provided for, the end results will not only benefit the law enforcement officer's family, but also the general public will be better served.

Very truly yours,

STEVE SZERETO,
Acting Chief of Police.

COUNTY OF CUYAHOGA,
Cleveland, Ohio, November 18, 1971.

Congressman JAMES V. STANTON,
Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN STANTON: I appreciate receiving your letter of November 12, 1971 enclosing a copy of your bill identified as H.R. 11677. To emphasize the need for the "Public Safety and Criminal Justice and Correctional Personnel Benefits Act of 1971" would be fatuous. The facts have never been so patent, the crisis never so conspicuous, and the need never so manifest.

I wholeheartedly support this bill and shall encourage the many friends accumulated throughout my twenty-seven years of Law Enforcement at every level—Federal, State, and Local—to do likewise. My support is not only generated from my position as a Peace Officer, but also from my responsibility as a citizen of The United States.

I sincerely hope that this measure will be passed by the Congress of the United States, and that subsequently, similar considerations may be given to the civilian victims of crime as well.

Very truly yours,

RALPH E. KREIGER,
Sheriff, Cuyahoga County.

DEPARTMENT OF POLICE,
Maple Heights, Ohio, November 22, 1971.

HON. JAMES V. STANTON,
House of Representatives,
Washington, D.C.

MY DEAR MR. STANTON: Please be advised that you have the undivided support of the forty nine (49) officers and men in this department, relative to House Bill 11677.

We appreciate sincerely your efforts on the part of law enforcement and assure you of support in matters of this nature.

Sincerely yours,

EDWARD J. PRASEK,
Chief of Police.

BROOKLYN HEIGHTS VILLAGE,
Cleveland, Ohio, November 19, 1971.

HON. JAMES V. STANTON,
Member of Congress,
Longworth Building,
Washington, D.C.

MY DEAR CONGRESSMAN: I have just finished reading H.B. 11677, which you sponsored in the House of Representatives, and would like to add my support to this much needed piece of legislation.

As you may well remember, this is the first anniversary date of the kidnapping of one of the officers from this Department, Sgt. Ronald Baracz, who was held hostage for over twenty-four hours and finally released after being taken into Pennsylvania and then returned to Ohio. It is only by the grace of God that he is with us today and the kidnaper, James Kelley, is the one who lies in a grave. During those anxious and uncertain hours before his release, many thoughts went through my mind, not the least among them being how his wife and two young daughters would be provided for in the event that he did not return.

You are probably well aware that State and local laws fail to provide adequately for the financial needs of the family in such an event, and therefore I heartily support this bill.

Very truly yours,

JOSEPH E. VALINE, *Chief of Police.*

CLEVELAND FIRE DEPARTMENT,
Cleveland, Ohio, November 29, 1971.

HON. JAMES V. STANTON,
Longworth Building,
Washington, D.C.

DEAR JIM: It was most satisfying to learn that firemen were included in the term "law enforcement officer" in the recent bill (H.R. 11677) you introduced.

From the ever increasing number of incendiary type fires, malicious false alarms, and incidents where firefighters have been shot at or otherwise harassed while in the performance of their duty, it becomes apparent that they should be included.

Assuredly you have my utmost support in gaining approval of this legislation.

Sincerely,

WILLIAM E. BARRY, *Chief.*

BROOKLYN HEIGHTS VILLAGE,
Cleveland, Ohio, November 26, 1971.

HON. JAMES V. STANTON,
Member of Congress, Longworth Building,
Washington, D.C.

MY DEAR CONGRESSMAN: I have read H.R. 11677, the bill which you recently introduced in the House of Representatives, to provide Federal death benefits to the family of any public safety or law enforcement or judicial or correctional officer killed while performing his duty.

It is true that State and local laws fail to provide adequately for the financial needs of the family in such cases; therefore I heartily endorse this legislation.

Very truly yours,

LESLIE G. THOMPSON,
Fire Chief.

BROOKLYN FIRE DEPARTMENT,
Brooklyn, Ohio, November 19, 1971.

HON. JAMES V. STANTON,
Member of Congress,
Washington, D.C.

DEAR MR. STANTON: The members of the Brooklyn Fire Department wholeheartedly support your Bill No. 11677.

We are certainly very appreciative of any consideration you can give, to the families, of the members, of our profession, in that time of dire necessity.

Very truly yours,

JOSEPH V. PUCCI,
Fire Chief.

THE JUVENILE COURT,
Cleveland, Ohio, November 18, 1971.

Re H.R. 11677.

HON. JAMES V. STANTON,
Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN STANTON: Thank you for sending me a copy of H.R. 11677. This is indeed legislation for which there is a real need in these troubled times.

As one who has been engaged in law enforcement and the administration of justice for many years, I am well aware of the extraordinary hazards faced by police and other officers of the law. I don't permit myself to dwell on the imminence of danger to my own person since if I did I'm certain it would destroy my effectiveness as a judge. However, when one considers the deranged, angry, hostile individuals, youth and adults, who daily come before the Court there is just no way to belittle the very dangerous situation of the judge who must rule on the cases of these individuals.

In our Court, and I'm sure in other Courts as well, there are times when the sheriff is unable to supply deputies to provide the necessary security and hence at such times the ordinary risks are greatly enhanced.

The logic of your legislation is irresistible; most certainly there should be compensation for the occupational hazards of police, probation officers, judges and others engaged in law enforcement and the administration of justice.

Most sincerely,

WALTER G. WHITLATCH,
Judge.

THE JUVENILE COURT,
Cleveland, Ohio, November 16, 1971.

HON. JAMES V. STANTON,
House of Representatives,
Washington, D.C.

DEAR MR. STANTON: Thank you for calling my attention to your sponsorship of H.R. 11677 relating to death benefits which might be payable to the survivors of correctional personnel killed as a result of their employment.

Over the last six years there has been acute concern from time to time about the safety not only of Probation Officers but also on the part of administrative personnel, including the judiciary, as we carry out our function in the community and in the Court. Assaults which have occurred on our people and incipient threats in the form of concealed weapons taken from juveniles and adults worry staff in direct contact with an increasingly militant public.

Our direct service to probationers and in neglect cases has been affected by underlying fears our probation officers have expressed for their safety. Their decision not to go into the field in neighborhoods having high potential hazards to safety has been supported by the administration. As a consequence less dependable service has been given to wards for whom probation has been ordered. Further, to rectify this situation, we are hopeful that an application for Law Enforcement Assistance Administration funding under the Omnibus Crime Control and Safe Streets Act of 1968 may enable us to get a grant to establish neighborhood based offices out of which probation officers and indigenous para-professionals may operate to improve our probation service.

Although we are conditioned to expect difficulties on occasion and thus far have experienced no killings of staff in the line of duty, it would be a comfort to know that this ultimate circumstance would not leave our families destitute and dependent upon public assistance. I therefore support your effort to amend Title I of the Omnibus Crime Control and Safe Streets Act of 1968 and trust that H.R. 11677 may be enacted.

Sincerely yours,

JOHN J. ALDEN,
Director of Social Services.

CLEVELAND MUNICIPAL COURT,
Cleveland, Ohio, November 16, 1971.

HON. JAMES V. STANTON,
Member of Congress,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN STANTON: I wish to take this opportunity to personally commend you for your efforts in the preparation and introduction of H.R. 11677, which provides for death benefits to survivors of certain public safety and law enforcement personnel.

In this age, when reason and understanding of the judicial processes are sadly lacking, a guarantee of financial survival must be considered for dependents of court attaches. In my opinion, H.R. 11677 more than adequately compensates in this regard.

I therefore earnestly endorse the provisions of your Bill.

Respectfully yours,

JOHN A. FLANAGAN,
Bailiff.

COUNTY OF CUYAHOGA,
Cleveland, Ohio, December 1, 1971.

HON. JAMES V. STANTON,
House of Representatives,
Congress of the United States,
Washington, D.C.

MY DEAR CONGRESSMAN STANTON: Upon receiving your welcome letter regarding the proposal HR 11677 to provide total benefits to survivors of certain public safety and law enforcement personnel and public officials, concerned with the administration of criminal justice and corrections, I give my hearty and enthusiastic endorsement to such a significant proposal.

I feel that to provide survivor's benefits up to \$50,000.00 in the event my Probation Officers and administrators are killed in the line of duty, is long overdue and accentuates the area of the administration of justice which too long has been ignored and unrecognized.

Not only will I endeavor to have the Greater Cleveland Area endorse such a proposal, but on December 8, 1971, I will submit to the State organization The Ohio Correctional and Court Services Association (of which I am currently President) a proposal for State endorsement of HR 11677.

Please advise me if there are any other ways in which we can assist and expedite this Bill to become a law.

Sincerely yours,

JOSEPH A. JANESZ,
Chief Probation Officer.

PARMA MUNICIPAL COURT,
Parma, Ohio, November 26, 1971.

HON. JAMES V. STANTON,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN STANTON: Thank you for your letter of November 12, 1971 and the copy of H.R. 11677, the bill you are sponsoring. In addition I want to acknowledge receipt of a copy of the congressional record regarding this matter.

For any and all who are willing to listen please make it known that you have the whole hearted support of myself and Judge Spanagel on this matter. As Judges we appreciate the concern you are showing for the judiciary but more than that be assured that as American citizens we are pleased to see that this bill provides for assistance to all of those fine Americans who serve as public servants in the many branches of law enforcement throughout the United States on the city, county and state level.

I am, and have been for the past eight years, a member of the National Legislative Committee of the Veterans of Foreign Wars and I am taking the liberty of sending a

copy of this letter to Francis Stover, our National Legislative Director in charge of our Washington office and I am asking him to get in touch with you to see if we can aid in some way in helping you get this bill enacted.

I want to thank you for your public service. I am sure you will be very effective in the Congress through a long and impressive career.

Very truly yours,

RICHARD E. RESS,
Presiding Judge.

OHIO DEPARTMENT OF
MENTAL HYGIENE AND CORRECTION,
Cleveland, Ohio, November 26, 1971.

HON. JAMES V. STANTON,
Member of Congress,
Washington, D.C.

DEAR SIR: It was indeed a great pleasure to have had the opportunity to read the bill you introduced, H.R. 11677. In addition, it is comforting to know that there are men like yourself who will go on record as supporting the total Corrections Spectrum.

As you have indicated, the Criminal Justice System is not only composed of policemen. There are others: Parole and Probation Officers, Investigatory and Correctional personnel, Alcoholic Beverage Control Agents, Judges, Magistrates, and Officers of the Court; whose role is providing protection to this great nation and all that it stands for.

I have shared your bill with many of my colleagues. All are very grateful to you for the insight you have shown and the bill, H.R. 11677, is supported one hundred per cent by all.

In addition, I have discussed this bill with R. E. Giannetta, Superintendent of Parole, State of Ohio, and he has not only pledged the support of this Agency, the Adult Parole Authority, but that of the Department of Corrections.

The best of success in getting additional support from your fellow Congressmen as well as others in the Criminal Justice System.

Sincerely,

DAVID L. ROGERS,
Acting Regional Supervisor,
Cleveland Region.

STATE OF OHIO,
DEPARTMENT OF LIQUOR CONTROL,
Columbus, Ohio, November 15, 1971.

HON. JAMES V. STANTON,
Member of Congress, Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN: Your letter and copy of H.R. 11677 is greatly appreciated. It is indeed good to know that as a member of Congress, you are so deeply concerned with the problems of law enforcement.

The "Public Safety and Criminal Justice and Correctional Personnel Benefits Act of 1971" as introduced on November 9, 1971 is comprehensive and covers inadequacies of existing law. This bill presents a vehicle thru which the Congress can manifest its moral and financial support of public servants who are killed in public safety duty. Enactment will be a much needed morale booster and should help furnish impetus to the recruitment of qualified peace officers.

Please consider this to be a letter of endorsement from myself and those men under my supervision. Be assured of the cooperation of this office in matters of mutual concern.

Very truly yours,

JERRY J. FEIERTAG,
Investigator-in-Charge,
Cleveland District.

P.S.—Your letter and copy of bill has been forwarded to my superior, James L. Milburn, Chief of Enforcement Operations, Ohio Department Liquor Control, Columbus, Ohio.

TRANSPORTATION NEEDS OF THE ELDERLY

The SPEAKER. Under a previous order of the House, the gentleman from New Mexico (Mr. RUNNELS) is recognized for 5 minutes.

Mr. RUNNELS. Mr. Speaker, the airline business has been most attentive to the transportation needs of the college students in our country. That business has recognized the financial straits of the average student and has responded to their travel needs by generously offering travel reductions of 50 percent or more.

This is, of course, an admirable reflection on the transportation business in this Nation. However, there is another segment of our citizenry who are deserving and who are suffering even greater financial handicaps. I speak of the elderly people of this country, those who are 65 years or older.

According to national statistics, at least 40 percent of our elderly are living at the poverty level or below. No doubt, because of current transportation costs, they are unable to provide for their basic transportation. It is because of them and their plight that I propose this Half-Fare Travel Act.

