HOUSE OF REPRESENTATIVES—*Wednesday, March 10, 1971*

The House met at 12 o'clock noon.

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

Blessed is everyone that feareth the Lord: That walketh in His ways.

—Psalms 128: 1.

Eternal God, our Father, we turn aside from the noise and clamor of the world seeking wisdom for our minds, strength for our spirits, and love for our hearts. To Thee we bring our sins to be forgiven, our wounds to be healed, our courage to be renewed, and our faith to be strengthened. Fill us with Thy love and truth that we may ever be noble in spirit, humble in heart, and considerate of others as we face the duties of these days.

May Thy blessing rest upon us, upon our Nation, and upon all people in all lands. Hasten the time when Thy children shall learn to live together in peace.

In the Master's name we pray. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries.

AIRLINE ADVERTISING

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

Mr. VANIK. Mr. Speaker, in recent weeks, the press and the other communication media have been barraged with commercial airline advertising based on the width of the passenger seat.

TWA says:

On board, if the plane is not crowded, you will find our twin seat in coach.

American Airlines says:

Stretch out in the widest 2 and 2 coach seat in the air—load factors permitting.

On its 747 flight to the coast, American advertises "specially cushioned lumbar seats."

United tape measures its seat at 23 inches in claiming to offer "the widest coach seat to California."

The year before last the advertising was directed toward the quality of food. Last year the competition was a choice of movies between a John Wayne or a Jerry Lewis classic—either of which would provide a reason not to fly.

This wasteful kind of stupid and ridiculous advertising for air travel on commercial aircraft which go to the same places at the same time in the same kind of equipment completely disregards the overwhelming public interest in air travel based on safe, low-cost transportation.

Present policies of price escalation and seat elimination will drive more potential air travelers to the automobile where five can still travel for the price of one.

RESTRUCTURING THE EXECUTIVE BRANCH

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

Mr. PELLY. Mr. Speaker, I hope that the Federal reorganization proposals to be submitted by President Nixon will receive our prompt attention. Comprehensive committee hearings should reveal how Government functions can be improved to better serve our constituencies.

The President's legislation would streamline Government functions by making one department secretary directly accountable for each of the major purposes of Government.

We all know only too well that this is not presently the case. When constituents come to us with problems needing prompt solutions—not next month, or next year—we frequently discover that several offices in different departments exercise overlapping authority.

It is often difficult to get a direct and clear ruling for our constituents. Therefore, I urge my colleagues to reflect on the benefits of consolidating similar groups within Government, bringing activities in line with real purposes. Let us make Government truly accountable to the people.

SPECIAL REVENUE-SHARING PROGRAM OF RURAL COMMUNITY DEVELOPMENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 92-66)

The SPEAKER laid before the House the following message from the President of the United States; which was read and referred to the Committee of the Whole House on the State of the Union and ordered to be printed:

To the Congress of the United States:

I am today proposing a new program of Rural Community Development through revenue sharing—the fourth of my six Special Revenue Sharing proposals. I have spoken of revenue sharing as a new partnership between the Federal Government and the State and local government within our Federal system. The proposal I am advancing today would use that essential government partnership to strengthen an equally essential social and economic partnership between rural America, where the farms that feed us and the great open spaces that renew our spirit are found, and urban America, where the majority of our people and the greater share of our wealth are concentrated. Rural Americans deserve a full share in the Nation's prosperity and growth, just as urban Americans deserve cities that are livable and alive. Both objectives are attainable—and rural development revenue sharing, linked to urban development revenue sharing by the comprehensive planning proposal also put forward in this message, could be a giant step toward them.

RURAL AMERICA IN TRANSITION

Rural America begins with farm America. Agriculture was America's first industry, and it remains one of the keystones of our national economy today. It has made Americans the best-fed people in history, and now exports the produce of one-fourth of its acreage to help feed the world. American farmers have led all sectors of the economy in annual increases in productivity for most of the years in this century. This Nation's farms are among our most efficient producers, and they are of central importance to a strong future for rural America.

Yet, there is sharp irony in this success. Ever more fruitful, American agriculture has required fewer people every year to produce food and fibers for our people, and to supply the expanding export market for our commodities abroad.

Hence the departure of people from the farms began to swell as farming grew more mechanized, efficient, and large-scale. Americans living on farms numbered more than 30,000,000 in 1940; today that figure is only about 10,000,000. Once the farm people had left their homes—often the homes of generations in their families—the opportunities often did not exist in rural America to keep them close to those roots. While some jobs began to open up in agricultural service, supply, and processing enterprises, usually known as "agribusiness," the number of openings was not nearly enough to match the number of people cast adrift by technological progress.

Migration began toward where people thought opportunities existed—the cities. Not only were there more jobs in the cities, but they paid more. For most decades in this century, the gap between median income in the cities and that in non-metropolitan areas has been wide. Even though income gains outside the metropolis have been almost half again as great as those in the cities during the last decade, median family income in non-metropolitan areas is still 22 percent below that in metropolitan areas.

While the people who have been leaving rural America by the millions have often improved their own and their families' situations by leaving, the trend they represent has had several disturbing effects.

First, in rural America itself, the loss in human resources has compounded the problems of diversifying the economy and fostering a vigorous and progressive community life. Those who have chosen to stay have found it harder and harder to pay for and provide services such as good schools, health facilities, transportation systems, and other infrastructure

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attractive enough to keep people *in* rural America, or to lure jobs and opportunity *to* rural America. Many of the small towns which dot the countryside have to struggle for existence; they often have difficulty attracting good school teachers or physicians; many fight stagnation while most of the economy is expanding; they cannot give the older, the disadvantaged, the less educated people needed assistance and care.

THE URBAN STAKE IN RURAL DEVELOPMENT

At the same time the urban effects of migration have been profound. While the explosive growth in the proportion of Americans living in cities has not been fed solely by the influx of people from rural America—immigration from other countries has also been massive—the millions who have moved from the South and the Midwest to the North and the West have been a major factor in making a nation that was 75 percent rural a century ago, 73 percent urban today.

Many of these people pouring into the cities in search of opportunity have experienced difficulties in adapting to urban life and have required supportive services. Some made the transition successfully—but others have remained tax users rather than taxpayers.

Furthermore, the very size and density of many of our largest cities has produced new problems: whereas in the most rural areas it is hard to achieve economies of scale in public activities, the most heavily urban areas have grown far past the size range in which a community can function most economically. It often costs far more per capita to provide essential services, such as police protection, sanitation collection, and public transportation in our dense urban areas than in less congested smaller and medium-sized cities. Many of our cities have, in short, become inefficient and less and less governable. At times, this has led to near-paralysis of public services in our largest cities. Current trends indicate that unless there is a marked shift in public and private attitudes, the increase of population in and around our great metropolitan centers will continue, and the problems of urban management will be further aggravated.

In addition, by even conservative estimates, there will be some 75 million additional Americans by the end of the twentieth century. Whether this growth is beneficial or burdensome depends on our foresight in planning and preparing for it—a process that must begin now and must take a broader view than merely feeding the expansion of the megalopolis.

As never before, the Nation is beginning to see that urban America has a vital stake in the well-being and progress of rural America. This is one Nation, and for the good of all Americans we need one national policy of balanced growth.

FEDERAL RESOURCES FOR RURAL DEVELOPMENT

For the sake of balanced growth, therefore, but even more for the sake of the farmer and all his neighbors in rural America—first-class citizens who deserve to live in first-class communities—I am proposing that the Federal Government *re-think* America's rural development needs and *rededicate* itself to providing the resources and the creative leadership those needs demand.

It takes many different kinds of activities to create rural development—to create opportunity. One must start with the individual—his education, his skill training, and his health. Next the individual needs to be linked to resources and markets through transportation. Public sector infrastructure such as water and sewers is needed to encourage industry to locate in new areas. The environment is also becoming an increasingly important factor in industrial locations.

Essentially what I am proposing is to unite the funding for a number of programs operating directly in rural areas and smaller cities into a Rural Community Development Revenue Sharing Program, to add $179 million to that fund, and then to bolster this effort with new initiatives in critically related areas, such as health and welfare reform.

The following chart shows the programs which I propose to combine into the Rural Development Revenue Sharing Program:

PROGRAMS COMBINED UNDER RURAL DEVELOPMENT REVENUE SHARING

GENERAL

New Money $179 Million.

Title V Regional Commissions.

Appalachian Regional Commission.

Economic Development Administration.

Resource Conservation and Development Program.

EDUCATION

Cooperative Agricultural Extension Service.

WATER AND SEWER

Rural Water and Waste Disposal Grants.

ENVIRONMENT

Rural Environmental Assistance Program.

Forestry Assistance Grants.

Great Plains Agricultural Conservation Program.

Water Bank Program.

Tree Planting Grants.

Altogether, the eleven programs listed above are spending $921 million in Fiscal 1971.

But much more is needed to extend to rural Americans the full share of national prosperity and the full participation in the rich benefits of our Society, which they rightly deserve. Much more would be done if the Congress acts to set in motion the broad strategy for accelerated rural development which I have placed before it in recent weeks.

Rural communities throughout the nation would share in the $5 billion of General Revenue Sharing which I have proposed. Rural communities would receive direct assistance in building their human resources, their social services, and their economic base through my Special Revenue Sharing proposals for manpower, education, transportation and law enforcement. My proposals for improving our system of health care include Area Health Education Centers to be located in rural areas and financial incentives for doctors and providing medical care in scarcity areas. My welfare reform proposals would have immediate and dramatic effects on rural poverty: in the first year nearly $1 billion in new cash benefits would go into rural areas to add to the incomes of the millions of rural Americans who are poor or underemployed.

To unify and consolidate the rural development effort in each State—I am today proposing that the Federal Government establish a $1.1 billion fund to be shared among all the States for fully discretionary spending to meet their rural needs and accelerate their rural development. This would be accomplished by combining programs which I listed above into a new program of Special Revenue Sharing for Rural Community Development, and by increasing their present annual funding of $921 million by $179 million during the first year.

HOW REVENUE SHARING WORKS

Beginning January 1, 1972, these funds would be paid out to the States and to Puerto Rico, the Virgin Islands, and Guam, in regular installments on a formula basis, according to an index of need based on three factors: the State's rural population, the State's rural per capita income compared to the national average of per capita incomes, and the State's change in rural population compared to the change in population of all States. All 53 recipients would share equally in 1 percent of the funds. Every State would receive at least as much from Special Revenue Sharing for Rural Community Development as it now receives from the 11 existing rural assistance programs combined.

This proposal recognizes that patterns of development potential vary widely within the different States and seldom conform neatly to intra-State governmental jurisdictions. It therefore imposes no federally dictated distribution of shared revenues within the States. Neither would it require matching or maintenance of effort spending by a State in return for the shared rural development funds. Indeed the shared funds could if necessary be used to match other Federal grants-in-aid for rural assistance. But there would be a firm requirement that all rural community development funds be spent for the direct benefit of *rural people*. The funds could be spent for any of the purposes now authorized under the existing aid programs, including the option of direct grant assistance to private firms which locate in rural communities.

Rural areas would be defined in this act as counties with a population density less than 100 people per square mile, and all other counties, regardless of population density, which are not included in one of the 247 Standard Metropolitan Statistical Areas (SMSAs) which the U.S. Census Bureau defines around cities of 50,000 or more.

I will also propose $100 million in additional non-formula funds for the Urban Community Development Special Revenue Sharing program, to assist those smaller cities of population between 20,000 and 50,000 which have been re-

ceiving grant assistance from the Department of Housing and Urban Development but which would not now be eligible for a formula share of Urban Community Development Revenue Sharing. The Secretary of Housing and Urban Development would administer this fund on a discretionary basis. Such communities would thus be eligible for funds from both the urban and rural revenue sharing programs—as they should be, since many communities of this size have not only urban problems and needs but also strong rural development potential as economic and social opportunity centers for nearby rural counties. The same overlap would be true as well of some of the smaller and less densely populated Standard Metropolitan Statistical Areas which have less than 100 people per square mile, and thus qualify for both formula grants under Urban Community Development Special Revenue Sharing, and use of funds from the Rural Community Development Special Revenue Sharing.

The Act would apply the requirements of Title VI of the Civil Rights Act of 1964 to prohibit discriminatory use of the Federal money.

BUILDING ON SUCCESS

Conversion of the existing categorical aid programs for agriculture and development into Special Revenue Sharing for Rural Community Development is a logical evolution in line with the history of these efforts and consistent with their basic purposes.

Over a number of years the Department of Agriculture has been moving to make its assistance to farmers and rural residents more effective and flexible by a steady process of decentralization. Placing these programs fully in the hands of the States is just one more step in sharpening their ability to deliver the services they were designed to provide. Whether the transfer will be beneficial and the transition smooth is a question to which the example of the Cooperative Extension Service may provide a partial answer. The States are ready to take charge of the Extension Service, which they already largely administer and which all States now fund above the present Federal contribution.

In the case of EDA, the Appalachian Regional Commission and the Title V Commissions, revenue sharing in superseding them would actually incorporate the coordinated development approach that has made them successful, at the same time it removed some of the Federal "fences" that may have restricted their activities unduly in the past. The grass roots planning process which has proved itself under the Appalachian Regional Commission is carried over into the statewide development plan I am now proposing for *all* States under rural and urban development revenue sharing. Close account would be taken of the human factor and of the continuity of on-going development efforts as the program transition is effected. Counties that have launched projects under the Appalachian Regional Commission, for example, would continue to receive adequate funding to make good on the money already obligated for such projects.

With revenue sharing, therefore, as with all change, there would be adjustments to make but great benefits to be gained. Every single activity now carried on under the Commissions and categorical programs could be continued in any State whose own people decide it is worth continuing. The farm, forest, and conservation programs that have succeeded in the past could go right on doing so—and freed of Federal restrictions, they could probably reach out farther and keep better pace with changing needs and technologies. In each instance the people of the State would make the decision.

STREAMLINING THE RURAL ASSISTANCE EFFORT

What Special Revenue Sharing for Rural Community Development *would* do is to remove many of the negative and inhibiting side effects which now plague rural assistance as a result of categorical narrowness, lack of coordination, and excessive Federal involvement. *By combining these programs we could produce a new whole significantly greater than the sum of the present parts.* It is worthwhile here to discuss some of the problems that would be eliminated—principally inflexibility, priority distortion and flawed accountability.

Inflexibility: As well-intentioned as past rural development efforts have been, strict Federal eligibility rules have often stood in the way of fair sharing of all the Federal resources for rural development, or have made it difficult for States and localities to do what they must to attract industry and services. For instance, many parts of the Midwest, which experienced some of the heaviest rural outmigration in the Nation during the 1960s, still do not qualify for Economic Development Administration grants.

In other cases Federal standards have acted to bar aid from those communities in a region where it could do the most good. Experts in rural development feel that the most leverage is achieved by reinforcing healthy development trends, rather than fighting them—that is, by concentrating aid in these smaller and medium sized cities of a rural area which have shown strength and effort in attracting industry. Every area of rural America has such centers of potential growth. Using government assistance to strengthen their development trends could make the difference in attracting new job-producing industry and expanding employment opportunities for rural people living in the surrounding counties. It could also help these communities attract doctors, teachers and others whose services are so needed in or near rural areas. Yet current Federal program restrictions, by and large, do not permit aid to be used this way, because of a "worst-first" criterion which often puts funds into areas that lack the development potential to help either themselves or others near them—rather than using funds to open up new opportunities regionally so that benefits flow out to low-potential areas nearby.

Distortion of State Budgets: Narrow Federal project definitions can force States and localities to spend scarce revenues on "matching shares," urgent community priorities aside, or risk the loss of Federal funds. Once begun, a Federal project may demand additional local spending, beyond the matching money, for support facilities to tie the project into community usefulness.

Flawed Accountability: The quasi-governmental agencies which often exercise a determining influence on the conduct of these programs tend to obscure and fragment responsibility for decisions made and therefore to subvert the democratic accountability of elected officials. Regional commissions, comprised of a Federal Co-chairman and Governors from member States, take part in many program and planning decisions which really affect only one Governor's State. Too often the Federal officials responsible for rural assistance are geographically distant, and the local, State or multi-State institutions that have a say are politically insulated or remote.

THE STATEWIDE DEVELOPMENT PLAN

Special Revenue Sharing for Rural Community Development would be administered initially by the Secretary of Agriculture; eventually both this program and the urban community development program would come under the direction of the Department of Community Development whose formation I have proposed. In addition to paying out each year's rural development funds to the States and territories, the Secretary of Agriculture would stay abreast of rural development aspects of the statewide development plans which each Governor would file with him annually.

The statewide planning process which would help States and localities coordinate activities carried on under both urban and rural community development revenue sharing will be established in legislation that I will submit shortly. It would require annual preparation of a comprehensive statewide development plan outlining spending intentions for programs in metropolitan, suburban, smaller city, and rural areas alike. The $100 million Planning and Management Assistance program which I proposed in my message to the Congress on Urban Community Development Revenue Sharing would provide funds which States and local jurisdictions could use in this planning process.

The Governor of each State would be given the responsibility for drawing up the statewide development plan. Formation of the plan would be based on a consultative process which considers plans submitted by State-established, multi-jurisdictional planning districts covering all areas of the State. Planning bodies of these districts would be composed of local elected officials. One member from each of the district planning bodies would sit on a panel which would assist the Governor in the planning process. The Secretaries of Housing and Urban Development and Agriculture could accept an alternative consultative process proposed by the State.

The completed plan would be filed with

the Secretaries of Agriculture and of Housing and Urban Development—not for their approval, but as a declaration of intent; a Governor could amend his plan by letter during the course of a year.

The process of developing the statewide plan would focus official concern and public attention upon the inter-relationship of urban and rural community development within the State. The plan could identify potential growth areas, potential new community development sites, and environmentally important areas. It should seek to integrate all important community development factors, including land use.

All the money a State receives under Special Revenue Sharing for Rural Community Development would have to be spent for the benefit of persons in rural areas as outlined in the statewide plan. A State could of course also supplement its own rural development activities with money received under General Revenue Sharing and under other Special Revenue Sharing programs within program definitions. The Secretary of Agriculture would conduct an annual post-audit of State rural development activities, with payment of the next year's rural revenue sharing funds conditional upon State compliance with rural development spending plans for the year past.

THE LOGIC OF RURAL DEVELOPMENT REVENUE SHARING

To review briefly:

The major challenge facing rural America is to diversify its economy and to provide full opportunity for its people to enjoy the benefits of American life. Meeting this challenge will enhance the quality of life for those who remain to operate the nation's family farms and for all their neighbors in the small towns and countryside of America. As a secondary effect—like upstream watershed management for downstream flood control—meeting the rural challenge will also help to relieve the overburdened urban structure by stemming rural outmigration and attracting a share of future growth to rural communities.

The key to rural development strategy is my proposal for $1.1 billion in Special Revenue Sharing for Rural Community Development—money which all States and territories would share and which they could spend in their rural areas as they deem wisest. Other proposed Federal assistance for rural America includes part of the $5 billion General Revenue Sharing program and part of five Special Revenue Sharing programs, as well as the benefits of a reformed welfare system and an improved health care system.

At the core of rural development revenue sharing would be eight agricultural grant programs and three broad development assistance programs now in being. Consolidating them, the revenue sharing approach would build on decentralizing trends in the agricultural programs and on the multi-State, State, and multi-county development planning experience accumulated under EDA and the regional commissions. It would do away with narrow aid categories, spending restrictions, duplication, and red tape now surrounding these programs. It would make the money now devoted to them go further and would provide more money.

Existing programs and development projects could continue or not at the discretion of each State, and the right of choice would rest close to the rural people at whom the aid is directed. A statewide planning requirement with a broadly representative input would promote coordinated development of a sort not now approached and would insure that all areas of the State have a voice in the planning process; but in no case could rural development revenue sharing money be diverted from rural needs.

URBAN-RURAL PARTNERSHIP

More money, plus more freedom to spend it, plus better planning in doing so, add up to better living for rural Americans and brighter futures for rural communities. Mutual benefits of the urban-rural partnership would be manifest as cities enjoyed the fruits of a healthy agricultural economy and the relief of more evenly distributed population growth, while rural areas felt the effect of new social and economic advantages. Rural and urban communities would no longer siphon off one another's strengths and resources nor shunt problems and burdens from one to the other. They would progress together in a dynamic balance, as partners in the best sense.

RICHARD NIXON.

THE WHITE HOUSE, *March 10, 1971.*

REVENUE SHARING FOR RURAL DEVELOPMENT

Mr. GERALD R. FORD. Mr Speaker, the President has sent the Congress a program of special revenue sharing designed to accelerate rural development in America.

If there are any Americans who need special help today it is those of our citizens who live in our rural communities.

They need 100 percent of opportunity to achieve to their fullest capacity, to realize all of their potentialities. But opportunity in agriculture has shrunk dramatically due to tremendous advances in farm technology. This means new fields—new opportunities—must be opened up in rural America.

The President's special revenue sharing program for rural development is offered as a doorway to such opportunities, the opening of opportunities for a richer life in our sparsely populated communities. The paramount need is to develop and diversify the economy of rural America. This is the challenge that faces us, and the administration's special revenue sharing program for rural development comes before us as a proper vehicle by which that challenge can be met.

Mr. Speaker, I urge the careful attention of Congress for this program laid before us by the President today. We must build a new road to progress for rural Americans. Action is needed—and now.

PROVIDING FOR CONSIDERATION OF H.R. 4246, EXTENDING UNTIL MARCH 1, 1973, CERTAIN PROVISIONS OF LAW RELATING TO INTEREST RATES AND COST-OF-LIVING STABILIZATION

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 276 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 276

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. 4246) to extend until March 31, 1973, certain provisions of law relating to interest rates, mortgage credit controls, and cost-of-living stabilization. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 4246, it shall be in order in the House to take from the Speaker's table the joint resolution S.J. Res. 55 and to move to strike out all after the resolving clause of the said Senate joint resolution and insert in lieu thereof the provisions contained in H.R. 4246 as passed by the House.

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

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska (Mr. MARTIN) and pending that I yield myself such time as I may consume.

Mr. Speaker, this rule is an ordinary one with 2 hours of general debate. This is an open rule but it does have one provision that should be briefly discussed. On the second page of the resolution there is this language:

After the passage of H.R. 4246, it shall be in order in the House to take from the Speaker's table the joint resolution S.J. Res. 55 and to move to strike out all after the resolving clause of the said Senate joint resolution and insert in lieu thereof the provisions contained in H.R. 4246 as passed by the House.

Some Members may remember that the Committee on Rules had stopped providing that language in resolutions for a number of months during the last Congress. The Committee on Rules did so because a rule of the House, designed to prevent a conference from reporting matter that had not been considered and adopted in one of the two Houses, had been interpreted in the past in such a way that when this procedure was followed, when only one bill was before the conference, that much broader language could be put in the conference report as long as it was germane. The rather, in my judgment, specious reasoning that

had been used in the precedents was to the effect that there was not really a conference, there were not really two bills before the conference, but there was only one bill. There was one bill with two versions. In order to close the loophole that had developed, the Committee on Rules ceased to provide this type of language in the rules that were granted. However, the Committe on Rules decided that it should provide a permanent solution to the problem and it did so or rather the House did so in following the recommendation of the Committee on Rules in the Legislative Reorganization Act of 1970. Section 135 of the Reorganization Act—Public Law 91–510—deals with conference reports. The language that corrects this problem for all time in my judgment and I believe in the judgment of all concerned reads as follows:

Moreover, their report—

That is, the conference report—

shall not include matter not committed to the conference committee by either House, nor shall their report include a modification of any specific topic, question, issue, or proposition committed to the conference committee by either or both Houses if that modification is beyond the scope of that specific topic, question, issue, or proposition as so committed to the conference committee.

On the basis of the adoption by the Congress of this clarification there no longer seems to be any objection to the use of the heretofore questionable language included in this resolution, House Resolution 276, which makes it simpler to get to conference. And that is the only thing that will be accomplished by this language, as I understand it, because there is no longer the loophole, the rather complicated loophole that I have tried to describe since it has been eliminated.

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

Mr. BOLLING. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I believe the gentleman from Missouri said that this was an ordinary rule. I do not want to quarrel with the gentleman over semantics but to me this is a most unordinary rule in that it apparently is a completely open rule.

Mr. BOLLING. The gentleman from Missouri will state to the gentleman from Iowa that he would be delighted to continue this semantics discussion with the gentleman.

Mr. GROSS. All I want to say to the gentleman—if the gentleman will yield further—is——

Mr. BOLLING. I am delighted to yield further to the gentleman from Iowa.

Mr. GROSS. Thank you, thank you, for this unusual open rule.

Mr. BOLLING. On behalf of the Committee on Rules, we are delighted that the gentleman from Iowa is pleased.

Mr. MARTIN. Mr. Speaker, I want to concur in the comments made by the gentleman from Missouri concerning the intent and understanding of the Rules Committee in drafting the amendments to clause 3 of rule XXVIII with respect to the authority of House conferees.

Stated simply, the intent of the committee was to insure first, that no issue or question not committed to the committee on conference by either House could be included in conference reports, and second, to insure that with respect to those issues committed to conference, no resolution thereof would be reported which had the effect of going beyond the differences as framed by the two Houses in their individual passage of the legislation.

I might mention that in the last Congress, on at least two occasions Members were required to accept in a conference report matters beyond the limits I have mentioned above. In both instances, the coal mine safety and airport and airways trust fund bills, new material beyond the scope of the differences sent to the committee on conference were reported back. In each instance a number of Members felt that the conferees had clearly exceeded their authority, but the parliamentary situation and the precedents applicable to the then existing rule seem to make it impossible for Members to remedy the situation on the floor.

The Rules Committee, by its amendment to clause 3 of rule XXVIII, believes it has eliminated this problem with respect to reports of a committee on conference.

The purpose of the bill is to extend through March 31, 1973, the authority: First, to establish ceilings on interest rates paid by financial institutions on time and savings deposits; second, for the President to establish controls over wages, prices, rents, and salaries at levels not less than those existing on May 25, 1970.

The existing authority, or regulation Q as it is known, to provide for flexible ceilings on interest rates was first enacted during the 1966 "credit crunch" to eliminate damaging competitiveness among lending institutions. The law gives Federal banking agencies authority to establish interest rate ceilings paid upon commercial bank certificates of deposit, based on the size of the deposit. Currently, interest rates are well below previous ceilings. Also in 1966, Federal authorities were given authority to prescribe maximum interest rates in federally insured savings and loan institutions. Failure to renew these authorities—which expire on March 31—could cause a revival of an interest rate war between banks and thrift institutions and distort the financial markets, and almost surely damage the reviving homebuilding industry.

Public Law 91–558 created the present standby authority in the President to freeze wages and prices at a predetermined level. No implementing authority or authorization of funds was contained in that legislation. If not extended, the statutory authority expires at midnight March 31.

Two changes are incorporated in the reported bill. If the standby authority is activated by the President, such action will automatically terminate after 6 months unless Congress renews his authority prior to its expiration. The bill authorizes $20 million for administrative expenses necessary to set up a price and wage control system.

Additional views are filed by Mr. BROWN of Michigan. He opposes the creation of standby wage and price control authority without the Congress facing up to its responsibility and legislating such controls, while requiring the President to administer the program enacted by the Congress. He will offer an amendment to achieve this end.

Mr. ROUSSELOT, Mr. CRANE, Mr. BLACKBURN, and Mr. ARCHER have filed dissenting views opposing the bill. They do not believe the authority would ever be used and also that such controls do not effectively attack the real economic problems facing the Nation.

The vote to report the bill was 30 to 3.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

Mr. BOLLING. 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. 17]

Abzug	Edwards, La.	Mollohan
Anderson, Tenn.	Fisher	Murphy, Ill.
Ashley	Foley	O'Hara
Badillo	Fraser	O'Neill
Baker	Gallagher	Pepper
Bingham	Giaimo	Peyser
Blatnik	Gray	Pryor, Ark.
Boggs	Green, Pa.	Reid, N.Y.
Brown, Ohio	Hastings	Riegle
Chisholm	Hébert	Roncalio
Clark	Heckler, Mass.	Roy
Clawson, Del	Hogan	Ruth
Clay	Karth	Sarbanes
Collins, Ill.	Kluczynski	Scheuer
Colmer	Long, La.	Stephens
Conyers	McCulloch	Stokes
Coughlin	McEwen	Stuckey
Denholm	McKay	Teague, Calif.
Derwinski	Macdonald, Mass.	Thompson, N.J.
Diggs	Mahon	Ware
Dowdy	Mikva	Yates

The SPEAKER. On this rollcall 367 Members have answered to their names, a quorum.

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

APPOINTMENT AS MEMBERS OF SPECIAL COMMISSION ON MODERNIZATION OF HOUSE GALLERY FACILITIES

The SPEAKER. Pursuant to the provisions of section 499(a), title 4, Public Law 91–510, the Chair appoints as members of the special commission on modernization of House gallery facilities the following Members of the House: Mr. WAGGONNER, of Louisiana, chairman; Mr. SCHEUER, of New York; Mr. DENHOLM, of South Dakota; Mr. SMITH, of California; and Mr. DEVINE, of Ohio.

EXTENDING UNTIL MARCH 31, 1973, CERTAIN PROVISIONS OF LAW RELATING TO INTEREST RATES AND COST-OF-LIVING STABILIZATION

Mr. PATMAN. 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. 4246) to extend until March 31, 1973, certain provisions of law relating to interest rates, mortgage credit controls, and cost-of-living stabilization.

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. 4246, with Mr. ANDREWS of Alabama 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. PATMAN) will be recognized for 1 hour, and the gentleman from New Jersey (Mr. WIDNALL) will be recognized for 1 hour.

The Chair recognizes the gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill we are considering today would accomplish two things. First, it would extend the so-called regulation Q authority to allow the various Federal financial regulatory agencies to impose different interest rates on various time and savings deposits until March 31, 1973. Second, this legislation, if enacted, would continue to provide the President with discretionary authority to impose a freeze on prices, rents, wages, and salaries. This authority, too, would expire under the law on March 31, 1973.

Your committee recommends that the regulation Q authority be extended, based on the fact that if another tight money-high interest rate situation were to occur, it could cause excessive and unfair competition between financial institutions and, thereby, again drive billions of dollars of savings out of those financial institutions which traditionally invest their funds in home mortgage loans.

Since this legislation was initially enacted into law in 1966, it has provided, in effect, upon regulations promulgated by the various Federal regulatory agencies, for financial institutions to discriminate and offer higher interest rates on large savings, as opposed to small savings. Its effect, therefore, has been to discriminate against the small saver and in favor of the large saver.

Since this provision was initially enacted into law in 1966, it has been your committee's intent and request to have the various Federal agencies make recommendations to the Congress which would eliminate this discrimination against the small saver. Unfortunately, such recommendatitons have not been forthcoming. Therefore, an amendment was adopted by your committee which directs the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency through the Treasury Department, and the Federal Home Loan Bank Board to provide the Congress, by December 31, 1971, with recommendations that will eliminate any discrimination by regulated financial institutions against the small saver.

The second section of the legislation before us, which concerns itself with extending the discretionary authority of the President to, in essence, institute wage and price controls, was, as we know, fully debated by the Congress and enacted into law last year. Your committee believes that the President should again have this authority to be used if necessary. With the unfortunate situation of still having inflation running at high levels and unemployment running at high levels—with no clear indication that this situation will change any time in the near future—it may well be necessary for the President to use this authority. It should be pointed out, however, that it is not the intention of your committee that this legislation be used on a single-shot basis, but rather should be used to apply across the board in those major economic areas which have led to the unwholesome situation in which we now find our economy.

Two amendments were accepted by the committee to this section of the bill. One amendment provides that if the President does use his standby authority to institute such controls, such authority would expire within 6 months of the date of the President's action, unless the Congress renews the authority. The rationale behind this provision is simply that the Congress, under this authority, would be able to maintain a continuing surveillance over the exercise of any such authority.

The second amendment to this section of the bill would authorize the appropriation of $20 million to enable the President, if needed, to have funds to staff whatever organization he feels necessary to carry out this action.

Mr. Chairman, many of our witnesses believed, as do many members of the committee, that the President, through the utilization of existing agencies and their staffs, can most efficiently carry out the authority under this section and that no additional staff or funds are needed. In order, however, to assure efficient operation of the program if utilized by the President, the committee does recommend that this committee amendment be adopted.

Mr. Chairman, as we all know, when this legislation was first proposed by the House Banking and Currency Committee as a vital economic stabilization measure, it was actively opposed by the administration. It appears that since that time the administration has at least changed its position somewhat in that some of the recent comments and actions emanating from the White House indicate that the President not only accepts jawboning as necessary, but a viable tool by the action he took in recent weeks concerning wages paid in the construction industry. While many of us are highly critical of the single-shot action taken against the wage earners in this industry, there can be no question that the President is taking a more active role and using the office of the Presidency in an attempt to bring about economic stability.

Prior to the highly questionable action taken by the President under the Davis-Bacon Act concerning construction workers, the Secretary of the Treasury appeared before your Committee on Banking and Currency on H.R. 4246, the bill which we are now discussing. Many of us on the committee were surprised when the Secretary, in his testimony, stated that, "We also accept section 2 of H.R. 4246"—the discretionary wage-price authority section of the bill. This position taken by the administration perhaps accounts for the fact that the committee, by a vote of 30 to 3, favorably ordered the bill reported from your committee.

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

Mr. PATMAN. I yield to the distinguished gentleman from Iowa (Mr. GROSS).

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

Last year when similar legislation was before the House, an issue was made of the fact that there was not a time authorized for administration of wage and price controls. This year the bill has $20 million in it. Why the change of mind?

Mr. PATMAN. This is not an appropriation bill. This is an authorization.

Mr. GROSS. I said authorization. There was no authorization at all in last year's bill.

Mr. PATMAN. It does not take a penny out of the Treasury, but if the President imposes these controls, he will certainly ask Congress for money, and the authorization is there. It makes it easy for him.

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

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, in further response to the question by the gentleman from Iowa, the reason there was no authorization for specific administrative funds in the bill which became law last August was that the administration at that time vehemently opposed the bill, and the position of the majority was that until the administration requested a specific amount, it would not be helpful to put anything in.

This time the administration, through a member of the minority party, let it be known that the sum of $20 million would be satisfactory and could take care of any conceivable administrative expense. So in order to accommodate that wish, the amendment was adopted.

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

Mr. PATMAN. I yield to the gentleman from Iowa.

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

Do I understand the administration wants this legislation?

Mr. PATMAN. I can only take the word of the Secretary of the Treasury who said, "We accept section 2 of H.R. 4246."

What he means by that "we accept it," speaking for the White House, obviously, is that he is accepting it, of course.

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

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

Mr. ROUSSELOT. I thank the distinguished chairman of the committee for yielding.

Is it not also true, Mr. Chairman, to clarify the record, that when I specifically asked Secretary of the Treasury Connally as to whether he would object to removal of section 2, which is the wage and price controls discretionary authority, he did state he would not object to removing that section; is that not correct?

Mr. PATMAN. I do not recall, but the gentleman was there. If he says it is correct, I am sure it is correct.

Mr. ROUSSELOT. So the point is that the administration was really not advocating, that is as a strong advocate, having this included in the bill. They merely said that they would abide by Congress' decision and were not asking for this authority.

Mr. PATMAN. That depends on the kind of interpretation one places upon the words, "we accept section 2." If that means he is against it, I cannot interpret it that way myself, but any Member has a right to interpret it any way he desires. But acceptance, in my book means he is not against it.

Mr. ROUSSELOT. In specifically asking that question, as I did, the Secretary said he would not object to section 2 being stricken from the bill. When the vote came up it is true the majority of the committee decided not to strike that section of the bill.

Mr. PATMAN. The minority could offer such an amendment.

Mr. ROUSSELOT. That is right.

Mr. PATMAN. Mr. Chairman, I reserve the remainder of my time.

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

Mr. Chairman, I have mixed feelings about this legislation. While I support the bill as it was reported by our committee, I do not delude myself that passage of the legislation is of critical importance.

Section 1 of the bill would extend for 2 years the authority of the Federal regulatory agencies to classify and set ceilings on interest paid on time and savings accounts. This authority was granted on a temporary basis in the money crunch of 1966. It proved useful in cooling down competition that was causing diversion of funds from mortgage lending institutions, thereby deepening the housing recession. The authority again proved useful in the period of monetary stringency last year. But today, the picture is different. Savings institutions are experiencing a massive flood of savings deposits. Mortgage money is freely available and will continue so for the foreseeable future. Accordingly, because of this tremendous inflow of savings, operation of this law has become moot already. The flood of savings is such that institutions are backing away from the ceiling rates authorized by the regulatory agencies and very shortly, generally, will be paying less than the ceiling rates authorized. No longer do you see the ads formerly appearing so freely in the papers saying "we pay the highest legal permissible rate on savings." The six percent consumer type CD available from savings institutions a year ago has virtually become a nonexistant instrument as far as new savings are concerned.

As I have already said, it is not of critical importance whether this authority is extended or not at this time. Rate control authority is one of the issues which the President's Commission on Monetary Institutions is considering and will be reporting on at the end of year and, of course, the Congress will later be considering those recommendations in detail. Therefore, pending this report, I would go along with extension of the rate control authority even though at the moment it is not in effective use.

The second section of the bill would extend for 2 years authority for the President to impose price, wage, rent, and salary controls on a selective or across-the-board basis. This authority remains just what it was when it was initially authorized by the Congress, namely, in my opinion, a partisan political gimmick. This was made abundantly clear when the authority was granted. You will recall, no authorization was provided for expenses that would be necessary if the authority was to be implemented. Further, when the issue was squarely put to the House as to whether or not it would direct the imposition of price and wage controls, the proposal was overwhelmingly defeated by a vote of 270 to 11.

The Secretary of the Treasury in testifying for the administration on this proposal, made clear that the administration was not asking for extension of price and wage control authority but that it would have no objection if Congress saw fit to grant it, and, therefore, the administration supported the chairman's bill as introduced.

The administration also made clear that it would not impose general price and wage controls without further direction by the Congress.

It is true, the bill was amended this year to authorize appropriations of up to $20 million to fund action under the authority, if utilized. That, of course, would only cover expenses of selective uses of the program. I make no predictions, but I ask you to reflect with your own conscience as to whether or not you honestly believe the Congress would pass an appropriation to meet the expenses of price and wage controls imposed on a selective basis. Obviously, if across-the-board controls were imposed, a much larger appropriation than $20 million would have to be authorized and passed. Again, ask your own conscience if you think the Congress would do that.

So, my position on extending the section 2 political authority of this bill is that it is really immaterial whether it is done or not.

I would like to comment further on the prospects for this legislation. Our committee was wise enough not to load it up with other extraneous measures. I am not at all sure that will be the case with the Senate. Already, the Senate has passed a 60-day extension of the interest rate and price and wage control authorities. There was nothing involved about our committee considering and promptly reporting the 2-year extension bill. If that is all the Senate wanted to consider, there would have been no reason why they could not have done likewise. The fact that they have gone to the 60-day extension approach leads me to be suspicious that the Senate may think they can tack on other extraneous measures, some of which possibly might not be acceptable to the administration. It is my opinion that such action would be a mistake because if ever a bill was not veto proof, this is it. I do not know what the outcome will be, but as I stated at the beginning, it is with mixed feelings that I support the legislation.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. LONG).

Mr. LONG of Maryland. Mr. Chairman, I rise in opposition to these proposals for wage and price controls. It is difficult for me to judge whether the proposals are serious or just a political ploy. In any case I would like to suggest what the economic and social effects of wage-price controls would be.

Controls would treat the symptoms rather than the causes of inflation; prices would still rise anyway. Even during World War II prices rose at a rate of 9 percent per year, 38 percent altogether during the war period. During the first year of controls in the Korean war, prices also rose 9 percent.

Controls would create shortage of goods. Through artificial pricing the demand rises immediately and many goods simply disappear from the market. Beef disappeared from the stores in the fall of 1946. Prices were so low that farmers could not bring their animals to market. Low priced clothing disappeared from the store windows.

Controls would require rationing. Either implicitly or explicitly, wage and price controls mean rationing. People immediately buy up the cheap articles unless they are equally apportioned.

Controls would create a black market. Knowledge that there would be shortages encourages unscrupulous operators to buy up large quantities of desirable goods for resale. Even normally law-abiding citizens are encouraged to participate in such illegal operations. One OPA official reported that while traveling in Texas he stopped in a rural area where a farmer was slaughtering a steer for illegal sale. He asked the farmer whether he was not doing something against the law, and the farmer said, "I reckon we ain't heard about that law out here."

Controls would result in declining quality of goods; when producers can-

not raise prices they cut corners on quality.

Controls would divert resources away from the controlled areas—if only primary, critical areas of production are subject to controls—thus aggravating the problem which created the inflation—lack of primary goods.

Controls would divert monetary resources into nonproductive sectors. Antiques, coins, stamps, paintings, and fine wines provide hedges against inflation. These reflect the true inflation in the economy by rising in price, while the controlled areas cannot.

Controls would be impossible to administer. Over 300,000 people worked in the OPA during World War II. Price-wage controls would create a monstrous bureaucracy with associated high administrative costs and ineffectiveness. One thing controls would do—they would solve the unemployment of economists.

Controls would create mountains of redtape for business and labor. A standing joke during World War II was that Lincoln took only 267 words for his Gettysburg Address, but it took the OPA 22,000 words to establish the price for a head of cabbage.

Controls will lead to exceptions being made for individual firms, workers, and industries, or sectors which by some criteria or another deserve special treatment.

By the end of September 1951, during the Korean war, 63 special regulations had been issued to relieve particular manufacturers and retailers. In August 1951, cost-of-living adjustments were authorized for all workers. The distortions in the economy caused by the exceptions bore heaviest on those who were not able to obtain relief because they did not have the political power or know-how.

Controls would result in inequities. They would ignore productivity differences among industries, and the situation at the time of the imposition. For example, some businesses may have just raised prices, others may be having sales, some workers may have just won a raise, others may have been a long time without wage increases. Some unions may have negotiated multiyear contracts with successive increases built in, while others may have not. Schemes are easy to design in order to avoid the system, such as fake overtime and phoney promotions.

Controls, to be at all effective, would require broad-based public support. This existed in World War II; even then price control did not work very well; but public support did not exist during the Korean war. It does not exist today.

Finally, controls would be as difficult to get rid of as to establish in the first place. For example, the freeze order during the Korean war was issued in January of 1951. The OPS spent the first 6 months after that trying to develop appropriate escape hatches, and then the next 18 months decontrolling.

In sum, wage-price controls would conceal rather than solve the problem of inflation. They would play havoc with the working of the economic system by causing shortages, rationing, black-marketeering, and deteriorated quality. They would create a top-heavy administrative bureaucracy of thousands of people in nonproductive jobs while generating enormous amounts of paperwork for business, labor, and government. They would be unfair in their application, and they will be difficult to eliminate. Inflation is bad enough. The medicine of wage-price controls is many times worse than the disease.

Mr. WIDNALL. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. DWYER).

Mrs. DWYER. Mr. Chairman, I rise in support of the pending legislation.

Mr. Chairman, at a time when the national economy continues to suffer from considerable uncertainty and instability, and at a time when the administration is beginning to find hopeful signs that its efforts to revive and stabilize the economy may be achieving some results, it is especially important to assure ourselves that the authority to act effectively remains available. The pending bill does just that, and I support it.

All of us hope, I am sure, that the President's economic policies make it unnecessary to utilize the standby authority to control wages, prices, salaries, and rents which this legislation extends. But in the interests of timely action, should such action become necessary, the President should have the authority—subject, of course, to the limitations and qualifications spelled out by the bill.

In the same way, most of us may be concerned at the apparent inequities in the interest rates available to large savers as opposed to small savers. Yet, the authority to establish such flexible ceilings on rates, which would also be extended by this legislation, is a necessary one if we are to continue to control the cutthroat and destructive competition that could weaken our financial system. I share the hope of my colleagues on the committee, however, that the appropriate agencies can find a way to eliminate discrimination between large and small savers. The extraordinary efforts made by millions of middle-income families to increase their levels of savings during the past year, for example, have contributed significantly to the lowering of interest rates, the increased availability of money, and the new hope we see for a reduction in inflation. Their efforts should not be penalized by limiting them to rates of interest hardly adequate to compensate for inflationary price increases when higher rates are available to others.

Mr. Chairman, enactment of this bill will not complete the Congress responsibility for taking effective action to help stabilize and strengthen our economy. Last year, I introduced H.R. 18084, a bill to provide for the development of price-wage guideposts within the context of sound fiscal and monetary policies. I plan to reintroduce this bill shortly, hopefully with some strengthening amendments, for I am convinced we can do more to promote maximum employment, production, and purchasing power, including reasonable price stability, than we have done to date.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WILLIAMS).

Mr. WILLIAMS. Mr. Chairman, I rise in vigorous support of this legislation because this is legislation we need and this is legislation which very soon the President may find it necessary to use.

The fact of the matter is the President of the United States has been attempting in various industries to get an agreement on voluntary controls and he has been unsuccessful. Even if the President decides not to use the powers given to him under this legislation, and I am referring to the powers relative to economic stabilization, it still gives him something with some muscle in it while he is attempting to get various industries to adopt voluntary controls.

Let me call your attention today to conditions in this country. We see tremendous wage and price increases that are taking place constantly. It does have a very real and very direct effect on inflation. I do not care whether the economists are talking of a 3-percent inflation this year or a 6-percent or 7-percent inflation this year—our economy is not in a position to withstand any inflation. As long as we permit a constantly increasing and rising spiral of wages and prices, we are going to have inflation.

I recognize under the dissenting views in the report that attention is called to other conditions which also cause inflation. Well, I say to you we have to do those things also, as well as approve this legislation, if we are going to preserve the economy of this country.

The fact of the matter is that the wage and price increases in this country have priced American-made products right out of the world market. You know the conditions in the American textile and shoe manufacturing industries today.

You are also aware of the fact that in places like Japan, Italy, and France, and these are anything but underdeveloped countries with a low standard of living, that they can actually make power generating equipment and power transmitting equipment cheaper in those countries and ship it here than we can manufacture those same products in this country.

Now let me call to your attention the authority that the President has under the Economic Stabilization Act of 1970. I will read it as follows:

> The President is authorized to issue such orders and regulations as he may deem appropriate to stabilize prices, rents, wages, and salaries at levels not less than those prevailing on May 25, 1970. Such orders and regulations may provide for the making of such adjustments as may be necessary to prevent gross inequities.

Furthermore, to the legislation we have added an authorization for $20 million to implement the powers given to the President so that this will give the President even more muscle in striving to achieve voluntary controls.

The previous speaker dwelt at some

length on the thousands of people who were employed by the OPA, that is the Office of Price Administration. The attempt was made to compare these economic stabilization powers contained in this bill with this plight during wartime.

I can tell you that there is absolutely no shortage of any product in this country. You are not going to need a massive agency employing many, many thousands of people in order to handle rationing. You are not going to have any rationing and as far as policing the action that the President may take, if he is given these powers, I can tell you that the American people will be the first ones to report any increases in prices, and we are not going to need thousands upon thousands of people.

The fact of the matter is that we are not going to have any gas stamps and we are not going to have any food rationing stamps. We are not going to have any of that. The only thing the President would find it necessary to do, if he should invoke the proposed powers, is to set up one master Stabilization Board with regional Stabilization Boards under it.

I would presume that the President might decide to freeze wages and prices at a level of, say, something like January 1 or February 1, 1971. Then once the Stabilization Boards were set up, the only way that wages and salaries could be increased would be if it was proven that productivity had increased. The only way that prices could be increased would be if the manufacturer or producer could prove that he was paying more money for imports that went into his product. They would have to make a case.

I believe this is excellent legislation. I think it is a power the President needs. I would personally urge him to consider using these powers in order to help stop inflation, which is devaluing the American dollar, which is pricing our American products out of the world markets, and, therefore, adding to our already unfavorable balance of payments.

Therefore, I urge support of this legislation.

Mr. PATMAN. Mr. Chairman, I yield whatever time she may desire to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, this bill was extremely controversial last year, when we first gave President Nixon standby authority to apply price, wage, salary, and rent controls either on a selective basis or across the board. I do not think it is a very controversial measure today.

The administration has never asked for the authority this bill contains, and has said repeatedly that it has no intention of using the power for a general price and wage freeze except in case of unforeseen national emergency, but I think the administration is now not only willing—but quite happy—to have this power in being.

It was the same thing with the credit control authority we gave to the President in December 1969, over his very vigorous objections. He has not used the credit stabilization powers and has indicated he does not plan to use them—although many of us think he should have done so during several periods of the last 16 months—but the fact that the standby credit control powers do exist, and can be used, is undoubtedly a source of comfort to the economic leaders of the administration. In fact, Federal Reserve Chairman Arthur F. Burns told us he felt that way about having the standby credit control powers in the Government's arsenal of economic weapons.

STANDBY POWERS SHOULD REMAIN IN LAW

In my opinion, Mr. Chairman, the standby powers for selective economic controls should always be available to a President. In 1953, when I first came to this House, I joined the late Senator Homer Capehart of Indiana, then chairman of the Senate Committee on Banking and Currency, in an effort to retain in the law, on a standby basis, the economic stabilization controls of the Defense Production Act which were used during the Korean war period and were about to expire in 1953. The Eisenhower administration would not support such legislation, and it never got very far.

The bill before us now continues for 2 years the standby powers we gave to the President last year to stabilize prices, wages, salaries, rents, and also continues the authority to impose ceilings under regulation Q on the interest rates paid by insured savings institutions on time deposits. One section of the bill enables the Government to limit how much interest you can receive on your savings, another section provides the power to control the wage increases you can receive, or increases in the prices you pay for the things you buy.

Neither section of this bill will solve our inflation problem or end unemployment or build more houses or do any of the affirmative things we have to do in order to get our economy back into health again. These are only some tools the administration could use to ameliorate certain of the pressures at some places in the economy. But without economic statesmanship and leadership—not just drift, but leadership—the remaining 2 years of this administration's term in office do not contain much prospect for full employment in a stable economy.

(Mr. BARRETT (at the request of Mrs. SULLIVAN) was granted permission to extend his remarks at this point in the RECORD.)

Mr. BARRETT. Mr. Chairman, I rise in support of the bill, H.R. 4246, the extension of the Economic Stabilization Act of 1970. It is fitting that this bill is the first bill to be reported out by the Committee on Banking and Currency in this Congress. We are again attempting to provide the President of the United States with the tools to bring some sanity back into the economy. In enacting this legislation last year, the President made an undying pledge never to seek any kind of wage-price controls, and he further pledged that it was not the business of the President to tamper with the economy by either "jawboning" or direct controls. With the economy in worse shape than it was last year, the administration is grudgingly admitting that perhaps Congress was right last year in giving the President the authority to impose wage-price controls. I am pleased that the President, despite his high-interest tight-money Republican economic philosophy, finally realizes that perhaps Congress was right last year in enacting this piece of legislation.

Mr. Chairman, it is very important that we enact H.R. 4246 since the provisions of this act expire on March 31. Section I of the bill extends until March 31, 1973, the authority to establish flexible ceilings on rates paid by financial institutions on time and savings deposits. This authority was first enacted by Congress during the 1966 credit crunch to restrain excessive competition for funds by commercial banks and savings and loan associations. Unless this authority is renewed by us, this rate control authority would expire on March 21. The authority to control the rates of interest paid on time and savings accounts is needed if we are to prevent ruinous competition between the savings institutions which provide the bulk of mortgage credit in this Nation and the commercial banks. In order to attract consumer savings, commercial banks have engaged in the practice of providing savers with consumer-type certificates of deposits at competitive rates with the thrift institutions. Commercial banks also offer large denomination certificates of deposits—$100,000 and over—that compete with the general money market instruments. It is very important that this particular provision be enacted immediately if we are to continue to provide a balanced market for time and savings deposits. This provision also extends the authority of the Federal Home Loan Bank Board to prescribe the maximum rates of interest which federally insured savings and loan associations can pay on savings deposits. Under this authority the Home Loan Bank Board has established a ceiling of 5 percent on passbook accounts and from 5¼ to 6 percent on certificates of deposit, depending on their maturity.

I am pleased that we amended this section directing the Federal Reserve Board, the Federal Deposit Insurance Corporation, Comptroller of the Currency, and the Federal Home Loan Bank Board, to provide the Congress by December 31, 1971, with recommendations that would eliminate any discrimination by regulated financial institutions between small and large savers, while at the same time maintaining whatever authority is necessary to prevent excessive and unfair competition between financial institutions. We on the committee feel that the small saver has been discriminated against under existing conditions that allow interest rates to be higher on large deposits, than they are on the small consumer savers deposits.

WAGE-PRICE CONTROLS

Section 2 of H.R. 4246 extends the authority of the President to issue orders

and regulations to stabilize prices, rents, wages, and salaries at levels of not less than those prevailing on May 25, 1970. This provision extends this presidential authority to March 31, 1973. The President would have the authority to determine whether or not such orders and regulations should be issued, and he would further have the authority to make adjustments within such orders and regulations as he may deem necessary to prevent any inequities that might occur as a result of such stabilization orders.

Since unemployment is still running at close to 6 percent of the labor force, with approximately 5.4 million people unemployed, with the Consumer Price Index still increasing at approximately 6 percent a year, we felt it necessary to give the President the authority to impose selected controls as a necessary weapon without relying exclusively on fiscal and monetary actions that place an inordinate burden on the citizens of our country. We felt that the President can use this authority to dampen the inflationary pressures on the economy. An important amendment was added in the committee which provided that if the President uses this authority to institute controls of wages, salaries, prices, and rents, that such authority would expire within 6 months of the date of the President's initial action unless the Congress renews the authority during that 6 months so we could maintain a continuing surveillance of the exercise of this authority.

Before concluding, Mr. Chairman, I would like to make an observation on the President's recent action in suspending the provisions of the Davis-Bacon Act. By so doing the President has made American trade unions the convenient whipping boys in his fight against inflation. By this action he has laid the total finger of blame on the American workingman, who is by no means solely responsible for the inflation which this country is suffering from today. The increased wages that labor has obtained in the past 2 years solely results from the high interest, tight money policy of the Nixon administration. Labor is only attempting to keep its head above the choppy economic waters. I fail to see how the President of the United States cannot look to the other side of the bargaining table if he is attempting to restrain recent price increases.

Mr. Chairman, I urge the adoption of H.R. 4246.

Mr. WIDNALL. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, the first section of this bill is a desirable extension of rate regulation of financial institutions.

The second part is the extension of Public Law 91-379, euphemistically called the Economic Stabilization Act of 1970.

When this measure was passed last August, the act contained flaws. The most significant were: First, that it was an exercise in congressional buck-passing to the President; second, it failed to provide either funds or machinery to accomplish a significant, or more importantly, an equitable freeze; third, the duration, 7 months, was inadequate.

The extension before us today gives us the beginnings of a remedy for the money flaw. But, of course, there is no appropriation. It preserves the short duration flaw by a 6-month limitation. It conveys to the President a "now-you-see-it, now-you-don't" kind of authority.

It is still a pass-the-buck bill. It tries to give responsibilities to the President for which he has not asked. But, in so doing, it places such restrictions on his authority that it is highly questionable whether we have shifted any responsibility at all.

The committee report states that this authority gives the President "all of the necessary weapons needed to dampen down any inflationary pressures in the economy."

I hope no person deludes himself, or anyone else, into thinking that this bill does provide all the weaponry, because much committee testimony centered on the obvious limitations on the freeze authority. The bill is an indication of congressional interest and, perhaps, an invitation to the President to come back for real powers if he wants them.

On that basis, and on the theory that something is better than nothing, I intend to vote for the bill, and this section of it. But let us not kid ourselves, or anybody else, into thinking we have done something great and wonderful and that we have provided a magic cure for inflation.

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

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

Mr. WIDNALL. Mr. Chairman, I yield the gentleman from Minnesota an additional 30 seconds.

Mr. FRENZEL. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. WILLIAMS. Mr. Chairman, in the gentleman's comment he remarked about a 6-month limitation. I believe what the gentleman meant to say is, if the President invokes the powers granted to him under this bill, that within 6 months the committee has to review the action, but it is not terminated within 6 months.

Mr. WIDNALL. Mr. Chairman, if the gentleman will yield, that is not true.

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

Mr. WIDNALL. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, I rise in opposition to this bill, because of the inclusion of section 2.

Section 2 of this legislation, H.R. 4246, would extend for 2 years discretionary authority to the President of the United States to establish general wage and price controls. President Richard Nixon on previous occasions has objected to the granting of this authority to the executive branch of the Government and, as a matter of fact, on August 17, 1970, stated:

> I have previously indicated that I did not intend to exercise such authority if it were given me. Price and wage controls simply do not fit the economic conditions which exist today.

In the 1969 annual report of President Johnson's Council of Economic Advisers, the following comment was made regarding such wage and price controls with which President Nixon concurred:

> Mandatory price and wage controls are no answer. Such controls freeze the market mechanism which guides the economy in responding to the changing pattern and volume of demand; they distort decisions on production and employment; they require a huge and cumbersome bureaucracy; they impose a heavy and costly burden on business; they perpetuate inevitable injustices. They are incompatible with a free enterprise economy and must be regarded as a last resort appropriate only in an extreme emergency such as all-out war.

Mr. Chairman, we, of course, do not today have an emergency such as an all-out war and even during World War II, when we did have such an emergency, it was proven conclusively that wage and price controls did not work and merely postponed the day of reckoning.

In a recent discussion on the subject of economics on a television program entitled "The Advocates"—a weekly program that goes over the educational network—Economist and Prof. Milton Friedman and Prof. John Kenneth Galbraith discussed advantages and disadvantages of wage and price controls.

During that discussion, Milton Friedman said that, aside from his disagreement on philosophical grounds—that is, controls are coercive—in a very logical way argued that wage and price controls simply have not worked in the past. Mr. Friedman also commented that we have over 2,000 years of recorded history to show that attempts to control prices and wages have failed. In addition, Mr. Friedman mentioned that price controls have not worked in England and are about to be phased out in Canada. For the foregoing reasons, and taking into consideration my additional comments contained in the report of the House Committee on Banking and Currency, dated March 5, 1971, Dissenting Views. I cannot support section 2 of this legislation.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Chairman, last year when the Banking and Currency Committee and the House of Representatives considered H.R. 17880, I indicated my dissatisfaction with the provisions for standby wage and price controls which were incorporated in that legislation. My position on this issue has not changed and, for the reasons given at that time plus those which I here further enounce, I again urge an alternative to the granting to the President of unlimited authority and prerogatives with respect to the imposition of wage and price controls.

There can be little question but what popular opinion today sees wage and price controls as a way out of our inflationary dilemma and that wage and price controls would be a panacea for all

of our fiscal problems. My constituents on several occasions have so responded when the question has been put to them in my questionnaire. When my irritation over inflation prevails over my judgment, even I often think we should invoke such controls, but as at least a mediocre students of economics and experience, I seriously doubt that wage and price controls are the answer to the type of economic destabilization we are now suffering.

However, I am willing, if are my colleagues, to bite the bullet and put the machinery of controls into being. But I refuse to aline myself with my less forthright colleagues who would pass the buck to the President and in this way be able to criticize the failure of the President to impose such controls or criticize the imposition of such controls, should they be ordered.

Much of what I had to say in my "additional views" to the report on H.R. 17880 last year bears repeating because the standby wage and price control authority in H.R. 4246 is merely an extension of title II of H.R. 17880. In those "additional views" of last year, I said:

The almost unlimited grant of authority to the President to impose and implement wage and price controls provided for in Title II would be considered ludicrous were it not so serious.

At a time when the electorate and some members of Congress are vehemently criticizing the failure of the Congress to assume greater authority and responsibility in the war-making power the President is exercising in international affairs, it is almost unbelievable that anyone would suggest the Congress totally abdicate its responsibility and retain no authority with respect to the power of the President to wage war on the economy.

As I have previously indicated, I have serious doubts about the wisdom of imposing wage and price controls because I believe they would be counter-productive in our effort to stem inflation. But if standby authority is to be legislated, it should be done in the way proposed by an amendment I will offer.

Briefly stated, my amendment provides the standby authority necessary for the invoking of wage and price controls. But there is a significant difference between my amendment and the provisions of Sec. 2. My amendment retains authority in the Congress to invoke a wage and price freeze and then grants to the President the authority to make adjustments in wages and prices necessary for the stabilization of the economy and prevention or elimination of inequities within our wage and price structure.

To permit timely action, my proposal delegates to a joint committee consisting of the Joint Economic Committee, the Speaker and Minority Leader of the House, and the Majority Leader and Minority Leader of the Senate the authority to determine when and if the wage and price control provisions shall be activated.

In essence, my amendment puts the issue of standby authority for wage and price controls in an absolutely clear context. If such standby authority is to be enacted, responsible Members of Congress will support my amendment and those who only wish to play politics will oppose it.

The situation today is little different from what it was when the above remarks were written. The fact that the administration may have changed somewhat its position of outright opposition to such standby authority to one of "accepting" the provisions of H.R. 4246 should not enhance, but should make more doubtful, the desirability of passage of such standby authority. Even Dr. Burns, the Chairman of the Federal Reserve Board, questions the wisdom of giving the President such authority, the Chairman having suggested that granting the President a 2-year extension of standby powers to freeze prices and wages was virtually a granting to the President of "dictatorial authority."

I think the amendment I will propose again this year, which requires Congress to express itself if a freeze on wages and prices is to be imposed, is totally consistent with the administration's position as stated by Secretary Connally when he said in his testimony before the Banking and Currency Committee that the administration would not consider the imposition of such controls without first obtaining further authorization and a formal approval by the Congress for the taking of such action.

Effective utilization of wage and price controls can only occur if there is substantial public acceptance of such controls. And, substantial public acceptance of action in the wage-price area will only occur when there is substantial unanimity in the Congress and executive branch with respect to the necessity for controls.

Under the amendment I will offer, the President could ask the joint committee to adopt the resolution invoking a freeze, selective or general, on wages and prices and a determination by the joint committee that such action should be taken would provide the kind of support necessary for effective control action. I urge my colleagues to retain for the Congress this very important policy decision by adoption of the amendment I will offer.

I think there is even more reason today to adopt my amendment than existed before.

First. The willingness of the administration to accept the standby wage-price authority this year when it actively opposed it last year should prompt fears in many about unnecessary or improper use of the broad discretionary authority by the President.

Second. Those who voice concern about the President exercising "selective" controls should not want to grant to the President an unrestricted right to do just that—yet, without my amendment, the President could pick and choose as he pleases and the Congress would be helpless to do anything about it.

Third. Secretary Connally in his testimony before our committee several times said that the President would not utilize the authority granted to him by the legislators without first obtaining further specific authorization from the Congress. My amendment provides the mechanics for this very kind of cooperative action.

In the absence of my amendment there are no legislative standards or guidelines by which the wage-price authority would be exercised by the President.

The gentleman from Texas, the chairman of the committee has suggested this legislation puts a shot gun on the corner for use by the administration if needed. I suggested the authority is so unrestricted it is more like putting a bone in the corner for the President.

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

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. WILLIAMS. The gentleman's proposed amendment, which will be offered at the proper time, places the authority to freeze prices and wages with the Joint Economic Committee; does it not?

Mr. BROWN of Michigan. Yes. With the Joint Economic Committee plus the leadership of the Senate and the leadership of the House.

Mr. WILLIAMS. All right. Now, if the Joint Economic Committee and the leadership of the House and the Senate decided to invoke these powers is it not true that the actual execution and policing of the wage and price freezes would have to be done by the executive branch of the Government?

Mr. BROWN of Michigan. Absolutely. All that happens is that the Joint Economic Committee for the Congress exercises its proper policymaking function. If the Congress should decide a freeze should be imposed I presume it would not occur until the President asked the Joint Committee to do just that. The committee would impose the freeze and the President would implement and administer the wage and price controls.

Mr. WILLIAMS. I will say that I probably will support the amendment to be offered by the gentleman but I want to make it clear that the ultimate enforcement does lie with the executive branch of the Government.

Mr. BROWN of Michigan. Absolutely, where it should.

Mr. BOGGS. Mr. Chairman, it is good to see so many of our Republican colleagues beginning to rally around Democratic economic policies. Some may say this is a little late in the game but our GOP friends are welcome nonetheless.

When President Nixon was inaugurated back in January 1969, the country was told that we now had a laissez-faire administration on our hands. The marketplace was going to decide everything without any interference from the Federal Government.

That is what we were told in January 1969. During this period, the Republicans spent a great deal of time deriding Democratic suggestions that the President might help curb inflation, hold down interest rates, and stabilize the economy through jawboning. We got lots of knots on the head from the GOP for even suggesting such action.

While the Republicans continued to revel in their recollections of Adam Smith, the economy kept falling apart. Inflation rose and millions joined the unemployment lines.

In the Congress, the Democrats tried to do everything they could to urge the President to take action on the economy. In December 1969, the Democratic-con-

trolled Congress passed legislation which gave the President authority to control credit transactions and interest rates. The Nixon administration of course denounced the Congress for passing these standby authorities.

Then last summer, the Democrats in the Congress got together and pushed through standby authority for the President to stabilize wages, prices, salaries, and rents. Once again, the thing that the Democrats got were more criticism from the President and the Republican leaders.

Then last November, we had an election. And during the course of the campaign, a number of people started talking about the economy, about inflation, about high interest rates, and about the growing unemployment. When the returns came in on November 4, the Democrats, who had urged strong action on the economy, fared very well indeed.

The President and his advisers of course spent a lot of time downgrading the election results and still claimed that all was well with the eccnomic game plan.

But it is obvious that someone in the administration did read the election returns carefully. Suddenly, we started seeing the President using "jawboning"—that Democratic remedy that the Republicans had so loudly denounced. He decided to use it on the steel industry and gained some success despite the hesitancy.

More recently, we have seen the Presidential advisers run up and down the east coast proclaiming the possibility that the President might use the much-denounced wage and price authorities on the construction industry. And then to top off this evolution of Republican economic policies, the new Secretary of the Treasury trotted up to Capitol Hill on February 23 and announced that the administration was endorsing the extension of the wage and price authorities for 2 years.

Mr. Chairman, the Republicans have come a long way—all the way from no jawboning to acceptance of wage and price authorities. The education of the GOP is slow and it is too bad that economic troubles have to be so widespread before there is Presidential action in a Republican administration.

Mr. Chairman, let me cite some key statements by administration officials on this question of wage and price authorities:

Vice President SPIRO AGNEW, quoted in the New York Times, May 29, 1970:

> We have not run for the superficially attractive solution of wage-price controls.

President Nixon in a national television speech on the economy, June 17, 1970:

> I will not take this nation down the road of wage and price controls . . . This is not the time for Congress to play politics with inflation by passing legislation granting the President standby powers to impose wage and price controls.

Under Secretary of the Treasury Charls E. Walker, testifying before the House Banking and Currency Committee, June 22, 1970:

> Wage and price controls must be ruled out completely.

President Nixon on the signing of the Extension of the Defense Production Act which included standby wage and price authorities, August 15, 1970:

> Price and wage controls simply do not fit the economic conditions which exist today.

White House Press Secretary Ronald Ziegler, December 4, 1970:

> There is no change in the President's attitude about wage and price controls.

The Economic Report of the President submitted to the 92d Congress, February 1, 1971:

> I do not intend to impose wage and price controls which would substitute new, growing, and more vexatious problems for the problems of inflation.

Secretary of the Treasury John Connally testifying before the House Banking and Currency Committee, February 23, 1971:

> We . . . accept Section Two of H.R. 4246 which extends the President's standby authority to set up wage-price controls.

Mr. Chairman, it took 9 long months to convince the Nixon administration of the value of these standby wage and price authorities. We are happy to have our GOP friends aboard and I hope that we can discover the means to cut down the long leadtime in gaining administration understanding of the Nation's economic problems.

Mr. LLOYD. Mr. Chairman, in casting a reluctant vote for this bill to give standby authority to the executive to invoke wage and price controls, I do so as a reflection of the great anxiety with which I and my constituents look upon the dangers of an extreme inflation which would demoralize the country and destroy most of the incentive for our citizens to work to provide for their own security rather than to become completely dependent upon Government.

It is obvious this bill will pass overwhelmingly, but it is my hope that the President will not conclude from this overwhelming vote that this House has surrendered to the idea of compulsory economic controls of wages and prices and that by this action we encourage the President to use this authority. In expressing my own view here, I think I am also expressing the innate judgment of the majority of the people whom I represent. That is, that greatly added emphasis should be placed on other methods to attack inflation before any serious consideration is given to the invocation of the compulsory controls of a totalitarian society which I consider wage-price control to be. These free society methods of attacking inflation would include the announcement by the President of an incomes policy to be followed by clear and strong denunciation of any business or labor organization which purposely violated this incomes policy. While many people immediately blame the monopoly of labor unions for excessive price increases, in my mind there is no doubt that business is equally guilty of price inflation when given the encouragement and the opportunity. Therefore, it is incumbent upon the occupant of the White House to establish an incomes policy in an inflationary period such as the present, and to solicit the aid of the American people in securing adherence thereto.

Today's action by this House should not be interpreted by the President as great encouragement to invoke this authority in periods when we are not engaged in an all-out war. I am sure there are many dozens and perhaps even a majority who would vote against this legislation today except for the fact that they felt it may be in harmony with a desire, both personal and political, to take some tangible action, however feeble, as an objection against excessive inflation. If the President uses this authority impulsively or improperly, I for one will regret my vote and the action which we have taken.

Mr. MOORHEAD. Mr. Chairman, I rise in support of H.R. 4246.

I authored the amendment which cuts off Executive wage and price control authority 6 months after it is invoked.

I believe that this formula is sound insurance against unwise Presidential use of wage and price control power.

This section of the bill gives Congress the necessary oversight to scrutinize just how an Executive might use his authority. With this limitation, Congress knows that in 6 months an Executive will have to appear before a congressional committee for an additional extension of authority should he desire it.

At this time, Congress will be able to question the manner in which the authority has been employed and offer new directions that the President might want to explore should wage and price controls be extended further.

The Honorable Arthur Burns, Chairman of the Board of Governors of the Federal Reserve Board, testified before the Joint Economic Committee that a simple 2-year extension is, and I quote Chairman Burns, "giving too much power to the President."

Chairman Burns went on to say that 2-year authority would give the President "virtually dictatorial authority."

The entire statement of Chairman Burns concluded with this note, and once again I quote Arthur Burns:

> If you do give this power to the President, extend this authority beyond March 31, I hope you will do so only for a very brief period, because you are giving dictatorial powers to the President and you ought to do that with the greatest of caution.

I believe that our committee has done precisely this, we have extended the President's power for 2 years, but cut to 6 months the effective time of any order or regulation issued under this authority.

I think we have given the President enough power to deal with certain major problems in the economy and at the same time we have insured that Con-

gress has sufficient control on the authority to end unwise use of it.

Mr. COTTER. Mr. Chairman, I rise in strong support of H.R. 4246. As a member of the Committee on Banking and Currency I was proud to join with my Democratic colleagues in introducing this necessary legislation. The Democratic leadership in the House and the leadership on the Banking and Currency Committee are to be commended for their effort in expediting consideration of this important legislation.

The purpose of this bill is well-known to my colleagues. It is designed to give the President power to attack forcefully our economic problems. I am hopeful that the time of Presidential timidity is past, but the impounding of $11 billion of vital funds and limited attacks on small sectors of the economy have produced not only extremely high inflation but also economic stagnation. Inaction can no longer be allowed. This legislation gives the President the powers to move decisively in the economy.

It extends the Presidential standby authority to stabilize wages and prices by establishing mandatory controls over prices, rents, wages, and salaries. It allows the voluntary implementation of credit controls, and it extends the authority for establishing the maximum rates of interest that banks and savings and loans can pay.

These are powerful economic levers and they should be used in a fair and equitable manner, but they should be used. The Presidential reliance on a "full employment budget" is one step in the correct direction, but the recent disclosure that the Office of Budget Management has impounded $11 billion of funds to stop inflation seems to belie the new directions charted by the President. Of this impounded money, it has been established that almost one-third of the urban renewal money is being impounded. Also moneys for public works, water and sewer facilities, and some mass transit money. I am hopeful that this situation will be rectified, but in the meantime, the Congress must assist the President in lessening the inflationary pressures while attempting to stimulate the stagnating economy.

The bill before the House today is a definite addition to this fight and I hope it is passed overwhelmingly, and more importantly, that the President uses these powers to attack our dire economic problems.

Mr. MONAGAN. Mr. Chairman, I support H.R. 4246, which will extend until March 31, 1973, the authority to establish flexible ceilings on rates paid by financial institutions, and continue the President's discretionary authority to issue orders and regulations to stabilize prices, rents, wages, and salaries.

I supported the Economic Stabilization Act in the 91st Congress because I felt that the President should have extraordinary power to deal with inflationary increases in wages and prices in an emergency economic situation. With approximately 5.6 million people now unemployed and the Consumer Price Index increasing at an annual rate of 6 percent, there is no doubt that the economic emergency continues and, in fact, increases in acuteness, and I want to continue this standby discretionary authority in the President as a supplement to his fiscal and monetary authority.

In connection with the problem of stabilizing the economy, I have introduced legislation which I believe offers a reasonable and workable method to restore national economic stability without resorting to across-the-board freezes.

Like the bill under consideration, my proposal is directed against inflationary increases in prices and wages and is calculated to keep the economy at an even keel at a time when an expansionary monetary policy is being pursued by the executive branch. If the money supply is greatly expanded at this time without a mechanism to keep a lid on wages and prices, we cannot realistically expect the wage-price spiral to be broken or even to be slowed down. In the event the President continues in his reluctance to exercise the power to freeze prices and wages authorized by H.R. 4246, my proposal presents a responsible intermediate measure to maintain domestic economic stability.

My proposal, the Emergency Guidance Board bill, which is being cosponsored by Messrs. McFALL, DONOHUE, BOLAND, BURKE, SIKES, HECHLER, MIKVA, HARRINGTON, LEGGETT, and SISK, creates a temporary Emergency Guidance Board to set and administer a system of voluntary price and wage guidelines for certain concentrated industries and large labor organizations. Under the terms of my bill, the Emergency Guidance Board would be composed of five members appointed by the President subject to Senate confirmation, and would represent business, labor, and consumers. The Board is empowered to monitor adherence to its published guidelines by requiring large industries and labor organizations to file economic justifications indicating how a price increase or wage settlement complies with or departs from the price and wage guidelines. The Board could publish economic justifications filed with it, negotiate with corporations where the guidelines appeared likely to be breached, hold hearings, subpena witnesses and records, and announce findings and recommendations with respect to inflationary departures from the guidelines. The life of the Board would be limited to 18 months, except that its life could be extended for an additional 18 months by a concurrent resolution of Congress.

I believe that my proposal for a temporary Emergency Guidance Board deserves serious and immediate consideration by Congress and the executive, and although I support H.R. 4246 to authorize the President to effect across-the-board price-wage freezes, I think that enactment of my proposal would also provide an equitable and effective cure for our current economic ills.

Mr. PRICE of Illinois. Mr. Chairman, I support the bill, H.R. 4246, extending the President's authority to control price and wages. At a time when inflation remains serious and our economic health in question, it is imperative that we provide the President with the tools he needs to wage an effective battle against inflationary recession. Hopefully, the President will recognize the merits of this legislation. To date, the highly publicized administration game plan for economic recovery has failed.

Instead of relying on selective pressures which at best have little effect, it might be better if the administration dealt with the problem on an across-the-board fashion. If the administration is serious about fighting inflation, the problem must be dealt with in comprehensive fashion. Too little, too late has been the posture in fighting inflation at a time when industrial capacity is down, business profits are down, unemployment still up and wages eaten up by inflation.

The gap between economic security and inflation widens while the Federal Reserve Board, the Council of Economic Advisers, and the Office of Budget and Management argue over the rate of money supply and economic growth. Without decisive action on the administration's part, the Republican antitrust may well have to concern itself with far more serious economic problems.

It is past time to turn this thing around. Coupled with increased employment opportunities through the public service employment and accelerated public works legislation, the bill before us today can help put our economic house in order.

Mr. LEGGETT. Mr. Chairman, I support H.R. 4246 to give to the President standby authority to control wages, profits, interest, and rents with a rollback authority to May 25, 1970. My only reservation is that the President should have used the authority of the previous bill over a year ago.

On November 25 last, I exhaustively analyzed what I considered then was President Nixon's 22-month economic disaster—need for wage and price controls now.

The need is even greater today. The latest economic figures from February point up the continuing disaster.

The President indicated that he had things under control in the state of the Union message. Since that date a little over 1 month ago there have been recorded two of the highest monthly escalations in wholesale prices in years.

These escalations must be reflected in a few months in still higher consumer prices.

I pointed up last November the disaster in employment figures—at that time we had 78,916,000—today we have over 1½ million less employed at 77,238,000. Then we had 4.2 million unemployed. Today we have 5.4 million out of work—over 6.6 percent of the labor market.

Over 9 percent of the workers are not working in many parts of California today.

The following table from the Council of Economic Advisers tells the story:

Period	Total labor force (including Armed Forces)	Civilian employment		Unemployment	Total labor force (including Armed Forces)	Civilian labor force	Civilian employment			Unemployment	Unemployment rate (percent of civilian labor force)		Labor force participation rate, unadjusted [1]
		Total	Nonagricultural				Total	Agricultural	Nonagricultural		Unadjusted	Seasonally adjusted	
	THOUSANDS OF PERSONS 16 YEARS OF AGE AND OVER										PERCENT		
1966	78,893	72,899	68,915	2,875	78,893	75,770	72,899	3,979	68,915	2,878	3.8		60.1
1967	80,793	74,373	70,527	2,975	80,793	77,347	74,373	3,844	70,527	2,977	3.8		60.6
1968	82,272	75,921	72,103	2,817	82,272	78,737	75,921	3,817	72,103	2,816	3.6		60.7
1969	84,239	77,902	74,296	2,831	84,239	80,733	77,902	3,606	74,296	2,832	3.5		61.1
1970	85,903	78,627	75,165	4,088	85,903	82,715	78,627	3,462	75,165	4,085	4.9		61.3
1969:	UNADJUSTED				SEASONALLY ADJUSTED								
Dec.	84,856	78,788	75,805	2,628	85,109	81,669	78,728	3,430	75,298	2,941	3.2	3.6	61.1
1970:													
January	84,105	77,313	74,398	3,406	85,551	82,165	78,943	3,439	75,504	3,222	4.2	3.9	60.5
February	84,625	77,489	74,495	3,794	85,539	82,198	78,781	3,481	75,300	3,417	4.7	4.2	60.8
March	85,008	77,957	74,786	3,733	85,918	82,600	78,969	3,533	75,436	3,631	4.6	4.4	60.9
April	85,231	78,408	74,877	3,552	86,031	82,760	78,886	3,569	75,317	3,874	4.3	4.7	61.0
May	84,968	78,357	74,632	3,384	85,849	82,621	78,601	3,570	75,031	4,020	4.1	4.9	60.7
June	87,230	79,382	75,174	4,669	85,392	82,213	78,299	3,536	74,763	3,914	5.6	4.8	62.3
July	87,955	80,291	76,173	4,510	85,865	82,711	78,574	3,508	75,066	4,137	5.3	5.0	62.7
August	87,248	79,894	76,112	4,220	85,904	82,770	78,508	3,435	75,073	4,262	5.0	5.1	62.1
September	85,656	78,256	74,730	4,292	86,084	82,975	78,479	3,436	75,043	4,496	5.2	5.4	60.9
October	86,255	78,916	75,522	4,259	86,379	83,300	78,691	3,293	75,398	4,609	5.1	5.5	61.2
November	86,386	78,741	75,515	4,607	86,512	83,473	78,550	3,353	75,197	4,923	5.5	5.9	61.2
December	86,165	78,516	75,564	4,636	86,622	83,609	78,463	3,408	75,055	5,146	5.6	6.2	61.0
1971:													
January	85,628	77,238	74,361	5,414	86,873	83,897	78,864	3,413	75,451	5,033	6.6	6.0	60.5

[1] Total labor force as percent of noninstitutional population.

Note: Beginning 1960, data include Alaska and Hawaii.
Source: Department of Labor.

In the "price" statistics area the advisers pull a real coup. At a time when we are trying to gain a perspective to see exactly what escalations have occurred, the Council shifts from the 1957 to 1959 base period to the 1969 base period. The later base period makes the members distorted and confuses an already foggy situation.

The figures do show a price escalation January 1970 to January 1971 of 6.3 percent—the most calamitous in 30 years. The figures follow:

[1967=100]

Period	All items	Commodities				Services		
		All commodities	Food	Commodities less food		All services	Ren	Services less rent
				All	Durable	Nondurable			
1961	89.6	92.0	89.1	93.4	96.6	91.2	85.2	92.9	83.9
1962	90.6	92.8	89.9	94.1	97.6	91.8	86.8	94.0	85.5
1963	91.7	93.6	91.2	94.8	97.9	92.7	88.5	95.0	87.3
1964	92.9	94.6	92.4	95.6	98.8	93.5	90.2	95.9	89.2
1965	94.5	95.7	94.4	96.2	98.4	94.8	92.2	96.9	91.5
1966	97.2	98.2	99.1	97.5	98.5	97.0	95.8	98.2	95.3
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.7	103.6	103.7	103.1	104.1	105.2	102.4	105.7
1969	109.8	108.4	108.9	108.1	107.0	108.8	112.5	105.7	113.8
1970	116.3	113.5	114.9	112.5	111.8	113.1	121.6	110.1	123.7
1969: December	112.9	111.2	112.8	110.2	108.9	111.1	116.1	107.7	117.7
1970: January	113.3	111.2	113.5	110.0	109.0	110.7	117.1	107.9	118.8
February	113.9	111.7	114.1	110.3	109.0	111.2	118.0	108.4	119.8
March	114.5	112.0	114.2	101.6	109.4	111.5	119.3	108.8	121.2
April	115.2	112.6	114.6	111.4	110.1	112.3	120.1	109.1	122.1
May	115.7	113.1	114.9	112.0	111.1	112.7	120.7	109.4	122.8
June	116.3	113.5	115.2	112.5	111.9	112.9	121.4	109.8	123.5
July	116.7	113.8	115.8	112.5	112.1	113.0	122.0	110.1	124.2
August	116.9	113.8	115.9	112.6	112.2	113.0	122.7	110.5	124.9
September	117.5	114.2	115.7	113.4	112.5	114.1	123.5	110.9	125.8
October	118.1	114.8	115.5	114.5	113.9	114.9	124.1	111.4	126.5
November	118.5	115.1	114.9	115.1	114.7	115.4	124.9	111.8	127.3
December	119.1	115.6	115.3	115.5	115.2	115.7	125.6	112.6	128.0
1971: January	119.2	115.4	115.6	115.2	115.2	115.3	126.3	112.9	128.7

Source: Department of Labor.

In the final subject area, the Council of advisers again goes completely off the map. While agriculture parity on the 1914 base period has had respect and meaning for almost 60 years, this month the advisers shift it from 1914 to 1967 as the base period. The Nixon administration was obviously embarrassed about the 1967 and 1968 parity ratios recently recorded. All the new Government statistics do not confuse the facts—the farmers are experiencing their greatest economic disaster in 35 years.

The new table appears as follows:

[Index, 1968—100]

Period	Prices received by farmers			Prices paid by farmers			Parity ratio [1]	
	All farm products	Crops	Livestock and products	All items, interest, taxes, and wage rates	Family living items	Production items	Actual	Adjusted [2]
1961	94	100	91	88	90	93	79	83
1962	96	103	92	90	91	94	80	83
1963	96	106	89	91	92	95	78	81
1964	93	106	85	92	93	94	76	80
1965	98	103	94	94	95	96	77	82
1966	105	105	105	98	98	99	80	86
1967	100	100	100	100	100	100	74	79
1968	103	101	104	104	104	102	73	79

Footnotes at end of table.

[Index, 1968—100]

Period	Prices received by farmers: All farm products	Prices received by farmers: Crops	Prices received by farmers: Livestock and products	Prices paid by farmers: All items, interest, taxes, and wage rates	Prices paid by farmers: Family living items	Prices paid by farmers: Production items	Parity ratio [1]: Actual	Parity ratio [1]: Adjusted
1969	108	97	117	109	109	106	74	81
1970	110	101	118	114	114	109	72	70
1969: Dec. 15	112	95	124	111	111	107	75	87
1970:								
Jan. 15	113	96	125	112	112	108	75	81
Feb. 15	114	98	126	113	112	109	75	81
Mar. 15	114	98	125	113	112	108	75	81
Apr. 15	111	97	121	113	113	109	72	78
May 16	111	103	117	113	113	109	73	78
June 15	111	103	117	114	114	109	72	77
July 16	113	104	119	114	114	109	74	79
Aug. 15	109	100	115	114	114	109	71	76
Sept. 15	111	104	116	115	115	110	72	77
Oct. 15	108	101	113	115	115	111	70	75
Nov. 15	106	102	110	115	115	111	68	73
Dec. 15	104	100	108	116	116	111	67	72
1971: Jan. 15	107	103	110	117	116	112	68	72

[1] Percentage ratio of index of prices received by farmers to index of prices paid, interest, taxes, and wage rates on 1910–14=100 base.

[2] The adjusted parity ratio reflects Government payments made directly to farmers.
Source: Department of Agriculture.

In summary I say as I did 1 year ago and 5 months ago—the country is no longer a Great Society—it is a fumbling society without a rudder—we need wage price guideposts now, Mr. President.

Mrs. ABZUG. Mr. Chairman, I am greatly troubled that no one has raised the question of corporate profits during the course of this debate on H.R. 4246, the bill to extend until March 31, 1973, certain provisions of law relating to interest rates and cost-of-living stabilization. To me, the key question in any discussion of wage and price controls is: Can we afford to let the President impose wage controls on workers without also imposing profit and price controls on the big corporations?

It appears to me that inflation and the current fiscal crisis come, in the first instance, from out-of-control corporate profiteering rather than from the wage demands of labor. During the 1960's, corporate profits shot up enormously—much faster than wages and salaries. In the first half of 1969, before the onset of the recession, the after-tax cash flow to corporations was up approximately 91 percent from 1960. Yet the after-tax personal income of all Americans was up only about 76 percent—about one-fifth less than the corporate cash flow.

Today, although the profits of nonfinancial corporations have declined, because of the high interest rates set by the administration, bank profits have soared. In 1970 for example the net operating profits of J. P. Morgan & Co. were up 21.9 percent; First National Bank of Dallas, up 19.2 percent; Chase Manhattan Bank, up 16.1 percent; Bankers Trust, up 15.2 percent; First Chicago Corp., up 14.3 percent; National City Bank of Cleveland, up 11.6 percent.

Yet the President has shown that his idea of stabilizing the economy is to penalize workers. On the one hand, he has announced that construction workers on Federal or federally assisted contracts need not be paid prevailing area wages; and on the other he has proposed a 20-percent speedup in depreciation writeoffs on business equipment. On the one hand he retains mammoth tax concessions for corporate America; on the other, he proposes cutbacks—and hands down vetoes—of Government programs which benefit all of the people.

I believe that this bill gives the President carte blanche to play politics with the economy. Where in this bill do we find a requirement that if the President limits wages, he must also limit all costs and income—including all prices, profits, dividends, rents, and executive compensation—as well as employees' wages and salaries? Where is the guarantee that if wages are stabilized, corporate profits—the profits from investment as well as from price increases—will also be curbed? Where is the mechanism which will insure equality of sacrifice: that if the consumer, the poor, and the middle-income worker must sacrifice, so too must the big corporation?

Mr. Speaker, I vote for this measure in the hope that the President will exercise his powers with a clear understanding of the need to apportion the economic burden fairly among all. I urge the President to establish clear guidelines under this measure providing for equality of sacrifice in restoring the economy.

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

Mr. WIDNALL. I have no further requests on this side.

The CHAIRMAN. 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 section 7 of the Act of September 21, 1966 (Public Law 89–587, 80 Stat. 823, as amended by section 1 of the Act of December 23, 1969 (Public Law 91–151)), is amended by striking out "March 22, 1971" and inserting in lieu thereof "March 31, 1973".

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 1, line 4, strike out "587," and insert in lieu thereof "597,".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. Section 206 of the Economic Stabilization Act of 1970 (title II of the Act of August 15, 1970 (Public Law 91–379)) is amended by striking out "February 28, 1971" and "March 1, 1971" and inserting in lieu thereof "March 31, 1973" and "April 1, 1973", respectively.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the committee amendments to section 2.

The Clerk read as follows:

Committee amendments: Page 2, beginning on line 3, strike out "February 28, 1971" and insert in lieu thereof "March 31, 1971" and on line 4 strike out "March 1, 1971" and insert in lieu thereof "April 1, 1971".

Page 2, line 5, insert after the period the following:

Such section 206 is further amended by (A) striking out "The" and inserting in lieu thereof the following: "(a) Except as provided in subsection (b), the", and (B) inserting at the end thereof the following new subsection:

"(b) The authority to issue and enforce orders and regulations under this title shall terminate upon the expiration of the six-month period beginning on the date the President issues the first such order or regulation (or at midnight March 31, 1973, if earlier). Such termination shall not affect any proceeding under section 204 for a violation of any such order or regulation, or for the punishment for contempt committed in the violation of any injunction under section 205, committed prior to such termination."

The committee amendments were agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, after line 5, add the following:

"SEC. 3. The Economic Stabilization Act of 1970 (title II of the Act of August 15, 1970 (Public Law 91–379)) is amended by inserting at the end thereof the following new section:

"'§ 207. Authorization for appropriations

"'There is hereby authorized to be appropriated $20,000,000 to carry out the provisions of this Act.'"

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, following section 3 add the following:

"SEC. 4. The Department of the Treasury, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board shall each report to

the Congress not later than December 31, 1971, their recommendations on how to eliminate any discriminatory treatment which might exist with respect to savers of small amounts of money and, in particular, any such discrimination which might exist as a result of permitting different rates of interest or dividends on deposits of different amounts of money."

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. BROWN OF MICHIGAN

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Michigan:

PARLIAMENTARY INQUIRIES

Mr. PATMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. PATMAN. Mr. Chairman, my parliamentary inquiry is this: To which provision of the bill does the gentleman propose an amendment? I believe we have passed that point.

The CHAIRMAN. The Chair will state that the Clerk has not read the amendment as yet.

Mr. PATMAN. Then I will reserve a point of order, Mr. Chairman.

Mr. GROSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GROSS. My parliamentary inquiry is this, Mr. Chairman. How can a point of order be reserved to an amendment that has not been read?

The CHAIRMAN. The Chair will state to the gentleman from Iowa that the gentleman is correct. The Chair has already stated that the Clerk has not read the amendment as yet.

However, the Chair will state to the gentleman from Texas that if the gentleman has a point of order to raise concerning the amendment, the gentleman can raise his point of order at the proper time after the Clerk has read the amendment.

Mr. PATMAN. Mr. Chairman, I will do so at that time.

The CHAIRMAN. The Clerk will read the amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Michigan: Page 1, strike out line 8 and all that follows thereafter down through page 2, line 18, and insert in lieu thereof the following:

"SEC. 2. The Economic Stabilization Act of 1970 (title II of the Act of August 15, 1970 (Public Law 91-379), is amended to read as follows:

"'TITLE II—COST OF LIVING AND ECONOMIC STABILIZATION

"'§ 201. Findings and Short Title

"'(a) The Congress determines it is essential to the nation that the economy be protected against inflationary pressures and economic destabilizing influences; that the responsibility for maintaining a stabilized economy is a joint one to be shared by both the Congress and the President; that wage and price controls are necessary to effectuate this national policy; and, that the proper function of the Congress in this joint responsibility is the freezing of wages and prices pending implementation by the President of such policy through adjustments upward or downward of prices or wages heretofore or hereafter established.

"'(b) Consistent with the foregoing determination, this title may be cited as the "Economic Stabilization Act of 1971".'

"'§ 202. Price and Wage Stabilization

"'No price, rental, commission, margin, rate, fee charge, or allowance paid or received on the sale or delivery, or the purchase or receipt by or to any person, of any material or service, including salaries, wages, or any other form of compensation, shall be in excess of that prevailing as of the date of adoption of the resolution provided for in section 209 of this title, unless and until an adjustment in the same shall have been approved in accordance with section 203 of this title.

"'§ 203. Presidential Authority

"'(a) The President is authorized, notwithstanding section 202 hereof, to order or approve an adjustment in any price, rental, commission, margin, rate, fee charge, or allowance paid or received on the sale or delivery, or the purchase or receipt by or to any person, of any material or service, including salaries, wages, or any other form of compensation heretofore or hereafter established, which he may deem appropriate consistent with the findings and national policy set forth in section 201 of this title.

"'(b) The President shall implement this section by the issuance of such rules, regulations, and orders as he shall deem appropriate and which may be necessary to prevent gross inequities. To effectuate the purpose contemplated by this title, the President shall be entitled, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, for the enforcement or the administration of this title and the regulations or orders issued thereunder. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"'§ 204. Delegation

"'The President may delegate the performance of any function under this title to such officers, departments, and agencies of the United States as he may deem appropriate.

"'§ 205. Penalty

"'Any person who willfully violates any provision of this title or any rule, regulation, or order issued thereunder, shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or imprisonment for not more than one year, or both.

"'§ 206. Injunctions

"'Whenever it appears to the President or to any agency of the United States authorized by the President to exercise the authority contained in this section to enforce the rules, regulations, and orders issued under this title that any person has engaged, is engaged, or is about to engage in any acts or practices which constitute, or will constitute, a violation of any rule, regulation, provision or order under this title, he or it may bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. Upon application of the President or such agency, any such court may also issue mandatory injunctions commanding any person to comply with any regulation or order under this title.

"§ 207. Expiration

"'The authority to issue and enforce rules, regulations, and orders promulgated under this title expires at midnight, March 31, 1973, but such expiration shall not affect any proceeding under section 205 for a violation of any such rule, regulation, or order, or for the punishment for contempt committed in the violation of any injunction issued under section 206, committed prior to April 1, 1973.

"'§ 208. Apropriations Authorization

"'There are herby authorized to be appropriated such sums, not exceeding $2,000,000,000, as may be necessary and appropriate for the carrying out of the provisions and purposes of this title by the President and such agencies as he may designate or create.

"'§ 209. Effective Date

"'(a) The provisions of sections 202, 203, 204, 205, 206, and 207 of this title shall become effective upon the adoption of a resolution by the Joint Committee invoking the mandate of section 202.

"'(b) The 'Joint Committee' referred to in subsection (a) shall consist of the Joint Economic Committee of the Senate and House of Representatives, the Speaker and Minority Leader of the House of Representatives, and the Majority and Minority Leaders of the Senate. The Joint Committee shall be chaired by the Chairman of the Joint Economic Committee.'"

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with, and that the amendment be printed in the RECORD, but without jeopardizing my right to raise a point of order.

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

There was no objection.

POINT OF ORDER

Mr. PATMAN. Mr. Chairman, I raise a point of order as to the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. PATMAN. Mr. Chairman, my point of order is this: That we have passed, in the consideration of this bill, the part of the bill to which an attempt is being made to offer an amendment to the bill; therefore, it is not in order. It has been passed—rather, I mean the whole bill has been read.

The CHAIRMAN. The Chair will state to the gentleman from Texas that the bill has indeed been read.

Mr. PATMAN. Furthermore, Mr. Chairman——

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

Mr. PATMAN. I have not finished my point of order.

The CHAIRMAN. The Chair will hear further on his point of order.

Mr. PATMAN. Mr. Chairman, I would like to have the Chair rule on this first point of order, and then I will offer another point of order.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. BROWN of Michigan. I do, Mr. Chairman.

Mr. Chairman, I would suggest that the amendment I am offering on this occasion is to the very part that goes to sections 2, 3, and 4, in effect, because it replaces it with a totally different section 2.

Now, I would suggest, Mr. Chairman, that should the point of order raised by the gentleman from Texas be sustained, I will then merely offer a further amendment which will strike sections 3 and 4, which then clearly goes to the very section we are dealing with.

The CHAIRMAN (Mr. ANDREWS of Alabama). The Chair is prepared to rule.

The amendment of the gentleman from Michigan is offered to section 2, which had been read, and to which amendments have been adopted. Two additional committee amendments, sections 3 and 4, have also been agreed to. The amendment of the gentleman from Michigan comes too late and the Chair sustains the point of order made by the gentleman from Texas.

AMENDMENT OFFERED BY MR. BROWN OF MICHIGAN

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Michigan: Page 1, strike out line 8 and all that follows thereafter.

POINT OF ORDER

Mr. PATMAN. Mr. Chairman, I make the point of order that the amendment comes too late.

The CHAIRMAN. Does the gentleman from Michigan (Mr. BROWN) desire to be heard on the point of order?

Mr. BROWN of Michigan. Mr. Chairman, as I indicated earlier, to the extent that my amendment strikes out all of section 2 including sections 3 and 4 and all the rest of the bill, it had to relate to what is before the House at the present time.

The CHAIRMAN. The Chair is prepared to rule.

The amendment comes too late since it is an amendment to a section of the bill that has been passed.

The Chair sustains the point of order made by the gentleman from Texas (Mr. PATMAN).

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. ANDREWS of Alabama, 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. 4246) to extend until March 31, 1973, certain provisions of law relating to interest rates, mortgage credit controls, and cost-of-living stabilization, pursuant to House Resolution 276, 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 gross.

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. ROUSSELOT

Mr. ROUSSELOT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ROUSSELOT. I am, Mr. Speaker, in its present form.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ROUSSELOT moves to recommit the bill H.R. 4246 to the Committee on Banking and Currency with instructions to report the same back to the House forthwith with the following amendment: Strike all of Section 2.

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. ROUSSELOT. 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 gentleman's request comes too late.

Mr. ROUSSELOT. On the final passage.

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.

PARLIAMENTARY INQUIRY

Mr. J. WILLIAM STANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. For what purpose does the gentleman rise?

Mr. J. WILLIAM STANTON. To propound a parliamentary inquiry. Is this on the final passage, Mr. Speaker?

The SPEAKER. This is on the final passage; and the Chair is prepared to announce the vote and that the "ayes" have it.

For what purpose does the gentleman from California rise?

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

The SPEAKER. Evidently a quorum is not present.

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

The question was taken; and there were—yeas 382, nays 19, not voting 31, as follows:

[Roll No. 18]

YEAS—382

Abbitt	Andrews, Ala.	Begich
Abernethy	Andrews, N. Dak.	Belcher
Abourezk	Annunzio	Bell
Adams	Arends	Bennett
Addabbo	Aspin	Bergland
Alexander	Aspinall	Betts
Anderson, Calif.	Badillo	Bevill
Anderson, Ill.	Barrett	Biaggi
Blanton	Gaydos	Minish
Blatnik	Giaimo	Mink
Bolling	Gibbons	Minshall
Bow	Gettys	Mitchell
Brademas	Goldwater	Mizell
Brasco	Gonzalez	Monagan
Bray	Goodling	Montgomery
Brinkley	Grasso	Moorhead
Brooks	Gray	Morgan
Broomfield	Green, Oreg.	Morse
Brotzman	Griffin	Mosher
Brown, Mich.	Griffiths	Moss
Brown, Ohio	Grover	Murphy, Ill.
Broyhill, N.C.	Gubser	Murphy, N.Y.
Broyhill, Va.	Gude	Natcher
Buchanan	Hagan	Nedzi
Burke, Fla.	Halpern	Nelsen
Burke, Mass.	Hamilton	Nichols
Burleson, Tex.	Hammer-schmidt	Nix
Burlison, Mo.	Hanley	Obey
Burton	Hanna	O'Hara
Byrne, Pa.	Hansen, Idaho	O'Konski
Byrnes, Wis.	Hansen, Wash.	O'Neill
Byron	Harrington	Passman
Cabell	Harsha	Patman
Caffery	Harvey	Patten
Camp	Hathaway	Pelly
Carey, N.Y.	Hawkins	Pepper
Carney	Hays	Perkins
Carter	Hechler, W. Va.	Pettis
Casey, Tex.	Heckler, Mass.	Peyser
Cederberg	Helstoski	Pickle
Celler	Henderson	Pike
Chamberlain	Hicks, Mass.	Pirnie
Chappell	Hicks, Wash.	Poage
Chisholm	Hillis	Podell
Clancy	Holifield	Powell
Clark	Horton	Preyer, N.C.
Clausen, Don H.	Hosmer	Price, Ill.
Clay	Howard	Price, Tex.
Cleveland	Hull	Pryor, Ark.
Collier	Hungate	Pucinski
Collins, Tex.	Hunt	Purcell
Conable	Hutchinson	Quie
Conte	Ichord	Quillen
Corbett	Jacobs	Railsback
Corman	Jarman	Randall
Cotter	Johnson, Calif.	Rangel
Culver	Johnson, Pa.	Rees
Daniel, Va.	Jonas	Reid, Ill.
Daniels, N.J.	Jones, Ala.	Reid, N.Y.
Danielson	Jones, N.C.	Reuss
Davis, Ga.	Jones, Tenn.	Rhodes
Davis, Wis.	Karth	Roberts
de la Garza	Kastenmeier	Robison, N.Y.
Delaney	Kazen	Rodino
Dellenback	Keating	Roe
Dellums	Kee	Rogers
Denholm	Keith	Roncalio
Dennis	Kemp	Rooney, N.Y.
Dent	King	Rooney, Pa.
Devine	Koch	Rosenthal
Dickinson	Kuykendall	Rostenkowski
Dingell	Kyl	Roush
Donohue	Kyros	Roy
Dorn	Landgrebe	Roybal
Dow	Landrum	Runnels
Downing	Latta	Ruppe
Drinan	Leggett	Ruth
Dulski	Lent	Ryan
Duncan	Link	St Germain
duPont	Lloyd	Sandman
Dwyer	Lujan	Sarbanes
Eckhardt	McClory	Satterfield
Edmondson	McCloskey	Saylor
Edwards, Ala.	McClure	Scheuer
Edwards, Calif.	McCollister	Schneebeli
Eilberg	McCormack	Schwengel
Erlenborn	McDade	Sebelius
Esch	McDonald, Mich	Seiberling
Eshleman	McFall	Shipley
Evans, Colo.	McKevitt	Shoup
Evins, Tenn.	McKinney	Shriver
Fascell	McMillan	Sikes
Findley	Macdonald, Mass.	Sisk
Fish	Madden	Skubitz
Flood	Mahon	Slack
Flowers	Mailliard	Smith, Calif.
Flynt	Mann	Smith, Iowa
Foley	Martin	Smith, N.Y.
Ford, Gerald R.	Mathias, Calif.	Snyder
Ford, William D.	Matsunaga	Spence
Forsythe	Mayne	Springer
Fountain	Mazzoli	Stafford
Frelinghuysen	Meeds	Staggers
Frenzel	Melcher	Stanton, J. William
Frey	Metcalfe	Stanton, James V.
Fulton, Pa.	Michel	Steed
Fulton, Tenn.	Mikva	Steele
Fuqua	Miller, Calif.	Steiger, Ariz.
Galifianakis	Miller, Ohio	Stephens
Gallagher	Mills	Stratton
Garmatz		Stubblefield

Stuckey	Vanik	Wilson, Charles H.
Sullivan	Veysey	Winn
Symington	Vigorito	Wolff
Talcott	Waggonner	Wright
Taylor	Waldie	Wyatt
Teague, Calif.	Wampler	Wydler
Teague, Tex.	Ware	Wylie
Terry	Watts	Wyman
Thompson, Ga.	Whalen	Yates
Thompson, N.J.	Whalley	Yatron
Thomson, Wis.	White	Young, Fla.
Thone	Whitehurst	Young, Tex.
Tiernan	Whitten	Zablocki
Udall	Widnall	Zion
Ullman	Wiggins	Zwach
Van Deerlin	Williams	
Vander Jagt	Wilson, Bob	

NAYS—19

Archer	Hall	Rousselot
Ashbrook	Long, Md.	Scherle
Baring	Mathis, Ga.	Schmitz
Blackburn	Myers	Scott
Crane	Poff	Steiger, Wis.
Gross	Rarick	
Haley	Robinson, Va.	

NOT VOTING—31

Abzug	Conyers	Hogan
Anderson, Tenn.	Coughlin	Kluczynski
Ashley	Derwinski	Lennon
Baker	Diggs	Long, La.
Bingham	Dowdy	McCulloch
Boggs	Edwards, La.	McEwen
Boland	Fisher	McKay
Clawson, Del	Fraser	Mollohan
Collins, Ill.	Green, Pa.	Riegle
Colmer	Hastings	Stokes
	Hébert	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Del Clawson.
Mr. Boggs with Mr. Hogan.
Mr. Dowdy with Mr. Riegle.
Mr. Lennon with Mr. Hastings.
Mr. Kluczynski with Mr. Derwinski.
Mr. Fraser with Mr. Conyers.
Mr. Bingham with Mr. Collins of Illinois.
Mrs. Abzug with Mr. Diggs.
Mr. Anderson of Tennessee with Mr. Baker.
Mr. Long of Louisiana with Mr. McCulloch.
Mr. Ashley with Mr. Coughlin.
Mr. Colmer with Mr. McEwen.
Mr. Green of Pennsylvania with Mr. Mollohan.
Mr. Edwards of Louisiana with Mr. Fisher.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on the bill just passed.

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

There was no objection.

INTEREST EQUALIZATION TAX EXTENSION ACT OF 1971

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 277 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 277

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. 5432) to provide an extension of the interest equalization tax, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the 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 Missouri is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska, Mr. MARTIN, pending which I yield to my friend the gentleman from Iowa, Mr. GROSS.

Mr. GROSS. Mr. Speaker, again I thank the gentleman for yielding. The gentleman described the last rule as an ordinary rule. It was an open rule. This is a completely closed rule. Is this an ordinary or an unordinary rule?

Mr. BOLLING. Mr. Speaker, I would advise the gentleman from Iowa that this is the usual rule under the circumstances.

Mr. GROSS. The usual rule?

Mr. BOLLING. Yes, sir. Ordinarily a bill from the Committee on Ways and Means which would in effect open up either a substantial portion or all of the Internal Revenue Code is considered by the House under a closed rule, a rule allowing no amendments. For that reason I have described this closed rule, allowing no amendments except committee amendments, as the usual rule.

Mr. GROSS. If the gentleman will yield further, we now have two categories of rules. Is there a third or a fourth category that the gentleman can advise us about?

Mr. BOLLING. I am delighted to reply to the gentleman by saying that if I had my way, there would be third, fourth, and fifth categories. We have great flexibility in the Rules Committee, and it is increasing.

Mr. GROSS. Including rules with waivers of points of order? I have always known the Rules Committee was flexible, but I did not know it was quite this flexible. Of course, we have to accept the explanation of the gentleman that this is an unordinary rule.

Mr. BOLLING. I repeat, it is the usual rule.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTIN. Mr. Speaker, I would like to call to the attention of the gentleman from Iowa that we have not been quite as strict in this rule as we have been in the previous years in that there are no waivers of points of order included in this resolution.

Mr. GROSS. If the gentleman will yield, that is about the only thing that is not waived in this particular rule.

Mr. MARTIN. As the gentleman well knows, progress is slow, but sometimes we do move along, and we are making progress.

Mr. GROSS. If the gentleman will yield further, the fashion remains the same, and I guess it is going to continue through this session. It is fashionable to give the Ways and Means Committee closed rules on everything they want to bring to the floor of the House.

Mr. MARTIN. Mr. Speaker, the purpose of the bill is to extend for a period of 2 years—through March 31, 1973—the interest equalization tax, and to make certain technical and corrective amendments in the existing statutory provisions.

The tax was instituted in 1963 to lessen the flow of U.S. capital into foreign investments, either by the purchase of foreign securities or by the lending of dollars by American banks to their foreign customers. It has had the salutary effect of reducing the flow of dollars outward, thus improving our balance-of-payments position.

The committee believes the tax should be continued because of our continuing balance-of-payments deficits and the disappearance of our traditional trade surpluses. It has proven successful in lowering the outflow of capital. In 1963 this outflow, for the purchase of new foreign stock issues, amounted to about $1 billion and by 1970 it had fallen to a zero figure.

With respect to bank lending, the results have also been very beneficial. Since 1965 the amount of long-term bank loans has fallen and has actually become a plus factor in our balance-of-payments position.

The present tax rate is equivalent to a rate of three-fourths of 1 percent per annum in interest costs for foreigners who obtain capital from U.S. sources, either by the sale of securities or of debt obligations. Further, the President has discretionary authority to vary the tax rate from zero up to 1½ percent as he deems necessary. Over the 5 years the President has exercised his authority to adjust the tax rate to meet existing financial situations. Most recently, in April 1969, the current rate of approximately three-fourths of 1 percent per annum was set.

The amendments to the current law are generally of a corrective nature. Several situations have arisen, unforeseen by the committee, which need to be remedied to insure equitable treatment. These deal with such matters as the sale by an American parent company of a foreign subsidiary and the handling of assets or debt obligations by an American company where its foreign holdings are subjected to nationalization or expropriation. A number of general technical amendments to clarify the intent of the statute are also included in the bill.

The committee estimates that extension of the tax will result in a revenue

gain of $85 million for a 1-year period. The Treasury agrees with this estimate.

The bill was reported by a 25 to 0 vote and is supported by the administration.

The Ramseyer rule has been complied with. The requested rule is for 4 hours, closed, with committee amendments in order.

Mr. Speaker, I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MILLS. 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. 5432) to provide an extension of the interest equalization tax, and for other purposes.

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

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. 5432, with Mr. SYMINGTON 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 Arkansas (Mr. MILLS) will be recognized for 2 hours, and the gentleman from Wisconsin (Mr. BYRNES) will be recognized for 2 hours.

The Chair recognizes the gentleman from Arkansas (Mr. MILLS).

Mr. MILLS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill H.R. 5432 presently being considered by the Committee of the Whole deals with the question of the interest equalization tax and proposes to extend that tax for a period of 2 years or until March 31, 1973.

It is in accordance with the request of the administration that the Committee has taken this action. I might say there are a number of technical amendments that the Committee adopted which I will discuss in detail in the extension of my remarks for the RECORD. All of these amendments are, as I say, technical amendments. They were agreed to by the Treasury, and they were thought appropriate by the technicians working on the staffs of the Joint Committee on Internal Revenue Taxation and the Committee on Ways and Means.

Let me go into a brief explanation, if I may, of why this bill is necessary.

The substantial deficit in our balance of payments, nearly $4 billion on the liquidity basis in 1970, requires that we extend the interest equalization tax at this time in order to protect our balance of payments from further deterioration. This is particularly necessary because in recent years our favorable balance of trade, which provides a cushion for capital transactions with the rest of the world, has declined significantly. If the interest equalization tax is not extended, there will be a substantial outflow of capital which will directly increase the deficit in our balance of payments.

The interest equalization tax is still intended as a transitional measure during the period we are dealing with the more fundamental causes of our balance-of-payments deficit. The solution to the fundamental problem basically consists of reducing inflationary pressures here at home so that our products can become more competitive in world markets. Also it is difficult, if not impossible, to remove this tax while our interest rates are appreciably lower than those in developed countries abroad.

The purpose of the interest equalization tax is to limit the amount of U.S. capital flowing abroad by discouraging foreigners from obtaining capital in the United States. The tax accomplishes this by increasing the cost to foreigners of funds obtained in the United States by imposing a tax on funds they obtain here equal to an increase in the interest on their borrowings of three-fourths of 1 percent. The President already has authority to raise the tax to the equivalent of 1½ percent or reduce it to zero.

H.R. 5432 has only one major provision. It extends the expiration date of the interest equalization tax from March 31, 1971, to March 31, 1973, a 2-year extension. In addition, it provides a number of minor technical modifications to the tax.

The question usually asked concerning this tax is, "Has it really helped our balance-of-payments position?" The evidence is clear that the tax has decreased the foreign demand for U.S. capital and, in this manner, strengthened our balance-of-payments position. A comparison of U.S. purchases of foreign securities before and after the tax went into effect makes this abundantly clear. Before the tax went itno effect, long-term private-capital outflow from the United States had increased from the $2.9 billion level of 1962 to a $4.6 billion annual rate in the first half of 1963, an increase of 60 percent. Increased purchases of new foreign securities accounted for a substantial part of this increase. These purchases rose from the $1 billion level of 1962 to a $2 billion annual rate in the first half of 1963. Since the tax went into effect in the second half of 1963, purchases by U.S. residents of new foreign securities from countries subject to the interest equalization tax have declined rapidly, to $23 million in 1969 and to zero in 1970.

Additional evidence of the effectiveness of the tax is shown by what has happened to securities not subject to this tax. These purchases have nearly doubled since 1962, increasing from $722 million in 1962 to $1,327 million in 1970. If there had been no tax, and purchases from countries to which the tax applies had increased at the same rate since 1962 as purchases from countries not subject to the tax, the 1970 level of purchases from countries subject to the tax would have been $655 million. This would represent a 55-percent increase in the total amount of new foreign securities purchased by U.S. residents in 1970.

The interest equalization tax also has caused a decrease in purchases of outstanding foreign securities by U.S. citizens. In the first half of 1963, net purchases were at an annual rate of $300 million. Since mid-1963, U.S. residents have on balance sold more of these securities than they have purchased, selling $186 million worth in 1970. This represents a net shift of nearly $500 million in transactions in foreign securities by U.S. residents, thereby contributing to an improvement in our balance of payments.

In addition, the application of the interest equalization tax to long term bank loans has reduced the amount of such loans made to foreigners, from an outflow of $300 million at an annual rate in the first half of 1963 to an inflow of $200 million at an annual rate for the first three quarters of 1970—a net shift in these transactions of approximately $500 million.

Taking together all of the factors I have mentioned, it appears that our balance-of-payments deficit would have been at least $1.6 billion larger in 1970 had the tax not been in effect.

Mr. CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS. Mr. Chairman, I yield myself 1 additional minute.

Our balance-of-payments position, a deficit for 1970 of nearly $4 billion, would deteriorate further if existing programs were discontinued. In the absence of the tax, U.S. capital markets would again become attractive to foreign borrowers. These borrowers would prefer the U.S. market to their own domestic markets because of the lower interest rates that generally prevail here and because the U.S. market is more effectively organized to supply the rapidly expanding capital needs than the capital markets in their own countries.

Evidence of the attractiveness of the U.S. market is provided by the large amount of borrowing from us by countries which are not subject to the tax. Also, the attractiveness of the U.S. market is shown by the fact that interest rates in the United States are significantly lower than those in many foreign countries. For example, in December 1970, the yield on long term U.S. Government bonds was 5.97 percent. The average for Western Europe Government bonds was 7.77 percent. While the U.S. rate on industrials was 6.98 percent in January 1971, the rates in foreign countries ranged from 7.37 percent in Germany to 9.42 percent in Italy. Thus, the U.S. capital market continues to be significantly more attractive to foreign persons seeking new funds than foreign capital markets.

In addition, in the absence of the tax, there would be substantial purchases from foreigners by Americans of securities which U.S. companies have issued abroad to finance foreign direct investment. At the end of 1970, the amount of these securities outstanding was $5.6 billion. In this case, the tax guards against the resale to Americans of bonds issued abroad by U.S. companies to finance their foreign direct investments.

In conclusion I think it is important to emphasize the significance of the interest equalization tax to foreign holders of

dollars. Foreign reaction to our failure to extend the tax could jeopardize our attempt to improve other aspects of the international trade and monetary system which would place increased pressure on the dollar. The cooperation we obtain from other countries depends, in many instances, on what they believe our attitudes and intentions are toward our balance-of-payments deficit. The role of the dollar as a reserve currency and the willingness of the foreigners to hold dollars are affected by our willingness and ability to cope with our balance-of-payments deficit. Failure to extend the interest equalization tax would be regarded by them as evidence that we are not concerned about our balance-of-payments deficit and do not intend to control it.

This one final thought. I am told that now West Germany owns dollars—this one country alone—to an extent greater than our entire supply of gold at Fort Knox. One country could become disenchanted with our situation and demand the conversion of its dollar possessions to gold and there would no longer be any more need for guards at Fort Knox.

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

Mr. MILLS. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, as I said previously in addition to extending the interest equalization tax, the bill also contains 10 minor modifications of the tax. They can be summarized as follows:

First. At present, some domestic companies, in order to obtain funds for their foreign affiliates in a manner which complies with the restrictions on foreign investment imposed by the Office of Foreign Direct Investment, have a domestic subsidiary borrow funds abroad and then use those funds for the foreign affiliates. This procedure is acceptable, however, only if there is assurance that the debt obligations of the subsidiary would not be acquired by Americans since this would, in effect, substitute U.S. funds for the borrowed foreign funds. One method used in the past to provide this assurance has been to obtain a ruling from the Revenue Service that the domestic subsidiary was merely a conduit for investing abroad; this has the effect of making the debt obligations it issues subject to the interest equalization tax if they are acquired by Americans. This procedure has proved unsatisfactory in some situations, however, where it might have been argued that an exclusion from the tax applied with respect to the subsidiary's debt obligations—for example, where the funds obtained were invested in a less developed country.

To resolve this problem, the bill provides that a domestic company may elect to treat a new issue of its debt obligations as subject to the tax, notwithstanding any exclusion from the tax.

Second. Present law provides an exception from the tax for foreign debt obligations which a U.S. person acquires as a result of reinvestment requirements imposed by a foreign country under a sale or indemnification contract which arises from that country's nationalization, expropriation, or seizure—actual or threatened—of a substantial portion of the U.S. person's property within that country. This exception only applies, however, if the foreign country is a less developed country. The bill extends the application of the exception to situations where the foreign country is a developed country.

Third. Under present law, an exclusion is provided for debt obligations acquired by a U.S. person from a foreign person, if the money loaned to the foreign person is to be used by him to install, maintain, or improve a foreign mineral facility and if a substantial portion—35 percent—of the minerals or ores processed in the facility are extracted outside the United States by the U.S. person or an affiliated company. Because of the difficult tracing problems involved, the bill provides that the substantial portion test also is to be considered satisfied with respect to a facility if the U.S. person supplies a substantial portion—35 percent—of the minerals processed in all of the foreign person's facilities of this type.

Fourth. Present law provides an exception from the tax for debt obligations received in connection with the sale or liquidation of a foreign subsidiary which is 100-percent owned by the acquiring U.S. person or its affiliates. The bill makes this exception applicable to debt obligations received from the sale or liquidation of a foreign subsidiary which is less than 100 percent—but more than 10 percent—owned by the acquiring U.S. person—and its affiliates.

Fifth. Under present law, a U.S. financial institution generally may not make a tax-free direct investment in a foreign subsidiary—or a domestic subsidiary that, in effect, has elected to be treated as a foreign corporation—which is engaged in the lending or finance business abroad. The tax would apply in such a case because the subsidiary would be "formed or availed of" by the parent company to make what would be taxable acquisitions of foreign securities if made directly by the parent. Since there may be sound business reasons for making a direct investment in the financing subsidiary where the amounts will remain in the United States, the bill provides that when adequate assurances are given that the amounts invested are not to be used to acquire foreign securities—or otherwise used outside the United States—the investment is to be treated as a tax-free direct investment.

Sixth. Under present law, a U.S. dealer may acquire foreign stock in the ordinary course of his business without payment of tax—through a credit or refunding—if he resells it to foreign persons on the day of purchase or on either of the 2 succeeding business days—or if he acquired it to cover short sales made on the day of purchase or on either of the 2 preceding business days. The bill provides that the President may extend by Executive order the present 2-business-day period to a period not to exceed 13 calendar days in situations where the dealer's acquisition is for a customer and not for investment and adequate procedures—which the Treasury has been notified of in advance—exist for identifying which of the broker's acquisitions are for customers and which are for investment.

Seventh. Present law provides that additional shares of a class of stock of a foreign corporation which is held principally by U.S. persons are treated as domestic stock and therefore are not subject to the tax if a number of conditions are met. One of these conditions requires that 15 days before the issuance of the additional shares, the issuing corporation must notify the Internal Revenue Service of its intent to issue the stock. To reduce the inflexibility of this notice requirement, the bill provides that it may be waived by the Treasury Department—within the 2-year period following the time the notice was due—where it finds that the failure to file was inadvertent and not done with intent to avoid the requirements of the tax.

Eighth. Present law permits a corporation engaged in the financing business abroad to elect to be exempt from the tax on foreign debt obligations it acquires in its lending activities if the funds used in that business are acquired from foreign sources by it or by a company which owns all its stock. To increase the workability of this provision, the bill contains an amendment which permits the foreign funds to be obtained—and then loaned to the financing company—by any corporation which is a member of the same affiliated group as the financing company.

Ninth. Under present law, U.S. persons who make taxable acquisitions of foreign securities, and firms which withhold the interest equalization tax in connection with transactions which they make on behalf of their customers, must file a quarterly return and remit the tax. Present law, however, provides no penalty for late filing of the quarterly return or for failure to pay the tax or to remit the tax withheld. To insure compliance with these requirements, the bill provides that a failure to file the quarterly tax return, or to pay or remit the tax, is to be subject to the penalty generally applicable in the case of other taxes. Thus, a failure to file the quarterly return is to be subject to a penalty equal to 5 percent of the amount of the tax due for each month the failure continues—but not in excess of 25 percent. Where a return was filed but there was a failure to pay or remit the tax, there is to be a penalty equal to 0.5 percent of the amount of the tax due for each month the failure continues—but not in excess of 25 percent.

Tenth. Present law provides for a civil penalty—equal to 125 percent of the amount of the tax—for persons who knowingly execute false statements regarding their status as a U.S. citizen or who knowingly furnish clean confirmations, clean comparisons, or transfer of custody certificates without proper documentation. These documents constitute conclusive proof of prior American ownership and exempt persons possessing the documents from tax liability. To facilitate the administration of the tax, the bill provides that this penalty is to be applicable in any situation where a false document of the type referred to is is-

sued, unless the action is due to reasonable cause and not to willful neglect.

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

Mr. MILLS. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, I am curious to know where the gentleman got his $4 billion figure on the deficit in the international balance of payments.

Mr. MILLS. On a liquidity basis in 1970 it was about $4 billion. It is my recollection that in 1969 it was $7 billion on the liquidity basis.

You see, we have different ways to figure this.

Mr. GROSS. On the official settlements basis last year it was close to $10 billion.

Mr. MILLS. As the gentleman from Iowa knows, there are at least three ways of figuring the balance of payments. I generally use the liquidity basis because I think it more clearly reflects the creation of additional claims in dollars abroad against our gold stocks.

Mr. GROSS. I just happen to disagree mildly with the gentleman from Arkansas. I think the official settlements basis is the only way to compute the deficit in the balance of payments.

Mr. MILLS. I would agree with the gentleman from Iowa that for some purposes the official settlements basis is best.

Mr. GROSS. That puts the figure at approximately $10 billion.

Mr. MILLS. That is approximately right for 1970.

Mr. GROSS. For the past year.

Mr. MILLS. The $10 billion deficit, of course, appears much worse than the $4 billion figure, but, as I said before, I believe the $4 billion figure is a more accurate reflection of our present situation. In any case I always try to protect the President of the United States from any criticism from my friend, the gentleman from Iowa.

Mr. GROSS. The gentleman from Iowa is not being critical either with the gentleman from Arkansas or with the President. I am simply trying to establish the accuracy of the figures pertaining to the international balance of payments.

Mr. MILLS. On the official settlements basis the deficit in 1970 was close to $10 billion.

Mr. GROSS. So the bill the gentleman proposes here makes the situation only a little less worse. Is that correct?

Mr. MILLS. As I pointed out the deficit would have been considerably worse had we not had this tax in effect in 1970, probably to the extent of $1.6 billion, or more.

Mr. GROSS. By comparison with $10 billion, that is a little less worse, is it not?

Mr. MILLS. I would not want it to be $11.6 billion even on the official settlements basis. Of course, when compared to a deficit of $3.9 billion, the $1.6 billion or more looks still more significant. That is what I am trying to say to my friend, the gentleman from Iowa.

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

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

Mr. CONABLE. Mr. Chairman, I would like to ask the gentleman if he would not agree that still, in the long run, this is a counterproductive type of tax?

Mr. MILLS. That is why it must be considered as only a transitional matter. I would not want it as a permanent proposition.

Mr. CONABLE. In the struggle we have between the short term and the long term here this is a necessary compromise, but we ought to cut it off as soon as we can, as soon as the balance of payments and the underlying factors permit.

Mr. MILLS. To me it is merely a temporary means of preventing excess borrowing by foreigners here in the United States.

Mr. CONABLE. I thank the gentleman for yielding.

The CHAIRMAN. The Chair now recognizes the gentleman from Wisconsin (Mr. BYRNES).

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 2 minutes.

Mr. VANIK. Mr. Chairman, if the gentleman will yield, I wonder whether the gentleman from Wisconsin, the ranking minority member of the committee, could advise the Committee of the Whole what the proceeds have been from this tax in the past year?

Mr. MILLS. Mr. Chairman, will the gentleman from Wisconsin yield to me on that point?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, it raised approximately $85 million in the fiscal year 1970.

Mr. VANIK. I thank the gentleman.

Mr. BYRNES of Wisconsin. Mr. Chairman, first let me say that I see no point in extending the discussion. The chairman of the committee has outlined the basic objectives of this bill, the purpose of its initial enactment in 1963, and the benefits that we have had from it.

I think we are all in general agreement that conditions today in the balance-of-payments area make a continuation of this tax desirable.

I would point out that it is a tax not to produce revenue, but to discourage a particular type of transaction.

There is only one point that I would add to what the chairman has said about the effect and the need for continuing this legislation:

We had a discussion a few weeks ago about interest rates in this country. We noted that they were unduly high, that our efforts should be toward reducing them, and that we should not take action which would tend to increase them. I do not think there is any question but that if this tax were removed, it would increase the demands against our money market. Foreigners would come here to borrow out of the limited amount of money that is available, because our interest rates, high as they are, are still lower than European rates. Such developments, it seems to me, could not help but exert upward pressure on our interest rates, when our hope is that they would continue the downward trend that has developed in recent months.

This, Mr. Chairman, is the additional factor that I think is of some significance in dictating our action today to extend the Interest Equalization Tax Act.

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

Mr. FULTON of Tennessee. Mr. Chairman, today we are once again faced with the necessity of extending for yet another 2-year period the interest equalization tax. And it is abundantly clear that it is an absolute necessity because our current balance-of-payments position, a deficit of nearly $4 billion on a liquidity basis for 1970, would deteriorate even further if, at this time, this tax were allowed to expire.

Because of the lower interest rates in this country than in most other countries, in the absence of the interest equalization tax, pressures would increase greatly on foreigners to sell their securities in the United States. This would lead to large-scale outflows of domestic capital and a deepening in our balance-of-payments deficit. We really have no alternative, Mr. Chairman, to the extension of the tax as called for in H.R. 5432, a 2-year extension until March 31, 1973.

The Committee on Ways and Means was unanimous in recommending this extension.

But, Mr. Chairman, the interest equalization tax can never rise to anything more than a temporary measure, effective in a negative way by stemming the outflow of American capital. I am firmly convinced that a more effective and affirmative means of improving our balance-of-payments position is restoring the 7-percent investment credit. Such a restoration would stimulate investment in modernization of productive facilities in this country. It would contribute materially to growth of our productivity and output and enhance the competitiveness of American exports in world markets.

While I believe liberalized depreciation allowances are important, I also believe that initial allowances or incentive allowances, such as the investment credit, are necessary to put our industries on a competitive level with those of other industrialized countries of the world. Restoration of the investment credit would encourage American companies to modernize plants in this country with attendant greater productivity and the ability to compete pricewise with the products of other countries in the markets of the world.

While we can prevent further deterioration of a given segment of our balance of payments by extension of a temporary tax—and I hope this is the last time we have to extend it—the ultimate answer to our chronic balance-of-payments problems lies in helping American products to compete in foreign markets. I firmly believe that restoration of the investment credit would be a significant and meaningful step in the attainment of that objective.

In the meantime, however, we have no alternative to enactment to the pending bill and a continuation of the interest equalization tax for another 2 years.

Mr. ROSTENKOWSKI. Mr. Chairman, in the 1960's, the United States instituted three programs, for balance-of-payments purposes, to control capital outflow. One of these was the Federal

Reserve's voluntary credit restraint program, initiated in 1965, which provides guidelines for capital flows from banks and other financial institutions. Also, in 1965, voluntary restraints on direct investments were established by the Department of Commerce and converted into the mandatory foreign direct investment program at the beginning of 1968. Today, Mr. Chairman, we have before us the third of these programs, the interest equalization tax, which was first made effective July 18, 1963, and which over the years since its enactment has contributed significantly to our balance-of-payments position by causing a reduction in foreign securities purchased by Americans.

As a result of this tax, which is imposed on the purchase of foreign securities by U.S. persons, sales of new foreign securities from those countries whose securities are subject to the tax, have fallen from a total of $356 million in 1962, before the tax went into effect, to $23 million in 1969 and to a current level of near zero.

Despite the effectiveness of the interest equalization tax in stemming capital outflows, however, other areas of our balance of payments, particularly our balance of trade, have not improved, and our current balance-of-payments deficit, which was nearly $4 billion on a liquidity basis in 1970, would deteriorate further if the interest equalization tax were allowed to expire at the end of this month, as presently scheduled.

Mr. Chairman, none of us like to extend a temporary tax, but present circumstances preclude our taking any other action at this time. With interest rates still significantly lower in the United States than in most foreign countries, failure to enact the pending bill would invite a large-scale increase in our capital outflows, further aggravation of our balance-of-payments deficit and perhaps a loss of confidence in us by foreigners of our ability to cope with our balance-of-payments problems.

Mr. Chairman, I hope this is the last time we have to extend this tax and that we can let it expire on March 31, 1973, as provided in H.R. 5432. Responsible action, however, leaves us no alternative at this time to extension of the tax for the additional 2 years called for in the pending bill.

Mr. BURKE of Massachusetts. Mr. Chairman, in voting to continue the interest equalization tax for a further period, I feel compelled to say that I hope this will be the last time we will have to do so. The interest equalization tax, together with the voluntary foreign credit restraint program of the Federal Reserve, are in danger of becoming permanent fixtures on the national business scene. When they were first proposed, they were justified as necessary expedients which would be discontinued as soon as they had done their work. But it is painfully obvious the national balance-of-payments problem is hardly in a much better position today than it was in the early 1960's, and each succeeding Secretary of Treasury has found it necessary to recommend that both programs be continued.

In going along with the request of the present Secretary of Treasury to extend the interest equalization tax, I want to make it perfectly clear that there are many Members of Congress who are unhappy that it has proved necessary to continue to employ these measures. While we would not want to do anything to hinder or harm the Nation's balance-of-payments efforts, I think it is an opportune time to serve notice that there are bad features about the interest equalization tax and the voluntary foreign credit restraint program which have led to some serious distortion and favoring of certain interests above others in the foreign business market.

The combination of the interest equalization tax and the voluntary foreign credit restraint program has worked to favor the 20 or so largest banks in the country who were already deeply engaged in overseas activities, at the expense of newcomers to this field. In effect, the only way a bank in this country can do foreign business of any volume is to open up a branch office overseas. The tremendous costs of overhead involved in operating a foreign branch as well as the personnel expertise required has meant that there is a heavy bias in the present set-up for the largest multibillion-dollar banks in this country to continue to grown in international activity while the smaller banks have to leave the market to them.

I am not saying that this was a deliberate intention of anybody in proposing the interest equalization tax in the first place; simply to point how that this is the way things have turned out. This is one of the unexpected byproducts of the legislation. If we appear a little bit reluctant this time in voting to extend the interest equalization tax for a further period, I hope that this explains some of our reluctance.

Mr. BROYHILL of Virginia. Mr. Chairman, one look at the U.S. balance-of-payments position should be enough to convince anyone that we need to extend the interest equalization tax.

The tax first became effective in 1963, after the payments balance had been in a deficit position for 6 consecutive years and showed no signs of imminent improvement. The theory was that this tax—which applies to the acquisition of foreign securities by Americans—would increase, for foreigners in developed countries, the cost of borrowing or raising equity in the United States. It would, therefore, help substantially to improve our balance-of-payments position, particularly in a period in which interest rates were low. According to the administration, the theory has worked.

When Congress enacted the law, it did so with the idea that the tax could—and would—be removed when conditions improved and the balance of payments got out of the "red" and into the "black" for an appreciable period of time.

Although the balance did edge briefly above the break-even point in 1968, the margin was almost imperceptible on a liquidity basis, and it soon disappeared. For the past 2 years, the balance has been in a heavy deficit position, and again, as in 1963, shows no heartening signs of emerging.

Unfortunately, then, the reasons which Congress had for imposing the tax in the first place are as strong or stronger today.

Whereas the liquidity deficit was $2,670,000,000 in 1963, it had reached $3,874,000,000 in 1970, for an increase of 45 percent over the past 7 years. Estimates for 1971 are not remarkably bright.

The administration, in stating its case for extending the tax, also pointed out that it complements and mutually reinforces two other Government efforts to restrain the outflow of capital from the country. These two efforts are Commerce Department's program to limit the cost of direct investment abroad and the Federal Reserve program to limit outflows of funds from banks and other financial institutions. Without the interest equalization tax, both programs would be substantially weakened.

In summary, Mr. Chairman, it seems to me that we have no choice but to approve H.R. 5432. To do otherwise would risk crippling of the entire national effort to improve our balance-of-payments position, and would diminish any hope we might have for a favorable balance in the foreseeable future.

If we are ever to reach a point where the interest equalization tax will no longer be necessary, we must move steadily and effectively toward improving economic conditions at home.

As economic growth resumes with greater vitality, we must continue our progress against inflation, because the stability of the dollar domestically is fundamental to its stability internationally.

We also must increase our efforts to expand exports and to open foreign markets which have been closed to us through artificial restrictions.

If we make real progress in these directions, Mr. Chairman, we can look forward to an eventual elimination of the interest equalization tax. Today, however, we still need it.

Mr. MILLS. Mr. Chairman, I have no further requests for time and yield back the balance of my time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment.

The bill is as follows:

H.R. 5432

A bill to provide an extension of the interest equalization tax, and for other purposes

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

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Interest Equalization Tax Extension Act of 1971".

(b) AMENDMENT OF 1954 CODE.—Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. EXTENSION OF INTEREST EQUALIZATION TAX.

Section 4911(d) is amended, effective with respect to acquisitions made after March 31, 1971, by striking out "March 31, 1971" and inserting in lieu thereof "March 31, 1973".

SEC. 3. OTHER AMENDMENTS.

(a) TREATMENT OF DEBT OBLIGATIONS OF CORPORATIONS OBTAINING FUNDS FROM FOREIGN PERSONS AS TAXABLE.—

(1) Section 4912(b) is amended by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following new paragraph:

"(4) SPECIAL ELECTION TO SUBJECT DEBT ISSUES OF A UNITED STATES CORPORATION TO TAX.—Any domestic corporation may elect to have any class of its debt obligations which is an original or new issue (and any class of stock into which such debt obligations may be converted) deemed to be debt obligations (or stock) of a foreign obligor (or issuer) the acquisition of which by a United States person will be subject to the tax imposed by section 4911, notwithstanding any other provision of this chapter other than section 4911 (d), at the rate provided on the acquisition of stock under section 4911(b). The documents evidencing such debt obligations (and the certificates evidencing any stock into which such debt obligations are converted) shall clearly indicate that their acquisition by a United States person is subject to the tax at such rate. Notice of an election under this section shall be given to the Secretary or his delegate prior to the issuance of the debt obligations with respect to which the election is made. Any such election shall be effective as of the date of issuance of the debt obligations with respect to which the election is made and shall be irrevocable. The Secretary or his delegate shall prescribe such regulations as he may deem necessary to carry out the provisions of this paragraph."

(2) The amendments made by paragraph (1) shall apply with respect to debt obligations issued after the date of the enactment of this Act.

(b) ACQUISITIONS IN CONNECTION WITH NATIONALIZATION, EXPROPRIATION, ETC.—

(1) Section 4914(b) is amended by adding at the end thereof the following new paragraph:

"(16) ACQUISITIONS OF STOCK OR DEBT OBLIGATIONS IN CONNECTION WITH NATIONALIZATION, EXPROPRIATION, ETC.—Of stock or debt obligations of a foreign issuer or obliger, where such acquisition is required as a reinvestment in connection with an actual or threatened nationalization, expropriation, or seizure of property, to the extent provided in subsection (k)."

(2) Section 4914 is amended by adding at the end thereof the following new subsection:

"(k) ACQUISITIONS OF STOCK OR DEBT OBLIGATIONS IN CONNECTION WITH NATIONALIZATION, EXPROPRIATION, ETC.—The tax imposed by section 4911 shall not apply to the acquisition by a United States person of stock or a debt obligation of a foreign issuer or obligor, to the extent that such acquisition is required as a reinvestment within a foreign country by the terms of a contract of sale to, or a contract of indemnification with respect to the nationalization, expropriation, or seizure by, the government of such country or a political subdivision thereof, or an agency or instrumentality of such government, of property owned within such country or such political subdivision by such United States person, or by a controlled foreign corporation (as defined in section 957) more than 50 percent of the total combined voting power of all classes of stock entitled to vote of which is owned (within the meaning of section 958) by such United States person, but only if such contract was entered into because the government of such country or political subdivision, or such agency or instrumentality—

"(A) has nationalized or has expropriated or seized, or has threatened to nationalize or to expropriate or seize, a substantial portion of the property owned within such country or such political subdivision by such United States person or such controlled foreign corporation; or

"(B) has taken action which has the effect of nationalizing or of expropriating or seizing, or of threatening to nationalize or to expropriate or seize, a substantial portion of the property so owned.

For purposes of this subsection, an instrumentality of the government of a country or a political subdivision thereof includes a corporation or other entity with respect to which such government, or any agency of such government, owns more than 50 percent of the total combined voting power of all classes of stock entitled to vote or, in the case of a corporation or other entity not issuing shares of stock, has the authority to elect or appoint a majority of the board of directors or equivalent body of such corporation or ther entity."

(3) Section 4916(a) is amended—

(A) by inserting "or" after the semicolon at the end of paragraph (2);

(B) by striking out "; or" at the end of paragraph (3) and inserting in lieu thereof a period; and

(C) by striking out paragraph (4).

(4) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

(c) FOREIGN MINERAL FACILITIES.—

(1) Section 4914(c)(5)(B) is amended by striking out "a substantial portion of which is extracted" and inserting in lieu thereof the following: ", where a substantial portion of the ores or minerals (or derivatives thereof) to be stored, handled, transported, processed, or serviced in or through such facilities, or in or through all of the facilities of the obligor for the storage, handling, transportation, processing, or servicing of the same types of ores or minerals (or derivatives thereof), is extracted".

(2) The last sentence of section 4914(c)(5)(B) is amended by striking out "such facilities" the first place it appears and inserting in lieu thereof "the facilities with respect to which the loan is made".

(3) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

(d) SALES OR LIQUIDATIONS OF FOREIGN SUBSIDIARIES.—

(1) Section 4914(g)(1) is amended—

(A) by striking out "all of the outstanding stock, except for qualifying shares, of a foreign corporation" in subparagraph (A) and inserting in lieu thereof "all of the outstanding stock of a foreign corporation held by such United States person (and such includible corporations)";

(B) by striking out "all of the outstanding stock of which, except for qualifying shares, is owned by such United States person (or by one or more such includible corporations)" in subparagraph (B); and

(C) by adding at the end thereof (after and below subparagraph (C)) the following new sentence:

"Subparagraph (A) or (B) shall apply only if, immediately prior to the sale or liquidation involved, the United States person (or one or more includible corporations in an affiliated group, as defined in section 1504, of which such person is a member) owns (directly or indirectly) 10 percent or more of the total combined voting power of all classes of stock of the foreign corporation; and, for purposes of this sentence, stock owned (directly or indirectly) by or for a foreign corporation shall be considered as being owned proportionately by its shareholders."

(2)(A) Section 4914(b)(10) is amended by striking out "WHOLLY OWNED" in the heading, and by striking out "a wholly owned foreign corporation" and inserting in lieu thereof "a foreign corporation".

(B) Section 4914(g) is amended by striking out "WHOLLY OWNED" in the heading.

(3) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

(e) INVESTMENTS BY FINANCIAL INSTITUTIONS IN CORPORATIONS ENGAGED IN FINANCE BUSINESS ABROAD.—

(1) Section 4915 is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL RULE FOR INVESTMENTS BY FINANCIAL INSTITUTIONS.—

"(1) For purposes of section 4912 and this section, a corporation which is—

"(A) a domestic corporation described in section 4920(a)(3)(C), or

"(B) a foreign corporation which is primarily engaged in the lending or finance business outside the United States,

shall be treated as a foreign corporation which is not formed or availed of for the principal purpose described in subsection (c)(1) with respect to an acquisition of stock from such corporation (whether or not as a result of a contribution to capital) by a corporation which is (or is affiliated with) a financial institution and which is affiliated with such domestic or foreign corporation, but only upon compliance with paragraph (2).

"(2) Paragraph (1) shall apply only if it is established to the satisfaction of the Secretary or his delegate, pursuant to rules and regulations promulgated by the Secretary or his delegate, that the amounts received by the domestic or foreign corporation as a result of the acquisition will not be used to acquire stock of foreign issuers or debt obligations of foreign obligors or utilized in any other way outside of the United States.

"(3) For purposes of this subsection, two corporations are 'affiliated' with each other if they are members (or would be members if they were both domestic corporations) of the same affiliated group (within the meaning of section 48(c)(3)(C)).

"(4) In any case where a domestic or foreign corporation has been treated as a foreign corporation which is not formed or availed of for the principal purpose described in subsection (c)(1) with respect to an acquisition of stock by another corporation as provided in paragraph (1) of this subsection, but the amounts received by such domestic or foreign corporation as a result of such acquisition are (before the termination date specified in section 4911(d)) used to acquire stock of foreign issuers or debt obligations of foreign obligors or utilized in any other way outside of the United States in violation of the rules and regulations promulgated under paragraph (2), then liability for the tax imposed by section 4911 shall be incurred by the acquiring corporation (with respect to such acquisition) at the time such amounts are so used; and the amount of such tax shall be equal to the amount of tax for which the acquiring corporation would have been liable under such section upon its acquisition of the stock involved if such domestic or foreign corporation had not been so treated."

(2) The amendment made by paragraph (1) shall apply with respect to acquisitions made after the date of the enactment of this Act.

(f) EXTENSION OF RESALE PERIOD FOR DEALERS IN FOREIGN SECURITIES.—

(1) Section 4919(a) is amended by adding at the end thereof the following new sentence: "The President may by Executive order (which shall be applicable for such period and subject to such conditions as may be specified therein) extend the period of two business days specified in subparagraphs (A) and (B) of paragraph (3) to not to exceed 13 calendar days in the case of acquisitions made for customers and not for investment purposes, but any such extension shall be applicable only in cases where the acquiring dealer has submitted to the Secretary or his delegate in advance a satisfactory procedure for identifying which of his acquisitions are for customers and which are for investment purposes."

(2) Section 4919(b)(1) is amended—

(A) by striking out the period at the end of clause (B) and inserting in lieu thereof ", and"; and

(B) by inserting after clause (B) the following new clause:

"(C) in any case to which subparagraph (A) or (B) of subsection (a)(3) applies and which involves a sale or acquisition occurring after the expiration of the two-business-day period specified therein, establishes that the sale or acquisition complied with the applicable Executive order issued under the last sentence of subsection (a) and that the procedure submitted under such sentence was followed."

(3) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

(g) FAILURE OF FOREIGN CORPORATION TO FILE NOTICE RESPECTING ISSUANCE OF ADDITIONAL SHARES.—

(1) Section 4920(b)(2) is amended by adding at the end thereof the following new sentence: "Upon application by the issuing corporation within 2 years after the date on which additional shares described in the second sentence of this paragraph were issued, the Secretary or his delegate may waive the 15-day requirement set forth in subparagraph (D)(v) with respect to such additional shares if it is shown that the issuing corporation failed to file the notice required by such subparagraph due to inadvertence and not with an intent to avoid the requirements of this chapter."