The Half-Fare Travel Act will provide the eligible elderly person, that person 65 years of age or older, half-fare passage on any interstate common carrier on a space-available basis.

In this bill I insure full-paying passengers priority over half-fare paying passengers for all services purchased.

I also amend section 3 of the Urban Mass Transportation Act so that State and local public bodies and agencies which adopt special reduced rates for elderly persons will receive preference in their application for financial assistance.

The following is a text of my bill:

H.R. 12127

A bill to allow elderly people to travel on common carriers in interstate commerce at half fare and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, this Act may be cited as the "Half-Fare Travel Act".

TRANSPORTATION IN INTERSTATE COMMERCE

SEC. 2. (a) As used in this section, the term "eligible elderly person" means any individual sixty-five years of age or older.

(b) Notwithstanding any other provision of law, no common carrier for hire transporting persons in interstate commerce shall charge any eligible elderly person more than half the published tariff charged the general public in connection with any transportation which is requested by any such person.

With respect to all services purchased, all persons paying the full published tariff shall have priority over those persons paying half the published tariff as provided for in this section.

(c) In any case in which a common carrier can show that it incurred an economic loss during any calendar year solely because of the requirements imposed by subsection (b), that carrier may apply to the head of the Federal agency having jurisdiction over the filing and publishing of the tariffs of that carrier for Federal financial assistance with respect to all or part of its economic loss. The head of the Federal agency is authorized to pay to the carrier (1) an amount not ex-

ceeding one-half the difference between the published tariff and the tariff charged elderly persons during the calendar year covered by the carrier's application, or (2) an amount not exceeding the aggregate of the economic loss of the carrier claimed under such application, whichever is less.

(d) The head of each Federal agency is authorized to prescribe those regulations as he may deem necessary to carry out the provisions of this section, including but not limited to regulations requiring uniform accounting procedures.

(e) The head of each Federal agency is authorized to establish a commission of elderly persons to advise him in carrying out the provisions of this section.

TRANSPORTATION IN INTRASTATE COMMERCE

SEC. 3. Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new subsection:

"(d) In providing financial assistance under this Act, the Secretary shall give preference to applications made by States and local public bodies and agencies thereof which will adopt (or require the adoption of) specially reduced rates for elderly persons in the operation of the facilities and equipment financed with this assistance, whether the operation of these facilities and equipment is by the applicant or is by another entity under lease or otherwise. As used in this subsection, the term 'elderly persons' means those individuals sixty-five years of age or older."

MONETT, MO., HIGH SCHOOL FOOTBALL TEAM OFFERS PRAYER AFTER PERFECT SEASON

(Mr. HALL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HALL. Mr. Speaker, on November 12, 1971, the Monett, Mo., high school football team, "The Cubs," completed its first perfect season in 21 years, and in so doing also became the champions of the "Big Ten Conference." This amazing team outscored their opponents 295 to 34 during their season, and have now extended their winning streak to 15 games dating back to the middle of the 1970 season.

The outstanding season enjoyed by the Monett Cubs earned a place for them in the Missouri State Class "AA" playoffs. Needless to say, the team continued to play the excellent brand of football that it had displayed all season, and on November 29 before 6,000 spectators in Briggs Stadium, Springfield, Mo., convincingly won the AA crown by defeating the defending titleholder, South Shelby of Shelby, Mo., by a score of 37 to 8.

While I am proud to represent in the Congress the good people and fine students of Monett, Mo., I would like to call the attention of my colleagues to an incident that happened the night the team won their conference championship.

Following the victory, while the team was in the center of the field, surrounded by its happy followers, the crowd suddenly became quiet, doing so at the request of some of the players. At that time the team asked the fans to stop momentarily and join them in the Lord's Prayer, which they did.

Mr. Speaker, I call attention to this incident, not to point up the fact that

this House recently rejected an attempt to amend the Constitution in order to permit voluntary prayer in public places, but to show you the kind of people that can be found in the Seventh Congressional District of Missouri—a people who believe firmly that to "bring up a child in the way he would go, and when he is old he will not depart from it." I call my colleagues' attention to the following editorial, written by Mr. Kenneth Meuser, publisher of the Monett Times, which eloquently chronicles that fine moment:

THE SAFETY VALVE

The entire Monett community today salutes the Big Ten Football Champions of 1971, the Monett High School Cubs, who finished a most successful 10-0 season last night with a 28-0 victory over Cassville and a possible berth in the Missouri High School playoffs.

There were many reasons for this great season but aside from a dogged determination on the part of the entire squad and coaching staff, they had unified group spirit.

Trite as it is to say, they had real teamwork, both the offensive and defensive units. They worked together as a coordinated squad.

The 1971 Cubs were well coached, well conditioned and hard hitting. They can point with pride to their high scoring throughout the season of 295 points while holding their 10 opponents to only 34 points.

Credit also should go to the reserves who seldom get into a varsity game. They too made their important contributions to this undefeated season.

The 1971 Monett Cubs played clean ball, kept training rules and are a reflection of the decent youth of America.

Typical of this attitude was a moving gesture at the close of last night's game in Cassville when several hundred delirious fans surrounded the Monett team and coaches in the middle of the field shouting their enthusiasm and joy at the champions. In the midst of this turmoil, several players asked the fans to stop momentarily and join them in praying The Lord's Prayer. The crowd quieted and both fans and players bowed in reverence and together gave prayerful thanks. For about two minutes everything was quiet, there were tears of gratitude among several fans and players as they prayed together. Then happily the crowd and players broke into uproarious cheers for their victorious season.

Doesn't this make you proud of Monett youth, their parents, coaches, teachers and school administrators! I think that our entire community can stand taller today by the example set by these young men.

Irrespective of how far they go in the state playoffs, they have set a record that is bound to stand for some time and after 21 years they have brought the conference championship back to Monett.

I'm sure that I speak for the entire Monett community in saying "Congratulations Monett Cubs, Big 10 Champs, for a job very well done."—K. G. M.

GOP CONVENTION PREPAREDNESS

(Mr. VAN DEERLIN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. VAN DEERLIN. Mr. Speaker, in August of next year my home community, the city of San Diego, Calif., will play host to its first national political convention.

Although most observers foresee little genuine excitement surrounding the 1972 Republican Convention—and even

though I, as a Democrat, do not anticipate that it will be nominating our next President—the fact remains that many prominent Americans will be gathered on this occasion. Not all of them will be convention delegates. Estimates by militant leaders, not always reliable in the past, have ranged to as high as 1 million in the number of demonstrators which they hope to lead into San Diego. That would exceed our permanent population by more than 40 percent.

The prospect of seeing anything like a rerun of the violence and bloodshed surrounding the 1968 Democratic Convention in Chicago has understandably troubled San Diego's citizenry. It is comforting to note that Police Chief Ray Hoobler, encouraged by other city officials, moved early to plan for the protection of lives and property, and the physical safety of delegates and visitors—including most prominently the President of the United States.

All law enforcement agencies in San Diego County will contribute personnel to preserve public safety during the convention. Special study teams are to be dispatched to Chicago, Miami, Washington, D.C., and other cities with experience and expertise in crowd control. Moreover, those in charge have made it clear that they will not repeat the mistake of Chicago police in barring demonstrators from the vicinity of Convention Hall.

No city, relying upon its own resources alone, can be expected to underwrite the cost of mammoth police protection of an event which truly belongs to the whole Nation. Miami, which will host the 1972 Democratic Convention, already has been allotted a \$400,000 grant from the Federal Government's Law Enforcement Assistance Administration.

Presently on file with the same agency is a grant application from the city of San Diego for \$920,287, to help pay for advanced study and training, for the inevitably high cost of police overtime pay and for a variety of special equipment which could be needed in the event of violence or an imminent threat of violence.

Mr. Speaker, I can assure you that few San Diegoans would choose to witness the use of grenade launchers, or see police officers decked out in body armor flak suits and carrying heat-resistant shields, wielding "nonchip plastic batons" or something called "knee knockers." We would feel moved to no carnival spirit upon hearing the report of blast grenades, triple chaser grenades, speed heat grenades, or even "strike baseball grenades."

I do not anticipate that this array of artillery will be flaunted publicly. A highly visible display of antiriot gear has been known to increase tensions during disturbances elsewhere. But we San Diegoans would feel secure, as well as proud in our role of convention hosts, to know that law enforcement is equipped and ready for any level of disturbance.

In a letter to Jerris Leonard, Administrator of the Law Enforcement Assistance Administration, I am asking that San Diego's application be fully funded. It would doubtless help if other House Members express similar support.

A breakdown of the application follows:

GOP CONVENTION PREPAREDNESS PROGRAM

The purpose of this proposal is to train and equip law enforcement officers to insure the orderly conduct of the activities surrounding the G.O.P. Convention.

In order to fulfill the goal of an orderly G.O.P. Convention the Preparedness Task Force proposes to:

A. Investigate techniques utilized by other law enforcement agencies in handling major political conventions.

B. Conduct intensive training, utilizing the latest techniques at all levels of command and for all operating forces.

C. Coordinate the activities of all law enforcement agencies involved in the preparedness program.

D. Utilize the latest proven equipment to insure maximum deployment of manpower and efficient movement of people and equipment in the area at the time.

In order to accomplish the above, several phases will occur simultaneously:

1. A team of San Diego command personnel will be dispatched to Miami Beach, Florida; Chicago, Illinois; and Washington, D.C. to gather information and ascertain problem areas encountered by those departments in the handling of major political conventions and mass disturbances.

2. A required training program will commence within the San Diego Police Department for all law enforcement personnel which will have as its objective the successful coping with a major political convention. Subject matter such as philosophy of crowd control, containment techniques, types of crowds, arrest techniques, policies, special weapons training, etc., will be covered in depth. All law enforcement personnel who will be involved will receive training.

3. In addition to the above training, feedback obtained from the command team sent to the various cities will be incorporated into a training program, and the task force developed for the handling of the convention will undergo additional training to insure the orderly conduct of the G.O.P. Convention.

If the planning and training, and the information obtained from other agencies is effective, the following should occur. The conventions will progress in an orderly manner with a minimum of delays encountered. Mass demonstrations and potential violence will be minimized, and the participants in the G.O.P. Convention will not encounter delays and confusion experienced at other conventions in recent years.

An evaluation will be conducted by the San Diego Police Department, the City of San Diego, the G.O.P. National Convention Committee, and hopefully, by other federal agencies. The results of our participation will be available to any interested law enforcement agency.

A. PERSONNEL (EMPLOYEES)

1. Salaries:

Project Director, Inspector J. W. Connoles. (1) 13 months—100% at \$1715, per month (Grantee Contribution—\$22,295.)

A fulltime Project Director has been appointed and has been functioning in this capacity since August 1, 1971. Inspector Connoles has an extensive background in law enforcement, has attended the FBI National Academy, and has functioned in an administrative capacity for four years. He has served as a training officer and has commanded field tactical operations. He has the ability to make in-depth evaluation of the overall project. Since assuming the position of Project Director, he has undertaken the task of coordinating all law enforcement activities at the local, state and federal levels. Inspector Connoles also holds an AA degree in Police Science and a bachelor's degree in Law.

Assistant Project Director, Captain K. J. O'Brien, (1) 12 months—100% at \$1,555, per mo. (Grantee Contribution—\$18,666.)

Captain O'Brien has been assigned as a full-time assistant to the Project Director and is presently involved in the planning of manpower, equipment and tactical operations concerning the G.O.P. Convention. Additionally, this position will be responsible for gathering all intelligence information. In addition to the above, the Assistant Project Director will have the following responsibilities: To conduct field research under the guidance of the Project Director; to relate findings to local resources and problems; and to assist the Project Director in the evaluation, training and execution of operational planning within the scope of the proposed project.

Supporting Professional Staff—

(2) Chiefs at 10.87/hr., 200 hrs. each, \$4,348.

(5) Insps. at 9.86/hr., 200 hrs. each, \$9,860.

(9) Cpts. at 8.94/hr., 200 hrs. each, \$16,092.

(9) Lieuts. at 7.72/hr., 300 hrs. each, \$20,844.

(1) Sgt. at 6.84/hr., 181 hrs., \$1,241.

Total, \$52,385.

The above personnel will be involved in the planning activities of the convention. They will represent all participating agencies and will be responsible for developing plans in areas such as: security, manpower, transportation, traffic control, prisoner control, press relations, logistics, lodging, intelligence, health and sanitation, communications, etc. It is anticipated that the minimum time spent by the above personnel will be far in excess of the time indicated above and that more personnel will become involved as planning progresses; but for purposes of providing matching funds, the above positions and times can be isolated and verified if necessary.

Secretarial: (1) Intermediate Stenographer, 100%, 12 months at \$616 per month—\$7,392. (1) Intermediate Stenographer—100%, 4 months at \$616 per month—\$2,464. (Grantee Contribution—\$9,856.)

Secretarial, receptionist and stenographic duties on a full-time basis is mandatory. In addition to providing assistance to the Project Director and Assistant Project Director, they will be responsible for preparing manuals, training aids, correspondence, and will maintain all files relevant to the planning of the convention. One secretary will be utilized for a total period of 12 months, and it is anticipated that additional help will be needed 4 months prior to the convention. Secretarial assistance will be needed to prepare information after the convention for purposes of evaluation.