(2) The requirement in the last sentence of section 4920(b)(2) (as added by paragraph (1) of this subsection) that the issuing corporation make its application within 2 years after the date on which additional shares were issued in order to qualify for a waiver shall be deemed satisfied, in any case where more than 2 years has elapsed after such date if the issuing corporation involved makes the application within 60 days after the date of the enactment of this Act.

(3) The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(h) BORROWINGS BY MEMBER OF AFFILIATED GROUP WHERE CORPORATION IS ENGAGED IN CERTAIN FINANCING OPERATIONS.—

(1) Section 4290(d)(3)(A) is amended by striking out "owns all of the stock of such corporation" in the matter preceding clause (i) and inserting in lieu thereof "is an includible corporation in an affiliated group, as defined in section 48(c)(3)(C), of which such corporation is a member".

(2) The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(i) PENALTY FOR FAILURE TO FILE QUARTERLY RETURN OR REMIT TAX.—

(1) Section 6651 is amended by adding at the end thereof the following new subsection:

"(e) INTEREST EQUALIZATION TAX.—The provisions of this section shall apply with respect to returns required under authority of section 6011(d)(1) (relating to interest eualization tax returns) and section 4918(e) (relating to returns by participating firms wtih respect to money withheld) in the same manner and to the same extent as they apply with respect to returns specified in subsection (a)."

(2) Section 6680 is amended—

(A) by inserting "(a) IN GENERAL.—" immediately before "In addition"; and

(B) by adding at the end thereof the following new subsection:

"(b) CROSS REFERENCE.—

(3) The amendments made by this subsection shall apply with respect to returns required to be filed on or after the date of the enactment of this Act.

(j) ELIMINATION OF KNOWLEDGE REQUIREMENT REGARDING FILING OF FALSE INTEREST EQUALIZATION TAX CERTIFICATES.—

(1) Section 6681(a) is amended—

(A) by striking out "knowingly"; and

(B) by striking out "shall be liable" and inserting in lieu thereof "shall, unless it is shown that such action is due to reasonable cause and not due to willful neglect, be liable".

(2) Section 6681(b)(1) is amended—

(A) by striking out "A participating firm" and inserting in lieu thereof "Unless it is shown that such action is due to reasonable cause and not due to willful neglect, a participating firm"; and

(B) by striking out "knowingly".

(3) Section 6681(b)(2) is amended—

(A) by striking out "A participating firm" and inserting in lieu thereof "Unless it is shown that such action is due to reasonable cause and not due to willful neglect, a participating firm"; and

(B) by striking out "knowingly" each place it appears.

(4) The amendments made by this subsection shall apply with respect to actions occurring after the date of the enactment of this Act.

The CHAIRMAN. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

Are there any committee amendments?

Mr. MILLS. Mr. Chairman, there are no committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. SYMINGTON, 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. 5432) to provide an extension of the interest equalization tax, and for other purposes, pursuant to House Resolution 277, he reported the bill back to the House.

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

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

The SPEAKER. Evidently, a quorum is not present.

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

The question was taken; and there were—yeas 393, nays 5, not voting 34, as follows:

[Roll No. 19]

YEAS—393

Abbitt
Abernethy
Abourezk
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Anderson, Tenn.
Andrews, Ala.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Aspin
Aspinall
Badillo
Baring
Begich
Belcher
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blackburn
Blanton
Blatnik
Boggs
Boland
Bolling
Brademas
Bray
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton
Byrne, Pa.
Byrnes, Wis.
Byron
Cabell
Caffery
Camp
Carney
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Collier
Collins, Tex.
Colmer
Conable
Conte
Corbett
Corman
Cotter
Coughlin
Culver
Daniel, Va.
Daniels, N.J.
Danielson
Davis, Ga.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Devine
Dickinson
Dingell
Donohue
Dorn
Dow
Downing
Drinan
Dulski
Duncan
duPont
Dwyer
Edmondson
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Flynt
Foley
Ford, Gerald R.
Ford, William D.
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Fulton, Pa.
Fulton, Tenn.
Fuqua
Galifianakis
Gallagher
Garmatz
Gaydos
Gettys
Giaimo
Gibbons
Goldwater
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Griffin
Griffiths
Gross
Grover
Gubser
Gude
Hagan
Haley
Hall
Halpern
Hamilton
Hammer-schmidt
Hanley
Hanna
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Harvey
Hathaway
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks, Mass.
Hicks, Wash.
Hillis
Holifield
Horton
Hosmer
Howard
Hull
Hungate
Hunt
Hutchinson
Ichord
Jacobs
Jarman
Johnson, Calif.
Johnson, Pa.
Jonas
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Keating
Kee
Keith
Kemp
King
Koch
Kuykendall
Kyl
Kyros
Landgrebe
Landrum
Latta
Leggett
Lennon
Lent
Link
Lloyd
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald, Mich.
McFall
McKevitt
McKinney
McMillan
Macdonald, Mass.
Madden
Mahon
Mailliard
Mann
Martin
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Minish
Mink
Minshall
Mitchell
Mizell
Monagan
Montgomery
Moorhead
Morgan
Morse
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Hara
O'Konski
O'Neill
Passman
Patman
Patten
Pelly
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Pirnie
Poage
Podell
Powell
Preyer, N.C.
Price, Ill.
Price, Tex.
Pryor, Ark.
Pucinski
Purcell
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Reid, Ill.
Reuss
Rhodes
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarbanes
Satterfield
Scherle
Scheuer
Schmitz
Schneebeli
Schwengel
Scott
Sebelius
Seiberling
Shipley
Shoup
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Calif.
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Springer
Stafford
Staggers
Stanton, J. William
Stanton, James V

Steed	Udall	Williams
Steele	Ullman	Wilson, Bob
Steiger, Ariz.	Van Deerlin	Wilson, Charles H.
Steiger, Wis.	Vander Jagt	Winn
Stephens	Vanik	Wolff
Stratton	Veysey	Wright
Stubblefield	Vigorito	Wyatt
Stuckey	Waggonner	Wydler
Symington	Waldie	Wylie
Talcott	Wampler	Wyman
Taylor	Ware	Yates
Teague, Calif.	Watts	Yatron
Teague, Tex.	Whalen	Young, Fla.
Terry	Whalley	Young, Tex.
Thompson, Ga.	White	Zablocki
Thompson, N.J.	Whitehurst	Zion
Thomson, Wis.	Whitten	Zwach
Thone	Widnall	
Tiernan	Wiggins	

NAYS—5

Cleveland	Eckhardt	Reid, N.Y.
Crane	McClure	

NOT VOTING—34

Abzug	Conyers	Long, La.
Ashley	Derwinski	McCulloch
Baker	Diggs	McEwen
Barrett	Dowdy	McKay
Betts	Edwards, La.	Mollohan
Bingham	Fisher	Poff
Bow	Fraser	Riegle
Brasco	Green, Pa.	Saylor
Carey, N.Y.	Hastings	Stokes
Celler	Hébert	Sullivan
Clawson, Del	Hogan	
Collins, Ill.	Kluczynski	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. McEwen.
Mr. Dowdy with Mr. Del Clawson.
Mr. Celler with Mr. Hogan.
Mr. Brasco with Mr. Hastings.
Mrs. Sullivan with Mr. Saylor.
Mr. Kluczynski with Mr. Betts.
Mr. Bingham with Mr. Stokes.
Mr. Mollohan with Mr. Collins of Illinois.
Mr. Long of Louisiana with Mr. Baker.
Mr. Ashley with Mr. Conyers.
Mrs. Abzug with Mr. Diggs.
Mr. Barrett with Mr. Poff.
Mr. Green of Pennsylvania with Mr. McCulloch.
Mr. Fraser with Mr. Riegle.
Mr. Fisher with Mr. Derwinski.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks on the bill just passed.

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

There was no objection.

APPOINTMENT AS MEMBERS OF THE NATIONAL VISITOR FACILITIES ADVISORY COMMISSION

The SPEAKER. Pursuant to the provisions of Public Law 90–264, the Chair appoints as members of the National Visitor Facilities Advisory Commission the following members on the part of the House: Mr. GRAY, of Illinois; Mr. BLATNIK, of Minnesota; Mr. HOWARD, of New Jersey; Mr. MCEWEN, of New York; Mr. SCHWENGEL, of Iowa; and Mr. ZION, of Indiana.

APPOINTMENT AS MEMBERS OF THE NATIONAL COMMISSION ON CONSUMER FINANCE

The SPEAKER. Pursuant to the provisions of Public Law 90–321, as amended, the Chair appoints as members of the National Commission on Consumer Finance the following members on the part of the House: Mrs. SULLIVAN, of Missouri; Mr. GONZALEZ, of Texas; and Mr. WILLIAMS of Pennsylvania.

APPOINTMENT AS MEMBERS OF THE FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION

The SPEAKER. Pursuant to the provisions of Public Law 372, 84th Congress, the Chair appoints as members of the Franklin Delano Roosevelt Memorial Commission the following members on the part of the House: Mr. THOMPSON, of New Jersey; Mr. MURPHY, of New York; Mr. GUDE, of Maryland; and Mr. FISH, of New York.

URBAN MASS TRANSIT FUNDS NEEDED BY CITIES

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

Mr. ROSTENKOWSKI. Mr. Speaker, in his testimony last week before the Senate Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking, Housing and Urban Affairs, Mr. George L. DeMent, president of the American Transit Association and chairman of the board of the Chicago Transit Authority, expressed his "complete shock" at the administration's 1971 plans for mass transit in general, and the Urban Mass Transportation Administration in particular.

I agree with Mr. DeMent's sentiments about the White House's decision. It is disappointing, indeed, that the administration can, on one hand, heartedly endorse a major program such as the Urban Mass Transportation Act of 1970, and at the same time prevent its proper implementation through inadequate funding. The President's request for urban mass transit funds for fiscal year 1972 falls hundreds of millions of dollars short of what is presently needed in our cities.

Inflation, interest payments, and ever-increasing debt obligations are enlarging an already serious financial crisis in urban transportation. Must we wait until more urban bus and train lines are forced to shut down to prove our point? As money grows tighter, fares increase, and service is curtailed. This, in turn, brings about a decline in paid fares—and the vicious circle continues. We need, as Senator HARRISON WILLIAMS has noted, a blood transfusion to maintain the patient until the curative surgery can be performed. Since the President's requests for transportation funds for 1972 show that he is reluctant to perform the needed surgery at this time, we need a strong transfusion, and we need it now. The transfusion I have proposed—the Emergency Commuter Relief Act of 1971, has received strong support from many of my colleagues. Today, I am reintroducing this legislation with more than 50 cosponsors. I would like to thank these Members for their support in this matter.

And, at this time, Mr. Speaker, I would like to insert Mr. DeMent's remarks in the RECORD, for I believe that they define quite well the immediate needs of many of our urban areas:

REMARKS OF GEORGE L. DEMENT

Gentlemen, I thank you for the opportunity to appear before you today.

The transit industry's reaction to the budget released January 29 was, frankly, one of shock.

We were dismayed at the restrictive $269.7-million figure that the Administration has placed on the amount that the Urban Mass Transportation Administration can obligate for capital facility grants this fiscal year.

The $269.7 million is a far cry from the promises contained in the much-heralded, Administration-backed $3.1 billion Urban Mass Transportation Assistance Act of 1970. The Senate passed that legislation by a whopping 84–4 vote and the House followed suit with a 327–16 majority.

We considered that overwhelming margin of victory a mandate to the government from the American people through a bipartisan Congress for a high priority for transit.

That high priority that the Congress voted for urban transit has failed to materialize. Consider, if you will, the stark fact that the allocation for grants by the Urban Mass Transportation Administration represents a mere one-tenth of one percent of the total federal budget for fiscal 1971.

This indeed puts solving the problem of urban immobility at a very low national priority.

The House-Senate conferees had agreed to a $600 million limitation on the amount of money that the Urban Mass Transportation Administration could obligate in 1971. This figure was also disappointing and far below the $850 million that the Urban Mass Transportation Administration indicated it would be able to obligate in fiscal 1971 in testimony before the House and Senate Committees on Appropriations last August.

At those same August hearings the American Transit Association documented the transit industry's capability of initiating projects which would generate an immediate demand for the obligation of approximately $931 million in two-thirds federal matching funds. The breakdown of where that money would go is attached for the Committee's information as "Exhibit A."

To confirm this figure the American Transit Association contacted all existing rail transit systems, those systems under construction, and planned system ready to allocate funds in the near future. We sought to establish the maturity of their plans, and the availability of local matching funds to secure a federal grant.

By these criteria, the rail segment of the industry had $1-billion worth of projects ready to go.

Of course, Mr. Chairman, the rail systems are only part of the transit story. Two-thirds of the industry's passengers are carried by bus, and the overwhelming majority of the systems operate only buses.

We therefore attempted at those August hearings to establish for the bus segment of the industry the same picture of imminent need that we presented for rail systems.

Our studies showed an immediate requirement for the bus segment of the industry as $260 million, or $176 million in federal funds.

Mr. Chairman, the five months that have passed since our appearance before the Appropriations Committee have proven our estimates to be conservative.

The promises contained in the transit aid bill spurred the transit industry into action. The industry was encouraged to the degree, in fact, that as of January 31 the Urban Mass Transportation Administration had applications on file for federal matching funds totaling over $2.2 billion.

The city of New York, for instance, has applied for an $800 million grant, the largest grant application that the Urban Mass Transportation Administration has ever received.

The money would be spent on ten new subway lines and various rapid transit improvements in the city. New York's Metropolitan Transportation Authority is also ready to begin extending the Long Island Railroad, as well as improving the comfort, safety and efficiency of that line. These plans total well over $200 million. My New York friends assure me that these funds are essential to the program.

Chicago, my hometown, has requested $508 million to construct two subway facilities.

The Port Authority of Allegheny County, in Pittsburg, has extensive plans for an innovative automated transit system using rubber-tired electric vehicles on a concrete guideway. It is properly called the Transit Expressway Revenue Line, although frequently referred to as "Skybus." Because of the novelty of its technology, it has generated a great deal of interest, and for that reason, is of great importance to the public as a testbed for new approaches to old problems. The city of Pittsburgh has decided to proceed with this endeavor and has applied for $144 million to get it underway.

The Massachusetts Bay Transportation Authority has requested close to $40 million in federal funds for completion of its south shore rail line extension and for construction of its Dover Street transportation facility.

Other applications are on file to provide similar improvements of capacity, comfort and efficiency envisioned for the plants and rolling stock of other rail rapid transit lines in California, Connecticut, Indiana, New Jersey and Pennsylvania.

Other applications have poured in from throughout the country that would go a long way in revitalizing the bus side of the industry. These applications for funds range in size from $24,000 for two new buses in Englewood, Colorado, to the multi-million dollar needs of our larger bus companies.

Mr. Chairman, I have mentioned but a handful of grant applications that have been received by the Urban Mass Transportation Administration. A full listing of applications through January 31 has been prepared for the Committee and is attached as "Exhibit B."

We recognize that under the present law not all of these requests can be met. The Secretary of Transportation is restricted, for instance, in the amount of money he can grant to each state.

What we also recognize, however, is that the Secretary of Transportation has been further restricted by the Administration's failure to heed the Congress' and the public's plea for a high priority for transit.

Mr. Chairman, we commend this Committee for holding these hearings. The Administration's cutback in transit funds has seriously delayed our programs.

The $2.2 billion in pending applications at the Urban Mass Transportation Administration should underscore our position that the transit industry is on the move.

We are ready now to do our part in getting our congestion-strangled cities moving again.

We are ready now to supply the transportation input that will help the mayors here today fight that urban blight they mention.

The funds allocated in the budget for fiscal 1971 are sorely inadequate to meet the urban transit needs of this country. Thank you.

THE 1974 CENTENNIAL CELEBRATION OF INTRODUCTION OF HARD RED WINTER WHEAT

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

Mr. SEBELIUS. Mr. Speaker, in behalf of myself and my good friend and colleague Congressman GARNER SHRIVER and seven cosponsors, Mr. MELCHER from Montana, Mr. MARTIN from Nebraska, Mr. HANSEN from Idaho, Mr. SHOUP from Montana, Mr. MCCOLLISTER from Nebraska, Mr. ABOUREZK from South Dakota, and Dr. ROY from Kansas, I am quite pleased and honored today to introduce legislation to provide for a 1974 centennial celebration observing the introduction into the United States of Hard Red Winter wheat.

Hard Red Winter wheat was first planted in our Nation by Russian Mennonite families in 1874 in the community of Hillsboro, Kans. From this humble origin, it has literally become man's staff of life.

Domestically, this wheat has provided an abundant supply of grain essential to the Nation's diet and an important weapon in our efforts to combat hunger and malnutrition. This grain crop has accelerated agricultural development and cultivation in the Great Plains, which in turn has led to the rapid development of the agribusiness industry.

The tremendous productivity of Hard Red Winter wheat has made an important contribution to agricultural efficiency, allowing one farmer to produce food and fiber for himself and 45 others. This fact, along with the fact that the American housewife spends only 16.5 percent of her disposable income for food, illustrates the key role the farmer, and specifically the wheat producer, have played in the great industrial revolution and in helping to achieve the highest standard of living of any nation in the history of the world.

Internationally, this crop has held off famine in India, supplemented marginal rice crops in the Far East, has been an important staple in our "food for peace" effort, and now provides the gluten for baking bread from grain produced in the "green revolution"—new high-yield grain production in many underdeveloped emerging nations.

I think it is most appropriate for Congress to support suitable ceremonies and activities to recognize the preeminent role of Hard Red Winter wheat in the United States and to recognize the undaunted dedication and service of the wheat farmer.

"DEFENSE AND THE ECONOMY," PART III OF SECRETARY LAIRD'S STATEMENT BEFORE THE HOUSE COMMITTEE ON ARMED SERVICES

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

Mr. MINSHALL. Mr. Speaker, the Secretary of Defense yesterday presented to the House Committee on Armed Services a detailed report on President Nixon's strategy for peace.

As ranking minority member of the House Subcommittee on Department of Defense Appropriations, I was particularly interested in Secretary Laird's outline of the Department of Defense budget requests for fiscal 1972 which, as he points out, is a year when the administration plans to return budget and manpower levels to those that prevailed prior to the war in Vietnam.

I would like to make the portion of Secretary Laird's very excellent statement pertaining to the Defense budget and the national economy a part of the RECORD. It follows:

DEFENSE AND THE ECONOMY—PART III

Last year, in my appearance before the Committee, I discussed some of the problems associated with determining appropriate priorities for resource allocation, and the FY 1971 Defense Budget in that perspective. In this section of my report, I will discuss the proposed FY 1972 Defense Budget in a similar broad context—in terms of inflation, general trends in defense spending, changing priorities, and the relationship of this budget to our new defense strategy of realistic deterrence. Let me begin with this last item.

As I explained in earlier sections, our new strategy is based on my belief as Secretary of Defense that we can perform essential defense functions with a restructured U.S. military force that, in peacetime, requires no more than about seven percent of GNP or less and is made up of no more than about 2.5 million volunteers. Within these rough guidelines, we want to maintain a peacetime "baseline" force structure that with our allies will be sufficient to deter war by confronting potential aggressors with strong and effective fighting forces.

The forces proposed in FY 1972 with minor modifications discussed earlier represent our best estimate of the "baseline" forces needed for our new strategy during the FY 1972–76 planning period, while providing the basis for adjustments to our capabilities should that become necessary or desirable.

It is useful to view FY 1972 as the year when we return our budget and manpower levels to those that prevailed prior to the Vietnam war. It is within this budget and overall force level that we are making necessary changes in our capabilities so that, together with the growing capabilities of our friends and allies, an effective and realistic Free World security strategy can and will successfully deter war and secure the President's goal of a lasting peace.

In this section, an explanation of budget and manpower trends is provided in order to indicate how we reached this peacetime baseline in budgets and forces.

Turning to the magnitude of our FY 1972 Defense Budget and Programs let me summarize certain key facts:

Defense programs continue to be affected by strong inflationary pressures, especially with respect to pay rates and other manpower costs.

Defense programs in real terms—that is, in dollars of constant buying power—decline by about 5% from FY 1971 to FY 1972. The FY 1972 program is about 24% below the wartime peak of FY 1968.

The FY 1972 Defense Budget, in dollars of constant buying power, is about equal to the prewar (FY 1964) level. That is, with the FY 1972 Budget the additional money previously required for prosecution of the Vietnam war is no longer needed and can be applied to other federal programs.

The FY 1972 Budget reflects a continuation of President Nixon's program for reordering priorities—this has produced major cuts in the money and manpower allocated to Defense, with these reductions (plus all economic growth) allocated to the civilian sector.

The sharp cutbacks in Defense programs over the past two years have obviously had a major bearing upon the performance of the economy, and have contributed to the sharp rise in unemployment. The sharpest of these cuts are now behind us, and the future impact of defense cutbacks will be much more gradual. This fact, coupled with other developments, produces a more favorable employment outlook.

A. THE IMPACT OF INFLATION AND INCREASED PERSONNEL COSTS

Inflation as well as increases in personnel costs (owing to both real wage increases and inflation itself) have had an explosive impact upon the defense budget and mask the very large program cuts that have occurred. It is therefore essential that we consider the defense budget in terms of constant dollars (that is, dollars that are of constant buying power and exclude all increases in pay and personnel costs) in order to get an understanding of program trends.

In addition, it is important to note a significant innovation in presenting this year's budget. Last year, following prior practices, we submitted the defense budget on the basis of pay rates then in effect. That FY 1971 Budget did not reflect two pay raises affecting FY 1971. Largely for this reason, our FY 1971 estimates are now significantly higher (even after Congressional reductions) than were presented a year ago. To avoid such confusion, we have made the estimates as complete as possible this year—including reflecting the pay raise expected to become effective in January 1972.

Perhaps the best way to illustrate the impact of inflation and increased personnel costs upon our budget is in terms of manpower and payroll trends. Consider these facts:

From June 1968 to June 1972, we are reducing military personnel by 1,042,000 and civilians by 205,000—a total manpower cut of 1,247,000.

However, from FY 1968 to FY 1972, our payroll—military basic pay and civilian salaries—rises by $4.8 billion.

In addition, payments to retired military personnel rise by $1.7 billion from FY 1968 to FY 1972, and the FY 1972 spending estimates include $1.4 billion for the Volunteer Force.

All told, then, these pay items *rise* by $7.9 billion while we are *decreasing* manpower by nearly 1.25 million.

Table 12 presents data on defense spending in terms of current prices and constant prices (including all adjustments for increased personnel costs). Data are shown for FY 1964, the last prewar year; FY 1968, the peak spending year, and for FY 1971 and FY 1972. The top part of the table shows outlays in current prices—that is, amounts actually spent, or proposed to be spent. Note that, in these terms, defense spending rose by $27.2 billion from FY 1964 to FY 1968, will fall by $3.5 billion from FY 1968 to FY 1971, then is expected to rise by $1.5 billion from FY 1971 to FY 1972.

The bottom part of the table shows data for the same years in constant prices—that is, at the price levels and pay rates expected to prevail in FY 1972. Had these pay rates and price levels been in effect in FY 1964, our spending in that year would have been $75.8 billion instead of the $50.8 billion we actually spent. Put another way, if today we hired the same number of people and purchased the same amount of goods as we did in FY 1964, it would cost us $25 billion more than it did then. By the same token, defense spending in FY 1968 would have been $99.9 billion, and FY 1971 spending would be $79.6 billion in dollars comparable to those we are budgeting for FY 1972.

Pay increases, as I have indicated, account for the largest part of this rise. Military basic pay, which is not directly comparable to civilian salaries, rises by 85% from FY 1964 to FY 1972; classified civilian salaries rise by 56.5%. All of the increases to which I am referring have been enacted into law with the exception of one we assume will take effect in January 1972.

Retired military pay is shown separately in Table 12. Note that this triples from FY 1964 to FY 1972, increasing from $1.2 billion to $3.8 billion.

Volunteer costs, a new item in FY 1972, add $1.4 billion in FY 1972 spending ($1,520 million in budget authority).

Other military personnel costs include items other than basic pay. This includes, largely, allowances and special pays, subsistence, and permanent change of station travel.

Total payroll and related items, in current dollars, comprise a large and growing percentage of the budget—52% in FY 1972, versus 43% in prewar 1964.

Prices in goods and services the Department buys will rise by 27.7% from prewar FY 1964 to FY 1972.

Assistant Secretary of Defense Moot will provide the details behind our calculations in this area—the specific pay increases, the inflation rates which occurred during these years, and other pertinent facts.

B. DEFENSE PROGRAM AND EMPLOYMENT TRENDS

As indicated in Table 12, the Defense budget (in constant prices) rose from $75.8 billion in FY 1964 to a peak of $99.9 billion in FY 1968, then is expected to drop to $79.6 billion in FY 1971 and $76 billion in FY 1972—a drop of $23.9 billion, roughly 24% from the wartime peak.

Thus, the FY 1972 Budget, in constant dollar terms, is almost equal to the prewar level. This marks an historic first—it is the first time in this century that military spending has returned to the prewar level. In every other war, military spending (measured in constant dollars) has been higher after the war than it was prewar as the chart below highlights.

DEFENSE WARTIME BUDGET TRENDS INDEX OF CHANGES, IN CONSTANT PRICES

	Index		
	Prewar	Peak	Postwar
World War II (fiscal years 1940, 1945, 1948)	100	3,839	405
Korea (fiscal years 1950, 1953, 1956)	100	290	219
Southeast Asia (fiscal years 1964, 1968, 1972)	100	132	100

It is especially noteworthy that this result has been achieved while spending for military operations in Vietnam continues and the military manpower needed for Southeast Asia is being provided from a force that is 180,000 below the prewar level.

Manpower is an important part of the defense cutback, as I indicated earlier. In the previous section, I discussed the cutbacks in DoD military and civilian personnel. The following table shows all DoD-related manpower, including defense-related employment in industry.

[June 30, in thousands]

	1964	1968	1971	1972
Military personnel	2,685	3,547	2,699	2,505
Civilians	1,035	1,287	1,104	1,082
Total direct	3,720	4,834	3,803	3,587
Defense related employment in industry	2,280	3,470	2,240	2,160
Total DOD-related manpower	6,000	8,304	6,043	5,747

Military manpower in the years immediately preceding the war ranged from 2.8 million in 1962 to about 2.7 million in 1963–65. Civilian employment was 1,035,000 in 1964, and prior to then at or slightly above that level. Certain positions previously military have been converted to civilian since 1964, so the military-civilian mix is slightly different than prewar.

As the figures show, by the end of FY 1972, defense-related manpower will be down sharply from the FY 1968 peak—nearly 2.6 million, or nearly one-third. Also, total defense-related manpower will be down by 253,000 from the prewar level.

In summary, I want to emphasize once again that with this budget all of the wartime buildup in manpower and money has been removed. Defense manpower, as I have shown, is below the prewar levels, while defense purchases, in constant dollars, are also below those levels.

Let me now turn to one other significant area with regard to defense employment trends. The impact of both direct and related defense manpower reductions, and their effects on the nation's unemployment level has been of considerable concern. Although defense cutbacks are continuing in FY 1972, the rate will fall off significantly and the future employment picture looks much more favorable when coupled with more expansionist government economic policies.

For example, from the above table we can see that direct DoD employment should drop just over one million in the three year period between FY 1968–1971, or about 340,000 per year. During FY 1972 it will drop some 216,000. A similar trend is true for defense-related employment, which decreased about 1.2 million between FY 1968–1971, (about 410,000 per year) but should drop about 80,000 during FY 1972. Combining both figures, we see that total defense and defense-related job cutbacks averaged about 750,000 per year between 1968–1971, but will be less than half, or about 300,000 during FY 1972.

C. CHANGING PRIORITIES

The shift in our priorities, away from defense and to civilian pursuits, has been massive. The size and price of this change is not generally appreciated. Table 13 presents key data highlighting these developments.

As can be seen from the table, in current dollars (not adjusted for price changes) defense spending rises by $25.2 billion from FY 1964 to FY 1972—almost entirely due to inflation and personnel cost increases, as we have noted. Other federal spending, and state and local spending, will each rise by about $90 billion in the same period—also subject to inflation.

The constant price figures, adjusted for pay and price increases are much more significant. Defense spending rose by $24.1 billion from FY 1964 to FY 1968, and falls by $23.9 billion from FY 1968 to FY 1972, so that real defense spending in FY 1972 is slightly above the FY 1964 level. Other federal spending grows by $68.3 billion price adjusted, and state and local spending by $58.6 billion. This means that public spending (in constant prices) grows by over $125 billion from the prewar level—practically all of it for non-defense programs.

The change in the FY 1968 to FY 1972 period is especially significant. Defense spending drops by $23.9 billion, while other federal spending grows by $36.4 billion. This means that two-thirds of the real increase in civilian spending can be viewed as having been financed by defense cutbacks. Civilian programs are increasing by $36.4 billion, while the federal budget total (in real terms) increases by about one-third of that amount.

The picture is the same for public employment, including military personnel. Defense grew sharply from FY 1964 to FY 1968, and falls even more sharply from FY 1968 to FY 1972. The result is that practically the

entire increase in public employment since 1964 is at the state and local level, with defense cuts offsetting part of the increases in federal civilian agency employment.

The labor force data are especially significant. Note that the total U.S. labor force will increase by 13.2 million from 1964 to 1972. This is an unprecedented growth, the result of the post-World War II baby boom.

From 1964 to 1968, defense (including industry employment) absorbed one-third (about 2.2 million) of the labor force growth, which was estimated at 6.8 million in those four years. From 1968 to 1972, we are turning all these people back. Although the total labor force change is an increase of 6.4 million people, cutbacks in the defense labor force mean that nine million people will become available for non-defense work in the years 1968–1972, about twice as many as in the preceding four years.

And from 1964 to 1972, the number of people available for non-defense work will grow by 13.5 million—the entire growth in the labor force, and then some again owing to cutbacks in the defense labor force that make additional people available for the non-defense sector of the economy.

Turning now to another aspect of a change in priorities, the lower part of the table presents data for selected years relating defense to the total economy and to public spending.

Defense spending in FY 1972 will amount to 6.8% of the Gross National Product (GNP), compared to 9.5% at the wartime 1968 peak and 13.3% at the Korea peak. This 6.8% is significantly lower than the prewar figure, 8.3% in 1964.

As to federal spending, the defense budget for FY 1972 is 32.1% of the total, compared to the 42.5% at the wartime 1968 peak and 62.1% at the peak of the Korean War. The 1972 percentage is nearly ten points below the 41.8% that pertained for prewar 1964.

The same pattern pertains in comparing defense spending with net total public spending—federal, state and local with grants-in-aid and other offsets netted out. Defense spending will account for 20.9% of all public spending in FY 1972, significantly below the levels in FY 1968, FY 1964, and FY 1953.

In all three of these areas, the Defense percentages for FY 1972 are the smallest that have pertained for more than 20 years. That is, we are devoting a smaller share of our economy to Defense, and of our public spending, than we have since FY 1950. The 1948–50 period, you will recall, marks the low point of our defense effort since World War II.

In summary, I would like to point out some orders of magnitude. Note, for example, that non-defense federal spending grows by $90 3 billion for 1964 to 1972. State and local spending grows by $89.9 billion. Both of these *increase* amounts are much larger than the entire defense budget. Note also that defense spending is 20.9% of the public spending total. Other federal spending is more than twice as great as defense; so is state and local spending.

In the context of huge changes such as these, defense spending—especially potential future changes in defense spending—does not loom very large.

The defense budget no longer consumes the large percentages of our government resources that it did in the 1950's. In those years, it could play a key role in financing increases in other segments of the federal budget—and in the employment and unemployment trends. But as a result of this changed complexion of the federal budget, the opportunity to use changes in the defense program to finance non-defense programs is significantly reduced. Thus, the period of defense dominance in resource allocation is over.

FEDERAL EMPLOYEES FREEDOM OF CHOICE ACT

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

Mr. BLACKBURN. Mr. Speaker, today, it is my pleasure to reintroduce the Federal Employees Freedom of Choice Act which will preserve the right of Federal employees to form, join, or assist a labor organization or to refrain from such activities. Forty-six Members have joined me in cosponsoring this legislation.

When a person decides to work for the Federal Government, his primary obligation is to his department or agency. It is wrong if his first obligation is to a union over that to the Government for which he works simply because he must belong to this union in order to hold his job.

Both Presidents Kennedy and Nixon reaffirmed the principle of "freedom of choice" by issuing Executive orders proclaiming this right. This House, during the debate on the Postal Reform Act, added language which specifically guaranteed the right of Federal employees to refrain from joining a Government employees' union. The language of my bill is identical to that which was added by this House.

One of the many organizations supporting the concept behind the Federal Employees Freedom of Choice Act is the National Federation of Independent Business. This organization currently represents almost 290,000 small and independent businessmen throughout the country, 6,000 of whom are from my own State of Georgia.

During the 91st Congress, the federation was one of those organizations which helped the fight for inclusion of a freedom-of-choice amendment to the Postal Reform Act.

In addition, last year the federation polled its entire membership on legislation similar to my bill, H.R. 2569, and found that an overwhelming majority, a national average of 90 percent, of its members supported the freedom-of-choice concept.

Mr. Speaker, I am heartened to see the Nation's small business community react in such a fashion. Their overwhelming degree of support becomes extremely significant when we consider the fact that this legislation, when enacted, will prove of no economic benefit to these millions of small businessmen in their day-to-day operations. This legislation is limited to employees of the Federal Government and does not apply to those employed in the private sector.

It is abundantly clear that these small businessmen are supporting a principle they hold dear, that principle which holds that no man desiring to serve his country as an employee of its Central Government should be placed in a position of either having to join a labor union, or pay dues to a labor union, as a condition of employment by his own Government.

I have been informed that the Government employees' union will ask the Congress to pass legislation giving them the same bargaining rights as those granted to postal workers. However, the Federal Government employees' unions do not wish to have a freedom-of-choice provision fund in this bill. I, therefore, would like this House to go on record as being in favor of the concept of freedom of choice for all Government employees. I call upon all of my colleagues at this time to join with me in cosponsoring this legislation to protect the freedom of choice of Federal employees.

LEGISLATION REQUIRING INSPECTION OF IMPORTED MEAT AND ANIMAL PRODUCTS

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

Mr. MELCHER. Mr. Speaker, I have just reintroduced, for myself and 22 cosponsors, legislation to require thorough inspection of meat and animal products imported into the United States after they arrive in this country.

Cosponsors include Mr. ABERNETHY, Mr. ABOUREZK, Mr. BARING, Mr. DENHOLM, Mr. FISHER, Mr. FLOWERS, Mr. HANSON, Mr. HUNGATE, Mr. JOHNSON, Mr. JONES of North Carolina, Mr. LINK, Mr. MCCORMACK, Mr. MCKAY, Mr. MILLS, Mr. RARICK, Mr. RONCALIO, Mr. SEBELIUS, Mr. SKUBITZ, Mr. STUBBLEFIELD, Mr. VIGORITO, Mr. WHITE, and Mr. ZWACH.

The Department of Agriculture has made an intensive effort to sanitize the situation abroad since this legislation was originally introduced.

Shortly after its introduction, mutton imports from Australia were banned entirely, and Australian packers have not been allowed to send any of that product to the United States without first getting plant-by-plant approval of their processing.

Although our Meat Inspection Act had been in force many months, and foreign inspection was supposed to be equal to ours at all times, mutton was being shipped to us from plants which did not keep viscera and carcasses associated so diseased carcasses could be eliminated, nor was it being examined adequately for the cyst-like deposits left by casseous lymphadenitis. We were rejecting 9 percent of mutton even on the basis of inspection of less than 1 percent of the meat as samples at U.S. docks.

The annual report on imported meat inspection recently submitted to Congress reflects the general tightening up on plants allowed to send meat to us.

Nearly 29 percent of plants eligible at the beginning of the last year to ship us meat were deauthorized, or suspended during the year 1970—327 out of 1,141.

During the year, 95 new plants were certified and 68 won reinstatement. At the end of the year only 977 foreign plants could export to the United States compared to 1,141 eligibles 12 months before.

Additionally, the report indicates that there are 9,402 foreign inspectors watching the product in the foreign plants now, compared to 7,477 at the outset of the

year—an increase of 1,925 inspectors, or nearly 25 percent.

That is progress.

It is also evidence that things were not what they should have been when my bill to require thorough inspection of the imported meat, after it reaches the United States, was introduced.

We still need thorough inspection here in the United States when, 6 to 10 weeks after slaughter, the frozen meat finally arrives in this country.

The harsh fact is that we have a foreign meat inspection system, based on inspecting 1 percent or less sample of each cargo, which is not aimed at getting us completely clean and sanitary meat from abroad, but just relatively clean meat. We are still accepting meat with an allowable number of defects, ranging from dirt, blood clots, cysts, ingesta, to manure. We accept meat with one minor defect per 30 pounds, one major defect per 400 pounds, and one critical defect per 3,000 pounds.

The statisticians tell me that the mathematical probabilities of the dockside sampling procedure are set so there is a 9 percent chance of having 1 percent bad meat in lots running to 15 tons, and a 50 percent chance of having 1 percent bad meat in small lots.

Under no circumstances should we continue to allow dirt, ingesta, and fecal matter to be hidden in ground-up hamburger, or encased in weiners or bologna for the unsuspecting consumer. There is no identification at the meat counter to separate the fresh, clean, thoroughly inspected meat from our American farms and ranches and the meat of foreign origin, which has been frozen for weeks or months, and is thawed out and processed after a scant hit or miss inspection that permits hiding some defects—a word which sounds better, I suppose, than dirt, ingesta, cysts, blood clots or manure.

There is also a human probability that our inspection plants abroad—done about one time a year, after the country has been notified in advance that our review officer is coming—is considerably less than assuring that the plants are operated in a completely sanitary condition the other 364 days each year.

Last year I asked the General Accounting Office to look into foreign meat inspection. I understand that a GAO man accompanied our review officers to four countries, where one-fourth to one-third of the plants visited were deauthorized for shipment of meat to America.

In one country, all plants passed their first inspection when everyone knew that the U.S. review officer would be in the country and might visit anywhere. But on a return visit shortly afterward, our review officer found about one-fourth of plants previously approved out of compliance.

The conclusion is almost inescapable that what the U.S. review officers see in foreign plants, on his heralded visits, is not the every day practice in some of them.

U.S. meat inspection is geared at achieving a completely sanitary product. If there are some failures and some oversights, that is no reason to give imported meat an allowance of defects theoretically equivalent to what our inspectors miss. Such an allowance in addition to the oversights and the impreciseness of the sampling procedure, simply means a growing percentage of objectionable product in imported meat.

The meat import lobby does not like my bill.

Last fall, during the election campaign, they circulated a statement by a Wisconsin University microbiologist warning against the dangers of thawing all imported meat on docks, starting bacterial growth, and then shipping to interior cities to be processed.

I have no quarrel with the scientist's warning at all.

The only thing wrong with the document is that no one is advocating piece-by-piece inspection of the meat after thawing on the docks, as was implied.

All inspection should be removed from the grime, the hustle and bustle, and the pressure at the docks.

There is no good reason why imported meat cannot be shipped frozen to the point of use in the United States, thawed, inspected piece by piece, and put to immediate use if acceptable. We have inspectors all over the Nation. There might actually be some economy in having interior inspectors do the work instead of maintaining a special staff for dockside work. In my judgment, piece-by-piece inspection of imported meat—if it is nearly as clean and sanitary as it is cracked up to be—would result in the rejection of fewer total pounds than the present system.

Under our sampling procedure, if a small sample of a 60,000-pound lot has a defect or two too many, the whole 60,000 pounds is rejected and ordered shipped out of the United States, the clean meat along with the dirty meat.

With piece-by-piece inspection, only the dirty and defective meat within a lot would be tanked, or turned back. Sanitary meat in each lot would be accepted.

Under our present procedure, if the defects are not too numerous, the meat, defects and all, goes into our weiners, luncheon meats, soups, and many other products where the consumer has absolutely no opportunity to see what he is buying.

This bill is not an import limitation bill. It deals with quality, not quantity.

I do not believe American consumers want to accept less than the purest product we can produce or obtain—that the idea of accepting great lots of meat on the basis of actual inspection of less than 1 percent, and then with tolerance of some defects ranging up to animal manure, just is not what our constituents want or expect.

PLEDGE OF ALLEGIANCE DAY PROPOSED FOR APRIL 30

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

Mr. DULSKI. Mr. Speaker, I am today introducing legislation that would request the President to issue a proclamation annually designating the last school day in April as "National Pledge Allegiance to Our Flag Day."

I am acting at the urging of the AMVETS Auxiliary of Buffalo which requested that April 30, 1971, be designated by the President for this special recognition.

In introducing my joint resolution in the House today, I have specified the last day in April since my resolution is directed to an annual event and it is necessary to provide for those years in which April 30 occurs on a weekend.

The inspiration for a simultaneous coordination of all schoolchildren in our Nation in recognizing our Pledge of Allegiance came from a project initiated a year ago in the third-grade class of a suburban Buffalo school.

INITIATED BY THIRD-GRADERS

The boys and girls of Mrs. Irene Priore's third-grade class of the Cleveland Hill Primary School, Cheektowaga, N.Y., conceived the original observance and sent out thousands of letters to legislators, other schools, media, and many others in behalf of their proposal.

As a result of the yeoman effort by these youngsters in this class, there was a series of observances in schools throughout the Nation last April 30.

The turnout of participation was heartwarming and attracted attention throughout our Nation.

It is my firm belief that the example which these youngsters have set for us should become an annual event authorized by congressional action and proclaimed by a formal pronouncement by the President of the United States.

Interestingly enough, a proposal by the Cheektowaga youngsters came just a year after one of the world's great clowns, Red Skelton, recited a widely hailed nationwide television explanation of the Pledge of Allegiance as given to him and his schoolmates by their teacher when he was in grade school.

CONTINUING ATTENTION NEEDED

Such national attention and recognition of the Pledge of Allegiance is vitally needed on a continuing basis. Provision for national observance is long overdue.

I am hopeful that the Congress will act promptly on my joint resolution, and I shall urge earliest consideration by the appropriate committees in order that adequate preparations may be made in advance of the observance next month.

Mr. Speaker, I am including with my remarks the text of a proposed proclamation prepared by Mrs. Priore and sent to me by Mrs. Mary Stinson, Buffalo Americanism chairman and past president of the New York AMVETS Auxiliary.

PROCLAMATION TO THE U.S. CONGRESS

Whereas, on April 30, 1789 George Washington took the oath of office and was inaugurated as the first President of the United States.

Whereas, George Washington was the only President of the United States of America inaugurated on April 30th.

Whereas, April 30, 1802 Congress passed the first enabling act authorizing the people of the eastern division of the Northwest Territory to hold a convention and frame a constitution in order to become a state, and a precedent was set in helping Ohio's gaining its statehood, followed by the same, set for the rest of the states in this territory.

Whereas, on April 30, 1803 the United States of America, under the leadership of President Thomas Jefferson, made its first territorial expansion by purchasing 828,000 square miles of land (doubling the size of the United States by peaceful means) known as the Louisiana Purchase, which land eventually was divided into the states of Missouri, Nebraska, Iowa, Arkansas, North Dakota, South Dakota, most of Louisiana, Kansas, Minnesota, Montana, Wyoming and parts of Colorado and Oklahoma.

Whereas, on April 30, 1812, the state of Louisiana was admitted into the Union.

Whereas, on April 30, 1889 Congress fixed this date of April 30th as a national holiday to celebrate the inauguration of George Washington as the first President of the United States of America.

Whereas, on April 30, 1970 the proclamation sent by Mrs. Irene Priore's Third Graders of Cheektowaga, New York requesting that April 30, 1970 be proclaimed as Pledge of Allegiance to Our Flag Day in the United States of America for all school children in all schools of our nation, was read in Congress.

Whereas, schools, community leaders and citizens in all 50 states of our nation responded by letter, telephone and telegram to the Cheektowaga, New York Third Graders that they wished to participate in this unified promise of loyalty at 1:30 P.M. Eastern Savings Time so children's voices might echo throughout the land.

Therefore, We, the members of AMVETS Auxiliary, Department of New York, do hereby ask the Hon. Thaddeus J. Dulski to proclaim each April 30th as an annual special school day to honor our nation *and its flag in school* by song, speech and activities planned by the faculty and students of each individual school.

We request that this proclamation be made known to all the schools of our nation so that all the school children may have the pride and honor to help plan a dignified program for their own schools. We believe that by encouraging children to have the pleasure of envolvement in planning a program for April 30th each year that we are taking a positive approach toward building better attitudes in school children and planning for better citizen's and leaders of the future.

MARY KENNEDY,
State President and nine others.

THE GREAT ENERGY GRAB

(Mr. ANDERSON of Tennessee asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous material.)

Mr. ANDERSON of Tennessee. Mr. Speaker, on August 13, 1970, I went to the well of the floor to deliver a speech I entitled, "The Great Energy Grab." At that time I detailed for the Members of the House some of the effects of the growing trend toward monopolization of energy in this country. I expressed my shock at a 25- to 30-percent raise in electricity rates announced at that time by the Tennessee Valley Authority and explained that the largest factor in that raise in electricity rates was the doubling in 1 year of the cost of coal to TVA.

Mr. Speaker, I asked at that time why the cost of coal had taken such an astronomical quantum leap in such a short time. I put the major blame for the increase in coal prices at the feet of the oil industry by stating.

The oil industry is trying to take complete control over the coal industry and results are proving disastrous.

I then asked what the Justice Department was doing to prevent the monopolization of the energy resources in this country by the oil industry.

Since that time, colleagues in the House, accompanied by members of my staff and interested public power groups, met with the Attorney General and asked him to have the Antitrust Division investigate the transparently obvious trend toward monopolization of our energy sources. The Attorney General expressed great shock and dismay at our allegations of monopolization, but gave us no assurances that Justice would take any action whatsoever. A meeting with Commissioners of the Federal Trade Commission had a similar depressingly negative result.

In the most recent of a series of meetings, which included representatives of power associations, State, county, and city officials from regions in the South served by the Tennessee Valley Authority, the Justice Department was enjoined to conduct a grand jury investigation with respect to Operation Skyrocket.

Operation Skyrocket alludes to what the Tennessee Valley Public Power Association, the National Rural Electric Cooperative Association, the American Public Power Association, and others concerned with consumer costs, have tagged the recent increased cost of electric power and the cost of coal necessary to generate this power.

Although the TVPPA services only about 11,000,000 consumers, the effects of the increase in cost for Tennessee Valley Authority power will naturally be felt nationwide. If the cost of power to produce a part for a product in the TVA area is increased as the result of increased cost of TVA power, it is evident that this cost is passed on to consumers in every State in the Union, and for that matter, in foreign countries to which we export the product. And, of course, increased coal prices affect power production worldwide.

TVPPA, NRECA, APPA, and others have called on the Justice Department for a grand jury investigation with respect to the recent escalation of coal prices. They received little satisfaction from the Justice Department. These organizations have been almost unanimous in statements and resolutions charging a continuing monopoly and in suggesting a few oil companies in the United States control or soon will control the cost of all fuel and energy. They further allege that they have evidence that collusion exists.

Based on this information and previous information which I developed through numerous sources, I joined with Congressman RICHARD FULTON and others in sponsoring a House resolution to establish a select committee to conduct a thorough and complete investigation into all aspects of the energy sources of the United States. This resolution now has more than 85 cosponsors.

Additionally, and not as any indication of lack of faith in our legislative system, I have joined with Congressman RAY BLANTON, and I am sure others will join at a later date, in introducing a concurrent resolution which will direct the Federal Trade Commission to conduct an investigation into the whole problem of energy resources, including possible violations of laws relating to antitrust and monopoly.

Among other things of interest brought out in this series of meetings was a statement by representatives of the TVPPA that there was "absolutely no justification for increases of up to 100 percent in coal prices," referred to previously as Operation Skyrocket, and that more coal has been produced than consumed in the past 16 to 18 months.

These several organizations have a wealth of information to substantiate their claims and their contention that acquisition of energy sources by large oil companies continues unabated. An example of the effects of these continuing acquisitions can best be described by pointing out that the acquisition by Continental Oil of Consolidation Coal Co., which in 1966 was the largest bituminous coal producer, now makes Continental Oil the largest single coal producer. This information will be provided to the Justice Department, the Federal Trade Commission, and House and Senate committees charged with responsibility for conducting this long overdue investigation.

I might add as a postscript to this particular comment that it was the consensus of those involved in these meetings that the investigations should not be limited to the acquisition of coal industries but should be extended to include investigation of the oil companies' acquisition of all energy source materials.

In testimony before the Senate Subcommittee on Antitrust and Monopoly, Mr. S. David Freeman, who at the time of testimony was Director of Energy Policy staff of the White House Office of Science and Technology, documented the extent to date of the energy grab by the oil industry. He stated in his testimony of May 15, 1970 that only two of the 10 largest coal companies were still independently owned. The remaining eight, which accounted at that time for 42.9 percent of the industry's production, were owned by oil companies, other mineral companies, or other large industrial concerns.

Freeman also stated that those same eight companies opened 67 percent of the new coal mines in the United States in 1968. He also detailed to some extent the activity of the oil companies in uranium exploration in recent years. He alleged that during 1968 oil companies drilled 44 percent of the exploratory and development uranium footage. He also stated that of the 15 significant uranium discoveries in 1969, the oil companies made

eight. Mr. Freeman testified that as of January 1, 1970 the oil companies controlled 45 percent of the known uranium reserves in this country.

Mr. Speaker, I would like to insert in the RECORD following my remarks the complete prepared testimony of Mr. S. David Freeman as delivered before the Senate Antitrust Monopoly Subcommittee on May 5, 1970.

Mr. Speaker, I believe there to be sufficient and persuasive evidence that an energy grab by the oil companies in this Nation is upon us. This is very disturbing to me as an individual who has long been interested in energy and power, both as a student and as a naval officer. And this is disturbing to me as a Representative in Congress from a region of the Nation that owes a great debt to TVA power development.

Over the past months and years I have concluded that in its own self-interest and the interest of world peace, the United States must extract itself from the Indochinese war in which we are mired.

I am today unalterably opposed to the unconscionable Indochinese war and I am today, as I was in August 1970 when I gave "The Great Energy Grab" speech, fearful that this Nation will be strangled economically by the oil industry. And today, Mr. Speaker, these two issues have become fused.

Two recent articles in national journals have raised the ugly specter that our boys might be dying in Vietnam to pacify that region in order that our U.S. oil companies can reap the billions of dollars that are projected to result from the exploitation in that area of what may be the greatest oil field of all.

In his article in the March 8 issue of the Nation, Barry Weisberg states:

With more than 1 million square miles of Southeast jungles and shallow seas, this continental shelf is the largest in the world. Also, it appears to hold the largest deposits of petroleum. A report by World Oil of August 15 predicts "a daily average crude production of 400 million barrels by 1975 from this area." That would be 146 billion barrels a year, or nearly three-quarters of the entire production of petroleum in the world to date!

Mr. Weisberg's article goes on to develop a thesis that the multibillion dollar U.S. oil companies might well have the power to keep us locked into this terrible war to assure their profitable exploitation of this fantastic oil field. Mr. Weisberg concludes his article with a most thought provoking paragraph:

Recently, anti-war groups in the United States have voiced concern in this area, though the American media have been silent. The Senate Foreign Relations Committee has been receiving several hundred letters a day from citizens who have asked that hearings be held on the relationship between petroleum and the continued American presence in Indochina. Such hearings might ask: Does petroleum wag the tail of the U.S. military in Indochina? Is petroleum the reason we continue to support the highly unpopular Thieu-Ky regime? Does it explain the invasion of Cambodia and Laos? Are people dying in Indochina for noble ideas or the crude profits of oil?

Today, Mr. Speaker, I received a March 13 issue of the New Republic. In it is an article by Prof. Gabriel Kolko, a professor at York University in Toronto, entitled, "Oiling the Escalator, An Economic Incentive for Winning the War?"

In his article Professor Kolko points out that heretofore the Indochinese war has had no economic constituency in the country. I quote from Professor Kolko's article:

The absence of some immense economic incentive to attain victory and a politically significant economic force to sustain it, meant that Nixon's consistent strategy of protracted air and artillery war in Indochina could not in the long run win political time at home during which to attempt to gain the ever-elusive military dominance in Indochina. This fact was a source of optimism, for never before has the US been ruled without the consent of the electorate *or* the leaders of the key centers of industrial and financial power. Today, however, this sanguine future estimate is profoundly in doubt. For there is now emerging the possibility of a new economic bloc that could dangerously shift a vital portion of a hitherto neutral or hostile sector of big business and banking back into the strongly pro-war camp.

The Kolko piece goes on to describe how David Rockefeller, chairman of the Chase Manhattan Bank, estimated in April 1970 that international oil firms—mostly American—would spend $35 billion in Asia, mainly in Southeast Asia, over the next 12 years.

Professor Kolko develops his theme that oil might be the economic savior of the Saigon government and the provision of a U.S. constituency for the war by stating:

Nixon has never developed an economic equivalent of "Vietnamization" in the military sphere, a fact Ambassador-at-Large David Kennedy is expected to consider during his visit to Saigon this month. The President's current strategy of indefinitely fighting a protracted air and mechanized war does assume, however, an important reduction of U.S. manpower and costs. Oil investments would partially compensate for this new economic vacuum, and it would gain the Administration what it has hitherto lacked: a politically and economically powerful constituency—the international oil firms—with a tangible vested interest in Indochina puppet regimes and a protracted war to consolidate U.S. hegemony in the region. This constituency, which in this century has been the most important single economic element in influencing the conduct of American foreign policy in the Third World, can operate only where it attains the political prerequisites of economic activity. Since the process of oil development in new areas, from exploration to commercial production, usually takes a decade or longer, in the past U.S. firms have not invested heavily in any region unless Washington has first assured them that their often large investments will ultimately be rewarded.

Mr. Speaker, I believe that it is an absolute necessity that the allegations contained in the articles by Professor Kolko and Mr. Weisberg be openly and thoroughly aired and debated before the Congress of the United States. I urge that our House Committee on Foreign Affairs hold hearings on this vital issue as soon as possible. I hope that the Foreign Relations Committee of the other body will also air these grave allegations before that body.

The issue of the great energy grab by our oil companies has not been raised sufficiently on the floor of the House or in its committees. Over the next months I will speak on the question of energy, its availability, cost, and the anticompetitive aspects of this crucial industry. Following my remarks I ask to include in full the articles by Professor Kolko and Mr. Weisberg.

Mr. Speaker, everyone, or almost everyone, knows that 99 percent of what we do depends on energy resources; 1 percent depends on the power of man's muscle.

We know that a key factor to the wealth and power of the United States and to other nations which enjoy a high standard of living has been the ability of those nations to acquire and harness oil, gas, coal, and hydroelectric potentials so that men can work less with brawn, more as master of the fulcrum that natural energy resources provide him.

The destiny of man cannot be fulfilled either by racial or energy slavery. I believe the world has passed the racial threshold and man is fast approaching the energy threshold. Those who command energy slavery do no better service than the slave masters or slave owners of the blacks two centuries ago. If the world is to survive in peace, or to survive at all, it will be through the reconciliation that no child will be born with less than equitable entitlement to a fair opportunity to utilize God's earth—to multiply his muscle power 100 times in pursuit of his education—his ability to support and feed those dependent upon him—and to seek happiness for himself and his descendants. Racial cleavage and prejudice are passing; energy prejudice and cleavage—unless we change our course—will last as far ahead as we can see. The net result will be continued strife between nations rich in energy resources and those poor in such resources.

Again, Mr. Speaker, the question has been raised—I asked it several weeks ago—to what extent, if any, the prospects of very large offshore oil reserves off the South Vietnamese coast and in other related regions have influenced, do influence, or will influence U.S. military presence and our policy generally toward Vietnam and Southeast Asia. I have been advised by the U.S. Department of Commerce that U.S. oil interests are heavily involved in the negotiations for the various rights involved. It is exceedingly difficult to find out the facts or the policy on this matter.

In conclusion, Mr. Speaker, I want to make it very clear that I do not oppose the large oil companies. They have served this Nation well in peace and war. I welcome the news of any new potential reserves, no matter where located. The world has far too little to meet increasing demands. But the administration and this Congress must insure that the evils of monopoly are fully addressed here at home, and that the oil sources off Vietnam's shore do not bring additional burdens or additional risks of deeper military involvement for the United States. Rather, let us hope that such oil riches

as may be found will speed the day of total withdrawal of U.S. military forces, and provide the economic base so desperately needed for that country's reconstruction and self-sufficiency.

A summary of the articles referenced in this statement, and dealing with the subject, are as follows:

"The Great Energy Grab," CONGRESSIONAL RECORD, volume 116, part 21, page 28884, WILLIAM R. ANDERSON;

Testimony of S. David Freeman before the Subcommittee on Antitrust and Monopoly Legislation, Senate Committee on the Judiciary, May 5, 1970;

"Offshore Oil Boom," Barry Weisberg in the Nation, March 8, 1971;

"Oiling the Escalator—An Economic Incentive for Winning the War?" Gabriel Kolko in the New Republic, March 13, 1971;

"Oil: A Hidden Factor in the Indochina War," Paul Cowan and David Gelber in the Village Voice, February 25, 1971;

"The Politics Behind the New Oil Hunt," Business Week, March 6, 1971; and

"Lincoln Pleads for U.S. Energy Plan," the Oil and Gas Journal, January 25, 1971.

The material follows:

THE GREAT ENERGY GRAB

Mr. Speaker, the monopolistic oil industry has embarked on a scheme to ultimately control virtually all raw energy sources in the United States. Such control, if successful, would lead to a strange hold on the entire economy of our Nation because everything we do—everything we produce—depends upon energy. No factory, no store, no home, no transportation system can operate without it. The implications are frightening for the economic well-being and the security of the entire Nation.

What is happening, Mr. Speaker, will be the number one domestic economic crisis of this generation—a crisis resulting from exorbitantly high fuel and power costs coupled with widespread fuel and power shortages. This crisis can lead to catastrophe.

It is hardly necessary to point out that the oil industry is comprised of the most powerful economic giants in the country. Due to high depletion allowances and other forms of protection, they have amassed huge capital assets. But the oil interests are not satisfied with huge profits and control over their own huge industry. Through a powerful and effective lobbying force they have caused our government to impose and uphold extremely low quotas for foreign oil imports. This in itself has been a major factor in moving petroleum fuel prices to an artificially high level and in the creation of severe fuel oil shortages last winter. These shortages are likely to be worse this winter and prices will be higher. The only thing we will have plenty of fuel for will be for the fires of inflation.

Mr. Speaker, let us now talk about coal. Recently the Tennessee Valley Authority announced an earth-shaking 25 to 30 percent rate increase. Between two-thirds and three-quarters of the reason for this gigantic boost is the fact that the price of coal has virtually doubled in a year's time. TVA was paying $4.00 per ton. In July of this year the price was as high as $8.20 per ton and continuing to increase.

Why has the price of coal more than doubled? Is it higher wages, Republican interest rates, the Coal Mine Safety Act, additional reclamation expenses? Only in relatively small part are these the causes, Mr. Speaker. The main reason is that there is an unprecedented demand for coal for domestic power generation and unprecedented increases in exports, mainly to Japan. Coal is in very much a seller's market. Current coal prices bear little or no relationship to costs, but are simply based on charging the maximum the traffic will bear.

But the crowning blow, Mr. Speaker, is that the oil industry is buying up the coal industry a mile a minute and is doing everything possible to market both petroleum products *and* coal at prices which have little relation to production costs. The oil industry is trying to take complete control over the coal industry and the results are proving disastrous.

And another question, Mr. Speaker, what is the Justice Department doing about this? Is this not a clear violation of anti-trust laws? Are not these practices monopolistic in a form clearly detrimental to the public interest? Does the oil industry really care about our national economic well-being? Does it really care about the citizens whose hard-earned dollars create their great wealth? I wonder.

Mr. Speaker, after the oil giants control all the oil and gas and coal, and carefully continue to throttle down oil imports, what is there left? Except for direct application of solar energy and a small hydroelectric generating capacity there are only the nuclear fuels. These fuels are of dramatically more importance today than anyone dared dream just five years ago. The main reason is the fantastic increase in coal prices. This Administration has already, in more ways than one, tipped its hand on what it wants to do with the huge government owned gaseous diffusion uranium production plants at Oak Ridge. It wants to sell them to private industry. Who wants to buy them? The oil industry, Mr. Speaker. Yes, Mr. Speaker, the greedy, public-be-damned oil industry. If the present course of the oil industry continues and their schemes of monopoly are permitted to materialize while this Administration and the Justice Department sit idly by, the Dixon-Yates scandal is going to look like a kindergarten game.

The attitude of those controlling the base energy sources is further reflected in a report in *Business Week* (August 1, 1970, page 22), which stated: "The major oil companies, which control most of the natural gas supplies in the U.S., have made it clear that they are not interested in increasing gas production until it becomes more profitable than other investments they can make. But that could mean a 60 percent increase in the present ceiling prices that producers can charge for natural gas." These same companies control a major portion of the coal reserves, and it is clear from what is happening that the same attitude exists insofar as any effort to increase coal production is concerned.

As a first step in encouraging the Congress to exercise its urgent duties to investigate and act to save the country from this disastrous takeover, I have introduced a Resolution urging and requesting the Committee on Interstate and Foreign Commerce to investigate the high prices of coal. Other actions will follow along related or similar lines.

Mr. Speaker, again I point out, the security of the Nation is at stake. At the present time if a national emergency required large blocks of power on short notice the Nation's electric industry would find it almost impossible to provide it on a sustained basis unless coal supplies are increased drastically. It is unthinkable to permit a continuation of the present trends which severely limit the capacities of the Nation's electric utilities to respond to a national crisis.

TESTIMONY OF S. DAVID FREEMAN BEFORE THE SUBCOMMITTEE ON ANTITRUST & MONOPOLY LEGISLATION

I am pleased to have this opportunity to appear before you in the opening phase of your hearings on the antitrust problems in the energy field. The first phase of your hearings, as I understand it, will concentrate on the electric power industry and my testimony today will therefore deal largely with that large segment of the energy industry.

The Committee is certainly to be commended for undertaking a very important and timely study of the electric power industry. There are several important reasons why a study of the institutional arrangements and competitive forces in the electric power industry should be undertaken at this time:

1. The electric power industry is the nation's largest in terms of capital investment and is capturing a larger and larger share of the energy market each year. A study of the industry focusing on the questions of interest to this Committee is long overdue.

2. Nuclear power is just beginning to become a commercial source of electricity. The fact that it is economically available only in large unit sizes has major competitive implications.

ENERGY COMPANIES

I believe the recent trend toward acquisition of coal companies by petroleum firms should be a subject of concern in light of the possible adverse impact on interfuel competition. This trend has been accompanied by a greatly expanded participation in uranium production by the petroleum industry. Many of the major oil and gas producers have become energy companies.

Interfuel competition can be an effective force for consumer protection in the energy field. There are two markets in which competition may be affected by the energy company trend. One is the fuel for power plants where coal, oil, natural gas, and nuclear power for new plants may compete. The other is the space heating market at retail coal-fired electricity, oil, and natural gas are or may be competitors.

The coal industry, until this recent merger trend, was a completely independent competitive force. Coal is potentially a source of oil and gas and it is perhaps natural and desirable that petroleum companies should begin to acquire coal reserves for future use. Nevertheless, the speed and scale of dominance of the independent coal industry by their petroleum company competitors raises a question of whether the public interest is being best served.

Future production of oil and gas from coal will involve additional competitive considerations. Oil and gas are major competitors at retail, and the present tight gas supply picture is complicated by the fact that most natural gas is produced by integrated oil companies selling fuel oil in competition with independent natural gas distributors. Competition among gas producers and between oil and gas would be more certain in the future if synthetic gas were produced by an independent coal industry supplying gas to independent gas pipelines and distributors, rather than by one where synthetic production was controlled by oil companies.

Only two of the ten largest coal companies are independently owned any longer. They are listed in Table 1. The remaining eight, which account for 42.9% of industry production, are owned by oil companies, other mineral companies, or other large industrial concerns with other stakes in the energy field. These same eight companies with outside ownership opened over 67% of the new mines in the United States in 1968 as shown on Table 2.

It should be noted that few of the coal companies compete throughout the nation. An electric power plant may be served by only one company or a few coal companies operating within economic distance of its plant. The implications to a utility of its sole or primary coal supplier being owned by a firm competing with it at retail are fairly clear.

Data on company ownership and assets and new mining openings are available; data on ownership of economical coal reserves in various regions of the nation are scanty. There is an abundant supply of coal in the ground,

but increases in demand, combined with petroleum company acquisitions, raise questions as to the extent of large blocks of economical reserves for utility use that remain on the market in the eastern United States.

Oil companies have also been active in uranium exploration since the early 1950's, although by about 1966 only two were significant uranium producers. In the last several years, oil company interest in uranium exploration has increased markedly. During 1968, oil companies drilled 44% of the exploratory and development footage. In 1969 they drilled 37% of the exploratory and development footage. Of the fifteen significant uranium discoveries in 1969, eight were by oil companies.

Oil companies produced 14% of domestic uranium production in 1969 and as of January 1, 1970 controlled 45% of the known uranium reserves.

I have presented some detailed facts on the trend toward mergers between petroleum, coal, and uranium because I believe it is perhaps the most important antitrust issue affecting electric power consumers. I am not suggesting that any particular merger, past, present, or future, is good or bad. I do believe, however, that we are witnessing a major transformation of the industry with far-reaching consequences that deserves intensive scrutiny by all concerned.

TABLE 1.—OWNERSHIP AND OTHER DATA ON 10 LARGEST COAL GROUPS (EXCLUDING STEEL COMPANY CAPTIVE MINES AND COMPANIES PRODUCING PRIMARILY FOR STEEL INDUSTRY)

Coal company	Ownership	Acquisition date	1968 production[1] (thousands of tons)	Percent of industry production
Consolidation Group	Continental Oil Co	September 1966	59,885	12.4
Peabody Group	Kennecott Copper Corp.[2]	March 1968	59,811	12.4
Island Creek Group[3]	Occidental Petroleum Corp	January 1968	32,927	6.8
Pittson Group			19,793	4.1
United Electric Coal Companies and Freeman Coal Mining	General Dynamics	Pre-1952[4]	13,055	2.7
Eastern Associates	Eastern Gas & Fuel Association		12,916	2.7
Westmoreland			11,623	2.4
Old Ben	Standard Oil Co. of Ohio	August 1968	9,923	2.1
Ayshire	American Metal Climax	November 1969	9,254	1.9
Pittsburg & Midway	Gulf Oil Corp	September 1963	9,250	1.9
Total			238,437	49.4

[1] Bituminous and lignite.
[2] Federal Trade Commission is challenging this merger.
[3] Includes Maust Coal and Coke, which was acquired by Occidental in March of 1969.
[4] Main holdings apparently acquired in a merger with Electric Boat in 1952, but percentage ownership increased in 1963 and in 1966 (to 100 percent).

Note: Based on an industry total of 484,000. This total excludes 61,000 of captive production by the steel industry, since captive companies are excluded from the table. However, the production figures for individual companies may include some production for the steel company market.

TABLE 2.—NEW MINE OPENINGS BY LARGE COAL COMPANIES

Coal company	Ownership	Percent of 1968 industry production[1]	Percent of new capacity[2]	Number of new mines
Consolidation	Continental Oil	12.4	6.8	1
Peabody	Kennecott Copper	12.4	29.5	5
Island Creek	Occidental Petroleum.	6.8	12.5	3
Pittson		4.1	0	0
United Electric and Freeman	General Dynamics	2.7	0	0
Eastern	Eastern Gas & Fuel	2.7	5.1	1
Westmoreland		2.4	0.4	1
Old Ben	Standard Oil of Ohio	2.1	0	0
Pittsburgh & Midway	Gulf Oil	1.9	2.3	1
Ayrshire Collieries	American Metal Climax.	1.9	11.3	2
Total		49.4	67.9	[3]14

[1] Same as table 1. Industry total excludes captive steel company production.
[2] Percent of new capacity in coal mines of over 500 tons daily capacity announced, opened, or placed in development during 1968. See table 3. Inclusion of smaller mines would reduce the percentages but probably not significantly.
[3] This is 44 percent of the 32 new mines included in the tabulation.

[From the Nation, Mar. 8, 1971]

SOUTHEAST ASIA: OFFSHORE OIL BOOM

(By Barry Weisberg)

(NOTE.—*Mr. Weisberg, co-director of the Bay Area Institute, San Francisco, has written widely on the political economy of petroleum, and is the editor of* Ecocide in Indochina *(Canfield Press, a department of Harper & Row.)*

SAN FRANCISCO.—On December 1, the Thieu-Ky government issued Public Law No. 011/70 regarding the "Exploration and Exploitation of Petroleum and related taxation, fees and exchange regulations." This law gives the official go-ahead for negotiating offshore leasing arrangements between South Vietnam and twenty-one contending petroleum companies, mostly American. Extensive American petroleum exploration in Indochina and South Vietnam has been conducted for more than two years under the auspices of the United Nations Economic Commission for Asia and the Far East (ECAFE).

The eighteen offshore South Vietnamese concessions are in the Gulf of Thailand and the southeast offshore region adjacent to the penal colony of Con Son. Saigon will offer the concessions on a "best offer basis," allowing great flexibility on the part of the contending petroleum companies. The specified tax rate of 55 per cent can be lowered by official decree to 45 per cent or raised to a maximum 65 per cent, but not retroactively.

In addition to the offshore areas, prospecting has also occurred in the rich Mekong River Delta and on the alluvial plains of Thailand. Potential petroleum deposits have been detected along a continental shelf that connects Japan, Indochina, Indonesia and Australia. With more than 1 million square miles of Southeast jungles and shallow seas, this continental shelf is the largest in the world. Also, it appears to hold the largest deposit of petroleum. A report by *World Oil* of August 15 predicts "a daily average crude production of 400 million barrels by 1975 from this area." That would be 146 billion barrels a year, or nearly three-quarters of the entire production of petroleum in the world to date!

America has a long-standing interest in the natural resources of Southeast Asia. In 1965, Henry Cabot Lodge, then U.S. Ambassador to South Vietnam, stated: "He who holds or has the influence in Vietnam can affect the future of the Philippines and Formosa to the East, Thailand and Burma with their huge rice supplies to the West, and Malaysia and Indonesia with their rubber, oil, tin to the south."

The rise of American economic investment in all of Indochina was made explicit on November 11, 1969 in a statement by the U.S. Ambassador to Thailand before a Congressional hearing: "There is one very large development that may take place. Nobody knows at this point whether it will prove out or not. That is the oil exploration going on in the Gulf of Thailand. . . . Now if that develops, it of course will be a very major additional investment in the country." Since the coup of Gen. Lon Nol and the U.S. invasion of Cambodia, Khmer-Thai economic negotiations have increased substantially. They center on a common plan for petroleum exploration.

It appears that recent military escalations in Cambodia and Laos coincided with the actual determination of petroleum deposits in Indochina. A story sent out by the wire service Agence France-Presse on February 7, 1971 states: "The very recent discovery of important oil deposits in Thailand and South Vietnam explains in great part, according to reliable sources in Moscow, the resurgence of military activities in Indochina, particularly the recent events in Laos. . . . One cannot know precisely when the existence of the deposits became known to the Americans, but according to the same sources, one cannot discard the possibility that decisive information on this subject was obtained before the unrolling of events in Cambodia, last spring." Jacques Decornoy, Southeast Asian editor for *Le Monde*, wondered on January 8, "Have the oil companies perhaps received some solid assurances from Washington concerning the willingness of the United States to 'hold' Indochina, and South Vietnam in particular?"

American petroleum investment in Southeast Asia is already extensive. Standard Oil and Shell have been investing in the region for more than fifty years. At present, offshore oil concessions dot a map of Southeast Asian waters, and by the end of 1971 Indonesian petroleum production is expected to reach 1 million barrels a day, with American interests dominating 80 per cent of production. U.S. investment in Indonesian oil has sprinted from $100 million in 1969 to $130 million in 1970 and is expected to climb to $160 million in 1971. Pertamina (the national Indonesian petroleum company) has negotiated more than twenty-eight produc-

tion and exploration contracts with foreign companies, seventeen of which are American.

More than $100 billion worth of military spending has been poured into South Vietnam in the last twenty years, with another $4 billion going to Saigon in non-military aid. The extensive network of highways, harbors, railroads, airports and communications provides an ample foundation for an oil rush to Southeast Asia. David Rockefeller of the Chase Manhattan Bank estimated last May that American oil firms would spend $35 billion on petroleum in the western Pacific over the next dozen years.

To date there have been five major petroleum finds on the shelf, one by Royal Dutch Shell and four by American companies; Atlantic Richfield (which pioneered the Alaskan North Slope discovery), Cities Service and the Union Oil Company and Natomas of California. Aside from Indonesian waters, there has been a rush to the Gulf of Thailand and Malaysia with continued attention to the coastal waters of South Vietnam.

The Wall Street Journal of September 22, 1970 reported rumors that Standard Oil of New Jersey (Esso) had discovered oil in its 28,000-square-mile concession off the coast of Malaysia, directly adjacent to the South Vietnamese blocks. Esso has made no announcement, realizing that news of the find would greatly boost the South Vietnamese bidding. However, it opened a greatly enlarged petroleum refinery in Singapore on February 19. A U.S. Embassy official in Singapore, base for the burgeoning petroleum operations of Southeast Asia, suggested: "We've had all the feelings of an oil boom here in Singapore already. But with the recent chaos in the Middle East the oil moguls must be frantic now to get more firmly into Southeast Asia."

One cannot grasp the importance of the current oil rush to Southeast Asia without reference to the larger international petroleum picture and the Middle East. The predictions are that within the next ten years the industrial world will consume as much petroleum as was produced in the entire previous history of oil. In the past decade Western Europe has tripled its consumption. France annually increases consumption by 17 per cent and Japan by 13 per cent, while the United States averages about 6 per cent. However, although the United States both produces and consumes more petroleum than any other nation, it is comparatively self-sufficient. The annual production here is now three times that of any Mideast nation. Imports account for 20 per cent of our consumption, but they are largely Canadian and then from Venezuela, with only 3 per cent of the supply coming from the Mideast. By contrast, the six Common Market nations import 63 per cent and Japan 90 per cent—mostly from the Middle East and Africa.

With the closing of the Suez Canal, oil-consuming nations have been paying an additional $1 billion annually for increased tanker costs. In this context, one understands the importance of the recent controversy in Tehran between the ten-member Organization of Petroleum Exporting Countries (OPEC) and the American petroleum companies. As Walter J. Levy suggested in December at the OPEC meeting in Caracas of the new tax and price demands, "It is most foreboding in terms of Western economic and strategic interests. There is the definite potential that producing nations will take unilateral control over the pricing and taxation of all foreign production. If so, the consuming nations are in for a crude awakening." The recent settlement by the six Persian Gulf states, and the settlements with Libya, Algeria, Venezuela and Indonesia yet to be negotiated, may well cost petroleum companies an additional $5 billion a year.

While the United States is not dependent upon Mideast supplies, American companies control 59 per cent of the oil in the Mideast, which is sold to the oil-hungry nations of Western Europe and to Japan. The American balance of power in the Pacific depends in part upon Japanese reliance on American petroleum supplies. The Japanese have declared their intention that by 1985 at least 30 per cent of oil imports should be brought in by Japanese-owned resources, but American companies own substantial interest in Japanese firms. Recently, negotiations for oil and gas have increased between the Soviet Union and Japan. The Soviet oil and gas discoveries in the Siberian Arctic, convenient to Japan, are no doubt an important spur to American exploration and development in Southeast Asia. Soviet supplies will more than likely dwarf Alaskan finds and, given current North Slope delays, might easily compete for the Japanese petroleum market.

Ecologically, Southeast Asian crude is important because of its extremely low sulfur content—less than two-thirds of 1 per cent. The Administration is contemplating a tax on the sulfur content of fuel, and there is thus reason for the industry to call low-sulfur fuels "sweet."

These events will no doubt shape the destiny of the entire Pacific Basin. Petroleum today represents 70 per cent of all U.S investments in Third World nations. This explains a statement by *The Washington Post* on October 4, 1969: "What happens in the board rooms of Standard Oil or Gulf may be of more interest and more permanent consequence to a country . . . than what happens on the seventh floor of the State Department."

Recently, anti-war groups in the United States have voiced concern in this area, though the American media have been silent. The Senate Foreign Relations Committee has been receiving several hundred letters a day from citizens who have asked that hearings be held on the relationship between petroleum and the continued American presence in Indochina. Such hearings might ask: Does petroleum wag the tail of the U.S. military in Indochina? Is petroleum the reason we continue to support the highly unpopular Thieu-Ky regime? Does it explain the invasion of Cambodia and Laos? Are people dying in Indochina for noble ideas or the crude profits of oil?

[From the New Republic, Mar. 13, 1971]

OILING THE ESCALATOR

(By Gabriel Kolko)

One of the most remarkable aspects of the U.S.'s decade-old intervention in Indochina is that it never developed an important, specific economic constituency that could only lose from total American withdrawal. On the contrary, the monumental impact of the war on inflation at home and the U.S.'s world monetary position made the war increasingly a danger to a profitable, cohesive social order. Aerospace contracts and dividends fell, and even napalm producers had no special interest in their deadly merchandise being employed in Indochina as opposed to some other hapless nation. Raw materials, a factor to which the Eisenhower Administration paid some (but by no means exclusive) attention when it decided to support the French, were predominantly in the neighboring states rather than Indochina itself. If the domino theory required saving every link in the chain for fear of losing it all, there was always reasonable doubt whether that dubious analogy adequately explained the nature of agrarian revolutions and Southeast Asia's inexorable fate. By 1968 the economic, military, and social costs of defending that doctrine appeared far too high not just to tens of millions of Americans but to a growing number of major business and financial leaders who endorsed the principle of U.S. withdrawal in one fashion or another.

The absence of some immense economic incentive to attain victory and a politically significant economic force to sustain it meant that Nixon's consistent strategy of protracted air and artillery war in Indochina could not in the long-run win political time at home during which to attempt to gain the ever-elusive military dominance in Indochina. This fact was a source of optimism, for never before has the U.S. been ruled without the consent of the electorate or the leaders of the key centers of industrial and financial power. Today, however, this sanguine future estimate is profoundly in doubt. For there is now emerging the possibility of a new economic bloc that could dangerously shift a vital portion of a hitherto neutral or hostile sector of big business and banking back into the strongly pro-war camp.

Indochina's main blessing, ironically, was that while it was known to be rich in agricultural commodities, until 1968 too little was known about its other resources to make it appear worth the costs to profit-oriented businessmen. For some years, however, American oil firms regarded Vietnam's offshore oil potential as promising. Only at the end of 1968, under the nominal auspices of the UN's Economic Commission for Asia and the Far East (ECAFE), what proved to be "highly successful" oil explorations began off Vietnam's southwest coast. By the following spring, still sponsored by ECAFE but with US funds, the oil search then led to a 4000 mile seismic survey of the eastern and southern Vietnamese coast and the data were sold to an unidentified group of predominantly American firms.

This fruitful beginning took place as an oil bonanza atmosphere was building up throughout the East Asia offshore region, and as the US Navy's experts announced that the vast shallow areas running from Korea to Thailand might contain "potentially one of the most prolific oil reserves in the world." The oil was especially precious because it has a very low sulfur content, making it far less of a pollutant. By November 1969, when Leonard Unger, Ambassador to Thailand, testified to the Senate Committee on Foreign Relations, he casually mentioned "one very, very large development that may take place" in Thailand: six oil firms, five of them American, were busy exploring offshore with "pretty good hope of finding something."

Amidst growing industry predictions of a "bluechip boom" for oil everywhere in Southeast Asia, "creating an atmosphere reminiscent of the Alaska-Yukon gold rush," to quote *Fortune*'s survey of the topic in March 1970, undiscussed incentives for military-political victory in Indochina were growing. The following month, David Rockefeller, chairman of Chase Manhattan Bank, estimated that the predominantly American international oil firms would spend $35 billion in Asia and the Western Pacific, mainly Southeast Asia, over the next 12 years. Meanwhile, further US explorations off Vietnam continued and estimates of immense future output in the region became more and more common. As the editor of *Petroleum Engineer* summed it up last June, "The projected work pace for all of Asian Pacific could turn out to be woefully conservative, depending on how long it takes to settle the war against the communists in Vietnam. If and when the US wins its objectives there, oil exploration conceivably could be successful enough to turn that part of the world into another South Louisiana-Texas-type producing area. This would be one of the biggest booms in the industry's history. It all depends on the Vietnam war, how long it takes to get the job done and how well the job is done."

The discovery of oil near Vietnam comes at a time when non-Far East producers are in the process of extracting higher royalties, the US has narrowly averted a fuel shortage, and the pollution crisis has led the Administration to consider taxing the sulfur content

of oil. Today the US imports over one-fifth of its oil supply, but by 1985, reliable industry sources claim, imports could reach one-half the national consumption. "We are a great country largely because of our supply and use of energy," George A. Lincoln, chairman of Nixon's Oil Policy Committee stated earlier this year; "Without control of that energy supply, we could become a Samson shorn of his locks." Never has the incentive for the US to control a politically reliable, major petroleum region been greater. If Southeast Asia is to play that role, then the implications for the outcome of the war are monumental.

At the same time, Saigon has been locked in an insoluble economic crisis which has grown consistently worse since 1968. Inflation and speculation, which last fall's piastre devaluation only momentarily slowed, has continuously undermined the regime's authority and following in the urban areas, threatening to duplicate the Chinese experience of 1946–49 when Chiang possessed nominal physical control while the socio-economic fabric of society unravelled around him. The artificially stimulated and highly fragile urban sector is today largely dependent on a high rate of US military expenditures.

Nixon has never developed an economic equivalent of "Vietnamization" in the military sphere, a fact Ambassador-at-Large David Kennedy is expected to consider during his visit to Saigon this month. The President's current strategy of indefinitely fighting a protracted air and mechanized war does assume, however, an important reduction of US manpower and costs. Oil investments would partially compensate for this new economic vacuum, and it would gain the Administration what it has hitherto lacked: a politically and economically powerful constituency—the international oil firms—with a tangible vested interest in Indochina puppet regimes and a protracted war to consolidate US hegemony in the region. This constituency, which in this century has been the most important single economic element in influencing the conduct of American foreign policy in the Third World, can operate only where it attains the political prerequisities of economic activity. Since the process of oil development in new areas, from exploration to commercial production, usually takes a decade or longer, in the past US firms have not invested heavily in any region unless Washington has first assured them that their often large investments will ultimately be rewarded. This understanding is almost always explicit, and it is a better measure of the US's long-term intentions than any speech or platitude.

Washington has avoided specifying the exact type of economic order it wishes in Indochina, but the Asian Development Bank's recent report on the future of Southeast Asia in this decade offers some basic themes appealing to the Japanese-American alliance that controls it. Essentially, the Bank stresses the need to develop the raw materials export sectors via foreign investment, to modernize agriculture, and to fit Southeast Asia into into a regionally integrated capitalist economy based preeminently on Japanese and Australian needs. The Bank explicitly recognizes this will require a "Korea solution" to the war, a solution the US would attain by reducing combat and its forces to a residual army of 25,000 or more until at least 1971. Such an Indochina, of course, completely prejudges the political and economic outcome of the war in favor of the present Saigon regime or something akin to it. So would a massive influx of US capital. It would also reveal, more candidly than its words, that the Administration has no intention of withdrawing from a major role in guiding the future affairs of Indochina and that, on the contrary, it is establishing a permanent presence. That role would require many years of combat and economic and human expenses—only eventually to end in failure.

The Thieu-Ky regime has grasped the significance of these possibilities and in recent months has adroitly attempted to deepen the the American stake in its future as well as solve the potentially fatal economic illnesses it now confronts. During the summer of last year Saigon divided its offshore waters into 18 immense blocks and then rewrote its investment laws to facilitate foreign entry on terms that will tempt even the most cautious investors. Last December 1 it issued a new oil law containing tax rates far lower than prevailing world standards, and it embarked on a public relations campaign to make what was admittedly a very promising situation look like, to quote Saigon sources, "one of the most spectacular oil deposits in the world." Explicitly releasing it in the context of an attack on a coalition-government solution to the war, Saigon has also just published *Doing Business in Vietnam* and is distributing it free in the US. It has successfully fed the speculative fever by announcing that individual firms have been attempting to obtain special rights, and far exceeded even foreign optimists in promising alluring riches. Then, at the end of December Saigon authorities declared they would begin accepting tenders for leases at the end of February, and within a month at least 22 firms—predominantly American—were in Saigon ready to offer bids. As Thieu's men never tire of pointing out, whether American business will reap the harvest depends on a regime ready to cooperate with the US on most generous terms. Such a government precludes both a political settlement to the war and American withdrawal.

Although we cannot know the exact encouragement the Nixon Administration has given the oil firms, save via a congressional inquiry, outside the U.S. there has been growing concern regarding this new and subtle phase of the war. In early January, Jacques Decornoy in *Le Monde* outlined the contours of the development and candidly asked what assurances Washington had given the oil firms. At the same time, the Sihanouk government denounced Phnom Penh's important new concessions to the Thais and U.S. oil firms, and Stockholm's respected *Dagens Nyheter* at the end of January also linked the published economic facts to their obvious political dimensions, speculating that Washington must have urged the oil firms to gamble on Saigon. Then, on February 7, Agence France Presse's Moscow correspondent reported a Soviet official assessment which assigned to the discovery of oil a large role in shaping U.S. policy in Indochina since early 1970. And at the end of the month, the Provisional Revolutionary Government announced that it would not recognize Saigon's oil concession. So far, no major American news outlet has yet deigned to analyze the political significance of oil in Indochina.

Should Congress, the press, and the people eventually consider the implications of massive oil investments to the future of the war, its first effect will be to expose further Nixon's claims to favor U.S. withdrawal, for economic penetration will require what is tantamount to a U.S. colony and a war that can only escalate without hope of an end. No doubt those who oppose the war will press for a ban on U.S. investments that the Administration can only protect at the cost of future massive expenditures of Vietnamese and American blood. And it is likely that oil firms that take leases will find themselves replacing the napalm manufacturers as the object of the antiwar movement's wrath—a fact that will be of more material consequence as young people become angrier and more desperate. If major oil firms decide the war is still worth the gains, and actively back Nixon's undertaking, then the balance of political forces within the U.S. will be very different than in March 1968 when, according to Townsend Hoopes' account, major financial and industrial interests prevailed on President Johnson not to further escalate manpower in Vietnam for fear of aggravating the already sagging health of the economy and society.

We are now on the verge of a development that could transform a war that was initially based less on tangible considerations of economic gain than it was on ideological and strategic assumptions that had only a quite indirect economic component. Should economic spoils replace the desire to maintain a credible military image and contain revolution as the source of American conduct in Indochina, adding a powerful new domestic constituency to Nixon's present fragile, emotional following, the dangers confronting antiwar forces and the peace of Indochina and the world may prove incalculable.

[From the Village Voice, Feb. 25, 1971]

OIL: A HIDDEN FACTOR IN THE INDOCHINA WAR

(By Paul Cowan and David Gelber)

It now seems as if oil might be a hidden factor in the Indochina war—if not in provoking the fighting, at least in prolonging the United States' commitment. We have learned that the major U.S. oil companies plan to bid for concessions off the shore of Vietnam within 60 days, and that the U.S. government has apparently assured them that their investments will be protected.

The American media has so far remained almost mute on the issue of the U.S. offshore oil investments in Southeast Asia, though they extend from Indochina through Indonesia to New Guinea. In trade journals and the Western European press, however, the story has been prominently covered. Until now there has been no corroboration from government or industry sources that the U.S. government has paved the way for investments by providing critical assurances to the oil companies. In wide-ranging interviews last week with generally reluctant spokesmen, we discovered that the Nixon administration has indeed promised the oil industry some combination of political, military, and financial support to protect its high-risk enterprise.

We have seen no documents; there may not be any. We cannot say precisely how the government will protect the oil, though one middle echelon official in a major oil company told us he had heard the project discussed in several of his firm's meetings "and I think the assurances involve continued U.S. military involvement in Vietnam, some way, somehow." But whether the emphasis is on the hard assurance of military support for oil exploitation or, simply, in the form of an insurance policy against the risk of expropriation, the inescapable conclusion is that the U.S. government has become even further committed to an open-ended involvement in Vietnam.

Here is what we have learned:

Since the early 1950s the major U.S. oil companies have suspected that the waters off the coast of Vietnam, and throughout the South China Sea, contain one of the richest deposits of offshore oil in the world. At that time, "we decided to put the area 'in the drawer' until it achieved political stability," an official at a major oil company told us. In the 1960's a series of probes by independent exploration teams, and one by a UN-sponsored crew, converted the possibility of oil into a near certainty, but the oil companies didn't invest until 1970, "when it was peaceful enough to do some work." That assessment was not theirs alone. Sometime last year the oil companies received their assurances from the U.S. government.

Such assurances would be a "critical" prerequisite to any oil company commitment in Vietnam, we were told by a source in the executive branch of the government. They would most likely have come from Henry

Kissinger or William Rogers, he said. (Like many people we contacted he was willing to talk but unwilling to be identified, so we are forced to attribute his comments in journalese.)

The assurances seem to have been conveyed through informal conversations, not through written documents. Indeed, any formal arrangement might have violated the anti-trust act, the oil company official said, "but you can be sure discussions took place." The assurances were political, military, and financial, but since the officials who described them to us were middle-level bureaucrats, who knew the story primarily from the point of view of their own organizations, it is not clear which of the three factors received the greatest emphasis. But that doesn't really matter. The impression we got from our interviews is that most officials connected with the war are now confident of victory, and ready to enter a new long-term commitment to Vietnam.

"To do business offshore you need to be able to drill, to recover oil, and bring it back to a terminal point," said the oil company official, whose firm will almost certainly be one of the leading investors in the Vietnamese fields. He told us the assurances were military. "You can't be worried about enemy attack when you've made the kind of huge financial investment this kind of work requires."

If there is as much oil in the water as preliminary seismic probes suggest, he said, then each major company will invest several billion dollars in the exploitation. "Off the record speaking for myself," he said, "I think a top secret commitment was made in Washington that involves continued American military presence in Vietnam until the oil is drilled." He was obviously disturbed about the development.

But strictly military assurances are impossible to enforce according to Craig Wilton of the Chemical, Petroleum, and Rubber Division of the Commerce Department. "How can you stop an enemy from putting a 10-pound charge of dynamite on a pipeline and blowing the thing to bits?" Wilton's main concern was for political guarantees. He listed countries in which revolutions or coups d'etat had caused violations of contracts signed with the United States—countries like Libya, Bolivia, and Peru. He suggested that to protect themselves in Vietnam the oil companies had insisted upon, and received, assurances that the Thieu-Ky regime, or a government with a similar attitude towards the United States, would remain in power for the time the oil companies needed to complete their work in the off shore fields. He made Vietnam's future sound something like Panama's present.

Richard Palmer, a spokesman for the government-sponsored Overseas Private Investment Corporation, told us last Friday that preliminary discussions have already taken place between OPIC officials and the oil companies planning to bid on the South Vietnam fields. OPIC is empowered to provide "specific risk insurance" against the possibility of expropriation or physical damage inflicted by a hostile force. "At the present time," he said, "we have no prejudice one way or the other on the question of insuring oil investments in South Vietnam." Just last week Palmer sounded more negative, telling Steve Bookchester of WBAI that OPIC "would not now" insure the oil investment.

A leading international banker, familiar with Southeast Asia, told us, "If the insurance is available I would advise the oil compaines to make the investment."

The bidding for concessions in Vietnam's waters is supposed to begin within 60 days. Originally, the bids were to have been submitted this month, according to Wilton. They were delayed only because two of the most deeply committed companies, Gulf and Mobile, wanted the South Vietnamese government to clarify the legislation that will cover the offshore tracts.

Some people we interviewed about the Vietnamese oil say the deposit there is relatively unimportant because it's probably smaller than the one in Indonesia (U.S. companies began to prospect shortly after Sukarno was overthrown). But oil industry trade journals, which are buoyant with the news of Southeast Asia's offshore deposits, blur that distinction. They describe a "lake of oil" which stretches from Indochina through Indonesia to New Guinea. One U.S. geologist predicts that by 1975 the area will be ready to produce 400 million barrels daily, more than is now produced in the entire Western world. A United Nations team reported that the Southeast Asian deposits might be many times greater than those in the Middle East.

U.S. diplomats and investors share the optimism. In November 1969, the U.S. Ambassador to Thailand Leonard Unger, informed the Senate Foreign Relations Committee that "there is one very, very large development that may take place (in Thailand). . . . That is oil exploration." In April 1970 David Rockefeller predicted to an Asian financial forum, sponsored by the Chase Manhattan Bank and held in Singapore, that oil companies would invest $35 billion in Asia and the Western Pacific over the next 12 years, most of it in Southeast Asia.

It is clear that the turbulence in the Middle East, particularly the 1969 nationalization of the Libyan oil fields, has induced the major oil companies to concentrate on the offshore fields of Southeast Asia. Last week's agreement of the Organization of Petroleum Exporting Countries (OPEC), which guaranteed poor countries an unprecedentedly large share of the oil industry's profit, provided an additional impetus to invest in Asian countries, which offer some of the most generous rates in the world. And the fact that Southeast Asia's offshore oil is ecologically sound, with a low sulfur content, makes it extremely attractive. That is especially true because of its proximity to Japan, the world's fastest-growing economy and its most polluted nation, which is now almost totally reliant on the high-sulfur Middle Eastern oil.

But such specific speculations, like the debate over which Asian country contains the largest oil deposits, tend to fog the most important political conclusion that the developing boom provokes. It is that if the area is indeed rich with oil, then the domino theory makes sense economically if not politically. The major oil companies need friendly governments in the area in order to protect their enormous investments. (And the problems the oil companies have had in Africa, the Middle East, and Latin America may mean that their definition of friendly governments in Asia is stricter than ever.) Certainly they must feel that a hostile force in one country means a threat of sabotage throughout the region.

If the major oil companies have suspected the existence of rich deposits off Southeast Asia's waters since the early 1950s, and kept the region "in the drawer" until the past few years, then it stands to reason that they must have tried, during the past decade, to lobby for a U.S. foreign policy that would guarantee them stability. That suggests that oil may have always been a factor, in the United States' Southeast Asia policy, though probably not the primary factor. For these powerful companies make voracious demands on the world, as this paragraph from a statement from Gulf Oil suggests:

"During the next 10 years the oil company is going to have to invest more than $200 billion to provide for the growing demand for petroleum. . . . Free world demand is expected to increase by some 25 million barrels per day. That means . . . the industry will have to discover about 40 billion barrels of new oil reserves each year, build the equivalent of another 900 of the 100,000-ton tankers, and construct 250 new refineries, each with an average capacity of 100,000 barrels per day. Since it is estimated that exploration in the U.S. will provide only a small fraction of these requirements, the majority of these oil reserves must be found elsewhere."

Both of us doubt that the United States is anywhere near as sure of winning the war as our sources in the oil industry and the government seem to believe. One oil man we spoke to, whose firm is not yet involved in the Vietnam bidding, stated that reservation with bewildered force. Because of the risk involved, he said, the investment "is the damn stupidest thing the oil industry has ever done. If Nixon is serious about troop withdrawal, then the Viet Cong will sabotage pipeline after pipeline. If he's not, then the public will have the image of U.S. soldiers guarding American oil fields, and that will be disastrous for our public relations."

What is the role of the Vietnamese government in the prospective boom? Some of the people we spoke to, whose companies and publications had only glanced at the situation, suggested that the initiative for the bids must have come from them. They may have put the concessions on the market now, hoping to force the companies to speculate. Certainly they have everything to gain from the sale of oil rights. It could pour more money into the country's sickly economy and win a stubborn hawkish stance from a major U.S. industry. There is certainly a corrupt Vietnamese oligarchy, already rich from U.S. aid, who now must plan to share oil profits with U.S. businessmen and U.S. government officials. Indeed, the Southeast Asia oil boom could be the new Teapot Dome scandal.

Crucial questions need to be answered. Nixon has everything to gain by encouraging the nation's most powerful industry to increase its interest in the Indochina war. Precisely what has he promised them? Alternately, to what extent has the oil industry prodded a heightened U.S. commitment to the governments of Southeast Asia?

Except for minor notices, usually relegated to the business page, the mass media has generally ignored this story. A tv network which did take note of the Vietnamese oil situation conveyed the impression that the oil companies in Vietnam are engaged in an international goodwill enterprise. In fact, oil companies in the Third World invariably created air-conditioned hotels, gaudy restaurants, and spectacular wealth for the native oligarchy—the overlay of false wealth which cloaks retarded social and economic development. And now Saigon, bulging with three million displaced farmers, victims of American military technology, is slated for salvation by the business wing of the American technological elite: the men who created Singapore, Beirut, Caracas, and, one might add, Dallas.

It is, of course, not just the future of Saigon that's at stake. Oil takes years to extract; we must consider the possibility that the Indochina war will last a decade more at least. In preparing this article our information has been fragmented, our sources limited and, for the most part, middle echelon. The issue demands an intensive investigation by Congress as well as by the mass media, with its world-wide resources. If major American companies are preparing to make huge investments in Vietnamese oil, we must know who's behind that development, why, and for how long.

[From Business Week, Mar. 6, 1971]

THE POLITICS BEHIND THE NEW OIL HUNT

One message emerges loud and clear from the din over the recent sharp increases in the crude oil price set by countries throughout the Middle East and North Africa: The international oil companies must expand their

search for new reserves—and do it fast—if they are to deal more strongly with producing nations in the future.

In a sense, the search is more political than geological. There is little chance of discovering enough new oil to replace the huge Middle East pool—about two-thirds of free-world reserves. But companies must make the effort, no matter how costly, in order to redress the overwhelming bargaining strength of the Persian Gulf and North African producers, who are demanding an ever larger share of revenues from their oil.

The North Africans, in addition, are exerting still another kind of pressure. Algeria is in the midst of nationalizing the assets of French companies after earlier seizing those of U.S. and other foreign concerns.

In neighboring Libya, the companies are negotiating higher prices that also will raise oil export rates at other points in the Mediterranean. If the companies fail to meet its demands, Libya may follow Algeria's lead and nationalize its oil industry.

POLITICS

Exploration, however, presents its own dangers. Nearly everywhere they turn, the oil companies will run up against new political and economic problems. Peace groups claim that oil company activities in Southeast Asia are one big reason that the U.S. government doggedly continues the Indochina war. Peace groups have charged that the Administration recently made secret assurances to the oil companies that their Asian investments would be protected. So the cost of future exploration will undoubtedly be high, whatever the measure—financial, logistical, or political.

Even after they have made huge outlays for new discoveries, moreover, the companies will have no guarantee that they can get their crude to market. Seven U.S. and British oil companies, for instance, have poured about $1.5-billion into developing Alaska's vast North Slope fields since 1968. But they have yet to sell commercial quantities of oil because of battles over the potential damage to the Alaskan wilderness from a pipeline.

The high cost of drilling for oil in the Arctic and offshore is even upsetting the oil industry's longtime practice of relying on internally generated money to finance exploration. Recently, the biggest, most conservative oil giants have joined the corporate swingers in devising ways to raise cash. For example, Standard Oil Co. (N.J.) recently placed $100-million worth of notes and debentures in Europe. Part of the proceeds, the company admits, will go to stepping up exploration.

A payoff. Regardless of cost and obstacles of the big oil hunt, oilmen are convinced that it will pay off. "No geologist is predicting another Persian Gulf," says Michael B. Morris, vice-president for Eastern Hemisphere petroleum exploration at Continental Oil Co. "But the search is so intense that we are going to find numerous sources smaller than that around the world."

One area getting much attention is the North Sea. The reasons are simple. First, the so-called Shetland Basin lying beneath part of the North Sea has a geologic structure similar to areas that have yielded most of the world's oil production. Second, Europe is almost totally dependent on precarious oil supplies from the Middle East and Africa. Therefore, any commercial crude production from next door in the North Sea is going to have assured, profitable outlets.

"You are close to your markets," says Conoco's Morris. "And just as important, the politics are stable."

After five years of exploration and pouring in about $1-billion, the oil companies are finding oil as well as natural gas in the North Sea. Last summer, a group led by Phillips Petroleum Co. struck the sea's first big oil field 185-mi. southwest of Norway. Dubbed the Ekofisk field, that find later was extended with another field. Phillips now figures that it can produce 300,000 bbl. of oil a day from its Norwegian fields—equal to about 8% of Britain's daily oil consumption.

Like Alaska's North Slope, however, there will be problems in getting the oil out. Norway wants to have the oil moved to its ports first before it is trans-shipped elsewhere. But building a pipeline from the Ekofisk wells to Norway would be nearly impossible because of a deep underwater valley running along the Norwegian coast.

Instead of the line to Norway, the Phillips group proposes to begin tanker loadings at sea, and move the crude directly to major European markets. When the Phillips group brings Ekofisk into full production, it would then build a pipeline either to Britain or the Netherlands.

Arabesque. While the argument over where to land the oil goes on, Norway is beginning to put up some financial obstacles, too. In fact, some oilmen are saying—only half in jest—that the Norwegians are acting like Arabs in handling oil matters. "We cannot reduce ourselves to the passive role of mere royalty collectors," declares Thorvild Aaakvaag, director of the oil division of Norsk Hydro, the big Norwegian industrial combine, and a Phillips partner in the Ekofisk fields.

In the matter of collecting royalties, Norway certainly is showing stripes worthy of a Middle Eastern oil skeikhdom. When it first granted exploration rights in 1965, Norway pegged its share of the take at 56% of the next net profits from future commercial production. In 1969, the take was raised to 62%. And now that commercial output is close, the government is talking in terms of 70% to 80% of net profits in new concession contracts.

South of Ekofisk, though, Norway is beginning to get some competition in the North Sea oil sweepstakes. Last fall, a group led by Tenneco discovered commercial quantities of oil off the Netherlands coast, and shortly afterward a British Petroleum consortium opened a new field in British waters.

The whole North Sea area is expected to produce about 1-million bbl. of oil daily within a few years.

In Africa. Elsewhere, the potential for new oil discoveries is getting better, too. Since the end of its civil war, Nigeria has come back into the spotlight with a string of new discoveries, mostly offshore. That African nation has raised its production to 1.3-million bbl. daily, and the rate is expected to soar to 5-million bbl. daily by the late 1970s. Companies such as Continental and Gulf Oil Corp. are fanning out into the interior and along the West Coast from the Spanish Sahara to the Congo.

But of all the hot oil search regions in the Eastern Hemisphere, the island chain of Indonesia and surrounding ocean is perhaps the most tantalizing of all. "The South China Sea is going to be one of the biggest oil production areas in the world in the next few years," predicts Conco's Morris.

Already, the Indonesian archipelago is producing around 900,000 bbl. of oil daily, by far the biggest output in Southeast Asia. Recent strikes there could boost the output to about 2-million bbl. daily in two or three years.

To get in on the fast action, a raft of both large and small companies have signed drilling contracts. Caltex Pacific Indonesia, a 50-50 partnership of Texaco, Inc., and Standard Oil Co. of California, got in early and is the leading producer with 718,170 bbl. daily.

Like several other companies, Caltex faced some rocky moments under the late dictator, Achmed Sukarno. "We have had plenty of experience riding through rough times," says Laurie W. Folmar, senior vice-president of Texaco.

A bloody revolution in 1965 led by General Suharto deposed Sukarno, and Indonesia is now more stable. Though it is a member of the Organization of Petroleum Exporting Countries, Indonesia generally has been easier to deal with in recent years than other members of the group. "The Indonesians drive a tough bargain, but once they have made a deal, they stick with it," says one admiring U.S. oilman.

Offshore Vietnam. Stepping out from Indonesia, oil companies have launched a wide-scale geologic search for other oil-bearing formations in neighboring land and sea areas. After positive results from seismic work, 10 U.S. companies recently signed exploration agreements to look for oil in the South China Sea off South Vietnam.

The testing off South Vietnam is what recently got the oil companies into hot water with the peace movement. One West Coast group, called Another Mother for Peace, is asking for an investigation of possible Administration guarantees of oil company investments in Southeast Asia.

The companies who will comment on allegations that the war is being fought partly in their behalf dismiss them out of hand. "There is no production at all near Vietnam," says one oil company executive. "If the government wanted to protect U.S. oil interests, it would go to war in the Middle East. But it's not about to do that."

IN THE WEST

While the Eastern Hemisphere is drawing most of the new exploration play, North and South America are getting plenty of attention as well. Venezuela, South America's dominant oil producer and lately one of the most militant countries in demanding higher prices, is beginning to get some competition to the south.

Texaco, for one, has made some major oil strikes in Ecuador and is now building a pipeline over the Andes to transport the new oil to the Pacific Coast. And in neighboring Colombia, the company has opened a string of new fields that are producing around 80,000 bbl. per day.

The real excitement, though, is far to the north in the Arctic reaches of Alaska and Canada. Companies already have tapped a pool of oil believed to contain 12-billion bbl. to 15-billion bbl. And while they are still stymied in bringing oil out of the North Slope, companies are drilling for more. Late in February, for example, Atlantic Richfield reported that it has discovered another North Slope field.

The Canadian Arctic is now catching the fallout from exploration fever generated by the big North Slope finds. Oil companies drilled about 70 exploratory wells last year north of Canada's 60th parallel in efforts to tap reserves estimated at up to 60-billion bbl.

But so far, there has been more trouble than discovery. Last year, Panarctic Oils, Ltd., hit two gas fields, one on Melville Island and another on King Christian Island. Both discovery wells blew out of control and burned for weeks, costing several million dollars to put out and pushing back Panarctic's drilling program.

But fires and the perils of operating in foreign countries have been par for the course in the oil business for many years. And oilmen cannot afford to slow their quest for new reserves as demand for oil soars to new highs around the world. As Texaco's Folmar puts it: "We operate on the basis of riding out every storm. If you set your mind to working out reasonable arrangements, you can make a go of operating nearly anywhere."

Clearly, patience will be the name of the oil game from here on out. The companies will need both new and old sources merely to keep up with long-term increases in demand. And even if they make new discoveries elsewhere, they will still have to rely on the Middle East for almost half their crude supply well into the 1980s.

[From the Oil and Gas Journal, Jan. 25, 1971]

LINCOLN PLEADS FOR U.S. ENERGY PLAN

The U.S. must maintain control of its energy supply, declares Gen. George A. Lincoln, chairman of the President's Oil Policy Committee.

Lincoln, who is also director of the Office of Emergency Preparedness, made this statement amid mounting concern over the security of overseas imports (see p. 82).

"We are a great country largely because of our supply and use of energy," Lincoln told an energy conference in Washington. "Without control of that energy supply, we could become a Samson shorn of his locks."

For the short term, because U.S. oil and gas production is approaching capacity, the nation is going to have to rely more on foreign petroleum. But farther down the road, in Lincoln's view, we should stress development of the huge domestic reserves of coal as a matter of national policy.

The OPC chairman reflected something of the agony the Nixon Cabinet's energy committee is going through in its policy review. It hopes by spring to come up with recommendations to deal with the tight energy-supply situation for the next 5 years.

The crux of that policy debate is how to stimulate domestic development and how to provide back-up supplies as a hedge against unavoidable foreign dependence.

Import lessons. Lincoln called on the nation to heed the lessons from the threatened fuel shortage of last fall which now appears to have been avoided.

Increased domestic production of crude oil and residual fuel made up import deficits due to the world tanker shortage and supply disruptions.

Only 3% of world oil supply was disrupted, through curtailed production in Libya and shutdown of the Trans-Arabian Pipe Line. "The impact of this small disruption, however, is cause for sobering thought about over-dependence on sources which are questionably secure," the OPC chairman declared.

After citing the neglect of coal development and the increasing difficulty of expanding oil and gas reserves in the U.S., Lincoln added: "Obviously, we should strive toward use of the more secure and more plentiful sources and away from use of those sources in the opposite category—meaning oil."

He criticized the disparity between wellhead prices for oil and gas, expressing support of producer contentions gas is vastly underpriced.

"We are paying at the initial production and import cost some $12 to $15 billion annually for that oil-supplied portion of energy (42% of the total) and some $3 to $4 billion annually for that energy coming from gas (32%)," he observed. "There is an obvious disparity in cost."

Incentives mentioned. We are going to need a lot of oil, Lincoln acknowledged, and called for programs to be coordinated accordingly.

But sheltering U.S. producers from world oil prices and reserving most of the market for them won't do the whole job, he warned.

"The incentives stemming from the oil-import program are not likely to be alone adequate in the future," he said.

Lincoln didn't list any other incentives that might be employed to stimulate domestic development. Industry taxes were increased $700 million/year by the Tax Reform Act of 1969. When the industry raised crude prices 25¢/bbl Nov. 11, the President ordered Louisiana "to restrain" the increases.

Lincoln pointed to the continual conflict between assurance of secure supply on the one hand and reasonable prices on the other as a central problem of energy policy.

"Some of the participants," he remarked, "on each side are never going to see eye to eye, unless through some miracle each becomes willing to concede that the other is at least partly sensible."

Reserve capacity issue. One of the major problems before the President's energy group is how to replace the ready reserve which up to now has been available through surplus productive capacity for oil and gas.

"Another of the more troublesome lessons learned in the last few months," according to Lincoln, "is the need for some excess of fuel production capacity or of fuel reserves standing as a guard against that dependence we allow ourselves."

He noted that we were fortunate over the past few months that enough shut-in capacity existed to permit an increase in domestic production of 700,000 b/d.

"But in planning for the future," he cautioned, "we need to take serious account of this need for reserve capacity, particularly if we increase our foreign dependency."

The President's committee is considering at least three options.

One in development of Naval Petroleum Reserve No. 4 on the North Slope of Alaska near Prudhoe Bay field NPR 4 is considered to hold a reserves potential in the billion-barrel class.

A second approach is creating a reserve productive capacity by allowing producers on federal offshore leases to import oil from overseas while cutting back production on those leases. The objective of this idea is to "conserve" U.S. reserves and capacity while using foreign oil when it is available.

A third approach is construction of massive storage in the U.S., and filling it with foreign oil, as a strategic reserve to tap when imports are curtailed. This scheme was discussed in great detail in the Cabinet Task Force Report given the President a year ago.

Energy policy urged. Several spokesmen at the energy conference called at least for more coordination of energy programs if not a national energy policy to deal with future problems.

The situation doesn't lend itself to management by any kind of energy czar, Lincoln asserted. But he did say the situation requires improvement in analysis, direction, and coordination. Oil imports, for instance, cannot be viewed apart from the total energy problem, he said, making a point often made by spokesmen before him.

Coal interests advocated a national energy policy, stressing "most advantageous use of domestic fuels, both fossil and nuclear."

John N. Nassikas, chairman of the Federal Power Commission, warned the nation faces a growing gap between energy demand and supply, unless action is taken to encourage supply development.

He said the FPC staff has computed that gas producers may require $34 billion for drilling gas wells over the next 10 years. In addition he listed a need for $18 million for lease acquisition, geological and geophysical expenses, and lease rentals.

The exploration and drilling requirements, plus needed outlays for transmission and distribution, indicates a gas-industry investment for the decade of $85 billion, Nassikas said. Allowing for 3%/yr inflation, he projected a 10-year requirement of $100 billion.

Charles F. Jones, vice chairman of Humble Oil & Refining Co., predicted imports will make up 50% of U.S. oil supply in 1985 under a simple continuation of current policies. Foreign-dependence today is about 23%.

Of the 13 million b/d of imports the Humble official projected for 1985, 10 million b/d must come from the Eastern Hemisphere, he said.

"If we exclude the United States, 91% of the free world oil reserves are concentrated in the Middle East and North Africa," Jones pointed out.

BALTIMORE CITY AWARDED 1970 CLEANEST ACHIEVEMENT AWARD

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

Mr. MITCHELL. Mr. Speaker, in a time when our urban centers are in a crisis stage and when pollution of our environment makes for even greater urban deterioration, it is particularly noteworthy when a man and a city are rewarded for their efforts to solve the overwhelming problems of urban pollution. Such a man is the Honorable Thomas D'Alesandro III, mayor of Baltimore City. On February 23, at the 1971 Clean-Up Congress held at the Statler Hilton Hotel in Washington, D.C., Mrs. Richard Nixon presented to Mayor D'Alesandro, the National Cleanest Town Achievement Award. It was granted to Baltimore, Md., for its outstanding community programs in cities of over 250,000 population.

Mayor D'Alesandro spearheaded a citywide clean-up effort combining the forces of public agencies, more than 500 neighborhood groups, local newspapers, and young people. Imaginative solutions to problems were developed with the Baltimore community. The Afro-American newspaper offered awards to entire city blocks for outstanding participation in the cleanup campaign. A "Litter-Letter" was distributed to over 500 community groups telling them whom to call for what services. Five thousand abandoned cars were disposed of by the city. Awards were distributed at the Baltimore City Fair to deserving individuals and groups. These are only a few of the dedicated efforts to give new life to Baltimore.

This is an auspicious sign for the health of our city, and one for which Mayor D'Alesandro, his staff, and all of Baltimore City can well be proud.

REVENUE SHARING—THE PROBLEM OF REVENUE SHARING

The SPEAKER pro tempore (Mr. GRAY). Under a previous order of the House, the gentleman from California (Mr. HOLIFIELD) is recognized for 60 minutes.

Mr. HOLIFIELD. Mr. Speaker, it is very seldom that I take the well of the House on a special order, but I deem that what I have to say today will be of interest to all the Members of the House, because I am going to speak on the problem of revenue sharing.

We hear a great deal in the press these days about revenue sharing. We had a message which came up today, for instance, which advocated some more revenue sharing. I am going to make an analysis of this whole thing today, and I will welcome some criticism of some of the things I may say, or even approval of some of the things I may say. I have done a careful job of analysis on this revenue-sharing subject matter, and I believe it is time that the people of this country understand a little more about revenue sharing than they now understand.

President Nixon's revenue-sharing proposals will be considered by the House Committee on Ways and Means and by other committees, and will receive extensive hearings. These proposals will be the subject of the greatest lobbying effort in modern times. The basis for this lobbying effort is understandable, for it is based upon: One, the Nixon administration's political strategy for the 1972 campaign; and, two, local government cupidity; that is, the erroneous belief that they can obtain something for nothing at the local level.

President Johnson's last budget, which expired on June 30, 1969, provided an actual surplus of $3,236,000,000. President Nixon's first acts, after taking office in 1969, were to dismantle economic policies which had resulted in a 5½-percent average annual growth in productivity for 8 years. He instituted in their place policies which have resulted in the highest unemployment in 20 years, a business recession, no economic growth and inflationary interest rates. Obviously, these policies have adversely affected city, county, and State governments.

Unemployed people cannot pay taxes on money which they do not earn or products they do not manufacture. Businessmen cannot pay taxes on bankruptcies or unearned profits. High interest rates drained the economy of in excess of $40 billion each year. The revenue income of all levels of Government had to decrease as a result.

Adding to the above problems was the requirement that spending for Government expenses had to increase, due to inflation—rising prices, and costs of goods and money.

Two million more people were out of work than in 1968, increasing the costs of social programs of all kinds.

As a result, State and local governments which were spending at a rate of $100.7 billion each year in 1968 were spending at a rate of $124.8 billion at the end of 1970, an increase of $24.1 billion each year. This is the largest increase in history.

Federal spending, however, remained constant during the same period.

The gross effect of the misguided economic policies outlined above placed State and local governments in a deficit financial position in spite of increased Federal grants-in-aid of $6 billion over a 2-year period. The reduced number of taxpayers were required to pay a greater share of the tax load.

President Nixon, upon viewing the results of the 1970 elections, and looking forward to the 1972 presidential election year, now proposes to rehabilitate his party in the eyes of the public through his revenue-sharing proposals, even though it means a complete reversal of the economic philosophy he has maintained in the campaigns of 1952, 1956, 1960, and 1968.

There is another reversal. He has dropped the slick Madison Avenue approach, and adopted the approach of the patent medicine salesman. He offers taxpayers the false hope of tax relief and the county supervisors, mayors, and State legislators, the hope of immunity from the politically difficult job of raising taxes to meet rising local costs. At the same time he turns the burden of taxing the same local people over to the Congress in order to obtain the so-called new grants of $5 billion. He offers the Governors of the different States free funds to embark on politically popular projects and to dispense favors through the use of federally collected tax money. Unpopular tax recommendations will no longer be required and any deficiency in available funds can be blamed on the Congress.

If just this side of the picture is presented, as it now is, there is no wonder that 77 percent of those recently polled were in favor of revenue sharing.

The revenue-sharing concept is not new. The Federal Government has been sharing federally collected tax revenues with the States, cities, counties and individuals for the past 40 years. Billions of dollars of federally collected taxes are shared every year by means of Federal programs, such as: social security, health and assistance, $50.5 billion in round numbers; veterans' benefits, $5.8 billion; unemployment compensation, $5.6 billion; Federal retirement programs, $8.4 billion; nutrition programs, school lunches, food stamps, and so forth, $2.7 billion; housing assistance, $812 million; and miscellaneous programs, for a total of $74,171 million. These figures were taken from the President's budget and from the economic report.

As an example, the people of my congressional district, the 19th Congressional District of California, received $4,695,800 in social security benefits in 1970. The people of Los Angeles County received $1.1 billion in social security benefits which were paid to 772,000 people.

In addition to the $74 billion of federally collected taxes shared with persons, federally collected revenues estimated at $30,296,700,000 will be shared with State and local governments during the fiscal year 1971 through direct Federal formula grants, for such diverse purposes as public assistance, old-age assistance, blind assistance, assistance to dependent children, and so forth. This revenue is shared to the tune of about $9.5 billion for public assistance; for education, $5.5 billion; for transportation, $5.3 billion; for health services, $4.3 billion; for housing and community development, $3 billion. Then there is a whole string of them that runs into the $400 million or $500 million or $600 million range. These grants, which increased from $2 billion in 1950, to $30 billion in 1971—listen to this—now provide more than 20 percent of total State and local revenues. In California in the fiscal year 1969 these revenues amounted to 27 percent of the total State revenues; $2 billion out of a total of State and Federal revenues of $7.5 billion. In the fiscal year which ended on June 30, 1970, Federal revenues accounted for 30 percent of California's total revenues; $2,498 million out of a total of State and Federal revenues of $8,237 million. For instance, the University of California received $469,162,000 in Federal money in fiscal year 1970.

This was nearly 47 percent of the university's operating expenditures of $1 million.

Under Federal revenue laws, States and local entities are permitted to issue income-tax-free bonds, this "loophole" in Federal revenue laws reduced the Federal revenue income potential by $3 billion in 1970. This amounts to a Federal subsidy to local taxing bodies and gives them an advantage over Federal bonds, whose interest income is taxable.

Another important revenue-sharing area is the system of Federal grants to the States for public works projects. This will amount to $6,653,000,000 in 1971, for water resources, sewage disposal, and many other items.

Grants were made to colleges and universities, for research and development, in the estimated amount of $1,653,000,000 in fiscal year 1971.

Numerous grants have been made to nongovernment organizations for programs, such as:

Community action programs	$368,400,000
Head Start	360,000,000
Job training	260,700,000
Follow through	69,000,000
Legal services	61,000,000
VISTA	36,200,000
Special impact school aid	36,100,000
Law enforcement education	26,100,000
Migrant programs	23,200,000
Total	1,240,700,000

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

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

Mr. STRATTON. Mr. Speaker, I want to commend the gentleman from California for his presentation with regard to this subject. I think he has given a very excellent statement, and the figures he gives us are, I think, figures that ought to be understood and ought to be included in the present discussion of this matter of revenue sharing.

As I think the gentleman from California is well aware, one of the original and most vocal of the exponents of this revenue sharing is the Governor of my own State of New York. The Governor for some time has been trying to sell the idea not only in New York State but also very frequently, every other day or so, here in Washington, that New York is paying some $21 or $22 billion a year in taxes, but is getting back only 11 cents to the State on the dollars that we pay in.

Mr. HOLIFIELD. I am familiar with that argument, and, of course, it is fallacious.

Mr. STRATTON. It is completely fallacious. I had the opportunity to check into the actual figures, and it shows that we get back 51 cents out of every dollar. And this gibes almost exactly with the figure the gentleman from California is presenting.

Not only that, but the Governor has convinced everybody in New York State that this money is free money, and that we down here in Washington are sitting on it, and are apparently reluctant to give it back to the States, and that all we have to do is pass a bill and all this free money will come back.

That is one of the reasons we are de-

luged with letters, as the gentleman has stated, by people saying, "Why, don't you give us the money you have got that belongs to us?" And, of course, what any Congressman can point out is that that money is not free. We shall either have to go $5 billion further into debt to collect it, or else we will have to raise taxes ourselves, and that of course is the purpose of this, because Governor Rockefeller in New York has done a beautiful and a very clever propaganda selling job of making the situation such that if he raises taxes by $1 billion, as he has asked the State legislature to do, we down here in Congress are going to be blamed for an increase in taxes in New York State. And this is a fantastic situation, and I think it is time for us to take the counteroffensive, as the gentleman from California has done.

Mr. HOLIFIELD. I agree with the gentleman, and I thank the gentleman for his contributions.

I might say that the same thing has happened in the State of California. Governor Reagan's tongue is hanging out because he thinks he is going to get a lot of these so-called free funds. But what it really amounts to is that they are asking the gentleman from New York (Mr. STRATTON) and the gentleman in the well (Mr. HOLIFIELD) and some of the other gentlemen here, to put additional taxes on the local people, collect it, and then send it to them on a silver platter to spend for anything they want, just so they can get us to do their dirty work of taxing the people, and then Lady Bountiful, or Gentleman Bountiful, will give the free money to the local politicians to spend on anything they decide is good for the people.

Mr. STRATTON. If the gentleman will yield for one further observation, I might say that I have already introduced legislation which would permit the States and local communities to levy a kind of a piggyback tax on the Federal tax structure. We collect it, levy it on their own citizens, we will collect it, turn it back to them at no expense, but in that circumstance they will have to take responsibility for that increased revenue.

Mr. HOLIFIELD. I do not think that will be as politically popular as the pie in the sky that has a "free" tag on it.

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

Mr. HOLIFIELD. I yield to the gentleman.

Mr. BURTON. Mr. Speaker, I would like to commend the distinguished dean of our delegation, the gentleman from California (Mr. HOLIFIELD) for his most incisive and thoughtful presentation today.

As our distinguished colleague knows, he and I have discussed on a number of occasions perhaps a much more desirable route to take in terms of achieving substantially the same effect as revenue sharing by having the Federal Government assume the full responsibility of what I believe to be a national responsibility of a local problem, to wit, the responsibility to meet the welfare payment situation.

I would like to repeat again, I think the House of Representatives should be greatly indebted to our distinguished colleague for his most able and effective presentation.

Mr. HOLIFIELD. I thank the gentleman.

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

Mr. HOLIFIELD. I yield to the gentleman.

Mr. LONG of Maryland. Mr. Speaker, I, too, want to commend my colleague from California for taking the leadership in what I think is a very worthwhile endeavor, showing what a phony proposition revenue sharing is.

Now the other gentleman from California has just pointed out that probably the States would be better off if the Federal Government took over the welfare burden. I think the Governor of my own State has indicated that Maryland would probably be just as well off, if not better off, if the Federal Government did take over the basic welfare program.

I would like to comment on the gentleman's point that apparently the Governors of some of these States want to put the burden of taxing on the Federal Government and on their Congressmen so they can enjoy the spending without the responsibility for taxing. If they were really honest with the people, the Governors would not be asking the Congress to borrow money to turn it over to the States.

Mr. HOLIFIELD. That is right. I am going to get to that point in a few minutes to show exactly what the gentleman is saying is true.

Mr. LONG of Maryland. What they are doing is scarcely the honest thing to do.

The gentleman has pointed out a number of things that we are already doing to share revenues with the States.

I think the gentleman mentioned the exclusion of interest on State and local debts; is that not right?

Mr. HOLIFIELD. That is right, and it amounts to $3 billion in subsidies in a year.

Mr. LONG of Maryland. Yes. That figure is reasonably close to the figure I have.

But I wonder whether the gentleman has also developed the fact that we already have revenue sharing insofar as taxes are levied by the States and localities. I have figures from the Department of the Treasury which show how much the Federal Government is already sharing in revenue.

The taxpayer can deduct from his Federal tax return every dollar that the State has levied in gasoline taxes, property taxes, income taxes, and general sales taxes.

Mr. HOLIFIELD. No, I do not have that in my speech. But I am glad the gentleman has brought that up because this is one point that I missed. I do not know how many billions of dollars that would run into.

Mr. LONG of Maryland. I have the figures here which I just got from the Treasury.

Mr. HOLIFIELD. That is very good.

Mr. LONG of Maryland. They come to $8.5 billion—excluding the interest feature of the interest on the State and local debts—$8.5 billion. If we add the gentleman's figure, it comes to $11.5 billion.

Mr. HOLIFIELD. In other words, the local taxpayer is allowed to take those taxes off his income tax?

Mr. LONG of Maryland. That is right.

Mr. HOLIFIELD. Therefore, it is insofar as the Federal Government is concerned an allowable deduction which operates in the nature of a subsidy.

Mr. LONG of Maryland. Exactly, and when the States levy these taxes, our intake goes down automatically. This comes to $2.9 billion through the real property tax and $5.6 billion through the general sales tax, income tax, property taxes, and the gasoline tax.

This sum is much larger than the amount of money which the Congress is being asked to vote for from the Treasury, under the revenue-sharing program—generally free money amounting to $5 billion or $6 billion. This money is just as free, and has only one liability from the Governors' point of view—they have to take the responsibility for voting these taxes on their people.

Mr. HOLIFIELD. That is right.

Mr. LONG of Maryland. But it is revenue sharing after the fact, nevertheless.

Mr. HOLIFIELD. It certainly is. I appreciate that point. It is a good point to make and it adds to my general summary which I am going to get to now.

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

Mr. HOLIFIELD. Will the gentleman hold his request for a moment, and then I want to yield to him because I know he has a very valuable contribution to make.

The current record will certainly dispel any notion that the Federal Government is somehow not returning revenues to the people in benefits and services. I shall recapitulate the major items by inserting the following tables of figures:

FEDERALLY COLLECTED REVENUE SHARED WITH THE PEOPLE AND THE STATES IN FISCAL YEAR 1971

Funds shared directly with persons

Social security, health and assistance [1]	$50,574,000,000
Veterans benefits	5,829,000,000
Unemployment compensation	5,643,000,000
Federal retirement programs	8,487,000,000
Nutrition programs (food stamps, school lunches, etc.)	2,752,000,000
Housing assistance	812,000,000
Miscellaneous programs	74,000,000
Total	74,171,000,000

[1] FY 1971 figures from President's budget and economic report.

Grants-in-aid to State and local governments

Public assistance (old-age assistance, blind assistance)	$9,556,300,000
Education	5,553,800,000
Transportation and commerce	5,365,800,000
Health services	4,383,300,000
Housing and community development	3,005,100,000
Environment and natural resources	877,200,000
Agriculture and rural development	667,900,000

Various other grants	$485,500,000
Law enforcement assistance	337,300,000
National Guard and emergency planning	41,800,000
State aid to veterans (Federal grant)	22,700,000
Total	30,296,700,000
Grants to community nongovernmental organizations	
Community action programs	$368,400,000
Head Start	360,000,000
Job training	260,700,000
Follow Through	69,000,000
Legal services	61,000,000
VISTA	36,200,000
Special impact school aid	36,100,000
Law enforcement education	26,100,000
Migrant programs	23,200,000
Total	1,240,700,000
Other grants and subsidies to States	
Subsidy to State and local bonds	$3,000,000,000
Public works grants	6,653,000,000
Research grants to colleges and universities	1,653,000,000
Total	11,306,000,000
Summary	
Funds shared directly with persons	$74,171,000,000
Grants-in-aid to State and local governments	30,296,700,000
Grants to community nongovernmental organizations	1,240,700,000
Other grants and subsidies to States	11,306,000,000
Total Federal revenue sharing Fiscal Year 1971	117,014,400,000

This totals $117,014,400,000; $117 billion—keep that in your mind—because that is the revenue sharing that the Federal Government collects and sends back to the States, the counties, the cities, and other entities.

How much did we spend last year? Not how much did we collect in Federal taxes, but how much did we spend; $212,755,000,000 in fiscal year 1971. So we actually returned $117 billion out of $212 billion. Fifty-five percent of Federal collections was sent back to the States, the cities, and the counties for roadbuilding and all the other grant-in-aid programs. The remaining $95 billion provided for national defense, interest on the national debt, Postal Service, and other governmental services, including Federal construction and the general operation of the Federal Government.

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

Mr. HOLIFIELD. I am happy to yield to the gentleman from Tennessee.

Mr. KUYKENDALL. Do you have any figures, Mr. HOLIFIELD, showing the expense to the State, local, and county governments of administering these plans through simply having to put on extra employees to figure out this web of programs that we have—four or five different agencies involved in manpower training and different things? Do you have any figures that show just how much we have added to the State overhead seeking these so-called Federal giveaways?

Mr. HOLIFIELD. No. I think the gentleman will agree with me they are willing to pay whatever administrative costs are necessary in order to get the net amount which they do receive, which runs pretty high.

Mr. KUYKENDALL. I agree that it is——

Mr. HOLIFIELD. We are not talking about improving the method of getting this money to the people. For example, I can tell you right quick that the $74 billion which has to do with social security, with Federal income taxes, with GI benefits, and military pensions, goes through the mail with very little cost.

Mr. KUYKENDALL. And that is not involved in revenue sharing one way or the other?

Mr. HOLIFIELD. It is involved in revenue sharing because we pass the laws, and we raise the taxes that pay it.

Mr. KUYKENDALL. It was my understanding, sir, if you will continue to yield——

Mr. HOLIFIELD. Yes.

Mr. KUYKENDALL. Social security is supposed to be a trust fund. Of course, we know there is no such thing as a trust fund. It is supposed to be a trust fund that has absolutely nothing to do with the appropriation process.

Mr. HOLIFIELD. The gentleman knows that social security is a law that was passed by the Congress, that it levies a tax on the employer and the employee. I happen to be an employer of a number of employees in private life, and I know that I am matching their contributions from their salaries with an employer contribution. So it is a Federal tax levied upon the people of this country, both the person who is going to get the social security, and the person who helps to pay it—the employer as well as the employee. The Government does collect it and the Government does send it to them. This is true of Federal pensions, unemployment compensation, and all the other similar activities in connection with the Federal Government.

Mr. KUYKENDALL. Mr. Speaker, will the gentleman yield further?

Mr. HOLIFIELD. I yield to the gentleman from Tennessee.

Mr. KUYKENDALL. I am happy to hear the gentleman has come, as all of us have, to calling it social security taxes instead of an insurance premium. That is truly what it is.

Of course, that is truly what it is. For so long we all rather gloriously tried to call it something else, such as insurance.

Mr. HOLIFIELD. It is in the nature of insurance, because it gives to the people who get it very much the same sort of payments as from an insurance policy. We contribute toward it as we contribute payments toward an insurance policy. So both the employer and the employee contribute to it, and we can quibble about whether it is insurance or taxes. The main thing is that it is levied because of Federal legislation and distributed by the Federal Government back to the people.

Mr. KUYKENDALL. May I ask one more question?

Mr. HOLIFIELD. Yes; I yield.

Mr. KUYKENDALL. The gentleman said a while ago that the cities and counties are perfectly willing to spend money to get money.

Mr. HOLIFIELD. That is right.

Mr. KUYKENDALL. To me this is one of the tragedies of the situation. We are part of it, as the cities are part of it, and the counties and the States are part of it. The idea that we would be perfectly willing to dangle the carrot and cause them to spend their money—as the money we spend is their money—we dangle the carrot and cause them to spend the taxpayers' money just as we spend the taxpayers' money.

Mr. HOLIFIELD. We cannot have a program of grants-in-aid without having administrative costs. We can argue if we want that the costs are too high. I am not arguing that point at this time. Maybe we could cut them by 10 percent or 20 percent. I do not know how much we could cut them, and I would be for cutting costs wherever they might be cut, but nevertheless we are not going to get any kind of grant-in-aid programs without some type of administrative oversight.

We tried that for a while in the highway fund, and we ran into so much corruption—so much corruption at the local level, I might add—and so much venality that we have to follow these funds through in order to make sure that we do not find the funds winding up in somebody's shoebox in a closet, as was the case a short while ago.

Mr. KUYKENDALL. The worst mess in administration has been at the local levels in administration of Federal programs. This is the worse mess I have seen.

Mr. HOLIFIELD. The local government does have something to say about administration. In the first place, the local government applies for the funds for specific purposes, and it qualifies for the funds, and it binds itself to do certain things in the way of administering those funds.

But we do not have the large-scale venality. We may have excessive costs in administration, but there has been no large-scale venality that I know of with the Federal programs. Occasionally there will be some person on welfare who should not be on it, or occasionally a person that is employed will be getting an unemployment check; sure.

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

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

Mr. CONABLE. Mr. Speaker, on the point of administrative costs, I am informed that in New York State under our existing education programs, the State Education Department in Albany has to make up some 21 statewide education plans pursuant to the various aid to education programs that come through Albany. These programs provide about 5 percent of the cost of education in New York State. Their administrative costs are staggering. New York State has gotten into these programs, feeling that it could not afford not to go into them, but it has serious questions as to whether it can afford to continue in them at this level of benefit and at

this level of administrative costs. This is one of the major issues.

I regret I did not hear the gentleman's presentation in full.

Mr. HOLIFIELD. It will be in the RECORD in the morning. I hope the gentleman will read it in its entirety. I hope he will find it worthwhile reading.

Mr. CONABLE. We are fortunate, indeed, to have such heavy artillery brought to bear on this problem and the program which has been proposed by the administration.

Mr. HOLIFIELD. I assure the gentleman I did it on my own because of my interest in this subject matter.

Mr. CONABLE. I hope the gentleman has not in any way contributed to the confusion I find widespread about the issue of the special and general revenue sharing.

Mr. HOLIFIELD. I will be glad to talk about that, and if the gentleman will allow me, I will proceed with the balance of my speech.

Mr. LEGGETT. Mr. Speaker, at that point, I wonder if the gentleman will yield for a minute?

Mr. HOLIFIELD. I yield to the gentleman from California (Mr. LEGGETT).

Mr. LEGGETT. Mr. Speaker, I do want to compliment the chairman of our California delegation on the outstanding contribution he is making in clearing up the fog on the specific and general revenue-sharing concepts. I think we need to talk about this. There has been some talk that perhaps the local governments spend too much money in administrative costs in trying to figure out what Federal programs they are entitled to. I wonder if the gentleman has contemplated the costs the local governments are going to have to go to when they start managing and administering all the local training programs that have been apparently suggested by the administration.

All we are going to be doing is transferring the bureaucracy from the existing Federal Establishment to the local establishment. We will have it there, and if the program goes askew, if we have no controls or conditions on it, certainly the function of the Congress is going to be relatively valueless.

I would also suggest that if we are going to take $10 billion out of existing, well-thought-out subjects and programs the Congress has passed over the years, and desecrate those programs by emasculating their funds, and then just funnel that to local cities and counties, asking them to do our function, we have to recognize that $10 billion is a considerable amount of the flexible function we have here in the Congress. I have heard it said we have on the order of $25 billion worth of flexible authority. We do not have authority over the $79 billion we are spending in defense for 1972, but we do have it in some of these other general areas.

Here what we plan to do is to take $10 billion out of existing programs, perhaps 35 or 40 percent of our existing authority, and to funnel it to the local areas.

I want to say that when we desecrate the water development program, as we have done in the northern part of California, it is the wrong approach. We should have started some dams this year. Two or three are very critical for flood control development.

We should have continued in our space budget at a reasonable level, perhaps a $3.3 billion level. Instead, in order to get money for revenue sharing we have emasculated the space budget to the $3.1 billion level, which terminates the NERVA program. Very frankly, in Sacramento we are unable to build nuclear rockets at the local level after we get money from the Federal Government.

We have no shipbuilding in a naval shipyard in the United States, and have not for 4 years. We are unable to build ships in our Navy shipyards when we get funds from the Federal Government.

Needless to say, there are a great number of areas where we are totally impoverished. I believe we have to recognize what we have given up as we attempt to give something in a poke to the cities.

Mr. HOLIFIELD. If the gentleman will allow me to continue for a few minutes, I will touch on some of the things he has brought up. The gentleman makes a valuable contribution.

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

Mr. HOLIFIELD. I yield to the distinguished Speaker.

Mr. ALBERT. I do not want to interrupt, because this has been a very fine and brief analysis of some of the things we might run into.

I first want to say the gentleman from California is making a statement in depth on this subject at this time and is making a contribution. He is starting us thinking. I believe we all need to study all sides of this matter.

I agree with the gentleman's colleague from California that there are many things we need to do as well as to bolster up local governments. Local governments are not the only things local there are in the country. I find many local governments very reluctant to see programs dismantled which are underway now and they themselves have to choose between local programs that are beneficial, perhaps on a wide area such as a dam in northern California, and something that is politically very sensitive in the community or in the locality, on which they must spend the money we send them.

Mr. HOLIFIELD. I thank the distinguished Speaker of the House for his contribution to this discussion.

The Speaker has brought out a point that local decisions are not quickly arrived at. We know of instances where urban development and other local projects, such as building a dam, have been matters of local controversy for 5 or 10 or 15 years before they came up with a consensus locally.

This would throw the whole ongoing program of the Federal Government, in its grant to local governments and matching money, and so forth, into confusion.

Let me comment now a little on the philosophy of the Federal versus the State system.

The drafters of our Federal Constitution wisely divided governmental power into four divisions. First, power was divided between the Federal Government and the reserved power of the States. The powers of the Federal Government were again divided into the legislative, executive, and judicial branches. The granting of power to the Federal Government and the reservation of power to the States was also a grant and a reservation of governmental responsibility.

The Federal Government was granted the power to levy taxes "to provide for the national defense" and "to provide for the general welfare of the United States." The States reserved the power and the responsibility to tax for State purposes. Local jurisdictions under State constitutions have been given the power and the responsibility of the taxing power at the local level.

Elected officials at the Federal level, and at the State and local level, are under mandates from those who elected them to tax and spend wisely for purposes within their several jurisdictions. This mandate is completely ignored by the proposal to make "no strings" bequests of federally collected taxes to State and local politicians to spend as they see fit.

Under the federal system State and local governments could additionally raise taxes for local programs and needs and appropriate funds for these purposes. Examples are: The salaries of elected appointed officials, management of local roads, water and sewer projects, salaries of teachers, school buildings and equipment, State and local parks, police and fire protection. These are some of the local functions, and local taxes are levied for them by locally elected representatives of the people.

By the same token, the Federal Government has taxed and appropriated for purposes which are national in scope, and I underline the word "national," such as the programs that I listed previously. National problems are not evenly distributed among the States or among counties and cities within those States.

The recession has not affected all areas equally. There are pockets of high unemployment and concentrations of the poor. Educational facilities and teacher abilities vary greatly between different sections of the country. Minority groups have tended to concentrate in certain areas. Environmental problems are greater in certain areas than in others. They are the basic reasons why Federal tax money has not been distributed on the basis of population, in the past, within the States. Federally collected money has been channeled to the areas of greatest need through programs designed to see that it reaches those who are in greatest need. That is the reason why the President's proposal to share $5 billion in general revenues, on a no-strings basis, and on a population basis, is unsound. National need programs cannot be equitably allotted on a State population and "revenue effort" formula.

Now, Mr. Speaker, I yield to my colleague in the adjoining district of California who has had a most interesting study made of the cities of Los Angeles County, which he holds in his hand. I

hold a copy in my hand also and I will append it to my remarks. It is one of the most revealing things. Remember that this is the administration's general revenue-sharing plan and is taken from their documents—documents which they furnished each Member.

I will now yield to the gentleman to make some comment on the cities that he is personally acquainted with, located in his district.

Mr. DANIELSON. I thank the gentleman, the dean of my delegation, and the Congressman from the adjoining district. On quite a different tack and without regard to the soundness of the concept of sharing revenue which we do not have now, and without regard to the concept that we may not be sharing revenue at all, I am gravely concerned about the equity of the present administration plan for sharing revenues. Within my own district I made a little calculation on the best figures presently available to me and rounded the numbers to the nearest 10 cents. I found that although in the county of Los Angeles the average per capita allocation is $9.10; that is, $9.10 for every resident of the unincorporated territory of Los Angeles, yet within my own district we have quite a disparity. In the city of Los Angeles revenue sharing would come to $12.40 per capita.

I will not quarrel with that. I think it is needed. However, in another of my cities, Rosemead, a lovely little city with difficult problems, the per capita allocation is $1.80 as opposed to $12.40 in Los Angeles.

The other cities I represent would receive, in San Gabriel, $5.60 per head, Monterey Park, $5.70, South El Monte, $5.80, and Alhambra, $8.80.

Now, I submit that although these figures are not startling, we have some others in Los Angeles County that will curl your hair—and I am not referring to my hair.

Mr. HOLIFIELD. I hope the gentleman will allow me to insert the cities in my district, and then curl their hair with the balance of them.

Mr. DANIELSON. If I could make one remaining comment, if the gentleman will yield further?

Mr. HOLIFIELD. Certainly. Go right ahead.

Mr. DANIELSON. In the little city of Lawndale, Los Angeles County, which has some of the most difficult and distressing financial problems of any city in the country, the allocation would be $1.90 per capita. And in another city which I have the luxury of passing through once in a while, Beverly Hills, the allocation is $24.40 per capita.

I submit, Mr. Speaker, that we ought to be putting the money where the need is; match the money to the need, somehow. And I will give you the near to the top and the next to the bottom; in the city of Cudahy it is $1.30, and they need every penny of it. In the city of Commerce it is $48 per capita.

Mr. HOLIFIELD. Now, the gentleman is getting into my territory, because the city of Commerce, part of the precincts in the city of Commerce are in my district. This is a very wealthy industrial city, and you see the formula includes not only the population but the amount of local tax revenue collected from that city.

This is an industrial city, and as the gentleman said, they will get back—and there are only about 10,000 people there—but they will get back $48 per capita.

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

Mr. HOLIFIELD. In just a minute. I want to get through, and then I will yield to the gentleman.

In the city of Santa Fe Springs, which is a city in my district, with a population of about 14,750, their per capita return is $19.20.

Now, in Montebello, where I live, which has a population of 42,000, we will get back $8.50 per capita, but let me go right now to a city that adjoins me, Pico Rivera, where I have my central office in my district, and this is a city of 54,000 people, they will get $2.50 per capita.

In another city in my district, La Mirada, they will get $2.30. And here is the largest city in the district, Norwalk, that is a city of 91,000 people. They will get $2.10 per capita return as against the city of Commerce of $48. The city of Hawaiian Gardens, which is one of those unfortunate depressed areas, and a city of about 8,800 people, by the way, they will get $1.70 per capita.

In other words, the old adage in the Bible that says, "From him that hath shall be taken away, even that little which he seems to have," and what they are doing by this formula is giving to the rich cities a preponderant amount of this return of revenue, where the need does not exist. On the other hand where the need does exist, where poverty exists, where all of the needs for all of the programs that we have put into effect are needed, they will get $1.70 or $1.90.

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

Mr. HOLIFIELD. Mr. Speaker, may I inquire how much time I have remaining?

The SPEAKER pro tempore. The gentleman has 12 minutes remaining.

Mr. HOLIFIELD. In that case I am going to ask the gentleman to withhold his request for just 1 minute, because I want to get the rest of my speech in, and then if I have any time, or if I can get some additional time, I will yield to the gentleman.