1,000 Patrolmen, 175 Ranking Officers, 157 Special Detailed Officers. To be trained for a total of 39,385 hours. (Total LEAA contribution—\$258,900.)

(See Attachment "A" for training breakdown.)

Compensation will be paid to the above-numbered off-duty police personnel at their regular hourly rate. The rates for compensation are based on salary figures for the San Diego Police Department. This figure does not include possible salary increases or time and a half compensation that some of the participating agencies presently pay their personnel. The basic curriculum for the officers, subject to modification, is contained in Attachment "A".

2. FICA, Retirement, Social Security, Compensation Insurance, Group Insurance: Retirement: 8.875% (for sworn personnel). Retirement: 8.50% (for non-sworn personnel).

Social Security: 5.2% (for non-sworn personnel only).

Compensation Ins.: \$390. per employee (sworn and non-sworn personnel).

Group Ins.: \$107.70 per employee (sworn and non-sworn personnel).

These figures are also based upon City of San Diego computations for their employees. Other agencies may deviate from these figures and this percentage figure.

(Total Grantee Contribution—100%—\$47,695 based upon 15.4% Category Total)

OVERTIME COMPUTATIONS

| Agency and commitment | Overtime at time and 1/2 | Hourly rate (overtime or straight time) | Total |
|-----------------------------------|--------------------------|-----------------------------------------|----------|
| Carlsbad: | | | |
| 1 sergeant..... | Yes..... | \$10.02 | \$10.02 |
| 4 patrolmen..... | Yes..... | 9.08 | 36.32 |
| Chula Vista: | | | |
| 1 lieutenant..... | Yes..... | 11.70 | 11.70 |
| 1 sergeant..... | Yes..... | 10.35 | 10.35 |
| 15 patrolmen..... | Yes..... | 9.00 | 135.00 |
| Coronado: | | | |
| 1 lieutenant..... | Yes..... | 11.58 | 11.58 |
| 1 sergeant..... | Yes..... | 10.26 | 10.26 |
| 7 patrolmen..... | Yes..... | 8.85 | 61.95 |
| El Cajon: | | | |
| 1 lieutenant..... | Yes..... | 11.58 | 11.58 |
| 1 sergeant..... | Yes..... | 10.26 | 10.26 |
| 13 patrolmen..... | Yes..... | 8.85 | 115.05 |
| Escondido: | | | |
| 1 sergeant..... | No..... | 6.54 | 6.54 |
| 9 patrolmen..... | No..... | 6.01 | 54.09 |
| Harbor Police: 10 patrolmen..... | Yes..... | 8.43 | 84.30 |
| Imperial Beach: 3 patrolmen..... | Yes..... | 8.77 | 26.31 |
| La Mesa: | | | |
| 1 sergeant..... | Yes..... | 10.26 | 10.26 |
| 9 patrolmen..... | Yes..... | 8.85 | 79.65 |
| National City: | | | |
| 1 lieutenant..... | No..... | 7.40 | 7.40 |
| 2 sergeants..... | No..... | 6.72 | 13.44 |
| 13 patrolmen..... | No..... | 5.80 | 75.40 |
| Oceanside: | | | |
| 1 lieutenant..... | No..... | 7.94 | 7.94 |
| 3 sergeants..... | No..... | 7.20 | 21.60 |
| 28 patrolmen..... | No..... | 6.22 | 174.16 |
| San Diego City Police Department: | | | |
| 2 assistant chiefs..... | No..... | 10.87 | 21.74 |
| 4 inspectors..... | No..... | 9.86 | 39.44 |
| 5 captains..... | No..... | 8.94 | 44.70 |
| 16 lieutenants..... | No..... | 7.72 | 123.52 |
| 60 sergeants..... | No..... | 6.84 | 410.40 |
| 426 patrolmen..... | No..... | 5.90 | 2,513.40 |
| San Diego County D.A.: | | | |
| 27 investigators..... | No..... | 6.51 | 175.77 |
| San Diego County Marshal: | | | |
| 1 assistant marshal..... | No..... | 11.53 | 11.53 |
| 1 captain..... | No..... | 10.20 | 10.20 |
| 2 lieutenants..... | No..... | 9.03 | 18.06 |
| 8 sergeants..... | No..... | 7.61 | 60.88 |
| 75 deputies..... | No..... | 6.58 | 493.50 |
| 2 matrons..... | No..... | 6.58 | 13.16 |
| San Diego County Sheriff: | | | |
| 2 inspectors..... | No..... | 10.61 | 21.22 |
| 2 captains..... | No..... | 9.39 | 18.78 |
| 7 lieutenants..... | No..... | 8.31 | 58.17 |
| 22 sergeants..... | No..... | 7.18 | 157.96 |
| 267 deputies..... | No..... | 6.51 | 1,738.17 |

NOTES

Total officers involved (tentative commitments) excluding CHP: 1,056 men.

Cost of 1 hour overtime for 1,056 men: \$6,915.76. \$6,915.76 X 8 hours = \$55,326. (8 hours—the 1,056 men will work 12-hour days, and can be compensated 4 hours. An equivalent number will also have to work 12-hour shifts in order to have the above 1,056 men available for convention duties. These additional people must be compensated for 4 additional hours.) \$55,326 X 5.5 days = \$304,293 (5.5 days—12-hour shifts should probably continue for at least 5.5 days to insure maximum availability of manpower during peak convention activities.) Total: \$304,293; LEAA contribution: \$304,293; Matching funds: 0.

B. PROFESSIONAL SERVICES

Instructors: (15) 825 hours at \$10. per hour (LEAA Contribution, \$8,250.)

Instructors will handle the major portion of the total number of hours of instruction. The average rate of pay for instructors within our school system is \$10. per hour. In addition to the 15 instructors listed above, some outside experts will be utilized in the presentation of material. All instructors to be utilized in the training phase are qualified under state law and possess teaching credentials. The instructors who are also police officers will conduct their instruction in an off-duty capacity so that dual compensation does not occur. Instructors will be required, at no cost to the project, to coordinate their instructional material with the Project Director, Assistant Project Director and training

staff of the San Diego Police Department, and with all participating law enforcement agencies.

Professional Consulting Services—

It is envisioned that private professional consulting services will be required during the preparedness program. Services in areas such as telecommunications, training, command and control, etc., may be required for bringing, for example, communications equipment to standard, i.e. mismatching problems etc. Additional experts in the area of training law enforcement officers are anticipated, i.e. the psychology of control etc.

Total, \$41,000. LEAA Contribution 41,000.

C. TRAVEL

1. Travel:

a. Miami: 5 men, 5 days at 339 per man, \$1,695.

b. Chicago: 5 men, 5 days at 271 per man, \$1,355.

c. Washington, D.C.: 5 men, 5 days at 341 per man, \$1,705.

d. Unanticipated disturbance observation: Team, 5 men, 5 days at 350 per man, \$1,750. Total Travel, \$6,505.

2. Per Diem:

a. Miami: 5 men, 5 days at 147.50 per day, \$737.

b. Chicago: 5 men, 5 days at 127.50 per day, \$638.

c. Washington, D.C.: 5 men, 5 days at 137.50 per day, \$687.

d. Unanticipated disturbance observation: Team, 5 men, 5 days at 140.00 per day, \$700. Total Per Diem, \$2,762.

3. Local Travel:

a. (2) autos for Director and Assistant Director, 100 miles per day at \$.11 per mile (mileage and depreciation) \$2,200.

b. Transportation cost for supporting professional staff (mileage and depreciation) \$1,949.

4. Unallocated Travel Expenses, \$4,823.

Category Total, \$18,239.

LEAA Contribution, \$14,090.

Grantee Contribution, \$4,149.

The four trips listed in Items 1 and 2 above are deemed essential if the Convention Task Force is expected to avoid the problems that other law enforcement agencies have encountered in past recent conventions. Since Miami Beach and Chicago are the last two major cities to sponsor political conventions, they are deemed to be appropriate sites for visitation. Washington, D.C., is included because of their recent experience in handling large scale disturbances involving considerable numbers of people. Item d is essential. If

there is a major disturbance before the G.O.P. Convention, it would be necessary to dispatch a team of observers to ascertain such things as group composition, tactical differences, the effectiveness of control measures, etc. Based on the information obtained the plans made for coping with the G.O.P. Convention may be altered.

Local travel as listed in item 3 above will be undertaken to insure there is no breakdown in coordination among the various participating agencies as well as to facilitate the planning process.

The Director, Assistant Director and the Professional Supporting Staff will have to attend planning conferences and meetings within the area of Southern California.

Item 4, unallocated travel expenses, is included so that necessary travel not anticipated at this time, will not be jeopardized. A situation where an agency has equipment that we could borrow but no one within the parent agency is able to transport the equipment (vehicle etc.), then one of our personnel would be dispatched.

D. EQUIPMENT

The following listed equipment is the minimum necessary to effectively cope with the G.O.P. National Convention.

| Number and Item | Quantity | Unit cost | Total cost | Number and Item | Quantity | Unit cost | Total cost |
|-------------------------------------------------------------------------|----------|------------|------------|-------------------------------------------------------------------------------------------------|----------|-----------|------------|
| 1. Handi-talkies, 6 frequency, T. & R., 2 watt..... | 5 | \$1,200.00 | \$6,000 | 25. Body armour flak suits, "H" weight..... | 12 | \$200.00 | \$2,400 |
| 2. Satellite receiver sites (antenna system)..... | 7 | 675.00 | 4,725 | 26. Tear agents (see attached list.)..... | | | 7,495 |
| 3. Satellite receivers..... | 42 | 450.00 | 18,900 | 27. Binocular cameras..... | 2 | 350.00 | 700 |
| 4. Vehicle radio scramblers..... | 17 | 935.00 | 15,895 | 28. Pepper fog machines..... | 2 | 395.00 | 790 |
| 5. Base station scramblers..... | 6 | 1,050.00 | 6,300 | 29. Night vision scope..... | 1 | 4,000.00 | 4,000 |
| 6. Modifications to central station consoles for scramblers..... | | | 1,000 | 30. Hi-intensity lantern, model WL-60..... | 1 | 495.00 | 495 |
| 7. Portable electronic megaphones..... | 10 | 190.00 | 1,900 | 31. Earpieces for handi-talkies..... | 125 | 1.00 | 125 |
| 8. Central police station "A" modifications..... | | | 2,600 | 32. Sony videotapes—30 min..... | 10 | 10.00 | 100 |
| 9. 6 frequency 2-way sets, 18 watts R.F..... | 6 | 1,735.00 | 10,410 | 33. Tele-land lines; leased 1 month and installed..... | 20 | 30.00 | 600 |
| 10. Citizen band 23-channel scanner receivers..... | 7 | 235.00 | 1,645 | 34. Metal detection sweeper with amplifier..... | 1 | 200.00 | 200 |
| 11. Portable Sony closed-circuit televisions with sound amplifiers..... | 5 | 1,700.00 | 8,500 | 35. Metal detection "friskers," hand held..... | 2 | | 595 |
| 12. Small desk consoles..... | 7 | 500.00 | 3,500 | 36. Impulse activated telephone recorder..... | 2 | 250.00 | 520 |
| 13. Gas masks with voice box..... | 157 | 37.00 | 5,809 | 37. Modification to command and control communications controllers..... | | | 28,000 |
| 14. 10-ft. Econoline van..... | 1 | 5,000.00 | 5,000 | 38. 12 inquiry stations for law enforcement agencies in San Diego County area..... | 12 | 6,000.00 | 72,000 |
| 15. Plastic handcuffs..... | 5,000 | .50 | 2,500 | 39. Installation cost, testing, and operations cost for 1 year for remote inquiry stations..... | | | 125,000 |
| 16. Batons, plastic, nonchp..... | 1,000 | 2.25 | 2,250 | 40. Contingency fund..... | | | 32,836 |
| 17. Mini-nova spotlight..... | 5 | 670.00 | 3,350 | | | | |
| 18. Helmets with face shield and neckguard..... | 157 | 26.20 | 4,113 | Total LEAA contribution..... | | | 277,480 |
| 19. 1/2-in. rope, nylon, weight No. 38, 600-ft. coil..... | 15 | 73.72 | 1,106 | Total equipment..... | | | 377,480 |
| 20. Binoculars..... | 4 | 75.00 | 300 | LEAA contribution..... | | | 277,480 |
| 21. Portable vehicle antennas..... | 25 | 4.85 | 121 | Grantee contribution..... | | | 100,000 |
| 22. Cassette recorders with adapters..... | 20 | 60.00 | 1,200 | | | | |
| 23. Body shields, "Avco," 14 lbs..... | 100 | 115.00 | 11,500 | | | | |
| 24. Portable video cameras with zoom lens and sound..... | 4 | 2,000.00 | 8,000 | | | | |

1 Matching funds.

TEAR AGENTS

| Item | Quantity | Estimated cost |
|---------------------------------------|----------|----------------|
| Pepper fog, C.S. formula (qt.)..... | 30 | \$600 |
| Pepper fog, gas can..... | 7 | 25 |
| Grenade launcher, Federal..... | 7 | 120 |
| Grenade launcher cartridges..... | 300 | 150 |
| #514 C.S. blast grenades..... | 100 | 1,100 |
| #515 C.S. triple chaser grenades..... | 100 | 1,400 |
| #555 C.S. speed heat grenades..... | 100 | 1,200 |
| Strike baseball grenades..... | 100 | 1,400 |
| Mini-fogger formula (pt.)..... | 30 | 450 |
| Mini-fogger propane tanks (pt.)..... | 30 | 150 |
| Ferret shotgun rounds..... | 100 | 300 |
| Kneeknockers..... | 150 | 750 |
| Total..... | | 7,495 |

The first 12 items, categorized as communications equipment, are necessary to overcome the present inadequacies in our current telecommunications system. In order to communicate effectively between and among the various operating units, receivers and consoles are necessary. To avoid detection with regard to security information transmittal, and to provide monitoring capabilities of any clandestine messages that might be transmitted on citizen band radios, the scramblers and citizen band receivers are essential. Monitoring convention activities and surveillance of possible dissident groups for both intelligence purposes and possible prosecution necessitate the television equip-

ment included. The handi-talkies will be utilized for more effective communications among command personnel.