This is the formula we have demonstrated here.

These are the basic reasons why Federal tax money has not been distributed on the basis of population within the States. Federally collected money, instead, has been channeled to the areas of greatest need through programs designed to see that it reaches the people in the greatest need.

This is the reason that the President's proposal to share the $5 billion in general revenue, "no string" amounts, on a population ratio is unsound. National need programs cannot be equitably allotted on a State population and "revenue effort" formula.

THE PITFALLS OF REVENUE SHARING

Who pays?

When revenue sharing was first proposed by President Nixon, he was predicting a Federal budget surplus of $1.3 billion. Due to the recession, however, the budget went into a deficit of $2,845,000,000 in fiscal year 1970. A deficit of between $18 and $24 billion is estimated for fiscal year 1971; and some estimate a similar deficit for fiscal year 1972. It should be perfectly clear that the $5 billion which the President proposes to give the States to spend with no strings attached is "deficit sharing" and must be financed by Federal borrowing—not from the "personal income tax," as he stated in his budget, because we are not getting in enough personal income taxes. We had a deficit last year—we are going to have one this year and we are going to have one next year. The President said it would come from the personal income tax, but the Federal taxpayer will be faced with the cost of $250,000,000 in additional interest each year on this $5 billion deficit item.

One thing is sure, Federal personal income taxes would be increased by the President's proposal—whether in the nature of deficit financing or whether we tax them for the money and we have no deficit.

The President is strangely silent on the source of the $5 billion in new, no-string funds. They could come from only three places:

First. Additional federally levied income taxes, levied by Congress on local taxpayers. That is where it has to come from.

Second. Increased Federal deficits based on interest-bearing Federal bonds—which is probably where it will come from.

Third. Reduction in ongoing federally funded programs for local benefits and transfer of these funds to the new, no-string lump-sum bequests to Governors, mayors, and supervisory officials.

RESPONSIBLE GOVERNMENT

If we are going to be responsible in government—

Should the Federal Government collect additional taxes to be used solely for State and local functions?

Should a larger Federal deficit be created or increased for that purpose?

Should the Federal Government abdicate its present responsibility for tax expenditures, and, if so, will the taxpayer get his money's worth?

Substitution of the Federal tax power for that of the States will in no way give more power to the people. Conversely it will set a precedent leading to the complete destruction of the federal system.

Taxation to support State and local needs, without Federal control, is not a responsible exercise of Federal power.

The 435 Members of the House of Representatives and the 100 Members of the Senate are responsible to all of the people when they debate and vote for tax legislation and appropriations. They are also responsible to all of the people for the wise expenditure of tax revenues.

The failure of Congress to exercise its responsibility will inevitably result in one of the following:

First, the Federal Government will preempt all taxation and dole tax revenues out to the States; or

Second, State and local elected officials will no longer be required to observe fiscal or social responsibility.

We must conclude then, that the President's revenue-sharing proposal is deceptive and fiscally irresponsible.

It must be branded for what it is: an attempt to put Congress on the altar as a sacrificial scapegoat for the President's inept economic theories of the past 2 years.

It is a political ploy for the Republican presidential and congressional campaigns in 1972.

THE ALTERNATIVES

It is true that many State and local governments are in a financial crisis. This is especially true in the case of our largest cities where the welfare load has been increased by immigration from States which were unable or unwilling to deal with existing social problems.

Some State and local governing bodies, unfortunately, are too poor to support on their own adequate tax levies for basic services to all of their people. Others are extremely affluent and have little need for assistance. The Nixon revenue-sharing proposal does not recognize this difference.

Some State and local governments have refused to modernize and hold onto inefficient organizations and archaic taxing methods. Many are victims of the lobbying efforts of special interest groups, that are very strong at the local and State levels and which are given favored tax treatment at the expense of the homeowner and wage earner.

Blank checks upon the Federal Treasury will not solve these basic problems of official cupidity, resistance to change, poor administration and the reluctance to make unpopular political decisions at the local level. This is not to condemn all State and local governments, but to illustrate the need for continuing a system of Federal revenue sharing, for specific purposes, under appropriate Federal supervision.

Revenue sharing should be continued, and expanded.

It is suggested that the Federal Government share the $453 million of additional aid to education, which the President vetoed last year.

It is suggested that the funds for housing, urban renewal, water and sewage facilities, in the additional amount of $541 million provided in the bill vetoed by the President last year, be shared with the people.

It is suggested that the $1.26 billion in additional funds voted for vital health and educational needs, vetoed last year by President Nixon, be shared with the State and local governments.

The several billion dollars provided in the Manpower Training Act for the next several years was vetoed by the President. That might be well shared over the next several years.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield for a question?

Mr. HOLIFIELD. Not right now, because my time is very short. If the gentleman will permit me to finish, then I shall be glad to yield to him.

President Nixon vetoed the Family Medical Practice Act, which would have shared $225 million in Federal revenues with hospitals and medical schools, to assist in relieving the shortage of doctors in general practice.

The Congress overruled the President's veto, and permitted the sharing of an additional $350 million of Federal revenues for hospital construction and modernization. We were able to share that because we overrode the veto.

One might also suggest that the billions of dollars authorized and appropriated by Congress for public works projects, model cities programs, and environmental projects, be released by the President and shared with the people.

In addition to the above programs, which should be strengthened, the President should restore the more than $2 billion which he proposes to cut out of ongoing programs in is fiscal year 1972 budget. This would permit the sharing of funds for medicare, medicaid, school milk, and other programs.

We should enact welfare and family assistance reforms—and I voted for President Nixon's family assistance reform last year—to assist local governments in providing for the aged, the ill, the very young, and those who are unable to earn a living.

The Congress will consider all the above alternatives to the President's revenue-sharing plans very carefully. We will assure that the Federal taxing and appropriation laws are revised responsibly, and that national programs are dealt with by responsibly administered Federal programs.

We already have a revenue-sharing program which has a tried and proven history. We can expand that program into areas of great need without experimenting with a radical concept which is fiscally irresponsible and, in my opinion, politically inspired.

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

Mr. HOLIFIELD. I yield to my colleague from California (Mr. SISK).

Mr. SISK. First, let me commend my distinguished and able colleague from California on what I think is a very sound and well-thought-out document. I think it is well, as has already been indicated by some of my colleagues, that we begin to discuss really the significant implications of this so-called revenue-sharing proposal by the administration. But, I would like to direct one or two quick questions to my colleague in line with some of the comments he made with reference to where the President is going to get these funds, for example, for revenue sharing. He mentioned three alternatives, one of which was, of course, a so-called transfer of funds. Let me ask my colleague, Does he or does he not agree with me that the matter of expenditure of funds, the matter of setting policy, and the determination of where these funds are to be spent and to what extent they are spent, so far as policy is concerned, is that not, in the gentleman's opinion, a prerogative of the Congress of the United States?

Mr. HOLIFIELD. Of course it is, and if the Congress abdicates its prerogative in following the dollar which it appropriates, it abdicates its Federal responsibility, in my opinion.

Mr. SISK. That is exactly the point I want to get to, and the concern which I have today over what I consider to be a usurpation of the powers of the Congress by this administration.

Let me say here, to be completely bipartisan, I had similar criticisms of a previous administration, but I think this administration, based on some recent information I have gotten through the Appropriations Committee, has gone further in obstructing and overriding the policy and the will of this Congress than any administration I know of.

Mr. HOLIFIELD. There is no doubt they have frozen more millions of appropriated funds than any administration within my experience of 28 years in the Congress.

Mr. SISK. All right. Let me ask the gentleman one concluding question, and then I will not ask for further time.

In view of the fact that the gentleman is chairman of a very distinguished committee of this House, Government Operations, I would urge and I would hope that my friend, the gentleman from California, will use what I understand to be the prerogatives and jurisdiction of his committee to take a look at this whole business of the powers and the division of powers, in the matter of the policy-making powers of the Congress, and particularly as to what extent the Executive is usurping the power of the Congress in making policy through the withholding and freezing of funds or even the diverting of or transferring of funds. Would the gentleman comment as to whether or not he feels his committee has such jurisdiction and whether or not he feels interested in looking into it?

Mr. HOLIFIELD. Within certain boundaries I think we have authority, and a study of the charter of our committee will show we have the authority to follow the expenditure of funds. There comes a question of the division of constitutional powers between the President and the Congress. This is where the area gets a little bit gray, because from as long back as our country's history goes, there have been occasions when Democratic and Republican Presidents have refused to spend moneys appropriated. That gets into a constitutional area which I would have to explore very carefully before I comment on the power of our committee.

However, I do express a deep concern in this indiscriminate freezing of funds, and then the sending up of a plan every 2 or 3 days for his way of spending the money—in other words, one man's way, advised by a group of corporate advisers, the Ash Council, all of them former big corporate executives. It seems to me they are trying to set up a government of a corporate, or of a corporate-conglomerate structure to handle everything from the top.

Mr. Speaker, I include for the RECORD a table showing the breakdown of the administration's general revenue-sharing plan for the county of Los Angeles.

ADMINISTRATION'S GENERAL REVENUE SHARING PLAN

	Per capita allocation	Total allocation	1970 population	1960 median income
County of Los Angeles	$9.10	$64,206,019	7,032,075	7,046
Commerce	48.00	504,444	10,536	$5,827
Beverly Hills	24.40	811,871	33,416	11,977
Long Beach	20.00	7,191,917	358,633	6,570
Signal Hill	19.30	107,696	5,582	5,542
Santa Fe Springs	19.20	282,446	14,750	6,986
El Segundo	19.20	299,479	15,620	7,783
Rolling Hills Estates	14.80	29,538	2,050	10,000
Santa Monica	13.80	1,216,458	88,289	6,845
Los Angeles	12.40	34,721,456	2,816,061	6,896
Pasadena	12.30	1,394,982	113,327	6,922
Burbank	11.60	1,025,646	88,871	7,757
Redondo Beach	10.40	583,003	56,075	6,880
San Fernando	9.80	160,843	16,571	6,270
San Marino	9.30	131,736	14,177	16,728
Covina	9.10	276,732	30,380	7,865
South Pasadena	8.80	199,868	22,979	8,245
Alhambra	8.80	547,751	62,125	7,185
Montebello	8.50	364,808	42,807	7,551
Pomona	8.40	738,348	87,384	6,885
Monrovia	8.40	250,752	30,015	6,630
Glendale	8.20	1,086,770	132,752	7,563
Arcadia	8.10	344,649	42,868	9,526
Huntington Park	8.00	269,186	33,744	6,285
Inglewood	7.80	705,899	89,989	7,764
Hawthorne	7.80	44,937	53,304	7,645
Torrance	7.50	1,015,296	134,584	8,050
Azusa	7.40	186,393	25,217	6,501
Whittier	6.90	500,857	72,863	7,740
Gardena	6.80	279,634	41,021	7,741
Manhattan Beach	6.80	242,343	35,352	8,289
Hermosa Beach	6.70	116,967	17,412	7,050
Palos Verdes Estates	6.60	90,555	13,641	10,000
South Gate	6.30	355,214	56,909	6,892
Sierra Modre	$6.01	$74,277	12,140	$8,172
South El Monte	5.80	78,266	13,443	4,834
Monterey Park	5.70	280,398	49,166	7,650
San Gabriel	5.60	163,323	29,176	7,184
Claremont	5.60	131,098	23,464	8,188
Glendora	5.10	159,226	31,349	7,557
Downey	5.30	472,828	88,445	8,265
West Covina	5.30	355,537	68,034	8,580
Compton	5.10	398,012	78,611	6,256
El Monte	5.00	348,099	69,837	6,558
La Verne	4.80	62,742	12,965	6,013
Bell	4.80	102,521	21,836	6,438
Lynwood	3.90	169,036	43,353	7,182
Maywood	3.60	61,772	16,996	5,951
Lakewood	3.10	261,316	82,973	7,600
Bellflower	3.00	155,561	51,454	6,834
Duarte	2.80	42,275	13,981	6,810
Palmdale	2.70	23,178	8,511	7,325
Paramount	2.60	90,232	34,734	6,230
Baldwin Park	2.60	121,711	47,285	6,186
Pico Rivera	2.50	136,372	54,170	7,609
La Mirada	2.30	72,013	30,808	
La Puente	2.30	71,690	31,092	6,718
Norwalk	2.10	193,616	91,827	7,015
Lawndale	1.90	46,895	24,825	6,303
Artesia	1.90	27,589	14,757	5,732
Rosemead	1.80	74,169	40,972	6,924
Hawaiian Gardens	1.70	15,200	8,811	
San Dimas	1.70	26,196	15,692	
Bell Gardens	1.70	50,021	29,308	5,567
Lomita	1.60	32,449	19,784	6,194
Culver City	1.60	493,526	31,035	7,862
Temple City	1.40	42,259	29,673	7,872
Cudahy	1.30	22,315	16,998	

The SPEAKER. The time of the gentleman from California has expired.

Mr. HOLIFIELD. Mr. Speaker, I hope some gentleman will ask for time, and then I will be glad to answer the questions. I have no desire not to respond because the gentlemen have been very patient in waiting.

I will be glad to look into the matter the gentleman from California has suggested.

GENERAL REVENUE-SHARING PLAN OF THE PRESIDENT

The SPEAKER pro tempore. Under a previous order of the House the gentleman from New York (Mr. CONABLE) is recognized for 10 minutes.

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

Mr. CONABLE. Mr. Speaker, I find it sad that the distinguished and eloquent representatives of the Democratic Party, which is fond of tracing its lineage back to that great decentralist Thomas Jefferson, when pressed for a political reaction to a significant initiative on the part of the President, namely, revenue sharing, in effect fall back on their lack of confidence in State and local government.

Ultimately the viability of our democracy will depend on strong local institutions. Unfortunately we have in this Federal system tax resources with different degrees of progressivity. We have pretty well progressed through the various types of tax resources that are availis a priority issue, namely, whether local government shall continue to provide the traditional services which the distinguished gentleman from California referred to.

I would like to suggest he cannot have it both ways. If we have money available—and by his comments about the President's vetoes of last year he implied that we do—to continue to pile categorical grant program on top of categorical grant program and to add indefinitely to the money available for such programs, then certainly we have the money available also for aiding the survival of local government. Local survival is a priority item.

I agree that we have a deficit. Frankly I would rather see the viability of our democracy retained through a buoying up of local government than I would to see a continued proliferation of the very categorical grant programs which have gotten local government into serious trouble. I would like to ask the gentleman a question about the list of revenue receipts he submitted which would be received by the various localities in his district. Has he made any study as to why they get varying amounts of money?

Mr. HOLIFIELD. Yes, I can answer that.

Mr. CONABLE. I would appreciate it if you would.

Mr. HOLIFIELD. I can take it town by town. The city of Commerce which adjoins my district, and part of which overlaps into my district, and as a matter of fact I have a certain number of precincts in it, is an industrial city with a very lucrative tax base.

Mr. CONABLE. It has a very high tax rate, has it not?

Mr. HOLIFIELD. The tax rate is not high, but the assessed valuation of the property is high. The tax rate is the same as everything else in Los Angeles County.

Mr. CONABLE. May I ask the gentleman if he is aware of the two items that go to make up the community receipts under the general revenue sharing?

Mr. HOLIFIELD. Oh, yes.

Mr. CONABLE. Population is one, is it not?

Mr. HOLIFIELD. That is right.

Mr. CONABLE. And the other is local taxes received. I think the gentleman referred to the Federal taxes collected in the locality that determined revenue sharing, but is it not local taxes that are determining, not Federal?

Mr. HOLIFIELD. That is true, and if I said otherwise I did it inadvertently. But the point is this: that the city of Commerce is a city of very valuable factories, but not a city of people. Now, the city of Commerce only has 10,000 people in it. They have so much money in their treasury that they have built an Olympic-size swimming pool, they run free bus service, they have so much money they do not know what to do with it. Yet they will get $504,000 or $48 per capita, while the city that adjoins them by the name of Bell Gardens, which has 29,000 people in it, will get $1.70 per capita, or $50,000, as against $504,000, and they have five times the number of people, and it is the people that are in need.

Mr. CONABLE. Obviously, Mr. Speaker, I am not familiar with the gentleman's district, but the two elements making up the formula for general revenue sharing are both, I think, considerably more sensible than the formulas under which categorical grant programs have been distributed. The reason I say that is certainly population and local tax effort are both significant determinants of what a community should receive.

Mr. HOLIFIELD. If the gentleman will yield further, they are significant, but they do not fulfill the need, the need for the people. They are significant from a mathematical standpoint. It makes a very beautiful formula, but you do not get the money any more than you get the $24 that goes to rich Beverly Hills where they do not need any services, they have all their services, their schools are all built, and so forth, and yet the city of Hawaiian Gardens, which has 15,000 people in it, which is in my district, gets $1.70. It is a city where the people are very poverty stricken. Their income per year is an average of probably down around $5,600.

Mr. CONABLE. The gentleman is aware that roughly 70 percent of the categorical grant programs will continue under the proposal made by the President, is he not, and that only 30 percent have been folded into the special revenue-sharing bloc-grant proposal that has been made?

It seems to me, Mr. Speaker, that local government is much more likely to know where that money is needed than we are here in Washington. And that is the basic rationale of the flexible solution implicit in revenue sharing.

Mr. HOLIFIELD. If the gentleman will yield again, I think that rationale is as fallacious as it can be because when the people at the local government level want to participate in the educational fund, they file their application with the State board of education, not with the people back here, and the State board of education looks at all of the cities in California, and then it is supposed to allocate it, and I think it does, according to what the needs are. So they are the ones who select it. If they want urban renewal they vote on it as a local group, and they select it.

Mr. CONABLE. But the control of spending that can be as close to the people as possible certainly adds to the flexibility of the solution, will the gentleman agree with me on that?

Mr. HOLIFIELD. The control of the spending, providing there is responsibility on raising the money that is spent, but the gentleman and I both know that if you give a child $5 that he does not work for, that he will spend that money a lot more freely than if he mowed lawns for it.

Mr. CONABLE. The gentleman is certainly demonstrating a remarkable paternalism if he is comparing a child with local government.

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

Mr. CONABLE. I yield to the gentleman.

Mr. KUYKENDALL. The gentleman from California mentioned that his own communities went to the State and asked for funds—which they received.

Mr. HOLIFIELD. That is for Federal funds.

Mr. KUYKENDALL. They went to the State and asked for State funds.

Mr. HOLIFIELD. Yes, and for Federal funds.

Mr. KUYKENDALL. Revenue sharing from the States to counties and cities is as old as our country.

Mr. HOLIFIELD. Oh, I understand that.

Mr. KUYKENDALL. Revenue sharing from funds with local governments have nothing whatsoever to do with collecting any more than we do.

Mr. HOLIFIELD. If the gentleman will yield, the State prescribes the ways in which that money is spent just like the Federal Government prescribes ways in which it can be spent.

Mr. KUYKENDALL. They give a blanket grant authority for education to the local school districts in the State.

Mr. HOLIFIELD. But only on an approved plan—that is right—they say we want to use this money for certain purposes.

Mr. KUYKENDALL. These purposes are broad purposes and not anywhere near as specific as our categorical grants that we have had. So whether or not we have had revenue sharing from the State government to the local government—for instance in our State a certain percentage of our gasoline tax automatically is given back to each community.

Mr. HOLIFIELD. But I will say to the gentleman, the money has to be used for the roads in that particular city. It cannot be used to build a park or a swimming pool or anything like that.

Mr. CONABLE. I regret that I have less than 1 minute left, and I think it is unfortunate that this colloquy is being addressed to a House in which very few Members are present. It is a significant colloquy, and in its extension that the 92d Congress, because it involves a very basic issue of government, is likely to be one of our most significant debates.

So, Mr. Speaker, I would ask unanimous consent that following the legislative business and any special orders heretofore entered into that I be permitted to address the House and revise and extend my remarks and include extraneous matter on Tuesday, March 16, for 1 hour.

The SPEAKER pro tempore (Mr. GRAY). Without objection, it is so ordered.

There was no objection.

CONGRESSIONAL ACTION NEEDED TO PUT THE COMPREHENSIVE ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION ACT 1970 INTO EFFECT

The SPEAKER pro tempore (Mr. GRAY). 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, last year Congress passed legislation authorizing the establishment of a National Institute on Alcohol Abuse and Alcoholism, and authorizing funds for fiscal years 1971, 1972, and 1973 for formula grants to States and grants and contracts for community based programs for the prevention and treatment of alcohol abuse and alcoholism and for the rehabilitation of alcohol abusers and alcoholics.

In Cleveland, we have a nonprofit corporation known as Fresh Start, Inc. It is made up of a group of public officials, businessmen, and professional people who have worked with and are interested in the problems of alcoholism. In 1968 they got together and opened up a halfway house for homeless alcoholics. They take in about 100 men a year. The group is dedicated to helping men make a comeback. They emphasize fellowship and small group therapy. They stress maximum self-determination. The average stay of a client is 3 months, at which time the man returns to the community and a job. Fresh Start works closely with the Cuyahoga County Welfare Department in Ohio and with Alcoholics Anonymous. Men are referred to Fresh Start by the county welfare department, most of the hospitals in the Cleveland area, private citizens trying to help someone, Alcoholics Anonymous, the Soldiers and Sailors Relief Commission, and parole and probation officers.

In 1968, Fresh Start was able to obtain funds from a private foundation, from the county welfare department, and from the Soldiers and Sailors Relief Commission to purchase and furnish a home for use as the halfway house for indignant alcoholics. Since 1968, they have been able to find funds to operate the home, which costs about $63,000 a year. Fresh Start now has a comprehensive plan drawn up to establish a second halfway house on the west side of Cleveland, which I represent, and also to establish a third halfway house for women.

I was very much surprised to learn that although Congress passed legislation in 1970 to help take care of the problem of alcoholism in this country and authorized funds for fiscal years 1971, 1972, and 1973, the President has not yet issued an executive order setting up the new agency nor did the President include funds for this program in his budget for fiscal year 1972. In addition, no supplemental funds have been requested for fiscal year 1971, although these funds have already been authorized by Congress.

At this rate, it will be at least 1974 before this program gets underway—if then. I am today asking the House Subcommitee on Health, Education, and Welfare Appropriations to put money into the supplemental appropriation for fiscal year 1971 for the National Institute on Alcohol Abuse and Alcoholism and its programs. I am further asking the subcommittee to put the funds for this program into the appropriation for fiscal year 1972. This way the program could get underway almost immediately.

I believe it would be a great waste if the Fresh Start program in Cleveland had to wait for at least 3 or 4 years before they could be considered for funding under this program to carry out their important work—work important to the individuals involved and to the community as a whole. I know there are many Members who have programs in their districts just as worthy of immediate consideration. Mr. Speaker, I respectfully ask my colleagues to join me in fighting to get the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act put into effect.

THE COMPONENTS OF LEADERSHIP ARE DISCIPLINE, EXAMPLE, AND RESPONSIBILITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 30 minutes.

Mr. RANDALL. Mr. Speaker, on this past Monday evening of March 8, it was my privilege to be honored as a guest for dinner at the Washington Hotel hosted by the Association of Military Colleges and Schools of the United States.

This banquet concluded the annual

meeting of the heads and administrative personnel of about 35 colleges, academies, and institutions from all over America which combine a high school and college education with military training under the ROTC program. This association is not a Johnny-come-lately; it has a long and distinguished history. It was founded in 1914.

It was my privilege to be the guest of our constitutents Col. Lester B. Wikoff and Col. W. L. Stagner who represented Wentworth Military Academy, Lexington, Mo., at the association's annual meeting. Also from Missouri were representatives of the Kemper Military School and College at Boonville and the Missouri Military Academy at Mexico, Mo.

Mr. Speaker, I am proud to represent Lafayette County, Mo. Its county seat is Lexington. This is the home of Wentworth Military Academy. That school has had a long and glorious history. Many of its "old boys" have gone on after graduation to become famous in their chosen line of endeavor.

It was a gala scene last Monday evening in the Sky Room of the Washington Hotel. Most of those present were in military dress uniform. The posting of the colors was impressive. Several widely separated areas of America were represented, including New York, Massachusetts, Pennsylvania, South Carolina, Indiana, Kentucky, Tennessee, Illinois, Missouri, Oklahoma, Texas, and New Mexico. Such great institutions of learning as the Citadel of the South and Texas A. & M. University are members of this association. Yes, it was an evening to be remembered.

Mr. Speaker, I take this time to share with my colleagues the remarks contained in the address of Maj. Gen. William A. Knowlton as he spoke at the annual meeting of the Association of Military Colleges and Schools of the United States. For those who may not know, General Knowlton is the Superintendent of the U.S. Military Academy at West Point, N.Y. His remarks were not only informative but at the same time were thought provoking and most inspiring.

It seemed to me the general was generous in his treatment about our disturbed, frustrated youth of today, saying that he could sympathize a little with their plight. He said that it should not be a wonder why the young are confused in modern society. He went on to add that it was the role of education to try to cope with those who seem determined to support a revolution which will shatter all of our institutions. Rather than change society for the better, many young people are set on a course to create a so-called new society without any definite plans or blueprints on what kind of a new order of things they propose to create.

General Knowlton was most impressive when he pointed out that while idealism is a beautiful thing the nature of man requires more than idealism. Man should not simply be regarded as a beatific creature who has been corrupted by society. Instead he should be thought of as a creature capable of doing both good and evil. The struggle to promote more good and at the same time restrain the evil is one which should be more successful within society than under moral anarchy.

The Superintendent of West Point emphasized that many of those who may turn to drugs do so to avoid facing the inadequacies within themselves. Many of their personalities are so brittle that they shatter under the impact of criticism. In his remarks, our speaker rejected the idea that our system is flying out of control and that the proper function of every college or school is to be a center of resistance for destruction of the fabric of the society to which these institutions of learning look for support. I am sure one of the highlights of his remarks was the quotation from Gen. Harold K. Johnson, now retired, who said the young man in a military school or college comes out with the 4 I's—integrity, intelligence, imagination, and initiative. In addition, General Knowlton said he hoped graduates of military schools come out with the willingness to accept responsibility.

Whether all is now going to be quiet on the campus front, or not, it is possible that the pendulum is swinging back toward campus peace or perhaps never made the swing away to the extent that we believed it had. Those who would resist or destroy should be fewer in number this spring. However there still exists a need to teach our young people the components of leadership through education and self-discipline. The general concluded that our military schools and colleges of the United States in the ROTC program have been providing our country with dedicated civilian leaders as well as military leaders for a total of 152 years. He submitted, and I agree, that such is an enviable record.

The remarks of Maj. Gen. William A. Knowlton, Superintendent of West Point; were as follows:

ADDRESS BY MAJ. GEN. WILLIAM A. KNOWLTON, 55TH ANNUAL MEETING, ASSOCIATION OF MILITARY COLLEGES AND SCHOOLS OF THE UNITED STATES, MARCH 8, 1971

I am deeply honored by the opportunity to address this distinguished group and their guests here tonight. The extent of the honor is apparent to me when I see the list of outstanding men who have spoken to you in the past. I was not fortunate enough to attend a military school or college prior to entering West Point. My military service had consisted of some quasi-legal periods as an enlisted man, beginning at the tender age of 14 and winding up with a legal enlistment in the 298th Infantry in Hawaii when I reached the age of 18. However, I have served beside, in command of, and under the orders of many distinguished officers who gained their start in one of your institutions.

It is a particular honor and a pleasure for me to be here in my present capacity. I am highly conscious of the trust which has been placed upon me, as I complete my first year as Superintendent at West Point. There are many who see in the United States Military Academy an institution which is adversary to the ROTC program. Nothing could be farther from the truth; it is particularly important to recognize that in these troubled times. The very name of the *Reserve* Officers Training Corps would indicate that our task of producing officers for the regular establishment should seem distinct from yours of producing officers for the reserve forces.

But West Point is not designed to be the *only* source of officers for the Regular Army. There have been periods of budgetary austerity when there was no room for other than West Point graduates on active duty. But increasingly, since the Thomasen Act, West Point has been in partnership with the ROTC program, as the Army sought the best of both plans to officer its active forces. Enough time has elapsed since that infusion so that 25 percent of the general officers on active duty in the Army today are graduates of the ROTC program. This is one reason why I speak so often at ROTC commissionings: to emphasize that we are in partnership, rather than in competition.

As we look at the young today, we can sympathize a little with their plight. There has been—and it is increasing at an exponential pace—an explosion of knowledge. How to cope with this explosion is becoming an increasingly complex task. I recently attended a seminar in New York City concerned with how man can even read, let alone learn, the knowledge which is becoming available today. One example cited was a business firm that developed a product at a cost of several millions of dollars, only to be told that the product or process was patented by someone else several years before.

The ultimate expression of this turmoil is in that new book, which you may have read, entitled *Future Shock*. The author divides the last 50,000 years of man's existence into 800 lifetimes of 62 years each.

Of the 800, 650 were spent in caves. Communication by writing has been possible only in the last 70 lifetimes; the printed word became available only in the last six; precise measurements of time only in the last four; the electric motor arrived only in the last two lifetimes; and most of the material goods used today have been developed within the last one.

The author then offers the following philosophy:

"We are creating a new society, not a changed society. Not an extended, larger-than-life version of our present society. But a new society.

"A revolution shatters institutions and power relationships. This is precisely what is happening today in all the high technology nations. Students in Berlin and New York, in Turin and Tokyo, capture their deans and chancellors, bring great clanking educational factories to a grinding halt, and even threaten to topple governments. Police stand aside in the ghettos of New York, Washington, and Chicago as ancient property laws are openly violated. Sexual standards are overthrown. Great cities are paralyzed by strikes, power alliances are shaken. Financial and political leaders secretly tremble—not out of fear that communist (or capitalist) revolutionaries will oust them, but that the entire system is somehow flying out of control."

Is it any wonder that the young are confused? But what is the role of education in trying to cope with this sort of thing? There are several different views. You may have read an article by Admiral Rickover which was published on the first two days of February. As a critic of American education for almost a quarter of a century, he sees our educational philosophy and practice as suffering from fundamental defects. The first is that we pour out vast sums of research and experimentation on one of the oldest of western activities—transmitting knowledge and intellectual skills accumulated in the past to the young—without asking ourselves why exactly schools are needed and what exactly they must do that no one else can do.

The primary responsibility of our public school system, he says, should be to discover children with qualities of mind, will and character and educate them in the manner most suited to their special talents. True

professionals must have high intelligence, strong motivation and be willing to undergo a very long period of general and public schooling.

These words sound very much like the mission which we find in many of your catalogs. So far, so good. We see support, then, for the traditional roles which you have played in molding character. But not everybody would agree with Admiral Rickover. In assessing the role for education in America, we hear many strident views which disagree with assumptions which we have taken for granted.

The November 1970 issue of the *Harvard Educational Review* contained an article by Antony Mullaney of Warwick House in Boston. He said:

"I propose that the university community become part of the resistance movement in the United States. It must actively oppose those vast power relationships in the nation which refuse to read the signs of the times . . . It must offend those very institutions which now seem necessary for its survival . . .

"The most critical business of education today is to become a center of dissent and resistance in itself and an interpreter of such behavior to the public."

His final sentence says, "Let the young set the timetable."

Who is right? Those who support the latter view would tell us that the issues this time are completely different. The bombings, the killings, the violence, the permissiveness—all these must force us to a new perspective. But when I look to history, I find as Newsweek has pointed out, "Police have been murdered before, buildings have been bombed before, and workers have gone on strike before. These are ugly things, yes, but we have survived them." Barbara Tuchman has summed it well in her book, *The Proud Tower*, in which she discusses the events which led to World War I.

"So enchanting was the vision of a stateless society, without government, without law, without ownership of property . . . that six heads of state (among them President McKinley) were assassinated for its sake in the twenty years before 1914. . . . Their deaths were the gestures of desperate or deluded men to call attention to the anarchist idea. . . . It was, as an historian of revolt has called it 'a day of desperate romantics. . . .'"

Possibly one of our biggest problems today is that we are also living in an age of desperate romantics. But are we? As an educator, I should perhaps mention the romantics of education.

The New York Times for January 10th had an interesting discussion of educational romantics by Mortimer Smith of the Council of Basic Education. He wrote: "that an examination of the writings of these men suggests that the term 'radical romantics' may be a misnomer. They are romantic, no doubt of that, but if the word 'radical' is understood as promising something new and fundamental, it is not an accurate term to apply to their theories.

"What are advanced as contemporary insights," he continued, "turn out to be the clichés of yesterday; the natural goodness of the child until corrupted by society; the evils of structure, subject matter, examinations; the equating of authority with authoritarianism; the doctrine of needs and interests . . ."

So, not even these things are new. Idealism is a beautiful thing, but the nature of man requires more than idealism. As the *Wall Street Journal* said a year ago, man is not a beatific creature who has been corrupted by society but a creature capable of both good and evil. His life is a struggle to promote the one and restrain the other, a struggle which is more successful within society than under moral anarchy.

But let us jump from the *general* notion of structured environment and examine a particular application in the military. One of the peculiar manifestations of this time has been the appearance of something with which our generation did not have to deal. When I was a young teenager, and organized and ran a 21-piece orchestra, marijuana was something which I vaguely heard mentioned as giving an outstanding American drummer the ability to squeeze in more drum beats by lengthening his perception of time. We vaguely knew that it was supposed to grow in Mexico, but none of us would have recognized it if we had seen the weed lying on a table.

But recently, I received a letter from a company commander in Vietnam, coping with the problems which have come upon his unit in the boredom which characterizes this difficult transition from war to unwar. One such problem is marijuana. The Army is a reflection of trends in civilian life, since the Army is the largest user of involuntary manpower. When one third of American high school students are reported to have used marijuana, the Army will have some soldiers who are a marijuana problem.

But the young officer who wrote to me commented on more than drugs when discussing this small group. He said, "The real problem is that their personalities are so brittle that they shatter under the impact of criticism." I think this allusion to be particularly pertinent to the problems we have today. If a young man is never to be criticized—if a young man is never to be disciplined—if a young man has not undergone rigorous training which implicitly includes correction—then the prospect is good that that young man will have a personality so brittle as to shatter. Our young captain said that this was the reason some men turned to drugs: to avoid facing the inadequacies within themselves.

And so, we come full circle to the same fundamentals within our task: the forming of young men with character and dedication who can deal with the problems that confront them in their tomorrows. I refuse to believe that aspect of *Future Shock* which would have us think that the system is flying out of control. This has been the cry of doom prophesiers throughout recorded history. I refuse to believe that the past is devoid of any signposts which give us relevance for the future. I refuse to believe that the proper function of the college or school is to be a center of resistance to destroy the fabric of the society to which education looks for support.

But what are the values which we hope a young man will gain in school or college as he approaches manhood—particularly the young man who may be a military leader? One summation is in what General Harold K. Johnson used to call the four I's—integrity, intelligence, imagination, and initiative. I would add to that a willingness to accept responsibility.

Those of you who follow military literature know that there has been a series of attempts over the past fifteen years to define and redefine professionalism. Professor Sam Huntington made one of the first full-volume attempts to define military professionalism within a democracy. He discussed such things as the body of knowledge which must be possessed by those who are members of the profession, and the hierarchal nature of the structure into which the professional must move and up which he must progress to earn his spurs. Lieutenant Colonel Zeb Bradford continued this discussion by picking up the thread of British military authors a century ago when he indicated that it is the unlimited aspect of responsibility which makes a profession of the military calling. This word *responsibility* has some bearing on the question of what value there is to military training if one is not to stay in the military for a life time.

Last fall I attended a meeting in this very city of the Association of the United States Army. Many of you were there. Inside the door of the hotel was a small display on ROTC. This display pointed out that approximately four percent of college men have received ROTC training. Yet, of the men in America making between $100,000 and $300,000 per year, 23 percent took Army ROTC. So did 24 percent of our senators. The relationship is not casual but causal. I believe that one of the primary reasons for this causality can be summed up in the word *responsibility*.

But there are more reasons, and they are included within our earlier mention of discipline and self-discipline. From discipline comes self-discipline; from self-discipline comes example. Combine example with a readiness to accept responsibility, and leadership emerges. And this progression is so much of what we do within the variety of military schools and colleges we are fortunate to have within the United States.

But one might ask, "Of what value are these institutions if their need is not understood and if they are not supported?" I think we are over the worst of that particular hurdle. Our press gives daily indications that the great bulk of students do not resemble those who captured the attention of the media in the last few years. When one can read a poll as reported a few months ago in a large national magazine and see that the heroes of young men from 15 to 21 include such people as John Wayne, then the pendulum has really swung back. Or, if I might suggest an alternate solution, perhaps it never made the trip to the extent that we believed it did. A recent article entitled, "All Quiet on the Campus Front" reports that students are studying with unfamiliar zeal, and that professors report that it is fun to teach again.

One university protested strongly two years ago against the ROTC; but this year, when a small band of radicals tried to block the path of a Marine Corps recruiter, self-appointed marshals quickly cleared the way.

On the 19th of February, a 21-year-old girl from New Jersey wrote me a letter. I never met her; we have had no prior contact. But she had some very interesting things to say. I will not quote the whole letter, but she told me that pressures of frustration led her to write it. She wrote:

"I have been raised to believe in this country in the fullest sense of the word by a mother with a 'fierce' patriotism who also served in the Second World War. As a child I was taught respect for my elders and to not be afraid to voice my opinion, but to remember that for every opinion I may hold to passionately, someone else holds the opposite with equal conviction. And so, with an open mind I began reading the history of this country to find the answers to questions that have been stored in my mind from the teachings of school. I have never been satisfied with just memorizing names and dates from a school book. I must know the why's of things and the how's.

"Being only 21 years old, I find myself in a very frustrating situation. I am young and yet have old ideals. By old ideals, I mean the so-called new generation of hippies and flower children repel me. I see high ideals of pride crumbling. They shout 'love and peace,' but want none of the responsibility of holding to either—so they run from reality by dodging the draft or taking drugs. . . . It will be difficult to rebuild a shattered world if they continue to look and not see. How can so great a country as ours be if discipline and honor and love of country perish. These are questions I need answered.

"I am not a stranger to doubt, for I have lost a brother-in-law in Vietnam. This was

a young man who in my mind belonged to the era of Thomas Paine: so great was his conviction as to the rights and wrongs and love of country. He could have been in Washington behind a desk, but chose to be with his men because he believed in why we are there and his belief helped me to accept his loss with more pride than self-sorrow.

"I appreciate your taking the time to read this letter, and please know that I am proud of the Academy and men like yourself who go on in spite of the confusion and changing world. I hope it never changes. Sincerely,". . .

This letter well expresses the views of what I find to be a large body of young Americans. The siren appeal of those who would "resist" or destroy has been followed by a feeling of emptiness and a search for values that begins to lead back to tradition. From people with such instincts will come the leaders for the challenges of tomorrow, which some consider the terrors of tomorrow. But leadership is something delicate and elusive. Some men are born leaders but never have the chance to practice the art. Others must learn the components of leadership and, through education and self-discipline, prepare for the day when they will be called.

The military schools and colleges of the United States and the ROTC program have been providing our country with able, dedicated military and civilian leaders for a total of 152 years. That is an enviable record. The qualities which you instilled in generations of graduates are inherent in your very institutions. I believe those qualities will see you through this period of transition and enable you to continue your unique efforts. Your citizen-soldier graduates have insured our survival at key points in history. I do not see a diminution of this need in the future.

COMPREHENSIVE 5-YEAR DEFENSE PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. RHODES), is recognized for 10 minutes.

Mr. RHODES. Mr. President, the Secretary of Defense, the Honorable Melvin R. Laird, has forwarded to Congress his report on fiscal years 1972–76 defense program and the 1972 defense budget.

This report included a comprehensive 5-year defense program and spells out a new national security strategy of realistic deterrence.

I am proud to present Secretary Laird's summary of this report to this body. I urge my distinguished colleagues and the American public to acquaint themselves with the administration's plan.

Secretary Laird's summary reads as follows:

THE SECRETARY'S SUMMARY

Mr. Chairman and Members of the Committee: I am privileged today to present the first comprehensive Five-Year Defense Program of the Nixon Administration, and to discuss the associated FY 1972 Budget.

This Five-Year Defense Program is keyed to the twin objectives set forth by President Nixon for the last third of the 20th century: achievement for the first time in this century of a generation of peace; and in the process, enhancement of the quality of life for all Americans, while helping to improve it for all peoples of the world.

This 1972 Defense Report to Congress and the American people contains a Five-Year Defense Program which spells out a new National Security Strategy of Realistic Deterrence. This new strategy is designed to prevent wars by furthering the President's goal of building a viable structure of peace based on adequate strength, true partnership, and meaningful negotiations.

The Strategy of Realistic Deterrence seeks to further the goal of peace by deterrence of armed conflict at all levels. I have always tried to be a realist in fulfilling my responsibilities, whether as a Member of Congress or as Secretary of Defense. I believe the strategy we are advancing is realistic for three reasons:

First, it is based on a sober and clear view of the multiple threats to peace which exist in today's world. It neither exaggerates nor underestimates those threats.

Second, it provides for the maintenance of a strong Free World military capability as the essential foundation of deterrence. It rejects the view that peace is well served if our military power is unilaterally weakened.

Third, it takes account of the strategic, fiscal, manpower and political realities while steering a prudent middle course between two policy extremes—world policeman or new isolationism.

The Strategy of Realistic Deterrence is new. Those who would dismiss it as a mere continuation of past policies in new packaging would be quite mistaken. Past policy was responsive and reactive.

Our new Strategy is positive and active. Past policy focused on containment and accommodation. The new Strategy emphasizes measured, meaningful involvement and vigorous negotiation from a position of strength.

The Strategy of Realistic Deterrence will provide through sufficient strength and full partnership the indispensable and realistic basis for effective Free World negotiation. Most importantly, it is designed not to manage crises but to prevent wars.

The FY 1971 program and budget, which was sent to Congress last year, was the foundation for the transition from an era of confrontation to an era of meaningful negotiation. The fiscal year 1972 program will move us closer to this goal.

It was clear at the outset of the Nixon Administration that, in order to set the stage and create the conditions for meaningful negotiation and peaceful relations, we had to move the country away from war and toward peace, away from a wartime economy and toward a peacetime economy, away from lopsided national priorities and toward a major reordering of those priorities, away from arms competition and toward arms limitation.

On the basis of the record of the past two years, it is my view that we have made significant—in some cases unprecedented—progress toward the major interim goals we have set for ourselves.

In the war to peace transition: by continuing negotiations in Paris, by progress in Vietnamization, by reducing U.S. combat activities, casualties and air sortie levels in Southeast Asia, and by an orderly, substantial and continuing troop redeployment program.

In reordering national priorities: by shifting the Defense portion of the Federal Budget and Gross National Product (GNP) to its lowest level in 20 years and by spending more on human needs than on Defense needs.

In our Defense budget: by providing for the first time in this century the full peace dividend before the conclusion of a war. Defense costs in this budget already are back at pre-Vietnam levels in constant dollars.

In implementing the Nixon Doctrine: by withdrawing more than 300,000 American troops from Asia while increasing significantly security assistance levels to our friends and allies.

In NATO: by helping foster a new spirit of meaningful burden sharing and a new awareness of the strategic, fiscal, manpower and political realities we face in common.

In moving toward zero-draft: by obtaining Congressional approval for long-needed draft reform to eliminate many inequities, and by cutting draft calls almost in half from 1968 to 1970 in pursuing our goal of zero-draft by July 1, 1973.

In our program for human goals: by relating it to our objective of an all-volunteer force, by seeking to instill a new order of professionalism and dignity in military life, by seeking to remedy remaining shortcomings in such areas as housing and education and by continuing to lead the way toward full equal opportunity.

In taking new initiatives with regard to prisoners of war: by an unprecedented exchange offer at the Paris peace table, by search and rescue missions when possible, and by focusing public attention at home and abroad on their plight.

In chemical warfare and biological research, and in defoliation: by promulgating a major new policy renouncing any use of biological and toxin weapons and renouncing first use of lethal and incapacitating chemical weapons, by ending crop destruction operations in Vietnam and by restricting limited defoliation still needed for troop safety to the same regulation applied to herbicide use in the U.S.

In major improvements of defense management: by adopting many of the Blue Ribbon Panel recommendations, by emphasizing a new "fly-before-buy" policy and by increased decentralization in procurement actions.

Mr. Chairman, we are proud of the significant progress we have been able to make in establishing new directions and a steady momentum toward major goals of the American people. As I reported last year in discussing our FY 1971 transitional program, the challenges here at home which we faced upon assuming office in many ways equaled, and in some ways surpassed, the growing challenges abroad.

I will not repeat in detail what I said last year, but it is important, I believe, to repeat a concluding comment I made in last year's Defense Report:

"Transition to a new equilibrium will take time. We made a beginning in 1969 and are continuing the transition into calendar year 1970. We consider our fiscal year 1971 budget another building block in that transition."

I readily acknowledged that not all of the challenges we encountered upon assuming office had been met with the submission of the fiscal year 1971 budget. I would repeat that comment today with regard to the budget and program contained in this report. We still have a long way to go in all aspects of Defense responsibility. We have never claimed to be instant problem-solvers. But we have completed our year of transition with respect to basic Defense planning both with regard to strategy and management. We have completed our basic reviews and have made our fundamental decisions on what needs to be done. The New Strategy and Defense Program presented in this report embody the major elements of the decisions that have flowed from our assessments of the past two years. The Strategy and the Program, of course, cannot succeed without the understanding and support of Congress and the American people.

This report describes the major changes which have been made and which will be made in such areas as defense strategy, the defense budget, research and development, command and control, intelligence, procurement and, most importantly, the need to revamp our concepts about the recruitment and use of military manpower—both in active, National Guard and Reserve forces.

I would like briefly to outline for you some of the major points in the Defense Report. We focus on two fundamental aspects of Defense Planning:

In Section I—Effective Implementation of the Strategy of Realistic Deterrence.

In Section II—Better Management of Human, Material, and Economic Resources in the Department of Defense.

Our Five-Year Defense Plan projects a capability to attain our goal with an efficient and modernized force that, in peacetime, would require no more than seven percent of the Gross National Product and be made up of no more than 2.5 million men and women who are volunteers. This is discussed in the chapter on *Strategy Overview*, which states, in essence, that a realistic military strategy cannot be an end in itself but must be inseparably linked with a broader national strategy of deterrence and "meaningfully related to our pressing requirements in the domestic field."

As I discussed in the chapter of *Concepts for Defense Planning*, we intend to use a Total Force approach in which all appropriate resources for deterrence, U.S. and Free World, will be available. Through the application of all resources across the full spectrum of possible conflict and the full spectrum of capabilities of our friends and allies, we will maintain sufficient U.S. strength and will mesh this strength with other nations in a new order of partnership.

For the U.S. forces, the Total Force concept will mean increased importance for our National Guard and Reserves. In this chapter, I analyze the progress and problems of Vietnamization, and discuss its relation to the Total Force concept in its broadest applications, utilizing both military and nonmilitary resources. Looking to the future, we must continue to focus on the intimate relations of the military, economic, political and diplomatic facets of the Indochina situation as we move to terminate U.S. involvement in the fighting. This report does not address the day to day military situation in Indochina, or anywhere else. It seeks instead to explain the basic concepts that underlie our strategy for the future. To be realistic about it, there will continue to be ups and downs, gains and losses, temporary setbacks. The important thing is for the citizens of our nation to keep in sight of the fixed goal of a generation of peace and to insure, as best we can that the policies we establish and the strategy we follow lead in that direction.

The chapter on *The Threats to Free World Security* provides an update of the threats to the Free World at all levels of conflict. The continued momentum of the Soviet Union in strategic missiles, aircraft, Naval forces and research and development are evaluated. Chinese weapons progress is also discussed. This threat assessment is related to the need for assuring that the United States maintains its technological leadership in order to assure the safety and survival of the American people. To maintain technological leadership, we must reverse the recent downward trend in R&D funding, which this budget does, and we must also move forward with new technological initiatives to guarantee that we have flexibility and timely options to meet possible threats of the future.

The fourth and final chapter in Section I, *Force Planning under the New Strategy*, provides a discussion of the specific programs being recommended as the "basic minimum capabilities deemed necessary and appropriate for the years ahead." We have completed our transition to what we describe as "base line planning," and are now building for the future. Of course, much will depend on the outcome of the Strategic Arms Limitation Talks. Because of uncertainty associated with SALT, we must maintain present capabilities, while preserving or creating options to adjust those capabilities upward or downward as may be required.

Mr. Chairman, no one hopes more for success at SALT than the Department of Defense because of the burdens and responsibilities we would face should SALT fail. The details of the President's decision on the FY 1972 SAFEGUARD program are contained in this section. SAFEGUARD continues to be a vital factor in the SALT negotiations.

The Chapters in Section II are focused on the need for better management of human, material and economic resources in the Department of Defense.

Chapter 1, *Organization and Management*, focuses on our management concept which is based on participatory decision-making, defined decentralization, and delegation of authority under specific guidance. I propose in this chapter the creation of an additional Deputy Secretary of Defense in order to enhance high level civilian management and to cope with the severe time demands now placed upon the single Deputy Secretary of Defense, David Packard. I also recommend creation of two additional positions for Assistant Secretary of Defense.

We will continue, of course, to make management improvements in the Department of Defense, including a modification of the Unified Command Structure which we are recommending to the President. We will continue to draw as appropriate on the recommendations of the Blue Ribbon Defense Panal which was so ably headed by Gilbert Fitzhugh.

Our examination into the intelligence activities of the Department of Defense will continue, and further changes may be anticipated, including the creation of a long-range planning group reporting directly to the Secretary of Defense. We have taken steps also to strengthen civilian control over investigative and related counter-intelligence activities.

The continued progress we expect under the Human Goals principles of the Department of Defense are reported in the Chapter on *Manpower Objectives*. Of particular importance, of course, is our program to achieve zero draft calls by mid-1973 and to accomplish further improvements of the Selective Service System which would complement last year's reduced draft calls and National Random Selection System. Many inequities in the Draft have been eliminated in the past two years, but so long as we need the Darft it must be made more equitable. One gross inequity today is the fact that the young men who attend college are given deferments which are denied to other young men who do not attend college. This is unfair and should be changed.

Once men and women are in the Armed Forces and are serving their country in uniform, we owe them respect and dignity for their service, and we owe them and their families fair play in the areas of pay, housing and educational opportunities.

Let me candidly tell you that we face some formidable problems in the manpower area that are not going to be solved overnight. In addition to complex recruiting and retention problems, we share with the rest of American society the agonizing problems related to race relations and drug abuse. We in the Department of Defense are determined to continue leading the way, as best we can, in seeking solutions to these difficult problems.

A final Chapter on *The Defense Budget and the Economy* surveys the impact of cuts in Defense personnel and expenditures over the past two years in response to our changing national priorities.

The impact of the massive cuts that have been made during the last two years in employment and expenditures related to national defense is assessed. These cuts have resulted in a considerable amount of turbulence, which results from our shift from a wartime to a peacetime economy.

This year the rate of defense reductions is declining and we are going to do everything we can to keep to a minimum this turbulence, as it relates to our civilian employees, Defense industry employees, and our military people and their families. In short, the Defense Budget has been heavily affected in our national reallocation of resources. The period of Defense dominance in national resource allocation is over. Our Fiscal Year 1972 budget, in constant dollars, will be below the prewar year of Fiscal Year 1964. This fact cannot be ignored as we plan to implement during the next five years our New Strategy of Realistic Deterrence.

In current dollars, the FY 1972 Defense Budget transmitted to the Congress by the President totals $79.2 billion in Total Obligational Authority (TOA) and $76 billion in outlays, including amounts proposed for future pay increases. This is $3.9 billion in TOA and $1.5 billion in outlays above the respective amounts for TOA and outlays we now expect in FY 1971.

In summary, Mr. Chairman, I would repeat that we have not solved all the hard problems before us nor can I tell you that hard decisions do not lie ahead. As with the Fiscal 1971 transitional budget, there is some risk attached to our FY 1972 Defense Budget for it continues the downward trend in overall Defense Department purchasing power at a time when the threats we face around the world continue to increase, not diminish. Should events dictate, I will not hesitate to recommend any action that may be required to insure the continued safety and security of the American people.

As Secretary of Defense, I seek your understanding and your support for our new Strategy and want to assure you that I will continue to work with this Committee and other Committees of the Congress to advance the goals we share in common in seeking to serve the best interests of the American people.

MEDICARE COVERAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. FINDLEY) is recognized for 5 minutes.

Mr. FINDLEY. Mr. Speaker, I am today introducing a proposal which I had previously introduced in the 90th and 91st Congress which would, if enacted into law, remove the requirement that State and local government employees must join the social security retirement system in order to qualify for medicare coverage.

On July 1, 1966, hospitalization coverage under medicare began for nearly 20 million Americans age 65 and over. All Americans who reached age 65 before 1968 were similarly covered, whether they were eligible for social security retirement benefits or not. But, as of January 1, 1968, a person must be covered by the social security retirement system to be eligible for medicare hospitalization insurance. Although generally equitable, this creates a severe problem for employees of State and local governments.

Although most employees in the United States are now automatically covered by social security, this is not true with regard to employees of State and local governments. As of January 1965, approximately 2.6 million positions in State and local employment were not covered by social security. These public employees, although members of State or local retirement systems, do not have programs available to them similar to the hospital insurance program available through medicare. Many are willing to pay for

such insurance, but under present law, are precluded from doing so unless the State brings them under the social security retirement system as well.

I am particularly concerned about this gap in medicare's hospital insurance coverage because among those excluded are over 689,000 public school teachers across the Nation. My bill would allow them to elect to participate in the hospital insurance program as long as they are willing to pay their own way. Nothing could be fairer than that.

WOEFULLY INADEQUATE EMERGENCY PROCEDURES OF CAPITOL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. KEATING) is recognized for 5 minutes.

Mr. KEATING. Mr. Speaker, the recent tragic bombing at the Capitol pointed out how woefully inadequate the emergency procedures of the Capitol are.

At present, there are investigations underway for providing greater security at the Capitol. However, what I am principally concerned about is the safe evacuation of employees and tourists from these buildings.

A member of my staff tried to ascertain if there was in existence any emergency evacuation plan after the incident of the explosion occurred Monday morning, March 1. After being directed to four different offices, he was told that there was, indeed, a plan, but it was a secret.

Mr. Speaker, if a staff member doing a research project for a Member of Congress cannot discover the evacuation plan, I shudder to think what would happen if a fire or another bomb occurred in these historic buildings. For this reason, I am introducing today, a resolution to direct the House Administration Committee to develop and promulgate evacuation procedures and an alarm system. The current investigation into security procedures at the Capitol will probably entail time and money. My proposal is a step that should have been taken long ago, but can be done now, quickly and at a small cost.

Mr. Speaker, I urge quick consideration on this proposal:

RESOLUTION TO PROVIDE FOR AN INVESTIGATION BY THE COMMITTEE ON HOUSE ADMINISTRATION OF AN ALARM SYSTEM FOR THE CAPITOL BUILDING AND THE HOUSE OFFICE BUILDINGS

Whereas the Members of the House of Representatives were shocked by the senseless bombing of the Capitol building on March 1, 1971;

Whereas neither Members of the House nor their staffs were familiar with evacuation plans for the Capitol building or the House Office Buildings;

Whereas a serious bomb threat, fire, or other catastrophy could cause panic and confusion if there is no clear emergency plan for evacuation of the Capitol or House Office Buildings;

Whereas there is no adequate system to signal a building evacuation: Now, therefore, be it

Resolved, That the Committee on House Administration, acting as a whole or by subcommittee, is authorized and directed to conduct a full and complete investigation and study into ways of informing Members of the House, their staffs, employees of the House, and visitors of the evacuation procedures (in case of emergency) for the Capitol building and the House Office Buildings.

For the purposes of carrying out this resolution, the committee is authorized to sit and act during the present Congress, subject to clause 31 of rule XI of the Rules of the House of Representatives, at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committe or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

The committee shall report to the House as soon as practicable during the present Congress, the results of its investigation, together with such recommendations as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

STAFFING FUNDS FOR MINORITY ON COMMITTEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. RUPPE) is recognized for 5 minutes.

Mr. RUPPE. Mr. Speaker, I am introducing today legislation designed to restore a key facet of the Legislative Reorganization Act of 1970—a provision which was nullified at the opening of the Congress when a majority of the House of Representatives voted to delete the minority party's right to one-third of committee investigatory staffing funds.

Mr. Speaker, we are all aware of the significant input of committee action in the overall legislative process. Most legislation is written and rewritten in committee. One of the major functions of the legislator is his scrutiny of proposed legislation in committee. The value of adequate staffing to assist in this process cannot be overstated.

The contribution of the minority party in this process is essential. Certainly the right to initiate and perfect pending legislation as it passes through committee is necessary to achieve effective legislation. Adequate committee staffing to aid in a thorough review of the various legislative proposals is vital. Many views and judgments are needed to inject a greater balance of all concerns in our laws. The minority staffing provision is an important means of achieving that balance.

Mr. Speaker, today, as I reintroduce this proposal, I call to the attention of my colleagues the impact that such a provision has in the overall legislative process. I am hopeful that this proposal will receive prompt and thoughtful consideration in the coming months of the 92d Congress.

DISCRIMINATION IN FAVOR OF WEALTHY WITNESSES AT MAJOR SPORTING EVENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. SANDMAN) is recognized for 5 minutes.

Mr. SANDMAN. Mr. Speaker, there is a clear and growing outcry for congressional attention to what appears to be a trend toward discrimination against all but the affluent to witness major sporting events.

I refer specifically, of course, to the Joe Frazier-Muhammad Ali heavyweight championship fight Monday night.

I was among an estimated 2 million persons in the Nation fortunate enough to witness this great bout. In my opinion, it was such a well fought and equally matched fight that most of us in Atlantic City Convention Hall ignored the poor closed-circuit picture.

Everyone in Convention Hall as well in the other hundreds of auditoriums with the closed circuit showings had paid $12.50 to $30 for their seat. I am not complaining about this as there are many sport fans who prefer and would gladly pay for the atmosphere of crowd spectatorship.

However, Mr. Speaker, I am very concerned that there were some 200 million Americans who, for lack of funds with which to buy a ticket or lack of transportation or for a myriad of other reasons were denied the privilege of witnessing what history may record as the sporting event of the century.

It was estimated that had this particular championship fight been televised, some 150 million of our citizens would have watched.

Let me state at the outset that I am all for competitive enterprise—for the right of making a profit. And I am not for nationalizing any sport.

But I do believe that the courts and the Congress have been lenient with professional sports on the basis that they are not merely businesses, but also worthy forms of public entertainment and diversion of our citizens from their normal concerns.

Unless we act now to protect citizen-spectators from undue financial discrimination on availability of professional sports, because of their monopolistic—perhaps necessarily—status, enjoyment of major sporting events will inevitably become limited to the rich.

The day is fast approaching, for example, when the financial attractiveness of such closed-circuit arrangements could force promoters of such great events as the Super Bowl, the World Series or maybe even the Rose Bowl, the Olympics, and other major "amateur" events to limit spectators on the basis of dollars only.

Currently, the Federal Communications Commission claims to be powerless to insist that something be shown on television or heard on radio whereas it has power to insist that certain things not be shown or heard.

And the Justice Department has its hands tied, as I understand it, by congressional action which exempts certain sport organizations from antitrust prosecution.

I, therefore, am drafting new legislation to confront this situation before it gets further out of hand. I will seek

public hearings on this matter and will urge prompt Federal enactment of such legislation.

In concept, I am proposing that Congress declare that certain major sporting events must be made available to be broadcast publicly by the highest national radio and televison network bidders.

My legislation would require that permits be obtained from the Government—probably the FCC—before certain major sporting events can be staged. Primary prerequisite for securing a permit would be proof that public networks have had an opportunity to bid for the rights to broadcast the event and that the highest bid, if any, was accepted.

This approach, Mr. Speaker, would leave the management of professional sports in the hands of private promoters where it should be. But instead of allowing a false, private supply and demand among only the rich to exist, a new public supply and demand for all sports fans will be permitted to exist.

I invite all my colleagues in Congress to give me the benefit of their respective points of view on this issue while the drafting of this legislation is in process. I am also eager to hear pro and con arguments from anyone else who may be interested.

This morning, I had the pleasure of visiting by telephone with Howard Cosell, well-known ABC sports commentator, who only this morning made this issue the subject of one of his network radio broadcasts.

Coincidentally, James Restin and William N. Wallace of the New York Times provided separate articles on this matter. I am, therefore, including a transcript of Mr. Cosell's broadcast and the text of both Times articles as part of my remarks in the RECORD:

SPEAKING OF SPORTS

(By Howard Cosell)

This is Howard Cosell, Speaking of Sports.

The big event is now over. In a couple of days, it will be old news. There is talk about a rematch next year, but the people of this country have been left with something to think about.

A couple of men come in, they put up a quarter of a million dollars and they own the rights to the biggest event of the decade, maybe of the half century. Who can tell? It turns out to be a great event. They turn it over to a closed circuit television group to transmit to theaters around the nation. Less than two million people probably, or anyway around two million, see this great event, pay apparently almost 17 million dollars for the privilege and then the public gets left out.

Not even the Army can hear a radio broadcast of it. Not even the soldiers overseas.

It raises all kinds of questions because now the man in charge of the outfit that transmitted the event to the theaters says it's the wave of the future, and the Super Bowl and the World Series may all be on the theater television only for the very few and the very rich in the years that lie ahead.

This is one of the things I've talked about more often in sports. Is it a business? Is it a sport? Who is kidding whom? Sports today is big business pure and simple. It is sports only in the minds of the masses who have allowed themselves through all the years to be deluded.

Most of the people in this country are poor people really who couldn't afford the prices to the theaters, let alone to the one arena where the live event took place.

The masses of the country, if it comes to the point where sports is only for the very few and the very rich, will in the ultimate, I predict, force legislation from the Congress of the United States to see that the great bulk of the people in this country are able to see the great "sports events".

Add ironies, the people who paid all that money in the theaters did not even get to see the fighters interviewed in the ring after the fight.

Howard Cosell reporting.

[From the New York Times, Mar. 10, 1971]

THE GREEDY SPORTS PROMOTERS

(By James Reston)

WASHINGTON, March 9.—The Joe Frazier-Muhammad Ali heavyweight championship fight is over, but the battle over the greedy promoters is just beginning. If they can sell their performers to the highest bidders, and black out home television for the poor folk why not the same grab for the pro football Super Bowl, the World Series and all other big sports and theatrical productions?

Congress and the Supreme Court have had trouble with the regulation of professional sports ever since the days of "Kenesaw Mountain" Landis, and have bent the antitrust laws to protect the semimonopoly structure of professional football and baseball, but now they have a new problem to think over.

The courts and the Congress have been comparatively lenient with the pro-football and baseball promoters on the ground that they were not merely a business but a sporting enterprise, where the rights of the player to sell his services to the highest bidder had to be restricted. And the rights of the club owners to black out local television areas when the team was playing at home should be protected.

But in the Frazier-Ali fight, the promoters demanded and got unrestricted rights to sell their product at prices ranging from $150 for a seat in Madison Square Garden to $15–$30 for closed television seats in theaters and hotels all over the country. Thus, total proceeds not counting movie and free television re-runs, amounted to about $20 million—$17 million from the closed-circuit gate receipts and $3 million from the rest.

The promoters not only kept the fight off the television and radio networks of the United States and Canada, but even tried by legal action to restrict the right of news agencies to file blow-by-blow accounts of the fight to their newspaper, radio and television clients. In fact, when the officials of COMSAT, which was sending the pictures of the fight overseas by satellite, tried to invite a few friends into their office to see the picture, Jack Kent Cooke, one of the two promoters of the fight, gave his permission only on condition that they also invite the Federal Communications Commissioners and the members of two Congressional Commerce Committees, who regulate broadcasting, to attend the showing as his personal guests.

Okay, so it was a business bonanza, and maybe all legal too, but if professional sport is to be judged solely as a business, using interstate commerce facilities and selling tickets in interstate commerce, then it can be argued that it should henceforth be subject to Federal interstate commerce regulation in the public interest.

Anybody who saw the crowds of blacks around Madison Square Garden in New York, and around the Hilton Hotel in Washington, where the closed-circuit seats were selling at $30 a piece, could even believe that there is a question of public safety involved in this monopoly.

This time it was a case of "let the buyer beware," but next time, if there is a rematch under the same high-priced closed-circuit setup, the security problem for the promoters and their well-heeled guests may be formidable indeed.

Even the networks with their high-priced advertising cannot hope to compete with the closed-circuit receipts from spectacular events like a heavyweight championship fight or a pro football Super Bowl game. The pro football leagues collected $2.5 million for the television rights to the last Super Bowl in Miami. But a closed-circuit network showing in theaters in all the pro football cities might easily bring in ten times that much, and the only people left out again would be the poor.

It may be, of course, that pay-as-you-see television is the coming thing, and there are some critics who believe that it will eventually increase the variety and quality of American television programs. Thus, it is argued that by transferring the cost of programs from the advertiser to the viewer, enough people may be willing to pay to see a good play or concert to make it profitable for national distribution.

But the dangers of high-priced closed-circuit sporting spectaculars are fairly obvious. Sport in America gains its power from mass audiences, and what the closed-circuit system does is to increase the revenues while reducing the number of people who can afford to see the event.

In fact, not since the invention of television has any championship fight in America taken in so much money or been seen by so few people in this country as the Frazier-Ali battle. It is true that heavyweight championship fights are regarded by the courts as monopoly enterprises, but it was never anticipated that they would be governed by the predatory practices that controlled this one.

One argument for professional sport in America is that it occasionally diverts the whole nation from its normal preoccupations and provides the people with a common interest for at least a few hours. The closed-circuit system threatens to change all that: it is sport for the rich, like polo and yacht racing, with the poor outside the gate. And since the poor outnumber and outvote the rich, the possibilities of fair legislation to avoid the repetition or spread of the practice are fairly obvious.

[From the New York Times, Mar. 10, 1971]

FIGHT TELECAST REPORTED AS FINANCIAL AND ARTISTIC SUCCESS

(By William N. Wallace)

The closed-circuit television presentation of Monday night's Joe Frazier-Muhammad Ali fight was a financial and artistic success with few exceptions. Just how successful it was will not be known until later this week when the accounting dimensions take shape.

Jerry Perenchio, the promoter, made an early estimate yesterday of $16.5-million in gross receipts, as reports of capacity houses came into his headquarters here.

Of the 369 sites, four had equipment failures. That record was described as a "remarkable success" by E. William Henry, chairman of Management Television Systems, which set up the largest closed-circuit network in history.

Ticket counterfeiting, scalping and some disorders were associated with the telecast. The Chicago Coliseum had no picture to show and the crowd of 6,900, which had paid $10 a ticket, began to fret as fight time neared. Ticket counters were thrown through windows, and chairs and bottles from the balcony. Policemen sealed off the building.

The reason for the failure was that a conversion chassis in the projector had burned out. But M.T.S. had backup equipment ready.

"The irony of it is that our man could not

get through the police cordon to repair the projector," said Henry.

There was also no picture at Duluth, Minn., so fans listened to the audio, as they did in the old days of radio.

At Portland, Me., the projector failed 35 minutes before the fight. The screen went dark at the Hunter College Auditorium as the eighth round began. In all cases, refund slips were issued.

The television presentation was insured for $18-million.

Pending the determination of a rematch, Henry said his next closed-circuit goal was a live bullfight this spring and, some day, pro football's Super Bowl.

He forecast a $48-million gross for the Super Bowl, which is now on free home television. "I predict a change within five years," he said. The network TV contracts for the game run for three more years.

The best pictures of the fight were those in color in places like Radio City Music Hall. But most viewers had to be content with a black and white picture because of limited equipment.

There were some complaints that the black and white picture had been too dark, with that factor plus cigarette smoke having obscured the fighters.

The picture in Pittsburgh's Three Rivers Stadium, on a lumpy screen in the infield, was less than perfect as 5,000 fans watched in 17-degree temperatures. They paid $15 each and were content. "Worth twice the money," said one.

Henry was quick to maintain that the exciting aspect of the fight had made the closed-circuit show a success.

In some places there were too many fans. Trouble arose at Chicago's Amphitheater when 1,000 were turned away. Fire hoses controlled the crowd.

Fans who had been turned away broke windows in San Francisco, Oakland and Richmond, Calif. Gate crashers broke down two doors in Atlantic City, and were let into Philadelphia's Arena by police order after a steel railing had given way.

A late rush of 3,000 fans filled the Los Angeles Sports Arena and 2,000 more were turned away.

"We did about $2-million the last day," said Franklin Fried, an associate of Perenchio, who had the Chicago and Wisconsin areas.

Irving Ungerman, George Chuvalo's manager, had all the Canadian outlets save for Calgary and Vancouver. He did well, estimating a gross of $900,000. He had to guarantee $275,000 against 60 percent of the gross.

In 11 Ohio cities 54,000 of 61,000 seats were sold for a gross of $600,000.

One unhappy promoter was Jim Journigan, who said he had lost $75,000 in Kansas City, Topeka and Wichita, Kan., Des Moines and Davenport, Iowa, and Sioux Falls, S.D.

"The boys in New York were too smart," he said. "They got their money up front and didn't do anything for me." He paid $200,000 for his territory.

The Congress of Racial Equality sponsored the only showing in Harlem, at the 369th Regiment Armory, where several thousand were turned away after 11,000 seats had been sold. Because of the threat of counterfeit tickets, spectators were allowed through only two gates. Pushing and shouting resulted. The congress was to keep half the estimated gate of $150,000.

A scalper in Buffalo tried to sell a $12.50 ticket to plainclothes policemen for $35 and then to another for $37. He wound up in jail.

BOMBING AT THE CAPITOL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ), is recognized for 10 minutes.

Mr. GONZALEZ. Mr. Speaker, I do not intend to use my full time this afternoon, but I rise on this occasion on the same subject matter or theme that I presented before the House the day before yesterday, when I mentioned that in the wake of the bombing that took place in the Capitol Building on the Senate side, there was a tendency to find a scapegoat.

The scapegoat has been the Capitol Police force—unjustly.

The Attorney General made some remarks about the police force being patronage—and other people the same—without really knowing the facts or the record. The truth of the matter is that the Capitol Police force has an excellent record. It has discharged its duties well. The Attorney General said he wished they could have the same kind of protection for these structures here as for the embassies. I am sure he does not know what he is talking about. The record of protection and custody of the embassy buildings is a lower one in comparison with the record of safety and order that has been kept on Capitol Hill by the Capitol Police force, if you please.

Perhaps out of this nettle we can pluck a flower of justice by pointing out that the Capitol Police force is the only police force in the country I know of that does not get paid for overtime. In the wake of the bombings some of the men have been asked to work twice as many hours as ordinary, with not 1 cent of pay for that extra time.

Now, that is wrong. That is unjust. Nothing can justify the continuation of that system.

I thought 6 years ago, when we corrected that situation for the Metropolitan Police force, the Capitol Police force was placed on the same footing. I found out this last week this is not so.

Here we are, the House of Representatives, which has been on record ever since the Fair Labor Standards legislation in the 1930's for minimum wages and for maximum hours of work, flagrantly violating right here in our own House these rules that we demand other Americans keep.

I believe it is necessary that justice be brought to the Capitol Police force instantly—immediately. I will push for this until there is some reform and some remedy.

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

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

Mr. SISK. I appreciate the gentleman from Texas yielding, because he has touched on a subject in which I am very much interested. I want to join with him in the defense of the Capitol Police force. I believe they are doing an outstanding job under some pretty tough circumstances from time to time.

These recent criticisms in the newspapers I believe are wholly unfounded. I particularly resent some of the comments coming from downtown about the so-called guards or the quality of the guards. The majority of the police force today, as I am sure my colleague from Texas knows as well or better than I, is a professional force.

Mr. GONZALEZ. Right.

Mr. SISK. Very frankly, they are doing an outstanding job. I particularly want to commend Chief Powell on the kind of work he is doing and the type of training being given to these men. As I say, sometimes it is under pretty adverse circumstances.

I would hope that my colleague from Texas and other Members would join in helping us to correct the situation and to improve the working conditions of our police force. I appreciate what the gentleman has said.

Mr. GONZALEZ. I thank the gentleman from California. I want to say that he has done a wonderful job on the committee that has some responsibility for such things as parking spaces and related matters, chores of legislation which sometimes legislative committees have to perform.

I want to say further, before I finish my remarks, that the House has a responsibility to address itself to the situation immediately. Last year we heard a lot about law and order. We heard all of the national leaders seeking office 2 years ago, about 95 percent of the Members of the House, talk about law and order and about the disorders and the rioting and the criminal elements. Yet here we have just a little example about how much we care for those whose whole life and job is to maintain law and order. There is a saying in Spanish which is so true: "Candil de la calle y Obscuridad de la Casa."

In other words, he is a torch on the street but he is absolute darkness at home.

This is very true. Charity begins at home. We have the laws we pass regulating all businesses as to minimum wages and maximum hours. Now let us obey it.

We yell a lot about law and order and yet we rarely show how we feel about our policemen who I have the secure feeling would lay down their lives in order to protect us. I do not see how anybody, unless we turn this over to a complete police state situation—I do not see even if we had 1 million policemen, how anybody can prevent somebody from performing some irrational insane act of violence. As I said the other day there is nothing to prevent anybody, in the current situation, from coming into the gallery with a hand grenade and throwing it right into the middle of the House floor. This is something that I do not see how in the world we can prevent unless we have a personal search of every single individual entering the gallery. This is only one example. I do not think it is right to overreact and blame the wrong people and particularly the Capitol Police because as the gentleman from California (Mr. SISK) has well pointed out the overwhelming preponderant majority of the members of the Capitol Police Force are not students or on patronage but are rather professionally trained men and are doing an excellent job. I may add even those who are students and those who are on the so-called

patronage lists, are doing and have done an outstanding job every year that I have been here and that has been 9 years and 2 months.

GENERAL LEAVE TO EXTEND

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

INCREASED SOCIAL SECURITY BENEFITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. BYRNE) is recognized for 10 minutes.

Mr. BYRNE of Pennsylvania. Mr. Speaker, I have today introduced legislation which should have a beneficial effect on the rapidly deteriorating financial capabilities of 20 million senior citizens who are trying to subsist on social security.

I urgently solicit the immediate and wholehearted support of my colleagues who, I believe, are mandated to take action now because millions face starvation, suffer the lack of medical services, and cannot achieve even minimal standards of housing.

Personally, I think it is shocking that the richest country on the face of the earth cannot provide this minimum care to the people who have earned freedom of want after a lifetime of honest labor. It is incumbent upon us to take action—and to take it now.

I want to make certain that this legislation is not suspected of being the usual, piecemeal, stopgap measures regularly introduced on a biennial basis—measures whose benefits appear to disappear through inflation before the next biennium rolls around.

No, I think this is the time that we must plan beyond the immediate future. We must use our knowledge of past performance and plan not only for tomorrow but the tomorrows to follow that.

Basically, my proposal calls for an immediate 15 percent raise of all social security payments, retroactive to January 1, 1971, followed by another 15 percent increase on January 1, 1972. This would just about bring the payments up to the value they have lost in the past several years.

Second, my bill would place a minimum of $100 a month this year—up from the current $64—and an increased minimum of $120 a month in 1972. The need for this is obvious; social security is not supposed to be "token" payments.

Tied to this would be a cost-of-living escalator to take effect when the cost-of-living index, as reported by the Bureau of Labor Statistics, increases more than 3 percent.

In addition, benefits for widows would be increased to 100-percent rather than the present 82½ percent of the primary, basic benefits of their deceased spouses.

Pending the passage of a meaningful national health plan which would provide for these contingencies, my bill would eliminate supplementary payments for medicare. Prescription drug costs for medicine outside of a hospital would also be covered.

Disabled persons under the age of 65 who are receiving social security payments would become eligible for medicare for the first time—a revision which I feel has been necessary in our law for some time.

Yes, Mr. Speaker, I am aware that these suggestions would cost additional money, but I do not think it wise to finance it all out of social security taxes. This would, in turn, put the burden of costs back on the people least able to pay them. Therefore, I ask that some of these suggested features be financed through the general revenue funds.

These are some of the provisions of the proposed legislation. Other features would alter the present formula for outside income, recognizing that this added income is vital if our elderly are expected to survive; it would equalize the computation of benefits for men and women at the same age level.

Admittedly, this session of the Congress has many crises facing it; however, I can think of no matter as crucial to our Nation as the one of our elderly. We cannot deny our responsibilities to them. We need action now.

THE BERRIGAN CASE

(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, many citizens who believe deeply in political liberty and evenhanded justice are expressing concern about the bizarre case of the Berrigan kidnaping plot. The uneasy feeling about this prosecution stems from several important factors.

First, the Berrigans have become symbols of opposition to the Indochina war, particularly of the nonviolent activist type. We must all recognize that bringing criminal charges against political opponents of the administration has the effect of inhibiting dissent. This is particularly true where the offense charged is conspiracy rather than an overt act and the Government's case relies on hazy conversations, speculative philosophical discussions and the use of informants.

Second, the publicity surrounding the case, in particular the statements by the Director of the FBI about the Berrigan brothers' involvement in a kidnaping conspiracy, has been unusual. The courts have repeatedly emphasized that a fair trial requires strict limits on statements by public officials with respect to criminal investigations and prosecutions. Mr. Hoover's remarks certainly make the task of obtaining an unbiased jury even more difficult than it would otherwise be.

Third, there is belief among some people that, to put it bluntly, the alleged plot to blow up Government buildings and kidnap Henry Kissinger is so absurd that it must be a frameup designed either to vindicate Mr. Hoover's prior statements about such a plot or to destroy the opposition to the Indochina war.

It is tragic—although all too understandable—that many Americans, especially among the young, feel so insecure and cynical about justice in the United States today. Perhaps this is the greatest tragedy of our day.

I must say that I have more confidence in our Government and in the processes of our legal system. Although I share some of the disquiet, I believe it is important to keep an open mind about this case. The Government will soon be required to put forward its evidence and its witnesses. Defense attorneys will have an opportunity to cross-examine and to present their case. There will be a judge and jury, an alert press and vigilant public. If the defendants are convicted, their right of appeal can be a forum, as in the Spock case, for a more dispassionate review of their legal arguments. Our system provides many effective checks on the arbitrary exercise of power.

In reserving judgment at this point, I nonetheless believe that the Berrigan case must be scrutinized continually to insure that criminal conduct—not political belief—is the issue at trial. It is our obligation to provide the defendants a fair trial and an opportunity to present a vigorous defense. Philip Berrigan and his codefendants are being represented by very capable counsel: Ramsey Clark, Paul O'Dwyer, Leonard Boudin, and Addison Bowman. There will be time enough—and better information—for the public to judge both the Government and the defendants after the verdict is in.

THE DRUG PROBLEM

(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, this morning approximately 100 Members of the House and Senate breakfasted with 40 children from Odyssey House, a drug rehabilitation organization with 19 facilities located in New York, New Jersey, New Hampshire, and Utah giving help to children from all over the country. This was a unique opportunity for Members to talk directly with children who, being former drug addicts, know best the dimensions of the drug problem. The children were brought to Washington by Odyssey House's founder and guiding hand, Dr. Judianne Densen-Gerber.

I think that so many Members took the time to come to the breakfast this morning because the drug problem in our country has reached emergency proportions—and it is urgent that we mobilize the resources needed to combat what can accurately be called "an epidemic." A conservative estimate puts the number of drug addicts in this country at 200,000 and half of these are in New York City

alone. Furthermore, the city's board of education estimates that 35,000 high school students are now mainlining heroin and other narcotics.

The toll of drug addiction is a tragedy for both the individuals whose lives are crippled by the cold grip of addiction and the assaulted society that ultimately supports the habits of the addicts. In New York City the police department estimates that one-half of the city's street crime is related to drug abuse. An example of what this means in dollars is found in my own congressional district. A hotel in Greenwich Village houses some 750 former convicts, many of whom are now on welfare; it is estimated by the community planning board that approximately 400 of these people are drug addicts whose habits cost an average of $50 a day per individual. This means that $7 million a year must be raised by the drug addicts in this single hotel; because stolen goods are fenced at approximately 20 percent of their value, this necessitates some $35 million worth of goods being stolen annually. Thirty-five million dollars a year for just 400 addicts—one can begin to understand the magnitude of the cost for 100,000 addicts.

Drug addiction is a growing problem, and must be considered a contagious disease. It is urgent that the Federal Government, the States, and cities make the necessary commitment to reach and treat today's drug addicts. The important fact is that a large proportion of the addicts are easily identifiable—and yet today we still fail to provide adequate supervision and medical and psychological treatment for them.

I would recommend that an initial program be undertaken by the States and localities, with financial assistance from the Federal Government to supervise and treat the following three categories of easily identifiable addicts:

Those members of the Armed Forces who are confirmed drug addicts and yet discharged.

Persons in prison and those released from prison.

Persons on welfare.

Earlier this week I visited Fort Bragg that has one of the few military drug treatment facilities. I was told that in a survey done of the 82d Airborne Division, 3 percent of the men were found to be "confirmed opiate users." It is well known that some men coming back from Vietnam are drug addicts—and yet even identifiable addicts are being discharged when their 2-year term is up. While the Army surely would not return to the community men afflicted with contagious TB, it knowingly returns active dope addicts. I believe that such persons must be committed to either a Veterans' Administration hospital for treatment or placed under the care of some civilian rehabilitation center.

There is a regulation in New York City that requires welfare recipients who are identified addicts to receive treatment. But, this regulation in the majority of cases is not complied with. Similarly convicts who are identified as heroin addicts upon incarceration should be treated while in prison; if prisoners do not receive rehabilitative treatment in jail—as is usually the case today—there should be a statutory requirement that upon release, they be required to undergo treatment.

It will take millions of dollars to operate a comprehensive treatment program. But not to spend the money for such treatment is foolish economy because our only alternative is for our society to continue to support a multibillion loss attributable to crime.

Last year the Congress authorized $43 million in new funds for drug treatment and education programs under the Comprehensive Drug Act for fiscal year 1971. But, the Congress failed miserably in appropriating funds to meet this authorization—only $6.5 million was appropriated. For fiscal year 1972, the Drug Act has authorized $102 million—but this will be only empty rhetoric if the cash is not provided. Both the Congress and the President—as well as the Nation's Governors and mayors—must decide whether indeed we are going to make the necessary commitment. I think that most Americans would rather pay a few extra dollars in taxes than have their homes robbed and lives threatened by drug addicts who are not receiving treatment.

ORANGE JUICE AND THE CONSUMER

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. VANIK. Mr. Speaker, in today's newspapers, it was announced that the Department of Agriculture spent $3 million to purchase 878,750 cases of processed orange juice to help prop up sagging prices paid growers. It is outrageous for our Government to subsidize higher prices for the consumer by purchasing orange juice for the benefit of the producers and the processors.

During periods of frost damage and curtailed supplies, the producers and processors want free market conditions to prevail, so that market shortages result in high prices and a consumer squeeze. On February 7, 1963, I gave an almost identical speech on Government purchase of orange juice which I insert in the RECORD at this point:

CONSUMER BULLETIN No. 2

Mr. Speaker, in recent weeks, there has been considerable discussion of the fruit and vegetable damage resulting from the mid-December and mid-January freeze which blanketed most of the United States. This agricultural damage has weighed heavily on the farmer and even more heavily on the family budgets which have been strained with increased costs for fresh fruit and vegetables.

Many of the consumer price increases resulting from the freeze are understandable, some are not. Most prominent among the commodities leaping forward with a totally unwarranted price increase is frozen concentrated orange juice, currently being used as an essential food in the daily diet of most of the households of America.

Almost simultaneously with the announcement of the December 12–13 Florida freeze, the price of orange juice skyrocketed and then settled at a 30 percent increase over prefreeze prices. The price boost was on orange juice processed from last year's crop—completely unrelated to the December 1962 freeze. This was ruthless profiteering on stock on hand which glutted the market only 2 weeks before the freeze.

Early in December, the stocks of orange juice concentrate were so glutted that the orange juice overlords pleaded with the U.S. Department of Agriculture to help them out of their surplus dilemma by purchasing orange juice concentrate for Government stocks. Obligingly, the Department of Agriculture spent $1.5 million to buy up some of the surplus for ostensible use in the school lunch program.

The day after the mid-December freeze when the price for orange juice skyrocketed the Government stocks increased in value to over $4 million. The processors then prevailed on the obliging Department of Agriculture to release the supplies acquired under the school lunch program and turn them back to the processors who now could make a 266 percent hot profit on the frozen juice deal with the Government because of the increased value of the orange juice.

Three large processors picking up the profit windfall on the Government stocks included Libby, McNeil & Libby with 105,900 cases; Stokely-Van Camp with 80,000 cases; Pasco Packing Co., with 168,085 cases; while 2 co-ops, the Plymouth Citrus Products Co-op and the Adams Packing Association, Inc., came in for 29,500 and 10,600 cases, respectively.

In the meanwhile, housewives throughout the country immediately began paying 33⅓ to 37 percent more for frozen orange juice processed from last year's surplus crop. If the price pattern follows the price manipulations after the 1957 freeze which occurred at almost the identical time, this is only the beginning. The real climb will occur in late March and April. The price increase could go as high as 60 percent over prefreeze price levels.

The 1957–58 price increase resulted in congressional hearings on the "controlled" marketing and pricing of orange juice concentrate. Hearings should be resumed this year to determine the who and the how of profiteering in this essential food.

In the meanwhile, while housewives struggle with rising prices in this important daily food, they should consider several alternatives to paying the ridiculous high prices. A 46-ounce can of pineapple juice can be obtained for 25 cents; 6-ounce cans of frozen grape juice can be obtained for 89 cents (less than one-half the price of frozen orange juice); while three 46-ounce cans of tomato juice can be acquired for 79 cents. These juices are as nutritious as orange juice with much less calorie count—for those who must worry about calories. Although these foods may not measure up to orange juice in vitamin C, the tremendous savings in these foods will adequately cover the cost of vitamin C implementation and still leave substantial savings.

The real answer to this recurring problem in orange juice profiteering lies in congressional investigation prompted by the indignation of the consumer who must foot the bill.

The ostensible purchase of this orange juice for donation to the needy constitutes a sham statement of purpose. The action of the Department of Agriculture in making this purchase is an arbitrary abuse of executive authority and a wasteful use of taxpayer money to bail out an industry at the expense of the consumer.

FREEDOM—OUR HERITAGE

(Mr. ICHORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ICHORD. Mr. Speaker, last night the Veterans of Foreign Wars held its annual congressional dinner here in Washington. Much as I was pleased to be in the company of my fellow veterans and friends in VFW, I experienced an even greater pleasure in escorting the winner of this year's Voice of Democracy contest in Missouri, Mr. J. Mark Suellentrop of St. Louis.

Mr. Suellentrop lives in my own congressional district and his award winning speech is so well done that I would like to share it with the Members of this House by inserting it in the CONGRESSIONAL RECORD.

The VFW deserves the thanks of every American for upholding our system and institutions of government in all of its activities. The Voice of Democracy is particularly valuable because it stimulates the thinking of young people about the values of the freedoms we cherish.

It is especially fitting that this year's contest featured the theme "Freedom—Our Heritage." Certainly our Nation's veterans have made the greatest contribution in this century to the preservation of our heritage and, by carrying out their duties in defense of our country, have added ever increasing strength to our free and democratic Republic.

Mr. Speaker, it is a privilege to submit Mr. Sullentrop's treatment of "Freedom—Our Heritage."

FREEDOM—OUR HERITAGE

Oh, hello there! Maybe you don't remember me. Well, I am freedom speaking to you, right here, right now. Surprised? I don't see why you should be. I've been around a long time—talking to you. Maybe you just did not hear me! Why don't you listen to me now, because I'd like to remind you a little bit about exactly what I am. I don't mean to pat myself on the back, but the truth of the matter is—I am one of the most beneficial gifts that has ever been given to you. Or anyone else, for that matter. Yet sometimes you fail to realize that. Sometimes you tend to sell me short. I've been around awhile, and I'm proud to say that I'm the most powerful inheritance anybody has ever received.

Now here's some plain talk about that wonderful gift. Do you remember about two centuries back, when I was having my first growing pains, how things looked grey, yet bright, at the same time? I can remember when Gen. George Washington and his men were a little doubtful about my birthday; whether or not they would be able to win me. I've often wondered what it was that compelled them never to give up. I've wondered if maybe it was the thought, the dream of freedom that silently guided their actions. What do you think, or have you really thought about it recently?

You know friend, my life has not always been as easy as you might think. There have been many threats to America's freedom, and when I am threatened—I get scared, just as you would. You know, back in 1860, things looked pretty tough, and I was plenty scared.

The real causes for that ugly, divisive war are clouded and obscure, but you can wager that my name, Freedom, was a just cause for which many men gave their lives.

Yes, I've had to fight to live. But have you ever caught me running away? No, you have not, and I'll guarantee that you never will. Yet freedom does not come cheaply—it costs something. There is a price tag on freedom just as there is on any other valuable asset. The duties of people like you are the price for me. There are no rights without duties. It's a two-way street, my friend. But, the one idea that saddens me more than anything else is this: people taking me for granted; people not realizing my true value, or what it would be like without me. Shortsightedness on the part of apathetic Americans greatly disturbs me, and must be overcome! For, you see, I can never just die; I have to be killed, killed by apathy and negligence. Do you realize what you have inherited? Your heritage is freedom! Now I get excited about this. I believe so strongly in what I stand for that it's difficult at times to contain myself. I've been down the long, dark road. I've been there—and I know what it is like. Perhaps you will someday better understand my views should you ever find yourself deprived of what I stand for. I'm not perfect, but for every one thing wrong with me, there are a hundred things right.

My friend, today it is growing dark. But my strong light will pierce any darkness if you, you, Mr. Citizen, keep the torch burning.

Albert Einstein, the great scientist and great American said these words:

"If I am great, it is only because I stand on the shoulders of giants who came before me. I see now that we live for the sake of others."

My friend, you will always be great; if you stand on my shoulders; If you never fail to realize that I, Freedom, Your American Heritage, that I too live. But I Live—for You!

EQUAL RIGHTS AMENDMENT

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ROUSH. Mr. Speaker, long before women's rights became a well-publicized issue in this country, a British poet stated the essence of the case for equality of treatment before the law regardless of sex when he said:

The woman's cause is the man's; they rise or sink together.

As I rise today to introduce a constitutional amendment which would provide that "Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex." I take Lord Tennyson's remarks as my theme and my philosophy.

It is profoundly true that the cause of man and woman is the same and if we wish to preserve our traditions of individual rights and equality before the law, our dedication to a nation of "laws, not men," then it is indeed time that our Constitution reflect this purpose by denouncing sex discrimination.

In 1971, it is shameful that such an amendment to our Constitution is necessary. It is an additional embarrassment that an equal rights amendment has been proposed repeatedly since 1923, and has been the subject of hearings and debate by the Congress. But somehow we have managed to ignore or disregard the rights of American women and the need of our Nation for their full participation in our society.

Whatever the state in life, the occupation, the interests, the age, the economic status, the education, American women should have a constitutional guarantee that they will not be discriminated against "on account of sex" in education, employment, professional advancement, State law, or civic responsibility. Actually, the amendment is directed toward equality of treatment before the law for both sexes, and there are cases of discrimination in our laws against men, but by far the greater weight of oppression is borne by women.

Congresswoman MARTHA GRIFFITHS, who so ably led the successful effort to secure passage of this amendment in the House last session, has reintroduced this proposal. The House Judiciary Committee has scheduled hearings to begin on March 24. I hope this will mean an early scheduling for another successful vote on the House floor.

Although the Equal Rights Amendment did not pass in the other body before the 91st Congress adjourned, more than two-thirds of the Members had cosponsored this legislation. Moreover, the Senate Constitutional Amendments Subcommittee, ably chaired by Indiana's own BIRCH BAYH, held extensive hearings last May, followed by debate on the floor of the Senate for almost a week in October. Surely, then, we can expect commensurately rapid action in the other body as well.

Should the Constitution not explicitly extent to 51 percent of our population? I think it should be the sooner and the better.

RESPECT POLICE

(Mr. DEVINE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DEVINE. Mr. Speaker, the urgent need to respect law enforcement officers, the real protectors of our liberties, was clearly demonstrated by J. Edgar Hoover, the very able Director of the Federal Bureau of Investigation, in the March FBI Law Enforcement Bulletin.

The article follows:

MESSAGE FROM THE DIRECTOR—TO ALL LAW ENFORCEMENT OFFICIALS

(By J. Edgar Hoover)

Frequently, some belligerent, anti-law enforcement elements of our society refer to police officers as "pigs." Obnoxious four-letter words are shouted at policemen, and the familiar chant, "Off the Pigs," meaning "Kill the Police," is a prominent cry wherever these groups assemble. Further, cartoons and publications depicting police officers as pigs are common fare, even for children. The ridiculous statement, "The only good pig is a dead pig," is a slogan of violent protesters. Such deplorable epithets can be gratifying only to little minds.

Self-respect and respect for one's fellow man are hallmarks of civility under any recognized measure of achievement. Further, the proven concepts which enable men of all races, creeds, and backgrounds to live together with a reasonable degree of harmony should be respected. One such concept is the rule of law. Without the rule of law our world would be a jungle. Thus, it is important that the rule of law and all its facets, including the policeman, be respected. In a free society where law—not man—is supreme, the policeman is a living symbol of the freedoms shared by all.

In light of the humanitarian aspects of a

policeman's work, I would like to repeat a comment made here a few years ago:

"In any emergency, real or imaginary, the first cry that goes forth is for the police. The officer on the beat must be a journeyman of many trades—an on-the-spot doctor, plumber, or babysitter. Today's enforcement officer is expected to have multifarious ability, explicit judgment, and an unshakable temperament. He performs on a public stage. The audience is 'live'; every observer is a critic. There can be no retakes of his efforts nor pretaped performances. He is second-guessed, ridiculed, abused, cursed, assaulted, and sometimes murdered. But when he leads a small, lost tot from a dense, wooded area to the arms of a joyously weeping mother, his is a rewarding and satisfying service."

Policemen should be respected, at least for what they represent; they should not be called pigs.

We badly need to shore up some eroding ideals and principles in our country today. Community leaders, professional spokesmen, educators, clergymen, and others in positions of influence should take a firm stand to preserve our sense of values. Too many are swayed or intimidated by loud, unruly, and aimless ramblers—people with a lot of dialog but no message.

In a free society, which owes its very existence and prominence to the rule of law, abuse and ridicule of the law and those charged with enforcing it should not be taken lightly. I urge all members of law enforcement—in spite of personal indignities suffered—to serve with dignity and honor. As a rule, a repulsive slur is more descriptive of its origin than its target.

AN EPISCOPALIAN MINISTER SUPPORTS PRESIDENT'S VIETNAMIZATION

Mr. DEVINE. Mr. Speaker, sometimes the hierarchy of the churches refuse to hear but one side of an issue, and even chastise some of their clergy that even suggest there may be more than one point of view.

I am happy to offer the statement prepared by Rev. John J. Morrett of St. Alban's Episcopal Church in Columbus, Ohio, entitled "Responsible Disengagement," which I commend to the attention of my colleagues:

RESPONSIBLE DISENGAGEMENT

(By John J. Morrett)

Can we Americans walk out of Vietnam tomorrow, or the next day, or a month from now? I have the impression many in our church feel we should and must. However, careful consideration must be given to what can be called "responsible disengagement." Whether we should be in Vietnam today or not is at this stage of the game, a purely academic matter. Wrestling with the political and military issue of involvement beginning a number of years ago, does little more than intensify a divided opinion and resolves nothing. What we do about Vietnam now with the givens of a military situation to my mind is extremely important.

The well publicized resolution passed by the Executive Council of the Episcopal Church last May 20th calling for "total withdrawal of all American forces from Southeast Asia now, and end the war," caused me to request a fact finding trip from Admiral John S. McCain, Jr., Commander-in-Chief, United States Pacific. Admiral McCain is an Episcopalian and therefore vitally interested in this resolution along with hundreds of other Episcopalians in the Armed Forces.

I was granted a trip, and went to Vietnam July 29th and returned August 5th. Six full days in the country were scheduled. I received many briefings on the immediate tactical situation, observed vietnamization and pacification programs at work, collected data and traveled as far north as the D.M.Z. and as far south as the Mekong Delta. At no time did I feel there was anything but a desire on the part of my hosts, whether they be military or civilian, to present the facts. Prior to the trip I was asked what I wanted to see and whom I wanted to talk with about Vietnam. My schedule was based on my own personal interests. Embassy personnel on the ambassadorial level (two deputy ambassadors), economic and political advisors, military personnel from four star generals to privates at fire base camps, Vietnamese officers and civilians and even members of the Vietnamese legislature were extremely helpful. I saw a squad of rangers preparing to go out on a nite ambush and a platoon of marines in the late afternoon go out on nite patrol. I visited pacification teams in villages and hamlets, talked with village chiefs thru an interpreter and on one day reviewed popular defense forces in the hamlets.

Throughout this observation and fact finding trip at no time did anyone indicate that an immediate withdrawal was possible. To the contrary everyone I talked to indicated it would lead to nothing but complete disaster. There seemed every reason to believe the Cambodian penetration was a necessary and successful tactical move and that it has changed the tide of the war saving thousands of lives and spurring on the vital pacification program by leaps and bounds. Beside the large number of supplies and arms which were captured, the real significance could be seen in other areas.

1. It will now take considerable time for the communists to replace their caches of supplies and arms in Cambodia.

2. It reduces by clear evidence the threat to the Southern provinces which presently have splendid pacification programs underway.

3. It radically disrupted the Communist comamnd and central systems operating in Cambodia for many years.

4. It made possible the capture of tons of communist records and documents which are now invaluable to our intelligence operation.

5. The psychological impact on the Communists has been traumatic and many now are turning themselves in.

6. The South Vietnamese have developed a new confidence. The popular civil defense forces are showing the ability to defend themselves and the peasant has now a stronger faith in the Saigon government.

I consciously tried to keep the moral issue in the forefront of my mind. Vietnam is a beautiful little country populated by many attractive industrious people. It has a unique oriental charm not too different from Thailand and the Philippines. There is a certain appearance of confusion in Saigon, a city which in a few years has grown from 600,000 to 3,000,000, primarily due to a gigantic influx of refugees. There is practically no unemployment. The people seemed to be living without fear. Other cities, particularly in the Delta like Can Tho, were also crowded and, for a visitor, confusion seemed to reign. But it was an industrious purposeful confusion in which a wartorn country was reorganizing itself for peace. Road building can be seen in many places opening up vital communication lines. Refugees today are being resettled by the thousands in their old homes or in new model hamlets and villages. A precipitious withdrawal at this time would seriously upset this exciting program of nation building in Vietnam.

The Communist offensive in 1968 is considered a significant turning point in the war. A communist force which eventually reached 12,000 invaded the city of Hue the nite of January 30th, 1968. It stayed for 26 days and then was driven out by military action. In the period 5,800 civilians were killed or are still missing. It is now known that most of them are dead. The bodies have been found in the last 15 months in single and mass graves throughout Thua Thien province which surrounds this cultural capital of Vietnam. There is clear evidence of atrocity killings: hands wired behind backs, rags stuffed in mouths, bodies contorted but without wounds, (indicating burial alive). Vietnamese living in the two northern provinces have now become violently anti-communist. Much has been made of the My Lai incident in our newspapers pointing the finger at Americans for committing atrocities but it is a well known fact in Vietnam that the Communist strategy for years has been one of terror. Well trained sappers or city commandoes are assigned to acts of violence which are intended to put fear into the people and break down levels of leadership in the government. Village and hamlet chiefs are frequently the target for terrorists activity. If the American forces were to pull out of the war precipitously another blood bath would obviously be the result.

I made a particular point of visiting the POW camp at Bien Hoa, where some 4000 prisoners are confined. It was quite evident the South Vietnamese are following the Geneva Treaty for land warfare in respect to prisoners. The area was clean and orderly, some television was available for prisoners along with recreational programs. What moved me the most was the program to teach the many young Viet Cong and North Vietnamese around the ages of 14 years and younger to read and write. A planned program for retraining is underway in order to release them. Prisoners are allowed visitors and mail. The American Red Cross makes periodic inspections. Contrast this situation with the treatment of POWs in North Vietnam. There has been practically no cooperation with the International Red Cross and we are unable to get basic information about prisoners.

The moral issue has many sides to it but in general from serviceman to American civilian, the strong conviction is we are fully committed to end this war properly and a process to do is well underway at the present time.

As I left Vietnam I felt there were many positive aspects to what has appeared to be a terribly difficult and confusing war. These aspects have up to now been given little attention by the press. They involve Vietnamization and Pacificiation. The definition of Vietnamization is the process by which our government is helping the government of South Vietnam to assume all aspects of responsibility for the war and the functions of self-government. Our armed forces by order of the President are now being withdrawn by increments over a carefully considered period of time. It means also improving the economy and strengthening the military and internal security forces so that what has been accomplished thus far is not subject to collapse. Progress has been made in all such areas. The combat units of the Army, Navy and Marine Corps of Vietnam are essentially complete. The Vietnamese Air Force has approximately ⅓ of their planned squadrons completed. Everywhere I went I could see our American forces working with the Vietnamese military creating this transition.

The further advanced branch of the service is the U.S. Navy whose program is excellent. In the Delta 86% of all combat aircraft are in the hands of the Vietnamese Navy. At the time of my observation trip the region north of the Delta, III Corps had turned over 84% of its forces, I Corps almost 100% of the naval forces. Attitudinal programs based on the concept of full equality as persons have helped both navies. One phase emphasizes four steps to be taken by

the new U.S. Navy man now in Vietnam: 1) Learn 30 Vietnamese expressions to show some appreciation of the native language, 2) Know one Vietnamese person to the point that he will invite you into his home for a meal making a real friendship, 3) Communicate problems so that individuals faced life realistically, 4) Teach the Vietnamese navy man some English. He needs to know the English terms for materials on a ship which have no Vietnamese counterpart. This is called the "Personal Response Program".

Pacification has to do with the securing of the thousands of villages and hamlets against enemy insurgency and the development of a sound political, social and economic base for the country. A hamlet evaluation system has been set up to indicate those which are secure, those still in the hands of the V.C. or simply questionable. Our outstanding advisory teams are not only helping with the security of these small communities but also endeavoring to stabilize and rebuild them in full cooperation with the Vietnamese people. If there is ever a modern American missionary program it is now taking place among our civilian and military personnel working within what is known as CORDS (Civil Operations Revolutionary Development Support). I spent a considerable amount of time with Deputy Ambassador W. E. Colby who is the Director of the program and his assistant Mr. George D. Jocobsen. These men are highly experienced, intensely committed to the Nation building program of CORDS and are backed up by an unusual cadre of U.S. civilians. The latter work closely with our military forces. Villages and hamlets are made secure through the cooperation of our military advisory teams and the local defense forces. With our civilians they help out with construction projects which strengthen the areas economically and socially. Funds from the central Vietnamese government are made available to the local village chiefs who decide what needs to be done. Wells are dug, schools and dispensaries built, bridges constructed, roads improved, temples repaired, fertilizers introduced, etc. In one little hamlet the American Lieutenant, an Episcopalian in charge of the advisory team, helped the Vietnamese to publish a local newspaper.

It is important to comment about our military Chaplains who met me throughout this observation trip. My escort officer was Chaplain (Lt. Col.) Melvin E. Witt USAF, a jovial well informed personable man. There is no question but that our chaplains are with the troops holding services at fire base camps, outposts and at chapels at all major military installations. These men have obviously gained respect and are a definite part of the military team. I also had interviews with the Buddhist, Roman Catholic and Protestant Chiefs of Chaplains for the Army of the Republic of Vietnam. These men also impressed me. Vietnam I discovered is a deeply religious country with churches and temples clearly observable throughout the cities, towns, villages and hamlets. To be sure there is a mixture of many religions but a common faith in a divine power beyond our human resources. It is hard for me to believe that in the face of Communist aggression and insurgency, so called Christian Americans can turn their backs on a religious nation like South Vietnam. The attitude of the Communists toward organized religion is well known. A withdrawal of our military forces now would put the religions of South Vietnam in serious jeopardy. The MACV (Military Assistance Command Vietnam) Chaplain for Roman Catholics, Col. William R. Fitzgerald put it to me this way. "Dean, as I see it from the religious standpoint this whole thing is like the story of the Good Samaritan. We've got to help these people battered and bruised by thieves and robbers." I realize and he realizes this is an oversimplification and yet is it? We have gone into Vietnam I sincerely believe to help a poor, confused peasant people. We have entered into Communist occupied Cambodia to assist them against the Communists and secure our withdrawal plan. The same is true now with Laos. The necessity of cutting the Ho Chi Minh Trail is paramount to any kind of peace and security for the future. Right or wrong initially, and according to a variety of points of view, we are there and in my personal opinion it would be a tragic moral default if we precipitously pulled out as some would have us to do.

RALPH NADER: CITIZEN'S CHAMPION

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, several recent articles in the New York Times, the London Times, and Business Week have eloquently summarized the challenges to American business posed by Ralph Nader. These articles also suggest that significant changes in corporate attitudes are already occurring, and more may be on the way. I commend these articles for the study and review of my colleagues:

REFORMER: URGING BUSINESS CHANGE

(By Eileen Shanahan)

Ralph Nader, the crusading lawyer, has concluded that only the Federal Government is big enough to regulate corporate behavior effectively. He told The New York Times in an interview that he was currently drafting legislation that would give the Government new powers over many aspects of corporate activity that are unregulated now.

Question. Do you feel that the evils you see in society today are inevitable so long as we maintain the present structure of corporations or perhaps the corporation itself?

Answer. It goes beyond that. The evils are an inevitable result of concentrated power that's insulated from broader human values. The Post Office Department and General Motors are both examples of this kind of power. Some people would say that it's where power is located—public or private. My judgment is that no matter where it's located, it's going to be abused if the pathways are not open for a broader spectrum of values that have power behind them demanding recognition.

Q. In your local ideal world, do we still have corporations and a capitalistic system?

A. Well, first, I don't think we have a capitalistic system now. There are too many government controls over the market mechanism, too many subsidies and far too much oligopoly and shared monopoly over the market mechanism. It's much better, I think, to call it part capitalistic. The trend is to have increasing interwovenness between large corporations and large governmental units. This is why it's no longer a surprise for Penn Central to apply to Washington for welfare.

We're heading into a greater and greater portion of the economy taking on the characterization of corporate socialism, which is basically corporate power utilizing government power to protect it from competition, for example, oil import quotas; to grant large subsidies, for example, to the Maritime industry; or to socialize the risk and costs of a lot of corporate activities through the tax mechanism or through inflated and constantly renegotiated contracts, for example, Lockheed.

Q. Do some fundamental changes in structure have to take place?

A. Yes, very fundamental changes. One change can be called the reclaiming of government power by citizen power, and that's a lot of what we're trying to do. As far as corporations go, there is going to have to be a much more marked change, and that is what I would call the popularization of the corporation.

When dealing with corporations what we need first of all is to rewrite the rules governing the chartering of corporations. The first step in that rewriting is to recognize that it cannot be a state function, because if it is a state function, it's a corporate Reno function. That is, one state can mess up 49 states, and this has been done by the State of Delaware.

What we need is to resurrect the idea advocated for so long by (the late) Senator Joseph C. Mahoney (Democrat of Wyoming) for Federal chartering of corporations. First, because today we need the biggest government we've got to handle General Motors and one to whom they can't say: "If you don't treat us right, we're going to go someplace else." Second, because it opens the door for a great national debate on the whole question of corporate accountability.

Q. What kinds of controls would you put in your Federal chartering bill?

A. It would be a very complete piece of legislation, so I'll only try to suggest a few of the broader categories of change.

One would be the disclosure function. It would take the disclosure requirements of the Securities and Exchange Commission and broaden them to cover the whole impact of the corporation on society. Why shouldn't we know in the annual report how much U.S. Steel dumps into the water, air and land—and where—as part of its social cost accounting?

Q. What else should be disclosed?

A. I would require a complaint procedure to be established by every corporation. Of course, you'd set minimum standards. And under that complaint procedure, complaints would be categorized and fed into a national computerized system where it would be instantaneously available to the citizen. This sounds like Buck Rogers but the information utility must be just like an electric or telephone utility, a mass information system that is accessible to any citizen.

Q. Would this cover anything besides defects and complaints?

A. Oh, yes. Let's take a mineral company. It would cover how much research they've been doing and on what problems. I would want to know, for example, how much research the coal industry has done in putting out coal fires which are burning all over Pennsylvania, eternally.

Q. Aren't you likely to be getting into areas where businessmen will feel that confidential competitive information is involved?

A. Yes, and there is our next reform. The reform of the whole trade secrets area.

Q. This is all still part of your Federal-chartering act?

A. Yes.

Q. Is there a draft of this act or is it all just in your head?

A. No, it isn't fully drafted yet, but it's coming up fast as a top priority in our work.

Q. When do you think you might have a full draft ready to unveil?

A. It will be some time. A matter of months.

Q. Back to trade secrets.

A. First of all, there is no way to determine what a trade secret is. In California, pesticide information sought by migrant workers was considered a trade secret by the Department of Agriculture in California because if you told the migrant workers how much was applied per acre, it would tell the competitor. The more I look into the trade secret area, the more I realize that it isn't a trade secret between competitors—they know all about it—it's a trade secret against consumers or against the public. The classic example of

this is the trade secret in pollution. Companies don't want to tell the Federal Government how much they're dumping into rivers and lakes and into the air because it would be a trade secret.

Now a trade secret in lethality is going a little too far.

Another area would be accountability of corporate officials. For example, recently, a Federal grand jury indicted Chevron for criminally violating offshore drilling regulations in that great oil spill in the Gulf of Mexico. They indicted the company for criminal violation, but they didn't indict any individuals. What we need is a new set of corporate sanctions that pierce the corporate veil and go to the officials responsible.

Take what the Securities and Exchange Commission has the power to do to violators of the securities laws—that is, suspension.

Q. Suspending executives from their jobs without pay?

A. Yes. Suppose you suspend the president of General Motors for six months. He would be crawling up the wall, wondering who's going to usurp his power. It's a tremendous built-in deterrent.

Another idea would be suspending advertising.

Q. You're saying there ought to be a law saying that when you're convicted of fraudulent advertising, then you can't advertise that product at all for, say, six months?

A. That's right. Here's another idea. Why not require companies to appoint a compliance official, Joe Doe, who is responsible for compliance with Federal regulations? Now by doing that, you will build a vested interest for law compliance. Maybe the company doesn't care because it can just be fined, but Joe Doe really cares because his career is on the line. Instead of saying, "We don't know what individual is responsible for this violation, so we'll just fine the company," the government will know who's responsible—it's the compliance officer.

Q. Your Federal chartering bill would require the creation, in all corporations, of—

A. It would permit regulatory agencies or enforcement agencies to require it, across the board.

Q. What are some other provisions of your Federal charter bill?

A. There would be a whole host of new requirements for shareholders' rights. One would be easier nomination of directors. It's possible that once corporations get beyond a certain size or dominant position in a market that a proportion of their boards of directors should be publicly elected.

Q. You don't mean just by shareholders? You'd have a national election?

A. That's right. For, say, 5 out of 20 directors. That's what I mean by the popularization of the boards of directors.

Now here's another area. Why should the relations between the Treasury and corporations, in the tax field, be so completely inpenetrable? One thing the Federal charter would do would be to begin to distinguish much more clearly between individual rights and corporate rights. A corporation doesn't have the right of privacy, like an individual. You just cannot treat a company like Standard Oil with the same constitutional sensitivity as a person.

Q. Are you saying that corporate tax returns should be open to public inspection?

A. Yes. Look at this. When was the last time you heard of any of the 200 largest corporations being indicted for tax fraud? The reason why it's almost unheard of is because corporations have a special negotiating status with I.R.S. and all the problems are ironed out. And who knows how well they're ironed out?

Q. You would make all the tax returns public and also the assessments of delinquencies —everything from the return to the final settlement?

A. Yes.

Q. Would you leave the basic structure of the corporation unchanged? Would you still leave the basic concept of a corporation owned by shareholders, managed by private management, run for profit?

A. Yes. I have a theory of power: that if it's going to be responsible, it has to be insecure; it has to have something to lose. That is why putting all economic power in the state would be disastrous, because it would not be insecure. If General Motors is sensitive at all, right now, with the tremendous dominant position it has, it comes from fear of losing something it has.

Q. You are saying that we have to maintain the fragmentation of power and that one of the ways to do this is to maintain the private ownership of business?

A. That's right, but under much broader and much different rules. Here's another whole new area. Federal chartering would develop a constitutionalism for corporate employes. For example, the Fisher Body inspector who, five years ago, turned over information to me about defective welding of Chevrolet bodies, after the plant manager and all his other bosses told him to forget it, is still on the job. Why? Because he is a union member. Had he been an engineer, or a scientist, or a lawyer or any nonunion person, G.M. could have showed him the door at 5 P.M. and he would have had no rights. My point is that if these corporations are so large and so powerful that they are like quasi governments, we've got to give people inside the corporation certain constitutional rights—due process and all the rest. We've got to give skill rights just as much protection as property rights under the law.

Our Bill of Rights is geared to protect the individual from arbitrary state power, because that's the only power they thought was arbitrary in 1789. But now we've got unions, corporations and other institutions that can do the same thing.

Q. A lot of what you advocate could reduce corporate profits, possibly so drastically that you would really leave the private, capitalistic system unviable. Are there limits to what you advocate if it would push a company over the brink into the red and failure?

A. Well, first of all, I think we should have a concept of social bankruptcy, where the company is thrown into receivership. If a company can be thrown into bankruptcy because it's not paying its bills, why shouldn't it be thrown into bankruptcy for making thousands of people sick and destroying and depreciating other people's property without compensation, which is what contamination and pollution do.

But now, let's take a company that isn't profitable. There's nothing new about this. Business itself makes a point of driving other businesses mercilessly out. Why should we accept bankruptcy if the market does it and not when it's done by a conscious and fairly applied implementation of a social cost test?

And not all the changes we're talking about would be costly. For instance, Coca-Cola. Would it really cost any more to put a little protein in? Nobody knows. The Coca-Cola formula is secret. Or the dash panel on the automobile. You can make them with very gaudy, sharp-pointed knobs or you can flatten them out and pad them. The cost is insignificantly different.

Q. You aren't trying to argue, are you, that there are no costs in what you advocate?

A. Yes, in many ways I am. For example, what is the profit outlook for a life insurance industry which concentrates on loss prevention and puts a lot of research into building models of safer cars in order to push the industries, whose products they underwrite to be safer. Somebody will say, "That costs money." Sure, it may cost money in 1971, but it may be a helluva saving in 1974. Because what the insurance industry is doing now on bumper structure—advertising that you'd pay less for insurance if bumpers came out four or five inches—if that pays off, the savings on claims are going to be enormous for the insurance industry.

Q. How do you see yourself in the current context of reform—the black revolution, women's lib, the changing view of the United States role in the world, antiwar, antimaterialism?

A. I see myself working in the corporate regulatory arena to develop models, techniques, procedural advances that can be used by other groups that have their own interests to advance, whether it is in civil rights or electoral reform or what have you.

The basic point, of course, is to develop what in ancient Athens was called the public citizen, with the main difference being that we don't have slaves like ancient Athens, which made it easy for public citizens. But we have an affluent society and a lot of spare time.

You know, we have 40,000 people in this country fixing people's nails and hair. Why don't we have 40,000 full-time citizens. We have to develop a career role of full-time citizen. If I can show it, or help show it, in the toughest areas, battling Union Carbide or G.M., then people might take heart in their local communities and in areas that—

Q. Aren't your bag?

A. Yes. The theme is that citizenship has got to be an obligation in three different areas: First, on the job—the Fisher Body inspector who blew the whistle. There's tremendous potential there. The ethical whistle.

Second, the part-time citizen—the person who's the community activist on Saturdays and evenings. But what he or she needs are tools. Citizenship action in this country is about as developed now as physics was in Archimedes's day. Because we haven't put full-time talent on it.

If my organization can develop techniques in the area of, say property tax reform, then the part-time groups who want to get rid of some of the illegalities in their local property tax system will know what some of the techniques are, so the hours they spend will be much more significant.

Third, there's the full-time citizenship. I really literally want to see 5,000 public interest lawyers in this town in six years; it's just got to be that big. At least a one-to-two ratio compared with private-interest lawyers. And also all around the country.

Q. Where is the financing for this coming from?

A. As you build and progress and show the worth of it, you will build and progress and show the support. Tremendous amounts will come in in $5 and $10 bills. And, of course, the foundations are seed money, in the early stages. Some of it will come from government, with things like an expanded O.E.O. legal services. And lastly, a new concept of philanthropy. There's millions of dollars going into orphan dog and cat homes. The public interest movement would settle now for one-third of what goes to dogs and cats in a given year.

Q. You're talking about dog food and—

A. No, no. I'm talking about bequests. Just a third would be about $15 million a year. And large organizations—labor unions, rural electric co-ops, credit unions—they can begin to siphon off just 2 or 3 per cent to finance action groups in their areas. After all, what good is it to get $4 an hour more and then lose it in the supermarket or on insurance premiums?

Q. How do you see yourself in the historical context of reform. Particularly in light of the historical fact that we seem to go through periods of reform and reversal?

A. Some of the earlier reform movements got spent because they achieved just enough to lose their steam.

Q. How do you keep this reform movement from meeting the same fate?

A. Unfortunately, things are going to get

much worse and the disasters and the risks that are coming will assure that it's not going to be spent. You see, the difference between our times and prior times is that we now have power in this country that's capable of destroying the country negligently. That's a real serious advance in human regression. We used to say that people were just venal and that's still true. But now we've got power that inadvertently could destroy us—atomic power plants, pollution of the environment, drugs that suddenly turn out sour like thalidomide. Even though the author wasn't criminal in intent.

Q. You are saying that, given the complexity and seriousness of the problems, the present wave of reform can't possibly succeed enough to be a self-liquidating phenomenon?

A. Exactly. The big fallacy of reform is that it's going to succeed. What really provides stamina for this kind of work is the knowledge that you will never succeed, that basically all you're trying to do is to reduce our problems to the levels of tolerability.

NADER'S RAIDERS

(By Ian McDonald)

According to his allies in the American consumer movement, Ralph Nader is more powerful now than ever before. Some critics thought that he would spread his work too thinly and that his influence would be weakened by some fatal mistake. Yet the reverse has proved to be the case.

More than 4,000 students, including a third of the Harvard University law school, volunteered to work with him last summer. Only 200 of them could be accepted. Every week, some 1,500 letters reach him from infuriated consumers and nearly all of them are read promptly. He feeds the information he gathers to a network of favoured reporters and consumer-minded members of Congress.

It is now almost five years since General Motors gave him an unqualified apology for spying on his private life—an episode in his life which some feel accounts for much of his deep desire for privacy and his almost obsessive secrecy today. His disclosure of the design weakness of the Corviar car not only forced the comapny to radically redesign the model in a fruitless effort to save it, but started a remarkable trend. In the past four years no fewer than seven million vehicles have been recalled by the big four motor companies to have design or engineering faults corrected.

The battle against General Motors has not ended. The company abandoned the Corvair in 1969, after sales dropped by 93 per cent, but Mr. Nader is not appeased. He has called for all models of the car still on the road to be recalled for engineering changes, a move that would cost the company $12m.

He adds that General Motors lorries are also defective and is associated with a suit against the corporation. At the same time he accuses the Justice Department of having suppressed a study which recommends that General Motors should be split in two because of its size and overwhelming impact upon the economy. Nowadays, he says, cars are just as likely to crash but they are more likely to protect those inside them when they do. Last year, for the first time, the highway death toll dropped sharply in the United States.

Mr. Nader has roamed over such a wide area of concern that it is not surprising that some of his causes have not yet been fully developed. Others however have had impressive success. After he raised public alarm by his report that routine dental X-rays could lead to miscarriages and birth defects, the American Dental Association told its members to stop making such X-rays when treating pregnant women. When he uncovered the dangers of radiation from colour television sets, the Federal Trade Commission issued a warning that viewers should sit at least six feet from the screen. In Baltimore, at his urging, a federal court set a precedent by ordering the Agriculture Department to release certain records to its meat inspection division. The three major baby food manufacturers stopped using the taste enhancer, monosodium glutamate, after Mr. Nader drew their attention to laboratory studies showing that it had harmful effects on animals.

He spurred the Food and Drug Administration to admit that commercial mouthwashes, such as Listerine, are useless for killing germs or curing bad breath He has spurred the Federal Trade Commission not to relax in its long-drawn-out battle against the Geritol company for making unsubstantiated claims for its "tired-blood" tonic.

Mr. Nader does not always obtain outright success but he usually succeeds in stirring the bureaucracy into action. He failed to secure an outright ban on smoking on airlines after contending that this was a safety hazard as well as a public nuisance, but the Federal Aviation Administration is now considering introducing non-smoking areas on domestic flights.

Mr. Nader's ascetic style of life is not likely to change, but observers have noticed a gradual expansion in his operations. The lone ranger, it is said, has now gathered himself a posse.

New groups have sprung up around the famous name, using the power of the law to fight for consumer rights, against pollution and corporate neglect, and challenge the big bureaucracies. "What we need is a much healthier citizenship if the government is going to be preserved". Mr. Nader says. "Private interests are well organized; public interests are not. We're trying to redeploy lawyers into public interest work as a prerequisite for change."

The oldest of the organizations, the Centre for the Study of Responsive Law, developed in 1968 out of a project in which a small group of law students came to Washington and investigated the Federal Trade Commission, the agency which is supposed to watch over consumer affairs. They found a record of scandalous neglect: and the result was a scathing report on the commission's indifference to the interests of the consumers it nominally served.

The next summer "Nader's raiders" were back in town. The interstate commerce commission, which regulates transport throughout the United States, the Food and Drug Administration, and air pollution control became the targets of the young lawyers' pointed wrath.

The reports of these studies have sold well since being published in paper-back editions. More recent investigations have looked into the nation's chaotic and increasingly expensive medical care system and the miserable conditions of many private nursing homes.

"The Government, the nursing home industry and the medical profession" the latter report concludes, "must make deliberate and concerted efforts before nursing homes become truly homes for the elderly and not just places where older Americans wait to die".

The centre operates on a shoe-string in a run-down house not far from Dupont Circle in northwest Washington. The building is due to be pulled down and inside the atmosphere is more that of a busy student hotel than of an impersonal scourge of big business. Newspaper clippings, cartoons, appeals for car rides, and assorted petitions in jumbled confusion clutter the notice board at the foot of the battered stairs.

In his book-lined second floor office, Mr. Theodore Jacobs, the centre's director, explains: "We are trying to change the climate of thinking in the bureaucracy."

Mr. Jacobs promises more controversy in the future. Reports will soon come out on supermarket practices, the role of such think tanks as Herman Kahn's Hudson Institute, pesticides and various individual targets, including land-use policies in California and the First National City Bank of New York. The centre's early studies have already struck home. The Federal Trade Commission has been extensively reorganized by the Nixon administration. Its new head, Mr. Miles Kirkpatrick, was himself the author of a critical American Bar Association study of the commission's performance.

In contrast to its previous apathetic record, the commission has recently won respect for judgments restricting deceptive practices in advertising, an order to the Chevron Oil Company to stop claiming that its petrol cleaned engines and, after much stalling, an order to force toy companies to remove potentially dangerous toys from the market. These include a lawn dart which can pierce a child's skull, toy ovens which generate greater heat than the real thing, and balloon squeakers which can blow down a person's throat.

The Food and Drug Administration has also shown increased energy since it was torn apart by a Nader report. It has belatedly begun to test fish for mercury, restrict the use of cyclamates as a sweetener and revise the labelling of birth control pills.

The Public Interest Research Group, staffed by 13 lawyers, has developed into the activist weapon of the Nader organization. It has pressed the F.T.C. to require that detergent makers should list the phosphate content of their products, studied property taxation and its bias towards business, and mobilized a widespread public movement against the Union Carbide Corporation for the massive air pollution three of its plants cause in the Ohio Valley along the West Virginia border.

A separate group, the Centre for Auto Safety keeps track on the big motor companies. The unit was only set up last June, but has already brought suit against the National Highway Safety Bureau, asking it to issue a notice of defects on 200,000 Chevrolet and General Motors lorries. After pressure from Mr. Nader, the bureau earlier ordered General Motors to issue a similar notice on 150,000 camping trailers. The company refused to do so and the matter is now a subject of suits and counter-suits.

The debt of the consumer movement to Mr. Nader is incalculable. He showed the more faint-hearted what is possible and proved to the consumer that he can fight back against the computerized illogic of the business world. But, as he recognizes, the task is too great for him alone. "Thank God for Nader, but there are too many agencies for one man to keep up with them," remarked Dr. John Banzhaf, a young associate professor at George Washington University, who is fast emerging as one of the stars of the consumer movement.

Dr. Banzhaf launched himself into the field by successfully petitioning the Federal Communications Commission to require broadcasting companies to grant free time for anti-smoking messages to counter cigarette commercials. Fired by this sucess, he left his New York law practice and developed his nonprofit foundation A.S.H. (Action on Smoking and Health) in Washington.

In 1969, as part of his unfair trade practices course at the university, he encouraged his students to divide up into groups, each with a catchy acronym as its title, to work in different fields of consumer law. Soup (Students Opposed to Unfair Practices) scored the first and probably the greatest success so far, with an allegiation that the Campbell Soup Company put marbles in the bowls of soup it used in advertisements to make the liquid look thicker. The company discontinued the practice but has rejected the group's appeal that it should print a correction in its advertisements. Banzhaf's bandits,

as they are described in Washington, have formed some two dozen other groups with names ranging from the appealing S.P.I.R.E. (Students Protecting Illegal Real Estate operators) to C.R.A.S.H. (Citizens to Restrict Airline Smoking Hazards).

The nemesis of the enormous American cornflake business is a self-financed Washington lobbyist called Dr. Robert Choate. During congressional hearings last year Dr. Choate produced a list of the nutritional values of cereals which rocked the industry, which had grown complacent on its income of $900 million a year.

According to Dr. Choate, two-thirds of his list of breakfast foods were so lacking in nutrition that they were valueless. At the bottom was Kellogg's Sugar Frosted Flakes, which is the third most heavily promoted cereal. Near the top, however, was Product 19 from the same company. He questions the message the companies tell children on the Saturday morning television programs: "Eat . . . and you'll be a tiger in no time."

The advertising industry generally is now becoming apprehensive, and with good reason. When the Potlatch Company of Washington state advertised how clean the Clearwater River ran past its doorstep, a group of students looked into the matter. The picture the company used in its advertisements had been taken 50 miles up stream from its chemical plant. Downstream the view was another story altogether.

Procter and Gamble, Colgate Palmolive and Lever Brothers have all been charged by the F.T.C. for allegedly deceptive advertising of the ability of enzyme detergents to remove stains. The Coca-Cola company is being pressed to acknowledge that its Hi-C fruit drink is nutritionally near the bottom.

* * * * *

Mrs. Paul Ignatius, the wife of the president of the *Washington Post* company, found her moment of truth during a visit to London. When she saw what strict restrictions on burning coal and strong government control on pollution could achieve. Last March with six like-minded friends, most of them also wives of prominent Washington figures, she founded Concern Inc., which was to be dedicated to the education of "untapped resources" of the female consumer. A few sympathetic articles appeared and the response almost overwhelmed the fledgling organization.

Another group of dedicated women in Boston formed Action for Children's Television (A.C.T.) to pressure the Federal Communications Commission and the broadcasting industry to improve the quality of programmes for young people and clear the daytime air of some of the commercials aimed solely at children.

The growing militancy of the consumer movement has had a startling effect on Congress. In the last elections, the environmentalists served notice on the legislators by defeating six of the "dirty-dozen" congressmen they said were most in league with big business.

With the rising congressional interest in consumerism it is hoped the idea of setting up a separate consumer protection agency which was killed in the last Congress by the House of Rules Committee, will be approved this year. (Not surprisingly the American Consumer Movement was dismayed by the Conservative Government's decision to abolish the British Consumer Council.)

Prospects have also improved for passage of legislation which would permit "class action" suits against business. The proposed legislation, which is strongly supported by the Consumer Federation of America—the umbrella organization of the movement—would permit a group of two or more consumers to sue manufacturers for damages on behalf of all purchasers of a product.

The idea is that the court would award damages to both those who participated in the suit and all other defrauded customers and require the company to pay court costs and attorneys' fees. The concept of class action suits is strongly opposed by business lobbies. If it were passed lawyers would be able to handle consumer and environmental class actions and use the fees to support other public interest work.

Public pressure on Congress is now being stimulated by the increasing coverage given to public interest stories by most major papers. *The Washington Post, The Los Angeles Times, The Christian Science Monitor* and *The Wall Street Journal* all have excellent reporting on consumer affairs, though *The New York Times* has lagged in this field. Large numbers of smaller papers have "action lines" which try to solve readers' grievances.

Several city governments, in response to public pressure, have appointed consumer advisers, like Mrs. Bess Myerson Grant in New York. At the same time better business bureaus, which formerly represented only the interests of retailers, have reformed themselves to respond to consumer concerns as well.

Less credit is given to the Nixon Administration whose assistant for consumer affairs, Mrs. Virginia Knauer, is often felt to be outmaneuvered by the prevailing business atmosphere in the White House.

As inflation begins to hit the housewife's food budget more severely the consumer movement has begun to press for "unit pricing", and this is now becoming one of its major concerns. Unit-pricing, which has been adopted by supermarket chains in New York, Washington and California, requires food stores to price goods by weight as well as by the package.

Consumers draw heart from their successful campaigns—which were mostly originated by Mr. Nader—to win Congressional passage of the 1966 Auto Safety Act, the 1967 Wholesome Meat Act and the 1970 Coal Mine Safety and Air Pollution Acts. But there is still little ground for complacency in this area. According to the National Commission on Product Safety 30,000 Americans are killed and 110,000 permanently disable every year "as a result of incidents connected with consumer products".

This annual toll is made up of such accidents including television sets, 10,000 of which catch fire a year; glass doors, which cause 100,000 injuries; ovens, which seriously burn as many as 60,000 persons; ladders, which kill 600 and injure 200,000; and power mowers, which cripple 140,000. Also, it has been estimated that up to 700,000 children are injured each year by harmful or defective toys.

Many laws are already on the books which are designed to restrict the use of flammable fabrics, insecticides and hazardous substances. These would quickly cut the toll of accidental death and injury—if they were enforced.

Such negligence makes Mr. Nader angry. "The corporations are the radicals", he says. "They're the ones acting outside the ideals, the norms of society. They can do almost anything they want so long as it's through inaction."

His horror is that the consumer movement could become an expanding gaseous balloon over the heads of do-nothing legislators and pretty soon it will be like motherhood and virtue. The rights accorded all citizens in our legal system have little or no operational meaning without remedies and lawyers to put these remedies into practice against the exploitation of the consumer.

RALPH NADER BECOMES AN ORGANIZATION

HIS FOUR NEW GROUPS OF ACTIVISTS LAWYERS GIVE HIS CRUSADERS MORE BITE

His shoes are usually scuffed, his suit wrinkled. He still works 18 hours a day, seven days a week. He continues living in the same much-publicized $80-a-month furnished room, sharing the hall phone with other tenants. And in his role as Everyman's lobbyist, he reads most of the 1,500 letters he receives every week from irate consumers—many of them addressed simply, Ralph Nader, Washington, D.C.

But if Nader's ascetic life style has changed little in the past five years, his activities are clearly entering a new phase: Ralph Nader is fast becoming Ralph Nader, Inc. Traditionally a loner, the 36-year-old lawyer has organized several new groups to help fight consumer and environmental abuses and challenge the institutions—whether government bureaucracy or large corporation—they deem responsible.

"Ralph realizes the movement cannot sustain itself if it has to rely on one man," says John Spanogle, a law professor who took a one-year leave from the University of Maine to work with Nader. "He's out to build manpower."

The manpower—and womanpower—so far consists of some 30 low-paid professionals, most of them lawyers, working in several Washington-based groups. Young (mostly in their 20s and 30s) and highly committed to reform, they are activists who might have gone into the civil rights movement a few years ago—as, in fact, some did. Together, they form the nucleus of the new field of public interest law now burgeoning in Washington. Sometimes described as "representatives of the unrepresented," public interest lawyers act as advocates in behalf of minority groups, consumers, environmentalists, and many other citizens with a gripe terests are well organized, public interests against the system. Says Nader, "Private interests are well organized, public interests aren't. We're trying to redeploy lawyers into public interest work as a prerequisite to social change." So far, Nader has deployed his troops into four organizations:

The Center for Study of Responsive Law. The oldest Nader offspring, the center was launched in 1968 as a nonprofit, tax-exempt research group. With a yearly income of about $275,000 donated by several foundations and individuals, the center operates out of a soon-to-be-demolished Victorian town house near Washington's DuPont Circle. Like a cross between a political campaign headquarters and a college fraternity house, the center often buzzes with activity at all hours. Its bulletin board is a college of newspaper clippings, anti-Establishment cartoons, notes pleading for volunteers, and an occasional "roommate wanted" notice.

Staff messages are left in envelopes marked Ralph (who is the unpaid managing trustee); Ted (for Theodore Jacobs, a classmate of Nader's at both Princeton and Harvard law school, who now administers the center's manifold activities); Jim (for James Turner, who heads investigations into the food and drug industries); John (for John Esposito, who directs air-pollution research); Reuben (for Reuben Robertson, a transportation specialist); and Harrison (for Harrison Wellford, a Harvard-educated political scientist preparing a report on the pesticide industry). "We're concerned," says Jacobs, "with institutions that wield power affecting the everyday lives of many people. We try to assess whether they are responsive to people's needs or their own self-interest."

THE RAW MATERIALS FOR CITIZEN ACTION ARE THERE, ALL IT TAKES IS A CATALYST

The center is also the staging ground for "Nader's Raiders." Last summer, 200 students—mostly from law schools, but some from medical and engineering schools—were selected from 3,500 applicants to work for salaries ranging from $150 to $300 a month. Boasts one recruit: "It's tougher to get in here than into Yale law school."

The students' research is checked and coordinated by Nader and the center staff. Turner's indictment of the Food & Drug

Administration, for example, drew on the work of 16 students and was checked for factual accuracy by six scientists. So far, four toughly worded books based on the center's research have been published—on the Federal Trade Commission, the Interstate Commerce Commission, the FDA, and air pollution—with combined sales of over 450,000.

Some critics praise the books as well-documented probes; others charge that Nader's men select facts to fit their thesis or rehash old material. More controversy is sure to come when 10 more books are published soon, including studies of medical care, supermarkets, think tanks, the antitrust division of the Justice Dept., First National City Bank, and du Pont.

PUBLIC INTEREST RESEARCH GROUP

Started and fully funded by Nader, PIRG is the action arm of Nader's operation. Staffed by 13 young lawyers under one-year $4,500 contracts with Nader, PIRG has petitioned the FTC to require that detergent companies list the phosphate content of their products and sued the FDA for better warnings on birth control pills. PIRG attorneys see their work as a counterbalance to lobbyist pressure. Says Robert Vaughn, a University of Oklahoma law graduate: "To be effective in Washington you need money and a lawyer. That turns the regulatory process over to those with the most money and lawyers."

Other PIRG projects range further afield. Sam Simon, a University of Texas law graduate, is studying property tax assessments, marshaling evidence that large corporations are paying less than their fair share of local taxes, thereby increasing the burden on homeowners and small businessmen. Using Simon's preliminary findings, Nader has asked Senator Edmund Muskie to hold hearings.

In what is perhaps the most activist project, two other young attorneys, Larry Silverman and William Osborn, have moved to West Virginia to mobilize community opposition to air pollution from three Union Carbide Corp. plants. Well publicized by Nader, their efforts so far have resulted in a citizens suit against Union Carbide in one town and a company pledge to speed abatement in another town. "The raw materials for citizen action are there," says Nader. "All it takes is a catalyst."

Center for Auto Safety. Incorporated last June, the center has three attorneys, partially supported by Consumers Union. Working out of a small room in the National Press Building ("We call it closet 759," says attorney Lowell Dodge), the center monitors the National Highway Safety Bureau. Dodge studies Nader's mail on auto safety (some 350 letters a week) and notifies the safety bureau if any defect trend appears.

Last month, with Nader as co-plaintiff, the center sued the bureau, asking it to issue a defect notice on 200,000 Chevrolet and GMC trucks. Initially, the bureau had gotten GM to recall 50,000 of the trucks that had special camper bodies. Under Nader's pressure, backed by some new technical evidence, the bureau ordered GM to issue a defect notice on the other 150,000. GM refused, claiming the trucks were completely safe. The bureau then sued the auto maker, and GM has countersued.

Project on Corporate Responsibility. Launched last year, the project tries to give shareholders and consumers a louder voice in corporate policy. It has no direct connection with Nader, but he does advise the staff of eight. And he publicized the Project's Campaign GM, an unsuccessful attempt to force GM to add three public representatives to its board. Last week, the project announced Round 2 of Campaign GM (BW—Nov. 21). This time, instead of nominating its own board candidates, the group is asking GM dealers, customers, and shareholders to nominate members.

The project is also investigating whether large agribusiness companies are exploiting migrant workers. But with a budget of $5,000 a month, the group has nearly depleted its foundation support. One potential angel: John D. Rockefeller, IV, who is an unofficial advisor to the project.

CAMPUS ACTION

All this is just the beginning, judging from the impact Nader is having on college campuses. Under his guidance, students in Maine are investigating pollution from paper mills, while students from Case-Western Reserve University have opened an auto complaint center in Cleveland that negotiates car buyer grievances with dealers. This week, students at eight Oregon colleges are voting on whether to allocate $3 a year to support a local Nader-style public interest research group. Like a candidate on the stump, Nader and two PIRG attorneys barnstormed the state in support.

Similar campaigns are starting in Minnesota, California, Georgia, Illinois, and Connecticut. "We're trying to develop citizen action groups around the country manned full time by public advocates," Nader says. Even his critics concede that his impact is growing. Says a Washington lawyer: "Personally, I can't stand the guy's self-righteousness, but there's no question he has created the climate in which public interest law is now flourishing."

Just how long the favorable climate will last depends mainly on financing. Nader now underwrites much of the work, from the $280,000 he received when GM settled his invasion of privacy suit, and from speaking fees, which range up to $2,000. And the Nader name helps loosen foundation pursestrings. But if Congress passes legislation permitting class action suits, the groups need not depend on Nader. For lawyers will then be able to handle consumer and environmental class actions, using the fees to support other *pro bono publico* work. Within two years, Nader predicts, there will be 200 public interest lawyers in Washington.

Maybe so. But there are other problems. Some aides grumble that Nader, who is increasingly inaccessible, is himself becoming bureaucratized. Others complain that Nader expects them to devote themselves to the cause almost as fervently as he does. When they do not, he is known to get testy. Moreover, if the movement spreads, Nader is bound to lose control of some of the campaigns conducted under his imprimatur. A major blunder could damage Nader's public credibility.

MODUS OPERANDI

Meanwhile, Nader relentlessly plugs away. He is on the board of Consumers Union, has taped an eight-week series now showing on the Public Broadcasting System, teaches a course at George Washington Law School, and delivers speeches all over the country. An aggressive speaker, he blends hyperbole and barbed wit with hand-swinging anger.

One day this month, for example, Nader lectured the Sales Executive Club of New York on deceptive advertising practices, which he labeled "corporate pornography." "The issue," he told the 300 executives, "is not the right to advertise. The issue is truth in advertising. . . . Deceptive advertising and lack of information erodes buyer knowledge, causing the whole competitive system to suffer grievously."

NADER ATTORNEYS MOBILIZED AN ANTI-POLLUTION DRIVE AGAINST UNION CARBIDE

After a polite round of applause and a few questions, he was driven to Atlantic City, where he addresed 5,000 New Jersey schoolteachers on the "silent violence" of pollution, blasting GM and Union Carbide for "corporate crime." The friendly crowd interrupted frequently to applaud and gave him a standing ovation at the end. Then, late for an evening speech in Virginia, he was driven to the Philadelphia airport. The chauffeur, knowing Nader was late, sped along at nearly 80 mph, while the apostle of auto safety and GM critic relaxed in the back of the black limousine—a 1970 Cadillac.

In Washington, Nader operates with sleuth-like secrecy. If you want to talk to him, you don't call. You leave word with Ted Jacobs, the PIRG secretary, or even the newsdealer at the National Press building. Nader draws many leads from secret contacts in corporate offices and engineering labs (the first inkling about the Chevrolet Corvair came from a disgruntled GM employee) or from obscure government reports (he once spent 16 hours copying evidence on meat inspection from an unpublicized Agriculture Dept. report). He freely consults with specialists at several universities. And he quietly feeds information to key senators— Kennedy, Magnuson, Mondale, Moss, Muskie, Nelson, Proxmire, and Ribicoff. Phoning Congressional staffers, he announces, "This is Ralph." Nobody has to ask "Ralph who?"

CORPORATE POWER

Nader insists that his crusades and proselytizing zeal is not antibusiness per se. Indeed, precisely because he is working for reform of the existing system, he is sometimes the target of New Left rhetoric. But, like other muckrakers before him, Nader frets about the concentration of power in the hands of large corporations.

Part of that power, of course, is tempered by unions and the vast network of regulatory agencies that started with the ICC in 1897. But all too often, Nader contends, the regulators fail to represent the public interest, frequently protecting the very industries they are supposed to regulate. They fail, he says, because they "bend" to industry pressure and because top bureaucrats often use government jobs as stepping stones to lucrative private careers in the same field—which Nader labels "deferred bribes."

Nader's analysis is not new. The New Deal emphasis on counterbalancing big business with big government is under attack from many sides. And others have warned of the growth of special interest lobbyists in Washington–269 registered organizations at last count. But Nader is the first to try building effective countervailing forces in behalf of normally unorganized citizens.

PEOPLE POWER

Nader and his forces also have their sights set on corporations. Two upcoming battlegrounds:

More "shareholder power." Nader's men want to grant shareholders easier access to information about corporate policy and products, particularly those that affect health, safety, pollution, and minority hiring and promotion. To lay the groundwork for fuller disclosure, Nader plans to seek a law that requires corporations to be federally chartered. Now, companies can incorporate in any state where they do business, flocking to states, such as Delaware, that are relatively permissive. "Delaware," says Nader, "is a corporate Reno."

More constituent power. In Nader's view, a corporation's constituency—customers, employees, retailers, and local citizens living near company plants—should have some say in the business decisions that affect them. One way: Companies could include constituency-elected representatives on their policymaking boards—an idea that has gained some acceptance in Europe.

Nader calls this a "democratization" or "popularization" of the boardroom. "Out of a 24-man board, it's not asking too much to have three people representing broader views."

That may be merely the opening wedge.

Eventually, Nader thinks corporations should turn all policy decisions over to constituency-elected representatives, leaving only day-to-day operations to management. "Today's executive," he charges, "is too remote, too insulated from public urgencies."

Such ideas, if implemented, would obviously amount to a revolution in traditional business practices. But as Nader's men see it, if business is ever to be fully responsive to the public interest, it must be made directly accountable to the people it serves. Says Nader, with rare understatement: "We are trying for a big change in the way this country does things."

LETTERS ON STRIP MINING

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, I have received a large number of letters concerning the bill I have introduced, H.R. 4556, along with many of our colleagues, to ban the strip mining of coal. I share these letters with my colleagues, since the sentiment expressed in them is very significant:

BETHLEHEM, PA.,
February 25, 1971.

Hon. KEN HECHLER,
U.S. House of Representatives,
Rayburn Building,
Washington, D.C.

DEAR KEN: The local Bethlehem paper recently carried word of the introduction of your bill to extend the abolishment of strip-mining. I thank you for one more strategic move in support of those forces in West Virginia now trying to right years of wrong.