Items 13 through 30 are the minimum necessary operational requirements for the operating forces who will be directly involved in the control and orderly conduct of the G.O.P. Convention. The items listed will provide what is considered minimum protection for the officers involved. Additionally, those items such as the night vision scope, spot lights, recorders and video equipment will be used by investigative personnel assigned either to provide security at the various installations or to conduct surveillance activity among the various dissident groups. The nylon rope will be used to effectively cordon off areas and to direct the flow of pedestrians. The econoline van will be assigned permanently with the special tactical sections and will provide them immediate access to needed weapons and tear agents in the event the situation warrants such equipment. The econoline will require extensive modification to its structure to provide security, communications and storage facilities for weapons, etc. Due to these required modifications, leasing is impractical. Because of the numerous locations involved such as convention headquarters, convention arena, and the numerous hotels where delegates will be residing, there is a particular need for a mobile van of this nature.

Items 31 through 36. Items 31 and 32, the

handi-talkie earpieces, and Sony video tape, will provide security of radio transmissions, particularly within the convention complex, and enable recording of both surveillance and security activities at the various locations. Item 33, in addition to providing communication backup in case of jamming, will provide effective control and communication between command elements and operating forces. Item 34 through 36 are items of special security which are deemed necessary in case armed dissidents attempt to gain access, or calls are received regarding explosives.

Items 37 through 39 consist of command and control hardware for all law enforcement agencies within San Diego County as well as installation cost and maintenance. These items will establish an adequate interface between agencies primarily involved in the convention preparedness and enable them to inquire into a common law enforcement data base regarding problems of crime, criminals and their apprehension. These items would markedly improve the ability of the various agencies in terms of coordinating their law enforcement activities. The present law enforcement command and control system is not presently geared to accommodate the large influx of persons anticipated during the convention period. This additional equipment will overcome the present deficiency.

Item 40, Contingency fund, is included in

the event of equipment breakage and/or certain equipment is found to be ineffective and should be replaced. (Indirect Cost Allowance at approximately 5% of the total project cost of \$723,777.00 would allow approximately \$36,189.00 Indirect Costs. We are requesting \$32,836.00)

The City of San Diego has in excess of \$200,000 in communications equipment, approximately \$70,000 in crowd control equipment, and approximately \$25,000 in support equipment. These could be itemized if necessary to provide matching funds in justification of this Grant request.

NOTE.—Some items have been designated by brandname for purposes of identifying minimum specifications. Equipment with equivalent specifications will be acceptable. (Total Grantee Contribution—\$75,000.)

E. SUPPLIES AND OTHER OPERATING EXPENSES

1. Office space:

a. Rental value (present downtown San Diego market value is \$.50/sq. ft./month. 1200 sq. ft. includes office space, classroom space, equipment storage space, etc.—\$6,000.

b. Additional office space for the Convention Task Force will be required at the Royal Inns Hotel at the Wharf in downtown San Diego (present G.O.P. Convention headquarters), at \$200.00/month.

Office space total, \$8,000.00.

LEAA Contribution, \$2,000.00.

Grantee Contribution, \$6,000.00.

2. Telephones:

a. Long distance phone calls for convention business and coordination—\$1,000.00.

2. Lease telephone lines for convention sites for law enforcement purposes—\$2,000.

3. Postage—to cover cost of mailing correspondence between the various agencies involved in the preparedness program. This includes the mailing of reports—\$1,000.00.

4. Miscellaneous costs:

Printing costs for training manuals (secretarial time, materials and printing costs) as well as the various reports required and miscellaneous supplies—graphs, pencils, notebooks, etc., \$7,600.00.

Overhead projector (Bell & Howell Model 301 and necessary supplies, i.e. Overlays etc.) \$380.00.

Total Supplies and Operating Expenses, \$19,980.00.

LEAA Contribution, \$2,380.00.

Grantee Contribution, \$17,600.00.

P. I. GOALS

The primary goal of this project will be to train and equip law enforcement officers in handling the activities associated with the G.O.P. National Convention of 1972 without incurring any major disruption or disturbance.

In order to accomplish the above goal, the Convention Task Force will accomplish the below-listed objectives:

A. Thoroughly investigate techniques utilized by other agencies in handling major political conventions and large scale disturbances.

B. Conduct regional intensive training, incorporating the latest techniques, at all levels of command and for all operating forces to be utilized for the convention.

C. Coordinate the activities of all law enforcement agencies involved in the preparedness program. This includes the gathering of intelligence data, coordination with involved non-law enforcement agencies, and establishing the necessary logistics operations.

D. Utilize the latest proven equipment to insure maximum deployment of manpower and the efficient movement of people and equipment in the area at the time. This equipment will include not only crowd control equipment, but also communications equipment, monitoring equipment, and surveillance gear.

PART II. IMPACT AND RESULTS

If the above objectives are achieved, the program should have impact in the following ways:

A. The convention should progress in an orderly manner with a minimum of delays encountered. The participants in the convention, as well as spectators, will know exactly what is expected and how they are to proceed, thus minimizing confusion.

B. Mass demonstrations and potential violence will be minimized. By establishing proper channels of effective communication with those persons who would seek to become a disruptive force during the convention and setting parameters in a clear concise fashion, as well as delineating consequences, it is predicted that the dissident elements will work within the mutually conceived limits and avoid violence.

C. The use of a well disciplined, highly trained tactical force during the convention will demonstrate that local police can effectively cope with a national political convention in a professional manner. This tactical force will insure that the rights of all persons are safeguarded and that law violations are prosecuted and not persecuted.

P. III. METHODS AND TIMETABLE

In order to accomplish the above objectives, and obtain the desired impact, the following events will occur:

A. Planning: As of August 1, 1971, a convention planning unit was developed within the San Diego Police Department. This unit, consisting of Inspector Connole and Captain O'Brien, with support from the Police Department and the City of San Diego, has been responsible for establishing liaison with all other agencies, determining manpower and material needs, developing requirements for federal assistance, and with the assistance of the training director, establishing a meaningful training program.

The unit will be responsible for establishing the necessary channels of communication and logistics, and will assure that all necessary regional training conducted. They will maintain all necessary data and documentation required by the federal government.

B. Training: Regional training needs have been established for all participating police personnel who will be actively involved in the convention as well as support personnel. These training needs have been divided into three parts: Intensive training; Refresher training; and Tactical training.

This training program is designed to focus the attention of law officers on the special aspects of this convention. All levels of command will be involved either as students or instructors.

All officers involved in the program have received adequate training in the area of crowd control, tear agent devices, and mob and crowd control, but because of the specialized nature of this convention, some of the prior training is not applicable or desirable in this situation. It is for this reason the attached outline has been developed. (See attachment) All instruction has been designed to emphasize the special nature of this convention. Such topics as "types of crowds" focuses on the kinds of groups that might be encountered during the convention. "Policies" are those policies that will be in effect during the convention period. "Arrest techniques" are those techniques that will be standard operating procedure during the convention, and not those involved in the day-to-day operation of these departments. This training will enable the various enforcement agencies involved to work in a coordinated cohesive manner.

C. Equipment. After the federal grant is approved, the funds are received, and a logistics officer is appointed, bids will be solicited for the purchase of the equipment, listed

previously. The logistics officer will assure that the equipment is serviceable and will be secure until such time as it is placed into service. The logistics officer will be required to maintain strict records for accounting purposes and to report to the Project Director any discrepancies noted during inspections.

Until such time as final lines of authority, with regard to the convention, are established, no item of equipment may be dispersed without the written approval of the Project Director or the Assistant Project Director. This equipment will be utilized by all the agencies involved in the program and its distribution will be based upon mutually agreeable terms.

D. Mutual Aid: When San Diego was selected as a site for the G.O.P. Convention, meetings were held with the various law enforcement agencies for the purpose of clarifying and delineating the mutual aid agreements. These meetings will continue and, approximately four to five months prior to the convention, the agreements will be reduced to writing.

E. Intelligence: Preliminary intelligence is being received, accumulated and incorporated into the convention planning program. Contacts are being developed, and intelligence efforts will be magnified as the program moves forward. Coordination among the various intelligence-gathering agencies is being developed and will be solidified within the next several months.

F. Manpower Commitments and Assignments. All law enforcement agencies within the region have been contacted and have made preliminary commitments. The final commitments and assignment of personnel should be complete, subject to last minute adjustment, by approximately March 1972.

It is presently anticipated that there will be a force of approximately 1,000 sworn police to participate in the preparedness program, in addition to the normal staffing requirements for the City of San Diego.

Regional Commitments: San Diego Police Department, 500 officers; San Diego Sheriff's Office, 300 officers; Other Regional Agencies, 200 officers.

REGIONAL TRAINING NEEDS FOR GOP CONVENTION

| | Number | Hours |
|-------------------------------------------------------------------|--------|-------|
| INTENSIVE | | |
| Patrolmen, deputies: | | |
| 1. Types of crowds..... | 500 | 8 |
| 2. Containment tactics..... | 500 | 12 |
| 3. Philosophy of crowd control..... | 500 | 6 |
| 3a. Constitutional protection of participants and dissenters..... | | |
| 3b. Law enforcement aspects of crowd control..... | | |
| 3c. Judicial aspects of crowd control..... | | |
| 4. Arrest techniques..... | 500 | 8 |
| 5. Policies; local, regional, and State..... | 500 | 4 |
| 6. Special weapons training..... | 500 | 10 |
| 7. Location familiarization..... | 500 | 4 |
| Total..... | | 52 |
| Sergeant: | | |
| 1. Types of crowds..... | 65 | 4 |
| 2. Containment tactics..... | 65 | 8 |
| 3. Philosophy of crowd control..... | 65 | 2 |
| 4. Arrest techniques..... | 65 | 2 |
| 5. Policies; local, regional, and State..... | 65 | 4 |
| 6. Special weapons training..... | 65 | 8 |
| 7. Location familiarization..... | 65 | 4 |
| Total..... | | 32 |
| Lieutenant and Captain: | | |
| 1. Types of crowds and containment tactics..... | 30 | 4 |
| 2. Command tactics and philosophy of crowd control..... | 30 | 8 |
| 3. Command post operation..... | 30 | 4 |
| 4. Location familiarization..... | 30 | 4 |
| 5. Formations and deployment of manpower..... | 30 | 8 |
| 6. Special Weapons..... | 30 | 4 |
| Total..... | | 32 |

| | Number | Hours |
|-------------------------------------------------------------|--------|---------|
| REFRESHER | | |
| Patrolmen, deputies: | | |
| 1. Types of crowds..... | 500 | 1 |
| 2. Containment tactics..... | 500 | 2 |
| 3. Philosophy of crowd control..... | 500 | 1 |
| 4. Arrest techniques..... | 500 | 2 |
| 5. Policies; local, regional, and State..... | 500 | 1 |
| 6. Special weapons training..... | 500 | 2 |
| 7. Location familiarization..... | 500 | 1 |
| 8. Team functions..... | 500 | 1 |
| Total..... | | 11 |
| Sergeant: | | |
| 1. Types of crowds..... | 65 | 2 |
| 2. Containment tactics..... | 65 | 3 |
| 3. Philosophy of crowd control..... | 65 | 2 |
| 4. Arrest techniques..... | 65 | 2 |
| 5. Policies; local, regional, and State..... | 65 | 3 |
| 6. Special weapons training..... | 65 | 2 |
| 7. Location familiarization..... | 65 | 2 |
| Total..... | | 16 |
| Lieutenant and Captain: | | |
| 1. Types of crowds and containment tactics..... | 15 | 3 |
| 2. Command tactics and the philosophy of crowd control..... | 15 | 3 |
| 3. Command post operation..... | 15 | 2 |
| 4. Location familiarization..... | 15 | 1 |
| 5. Formations and deployment of manpower..... | 15 | 1 |
| 6. Special weapons..... | 15 | 1 |
| Total..... | | 11 |
| Grand total..... | | 36, 245 |

Suppliers and operating expenses for training

A. Special weapons:

1. Tear gas—\$900 for tear gas demonstrations in the various training sessions.
2. Ammunition—Blanks, live rounds and special weapons demonstrations for .38 cal. and shot gun, as well as special weapons.

B. Protective devices (KENDO Equip.) for training in personal combat and overcoming resistance.

C. 137 patrolmen, 14 sergeants, 4 lieutenants, 2 captains. The above listed personnel will undergo 20 hours of tactical training and work as a team with all necessary equipment, i.e. communications gear, vehicles, etc. During this period they will be given special assignments and go through dress rehearsal type training.

Total training cost

Intensive and refresher training, \$230,000.
Special equipment, \$6,900.
Tactical training cost, \$22,000.
Total cost, \$258,900.

G. In addition to the above events, feedback will be obtained from the team of city representatives who will visit Chicago, Illinois in February, 1972, Washington, D.C., in March, 1972, and Miami, Florida during the Democratic Convention in July, 1972.

As a result of this feedback, any and/or all of the above events can be modified or the timetable (attached hereto in order) can be accelerated or retarded.

F. IV. EVALUATION

An evaluation of our preparedness program will be conducted by the San Diego Police Department, the City of San Diego, the G.O.P. National Convention Committee and, hopefully by other federal agencies.

The San Diego Police Department will be responsible for maintaining not only financial records, but records regarding training, planning, coordination, field deployment and results; i.e., number of arrests, dispositions, etc. These records will be available, approximately 60 days after the close of the convention, to any interested law enforcement agency.

It is suggested that an independent evaluation be conducted, under separate funding arrangements with LEAA, during the convention preparedness program period, and

that this evaluation be made a part of any reports required to be submitted.

PART V. RESOURCES

A. J. W. Connole, Inspector, San Diego Police Department, Project Director.

Inspector Connole has 20 years' experience as a San Diego police officer. He has extensive experience in the areas of Patrol, Traffic, Investigations, Training and Administration.

He holds an AA degree in Police Science, a bachelor's degree in law, and has attended the FBI National Academy. Inspector Connole has received his Advanced Certificate, as well as the Middle Management Certificate from the Commission on Peace Officers Standards and Training (P.O.S.T.). He holds a lifetime teaching credential, and is an active member of the California Police Officers Association Legislative Committee.

B. K. J. O'Brien, Captain, San Diego Police Department, Assistant Project Director.

Captain O'Brien has 16 years' experience in the San Diego Police Department, with an extensive background in the areas of Burglary, Vice, Homicide, Intelligence, and Patrol. He has participated in intensive planning efforts in the areas of Vice and Intelligence. At this time, Captain O'Brien has 70 units of college credit, has a diploma in junior accounting, and has received his Advanced and Middle Management Certificates from P.O.S.T. He holds a lifetime teaching credential from the State of California, and has attended the Organized Crime School in Washington, D.C., as well as numerous Vice and Intelligence seminars.

C. O. W. Burkett, Captain, Director of Training, San Diego Police Department.

Captain Burkett has 21 years' experience as a San Diego Police officer. He has extensive experience in the areas of Patrol, Personnel, Training, and Investigations. He has received his Advanced Certificate from P.O.S.T., as well as the Middle Management Certificate. Captain Burkett is an active member of the California Association of Police Training Officers, and is currently president of the San Diego City College Advisory Committee on Criminal Justice.

ON THE PERSECUTION OF ROMAN CATHOLIC PRIESTS BY THE SOVIET UNION IN LITHUANIA

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I address this distinguished House on behalf of five of my constituents and friends who are priests of the Roman Catholic Church and stationed in St. Francis de Sales Church located on East 96th Street in Manhattan.

All of us would like to bring to your attention an article that appeared in the November 27, 1971, edition of the New York Times. The article, datelined Moscow, November 26, spoke of two Roman Catholic Priests in Soviet Lithuania who were reported to have been sentenced to a year's imprisonment.

You will ask, of course, what their crime was? Their "crime" was, as recorded in the Times, "preparing children to take their first Holy Communion." But the indignity is not finished, for the article goes on to say that, according to underground reports, one of the priests in question was beaten so badly in prison during pre-trial investigation that his own mother had difficulty recognizing him during a subsequent visit.

The five priests of my constituency in

their frustration and desperation at the senseless suffering of their fellow priests, turned to me to publicly protest in this House both the arrest and imprisonment of their brother priests for so outrageous a charge.

Both they and I join the moving petition of the parishioners of one of the imprisoned priests who, in charging that the arrest was contrary to Soviet law and the constitution, said:

We ask the leaders of the Soviet State to give us real freedom of worship and religion and to give freedom to priests to fulfill their functions without fear of harassment.

In a day when one reads of increasing dialog between Marxists and Christians in Europe and elsewhere, the sad spectacle of the imprisonment of these two priests bespeaks not the spirit of the 1970's but rather the blood purges and pogroms of the Stalin era.

We appeal to the conscience and good sense of the Soviet Government to desist and withdraw from their present policy of religious harassment. The fact that the Soviet Government, after more than a quarter of a century of persecution has been unable to destroy Catholicism in Lithuania establishes what all of us should know innately, that freedom, religious and secular, cannot be extinguished. These brave people deserve the moral support of everyone who admires liberty and courage.

TO ADJUST THE ALLOWANCE FOR TRAVEL OF MEMBERS AND STAFF TO AND FROM CONGRESSIONAL DISTRICTS

(Mr. THOMPSON of New Jersey asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. THOMPSON of New Jersey. Mr. Speaker, House Resolution 457, adopted by the House of Representatives on July 21, 1971, provided the Committee on House Administration the authority to fix and adjust from time to time various allowances by order of the committee. During House debate on House Resolution 457, the Members were assured that any order adopted by the committee under the authority of the resolution would be published in the CONGRESSIONAL RECORD in the first issue following the committee action. Pursuant to that commitment, Order No. 2 of the Committee on House Administration is submitted for printing in the CONGRESSIONAL RECORD. After careful consideration, the order was approved unanimously by the Subcommittee on Accounts on November 11, 1971, and adopted unanimously by the Committee on House Administration on December 8, 1971.

Order No. 2 concerns the allowance for travel of Members and staff to and from congressional districts. The basic purpose of the order is to provide Members greater flexibility in using their travel allowance. Formerly, a Member was not allowed to carry over from one session to the next any unused portion of his travel allowance. This order permits a Member to use his travel allowance at any time during the 2-year term of a Congress, but not to carry over any unused

portion of his travel allowance from one Congress to the next. The order permits similar flexibility in the use of the allowance for travel of a Member's staff.

Order No. 2 provides the same number of trips for Members and staff which was formerly allowed during a Congress which stayed in session 24 months.

Hence, the primary effect of this order is to provide greater flexibility in the use of the travel allowance.

Order No. 2 follows:

TO ADJUST THE ALLOWANCE FOR TRAVEL OF MEMBERS AND STAFF TO AND FROM CONGRESSIONAL DISTRICTS

Resolved, that effective January 3, 1971, until otherwise provided by order of the Committee on House Administration;

(a) The contingent fund of the House of Representatives is made available for reimbursement of transportation expenses incurred by Members (including the Resident Commissioner from Puerto Rico and the Delegate from the District of Columbia) in traveling, on official business, by the nearest usual route, between Washington, District of Columbia, and any point in the district which he represents, for not more than 24 round-trips during each Congress, such reimbursement to be made in accordance with rules and regulations established by the Committee on House Administration of the House of Representatives.

(b) The contingent fund of the House of Representatives is made available for reimbursement of transportation expenses incurred by employees in the office of a Member (including the Resident Commissioner from Puerto Rico and the Delegate from the District of Columbia) for not more than four round-trips during any Congress between Washington, District of Columbia, and any point in the Congressional district represented by the Member. Such payment shall be made only upon vouchers approved by the Member, containing a certification by him that such travel was performed on official duty. The Committee on House Administration shall make such rules and regulations as may be necessary to carry out this section.

(c) This order shall not affect any allowance for travel of Members of the House of Representatives (including the Resident Commissioner from Puerto Rico and the Delegate from the District of Columbia) which is authorized to be paid from funds other than the contingent fund of the House of Representatives.

ADDRESS BY PRESIDENT MEDICI

(Mr. BOW asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BOW. Mr. Speaker, it was my honor to attend a luncheon today given by the Vice President honoring the President of Brazil and Mrs. Medici. I was impressed by the response of the President of Brazil to a toast offered by Vice President Spiro Agnew. I include the text with these remarks:

SPEECH DELIVERED ON DECEMBER 8 BY THE PRESIDENT OF THE REPUBLIC OF BRAZIL UPON THE OCCASION OF THE LUNCHEON OFFERED BY MR. SPIRO AGNEW, VICE PRESIDENT OF THE UNITED STATES OF AMERICA.

Mr. Vice-President: Both my wife and myself are extremely grateful to Mrs. Agnew and to you for the warm welcome accorded us in this house of noble traditions.

The purpose of my visit to this country is not so much to deal with specific questions and problems; I come rather in the same

spirit which I discern in President Nixon, of wishing to establish a new point of departure for cooperation between our two countries in face of universal problems.

Such a dialogue has never seemed more necessary and timely than today, when enormous changes are occurring in the life, the way of thinking and the attitudes of our two nations.

We are living in a moment of transition in a world of transition. The abrupt changes of the last few months both in the diplomatic and political fields, and in the financial and monetary sectors, have put to hard test the ideas, doctrines and concepts that have upheld the Western world since World War II. Such changes are precipitating the advent of a period which is fluid and moveable, uncertain and ever-changing, fraught with both apprehension and hope, a period which finds a historical parallel with that of 1945-1948, when the foundations were laid and the great lines drawn that made possible the reconstruction and the progress of the world in which we then lived. In this transition stage, when new foundations are being discussed for international cooperation and life together, with necessary implications at a national level, Brazil cannot remain silent nor refuse its cooperation in the area of world and continental affairs, nor refrain from engaging in a bilateral dialogue with friendly nations such as yours, nations that are also old allies in the struggle for the defense of liberty and the dignity of Man—created by God, and creature, in his turn, of spiritual values.

Brazil has grown, matured and diversified itself, keeping at the same time its indestructible unity. It will not shun or shrink its share of responsibility within the community of nations, moved as it is by a profound and sincere desire to participate. It wants to participate both in the rights and in the duties of a new world order, an order which can only be a lasting one if it is not founded on considerations of power politics, which are ephemeral and changeable by nature besides being unfair and discriminatory.

Brazil does not believe that world problems can be examined and solved by a freezing of the world power structure, nor by the setting up of areas of influence. We cannot apply to our century outmoded political schemes and devices. The river of History has to follow its course; this implies mutations, changes and displacement of power. We believe in a community of free and sovereign nations, conscious of a historical need to assert themselves in a world in which the progress and development of some should not rest on the sacrifice and harming of others, in which sovereignty should be an instrument of liberty for all. For this very reason Brazil is convinced that, in order to be effective, any concrete steps towards the implementation of our concept of interdependence between the different members of the community of nations can only happen after political sovereignty and economic emancipation have been secured.

In the relations between our two countries we have to sift that which is transitory from that which is permanent, that which is contingent from that which is essential and prevent minor conflicting points from undermining the foundations of a long-term cooperation, which I consider to be vital and indispensable, not only for our two nations, but also for the preservation of peace and security in the hemisphere.

The Brazilian people cannot abide any intervention in matters of exclusively internal jurisdiction. In the face of threats of external interference we adopt security measures in order to defend ourselves from the schemes and intrigues of those who, resorting to violent methods of outside inspiration, have tried unsuccessfully to disturb our peace and tranquility and to destroy the foundations of a free society, which is striving to achieve so-

cial progress and economic development. Such is the society we are building, oriented towards Man who must be the beginning, the middle and the end of any political organization. The measures undertaken by Brazil with that purpose in mind, for the defense of its survival, laid us open to incomprehension and misunderstandings, which we regret, but which cannot make us swerve from the course we, in our sovereignty, have chosen.

With a growth rate of 9 per cent a year in its Gross National Product; with a prosperous industrial sector; with an educational program that takes up the largest share of the national budget; with an ambitious plan of social betterment, designed to diminish regional differences and to assure the well-being of every family; with a population that grows steadily to meet the needs of occupying our territory, an area which has, like your own country, the characteristics and the size of a continent; with a daring and imagination in the way it is penetrating and occupying its Amazon region—Brazil is carrying on the only form of expansion to which it is entitled and which it cannot renounce, the great expansion which it is undertaking within its own boundaries, through the unceasing effort of its people and the contribution of science, technology and the resources of all of those who are willing to join us in this gigantic endeavor. Brazil today has absolute confidence in itself.