The attached letter was sent to my hometown newspaper (the Clarksburg Exponent) with copies to other papers (including Huntington and Charleston) in hopes that my strong feelings on this issue as represented by an absentee West Virginian might get published and have some influence in terms of momentum at least. In addition I have sent a modest contribution to Austin's lobby group and more importantly have notified Jay Rockefeller and Bob Nelson of my willingness to temporarily sever my relationships at Lehigh University if my physical presence and ability to lend some public relations efforts to this campaign can be of use.

If you have further thoughts on what I might do to add to this campaign from this geographical distance, please let me know. And keep up your courageous battles. Though I may not write frequently to express my appreciation, please be aware that I'm with you.

Best Wishes,

JOHN W. MURPHY.

BETHLEHEM, PA.,
February 25, 1971.

TO THE EDITOR: At least three kinds of West Virginians are evident to me: those who were born, raised, and remain clinging to the self-reliant mountain life; those, like me, who were educated in the state (Marshall), but traded the anxieties of half-living for the anxieties of more worldly adventure; and those "converted Christians" like Jay Rockefeller who were not born in West Virginia but *chose* to live there in search of possibly more reckless adventure.

The current debate on banning strip-mining joins all three. Moving first to the mid-west and then crossing to the northeast, I could not escape the beauty of my state. But each visit revealed not the beauty, but the grim mask of ugliness piercing the high hills, muddying the streams, smothering the lush growth. Meeting the men of industry in the northeast and midwest who laid claim to my state, it became apparent that the out-of-state landlords appreciate West Virginia not primarily for its beauty, but for the low-paying, manpower-exploiting opportunities it presents. Even now, pro-strip mining advertisements are being produced here and circulated in West Virginia by these absentee landlords (no names attached, of course). Some are so bold as to attack Jay Rockefeller as a carpetbagger or worse, yet they sit in stain-proof offices many miles distant, failing to see that the real carpet-bagger is he who exploits West Virginia for economic gain and then moves on. The real carpetbaggers send their loathsome machine representatives into the state to gouge the land, thrusting destruction down each Valley as though in contempt of the magnificence of the mountain and its lush growth of oak, hickory, poplar, laurels and rhododendron.

If you can, re-read the half-truths in the recent ad of the Citizens for Right to Earn a Living in West Virginia or the Surface Mining Association and you find a suggestion that current reclamation of strip-mining is sufficient. When will the self-reliant West Virginian rise up to respond that you cannot "reclaim" a 80-foot gash of splintered trees, loose rock and mud extending miles around a mountain; that the trees and wild flowers, the food and shelter for birds, squirrels, raccoon and deer cannot be "reclaimed" from the layer of hard clay lying atop the soil ripped from the mountains by a carpetbagger's machine representative?

To abolish strip-mining to this West Virginian represents an opportunity to say, "No More" to those who exploit our land. It is faulty evidence sent into the state from those absentee landlords near me who claim that banning strip-mining will deepen the state's economic scars. To the contrary, it is the continuance of their obscene scars that do economic damage for generations who, like me, have left. West Virginia need not be a reservation for the old, the apathetic. Men like Senator Galperin, Congressman Hechler, and Jay Rockefeller give testimony that nestled on the steep hills and plunging Valleys lies an incredible opportunity for a proud and aggressively independent people. Decide right now not to pass on a land of barren opportunity and silted streams to another anxious generation like mine.

JOHN W. MURPHY.

BECKLEY, W. VA.,
February 19, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: After reading in the February 19 edition of the Beckley Post-Herald of your bill to ban strip mining in the United States, it is one of my fondest hopes that at some time I might have the opportunity of voting against you and also working towards your defeat.

You state that the tourist business is "financially more important to West Virginia than the strip mining industry." I would be most interested in seeing some statistics to support your statement and just how many people tourism supports. West Virginia is not a tourist state—we do not have the climate nor do we have the receational facilities for tourists. If tourism is so important why has the West Virginia Legislature had to appropriate money each year to keep our historical drama "Honey in the Rock" in operation.

West Virginia is a mining state and surface mining is a large part of the mining industry. Many, many more people than the 30,000 stated in the paper will be displaced if this ban should be passed: employees of oil companies, equipment companies, truck companies, powder companies, our financial institutions and on down to the neighborhood grocery and drug store. At a time when unemployment is extremely high, it is absolutely absurd to even consider abolishing an entire industry with the resulting economic chaos, when with some reasoning and cooperation our ecology problems can be solved and we can at least maintain our pesent level of employment.

My personal opinion is that you are "milking" this issue for all the publicity you can get, with no thought as to the consequences.

Sincerely yours,

(MRS.) JEAN M. BLANKENSHIP.

RUSSELL, PA.,
February 15, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR MR. HECHLER: This is in regards to coal stripping and our environmental outlook!! So let us get down to some real logical and hard facts and face up to real and useful thinking!

First: It has been proven by strip mining in the past and with sufficient law, that the backfilled property and ponds leached out runoff liquids and have been put to far greater use (after strip operations) both in productivity and a more beautiful land contour!

Second: We have a natural gas shortage and a fuel oil shortage—and last but not least an electricity shortage!! Why? Because our smart lawmakers in the past have been making laws too tough to cope with in the coal fields for both deep mining and strip mining! The result: not many men working in the coal industry!! Now the squeeze is on—what solution do we have for now when atomic power may be at least thirty years away? Who *knows* if the atomic power will be economic enough for people to cope with?

Third: Let us cut out some of this "film flam" and do some serious thinking for lessening the restrictions on our *God-given coal industry* and concentrate on more serious pollution problems within our environment such as the millions of tons of road salt dumped on our highways in Pennsylvania (and other states) which is eating up our vehicles in a short time—to say nothing of our streams! Also, all the concrete pavement, bridges and culverts which the salt is ruining should be considered, too!

Mr. Hechler! Let us do something on this salt situation! In case you or other officials do not know what the state can use for a road salt substitute, then please contact me and I (free of charge) will set you straight on *that* item! I am not trying to lead you into some false thinking, etc.—rather I am dead serious and I *do* and *can* give you constructive suggestions!!

Fourth: I well remember when I was a boy, most people heated their homes with coal and wood. Most all of our factories and shops were coal fed—steam powered units and all of the railroad locomotives were coal burners. Somehow, our streams were less polluted and nobody was much bothered about the air which they breathed, so let us not give the coalpile such a black look even with its black color! Let us look toward lessening the jet airplanes, diesel burning engines, fuel heating of homes and factories—and less chemical stream pollution to our God-given country!

If you do not know what I mean by *any* of this or if you think it is an incomplete description or if you would like more details *please* write or telephone me! I am dead serious and would be glad to oblige!!

Thank you very much!

Very truly yours,

E. S. BURDICK.

HAZARD, KY.,
February 19, 1971.

Representative KEN HECHLER,
Washington, D.C.

DEAR SIR: I would like to offer my congratulations to you and your co-sponsors of the bill to outlaw strip mining, and would also like to extend an invitation to you to visit Eastern Kentucky when you have a chance.

I dare say, the destruction here will equal that in West Virginia. I would think more so to our highways. The strip-mine coal is being transported by "off highway" equipment from mine to loading site. These trucks are so heavy they are destroying all secondary state and county roads and are starting on our new extention of the Mountain Parkway. If they are allowed to continue in this manner, this highway will also be destroyed.

A great deal of money, both Federal and State will have been wasted if this is allowed to happen.

Mr. Hechler, the tragedy of it all is the people in Washington and Frankfort believe this is necessary for production of Electricity. There is no truth in this, at least fifty percent of the coal from this section is being shipped to Japan.

Why should they be allowed to destroy our country for profit? Our government seems to want to be the champion of peoples rights. Then why are these people allowed to violate rights guaranteed by our constitution.

They come on property and destroy it in the name of the economy, with an old deed imported to this country by the old land Barons of Europe. When will it ever stop?

I was very disappointed in not finding some of our Kentucky representatives, joining your drive to outlaw strip-mining. I guess they haven't learned to look beyond the dollar sign yet.

Yours truly,

W. E. MANNING, SR.

P.S. If the opportunity presents itself, please show this to some of the Kentucky representatives and senators.

BLOOMSBURG STATE COLLEGE,
Bloomsburg, Pa., February 26, 1971.

Representative KEN HECHLER,
House of Representatives,
Congress of the United States,
Washington, D.C.

DEAR KEN: It's been a long time since those relaxed days when you could afford the time to come in and lecture to my Speech classes at Marshall.

Your brilliant career in the Congress has been an inspiration to all of us who had the privilege of knowing you back in Huntington.

Your efforts on behalf of the miners deserves full support, and now your proposed legislation on Strip Mining also meets with my full approval.

My home for many years was in the Wyoming Valley (Northeastern Pennsylvania, Anthracite area—Dan Flood's district), and it is pitiful to see how that part of the country has been ravaged by the Strip Miners.

I am enclosing a copy of a television editorial delivered in part on your plan. The Wilkes-Barre Record a few days later contained an editorial on you with essentially the same theme. It is my belief that in both cases a rather parochical view is being expressed.

May I wish you the best of success on your proposed legislation.

Sincerely yours,

MELVILLE HOPKINS,
Chairman, Department of Speech.

PENNSYLVANIA'S STAKE

While many who live in mining areas of the world may sympathize with Congressman Ken Hechler's proposal to ban strip mining entirely, we do not believe that killing an industry is the answer. Regulation that assures prompt restoration of disturbed land and protection of the rest of the environment is the answer that Pennsylvania, almost alone among the mining States, has begun.

This also is the approach which President Nixon would begin from the Federal level. Admittedly, the President's approach is a good deal more modest than what now is practiced in Pennsylvania, but then it is to apply to States which have no realistic experience in the environmental regulation of business in general and mining in particular.

Even Pennsylvania's approach is elementary in terms of the problems posed by mining. Pennsylvania has yet to bring sand, gravel and clay pits and stone quarries under any kind of effective regulation, even though these account for at least half of the disturbed land in the Commonwealth. However, as Secretary Goddard pointed out this week, stringent regulation in Pennsylvania creates an unfair disadvantage for Pennsylvania industry so long as other States, and particularly neighboring mining States, do not have similar regulation.

President Nixon's proposal would give the States two years in which to adopt environmental protection legislation and provides plenty of carrot as well as the stick that would permit federal regulation to take over where the States fail. Prompt enactment of the President's proposal cannot come too soon. As Interior Secretary Rogers Morton noted, the present rate of surface mining will disturb within 10 years as much land as is contained in the State of New Jersey.

Pennsylvaina has an obvious stake in passage of the proposed Mined Area Protection Act. While it will not answer most of the problems, it would be an essential beginning. And the sooner Ohio mines, for example, are required to restore disturbed land, the sooner we can expect better regulation in Pennsylvania.

DEAR REPRESENTATIVE HECHLER: You have all of my support for your current legislation to ban all strip mining of coal in the United States. We cannot act too soon against such environmental destruction! I am pleased that this bill would also prohibit deep coal mining in national forest and wilderness areas. Even deep mining leaves its mark above the ground and this should not be allowed in those regions that we have set aside to be protected.

I urge you to continue to work against those forces which threaten the natural beauty and welfare of our nation. We all thank you for this!

Sincerely yours,

DAVID BERRY.

WILLIAMSTOWN, W. VA.,
February 19, 1971.

Hon. KEN HECHLER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HECHLER: I find it almost impossible to believe that at last someone is doing something to curb strip mining in West Virginia! I realize that it's to late to correct the damage that has been done, but perhaps through public support of dedicated men like yourself, we can prevent further damage.

I firmly believe that a strong reclamation bill is NOT the answer . . . it's been tried before . . . and failed. The only salvation for our state is abolition of strip mining.

Is it fair for the entire state to stand by while some 3,000 men gut it? It's unfortunate that should stip mining be abolished, these 3,000 men will lose their jobs; however, I feel that it is a small price to pay to save what's left of our state.

Strip mining is a cancer of the Earth, and like cancer of the body should be erased immediately. Every day's delay means thousands of tons of our mountains shoved into the valley . . . and once a stripped area, always a strip area!

How many of our deep miners are out of work due to the strip mines? I dare say, more than the 3,000 affected if stripping is abolished.

If our people will stand and be counted, through your efforts, we will win this fight. If not, then we'll get what we deserve—a gutted, devasted wasteland that was once a beautiful state. My grateful thanks to you, Mr. Hechler, for your firm stand.

Your very truly,

FRED R. GRAY, JR.

OPEN LETTER TO JOHN D. ROCKEFELLER IV
FEBRUARY 18, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.:

We of Marshall University Environmental Action Organization, Enact, wish to express our agreement with, and support of, the current bill abolishing strip mining in West Virginia. Although we understand the effect of a ban on strip mining to those who work in this industry, we believe there is an alternative which will bring more money into West Virginia, offer employment to those who would lose their job in the surface mining industry, and reward West Virginia with cleaner air, purer water and more beautiful land.

It is obvious that reclamation laws, no matter how strict or how strongly enforced, can not replace the topsoil and trees lost to surface mining activity. The landscape of our once beautiful West Virginia is being torn apart by heavy machinery.

An energy shortage has been sited by the surface miners as one reason we should allow them to continue to bulldoze away our land. But they do not mention that this coal they mine, and much of the coal from our deep mines, is being shipped overseas to countries like Germany and Japan where it is used to make cheap steel to flood U.S. markets and put our own steel men out of work.

There are really two natural resources concerned in this argument: coal and the natural beauty of West Virginia. The use of one ruins the other. When the coal is mined out, the companies will leave the state and it will take a hundred years for it to recover, if it can. But the natural beauty of West Virginia, if it were developed as strenuously as the coal industry has been in the past, would bring more money into the state which will *remain* in the state, offer increased employment to our citizens, and leave us a state we can be proud of.

West Virginia is within a half day's drive of the world's largest concentration of vacation hungry people, those who are packed-in from Washington north. These millions of people want to experience open beauty, natural unspoiled mountains and rivers, and are willing to pay $200–300 a week for their vacations. West Virginia could have this money, and its beautiful scenery, if it developed the tourist industry. This industry would provide employment for construction men and equipment operations in the building of roads, trails, lodges and camping facilities for the vacationers. Vacationers would buy groceries, gas, fishing and hunting licenses; they would buy clothes, native crafts; they would need guides, naturalists, and park rangers. Best of all, we would still have a state, not a slag heap.

This decision is not what we will have today, or even next week, but what the state of West Virginia will offer to us and our children 20 years from now. Support the complete ban on strip mining. There is a better way.

Sincerely,

MARSHALL UNIVERSITY ENACT.

SWITZER, W. VA.,
February 23, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I wish to express my thanks and appreciation to you for the position you have taken on strip mining. We no doubt need a complete abolition of strip mining on the Federal level to save our land from destruction.

It seems that the money and influence of the strip operators have completely overwhelmed the Legislators of our State. Many of our Delegates and Legislators are involved in strip mining and are blinded by dollar signs.

Enclosed is a poem that I have written and which I think expresses the situation very well.

Thank you.

H. B. KING.

MOUNTAIN DEGRADATION
(By H. B. King)

Where once, majestic mountains kissed the sky,
Lush green valleys reached from hill to shore.
Gurgling streams leaped joyously to the sea;
Free Mountaineers were rich with Nature's Lore.

Where once, most fragrant blossoms filled the air,
The stench of death prevails upon the sod.
Greedy, grasping, dollar hungry man,
Destroys the source of life, bestowed by God.

Where now, our valleys choke with rocks and mud,
The streams are stocked with acid, silt, and lime.
Stingy wreckers count their Godless gains,
While money machines commit their guileful crime.

While mountain beauty is gutted by stupid siege,
Officials ignore the tolling bells of gloom.
They sit with power struck minds and wait and watch,
God's beautiful earth go down to hell and doom.

BECKLEY, W. VA., *February 17, 1971.*

Representative KEN HECHLER,
U.S. Congress,
Washington, D.C.

DEAR SIR: You are, without doubt, one of our finest representatives in Washington. This is the first letter I've written complimenting one of our representatives so you can believe I am really sincere. I think you have done more for the people of West Virginia than anyone else in Washington. And now with your bill to abolish strip mining you have proven once again that you have the people and their needs forthmost on your mind as strip mining is ruining our beautiful state. We, the citizens, feel so helpless as we see mountain after mountain laid bare and the homes of people nearby being destroyed by these heartless people. A bill is before our legislature to abolish strip mining but I'm afraid big money will have its way and we won't see anything done. The majority of the people, I believe, would like to have this stopped, but if the legislature does not put a halt to it we will have a ruined state and more and more people will be leaving. Most of these strippers are from out of state and could care less for West Virginia and I think it. We have a beautiful state, but it won't be very long. The ugly scars of strip mining has left their mark and nothing will erase them. Jay Rockefeller is putting up a valiant fight for us and in return he is being told by some stripper workers, owners and others that he is an outsider and doesn't belong here. I know he does as West Virginia is for anyone that chooses to make their home here. I am indeed grateful that he chose our state in which to live. And he was the one that brought the strip mining issue to light. I know also that you are working for abolition and I think West Virginia is indeed fortunate to have you in Washington fighting for them.

I am enclosing an article from the Charleston Gazette that you may find interesting reading. I feel it is very timely.

So keep up the good work and may God Bless you.

Sincerely,

Mrs. THELMA STOVER.

MABSOTT, W. VA.

Congressman KEN HECHLER,
Offices of the Congress,
Washington, D.C.

DEAR MR. HECHLER: I felt that I must write you and pledge you my full support on your recent stand concerning surface mining. Certainly such an industry, engaged in the total destruction of our environment, must be stopped.

It appears now that our own State Legislature will kill the Galperin Bill and totally disregard the will of 80% of the people of West Virginia. It would seem that at least most of our present delegates are afraid to take an open stand in the State Legislature as you did in the Congress. The coal operator still has West Virginia "by the throat."

On the Huntington news report on Ch. 3 tonight I heard certain national suggestions concerning surface mining. It would seem that someone felt that the States should do something within two years or the Federal Government would establish control. Mr. Hechler, in two years W. Va will be nearly a desert, especially here in the Southern Counties.

I have pastored churches in Raleigh Co. for seventeen years. I have always been engaged in some community service and have always supported all positive programs for the good of our State. I am at present a member of the Southern District Board of Soil Superviscrs and now own a 147 acre farm in Richmond District of Raleigh Co. In the above role, I have walked over hundreds of acres of strip spoil and have toured, by 4 wheel drive vehicles, literally thousands of acres. In ten years of inspection of spoil banks I have never viewed one that has been reclaimed. I refer to Southern West Virginia only. (I am told that there are reclaimed areas in Preston County) all that we have are some areas which have been vegetated to a non-economic and very temporary plant growth such as lespedeza sericea or black locust. The erosion continues and the stark high walls are visible for miles. At the same time these ecological rapists destroy all of the timber, the natural mountain contours and the top soil. As you know, we have (world wide) about six inches of top soil. All life, as we know it today, comes from that six inches of soil. When surface mining destroys the soil community of that six inches it can never be replaced.

I have slides which I have taken of strip spoil in which there are gullies twenty and thirty feet deep.

Just a short time ago I asked the W. Va. Director of the ONR Division of Reclamation (while touring a spoil area) what could be done about such erosion. He made very little of it and said . . . "it really doesn't mean much, it (the erosion) will continue until the ravine reaches the original rock base, than it will stop." "We can do nothing." The thing that shocked me was that he was totally unmoved by the devastation. This was in an area of 6,000 acres, located on Tommy's Creek in Raleigh Co.

One other point . . . The Surface Mining industry makes much of America's need of this coal. Will you ask the question, "Why then is 80% of it being exported to Japan?" Maybe some one will answer a man of your stature. They wont give me an answer.

Again, thank you for your fearless stand. I had almost give up. You may count on my full support wherever I may be able to give it.

If we are to have a West Virginia Home Coming in '71—We must have a West Virginia to come home to.

Sincerely,

EARL P. COCHRAN.

ALLIANCE, OHIO, *February 20, 1971.*

Representative KEN HECHLER,
Washington, D.C.

DEAR SIR: From Ohio we thank you and congratulate you for having the courage and guts to introduce legislation to ban strip mining—"The Rape of the Countryside."

Here at Alliance, Ohio, we see the horrible devastation of the land all around us while the State government and lawmakers sit and twiddle their thumbs while thousands upon thousands of fine farm land acres are being destroyed day after day. The beautiful trees, the rolling hills and streams are now giant scars and strip mine rubble.

We were told the land would be "reclaimed" this is not true, the rubble has been laying there many, many years untouched.

Many Ohioans believe the mining interests control our State government and nothing can be done about it. The ruthless destruction of the landscape goes on and on!

At Cadiz, Ohio, the mining interests brag about their man-made monster that grabs 300 tons of earth at *one* bite!

The top-soil can *never* be brought back! It is lost forever.

Beautiful farms of wheat, corn, oats, etc. are now masses of strip mine rubble.

A farmer is paid a few-thousand dollars for his land then the strip miners move in and tear it up and then go away and leave it after they get the coal out.

Come to Ohio and see for yourself. Our beautiful landscapes are gone. Only the ugly scars and deep gullies and rubble remain. Our once beautiful State of Ohio is ruined, and this awful rape of the countryside is still going on day after day.

Please help us.

W. F. MARTIN.

DOVER, OHIO, *February 24, 1971.*

Hon. KEN HECHLER,
Member of Congress:

DEAR CONGRESSMAN: I have read in the Cleveland Plain Dealer, of your proposal to outlaw all strip-mining in the U.S. and I strongly support you.

The Hanna Coal Co. is ravishing some of the richest and most productive farm land in this country, in Harrison, Jefferson, and Belmont Counties.

This rich and productive soil can never be replaced in one thousand years to say nothing of the tax loss and unsightly mess they leave behind. I urge you on in this venture.

Yours very truly,

CLIFFORD A. EBERLE.

HILL TOP ENTERPRISES,
Seco, Ky., February 17, 1971.

Representative KEN HECHLER,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: I seen in the Courier Journal that you are introducing a bill to ban Strip-Mining. When everything seem the darkest then someone like you will come forth like a bright light and start a ball rolling that may make everything come back to some sane resemblance of its former state.

I sure wish you every success in your endeavor, I am enclosing a few copies of letters that I have taken from the Mountain Eagle at Whitesburg, Kentucky and from the Courier Journal of Louisville, Ky. showing what

the People of Kentucky think of Strip-Mining.

We have heard a lot about forest fires and the like but in my opinion a forest fire is nothing as compared to the scars of Strip-Mining, for after a few years the young seedling will come back on burned land but never in time will anything grow on the old high walls or benches of rocks and bolders pushed down the slope as you can see many places in our State.

Wishing you every success and hoping that you will win passage of your Bill banning the practice.

I am yours very truly,

VICTOR C. BANKS.

MOUNTAINTOP, PA.,
February 19, 1971.

DEAR SIR: Congratulations on what you are trying to do in regard to Strip Mining.

I have just heard short reports over my radio that you have presented a bill that would abolish strip mining within six months. I was so impressed and thrilled that there was someone else, especially someone who might be able to do something, who felt as I do.

I have lived in this area all my life and I know what destruction these strip miners do. There are supposed to be laws on the books in this state that they must return the land to approximately what they started with. You and I both know that this is impossible. Not in my generation, or my son's, will the land ever be what it once was.

I am behind you 100% and hope that you will get all the help you need. I am afraid however, that the lobbyists will put an end to our dreams.

Please tell me if there is anything I can do to help you. We need more men of your caliber in Washington. There are so many there with selfish interests.

Once again, congratulations and thank you.

Sincerely,

JOAN JONES.

FEBRUARY 22, 1971.

Hon. KEN HECHLER,
Congressional Office Building,
Washington, D.C.

DEAR MR. HECHLER: Recently I heard on a very brief news cast, something to the effect of a bill you are introducing banning strip mining throughout the United States.

Since I live in southern Indiana, a beautiful spot, but fast being devastated by this method of mining. I am intensely interested in your bill. Would it be possible to get a transcript of it or a condensed version? Also what can I do to help further your efforts?

We are a small community located in Warrick County along the Ohio River in the extreme south western part of this state. For many years now we have been subject to the many evils and injustices brought about by the strip mine operators. Our homes have been and are being damaged every day by the excessive blasting, power lines are knocked down, roads are closed and mined, our trees are dying, the birds and wild life are disappearing and the landscape has become mountainous slag piles allowed to lie barron and oxidize. As a result, there is a foul odor lying over the land. I suppose I could write a book about conditions brought about by strip mining, but this you already know.

I am convinced that only National Federal Legislation such as you propose will ever protect the American people from having this land systematically destroyed. It will also relieve the State and Local government of the responsibility of saying "no" to the conglomerates who are now buying up so many of the coal operations.

Attached is a copy of a letter to my neighbor, Mr. Warren A. Pease, who had written to Governor Whitcomb complaining about the damage to his home and land by the coal company. The letter, as you can see, was passed on to a Chas. Purcell, Director of Mining for State of Indiana. (Note underlined sentence)

It seems inconceivable that the State of Indiana could turn loose a monster such as this with a license to do as it please; but that is what it amounts to since there are no laws to govern them.

Your Honor, I have written Senator Vance Hartke urging him to vigorously support your bill. Also, I am asking everyone in this area to write their Congressman urging their support.

In closing, may I wish you the greatest success in the passage of this legislation. The immense good that you will have done America and its people cannot be measured.

Sincerely yours,

T. J. THRASHER.

BIRMINGHAM, ALA.

DEAR SIR: Enclosed is a newspaper clipping concerning a proposal by yourself. Unfortunately, this was lost back on about page 5 of the local paper, I consider it front page material.

I would like to express my encouragement and admiration to you and the other concerned members for initiating putting a swift end to this deplorable situation. Future generations may do well to thank people like you for leaving them something to enjoy instead of piles of eroded rubble.

Best wishes,

BAKER SMITH.

MINING HALT ASKED

WASHINGTON.—Rep. Ken Hechler, D-W. Va., backed by 27 other congressmen from 14 states, introduced legislation to halt all strip mining of coal within six months.

Hechler told a news conference in announcing the measure that only "artful dodging and delay" could result from the Nixon Administration's proposal to give coal mining states two years to study and make proposals for eliminating the earth-scarring operations.

BIRMINGHAM SOUTHERN COLLEGE,
Birmingham, Ala., February 22, 1971.

DEAR REPRESENTATIVE HECHLER: I noticed in my reading of the local paper that you have introduced legislation into the house that would block and halt all strip mining of coal within six months. I want to thank you for your decisive action. Your motives are to be commended. Such an action as this is desperately needed to stop the destruction of natural land for the purpose of exploiting it and its natural resources, but in order to pass the legislation, tremendous public support must be made available. Could you, therefore, keep me up to date on the progress of your bill and let me know more specific things about it, such as its house number, etc., in order that I might speak of it knowledgeably to the Southeast branch of the Sierra Club and let them know what to call it when writing to their senators and representatives?

I will be looking forward to doing all that I can to rally conservationist support for you. Thank you for providing an *alternative* to Pres. Nixon's 2-year "study" proposal. Like you, I'm sick of the hypocrisy that allows destruction to go on normally, under the guise of 2 year-long "study-the-problem" programs. Thank you for speaking out.

Sincerely yours,

(Miss) MARY JANE SEPMEIER.

LOS ANGELES, CALIF.,
February 19, 1971.

Hon. KEN HECHLER,
House of Representatives.

SIR: We agree that strip mining needs to be totally outlawed by Congress. We have seen some of its hideous effects upon an area's natural beauty and it should never have been allowed to happen initially. The unsightly scars are eyesores to any State especially when seen from the air and are definitely not tourist attractions. But until the primary cause, Congress' failure to institute meaningful reform within itself, these effects will continue to occur, generally to the detriment of the public and to the benefit of a self serving, avaricious few "special interests"! As put forth in the Pearson-Anderson book "Case Against Congress," "strip mining" is but another of the countless "compelling indictments of corruption on Capitol Hill"!

Truly,

Mr. B. D. FONDA.

BELLE RIVE, ILL.,
February 18, 1971.

Hon. KEN HECHLER,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: On February 13, 1971 our local newspaper carried an article, titled "Seeks Law To Ban Strip Mines", by (AP) Washington.

The article outlined the proposed legislation to be sponsored by you to out-law strip mining in the United States.

You can rest assured that many people in the state of Illinois would welcome such legislation.

Farming is my line of business, we are situated in the southern part of Illinois. West of us, south of St. Louis, on the Illinois side a large section of good fertile soil has been absolutely ruined by the strip miners digging coal. From there on south for thirty five miles large areas have been stripped out. Now large shovels are stripping all across the State to the Indiana line. Within the last three months a new area has been opened up directly south of us, not more than two miles away. North west of Evansville, Indiana, on the Illinois side scalpers are making a determined effort to buy up land for coal stripping. Near the Illinois River, south of Peoria the same thing is happening.

The usual pattern exists in all cases. They buy the land for very cheap prices, paying nothing for the coal. They use every conceivable method to gain title to the land. Pressure, lying, intimidation, buying off local officials. The shovels in operation here range from 60 to 120 yards. The coal is very low quality, high in sulphur. The yield of the surface coal is low, not over 18". However down about 700 feet there is a very good vein. This, the assumption is, will be sold to others for deep mining. They pay absolutely nothing for it.

We have tried to have strip mining legislation passed in the State. I am certain you know what happened, they wined and dined enough legislators to have the legislation "watered down" until it is of little value. We NEED HELP, Kentucky has passed strict laws—they have abandoned that State for the most part, and NOW ARE IN ILLINOIS, across the Ohio river.

You can rest assured, we appreciate your help and interest. This problem is very serious. Deep mining here has caused some trouble as you had indicated in the news release, but strip mining is so much worse. The land absolutely is of no value when they finish with it because of the high sulphur content of the coal. It ruins our villages, churches, schools, roads, wastes many dollars spent on Soil Conservation and ASCP programs.

Again we wish you every success, you have a difficult task, but sincerely hope you are successful. Five years from now will be too late,

Sincerely,

LINUS F. KIEFER.

FARMINGTON, ILL.,
February 22, 1971.

Hon. KENNETH HECHLER,
Washington, D.C.

DEAR MR. HECHLER: I seen in the Canton Ledger February 13th that you were going to introduce legislation to ban strip mining of coal in the United States.

In the early 60's I said to my cousin what one could do to ban strip mining, he said there is no law that you can stop it so you might as well forget it.

I hope you will go and see if you can get legislation started.

North of Farmington we have mounds. I call them Fulton Co. Rockies. All good farm land is going to waste. With our population explosion we can't afford to lose this land. With unemployment they can dig it like they did years ago.

Thank you so much and hope you have success.

Sincerely,

Miss JUANITA ALBRECHT.

LIBERTY, W. VA.,
March 3, 1971.

Hon. KEN HECHLER,
Washington, D.C.

DEAR MR. HECHLER: I should have written you LONG ago with encouragement for the "stands" you so consistently take representing the people, good government, and just about everything worth while—the sort of thing ALL of our senators and representatives should be doing whether state or national.

However, we *do* want to give you our 100% support for a Bill to Abolish Strip Mining . . . and both Dr. Beatty and I should be helping you. He, especially, has marvelous ideas—the sort of mind which, like your own, thinks above and beyond the usual or ordinary—the type of mind that can do something to solve our many problems—yes, even other than those of pollution. He is Professor of American History at W. Va. State College at Institute but did his Master's and Doctor's work at Stanford University in Palo Alto, California. We fell in love with the farm we own, but it's been threatened by ravages of the gas co. as they explored for gas; and could very easily be completely and irrevocably devastated by coal interests; so we have a personal interest in stopping this evil NOW at once.

May we hear from you in the very near future? Our telephone no. is 586-9594. However, it's an 8-party line with at least one avid listener.

Most sincerely.

Dr. and Mrs. H. I. BEATTY.

ST. CLAIRSVILLE, OHIO,
February 22, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: We live in eastern Ohio and we all agree on your law to abolish strip mining. All you can see around our homes is mounds of rock and strip pits. The water is polluted with sulfur and acid. Some parts of eastern Ohio still has beautiful forests and we hope that the law will pass so some of Ohio's beauty will remain. We are glad you are doing something to keep our environment fit for us to survive. Our senator is Wayne L. Hays and he is going to vote against the bill.

Yours truly,

DAVID MIHELARAKIS,
Sixth Grade.

COLERAIN, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Our class has been reading and discussing the problem of strip mining. We all agreed with you against strip mining. I myself think as it like a wildfire destroying the forests and land in the United States. Since we live in eastern Ohio we know how it is spreading and leaving scars on the surface of the earth. We hope Congress does not feed this fire.

Yours truly,

TOM SOBOTA,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I'm for your bill. I think it is a good one. I know what strip mining does to our trees, our land, our flowers, and our wildlife. I know because I read about it and I live right in the middle of an area that is being stripped.

Will you please send us a list of the congressmen and senators from the thirty-six states which did not join in proposing the bill?

Yours truly,

RONALD SNYDER,
Sixth Grade, Hilltop School.

ADENA, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I am against strip mining. I live in Belmont County. All the trees and flowers going to be gone. It looks like there are holes all over the land. Belmont County used to be beautiful but it is not anymore. Is there anything our sixth grade can do against strip mining?

Yours, truely,

KELLY SPRINGER,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Will you send me a list of the Senators and Congressmen of the 36 States who did not help plan the strip mining bill? We are going to write to them.

Yours truly,

JOHN FRENCH,
Sixth Grade, Hilltop School.

ST. CLAIRSVILLE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I have heard a lot about strip mining. They are doing it in our part of Ohio. It is hurting a lot of our scenery. It is killing the plants and animals. Would you please try to stop it?

Yours truly,

DON MURPHY,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I feel very strong against strip mining. Since I live in eastern Ohio I know it destroys trees, wild flowers, wildlife homes, plants, and it pollutes the water. The green plants that give us oxygen will be gone. If the bill does not pass there will be no more green plants. Strip mining destroys the balance in nature. We wish you would continue to try to abolish strip mining. One of the reasons I am against strip mining is because I live in one of the most beautiful areas in the state of Ohio.

The Representative of my area is Congressman Wayne L. Hayes who is against your bill. Can we help in any way?

Yours truly,

GEORGE J. STRIZAK,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I live in the middle of strip mines and the scenery is not very pretty. I want to abolish strip mining, too. So help us.

Yours truly,

JIM MEHLMAN,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I am very much interested in your bill to abolish strip mining in the United States. I live in eastern Ohio where the strip miners are destroying our beautiful scenery.

Yours truly,

PAM SALTKIELD,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I am writing about strip-mining especially in eastern Ohio, near where I live. The big holes the strip-machines leave look terrible. I just think something ought to be done about it.

Will you please send us a list of the congressmen and senators from the thiry-six states who did not join you in the bill?

Yours truly,

DAN BEAVER,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: We the sixth grade at Hilltop Grade School R.F.D. 2 Dillonvale, Ohio 43917 are writing you to offer our support and approval of your strip mine bill that will abolish strip mining in the nation.

If there is anything we can do to help the passage of this bill please contact us.

Yours truly,

CAROLE SUE SMITH,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I read in the newspaper about strip-mining and it had something to do with you. I am glad to hear you are trying to abolish it. We are surrounded by pits.

Yours truly,

BECKY NORRIS,
Sixth Grade, Hilltop School.

ST. CLAIRSVILLE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Our class has been discussing strip mining. We live in the strip mining area. We have talked about what the strip mining does. The ground looks like moon craters. If the bill doesn't pass, the United

States will look like the moon. We live where Presidents Nixon's ancesters were buried.

Will you please send us a list of Congressmen and senators of each state which did not join you in proposing the bill?

Yours truly,

JIM RICE,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 22, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I agree with you about strip mining. I hope the bill to abolish it is passed. I know what the land looks like after it has been stripped because I live in a town where it is all around me.

Yours truly,

LEANNE YODER,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: The sixth grade at Hilltop School, R.F.D. 2, Dillonvale, Ohio, is following the news. We are very concerned about strip mining. People are trying to zone but that would only help us locally. Please tell us how to help stop strip mining. What can we do to change Wayne L. Hays's mind about strip mining?

Yours truly,

TAMMY WOODS,
Sixth Grade, Hilltop School.

FEBRUARY 22, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Our class is against strip mining Strip mining ruins wildlife and wildlife homes. Please abolish strip mining. We live where strip mining has surrounded us and is closing in on us.

We hope it is abolished before it ruins and destroys our environment.

Yours truly,

JOHN SABIC.

ST. CLAIRSVILLE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I think that you are right and strip mining should be abolished in the United States. I live in the Ohio Valley. Everywhere you go you see strip pits. Sometimes I wish I could see the land before the steam shovel was invented. Here the strip miners started stripping about thirty years ago. Now almost two-thirds of Belmont County is stripped and if the strip mining bill isn't passed probably all of our county will be demolished.

Yours truly,

JOE MIHELARAKIS,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Is there anything that our sixth grade class could do to pass the bill to ban strip mining? We live in Eastern Ohio and strip mining is all around us. We dislike the awful ruin that the steam shovels leave. It destroys all our beautiful countryside. All of the beauty will soon be gone. So please pass the bill.

Yours truly,

WAYNE GREEN,
Sixth Grade, Hilltop School.

ST. CLAIRSVILLE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Mr. Hechler, I live in the eastern part of Ohio where strip mining has been done. There are sulfur ponds and acid run off. I agree on your law to banish strip mining.

Yours truly,

STEVE MIHELARAKIS,
Sixth Grade, Hilton School.

DILLONVALE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I am glad you are trying to pass a bill to abolish strip-mining in the United States. I live in the beautiful part of eastern Ohio where there is strip mining all around me. If the bill does not pass, trees, flowers and other wildlife will die and so will we.

Yours truly,

SANDRA PINTER,
Sixth Grade, Hilltop School.

ST. CLAIRSVILLE, OHIO,
February 22, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Our sixth grade thinks that it is nice to know somebody is doing something to abolish strip mining. I fully back the bill. About six miles from where I live the place looks like moon craters. Our congressman is Wayne L. Hayes. He plans to vote against the bill. Would you have any ideas on how to change his mind?

Yours truly,

JAY BOWMAN,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I am glad to hear that you are trying to abolish strip mining in the nation. I know how terrible it is because I live in eastern Ohio. Not too far from my home, a once beautiful land, is completely destroyed. The southeastern part of Ohio was so beautiful and some of it still is. If something isn't done the beauty will be gone. Our Congressman Wayne L. Hayes is going to vote against the bill.

Yours truly,

SUSAN DA RE,
Sixth Grade, Hilltop School.

ST. CLAIRSVILLE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: We hope strip mining is abolished. In eastern Ohio it is destroying our scenery and polluting our streams. Strip mining is also destroying our wildlife and their homes. We know so much about strip mining because we live in the center of it.

Yours truly,

ANDY SMITH,
Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Our sixth grade class has been studying about what strip mining does to the wildlife, environment, and especially the soil. So our sixth grade class wants to know if there is anything we can do.

Would you please send me a list of the Congressmen and Senators of the thirty-six states which did not join you in proposing the bill? Our own Congressman is Wayne L. Hayes who is voting against the bill.

Yours truly,

LEE GREEN,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I am against strip mining. It makes the land look like the moon. I hope that your bill passes. I am aware of the good it will do. I live in eastern Ohio. It was a beautiful land. It is now becoming a total destruction.

Yours truly,

DAVID THOMAS,
Sixth Grade, Hilltop School.

DILLONVALE, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: Our sixth grade class is deeply concerned about strip mining.

We would like to know what we could do to help get the bill passed.

Yours truly,

PEGGY LALLATHIN,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: The sixth grade wants your strip mining bill to pass.

The land in eastern Ohio is being stripped by the big machine. If they keep on stripping the land, we will not survive much longer on the earth without trees and plants. The oxygen will be gone and we will be gone too.

Yours truly,

RANDY CONAWAY,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: We live in the area of strip mining. Most of the people who own land are selling it to the strippers, so we urge you to keep trying to passing the bill before our land turns barren.

Yours truly,

DAVID MORRISON,
Sixth Grade, Hilltop School.

BRIDGEPORT, OHIO,
February 25, 1971.

Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR SIR: I agree with you about strip mining because I live in a county where strip mining is all around. Is there anything my class can do about strip mining?

Yours truly,

MELANIE ATHEY,
Sixth Grade, Hilltop School.

WEST VIRGINIA UNIVERSITY,
MEDICAL CENTER,
Morgantown, W. Va., February 24, 1971.

Mr. RICHARD M. NIXON,
President, The United States of America, The White House, Washington, D.C.

DEAR MR. PRESIDENT: Regulation and so-called reclamation in surface mining have repeatedly failed. Stipulation of maximum

grade for strip mining operations will only result in total destruction of areas such as Northern West Virginia where the hills are not so steep.

We urge you to reconsider your position and support recommendations of Congressman Hechler's bill to ban surface mining entirely.

Very sincerely,

BERNARD ZIMMERMANN, M.D., Ph. D.,
Professor and Chairman, Department of Surgery.
ELIZABETH C. ZIMMERMANN.

FEBRUARY 20, 1971.

J. D. ROCKEFELLER, Jr.,
Secretary of State, State of West Virginia, State Capitol, Charleston, W. Va.

MR. ROCKEFELLER: Thanks. For what? For having the guts to take a stand to outlaw strip mining in West Virginia.

I'm a native West Virginian and if it takes an "outsider," as some consider you, to help stop this destruction of our state I certainly appreciate it. You may have become more of a West Virginian than you realize.

We have been putting up with politicians raping this state for their own profits long enough. Some people cannot see beyond their nose of what is happening here. They want only immediate gratification of their animal needs without thinking of how it affects anyone else or their own future.

The census in the plant where I work is to outlaw strip mining. You are not, as of now, being considered an outsider. The opinion in our plant in your favor has made tremendous strides in the past few weeks. Also your television appearance certainly helped your image.

If we can be of any assistance in this part of the state, let us know.

Thank again,

CHARLES M. DOUGLAS.

BARBOURSVILLE, W. VA.

FEBRUARY 22, 1971.

Hon. KEN HECHLER,
Congressman, State of West Virginia, House Office Building, Washington, D.C.

DEAR CONGRESSMAN HECHLER: It was with a great deal of interest that Mrs. Rempe and I read of your proposed bill to ban Strip Mining on the Federal level. It is our fervent hope that you will be able to bring the bill to the Floor and have it passed this session for we feel that strip mining has a disasterous effect on the land, water and beauty of each State where it is practiced. We are deeply disturbed that the West Virginia Legislature is being influenced by the lobbying of the Coal Industry and feel now that our only hope lies in a strong Federal Law.

With best wishes and please be assured of our support, I remain,

Sincerely,

WILLIAM J. REMPE.

WHEELING, W. VA.

WHEELING, W. VA., *February 24, 1971.*

Congressman KEN HECHLER,
Washington, D.C.

DEAR MR. HECHLER: I am writing to express my feelings about the bill you have introduced in Congress to ban strip mining with in six months.

I hope you are able to push it through and it becomes law. I think West Virginia is a beautiful state and hate the thought of it being destroyed by the money hungry mine companies who have been telling us how great strip mining is for the state. If it is so great then why are they trying so hard to convince us?

I do hope that you pass this bill for the sake of West Virginia as well as all the other states that are faced with this serious problem.

Sincerely,

LINDA K. SCHRADER.

FEBRUARY 19, 1971.

Hon. KEN HECHLER,
House of Representatives, Washington, D.C.

DEAR SIR: In my opinion you are the only statesman I have ever known to represent the State of W. Va. Your stand on the Blue Ridge Project, and now your effort to discontinue Strip Mining, is very outstanding and admirable. Great men of history are those who spoke ahead of their time and demonstrated vision. The pressure and fear tactics of the Strip Mining Association has defeated our present W. Va. Legislature.

This is about all I have observed in my life span as a native born and life long resident of this state. You have reinstated my confidence in government, and have shown me that some men actually serve for the good of all the people and not just for a minority group of selfish businessmen. My heart is continually grieved when I am made aware of the terrible "game of deception" our present Dept. of Natural Resources plays as it "covers up" for the "RAPE" of our beautiful state. I have talked with game and fish biologists of the Dept. who are young men very capable and qualified, and it is very evident that the Governor hinders their work!

Fish kills, caused by some industry above the Blue Stone Dam, have occurred the past two years, and the Dept. has been silenced by higher authority. Earth slides from strip spoil banks continue to occur even after small trees are planted. One slide fell into New River in Raleigh Co. last winter that filled one fourth of the river bed, and it contained trees that had grown some six inches in diameter. The roots never can reach to permanent soil and these spoil banks can never be held on such steep slopes. There is no such thing as reclamation!

Thank you again for your vision and statesmanship.

Sincerely Yours,

CLARENCE E. GRIFFITH,
Pastor, Maxwell Hill Bapt. Church.

BECKLEY, W. VA.

P.S.—Let's consider preservation of the New River Gorge from the federal level. I don't think the State is capable.

Hon. KEN HECHLER,
Washington, D.C.

DEAR MR. HECHLER: Just a word concerning strip mining in the coal industry. I am for eliminating it, in fact it should never have been started. We have the most beautiful scenery in the world here in W. Va. and I don't believe God intended a bunch of money hungry bureaucrats to destroy it, so just chalk me up 100% on your side in this dispute. Mr. Hechler, I am also in favor of the Social Security bill. As you know, mine was eliminated when I was awarded black lung benefits and I would appreciate when a bill is presented knowing if it stands to help me as I really have it rough as it is. I have written everybody, but you are my only source of information, the UMW leaders are impossible bunch. I would also love to have a list of the new House and Senate Members, as I like to keep up with who is who, but for the working man there is but one true friend, and that's Ken Hechler and myself. I thank God for the same. Any information will be appreciated, so thank and God bless you and yours.

Sincerely,

MILLARD NEELY.

OAK HILL, W. VA.

PRINCETON, W. VA., *February 12, 1971.*

Representative KEN HECHLER,
State of West Virginia, Washington, D.C.

MY DEAR SIR: I have just finished reading in the Charleston Gazette that you will introduce a bill in Congress outlawing strip mining in all states.

I assure you that you have my support. To my mind this is one of the most important projects to look for need to and I wish you every success in your legislation.

Yours very truly,

O. R. PETERS.

NITRO, W. VA., *February 15, 1971.*

Hon. KEN HECHLER,
House Office Building, Washington, D.C.

DEAR MR. HECHLER: Just a line to let you know that we admire and appreciate your position on strip mining.

I have been privileged to be in your office on several occasions while I was business manager for pipe fitters local No. 625 in Charleston and was always received graciously and warmly. Your position is always crystal clear and I admire you and I think many West Virginians do.

With kindest of regards I am

Gratefully yours,

EDON SHAHAN.

CAMDEN, W. VA., *February 15, 1971.*

Hon. KEN HECHLER,
House of Representatives, Washington, D.C.

DEAR SIR: I take this opportunity to applaud your introduction of legislation to abolish strip mining in the United States as well as to abolish deep coal mining in national forests and wilderness areas.

Future generations in this nation will owe a great debt to statesmen such as you who had the courage and foresight to attempt to prevent further devastation of our land.

I am a registered republican but you can be assured of my political support when it is possible.

Very truly yours,

PAUL A. GROAH.

DRY BRANCH, W. VA., *February 14, 1971.*

Hon. KEN HECHLER.

DEAR SIR: I wish to say that I appreciate the Stand that you take in regard to a stripping ban in the United States.

This will help stop the rapeing of our beautiful hills and mountains in West Virginia. This will help our health, life and property damages.

This will help restore our water and oxygen resources. This will help bring back some of our wild life.

I am sending you some documents in regard to what I've been trying to do to help our handicapped people in West Virginia. But it seems that The West Virginia Legislature does not wish to help our mass handicapped human beings.

They have given me every excuse possible to keep from helping me draft a bill for reclamation, Homesteading and work part time for our human poor and handicapped. But you notice how quick they raised their pay in the Legislature.

It is an Elite gang who runs and rule the people of West Virginia.

They do not care a damn for people, but their god is the dollar sign.

Well Sir, Thank you for reading this, And any help that you can give us will be greatly appreciated by our Cabin Creek Area Citizens Union movement.

Yours for progress,

CLIFTON E. BRYANT.

NEW MARTINSVILLE, W.VA.,
February 18, 1971.

Hon. KEN HECHLER,
House Office Building, Washington, D.C.

DEAR SIR: Please continue your efforts to *ban* strip mining.

Whether we like it or not, *people can* and *will be* replaced, but the beautiful hills and mountains of West Virginia can *never* be replaced.

The pictures of areas stripped look like pictures brought back from the moon.

Yours truly,

MRS. EDGAR C. BLUM.

RED HOUSE, W. VA., *February 22, 1971.*

Hon. KEN HECHLER,
Member of Congress,
Washington, D.C.

DEAR KEN: We are very pleased to read in the newspapers that you are trying to get all strip mining abolished. We feel it is a crime and disgrace for this state—and others—to be ruined by a few greedy individuals. We are with you and Jay Rockefeller 100% in your fight and pray you will win.

We are also glad that you and Rockefeller chose to make this state your home—in fact we feel honored.

With every good wish for your continued success,

Your old friends,

Mr. and Mrs. D. L. AMBLER.

MORGANTOWN, W. VA., *February 21, 1971.*

Congressman KEN HECHLER,
The Capitol Building,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: I am encouraged by the responsible action which you and many other Representatives have taken concerning the abolition of the strip mining of coal. This is on issue of vital concern to all West Virginians and one which I hope will gain support in the Congress of the United States. Please, continue to work for the abolition of the strip mining of coal.

A concerned West Virginian.

W. EDWARD REID,
West Virginia Student from Martinsburg.

SETH, W. VA., *February 22, 1971.*

Hon. KEN HECHLER,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: Although you are not in my District and I did not get to vote for you. I do want to thank you for fighting for all the people of W. Va. I live in Boone Co. and do hope Boone is put in your District and you will be able to represent Boone Co. people.

I am writing mainly on your Strip Mining Bill. Mr. Hechler Strip Mining has to be stopped and stopped at once. I have lived on Big Coal River all of my 58 years. I have seen this river completely destroyed our Co. and State is being completely destroyed. Our homes and land are being flooded. Our State law makers for some reason won't heed our plea.

I ran a survey of citizens and voters over Boone Co. and over 90% want Strip Mining stopped. It is not only in Boone Co. but the same in Raleigh and Kanawha from which I have talked to people and the whole State wants it stopped.

I will say one thing there will be a lot of new faces in the next legislature if this one does not stop it.

Jay Rockefeller has become the most popular man in this State and can get any office he so desires now just over the fight he has put up to Stop Strip Mining.

This State needs more people like yourself Jay Rockefeller and Doctor I. E. Buff of Charleston.

Again many thanks and I hope Boone Co. is put in your District then Boone Co. People can repay you for what you are doing.

Very truly yours,

B. B. BROVEN.

PARKERSBURG, W. VA.,
February 22, 1971.

Hon. KEN HECHLER,
New House Office Building,
Washington, D.C.

DEAR SIR: I wish to express two items in which something must be done to protect the people and the state of W. Va.

First. Strip mining must be stopped in our state or controls so strict that we are assured of the beauty of our state and the purity of our water.

Second. Air pollution must be controlled. To this date I have seen or heard nothing of the black smoke the Viscose Co. of Parkersburg has been belching out over the city of Parkersburg. Why is this? The Carbide Corp. seems to be the prime target. (I do not work for Carbide.) I work with DuPont at Washington Works and involved with pollution control, both air and water. We could not do what some of the companies in our area do and get away with it. Our company management would not stand for it.

Anything you can do on the above two items would be most appreciated.

Sincerely,

CHARLES L. ROGERS.

WEST VIRGINIA STATE COLLEGE,
Institute, W. Va., February 16, 1971.

Hon. KEN HECHLER,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: I should like to both congratulate and thank you on your recent introduction of bills to create the Wilderness Areas within West Virginia, and to prevent mining in the National Forests of our Nation. I hope your colleagues understand the importance of the first bill to the people of West Virginia. I cannot see how they could help but understand the importance of the second bill to all of America.

Your work in the creation of a better West Virginia, and nation are to be commended.

Sincerely yours,

DAVID L. EDENS,
Assistant Professor of Biology.

DANVILLE, W. VA., *February 19, 1971.*

Hon. KEN HECHLER,

DEAR SIR: I am writing you in regard to this strip mining it is a disgrace to W. Va. I live in Boone Co. Mr. Ferrill had to move from his place and had been sick long time and he had no money big rocks rolling around his house. I own several lots and some is on hill side if they strip back there I would move. I have called and wrote for it to be stopped, will you take it up to Washington and try to get it stopped, I seen pictures on television was taken about Whitesville would make me sick. Please take in up with Washington and stop stripping our hills.

Sincerely,

Mrs. CORA ULHRICH.

ANMOORE, W. VA., *February 22, 1971.*

Hon. KEN HECHLER.

DEAR SIR: I am in favor of abolishing all strip mining in W. Va. and elsewhere, for the sake of all people in the United States and elsewhere. There is no such thing as reclamation of a ——— strip mine.

This wholesale rape of our country is done by big business who just moves on when the quick buck is made. I hope we can stop it before peoples tongues start swelling for a drink of water.

Yours truly,

RAY GREEN.

SALEM, OHIO, *February 23, 1971.*

Representative KENNETH HECHLER,
Representative of West Virginia,
Washington, D.C.

DEAR SIR: Thank you for your proposal to outlaw strip mining. I think this is a very important bill for our country.

Yours truly,

E. P. SCHAEFER, M.D.

ATHENS, OHIO, *February 21, 1971.*

Representative KEN HECHLER,
House Office Building,
Washington, D.C.

SIR: Your bold proposal and introduction of legislation to outlaw strip mining should have the support of all Appalachia which has been raped by the strippers insatible greed. Stripping should have ben outlawed 20 years ago.

I'm expressing my support of your proposal to my Ohio congressman Rep. Clarence Miller.

Sincerely,

DWIGHT MITCHELL.

MARION, OHIO, *February 17, 1971.*

HONORABLE SIR: This paper I am inclosing is true and I lived all my life as a coal miners wife, and this strip mine came back of our house and done damage at Red Jacket, W. Va. where I lived then that sent big boulders of rock through homes on either side of mine. They just missed mine, but they left great cliffs of rock like the pictures say and a water hole above my home that boys went swimming in. They never once filled any trenches or anything else. After their work was done, that was it. I know because I saw it. You have my permission to print this in the Williamson Daily News at Williamson, W. Va. or the Marion Star, Marion, Ohio. Thank God my son doesn't work in the coal mines. The strip mines should be stopped.

Sincerely,

Mrs. ALBERT LOPEZ.

THE PRUDENTIAL
INSURANCE CO. OF AMERICA,
Jacksonville, Fla., February 14, 1971.

Hon. KEN HECHLER,
House Office Building,
Washington, D.C.

DEAR MR. HECHLER: Your statements concerning the proper course of action toward regulating surface mining are being enjoyed by many people. You have chosen the right attitude toward this thing that could be a catastrophe for us. And, as you stated, let us consider the whole picture at this time.

We are now face to face with problems of pollution in every way and I hope you will continue to lead us toward a reasonable solution.

Thank you.

Very truly yours,

FRANK C. GREENE.

LEXINGTON, KY., *March 1, 1971.*

Representative KEN HECHLER.

DEAR SIR: This bill may be one of the most important landmarks in the attempt to make safe the environment necessary for us to survive.

I beg you to do all that is in your power, not only in strip-mining and its banning, but in all the steps presented towards the establishment of a *natural* environment *versus* industrial pollution.

Sincerely yours,

VIVIENNE CLARAC.

ST. MICHAEL, PA., *February 21, 1971.*

Representative HECHLER: I understand that you've introduced a bill which would prohibit strip mining in all states. Congratulations. Whether in West Virginia or Pennsylvania, the strippers are ravaging our Appalachians.

I'm sure you'll pressure for a vote as soon as possible. Then we'll see how many conservationist-minded Congressmen there are indeed.

GARY L. LEHMAN.

LUZERNE COUNTY DISTRICT ATTORNEY,
Wilkes-Barre, Pa., February 19, 1971.

Hon. KEN HECHLER,
U.S. Representative, Cannon Office Building,
Washington, D.C.

DEAR REPRESENTATIVE HECHLER: Thank you for your recent letter. We will continue to support your efforts to ban strip mining and make deep mining safe for miners.

We are hoping to get some more effective laws in Pennsylvania.

Very best wishes!

Sincerely,

BLYTHE H. EVANS, Jr.,
District Attorney.

JOHNSTOWN, PA.

REPRESENTATIVE KEN HECHLER: I just want to congratulate you on the stand you take on Strip Mining. That strip mining must be stopped. We surely want our children's children to have pure water to drink. We need a million Reps like you. Yes as you say President Nixon's bill has no teeth in it as there is nothing to study by it whatever. Good luck to you and health to both you and your family.

CLAUDE SHUFF.

SUPERIOR, WIS.,
February 20, 1971.

Hon. KEN HECHLER,
U.S. Representative, West Virginia, Rayburn Office Building, Washington, D.C.

DEAR SIR: I am very encouraged to learn that you have sponsored legislation calling for an end to strip mining in the United States. I wish your efforts complete success.

I also was very encouraged to learn of your public exposé of Interior Department appointees who were supposedly expert in the field of mine safety but were in reality, political hacks. Aside from passing legislation, I feel that it is very important for a Congressman to see that the laws passed by Congress are properly carried out. This, at least in my opinion, has been a major weakness in Congress.

Again, my thanks for your efforts in the above areas.

Very truly yours,

Mr. JAMES BONDANK,
Senior Student at Wisconsin State University, Superior.

POMONA, CALIF.,
February 23, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR MR. HECHLER: I am deeply concerned with conservation and re-establishing a balanced ecology.

I read in yesterday's newspaper of your bill to ban all coal strip mining. This is indeed worthy legislation, and I hope, for all our sakes, that your bill is passed.

Is there anything I can do to help?

Good Luck,

JERRY E. SMITH.

BILLINGS, MONT.,
February 19, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR MR. KEN HECHLER: I read in the Billings Gazette about that range land destructive coal surface strip the sod grass mining. You are so right. Their aim is to destroy Montana Indian lands and public lands. These destroyers will all be destroyed one day in the day of Doom.

The Indians will sell their birthright for a few dollars. We'll all stand behind you against coal strip mining by these destroyers for a fast buck. God will bless you for helping us save the grass lands, where the deer, antelope and prairie chickens live. We the landless boys stand behind you. Save the West.

CARL WALLIN.

POPLAR, MONT.,
February 12, 1971.

Representative KEN HECHLER,
West Virginia Delegation,
House of Representatives,
Washington, D.C.

DEAR MR. HECHLER: I read in today's Billings Gazette that you are planning to introduce legislation to ban strip mining of coal in the U.S. I want you to know you have a supporter in the State of Montana where the mining firms are already getting into action. Unfortunately, there are always individuals who care nothing for the land except what it will put into their pockets. If coal were necessary for heating homes and lighting, I wouldn't object to the judicious removal of coal, but when it comes to ruining the land to get coal to make electricity to operate electric toothbrushes and knives and can-openers, I think we have reached some sort of limit.

I wish you luck.

Sincerely yours,

JOAN F. BROOMFIELD.

FEBRUARY 19, 1971.

Hon. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR MR. HECHLER: Though I am not one of your constituents, I would like to both thank you and congratulate you for your legislative efforts to protect man and his environment.

I also wish you every success for your proposed legislation against strip mining. If it would be helpful to your effort, please pass this along to my congressional representative, Gilbert Gude.

Sincerely yours,

EDWARD VIGUERA.

TENNESSEE DEPARTMENT
OF CONSERVATION,
Nashville, Tenn., February 22, 1971.

Hon. KEN HECHLER,
House of Representatives,
U.S. Congress, Washington, D.C.

DEAR MR. HECHLER: It was certainly gratifying to read of your proposed bill on the curtailment of strip mining. This method of extracting coal and other minerals is definitely a problem in our state, too. In fact, several of our State Parks are jeopardized due to these operations.

Good luck to you and your colleagues in the promotion of this legislation. I shall write other congressmen urging their support.

Sincerely yours,

LARRY RICHARDSON,
Field Naturalist.

MEMPHIS TENN.,
February 13, 1971.

Representative KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE HECHLER: I am writing to congratulate you on your introduction of legislation to ban coal strip mining and prohibit deep coal mining in national forest and wilderness areas.

Please continue in the fight to save our environment.

Thank you.

Sincerely,

Mrs. THOMAS V. SMITH.

H.R. 1 SHOULD BE AMONG THE FIRST ORDERS OF BUSINESS IN CONGRESS

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, millions of Americans, whose hope for a needed increase in social security benefits were disappointed just a few weeks ago at the close of the 91st Congress, now must be wondering if the Congress really intends to take action in their behalf.

There are more than 26 million citizens who have made their contribution to this Nation and who now live on social security benefits.

It did not go unnoticed by these people when the leadership of this session of the House of Representatives designated the social security increase proposal as H.R. 1. To them it is a sign of hope—a sign that they would not be relegated to a back seat this year as they were last year.

These 26 million Americans remember how it was last May when the House passed a social security increase and sent it to the Senate. They remember the long summer, the fall, and the winter while their bill was talked about, and set aside again.

And they remember the final indignity when the social security increase measure came back to the House loaded down with more than 200 cumbersome amendments.

These 26 million Americans saw their hopes die—smothered in an avalanche of senselessness.

Caught tightly in the vise of inflation, they have been struggling from day to day and week to week just to maintain a bare minimum standard of living.

It is incumbent on Congress to do now what should have been done many long months ago. Immediate and favorable action on H.R. 1 is urgently needed.

H.R. 1 is far too important a measure to be used as a vehicle for other considerations. It is far too important to wait longer for action.

The 26 million who look to Congress for help are far too important to be used as pawns in the game of political expediency.

They have made their contribution to society. They have worked long and hard and have had a hand in making this Nation great and in keeping it free. When we look at today's social security recipient, we are looking at workers who gave us the weapons to win World War II. We are looking at the men and women who saw the Nation through a depression in the 1930's, and we are looking at men and women who were among the first to rise to their feet and wear its uniform when trouble faced our land.

In years past, America has looked to them for help and they have given it. Now, they look to us for help and we must not fail them again.

Congress raised their hopes a year ago and those hopes fell short. Now, by designating their bill as H.R. 1, we again have given rise to the hope that something will be done to ease the financial crisis facing almost every one of the 26 million Americans of whom I speak.

It is with a sense of urgency that I respectfully urge the Congress to pass the bill H.R. 1 without further delay. It should be one of the first orders of business in the present Congress.

THE THREATS TO THE UNITED STATES AND FREE WORLD SECURITY

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the Defense report which has been made public by

the Secretary of Defense, the Honorable Melvin Laird, is a very important document. It provides a comprehensive analysis of the status of defense problems worldwide. It analyzes Communist capabilities in unusual detail and it provides a clear picture of the need for modernization of United States and free world forces in the period immediately ahead. I find much of particular interest in a section of this report which is entitled "The Threats to the United States and Free World Security." I feel that this section should have careful study and I earnestly recomend that my colleagues in the Congress not overlook its significance.

THE THREATS TO THE UNITED STATES AND FREE WORLD SECURITY

(Tables not included in the RECORD)

The threats to U.S. and Free World security obviously were a central factor in planning forces and programs to implement the new strategy. Before discussing specific force planning under the strategy, let me review briefly the current and projected security threats. Admiral Moorer, the Chairman of the Joint Chiefs of Staff, will provide a more detailed analysis of the threat in his statement to the Committee.

This section summarizes the major threats we and our friends and allies must confront, primarily in terms of the categories of potential conflicts: strategic and theater nuclear, theater conventional and subtheater. Also included are discussions of different dimensions of the threat: communist military assistance and the technological challenge. Tables 2 through 8 in the Appendix amplify the following summaries.

Although the various military forces are shown in specific categories for ease of understanding and clarity of presentation, such structuring does not mean that these forces can be neatly allocated specific roles in the spectrum of conflict. Just as is the case for U.S. forces, many of the force elements shown or discussed in this threat section could have multi-mission roles, could be used in theater or subtheater conflicts, or could be delivered to other countries under an assistance program.

A. THE STRATEGIC NUCLEAR THREAT

The primary strategic threat to the U.S.—the capability of the Soviet Union to deliver long range, nuclear weapons against targets in the United States—has been a matter of grave concern to us. Shown on Table 9 are our estimates of Soviet strategic offensive and defensive weapon systems in the near term. U.S. strategic forces are shown for comparison on Table 3. Although projections beyond those shown become progressively less certain, especially where they extend beyond the production and deployment leadtimes of the weapon systems involved, we must make such projections for future defense planning.

The Soviets have built up their ICBM forces at a rapid rate during the past five years, and as of the end of 1970, had some 1,440 operational launchers. There are indications, however, that construction on new silo starts has slowed during the past year.

The SS–11 deployment of launchers appears to have leveled off at the present time, with over 900 missiles, part of which are associated with the MR/IRBM fields. The deployment rate of the SS–9s decreased during 1970, even though deployment continued. Work on some sites may have been suspended and work has slowed on several others. The deployment rate of the SS–13 continues as it has for the past four years, with some indication that it may be slowing.

The implications of these trends are still not clear. The Soviets may have completed new starts for a programmed force of SS–9 and SS–11 missiles, or they may have slowed silo construction in order to proceed with retrofit of some existing silos with improved, modified or MIRVed missiles. Alternatively, the explanation may be that the Soviets are preparing to deploy new ICBM systems. We will, of course, be examining the situation carefully in order to get more precise indications of where they are headed.

However, we expect the Soviets by mid-1972, if they elect to continue work on those sites where construction has slowed or stopped, and to maintain the older systems at the current level, to have over 1,500 operational ICBM launchers, part of which are associated with the MR/IRBM fields.

Beyond 1972 our projections of Soviet ICBM launchers and reentry vehicles (RVs) become less firm. As was the case last year, there is still no agreed estimate on what the size and characteristics of the Soviet force will actually be in the period after 1972, or on where it may level off.

It should be kept in mind that although the Soviets probably have no MIRVed missiles operational at the present time, MRVs have been tested many times on the SS–9 since August 1968.

It is evident that the Soviets could have over the next few years, several distinctly different forces depending on their objectives and force decisions. Regardless of the direction in which they proceed, a key question would remain about the accuracy of the RVs in their ICBM force. It is estimated that the accuracy of the SS–9 could be substantially improved by 1975/76. With this improved RV accuracy, the projected Soviet SS–9 missile force could pose a serious threat to the future survivability of undefended MINUTEMAN silos.

The Soviet ICBM threat is augmented by a substantial nuclear-powered, ballistic-missile submarine fleet, that is presently the fastest growing element of the threat. The most capable component of this fleet is the Y-class, which, like the U.S. POLARIS, has 16 tubes for launching missiles. There are now at least 17 such subs operational—capable of launching at least 272 missiles with a range of 1,300 nautical miles. The additional ballistic missile capability in older Soviet submarines gives them a total of more than 350 launchers in the operational inventory. Another 15 or more Y-class are in various stages of assembly and fitting out. At the current production rate of 7–8 SSBNs per year, the USSR could develop an operational force of Y-class submarines by 1974, comparable in size to the current POLARIS force. A longer range submarine launched ballistic missile is under active development. We cannot estimate deployment at this time.

The Soviet intercontinental heavy bomber force, which now numbers around 200 aircraft (including about 50 tankers) continues its slow downward trend of the past few years. Although we believe the Soviet medium bomber force of several hundred aircraft is targeted primarily against the Eurasian area, we cannot ignore the fact that these aircraft do have a one-way mission capability against the United States. The Soviets also have a new swing-wing bomber under development. Its future role has not been determined, but it is estimated to have intercontinental range capability.

With regard to the strategic defensive forces of the Soviet Union, there is extensive deployment of aircraft defenses, as well as an ABM system deployed around Moscow. The Soviets have a large inventory of radars numbering in the thousands and a force of over 3,000 interceptor aircraft. There is a slight trend towards a reduction in the number of these interceptors, but the quality of the force has improved. Four new interceptors have been added since 1964, and these newer models make up a substantial part of the force. In addition, four different SAM systems, with about 10,000 launchers, are presently deployed for air defense. There is concern by some of my technical experts that the SA–5 SAM might be capable of adaptation for certain ABM roles.

The Soviets now have four MOSCOW ABM complexes (ABM–1) operational. They are continuing construction of surveillance radars which could be a part of an ABM system, and are actively working on R&D related to development of new ABM system components, including a new missile. Further details are shown on Table 3.

As for the strategic nuclear threat of the Peoples Republic of China, their progress toward achieving an ICBM capability is continuing. The sophistication of Chinese missile programs was clearly indicated by the launching of China's first satellite in April 1970, probably using stages of an IRBM now under development. We believe that the Chinese could attain an initial operational capability (IOC) with ICBMs within three years after flight testing commenced. The start of testing has not yet been confirmed, but a reduced range test of an ICBM may have occurred in late 1970. Thus the earliest possible date for deployment would be 1973, but it is more likely that the Chinese ICBM will not attain IOC until a year or two later, and they probably could not have significant numbers of ICBMs deployed until late in the decade.

Further details on Chinese strategic systems are provided in Table 4.

B. THE THEATER NUCLEAR THREAT

The theater nuclear forces of the Soviet Union include large numbers of ballistic missile launchers (including short, medium, intermediate, as well as variable range missiles) and tactical surface-to-surface missile launchers assigned to their ground forces. In addition, their large medium bomber force of about 700 aircraft in Long Range and 400 aircraft in Naval Aviation is capable of carrying nuclear weapons, as are a substantial number of light bombers, fighter bombers and fighters in the tactical air forces. Soviet naval forces, both surface and sub-surface, also carry nuclear-capable missiles.

Theater nuclear capabilities of the Peoples Republic of China probably are limited currently to medium bombers, but limited deployment of the Chinese medium range ballistic missile (MRBM) may have occurred. The emphasis in Chinese R&D appears to have shifted in 1970 from the MRBM to development of an intermediate range ballistic missile (IRBM). The Chinese MR/IRBM development efforts have also provided important experience for their ICBM program.

By mid-1971, the Chinese are expected to have a small number of MRBMs deployed. Their IRBM could attain IOC within the next year or two, and by mid-1972, the Chinese are expected to have operational a modest number of missiles, with a mix of MRBMs and IRBMs. This will, of course, provide an additional nuclear threat to the free nations of Asia.

China's primary aircraft for nuclear weapon delivery is the BADGER, now in series production. They now have a few of these aircraft operational and are expected to have a significant force by mid-1972.

C. THE SOVIET AND WARSAW PACT THEATER CONVENTIONAL THREAT

Over the past year, we have seen the Soviet and other Warsaw Pact forces continue their growth both in quality and in quantity. The Soviets now have at least 160 divisions including motorized rifle, tank, and airborne. This total includes divisions deployed along the USSR-Chinese border.

It should be borne in mind that Soviet divisions are appreciably smaller than their U.S. counterparts, and that the Soviets allocate a considerably smaller proportion of

their manpower to combat and service support functions than we do.

Admiral Moorer will discuss Soviet ground forces in greater detail in his presentation to the Committee.

Ground Combat. The Soviets probably will continue for the next few years production of the T-62 medium tank, with modifications.

In other categories of equipment we believe that the Soviets will gradually equip infantry units in at least some of the divisions with a new amphibious armored infantry combat vehicle. Furthermore, the Soviets are almost certainly experimenting with improved conventional weapons and within several years the Soviets could have sizable operational inventories of improved conventional artillery shells, bombs, and missile warheads in theater force units.

We believe the Soviets will retain their current family of tactical missiles and that the number of tactical launchers will continue to grow.

Tactical Air. In tactical aviation, a gradual buildup probably will continue for the next few years. Over the longer term, the total aircraft inventory probably will decline as newer aircraft models reduce the requirement for large numbers of older fighters and light bombers. As of 1 January 1971, we believe that the force consisted of over 4,500 aircraft, including reconnaissance and support types. Almost half are capable of delivering nuclear weapons, though some of these aircraft at the present time are assigned to units that do not have a primary ground attack mission.