Mr. Vice-President, from Brazil we follow with brotherly interest what is being done and thought here and, even though at times we have had trouble in coming to an agreement, it has always been easy for us to understand each other. And maybe, understanding is even more important than agreement. Let us endeavor, then, to widen our areas of agreement and at the same time let us make our mutual understanding indestructible. We want to pursue in openness and objectivity our continuing dialogue with the United States of America, a peaceful dialogue, marked by mutual understanding and joint achievements.

I shall return to my country with the assurance that, in spite of the changes and transformations taking place here, as they are in Brazil, in the context of the social and economic conditions peculiar to each country, the American nation, just as the Brazilian nation, remains faithful to itself and to the ideals that presided over the shaping of the political structures of its country, faithful to the ideal of liberty, which is our reason for being and our destiny. In this spirit I promise a toast to the health of Mrs. Agnew and yourself, assured that new ties, strong and powerful, have been established, this month of December of 1971, between the United States of America and Brazil.

THE 1971 TAX ACT

(Mr. GIBBONS asked and was given permission to extend his remarks at the point in the RECORD and to include extraneous matter.)

Mr. GIBBONS. Mr. Speaker, on Thursday, December 9, 1971, we are going to consider a conference report on the 1971 Tax Act. I am opposed to this bill, because I do not feel that we can continue to run this Government with the kind of deficits that this bill will certainly produce.

The bill, H.R. 10947, is bad economic policy and bad tax policy. It is bad economic policy, because it does not provide the economic stimulus that the economy requires in the near future to get us back to full employment. In short term, it will, however, increase the deficit to

nearly \$35 billion on a Federal funds basis for fiscal year 1972, increasing the strain on financial markets and interest rates. The bill is also bad economic policy, because it means a shift of resources from needed public programs to less essential areas unless taxes are increased in the future.

It is bad tax policy, because it throws away a substantial amount of tax revenue on a permanent basis on the grounds of meeting a short-term problem. Ironically, however, it is not likely to be effective in meeting the short-term employment problem although it clearly will be effective in achieving a permanent revenue loss.

We have already seen signs of the consequences of the permanent revenue loss from this bill and its predecessor, the Tax Reform Act of 1969. The administration has indicated that there is not sufficient revenue for new programs in the next budget. There has been increased discussion of the value added tax, essentially a Federal sales tax, as a tax necessary to provide the funds to operate our Government in the future on a balanced budget basis even in the absence of a new program. We are in the process of chipping away at our best tax, the income tax, both individual and corporate, and moving toward greater reliance on the social security tax and possibly a Federal sales tax. This is an undesirable trend in our tax structure, but unless we reverse the pattern of permanent income tax reductions embodied in this bill, we may not have any feasible alternative.

Consider the tax reductions, most of which are income tax reductions that are involved. Under H.R. 10947 as approved by the conference, the reduction in tax liability is estimated as \$1.7 billion in calendar year 1971, \$8.0 billion in 1972, and \$6.1 billion in 1973, a 3-year total of almost \$16 billion. Over this decade, or through 1980, the total revenue loss from this bill is over \$70 billion. This is only the effect of those provisions considered to be in the bill, however. The tax reduction from the revised depreciation method or ADR adopted by the Treasury earlier this year should also be considered in the context of how much income tax revenue we are giving away. The conference report treats the elimination of the so-called three-quarter year convention from ADR as a revenue gain. Therefore, to include the net revenue loss from ADR, the entire loss should be added to the revenue loss figures of the conference bill. This is an additional tax reduction of \$2.8 billion in calendar year 1971, \$3.4 billion in 1972, and \$4.0 billion in 1973, a 3-year total addition to the tax reduction of the bill of over \$10 billion, and an additional tax reduction over the period through 1980 of more than \$40 billion. Combining the tax reductions from the bill and the reduction from ADR—shown in No. 1 of the attached table—the tax reduction for calendar year 1971 is \$4.5 billion; for 1972, \$11.4 billion; and for 1973, over \$10 billion. This is a 3-year total of \$26 billion and over the period through 1980 is a total tax reduction of more than \$115 billion.

This is by no means the entire story of the tax reductions we have recently enacted. The reductions from the Tax Re-

form Act of 1969 also continue to reduce tax revenue. For the same 3 years 1971, 1972, and 1973, the reduction in tax liability from the Tax Reform Act of 1969 is \$1 billion, \$3.6 billion, and \$6.0 billion, respectively. This is a 3-year total of \$10.6 billion and for the period 1969 through 1980, the total tax reduction from the 1969 act is close to \$55 billion.

When these reductions are combined with the tax reductions from this bill and ADR, we can see more clearly what we have really been doing recently in terms of permanent revenue loss from our existing tax structure. The combined tax reduction totals—shown in No. 2 of the attached table—are \$5.5 billion for calendar year 1971, \$15 billion for 1972, and about \$16 billion for 1973. This is a 3-year total of nearly \$37 billion and over the period 1969 through 1980 represents tax reduction of roughly \$170 billion.

As I indicated before, the effect of these massive tax reductions means that in the immediate future and probably for years to come, we will be experiencing revenue shortfalls which will preclude the introduction of new programs and require the Federal Government to operate at a deficit even with existing programs. We have simply given away too much of our future growth in revenues to be compatible with a growing country and the growing Federal initiatives to deal with the increasingly serious problems that growth creates. The solution now being pressed is for a national sales tax or higher payroll taxes to undo the damage we have done by excessive income tax reductions. I think there is fairly general agreement that these taxes are inferior to our income tax. I suggest that in the near future, or preferably before the House passed this bill, we give serious attention to what we are doing to our long-run fiscal position and tax structure through the cumulative effect of short-run decisions.

I do not mean to suggest that I am necessarily opposed to tax reductions which stimulate the economy when it is operating at substantially less than full capacity. My objection is to permanent tax reductions which jeopardize our future fiscal structure, but are adopted to meet a short-run problem. My objection is even stronger when, in addition, the tax reductions are not likely to provide the short-run stimulus which is the principal justification for their adoption. This is the basis of my objection to this bill.

One way of evaluating the short-run stimulative effect of the bill is to look at who gets the tax reductions. Of the \$26 billion of tax reduction from the combination of this bill and ADR over the 3 years 1971 to 1973, individuals in a nonbusiness capacity receive \$10 billion and business, primarily corporations, receives \$16 billion. In the present economic context, with substantial excess capacity in business, the stimulative effect of business tax reduction is not likely to be large. It is my view, and the majority of economists appear to agree, that more stimulus would result if the tax reductions from this bill were directed toward individuals, who would be more likely to spend these reductions, rather than toward business whose major

problem is lack of sufficient sales volume. Over the longer run, this imbalance between individuals and business is even greater. Thus, the income tax reductions in this bill which may necessitate a sales tax in the future go primarily to business. In other words, we are making a Federal sales tax on individuals more likely, because of the income tax cuts this bill gives to business. This does not seem to be a fair trade or proper tax policy.

Another way of viewing the alleged incentive effects of this bill is to look at the specific provisions which are supposed to induce greater economic activity in particular areas. The major provisions are the investment credit, the repeal of the auto and light truck excise tax, the DISC provision, and the liberalized guideline lives under ADR—as shown in No. 4 in the attached table. The total tax reduction from these "incentive" provisions is \$3.1 billion in 1971, \$8 billion in 1972, and nearly \$9 billion in 1973, a 3-year total of almost \$20 billion out of the total of \$26 billion for this period from the bill plus ADR. In other words, about three-fourths of the revenue loss over this period is for provisions which are designed to encourage individuals and business to increase their spending in particular ways. As I have already indicated, I do not believe that in the present economic context with substantial excess capacity, the investment credit or ADR will have any significant impact on business investment. The degree of excess capacity is indicated by the fact that the utilization rate in manufacturing in third quarter of this year was only 73.2 percent. This is the second lowest quarterly rate in almost 24 years. It is lower than the fourth quarter of 1970 in which the General Motors strike occurred and it is substantially less than the rate during 1962 when the investment credit was first adopted, a period when even its proponents admit that it did not have an immediate effect. Our experience with the investment credit has been, as was pointed in 1969 when we repealed it, that it is not effective in periods of excess capacity and less than full employment, but that it may be too effective when production is at high levels for other reasons.

It is also unlikely that the repeal of the auto excise tax, which loses nearly \$6 billion over this period, will have a significant impact on the purchase of new automobiles.

It seems even more clear, given the failure of the industry to increase employment recently even though automobile production has increased, that additional automobile sales will result in a significant increase of employment. The first time we passed the DISC provision, I indicated my skepticism as to the extent it would stimulate exports. If anything, I am now more convinced that it is bad tax policy and will not stimulate exports anything like enough to justify the revenue loss involved.

In short, it is difficult to see how any of these provisions which are designed to provide short-run stimulus will provide the increase in economic activity which is the basis for their inclusion in this bill. As a consequence, we are left with the long-term revenue loss I discussed

previously without any real economic benefit in exchange.

TABLE 1.—ESTIMATED CHANGE IN CALENDAR YEAR TAX LIABILITY, 1971-73¹

[In billions of dollars]

| | 1971 | 1972 | 1973 |
|------------------------------------------|------|-------|-------|
| H.R. 10947 as approved by the conference | -1.7 | -8.0 | -6.1 |
| ADR | -2.8 | -3.4 | -4.0 |
| Total | -4.5 | -11.4 | -10.1 |

| | 1971 | 1972 | 1973 |
|-------------------------------------------|------|-------|-------|
| H.R. 10947 as approved by the conference | -4.5 | -11.4 | -10.1 |
| 1969 act | -1.0 | -3.6 | -6.0 |
| Total | -5.5 | -15.0 | -16.1 |
| H.R. 10947 as approved by the conference: | | | |
| Individual nonbusiness | -2.0 | -5.2 | -2.8 |
| Corporate and individual business | +3.3 | -2.5 | -3.3 |
| ADR (business) | -2.8 | -3.4 | -4.0 |
| Total business | -3.1 | -5.9 | -7.3 |

| | 1971 | 1972 | 1973 |
|-------------------------------------------|------|------|------|
| "Incentive" provisions: | | | |
| Investment credit | -1.5 | -3.6 | -3.9 |
| DISC | - | -1 | - |
| Repeal of auto and light truck excise tax | -9 | -2.6 | -2.3 |
| Liberalized guideline lives under ADR | -7 | -1.7 | -2.4 |
| Total | -3.1 | -8.0 | -8.8 |

¹ H.R. 10947 figures include a pickup from the elimination of the 3½ year convention under ADR. Therefore, to reflect the liberalized guidelines under ADR, the entire ADR effect should be added to H.R. 10947 totals.

DISTRIBUTION OF INCOME TAX REVENUE LOSS, REVENUE ACT OF 1971

[In billions of dollars]

| Calendar year | Business | | | | | Individuals | | | | | | |
|---------------|----------|---------|-----------------------------|-------|--------|----------------|---------------------|---------------------|------------|----------------------|--------|-------------------|
| | ADR | WIN | 7-percent investment credit | DISC | Excise | Total business | Personal exemptions | Standard deductions | Child care | Low-income allowance | Excise | Total individuals |
| 1971 | \$0.7 | | \$1.5 | | \$0.09 | \$2.2 | \$0.9 | | | \$0.4 | \$0.8 | \$1.3 |
| 1972 | 1.7 | \$0.025 | 3.6 | \$0.1 | .26 | 5.4 | 1.9 | \$0.3 | \$0.2 | 1.0 | 2.3 | 3.4 |
| 1973 | 2.4 | .030 | 3.9 | .2 | .23 | 6.5 | | | .2 | 1.1 | 2.0 | 1.3 |
| 1974 | 2.9 | .035 | 4.2 | .2 | .22 | 7.3 | | | .2 | 1.1 | 1.9 | 1.3 |
| 1975 | 3.5 | .040 | 4.5 | .3 | .23 | 8.3 | | | .2 | 1.2 | 2.0 | 1.4 |
| 1976 | 3.7 | .040 | 4.8 | .3 | .24 | 8.8 | | | .2 | 1.2 | 2.1 | 1.4 |
| 1977 | 3.4 | .040 | 5.1 | .4 | .25 | 8.9 | | | .2 | 1.3 | 2.2 | 1.5 |
| 1978 | 3.1 | .040 | 5.5 | .4 | .38 | 9.0 | | | .2 | 1.3 | 1.8 | 1.5 |
| 1979 | 3.1 | .040 | 5.9 | .5 | .34 | 9.5 | | | .2 | 1.4 | 1.5 | 1.6 |
| 1980 | 3.0 | .040 | 6.3 | .6 | .30 | 9.9 | | | .2 | 1.4 | 1.1 | 1.6 |
| 1981 | 2.9 | .040 | 6.7 | .6 | .25 | 10.2 | | | .2 | 1.5 | .6 | 1.7 |
| Total | 30.4 | .4 | 52.0 | 3.6 | 2.79 | 88.79 | 2.8 | .3 | 2.0 | 12.9 | 18.3 | 36.3 |

Note: Totals may not add due to rounding.

Source: Verified by U.S. Treasury.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MATHIS of Georgia (at the request of Mr. O'NEILL), for today, on account of official business.

Mr. CURLIN (at the request of Mr. O'NEILL), for today, on account of official business.

Mr. KLUCZYNSKI (at the request of Mr. O'NEILL), for Tuesday, December 7 and the balance of the week, on account of official business.

Mr. FOUNTAIN (at the request of Mr. O'NEILL), on account of official business.

Mr. BROYHILL of North Carolina (at the request of Mr. GERALD R. FORD), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCKINNEY) and to revise and extend their remarks and include extraneous matter:)

Mr. FREY, for 5 minutes, today.

Mr. KEITH, for 15 minutes, today.

Mr. HALPERN, for 5 minutes, today.

Mr. KEMP, for 15 minutes, today.

Mr. MILLER of Ohio, for 5 minutes, today.

Mr. BUCHANAN, for 5 minutes, today.

(The following Members (at the request of Mr. DENHOLM) to address the House and to revise and extend their remarks and include extraneous matter:)

Mr. GONZALEZ, for 10 minutes, today.

Mr. GRIFFIN, for 5 minutes, today.

Mr. ROSTENKOWSKI, for 5 minutes, today.

Mr. WILLIAM D. FORD, for 15 minutes, today.

Mr. COTTER, for 5 minutes, today.

Mr. BURKE of Massachusetts, for 10 minutes, today.

Mr. JAMES V. STANTON, for 15 minutes, today.

Mr. RUNNELS, for 5 minutes, today.

Mr. LEGGETT, for 45 minutes, on December 9.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. YATES and to include extraneous matter.

Mr. YATES to revise and extend and include extraneous matter with remarks to be made in Committee of Whole today.

Mr. VAN DEERLIN and to include extraneous matter.

Mr. PASSMAN to revise and extend and include extraneous matter including tables with remarks made in Committee of the Whole.

Mrs. ABZUG to extend her remarks following those of Mr. RYAN today on H.R. 12067.

All Members (at the request of Mr. HORTON) for 5 legislative days to extend their remarks and include extraneous matter on the subject matter of his special order, today.

Mr. ROONEY of New York, immediately preceding the remarks of Mr. SEIBERLING on the Fraser amendment in the Committee of the Whole today on the foreign assistance and related programs appropriation bill, 1972.

Mr. SCHEUER, to include extraneous material in connection with his remarks today on the foreign aid appropriation bill.

Mr. GIBBONS to extend his remarks immediately preceding consideration of House Resolution 728.

Mr. FINDLEY during the Committee of the Whole on H.R. 1163 and to include extraneous matter.

Mr. ANDERSON of Illinois to revise and extend his remarks on the Conte amendment in Committee of the Whole on H.R. 12067.

Mr. PURCELL to extend his remarks following those of Mr. POAGE today on H.R. 1163.

(The following Members (at the request of Mr. MCKINNEY) and to include extraneous matter:)

Mr. BUCHANAN in four instances.

Mrs. DWYER in four instances.

Mr. WYMAN in two instances.

Mr. SCHWENGEL.

Mr. FINDLEY.

Mr. HALPERN in three instances.

Mr. O'KONSKI.

Mr. SCHMITZ in three instances.

Mr. ARENDS.

Mr. ESCH.

Mr. FISH.

Mr. DERWINSKI.

Mr. PELLY in five instances.

Mr. SMITH of New York in two instances.

Mr. FRENZEL.

Mr. BROZMAN.

Mr. MCCLOSKEY.

Mr. ANDERSON of Illinois.

Mr. BOB WILSON in two instances.

Mr. PRICE of Texas in two instances.

Mr. GERALD R. FORD.

Mr. DU PONT.

Mr. KEITH.

Mr. WARE.
Mr. BROYHILL of Virginia.
Mr. ZWACH.
Mr. HALL.
Mr. SHOUP in two instances.
Mr. BAKER.
(The following Members (at the request of Mr. DENHOLM) and to include extraneous matter:)

Mr. GONZALEZ in three instances.
Mr. RARICK in three instances.
Mr. HAGAN in three instances.
Mr. DOW in two instances.
Mr. ROGERS in five instances.
Mr. MILLER of California in five instances.
Mr. BADILLO in five instances.
Mr. DRINAN in two instances.
Mr. CHARLES H. WILSON.
Mr. GIAIMO in 10 instances.
Mr. PUCINSKI in six instances.
Mrs. HICKS of Massachusetts in five instances.
Mr. VAN DEERLIN in two instances.
Mr. COTTER in two instances.
Mr. PICKLE.
Mr. RYAN in three instances.
Mr. NIX.
Mr. HICKS of Washington in two instances.
Mr. JACOBS.
Mr. ANDERSON of California in three instances.
Mr. WRIGHT.
Mr. BOLAND in two instances.
Mr. RANGEL in three instances.
Mr. JONES of Tennessee in five instances.
Mr. ROY.
Mr. MOSS.
Mr. HATHAWAY in two instances.
Mr. DIGGS in two instances.
Mr. VANIK in two instances.
Mrs. HANSEN of Washington.
Mr. HAMILTON.
Mr. JAMES V. STANTON.
Mr. GARMATZ in two instances.
Mr. FAUNTROY in five instances.
Mr. BURKE of Massachusetts.
Mr. PIKE.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2007. An act to provide for the continuation of programs authorized under the Economic Opportunity Act of 1964, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills of the House of the following titles:

On December 7, 1971:

H.R. 3628. A bill to amend title 5, United States Code, to provide equality of treatment for married women Federal employees with respect to preference eligible employment benefits, cost-of-living allowances in foreign areas, and regulations concerning marital status generally, and for other purposes;

H.R. 8381. A bill to authorize the sale of certain lands on the Kallispel Indian Reservation, and for other purposes;

H.R. 8548. A bill to curtail the mailing of certain articles which present a hazard to

postal employees or mail processing machines by imposing restrictions on certain advertising and promotional matter in the mails, and for other purposes;

H.R. 8689. A bill to provide overtime pay for intermittent and part-time General Schedule employees who work in excess of 40 hours in a workweek;

H.R. 9097. A bill to define the terms "widow", "widower", "child", and "parent" for servicemen's group life insurance purposes;

H.R. 9442. A bill to authorize compensation for five General Accounting Offices positions at rates not to exceed the rate for executive schedule level IV;

H.R. 11220. A bill to designate the Veterans' Administration hospital in San Antonio, Tex., as the Audie L. Murphy Memorial Veterans' Hospital, and for other purposes;

H.R. 11335. A bill to amend section 704 of title 38, United States Code, to permit the conversion or exchange of National Service Life Insurance policies to insurance on a modified life span with reduction at age 70;

H.R. 11334. A bill to amend title 38 of the United States Code to provide that dividends may be used to purchase additional paid up national service life insurance;

H.R. 11651. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension, and for other purposes; and

H.R. 11652. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of dependency and indemnity compensation.

On December 8, 1971:

H.R. 5068. A bill to authorize grants for the Navajo Community College, and for other purposes.

ADJOURNMENT

Mr. DENHOLM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 9 minutes a.m., Thursday, December 9, 1971), the House adjourned until 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:

1346. A letter from the Deputy Chief of Legislative Affairs, Department of the Navy, transmitting certain petitions which were forwarded to the Secretary of the Navy for transmittal to the Congress; to the Committee on Foreign Affairs.

1347. A letter from the Secretary of Health, Education, and Welfare, transmitting notice of the delay in completion of a "Systems Analysis of National Health Care Plans" required under Public Law 91-515; to the Committee on Interstate and Foreign Commerce.

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. PATMAN: Committee of conference. Conference report on H.R. 9961; with amendment (Rept. No. 92-715). Ordered to be printed.

Mr. MILLER of California: Committee on Science and Astronautics. Report on a metric America. (Rept. No. 92-716). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLMER: Committee on Rules. House Resolution 729. A resolution providing for

the consideration of conference reports on the same day reported during the remainder of the first session of the 92d Congress (Rept. No. 92-717). Referred to the House Calendar.

Mr. HOLFIELD: Committee on Government Operations. U.S. economic assistance for Laos—stabilization programs (Rept. No. 92-718). Referred to the Committee of the Whole House on the State of the Union.

Mr. EVINS of Tennessee: Select Committee on Small Business. Concentration by competing raw fuel industries in the energy market and its impact on small business (Rept. No. 92-719). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLMER: Committee on Rules. House Resolution 730. Resolution providing for the consideration of H.R. 11309. A bill to extend and amend the Economic Stabilization Act of 1970, as amended, and for other purposes (Rept. No. 92-720). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 11628. A bill to authorize grants and loan guarantees for construction or modernization of hospitals and other medical facilities in the District of Columbia; with amendments (Rept. No. 92-721). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee of conference. Conference report on S. 1828 (Rept. No. 92-722). Ordered to be printed.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 10237. A bill to amend the District of Columbia Unemployment Compensation Act in order to conform to Federal law, and for other purposes; with amendments (Rept. No. 92-723). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. S. 1938. An act to amend certain provisions of subtitle II of title 28, District of Columbia Code, relating to interest and usury; with amendments (Rept. No. 92-724). 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. BROTZMAN:

H.R. 12100. A bill to amend the Social Security Act to provide for medical and hospital care through a system of voluntary health insurance including protection against the catastrophic expenses of illness, financed in whole for low-income groups through issuance of certificates, and in part for all other persons through allowance of tax credits; and to provide effective utilization of available financial resources, health manpower, and facilities; to the Committee on Ways and Means.

By Mr. CELLER:

H.R. 12101. A bill to amend title 28, United States Code, relating to annuities of widows of Supreme Court Justices; to the Committee on the Judiciary.

By Mr. CLANCY:

H.R. 12102. A bill to amend title 38 of the United States Code so as to provide that monthly social security benefit payments and annuity and pension payments under the Railroad Retirement Act of 1937 shall not be included as income for the purpose of determining eligibility for a veteran's or widow's pension; to the Committee on Veterans' Affairs.

By Mr. HALPERN:

H.R. 12103. A bill to establish a Special Action Office for Drug Abuse Prevention and to concentrate the resources of the Nation in a crusade against drug abuse; to the Committee on Interstate and Foreign Commerce.

By Mr. HALPERN (for himself, Mrs. ABZUG, Mr. DANIELSON, Mr. MOSS,

Mr. DONOHUE, Mr. KOCH, Mr. HECHLER of West Virginia, Mr. REID of New York, Mr. CONYERS, Mr. ADDABBO, Mr. STEELE, Mr. MITCHELL, Mr. CORMAN, and Mrs. HICKS of Massachusetts):

H.R. 12104. A bill to provide financial assistance for State and local small, community-based correctional facilities; for the creation of innovative programs of vocational training, job placement, and on-the-job counseling; to develop specialized curriculums, the training of educational personnel, and the funding of research and demonstration projects; to provide financial assistance to encourage the States to adopt special probation services; to establish a Federal Corrections Institute; and for other purposes; to the Committee on the Judiciary.

By Mrs. HICKS of Massachusetts:

H.R. 12105. A bill to provide a program to improve the opportunity of students in elementary and secondary schools to study cultural heritages of the various ethnic groups in the Nation; to the Committee on Education and Labor.

By Mr. HUNGATE:

H.R. 12106. A bill to provide protection for consumers in the District of Columbia with respect to credit sales and direct installment loans; to the Committee on the District of Columbia.

By Mr. KUYKENDALL:

H.R. 12107. A bill to amend section 8(e) of the National Labor Relations Act with respect to its application to labor agreements relating to construction; to the Committee on Education and Labor.

By Mr. MIKVA (for himself and Mr. BINGHAM):

H.R. 12108. A bill to change the minimum age qualification for serving as a juror in Federal courts from 21 years of age to 18 years of age; to the Committee on the Judiciary.

By Mr. PICKLE:

H.R. 12109. A bill to amend the Vocational Rehabilitation Act to provide special services, artificial kidneys, and supplies necessary for the treatment of individuals suffering from end stage renal disease; to the Committee on Education and Labor.

By Mr. PIRNIE:

H.R. 12110. A bill relating to comparability adjustments in pay rates of Federal employees; to the Committee on Post Office and Civil Service.

By Mr. STEED (for himself, Mr. BELCHER, Mr. JARMAN, Mr. EDMONDSON, and Mr. CAMP):

H.R. 12111. A bill to declare that the United States hold certain land in trust for the Absentee Shawnee Tribe of Indians of Oklahoma; to the Committee on Interior and Insular Affairs.

H.R. 12112. A bill to declare that the United States hold certain lands in trust for the Citizen Bank of Potawatomi Indians of Oklahoma; to the Committee on Interior and Insular Affairs.

By Mr. STEED (for himself, Mr. EDMONDSON, and Mr. CAMP):

H.R. 12113. A bill to provide for the reconveyance to the original Indian grantors their heirs or devisees, lands donated or conveyed for a nominal consideration to Indian tribes when surplus to tribal needs; to the Committee on Interior and Insular Affairs.

By Mr. ULLMAN:

H.R. 12114. A bill to declare title to certain Federal lands in the State of Oregon to be in the United States in trust for the use and benefit of the Confederated Tribes of the Warm Springs Reservation of Oregon; to the Committee on Interior and Insular Affairs.

By Mr. BROYHILL of Virginia:

H.R. 12115. A bill 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.

By Mr. BURKE of Massachusetts:

H.R. 12116. A bill to amend the Tariff Schedules of the United States so as to prevent the payment of multiple customs duties in the case of horses temporarily exported for the purpose of breeding; to the Committee on Ways and Means.

By Mr. ESCH:

H.R. 12117. A bill to provide financial assistance for a special manpower training and employment program for criminal offenders and for persons charged with crimes, and for other purposes; to the Committee on Education and Labor.

By Mr. FORSYTHE:

H.R. 12118. 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. FREY:

H.R. 12119. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GARMATZ:

H.R. 12120. A bill to amend the Internal Revenue Code of 1954 to provide that the first \$6,000 of compensation paid to law enforcement officers shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. GREEN of Pennsylvania:

H.R. 12121. A bill to amend title 13, United States Code, to establish within the Bureau of the Census a National Voter Registration Administration for the purpose of administering a voter registration program through the mail, and for other purposes; to the Committee on House Administration.

By Mr. HELSTOSKI:

H.R. 12122. A bill to establish and protect the rights of day laborers; to the Committee on Education and Labor.

H.R. 12123. A bill to amend the Internal Revenue Code of 1954 to grant an additional income tax exemption for each taxpayer and dependent of the taxpayer who is permanently handicapped; to the Committee on Ways and Means.

By Mr. PEYSER:

H.R. 12124. A bill to require pension plans to provide optional annuities for surviving spouses and certain vesting rights to employees whose employment is involuntarily terminated without cause; to the Committee on Education and Labor.

By Mr. RAILSBACK (for himself and Mr. SMITH of New York):

H.R. 12125. A bill to amend the Social Security Act to provide for medical and hospital care through a system of voluntary health insurance including protection against the catastrophic expenses of illness, financed in whole for low-income groups through issuance of certificates, and in part for all other persons through allowance of tax credits; and to provide effective utilization of available financial resources, health manpower, and facilities; to the Committee on Ways and Means.

By Mr. ROY:

H.R. 12126. A bill to provide for the establishment of the Agricultural Hall of Fame National Cultural Park in the State of Kansas, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RUNNELS:

H.R. 12127. A bill to allow elderly people to travel on common carriers in interstate commerce at half fare, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STAGGERS:

H.R. 12128. A bill to extend the protection

provided by the Federal securities laws to persons investing in securities of carriers regulated by the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLFF (for himself, Mrs. ABZUG, Mr. ADDABBO, Mr. BIAGGI, Mr. BINGHAM, Mr. BRASCO, Mr. CAREY of New York, Mrs. CHISHOLM, Mr. COTTER, Mr. DENT, Mr. DOW, Mr. DRINAN, Mr. DANIELS of New Jersey, Mr. HALPERN, Mr. HARRINGTON, Mr. HELSTOSKI, Mr. KEMP, Mr. KOCH, Mr. KYROS, Mr. MITCHELL, Mr. MURPHY of New York, Mr. O'NEILL, Mr. PEPPER, Mr. PIKE, and Mr. PODELL):

H.R. 12129. A bill to authorize the President to designate marine sanctuaries in areas of the oceans, coastal, and other waters, as far seaward as the outer edge of the Continental Shelf, for the purpose of preserving or restoring the ecological, esthetics, recreation, resource, and scientific values of and related to such areas; to the Committee on Merchant Marine and Fisheries.

By Mr. WOLFF (for himself, Mr. BOLAND, Mr. DELANEY, Mr. MINISH, Mr. RANGEL, Mr. REID of New York, Mr. RODINO, Mr. ROE, Mr. RYAN, Mr. ROSENTHAL, Mr. ST GERMAIN, Mr. TIERNAN, and Mr. HATHAWAY):

H.R. 12130. A bill to authorize the President to designate marine sanctuaries in areas of the oceans, coastal, and other waters, as far seaward as the outer edge of the Continental Shelf, for the purpose of preserving or restoring the ecological, esthetics, recreation, resource, and scientific values of and related to such areas; to the Committee on Merchant Marine and Fisheries.

By Mr. KEATING:

H.R. 12131. A bill to provide a Federal Bureau of Investigation trust fund; to the Committee on the Judiciary.

By Mr. PRYOR of Arkansas:

H.J. Res. 999. Joint resolution designating November 11 of each year as "Armistice Day"; to the Committee on the Judiciary.

By Mr. BRINKLEY:

H.J. Res. 1000. Joint resolution to designate Christmas week as "Blood Donor Week"; to the Committee on the Judiciary.

By Mr. QUIE (for himself, Mr. MELCHER, Mr. BOLAND, Mr. JONES of North Carolina, Mr. BEVILL, Mr. SCHNEEBELI, Mr. MAYNE, Mr. HECHLER of West Virginia, Mr. SKUBITZ, Mr. WARE, Mr. BARING, Mr. ANDERSON of Tennessee, Mr. ROBINSON of Virginia, Mr. SCHWENGLER, Mr. MADDEN, Mr. NIX, Mr. SANDMAN, Mr. RANGEL, Mr. WYATT, Mr. REID of New York, Mr. KARTH, Mr. HUNT, Mr. DULSKI, Mr. MINSHALL, and Mr. SAYLOR):

H.J. Res. 1001. Joint resolution to establish a Joint Committee on Aging; to the Committee on Rules.

By Mr. QUIE (for himself, Mr. ANDREWS of North Dakota, Mr. THONE, Mr. STEIGER of Wisconsin, Mr. TEAGUE of California, Mr. GALLAGHER, Mr. KEATING, Mr. MYERS, Mr. MORSE, Mr. MITCHELL, Mr. BLATNIK, Mr. STAGGERS, Mr. FORSYTHE, Mr. EILBERG, Mr. ZWACH, Mr. STEELE, Mr. KEMP, Mr. KEE, Mr. CARTER, Mr. GOODLING, Mr. HALPERN, Mr. VETSEY, Mr. TALCOTT, Mr. ERLNBORN, and Mr. FRENZEL):

H.J. Res. 1002. Joint resolution to establish a Joint Committee on Aging; to the Committee on Rules.

By Mr. ST GERMAIN:

H.J. Res. 1003. Joint resolution to amend title 5, United States Code, in order to designate November 11 of each year as "Veterans Day"; to the Committee on the Judiciary.

By Mr. NIX:

H. Con. Res. 478. Concurrent resolution to relieve the suppression of Soviet Jewry; to the Committee on Foreign Affairs.

By Mr. RUPPE:

H. Con. Res. 479. Concurrent resolution to seek relief from restrictions on Soviet Jews; to the Committee on Foreign Affairs.

By Mr. NIX:

H. Res. 731. 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.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURTON:

H.R. 12132. A bill for the relief of Candida Menes Malot; to the Committee on the Judiciary.

H.R. 12133. A bill for the relief of Maria Isaura Russo; to the Committee on the Judiciary.

By Mr. CORMAN:

H.R. 12134. A bill for the relief of Mrs. Rita Chelnek; to the Committee on the Judiciary.

By Mr. FUQUA:

H.R. 12135. A bill for the relief of Jorge Birnios; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

REFLECTIONS ON THANKSGIVING

HON. G. ELLIOTT HAGAN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 7, 1971

Mr. HAGAN. Mr. Speaker, the Thanksgiving season just passed reminded all thinking Americans of our blessings. In our country it is traditionally a season of giving thanks for our abundances. It is a time for families to get together, a time for reflection, and one of our best holiday observances.

As we go along through the year we are prone to take all things for granted. We seldom pause long enough to realize that with 6 percent of the world's population we annually consume nearly 50 percent of its goods. That fact could be and often is interpreted by other nations as downright selfish and may, indeed, be the real reason we are despised by so many to whom we have given so much in material things.

We tie our Thanksgivings to the custom begun by the early Pilgrims, but many people do not know that there was a gap of many years in the observance of the feast day. Also, people do not generally know that a New Jersey Congressman named Elias Boudinot was responsible for the reappearance of Thanksgiving. We should all be grateful for him, as well as for the Pilgrims.

Mr. Louis Cassels, United Press International, in his column, "National Window," published in the Dublin, Ga., Courier Herald and other papers, on November 24, 1971, tells the story of Congressman Boudinot's revival of the custom of Thanksgiving through a resolution in the House. The story follows:

NATIONAL WINDOW

(By Louis Cassels)

The first Thanksgiving observance in America as every school child knows, was conducted by the Pilgrims who settled in what is now Massachusetts in 1621.

But contrary to what most school children and ex-school children think, the idea didn't just catch on and become a national custom.

Quite the opposite. Thanksgiving as a holiday disappeared from American life shortly after the Pilgrims had that legendary turkey feed, and may never have reappeared had it not been for a little-known New Jersey congressman named Elias Boudinot.

If anyone deserves to be remembered as originator of the national holiday Americans are observing today, it's not the Pilgrims fathers, but Rep. Boudinot.

Boudinot was a deeply religious man who was a founder and first president of the American Bible Society. In 1789, at the age of 49, he was elected to sit in the first Congress of the United States.

BOUDINOT DELIVERS SPEECH

On Sept. 25, 1789, the annals of the House disclose, Rep. Boudinot delivered a speech saying he "could not think of letting the session pass over without offering an opportunity to all the citizens of the United States of joining, with one voice, in returning to Almighty God their sincere thanks for the many blessings He has poured down upon them."

He introduced a resolution requesting the president to set aside "a day of public thanksgiving and prayer."

There was, inevitably, a certain amount of opposition. In the U.S. Congress, you can't introduce a resolution hoping the sun will rise tomorrow without some colleague finding fault with it. The annals show that Rep. Thomas T. Tucker of South Carolina "thought the House had no business to interfere in a matter which did not concern them."

"Why should the president direct the people to do what, perhaps, they have no mind to do?" asked Tucker, who either was an early exponent of church-state separation or was just feeling grumpy that day.

SHERMAN PROVIDES SUPPORT

Rep. Roger Sherman of Connecticut leaped to Boudinot's support with copious biblical quotations showing that the proposal was "warranted by a number of precedents in holy writ: For example, the solemn thanksgivings and rejoicings which took place in this time of Solomon after the building of the temple."

"The question was now put on the resolution, and it was carried," the annals record.

So President Washington issued a proclamation setting aside the last Thursday in November as a national day of thanksgiving for "the many signal favors of Almighty God, especially by affording (the people of America) an opportunity peaceably to establish a Constitution of government for their safety and happiness."

And that's how the whole thing started.

TEN BOSTON POLICEMEN GIVEN MEDALS FOR NOTABLE DEEDS

HON. LOUISE DAY HICKS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 7, 1971

Mrs. HICKS of Massachusetts. Mr. Speaker, on Saturday evening, December 4, at the 100th anniversary ball of the Boston Police Relief Association 10 outstanding Boston policemen were given medals for notable deeds.

The Walter Scott Medal for Valor was presented to Patrolman James E. Hickman of district 11 for courage he displayed on August 14, 1971, while accompanying a man who was making a large night deposit in a Dorchester bank.

Hickman was shot and wounded while successfully protecting the money from four would-be robbers. While being treated at Boston City Hospital, Hickman identified and arrested the man who had shot him in the attempted holdup. The man had been admitted to the hospital for a gunshot wound inflicted by Hickman earlier.

Hickman and nine other police officers were the recipients of department medals of honor, Thomas F. Sullivan awards, Boston Police Relief Association memorial awards and the Boston bank awards.

The awards went to Patrolmen Thomas J. Gleason, district 6; Loman C. McClinton, Jr., district 4; Francis V. Connelly, Houston Patrol Division; Joseph W. Rigney, district 11; John J. H. McLaughlin, district 1; Robert J. Regan and Joseph R. Memmo, district 4; and Paul W. Condon and James J. Welch, district 4.

Gleason was cited for courage displayed on December 9, 1970, when he rescued a man from the Charles River.

McClinton was awarded a medal because of action he took while off duty on January 7, 1971. He prevented a serious assault and possible loss of life of persons at a Dorchester real estate office.

Connelly was honored for his personal courage and devotion to duty despite a hostile crowd when on January 14, 1971, he arrested three persons for violation of the firearms laws.

Rigney was cited for courage displayed while rescuing a blind man and an elderly woman from a fire in Dorchester on February 16, 1971.

McLaughlin was honored for displaying unusual courage while making an arrest in the Washington Street area of downtown Boston on July 16, 1971. McLaughlin risked his own life by not returning the gunfire of the felon he was chasing.

Robert J. Regan and Joseph R. Memmo were awarded medals of honor for their alertness and keen observation on September 10, 1971, when they arrested a dangerous escaped prisoner who had threatened the life of a county official.

Condon and Welch were cited for meritorious police duty performed on September 13, 1971, when they chased and arrested an armed man who had just robbed a bank in the South End area.

All awards were presented by Police Commander Edmund L. McNamara. The officers receiving awards were selected by a board of merit consisting of Superintendent-in-Chief William J. Taylor, Superintendent Herbert F. Mulloney and Superintendent William A. Bradley.