The Soviets have developed several new aircraft which could satisfy their requirement to replace obsolescent ground attack and light bombers and improve their air defense capability. One of these aircraft became operational in 1970, and another may be operational now in Soviet tactical aviation. A third, FOXBAT, recently was deployed with strategic defense forces as an interceptor, and may enter the tactical aviation inventory in 1971. If employed in tactical aviation, it is believed that the FOXBAT will retain its primary role as an interceptor and fulfill a specialized secondary reconnaissance role.

Air Defense We expect the Soviets to continue to expand and improve their theater air defense systems, including the command and control systems and the tactical missile systems. The SA-4 GANEF missile system which has been in service with Soviet forces in the USSR and Eastern Europe since 1967, is now entering service with several of the subordinate armies, and the SA-6 GAINFUL is currently being deployed to upgrade Soviet capability in this category.

Naval Forces. It is obvious that an open-ocean navy has been developed by the Soviet Union. Already having the largest submarine force in the world, the Soviets have introduced several new, advanced classes of submarines since 1968. The Y-class SSBN already has been discussed. The introduction of nuclear-powered, cruise missile attack classes has added a new dimension to submarine warfare.

By the mid-1970s, the replacement of older diesel-powered, cruise missile and attack submarines with new nuclear-powered vessels could result in a quantitatively smaller but qualitatively improved submarine force.

Concurrent with this massive submarine construction and development program, the Soviets have introduced new and advanced naval missile systems.

Over the next five years, we expect the composition of the Soviet's major surface combatant fleet to change significantly as new missile-equipped combatants replace ships armed with guns. Whereas in 1970, missile-equipped surface combatants accounted for 23 percent of the major surface combatant fleet, by 1975, we project that some 40-50 percent of the fleet will be missile-armed.

Life Capability. With regard to lift forces the Soviets have increased their military air transport capability to include the AN-22/COCK heavy logistic transport, a number of which are operational with transport units. The new AN-22 can carry nearly 100,000 pounds of cargo to a radius of 2,800 nm or 175 troops to a radius of some 5,000 nm.

General—Warsaw Pact. With regard to future developments in forces of other Warsaw Pact nations, we believe that there will be qualitative improvements in general purpose forces over the next decade, but we see no trends which indicate substantial changes in their contribution to Warsaw Pact capabilities. Barring disruptive political developments, we believe the Soviets will continue to place heavy emphasis on East European forces opposing NATO.

D. THE IMMEDIATE THREAT IN THE MIDDLE EAST

We are hopeful that the initiative for peace in the Middle East will be successful. The President has described this area as ". . . the most dangerous . . . with its vastly greater potential for drawing Soviet policy and our own into a collision that could prove uncontrollable."

The situation in the Middle East can be fitted into potential categories of possible conflict only with difficulty. This illustrates the point I made earlier that forces which we have included in one category—such as the Soviet theater conventional threat—also represent capabilities that could be used in other types of conflict. The immediate threat in the Middle East, of course, consists of the potential for war between Arab states and Israel, but the possibility exists that such a conflict could involve the Soviet Union and the U.S. The balance of power in the Middle East obviously has a vital bearing on the U.S. security interests in that area. Moreover, the Soviets are deeply involved with and in some of the Arab states in the area.

Thus, we are striving to prevent the outbreak of a war that has a chance—however slight—of leading to a U.S.-Soviet confrontation, and we are trying to help obtain a peace settlement that will promote economic and political stability in the area. As the President has explained, our assistance programs are designed to preserve a balance of military power in this area.

The combined military forces of the Arab countries which are likely to be involved in a conflict—those of Egypt, Syria, and possibly Jordan and Iraq—are numerically superior to the Israeli forces. As before the June 1967 war, however, the qualitative superiority of the Israeli armed forces offsets the numerical difference.

E. THE THEATER AND SUB-THEATER THREAT IN ASIA

Our Asian allies and friends are faced with a threat that differs somewhat from that posed to NATO by the Warsaw Pact. The forces of the Peoples Republic of China, North Korea, and North Vietnam are able to engage in subversive and small-scale guerrilla attacks in bordering states, as well as being capable of mounting full-scale conventional attacks in adjoining countries. These forces, therefore, pose both a potential theater conventional threat, and a subtheater threat. This should be kept in mind as we address the total forces available to China, North Korea, and North Vietnam.

In addition, the Soviet forces in Asia, which were covered previously, must be considered as part of the theater threat in Asia.

Communist China, however, poses the principal general purpose force threat in Asia. The Chinese army consists of approximately 2.5 million personnel, organized into a total of more than 140 combat divisions. The air force (including the Navy's air arm) consists of more than 4,000 aircraft, of which most are jet fighters, and a small fleet of about 300 jet bombers. The Navy's main offensive strength centers upon a growing force of more than 40 attack submarines, a number of which are of the medium-range R-Class; and increasing numbers of guided missile patrol boats. Chinese production of army ordnance, new guided missile destroyers and advanced jet fighter aircraft are contributing to a rapid modernization of the general purpose forces.

The Peoples Republic of China could conduct major offensive operations in four non-Communist areas: South Korea, Taiwan, Southeast Asia and India. While the Chinese have the largest land military force in the world, a commitment of forces in conventional military operations on more than one front would impose serious burdens on their available logistic resources, and is considered unlikely today, given China's limited logistic capabilities and its border problems with the Soviets. Such an effort would be possible only if there were no interdiction of China's lines of communications (LOCs) and capacity to make war.

Of course, in addition to the potential of its regular combat forces, China has significant ability to promote and support subversion and insurgency in peripheral areas.

North Korea poses another significant threat in Asia. The country's general purpose forces are relatively modern in structure and equipment and have attained a high state of combat readiness. The Army consists of some 360,000 personnel and about 25 division equivalents and could probably engage in initial offensive operations without external assistance.

The North Korean Air Force has more than 550 aircraft in its tactical air inventory, including MIG-21s. The air force also has a number of transport planes (including helicopters), and a small number of light bombers and 70 trainer aircraft.

The Navy includes a small submarine force, guided missile patrol boats, and a sizable number of motor torpedo boats.

Any sustained conventional offensive operations would require considerable material and possibly military personnel assistance from North Korea's Communist allies. However, North Korea is capable of mounting a wide variety of unconventional warfare operations.

The North Vietnamese theater and subtheater threat in Southeast Asia is significantly different from other threats in Asia since a portion of its force already is engaged in actual combat. We must, however, recognize the full dimensions of the military threat that could be posed by the North Vietnamese in Southeast Asia.

The Army has a total in-country strength of 315,000 and is organized into 13-14 division/commands. The Navy is relatively small and consists primarily of motor gun and torpedo boats. The North Vietnamese have a total of more than 200 fighter and attack aircraft in the Air Force. While most of these are MIG-15/17/19s, a significant number are MIG-21s.

The actual deployment of the North Vietnamese Army outside its territory will be covered in the next section.

A brief summary of the threat in Asia is shown in Table 8.

F. THE IMMEDIATE SUB-THEATER THREAT IN SOUTHEAST ASIA

The actual deployment of a substantial portion (roughly half) of the North Vietnamese Army in South Vietnam, Cambodia and Laos, along with the North Vietnamese support of local communist forces (Viet Cong, Khmer Communist, and Pathet Lao) in these countries, provides the immediate threat to our friends and allies in Southeast Asia. In South Vietnam we believe there are a total of at least 240,000 Viet Cong and North Vietnamese personally actually deployed.

The major threat to friendly forces in South Vietnam continues to be posed by those VC/NVA forces just north of the DMZ, in the southern Laos Panhandle and in the

northern two provinces of MR 1. The principal Communist threat in South Vietnam is the enemy's continued capability to launch a major, multi-regimental-level operation. In other areas, we believe the enemy will retain the capability of causing serious but temporary disruptions by launching significant, isolated attacks if he commits the bulk of available forces. Additional information on the security situation in South Vietnam is covered in Section I, Chapter II, of this report.

Communist strength in Cambodia is estimated to be over 55,000 VC/NVA forces and Khmer Communists. Communist activity here has been characterized by persistent light-to-heavy military pressure against population centers, increased acts of terrorism, sabotage and interdiction of major lines of communication throughout the countryside. Current Communist strength in Laos is estimated at about 145,000 North Vietnamese and Pathet Lao.

The present threat to Thailand is primarily one of insurgency. Although the insurgency continues to expand, it is not yet considered a serious threat to the internal stability of the Royal Thai Government. This assessment was given me by Thai officials during my recent visit there. Insurgents along the Thai/Malaysian border are under the direction of the Communist Party of Malaysia (CPM). The remaining insurgents are under the direction of the Communist Party of Thailand and receive some support from the Peoples Republic of China, North Vietnam, and Pathet Lao.

G. COMMUNIST MILITARY ASSISTANCE

Communist military assistance programs are another important aspect of the threat to Free World security interests. Soviet and Communist Chinese aid to North Vietnam, North Korea and the Warsaw Pact countries clearly increase the military threat which we and our allies must face. Moreover, Communist military assistance programs to non-Communist countries can, as in the case of the Middle East, pose a real threat to the maintenance of regional military balances. We do not have precise and complete data or means of measuring and estimating Communist military aid programs, but the information we have does indicate their overall magnitude and direction. We have not included economic assistance, which can, in some cases, be as effective as military assistance, and which we believe is substantial.

1. Intra-Communist military assistance

Our current best estimates are that military aid among Communist countries approximated $15 billion in the 1955–1970 period, with more than 85% provided by the Soviet Union.

The largest amount of intra-Communist military assistance has gone to North Vietnam. More than 70% of it has been supplied by the Soviets, and virtually all of the remainder by Communist China. Between 1966 and mid-1970, Soviet aid to Southeast Asia has been concentrated on North Vietnam, and in that period, Hanoi has received substantial military equipment.

North Korea is also a major recipient, with the Soviet Union supplying all except a small amount provided by Communist China. During the period from 1966 to mid-1970, the Soviets provided North Korea assistance for the maintenance and modernization of North Korea forces.

More than half of the intra-Communist assistance in the 1955–1970 period is accounted for by aid transfers among the USSR and Eastern European countries. The Soviets have, of course, provided the vast bulk of this aid, but Poland and Czechoslovakia have also had fairly sizeable programs. Soviet assistance to Eastern European Communist countries has averaged over $500 million annually in the last ten years, and has included some of their most sophisticated aircraft and missile equipment.

The other two major Communist recipients of Soviet military assistance since 1955 have been Cuba and the Peoples Republic of China. Soviet assistance to the CPR totalled about $1.3 billion before it was terminated in 1960. Soviet military aid to Cuba has averaged about $20 million annually, and it is likely to continue at about that level for the next few years.

2. Communist assistance to other countries

Communist countries have provided, in addition to the intra-Communist flow of military assistance, about $8 billion in military aid to other countries in the 1965–1970 period. The bulk of it, over 85%, has been provided by the Soviet Union, and the remainder by Eastern Europe (12%) and the CPR (2%).

Middle Eastern countries have received the largest proportion of this military aid (almost 55%), and this area is expected to remain the major recipient of Soviet aid to non-Communist countries. The UAR and the Soviet Union reportedly concluded a new military aid agreement during 1970, which probably covered the introduction of the SA–3 surface-to-air missile system into the UAR. Since 1967, the Soviets have also concluded military aid agreements with Iran which amount to over $300 million in value.

The Soviets have also provided significant amounts of military aid to the countries of South Asia, particularly India and Afghanistan. Soviet efforts to upgrade Afghan capabilities and increase their influence in India and Pakistan are expected to keep Soviet assistance to this area at relatively high levels in the next few years.

Soviet military aid to Indonesia was virtually cut off in 1965 after the fall of the Sukarno government. Since that time, Soviet aid to Indonesia has been limited to the sale of small quantities of spare parts for equipment previously supplied.

The Soviets have also provided smaller but still significant amounts of military aid to African states. Soviet aid in Africa has emphasized areas in North Africa and along the Red Sea which are adjacent to the major recipient countries in the Middle East.

The Chinese have provided substantial amounts of military aid to Pakistan and Tanzania in recent years.

H. THE TECHNOLOGICAL CHALLENGE

Forces in-being and military assistance are only part of the military threat to our nation's security. The technology behind the capabilities of our potential opponents, particularly the Soviets, is of severe concern to us. With the continuing technological effort on their part, we must expect the Soviets will be capable of reducing our technological lead in some areas, and at some point in the future, we could even lag in certain critical areas.

Since 1968, the Soviet RDT&E budget has increased at 10% to 13% per year, while that of the U.S. has remained essentially constant. Our estimates indicate that the Soviets are now spending, in 1968 equivalent dollars, some $3 billion more annually on military and space research and development than we do. The Soviet level of military and space technological effort appears to be significantly larger than that of the U.S.

With a technological effort of that size, our analyses indicate that the Soviets could reduce our technological lead of several years by approximately one year with the passing of every three years. Towards the mid-to-late 1970s, we may find that we have no technological lead at all—or worse—we may lag several years behind the Soviets in some critical areas by that time.

Although these comments relate primarily to our estimates of funding associated with Soviet research, the same general trends are evident with regard to other measures—manpower, facility growth, and basic research efforts. Given the fact that theirs is a closed society, if the Soviets were to take the technological lead, it would be much more difficult for us to guide our intelligence collection activities, to interpret the information we do acquire, and to make confident decisions based on this information.

The earlier part of this chapter points out the highlights in the growth of Soviet technical capabilities. As I mentioned earlier, there may be other, perhaps dramatic changes as a result of this Soviet momentum, which could emerge unexpectedly from their closed society, and which could create urgent problems for us in the future. These surprises and consequent problems could occur across the spectrum of capabilities—as unexpected threats to strategic force survivability, as new tactical weapons and surveillance systems which we might not understand or be able to cope with, and as other improvements in existing systems.

I mentioned earlier our review of U.S. R&D programs, our reasons for the increases we are proposing in R&D for FY 1972, and some of the R&D initiatives we are taking. In the next chapter, I will discuss many of the major development programs contained in the Defense Budget, relating to force modernization and improvement.

We cannot guarantee that technological surprises and problems will not develop, but unless we increase our research effort and improve its application, we can be increasingly confident that they will. Dr. Foster will discuss the technological challenge in greater detail when he appears before the Committee.

THE CIVIL AERONAUTICS BOARD AND AIRLINE FARES

(Mr. MOSS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MOSS. Mr. Speaker, on March 8, 1971, a number of colleagues and I filed a petition for reconsideration with the Civil Aeronautics Board. The petition concerns the Board's recent order responding to our earlier request that a hearing be held to fashion a remedy for the air fares that were found to be illegal by the Court of Appeals for the District of Columbia Circuit. Our petition for reconsideration asks the Board to modify its order and remove several ambiguities. The petition, along with the Board's order, follows:

PETITION FOR RECONSIDERATION

By Order 71–2–109, dated February 25, 1971, the Board has announced its decision to institute an investigation, including an adjudicatory hearing, with respect to the unlawful domestic passenger fares that were based upon illegal Board Order 69–9–68 and that went into effect as of October 1, 1969.

Complainants, who requested such an investigation some seven months ago following the decision of the United States Court of Appeals for the District of Columbia Circuit in *Moss* v. *CAB*, 430 F. 2d 891 (July 9, 1970), are gratified by this development. Complainants believe an investigation is an important part of the remedy process which the Court of Appeals envisioned when, at the conclusion of the *Moss* opinion, it remanded the case to the agency for "further proceedings." They wish to assure the Board that they will cooperate to the full extent of their capabilities in this further endeavor to restore legality to airline fares. Complainants earnestly hope that the forthcoming investigation will be conducted in compliance

with the Board's declared purposes to "clear the air" and "remove the uncertainty currently surrounding the fares in question."

It is true that various aspects of Board Order 71–2–109 are not in accord with Complainants' views regarding the proper approach for an investigation of the fares in question. Those views were expressed in Complainants' Complaint of July 24, 1970, requesting this investigation, and in Complainants' Brief of October 15, 1970, in response to Board Order 70–9–73, of September 15, 1970.[1]

Nevertheless, the important fact from Complainants' point of view is that an investigation is now to be instituted. Complainants therefore propose to defer their contentions relating to the fares in question until the investigation itself, in order that a clear and complete record may be compiled by the hearing examiner. Complainants would hope and expect to encounter a similar approach on behalf of both the Board and the carriers.

* * * * *

Complainants are hopeful that their desire for a single, effective, comprehensive investigation of the fares that went into effect as of October 1, 1969, is shared by both the Board and the carriers. It is in a spirit of cooperation that Complainants now petition the Board, immediately following issuance of Board Order 71–2–109, for clarification of some of the ambiguities they find in that order. Obviously, it will be dilatory and wasteful if the reviewing court eventually finds that the agency's investigation of fares was aborted at the outset by an overrigid definition of its scope and an improper organization of its procedures, and that a second investigation or some other remedial action must be undertaken. Accordingly, Complainants urge the Board to reconsider its recent order and make clear that *all* pertinent issues, comprising *all* points of view, can be presented to the hearing examiner and included in the record that is compiled for Board and, ultimately court review.

With these considerations in mind, Complainants would make the following specific suggestions to the agency as a basis for reconsidering and clarifying its Order 71–2–109.

1. The Board appears to have cut off the proposed investigation as of October 14, 1970, the date on which tariffs called for by the Board in Order 70–7–128, of July 28, 1970, went into effect. In Order 71–2–109, the Board has referred to the October 1970 tariffs as "new," filed "without the onus of Board compulsion as found by the Court," and pursuant to procedures "approved by the Court." The Board well knows, however, that Complainants do not agree with the Board's views regarding the legality of the October 1970 tariffs, and that there is ample basis in the relevant facts for Complainants' position. It would be pointless here to summarize all of the arguments and other considerations that Complainants have already put forward, and which are therefore in the Board's files in this case, to support the contention that the October 1970 fares were and are as illegal as those that preceded them. Whichever way the Board chooses eventually to come out, there is a genuine issue here; and nothing yet said by the Court of Appeals has resolved that issue one way or another. Therefore, Complainants ask that the Board reconsider the cut-off date and that the forthcoming investigation be expanded to permit consideration of the October 1970 fares as well as those that have been filed since that time.

2. The Board, in footnote 5 to Order 71–2–109, seems to have instructed the parties and the hearing examiner that only the "general level of fares" is to be investigated:

> We are concerned here with the reasonableness of the general level of fares which took effect on October 1, 1969, in compliance with Board Order 69–9–68, which the Court declared invalid in the *Moss* case. As we have indicated in earlier orders, the October 1, 1969, fare increases increased the average industry level of fares by approximately 6.35%. However, a substantial number of fares, particularly in long-haul markets, were reduced, many others were not changed, and those that were increased, were increased by widely varying percentages. The investigation we are instituting will not be concerned with either assessing or determining the reasonableness of specific fares in the myriad of city-pair markets in the United States, but only with the reasonableness of the general level of fares effective during the retrospective period, the returns to the carriers which they produced, and their conformance as a whole to the standards of Sections 1002(e) and 102 of the Act. More specifically, we are concerned with the question of whether the fares charged were within the zone of reasonableness and, if not, the extent to which the carriers were "unjustly enriched."

It seems clear, however, that the investigation should not be thus limited. The structure of fares is as relevant to reasonableness as their level. And if the Board has chosen to fix rates in wholesale lots, rather than on a city-pair by city-pair basis, that choice is itself an integral part of the agency's rate determination and should be subject to scrutiny as being, or not being, in accordance with the Federal Aviation Act. As Complainants read the statute, the reasonableness or unreasonableness of any particular tariff does not necessarily have anything to do with the reasonableness or unreasonableness of the tariff in any other market; there is no reason why travelers in Market A should be made to pay unreasonable rates on the ground that rates in Market B have been set at a particular level. If the agency wishes to maintain a contrary position, that is its privilege—but that position should itself be subject to question in the forthcoming investigation.

Moreover, the standard of "unjust enrichment" is a figment. It does not appear in the *Atlantic Coast Line* decision which the Board cited in Order 70–9–73 and which went off on the more general question whether "the money was received in such circumstances that the possessor will give offense to equity and good conscience if permitted to retain it." 295 U.S. at 309. The standards may be equivalents in the Board's mind. But Complainants believe the "unjust enrichment" norm is susceptible of being read too narrowly: it would surely be no defense against a charge of unreasonableness if the carriers were to show merely that the fares in question did not actually produce higher gross revenues or that the carriers squandered their revenue away. After all, Complainants have been contending all along that these fares not only were injurious to the traveling public, but would not serve to increase carrier earnings.

For the foregoing reasons, Complainants suggest that the Board withdraw the statement made in footnote 5 and defer decision on this issue, thus permitting Complainants to explore their position fully before the hearing examiner.

3. Complainants object to various statements in Order 71–2–109 which either misrepresent Complainants' position or indicate that the agency has already prejudged the forthcoming investigation. More specifically, with respect to footnote 6 in the order, it is inaccurate to summarize Complainants' position by stating simply that "they seek a remedy for illegal and excessive Board-made rates which are successfully challenged on substantive grounds on direct court review . . .;" with respect to footnote 16, it is similarly inaccurate to summarize Complainants' position with the statement that "the complainants argue that *Atlantic Coast Line R. Co.* v. *Florida* . . . is inapplicable because the fares here in question were invalidated for substantive rather than merely procedural errors and were for that reason void rather than voidable as in the *Atlantic* case." And with respect to the discussion on page 5 of the order, Complainants believe the statement that the Court of Appeals in the *Moss* case declared fares unlawful "on what we believe to be purely procedural grounds, intimating no opinion as to the fares' justness or reasonableness," is highly prejudicial when read in conjunction with the other statements just quoted.[2] The Board has completely missed the Complainants' point: (a) that the fares in question were in fact *invalidated* by the Court of Appeals because the Board completely failed to observe the requirements of section 1002(d) of the Federal Aviation Act, an infirmity far more serious than, and completely distinguishable from, the "imperfections of form" and "slips of procedure" that were involved in the *Atlantic Coast Line* case; (b) that the fares in question were *invalid* when they reached the Court of Appeals not only by reason of the Board's failure to observe section 1002(d) but also because the Board failed to observe section 1002(e), an infirmity that can in no meaningful sense be referred to as "procedural;" (c) that the fares in question cannot (even now) be harmonized with the requirements of the Federal Aviation Act. If the Board wishes to summarize Complainants' views, Complainants would urge that it simply quote from this Petition; in any event, the agency should refrain from misstating and prejudging Complainants' position.[3]

4. The Board makes clear that if it now finds the illegal fares to have been "reasonable," it will not have to determine whether it has power to grant relief. The Board at no point, however, states what will happen if it finds the fares to have been "unreasonable." Perhaps the chances of finding "unreasonableness" are so remote in the Board's mind that it has chosen not to face up to this possibility in a serious way. Complainants would have thought, however, that—if only to appear unprejudiced and open-minded—the Board would have made some

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[1] The agency will appreciate that Complainants wish to preserve the points made in these documents and that they therefore wish that their Complaint and their Brief be incorporated in the record of the forthcoming investigation, in order that a full record may be available to the Court of Appeals. Normally, Complainants would assume that the complaint which initiates an investigation and a brief filed in support of such a complaint would be included in the record of that investigation. But the Board, in Order 71–2–109, changed the docket number and caption of this proceeding "in order to avoid confusion and to describe more accurately the investigation being undertaken herein." Complainants take it that this change responds to some internal requirement of the agency and that it is not intended to cast the forthcoming investigation as something other than the "further proceedings" envisioned by the Court of Appeals in the *Moss* decision.

[2] It is a mystery to Complainants why the Board seems to believe that the identification of its error as "procedural" or "substantive" is decisive of anything of significance in this case. The *Atlantic Coast Line* decision does not support the proposition that refunds depend upon any such distinction. But resolution of this matter can be deferred until the investigation itself.

[3] Complainants also suggest that the new caption of the case be changed from "Reasonableness of Passenger Fares Charged by Domestic Trunkline and Local Service Carriers" to something more neutral such as "Relief Proceedings Concerning Passenger Fares Charged by Domestic Trunkline and Local Service Carriers."

provision for a finding of "unreasonableness." Accordingly, we urge the Board to modify its order to indicate that if the fares are found to be "unreasonable" it will forthwith, without any further hearings, briefs, or other delays (1) render a decision on its power to grant relief and (2) grant or deny relief. If any party has further authorities or arguments to make on this question, it should do so in the investigation. To put it bluntly, Complainants would be dismayed if the investigation concluded that the fares were "unreasonable," but still more time were required for a separate hearing or new briefs on the jurisdictional issue, which Complainants regard as ripe for decision now.[4]

5. The Board's order gives specific instructions to the hearing examiner on various issues, and this approach may be both proper and helpful. However, Complainants believe the Board should also give a broad general direction to the hearing examiner to cope with issues the Board does not anticipate. The investigation that has been ordered by the Board is a proceeding of the utmost delicacy, since it casts the agency in the role of judge and jury of the consequences of its own prior actions, which have already been held illegal by a court. Such proceedings are anomalous in the traditions of American jurisprudence, where the central theme is impartial third party resolution of adversary relationships. Complainants believe it is incumbent on the agency, at the outset of such a peculiar proceeding, to take every conceivable step to mitigate the inherent and inevitable conflict of interest that is involved on its part.[5] Regardless of the outcome, we hope the record will be kept full and complete so that the reviewing court can ultimately determine the propriety of the process utilized and the legality of the substantive decisions in the instant investigation.

6. Complainants would raise one final point relating to the procedures to be followed in the hearing. Contrary to certain suggestions in Board Order 71–2–109, the forthcoming investigation clearly will be burdensome for Complainants.[6] They undertook this case almost two years ago in the interests of the traveling public, without expectation of personal gain, without a source of funds to pay litigation costs, and without ready access to carrier- and Board-held information. Complainants have proceeded to this point by a process of simply asking questions regarding the conformity of the carriers' and the agency's action to the requirements of the controlling statute. In so doing they have enlisted the support of others who are concerned with the public interest aspects of the case. The investigation now ordered by the Board calls for a further expenditure of resources by Complainants, a factor the Board should not treat so lightly.

We would point out two aspects of this case which are particularly important to the procedures to be followed at this juncture. First, Complainants are now in the position of an aggrieved party in this case. They have carried their burden in showing to the satisfaction of a court that the Board and the carriers acted in violation of the statute. Second, most of the information relevant to the relief Complainants request in the forthcoming investigation lies almost entirely in the hands of the carriers and the Board. It is the carriers and the Board, therefore, who should bear the primary burden of answering the questions relevant to relief, especially since they share the responsibility for the illegality of the fares in question.

When litigants representing a broad public interest establish the legitimacy of their concern, as has happened in this case now that the Court of Appeals in the *Moss* decision has found the fares to be illegal, public policy dictates that procedures be followed which will facilitate the determination of the legal consequences of the dereliction that has been established. In short, Complainants are clearly entitled to a relief proceeding which puts as little burden on them as possible and places the burden to the maximum extent possible elsewhere.[7]

It is with these considerations in mind that Complainants request that the Board clarify its order to make clear to the hearing examiner that the investigation be organized so that the burden for showing that the fares in question are reasonable rests first with the carriers; that the Board make provision for the Board or carriers to undertake to pay the necessary costs, such as travel expenses,[8] fees for witnesses and other experts, and legal fees that Complainants reasonably may incur in the course of these proceedings; and that the Board make available such further assistance as the Complainants may, in the course of these proceedings, reasonably find necessary to a presentation of their case.

Complainants believe these requests are not only fair but necessary to assure the integrity of the forthcoming investigation and the legality of the resolution of this case. For the Board should make no mistake, the public has been irretrievably harmed by the illegality that has already been proven. A finding by the Board at the conclusion of this investigation that no relief is authorized or justified will not change the fact that illegality has occurred and harm has been done. When public officials act contrary to the public trust reposed in them, there is always and inevitably harm, for the respect for public institutions that is the ultimate underpinning of democratic government is undermined. The Board had best understand that no determination it might now make of the "reasonableness" of fares can vindicate or itself compensate for the illegality that occurred. The only way to restore public confidence in the Board as an institution is if the investigation is handled fairly and a just result reached. Thus, ensuring that the public will be effectively and fully represented is a vital concern and responsibility of the Board, and the granting of these requests is an important part of a proper discharge of that responsibility.

* * * * *

Complainants conclude by respectfully requesting that the Board react positively and promptly to these suggestions for clarification of Order 71–2–109 and to the other matters raised in this Petition. For all of the Order's shortcomings, Complainants wish to express their congratulations to the Board for finally making the basic decision to go forward with an investigation, and to reiterate their intention to cooperate with that investigation to the fullest possible extent in order to further the interests of the traveling public.

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon all other parties in Docket 23140, *i.e.*, all domestic trunkline and local service carriers. I have also caused the foregoing document to be mailed to all counsel for plaintiffs in Docket No. 58 before the Judicial Panel on Multi-District Litigation, and upon counsel for *Rose, et. al.* v. *American Airlines, Inc., et al.*, N.D. Ill., Civil No. 70C–1844.

STANFORD G. ROSS.

MARCH 8, 1971.

[Order 71–2–109: Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 25th day of February, 1971—Docket 23140]

REASONABLENESS OF PASSENGER FARES CHARGED BY DOMESTIC TRUCKLINE AND LOCAL SERVICE CARRIERS FROM OCTOBER 1, 1969 THROUGH OCTOBER 14, 1970

ORDER INSTITUTING INVESTIGATION

On July 24, 1970 Congressman John E. Moss *et al.*, filed a supplemental complaint with the Board[1] requesting, *inter alia*, that the Board institute an adjudicatory proceeding to determine appropriate relief for alleged fare overcharges for the period during which the air carrier parties charged fares pursuant to the tariffs declared unlawful by the Court of Appeals for the District of Columbia Circuit.[2] This period extended from October 1, 1969 "through the date on which lawful domestic passenger fares are reestablished."[3] Specifically, the supplemental complaint requested that the Board calculate "the sum unlawfully extracted from the public" and "the proper disposition of the overcharge."

Initially, the Board entered an Order on Supplemental Complaint (Order 70–9–73, September 15, 1970) calling for briefs from the parties on a number of troublesome issues in order to assist the Board in deciding whether to institute the requested proceeding. Briefly, we asked for the parties' views on (1) the Board's legal power to order refunds or grant other relief, assuming that the fares charged after October 1, 1969 embodied "overcharges"; (2) the nature of the proof appropriate to a determination of unreasonableness or that the fares in question constituted "overcharges"; (3) the interrelationship of the requested proceeding and the *Domestic Passenger-Fare Investigation*, Docket 21866, now in an advanced state of progress; and (4) the practicality and feasibility of the various suggested forms of relief, if any, to be accorded.

The materials that we have requested have been submitted.[4] The Board has carefully considered all of the arguments and contentions presented, and we conclude that the public interest requires that we provide for the adjudicatory proceeding requested by the supplementary complaint and supported by

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[4] It should be noted incidentally that the Board is incorrect on page 4 of its order, where it states that "the air carrier parties . . . [argue] that the Board lacks power to order relief in the nature of refunds or reparations . . . ." Actually the positions of the carriers with regard to the jurisdictional issue, at least the positions that have been reduced to written statements, differ widely. *Compare*, e.g., Brief of American Airlines, Inc., and Brief of Northwest Airlines, Inc., *with* Brief of Trans World Airlines, Inc.

[5] The possibility for conflict is increased in this case by the pendency of the Domestic Passenger-Fare Investigation. Complainants are hopeful that the agency will take care so that conclusions reached in that proceeding will not be improperly influenced by conclusions necessary to this one, and vice versa.

[6] Complainants would recall to the Board that the choice to postpone decision of the jurisdictional issue until after a factual investigation imposes on Complainants a burden which the Board may eventually decide to have been unnecessary. The reasons given by the Boards in Order 71–2–109 for the structure it has chosen for the investigation have nothing to do with this case.

[7] Board Chairman Browne, in announcing last October the formation of a new Consumer Affairs Committee to advise the Board, spoke of an effort "to be sure that the people who don't have an organized way to express themselves, particularly the consumer, have a better voice, or better influence, on our proceedings." Chairman Browne also said [is] not an attempt to muffle any criticism. This is a chance for a dialogue but the last thing we want to do is to stifle criticism. The best thing we can do is ventilate it." Complainants believe the forthcoming investigation will afford the Board an attractive opportunity to permit effective consumer criticism of and participation in its activities.

[8] See, in this connection, § 403(b) of the Federal Aviation Act and §§ 223.2, 223.8 of the Board's regulations.

Footnotes at end of article.

virtually all of the carriers. These proceedings should not be burdensome to the parties since, as we explain below, the voluminous materials developed in the *Domestic Passenger-Fare Investigation* will be available for use here.

Specifically, we have determined that in light of all the circumstances an investigation should be initiated, including an adjudicatory hearing, to determine whether the fares charged from October 1, 1969 through October 14, 1970 were unjust and unreasonable, and if so, the amount of any overcharges that resulted for the period in question.[5] The fact that we are instituting an investigation does not necessarily reflect a view that the Board has power to grant relief; rather, we will defer resolution of this jurisdictional issue until such time as the factual issue of reasonableness is ready for decision. Moreover, we will also defer until that time the form any eventual relief may take, although we will expect the parties to develop an evidentiary record on this issue. We are also persuaded that this investigation should remain separate and distinct from the *Domestic Passenger-Fare Investigation*, but to the extent that evidence in the latter proceeding is relevant herein, such evidence is to be utilized to the maximum extent possible. Finally, we find that the justness and reasonableness of the fares in question will be best determined by application of the standards traditionally governing Board practice in rate cases as set forth in Sections 102 and 1002(e) of the Act. The reasons and bases for our action are more fully explicated below.

Initially, it should be noted that virtually no controversy exists among the parties concerning the desirability of having an adjudicatory proceeding. The Moss group argues that the Board has power to grant the relief requested in the supplemental complaint, relying chiefly upon *United Gas Improvement Co.* v. *Callery*, 382 U.S. 223 (1965) for the proposition that "an agency, like a court, can undo what is wrongfully done by virtue of its orders."[6] Accordingly, the complainants urge us to exercise our power to determine the extent of any "overcharges," and their appropriate disposition. The air carrier parties on the other hand, while arguing that the Board lacks power to order relief in the nature of refunds or reparations,[7] urge that a hearing be held nevertheless. Only Trans World Airlines, Inc. (TWA) is opposed, arguing that the *T.I.M.E.* case is an insurmountable bar to reparations and that no purpose would be served by a hearing.

The carriers emphasize as grounds for proceeding with a hearing the existence of a number of class actions seeking to recover alleged overcharges from the airlines following the decision of the Court of Appeals in the *Moss* case.[8] Should any of the suits proceed to a decision on the merits, the carriers point out, the issue of the reasonableness of the fares, central to any award of restitution by the courts, would fall within the primary jurisdiction of the Board and would therefore have to be referred to the Board. Consequently, the air carrier parties (except TWA) urge us to institute a proceeding to determine justness and reasonableness, meanwhile deferring decision on the Board's power to grant relief, since the factual decision may well moot the jurisdictional issue.

Conversely, the Moss group, while not controverting the carriers' arguments, urges the Board to proceed initially on the jurisdictional issue, asserting that they are not parties to the class actions, and that it would be unfair and burdensome for them to participate in a factual determination if the Board should subsequently decide that it lacks power to grant the relief requested.

We agree with the complainants and the air carrier parties that a hearing is desirable. It is apparent that substantial uncertainty has followed in the wake of the Court's decision in the *Moss* case, and that a hearing will be necessary to clear the air concerning the fares in effect from October 1, 1969 through October 14, 1970. While the Court declared the fares unlawful, it did so on what we believe to be purely procedural grounds, intimating no opinion as to the fares' justness or reasonableness.[9] Moreover, pending the new tariffs filed for effectiveness on October 15, 1970, without the onus of Board compulsion as found by the Court, the tariffs declared invalid by the Court were the only ones which could be legally charged pursuant to Section 403 of the Federal Aviation Act,[10] Nevertheless, it appears that segments of the traveling public may view the fares in effect during the period in question as constituting "overcharges" and resulting in unjust enrichment of the airlines, as witnessed by the class actions in the various lower courts around the country as well as by the supplementary complaint herein. Thus, the present unsettled condition concerning the fares works to the detriment of the scheduled air transportation system in general.

Finally, should any or all of the class actions surmount the initial jurisdictional hurdle and proceed to trial on the merits,[11] it would appear that the central issue would not be whether the airlines were entitled to collect the fares in question, but whether they are entitled to retain such amounts or a part thereof which were above the lawful fares in effect before October 1, 1969. *Atlantic Coast Line R. Co.* v. *Florida*, 295 U.S. 301 (1935), holds that relief is available only if it is shown that the retention of the monies collected would "unjustly enrich" the carriers at the expense of the traveling public. It appears that the issue of "unjust enrichment" necessarily entails an assessment of the justness and reasonableness of the fares, a function statutorily entrusted to the primary jurisdiction of the Board.[12] Thus, it may well be that the factual issue of reasonableness will be referred to the Board for determination at some time in the future in any case. Under these circumstances, the Board's resolution of the reasonableness issue at this time could be an aid to the district courts in fashioning relief, if indeed relief is due, or in determining whether the class actions should be entertained any further.

For all of the above reasons we find that it is in the public interest to provide for the adjudicatory proceeding requested by the supplemental complaint and to determine the justness and reasonableness of the general level of fares for the past period in question. We do not think, however, that we should or need decide at this time the question of our power to order the relief requested. It may well be that the fares were in fact just and reasonable, as the carriers assert they are prepared to prove. If so, the jurisdictional issue could be "bypassed",[13] since a finding of reasonableness would be an adequate basis for passing upon the supplemental complaint.[14] Moreover, as noted above, the factual issue of reasonableness may come before the Board in any case, whereas a Board decision on jurisdictional grounds, even if favorable to complainants, would neither assist the district courts in the near future, nor remove the uncertainty currently surrounding the fares in question, since our determination of the Board's power would not necessarily bar the courts from acting.

In sum, we are convinced that to proceed first with the adjudicatory investigation instituted herein will serve a number of important public interests. It will provide both the carriers and the traveling public with one central forum wherein to present their respective views and evidence on the matter lying at the core of the controversy surrounding the fares in issue, their justness and reasonableness. It may further provide the various courts presently entertaining class actions against the airlines with guidance on an issue within the Board's primary jurisdiction. And it should alleviate confusion and uncertainty with respect to the fares in issue. The Board is therefore of the opinion that this investigation, with the jurisdictional issue temporarily deferred, will most fairly meet the needs of the traveling public and the carriers and is thus in the public interest.[15]

The Board's Order on Supplemental Complaint requested the parties' views on the interrelationship between the *Domestic Passenger-Fare Investigation* and the proceeding requested by the complainants. Most carrier parties as well as the Moss group feel that this matter is retrospective, covering a "closed" period, whereas the *Investigation* is prospective, looking toward the establishment of fares and fare standards for the future, and that therefore consolidation would unnecessarily delay both proceedings. These parties conclude that the proposed proceeding be conducted independently, and that to the extent there is duplicative evidence it can be readily stipulated from the *Domestic Passenger-Fare Investigation* or otherwise incorporated into the separate proceeding.

We agree. The *Domestic Passenger-Fare Investigation* is now at an advanced stage, and the incorporation of the issues herein will require reopening of the record. Moreover, the *Investigation* is an extensive and complex reappraisal of the standards, structure, and level of domestic passenger fares with the purpose of guiding the air transportation system's fare development in the future. On the other hand, the crucial issue in this proceeding is the comparatively narrow one of the justness and reasonableness of the fares in effect for the "closed" period of October 1, 1969 through October 14, 1970. Many of the complex issues inherent in the *Investigation* do not arise in the adjudication we are instituting, and the folding in of this investigation would, we believe, tend to blur the focus in both. Moreover, the time frames of the two proceedings differ. Consequently, we do not think that any significant duplication of evidence will occur. Thus, while the *Investigation* may be broad enough to absorb this proceeding, we are persuaded that completely separate proceedings would be preferable from the standpoint of convenience to the parties herein, the expeditious conclusion of both investigations, and the avoidance of unnecessary procedural complexity.

Nevertheless, it may be that some of the evidence adduced in the *Domestic Passenger-Fare Investigation* is relevant to this proceeding or duplicates pertinent evidence. To the extent that this is the case, we will allow the parties to stipulate evidence from the *Investigation* and in fact encourage them to do so to avoid needless expense and expenditure of time.

The Board also requested the parties' views on the nature of the proof to "be introduced to demonstrate that the fares charged after October 1, 1969, were 'excessive,' 'unreasonable,' or constituted 'overcharges' or that those fares were none of those things." The responses elicited diverged widely. The Moss group argued that the traveling public, not the carriers, is the aggrieved party, and that therefore the carriers have the entire burden of showing if any part of the fare increase was justifiable, or else the complainants will be entitled to the full amount of the increase above pre-October 1, 1969 levels as a matter of law.[16] On the other hand, some of the carriers assert that the basic showing is whether or not the carriers as a group had exceeded a 10.5% rate of return (our historical standard), and that consequently the only relevant proof is historical revenue and expense data for the period in question to

Footnotes at end of article.

determine the actual rate of return achieved. In their view, a full-blown rate proceeding would not be required.

We believe that the measure of overcharges, if any, constitutes those sums in excess of just and reasonable fares as determined by the standards of the Federal Aviation Act, which clothes us with the mantle of jurisdiction over this matter, particularly Sections 1002(e) and 102 and the established practices of the Board thereunder. Thus, we agree with those carrier parties [17] who propose to show the fares accord with all of the substantive standards of the Act just as in any other rate proceeding involving a past period, with no presumption of either reasonableness or "unjust enrichment." We think that this approach will provide all parties with the opportunity to advance their contentions as to the reasonableness *vel non* of these fares on an equal basis and will best serve to build a useful record consistent with all of the substantive provisions of the Act. We leave the delineation of specific issues to the usual processes of the Board's adjudicatory machinery.

In light of our decision to defer the issue of our power to grant relief in the nature of refunds or reparations, we will also presently defer decision on the form any eventual relief might take. We believe that it would be appropriate, however, for the parties to develop an evidentiary basis at the hearing for the contentions they support with respect to the form any required relief is to take. Some air carriers assert that refunds to individuals would be a practical impossibility as well as administratively costly, and that in many markets fares were reduced, thus creating an obligation on some passengers to pay additional charges. Some of the carriers also assert that they lack capital to establish a specific fund to offset future fare increases. We will permit the introduction of concrete evidence bearing on these and similar problems, so that should we find the fares to be unjust and unreasonable and within our power to restore in appropriate fashion, we shall have an appropriate record to determine the specific means for effectuating our determinations.

Accordingly, pursuant to the provisions of the Federal Aviation Act of 1958, and particularly Sections 204(a) and 1002 thereof,

It is ordered that:

1. An investigation is instituted to determine whether the passenger fares between points in the 48 contiguous States and the District of Columbia in effect during the period October 1, 1969, to and including October 14, 1970, based upon Board Order 69–9–68, as modified during such period, and the rules, regulations and practices affecting such fares, were unjust and unreasonable, and if found to be unreasonable, to determine whether and to what extent other relief for fare-paying passengers, restoring overcharges unlawfully paid by them, or otherwise, may and should be granted. The fares are those published in Airline Tariff Publishers, Inc., Agent, Tariffs C.A.B. Nos. 65, 90, 98, 99, 101, 117, 124, 125, 134, 136, 139, 142, 143, 144, 148 and 149;

2. The supplemental complaint of *John E. Moss, et al.*, dated July 24, 1970, to the extent deferred by previous Orders of the Board, be and hereby is consolidated in this proceeding;

3. The investigation be assigned for hearing before an examiner of the Board at a time and place hereafter to be designated;

4. The complainants, John E. Moss, *et al.*, and all domestic trunkline and local service carriers, are made parties to this investigation.

5. A copy of this order will be served upon the foregoing parties and upon counsel for plaintiffs in the federal district court cases presently before the Judicial Panel on Multi-district Litigation in its Docket No. 58—Air Fare Litigation, and upon counsel for plaintiffs in *Rose, et al.* v. *American Airlines, Inc., et al.*, U.S.D.C. N.D. Ill., Civil No. 70C–1844.

This order will be published in the Federal Register.

By the Civil Aeronautics Board:

HARRY J. ZINK,
Secretary.

FOOTNOTES

[1] The original docket number and caption of this proceeding ("Passenger fare revisions proposed by the Domestic Trunkline Carriers," Docket 21322) have been replaced by a new caption and docket number in order to avoid confusion and to describe more accurately the investigation being undertaken herein.

[2] *Moss, et al.* v. *C.A.B.*, 430 F. 2d 891 (decided July 9, 1970).

[3] Tariffs replacing those declared unlawful by the Court went into effect on October 15, 1970. Order 70–7–128, dated July 28, 1970, established a program for achieving compliance with the *Moss* decision. The adopted procedures were approved by the Court (*Moss et al.* v. *C.A.B.*, C.A.D.C. No. 23,627, Order dated July 30, 1970). Order 70–9–123, dated September 24, 1970, disposed of the new tariffs filed in response to Order 70–7–128, allowing several to go into effect and suspending others. All air carriers subsequently filed tariffs matching those which the Board permited to go into effect, and these filings have also been permitted to go into effect (Special Tariff Permissions Nos. 27381 and 27396). All the new tariffs bore an effective date of October 15, 1970.

[4] Briefs were filed by Honorable John E. Moss, *et al.*, Air West & Piedmont Aviation, Inc., Allegheny Airlines, Inc., American Airlines, Inc., Continental Air Lines, Inc., Delta Air Lines, Inc., Eastern Air Lines, Inc., Mohawk Airlines, Inc. & North Central Airlines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Ozark Air Lines, Inc., Trans World Airlines, Inc., United Air Lines, Inc., and Western Air Lines, Inc.

Answering briefs were filed by Allegheny Airlines, Inc., American Airlines, Inc., Continental Air Lines, Inc., Delta Air Lines, Inc., Eastern Air Lines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., and United Air Lines, Inc.

[5] We are concerned here with the reasonableness of the general level of fares which took effect on October 1, 1969, in compliance with Board Order 69–9–68, which the Court declared invalid in the *Moss* case. As we have indicated in earlier orders, the October 1, 1969, fare increases increased the average industry level of fares by approximately 6.35%. However, a substantial number of fares, particularly in long-haul markets, were reduced, many others were not changed, and those that were increased, were increased by widely varying percentages. The investigation we are instituting will not be concerned with either assessing or determining the reasonableness of specific fares in the myriad of city-pair markets in the United States, but only with the reasonableness of the general level of fares effective during the retrospective period, the returns to the carriers which they produced, and their conformance as a whole to the standards of Sections 1002(e) and 102 of the Act. More specifically, we are concerned with the question of whether the fares charged were within the zone of reasonableness and, if not, the extent to which the carriers were "unjustly enriched."

[6] Complainants acknowledge that the Federal Aviation Act lacks provision for reparations, but assert that this is irrelevant. They argue that they seek a remedy for illegal and excessive Board-made rates which are successfully challenged on substantive grounds on direct court review, rather than "reparations," which flow out of "collateral attack upon carrier-made rates which, when imposed, . . . [are] final and valid in the sense of being no longer subject to direct judicial review." Thus, in their view, the statutory concept of "reparations" is inapplicable to this case.

[7] The air carriers rely upon *T.I.M.E.* v. *United States*, 359 U.S. 464 (1959), and various other cases as well as the legislative history of the Federal Aviation Act. They also distinguish the *Callery* case on the facts as well as differences in the enabling statute, and assert that the defects found by the Court of Appeals in the *Moss* case were procedural rather than substantive, thus precluding reparations or other relief in any case.

[8] *Air Travelers Association, et al.* v. *Air West Inc., et al.*, U.S.D.C. N.D. Cal., Civil Action No. C–70 1540 SAW; *William M. Bennett, et al.* v. *Air Transport Association of America, et al.*, U.S.D.C. N.D. Cal., Civil Action No. C–70 1608 GSL; *Michael W. Williams, et al.* v. *American Airlines, Inc., et al.*, U.S.D.C. D.C., Civil Action No. 2162–70; *Alan Weidberg, et al.* v. *American Airlines, Inc., et al.*, U.S.D.C. N.D. Ill., Civil Action No. 70C 1879; *Wayne A. Benjamin, et al.* v. *Delta Airlines, Inc., et al.*, U.S.D.C. N.D. Ill., Civil Action No. 70C 2004; *Allen E. Botney* v. *American Airlines, Inc., et al.*, U.S.D.C. C.D. Cal., Civil Action No. 70–2405–R.

[9] See C.A.B. Order 70–7–128, July 28, 1970, at 1; C.A.B. Order 70–9–123, September 24, 1970, at 5.

[10] The Court of Appeals recognized this factor in staying its mandate pending the establishment of new, lawful tariffs, *Moss et al.* v. *C.A.B.*, *C.A.D.C* No. 23,627, Order dated July 30, 1970.

[11] We note that the Judicial Panel on Multidistrict Litigation is presently considering the possible consolidation of the class actions for purposes of pre-trial matters.

[12] *Texas and Pacific R.R. Co.* v. *Abilene Cotton Oil Co.*, 204 U.S. 426, 448 (1907).

[13] The Board has on a number of recent occasions expressed its tentative view that it lacks power to order refunds or reparations, see C.A.B. Order 70–7–128, July 28, 1970, at 1, and C.A.B. Order 70–9–73, September 15, 1970, at 3. However, the issue is not without doubt, *Ibid.*, and the question has never been definitively settled.

[14] The deferral of jurisdictional issues pending resolution of factual questions is not unusual in either Board or judicial practice. See, *e.g.*, *Hawaiian Common Fares Case*, 37 C.A.B. 269 (1962); *Pan American World Airways, et al.* v. *C.A.B.*, 392 F.2d 483 (C.A.D.C., 1968) and cases cited therein at 486 *Airline Employees Association* v. *C.A.B.*, 413 F.2d 1092 (C.A.D.C., 1969). Should the Board find the fares to have been unjust and unreasonable, we can thereafter squarely face the issue of our power to grant relief.

[15] We fail to see how this procedural arrangement will unduly burden the complainants, as they allege. In the first place, any hardship of presenting evidence before decision on the jurisdictional issue is ameliorated by the ready availability of evidence adduced in the *Domestic Passenger-Fare Investigation*. Secondly, the carriers intend to come forward with evidence on justness and reasonableness, so that the evidentiary burden does not lie solely or primarily on the complainants. Thirdly, any Board order finally disposing of the complaint is subject to court review. If the complainants expect to prevail in their contentions, as they assert they will, they will in any case be required to bear the burden of participating in the factual determination necessary to the relief they seek, whether the factual issue is heard prior to, contemporaneously with, or after the jurisdictional issue.

[16] The complainants argue that *Atlantic Coast Line R. Co.* v. *Florida*, 395 U.S. 301 (1935), which would seem to place the burden of persuasion as to unreasonableness of the fares on complainants, is inapplicable

because the fares here in question were invalidated for substantive rather than merely procedural errors and were for that reason void rather than voidable as in the *Atlantic* case.

[17] American Airlines, Inc., Continental Air Lines, Inc., and Delta Air Lines, Inc.

GETTING TO THE HEART OF THE TEXTILE PROBLEM

(Mr. PODELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PODELL. Mr. Speaker, yesterday the Textile Federation of Japan announced their intention to impose voluntary, unilateral restraints on their textile imports to the United States. At first glance, this seems a positive indication of a willingness by Japan to work with us in solving the problem of these imports. People have played up the fact that this is the first time Japan has proposed such a voluntary restraint with the United States in textiles and apparels. Yet, upon further analysis, the provisions of the declaration do not begin to alleviate the problems of these industries.

The significant deficiencies in the Japanese plan are as follows:

First, the across-the-board restriction that Japan is suggesting does not get to the heart of the textile and apparel problem. Some of our domestic textile and apparel industries have been hurt more seriously than others because of the introduction of cheap imports. Without a category-by-category restraint, Japan could continue to funnel her imports into those areas of the industry which are currently the hardest hit as a result of Japanese imports through the years.

Second, by selecting 1970 as the base year for setting the quota limitations, the Japanese have chosen the peak year in history for textile imports. In addition, the unilateral declaration calls for a 5-percent, 6-percent, and 6-percent cumulative increase of imports over the next 3 years respectively. I think a much fairer base was suggested in last year's trade bill—an average of textile imports from Japan between 1967 and 1969. There is a great difference in the two bases: For 1970 the import figure of total U.S. imports of wool, cotton, and manmade apparel and textiles, measured in square yard equivalents was 1,153 million yards whereas the 1967–69 figure averaged 912 million yards per year.

Third the Japanese are trying, to dictate American domestic action and foreign policy by conditioning their unilateral action on two things:

That the United States does not legislate general textile import quotas, impose higher tariffs, or take other restrictive measures; and

That Taiwan, Hong Kong, Korea, impose similar restraints.

Personally, I resent what appears to be an attempt by the Japanese to dictate what Congress and the Government of the United States can and cannot do.

Mr. Speaker, this is a terribly complex problem. I have studied it for a long time and have traveled to Japan, Taiwan, Hong Kong, and Korea to discuss the situation with our leading suppliers. Like so many problems we must grapple with in Congress, the problem of the effect of cheap imports on the textile and apparel industries in America is not one which has an easy or clear-cut solution .

The whole issue has received a great deal of attention from Congress, as it rightfully should, for it is a critical problem affecting industry and workers in every one of our 50 States. Because of the confusion this topic has created, it might be beneficial to share with you some of the insight I have gleaned from my study.

The textile and apparel industries' condition must be considered over a period of many years. It cannot be measured solely by recent data. Many of those who have refused to acknowledge the current crisis are relying too heavily on information from just the first 8 years of the last decade. To gain an accurate and more balanced picture, it is necessary to look not only at 1960–68 but at the latest years as well.

Although there are many areas in which the textile and apparel industries can be considered jointly, there are many times when the same economic factors have had different effects on each industry. These are industries where it is sometimes too easy to blame such problems as low profits, unemployment, and sale declines on cheap imports. It is also too easy to dismiss cheap imports as having little significant effect.

Since we first started discussing this issue in Congress, much of the debate can be traced to a disagreement over the actual health of these two industries. In 1968, the Tariff Commission initiated an extensive study and reported that from 1960 to 1968 domestic producers had experienced unparalleled growth. Output increased, sales expanded, employment increased, and investment expanded in both industries.

This tariff commission report is borne out by statistics:

In the textile industry, net sales rose from $13.2 billion to $20.8 billion in 1968; net profits after Federal income taxes jumped from $329 million to $654 million.

In apparel, net sales went from $11 billion in 1960 to $20.7 billion in 1968, while profits after Federal income taxes climbed from $152 to $507 million.

From 1960 to 1968, all indicators of profit show a steady improvement:

Net profits as a percent of net sales, for example, jumped from 2.5 percent in textiles in 1960 to 3.1 percent, in apparel, they went from 1.4 percent in 1960 to 2.4 percent 8 years later. During this time, while net profits for manufacturing as a whole increased by 0.7, textile profit rates lagged just slightly behind at 0.6 but apparel profits outdistanced the norm by jumping a full percentage point.

The rate of profit on stockholders' equity in textiles increased from 5.9 percent in 1960 to 8.8 percent in 1968. The apparel rate increased from 7.7 percent to 12.9 percent. Here again, the textile rate increased by the same amount as manufacturing as a whole—2.9 percent—and apparel increase reached 5.2 percent.

However, Mr. Speaker, there are several facts which must be presented along with these statistics to place them in the proper perspective:

First. Both the textile and apparel industries operate at a much lower margin of profit than either nondurable manufacturing or manufacturing as a whole. For instance, while profits as a percentage of sales were 3.6 for textiles and 2.4 for apparel in 1966—the peak year for the two industries for the decade—they were 5.6 for overall manufacturing. The rate of profits on stockholders' equity, in the same year, was 13.5 for manufacturing as a whole while it was 10.1 for textiles and 13.3 for apparel manufacturing.

Second. This is 1971, not 1968 anymore. The health picture of these two industries has changed drastically during the economic downturn of the past few years. It would appear that the downturn may have affected these industries more severely than many others in the manufacturing sector. From 1968 through the first three quarters of 1970, profits as a percentage of net sales dropped 15 percent for nondurable manufacturing as a whole, but dropped 35 percent for textile manufacturing and 17 percent for apparel manufacturing.

During the same period, profits as a percentage of stockholders' equity dropped 13 percent for nondurable manufacturing overall, but dropped a whopping 42 percent for textile and 40 percent for apparel manufacturing. For the first three quarters of 1970, averaged, apparel profit as a percentage of stockholders' equity was at the same level that it was in 1960.

During the decade, from 1960 through 1969, the net sales of textiles and apparel from all sources increased 106 percent overall—from $13.5 to $21.7 million. During the same period, the value of domestic production increased only 26 percent—from $10.6 billion to $13.4 billion—while the value of textile and apparel imports sold increased by an unbelievable 227 percent—from $90 million to $3 billion.

Turning from profits to people, I think we are all very concerned about the 2.4 million workers employed by these two basic industries. I know I am; 67,000 of such workers are employed in Brooklyn—or were working—until many were laid off. In New York State today, the unemployment rate in the apparel industry is 13 percent.

As has been said before in this Chamber, from 1960 to 1968, textile and apparel employment rose by 300,000 jobs. However, it has been estimated that another 250,000 to 300,000 jobs could have been created had it not been for imports. As it was, 100,000 of those 300,000 jobs created in the sixties were lost in one 10-month period from January to October 1970. No one can say this is not a disturbing situation.

Looking over the decade, the level of unemployment in nondurable manufacturing as a whole dropped from 6 percent in 1960 to 3.7 percent in 1968 but went back up to 5.4 percent last year. During the same years, the textile industry saw unemployment go from 6.3 percent to 3.5 percent to 6 percent. And the apparel industry during those same years had unemployment go from a

startling 10.5 percent to 5.9 percent in 1968 and back up to 8.2 percent last year.

But, the unemployment figure I just quoted in the apparel industry does not tell the whole employment story. In this industry, when a work shortage occurs workers are not laid off but, instead, the available work is divided among all workers. In other words, instead of laying off a part of the work force, the whole force is retained but only works part time and consequently takes home only a percentage of their usual pay. As a result, man-hour figures, not unemployment, must also be considered when studying the apparel industry's employment situation; unemployment figures might show workers laid off as a result of factory closings, but they do not reflect work cutbacks and lower total wages as a result of lower production.

Now from 1968 through 1970, the apparel sector experienced a drop in total average weekly man-hours—or the number of hours the workers spend in the factory each week—from 43.2 million hours to 41.7 million hours. In some areas, workers are working only 1 day a week.

It should be considered here, too, that this drop in man-hours would very possibly have been even greater in some apparel areas if there were not factors at work which have increased the amount of work necessary—and thus man-hours spent—to produce the goods. For example, with the greater demand for knit clothing—which takes longer to sew—production is somewhat slowed and so man-hours have gone up here. Similarly, production time has been increased by the variety and diversity of fabrics. These factors were acting to increase production time, but man-hours overall still dropped.

This, then, is the state of the two industries over the past decade. Let us turn now to what many consider the heart of the problem—imports. Here again, the myriad of statistics which have been given to Congress need be put in some perspective.

Over the decade, imports of textiles and apparel products have increased greatly. From 1961 to 1968, imports increased 135 percent in these two areas while domestic production only increased 47 percent. In absolute terms, imports increased 451 million pounds while domestic production increased 3.1 billion pounds. Thus, imports became a much larger percentage of the entire sales while the absolute growth of domestic production was about seven times greater than the growth in imports.

Even these figures, however, are misleading. The problem of trying to gage the impact of imports on these industries is increased by the fact that these are large and diverse industries; while import penetration in some clothing, yarn, or fabric industries may be small, in others it is quite significant.

Overall, import penetration in the apparel market, for example, during the period 1960–70 has increased from 8.6 to 21.6 percent—which means imports have increased from about 9 percent of domestic production to 22 percent of import production, a very significant increase. In terms of consumption, overall apparel penetration has increased from 7.7 to 17.9 percent.

Within these gross changes, however, it is obvious that some industries have been severely hit by this significantly greater penetration. In sweaters, for example, the import penetration is 70 percent; in gloves, it is 36 percent. In women's and children's trousers and shorts, penetration is 30 percent and in men's and boys' shirts penetration is 32 percent.

I would also like to refer to a chart of total apparel imports as a percent of the total domestic apparel market so each of us can judge for ourselves whether imports in this area have been growing unusually rapidly. I think most of us will find the steadily increasing share of the market which is being consumed by imports very disturbing.

Now, there is little mystery as to where most of these textile and apparel imports are coming from. Five countries—Japan, West Germany, Korea, Hong Kong, and Taiwan—accounted for two-thirds of our imports in these areas during the first 6 months of 1970—and that is fairly typical of the picture in earlier years.

Japan, as we all know, is our largest supplier. In 1969, Japan exported $555 million of textiles and apparel to the United States but bought only $70 million of such products from us. But, in the same year, we also imported $289 million worth of textiles and apparel from Hong Kong while she reciprocated only to the tune of $35 million. The story is similar with Korea from whom we bought about $110 million worth of these products while she bought only $52 million of ours. And finally, from Taiwan in 1969, the United States imported $98 million, while they imported only $28 million from us.

I remember with interest the debates over the trade bill last year and how some of our European brethren were quite strong on their resistance to our imposing any limitations on textile and apparel imports. I was doubly interested to learn, while studying this problem that these countries all have some trade restrictions on these items from the same countries which are our chief suppliers. In fact, the United States is the only major world market without quantitative restrictions on the importation of man-made and woolen goods.

Through either licensing, ceilings, or price certificates, the following Western nations have protected themselves from textile and apparel imports from the main Asian suppliers: Denmark, Germany, Italy, France, Norway, the United Kingdom, Switzerland, and Canada.

Thus, while the United States bought 20 percent of Japan's 1968 textile exports and 51 percent of her apparel exports, the European Economic Community countries brought a total of only 3 and 5 percent respectively. There is good reason for this: Japan has signed a series of bilateral agreements with 10 European countries. In the first 6 months of the same year, the United States bought 38 percent of Hong Kong's apparel exports and 32 percent of her mill product exports; the EEC bought 14 percent and 2 percent of the respective exports.

Three of the four Asian nations themselves have trade restrictions on these goods. Japan has 98 items on which she fixes import quotas. She also controls other imports through licensing and an arm-twisting technique called "administrative guidance." Korea has an embargo on all goods except those needed to manufacture her exports. For instance, she will import U.S. cotton but she has an absolute embargo on all apparel items. Taiwan requires import licenses on all goods and either bans or restricts the importation of all textile and apparel products. Hong Kong alone has no import restrictions.

I should note, however, that Taiwan's and Korea's trade restrictions were given international sanction under the GATT because these countries are classified, for trade purposes, as underdeveloped countries. However, Japan, as the third largest industrial nation in the world, has no such excuse.

Now I am not saying that the only other alternative to dealing with the Japanese declaration should be the immediate imposition of commodity import restrictions on textiles and apparel goods, although it is true that we did get some results from Japan when this body passed a bill providing for such restrictions.

At the same time, we should not accept this unilateral declaration by Japan as binding. Rather it should be looked upon as an impetus for reopening further discussion aimed at reaching a bilateral solution between our two countries.

We must not rule out the possible enactment of a trade bill such as the one we passed last session should negotiations in the next few months fail to produce an agreement which will relieve our textile and apparel industries from the economic distress they are now experiencing.

LEGISLATIVE PROGRAM FOR INCREASING OUR NATION'S HEALTH MANPOWER

(Mr. STEIGER of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. STEIGER of Wisconsin. Mr. Speaker, this administration has introduced an exciting and forward looking legislative program for increasing our Nation's health manpower supply while moving to solve our chronic manpower shortages in an orderly but imaginative approach.

This year, if we adopt the President's manpower recommendations with the budget proposals, we will be providing almost $120 million more for our health manpower programs than we did last year. The proposed $545 million for health manpower education represents a jump of 27 percent over the $428 million in 1971 and more than 55 percent than the $350 million in 1970.

This is a forward-looking program which combines several significant and coordinated approaches—student aid,

construction grants, incentives for increasing the actual production of physicians coming out of our schools, and a workable plan for increasing the flow of money into the construction of health facilities.

That is why I was quite surprised to hear from testimony originating in the Health Subcommittee of the other body an attack on this program before it had even been introduced.

The President's program is designed to address all components of health manpower production in a coordinated manner. The $6,000 for each graduate, although only one portion of this support, is designed to give each school a substantial amount of money which it can use as it sees fit for its own special and unique needs. No one contends that this amount is designed to reimburse the full cost of medical education, but it can achieve the goal of encouraging medical schools to graduate greater numbers of physicians and doing it at a faster rate.

Every medical school in this country, especially the great and prestigious ones, should examine their operations in much greater detail to see how the product they are producing can begin serving society more effectively and in a shorter space of time.

I noticed that Dr. Russell Nelson, president of Johns Hopkins Hospital, has claimed that the Federal share of Johns Hopkins' budget has decreased 28 percent since 1965. Now, we know that some Federal programs, for very appropriate reasons, have been curtailed. Federal funds are provided for such a wide variety of purposes that it is hard to tell how much Federal funding has actually decreased without their total budget figures, but I do know in the specific area of undergraduate medical education, Johns Hopkins is getting more and not less money. In the fiscal year 1970, the institution received $629,000; this will probably increase in this current year to approximately $785,500.

While it is quite true that much of the health related research is conducted in medical schools, it is not true that the purpose of research support is to provide basic and continuing support for education. The reason for funding research is to advance the state of knowledge in the field of health care and delivery. Johns Hopkins has been one of the outstanding leaders in this area. Although research activity undoubtedly contributes to the quality of medical education, it does not follow that a medical school must have a massive program in research to be a good and productive medical school.

I do hope that a program that increases funds for health manpower education by almost $120 million in 1 year and by 55 percent over a 2-year period will be given a chance to be discussed and enacted so that we can achieve what this administration wants and what the American people need so desperately—more health manpower where they are needed and under a system of delivery that will enable every American to be served. These are the objectives of the President's health manpower proposals.

LEGISLATION REQUIRING INSPECTION OF IMPORTED MEAT AND ANIMAL PRODUCTS

(Mr. ABOUREZK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ABOUREZK. Mr. Speaker, it has been 65 years since Upton Sinclair, in his book, "The Jungle," first exposed the outrageous conditions then prevailing in meatpacking plants. Because of the public indignation that followed the publication of that book and the resulting improvements in the inspection of domestically produced meats, the American public has come to assume that all meat products meet the highest standards of quality control.

Fortunately, the 7,000 Federal inspectors who monitor 1,062 meatpacking plants in the United States are generally able to insure that domestically produced meats do meet that high standard. But the quality of imported meat is another story. There is only the equivalent of 75 inspectors to watch all of those 1,100 plants which pack meat for import to this country. As a result of this woefully inadequate force, less than 1 percent of the 1.6 billion pounds of imported meat brought into this country is ever inspected. I can see no reason why foreign meat products should be subject to less rigorous inspection than that required of meat produced in American packing plants.

It is for this reason that I am pleased to join with Congressman JOHN MELCHER in introducing a bill which would improve inspection of imported meat and insure that the American consumer is adequately protected. I hope that the Congress will enact this legislation without further delay.

DESIGNATING 1974 AS CENTENNIAL OF INTRODUCTION OF HARD RED WINTER WHEAT

(Mr. SHRIVER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SHRIVER. Mr. Speaker, today I join with my colleague from Kansas (Mr. SEBELIUS) in cosponsoring a resolution to designate the year 1974 as a centennial for celebrating the introduction into the United States of Hard Red Winter Wheat. This resolution provides for a proclamation by the President calling on the people of the United States to observe such centennial, with appropriate ceremonies and activities to be focused in the State of Kansas where such wheat was first grown in our Nation.

The centennial celebration would be most appropriate in 1974 in that Russian Mennonite families first planted Hard Red Winter Wheat in the community of Hillsboro, Kans., in 1874. The year 1974, therefore, would mark 100 years that Kansas has served the Nation and the world as the "breadbasket of the world."

The wheat industry plays a significant role in the agricultural economy of our Nation and is a key to this Nation's efforts to eliminate hunger in the United States and throughout the world.

It is appropriate that we take the necessary action now to support proper ceremonies and activities to observe this centennial, and at the same time, pay deserved tribute to the red wheat farmer.

NATIONAL AND DULLES AIRPORTS

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, President Nixon has recently suggested that the Federal Government get out of the airport business and turn control of National and Dulles Airports over to local interests.

Among the proposals offered to effect this transfer is a bill sponsored in the Senate by the Honorable WILLIAM B. SPONG, JR., of Virginia, and in the House by myself to turn the airports over to a regional authority representing the interests of all the residents of the area served by the airports in question. National and Dulles Airports are most certainly regional concerns. It is essential that all who inhabit the Washington metropolitan area have a voice in the operation of these facilities. My bill would help assure that the transfer of ownership brings to the operation of the airports a management more in tune with the local governments and the people of the area.

I would like to submit the following editorial recently broadcast by WTOP which clearly states the need for regional control:

VIRGINIA NEED NOT APPLY FOR AIRPORTS

If the U.S. government hangs "for sale" signs on Dulles and National airports, there should be an extra line on each one which says "Virginia need not apply."

Washington's two major airports now are federally owned and operated. The President recently indicated a willingness to get rid of them.

Consequently, various groups in Virginia, where the two facilities are located, have begun to look on them with covetous eyes. Among those expressing interest are Arlington County officials, the state Chamber of Commerce, and the Virginia General Assembly.

Dulles and National are *not* Virginia airports, and in our judgment they shouldn't be owned or operated by any Virginia agency.

Dulles and National are *regional* operations in every sense of the word. The primary region they serve includes Maryland and the District as well as Virginia. Any new proprietor should be representative of that region—and *accountable* to it.

Virginia's own Senator William Spong emphasized not long ago that airport planning and development in the National Capital region should not "continue to take place in a vacuum without reference to other community plans or desires."

On a long-range basis, Baltimore's Friendship Airport probably will have to be integrated into a metropolitan airport scheme. Certainly within a couple of decades, a fourth major terminus will be in the works. These are strong arguments in support of some kind of *regional* airport agency.

WTOP hopes the President will make good on his intention to get Dulles and National airports off the federal books. When he does, they should be transferred to some regional body—not to Virginia.

NATIONAL GRANDPARENTS DAY

(Mr. BUCHANAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BUCHANAN. Mr. Speaker, it is my pleasure to introduce today a joint resolution to authorize and request the President to issue annually a proclamation designating the second Sunday of October of each year as National Grandparents Day.

For many years we have paid tribute to parents through setting aside a "Mother's Day" and a "Father's Day." The idea of setting aside such a day as "National Grandparents Day" was conceived earlier and has been reintroduced in this Congress by the distinguished senior Senator from Texas.

While in this age of family planning and of a new morality, which appears to be approximately equivalent to the old immorality, motherhood may have fallen out of favor; no one has successfully knocked grandparents yet. It is ironic, therefore, that while we honor our fathers and our mothers through special days, this society has been totally neglectful of its patriarchs and matriarchs.

As one American who has a maternal grandmother 101 years young and still very much alive, I am convinced that grandparents constitute one of the richest blessings that most of us know in life. It is, therefore, high time and past time that we honor these to whom honor is clearly due.

Mr. Speaker, I urge the support of my colleagues for National Grandparents Day.

TAKE PRIDE IN AMERICA

(Mr. MILLER of Ohio asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MILLER of Ohio. Mr. Speaker, today we should take note of America's great accomplishments and in so doing renew our faith and confidence in ourselves as individuals and as a nation. Twenty-eight percent of the U.S. population is enrolled in all types of schools. This compares with 25 percent in the Soviet Union, 19 percent in West Germany, and 15 percent in the United Kingdom.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. ABZUG for today (at the request of Mr. KOCH), on account of illness.

Mr. BAKER (at the request of Mr. GERALD R. FORD), 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:

Mr. ULLMAN, tomorrow, for 1 hour.

Mr. RANDALL, today, for 30 minutes.

Mr. CONABLE for 10 minutes today and to revise and extend his remarks and include extraneous matter.

Mr. CONABLE, for 1 hour on Tuesday, March 16, and to revise and extend his remarks and include extraneous matter.

Mrs. HECKLER of Massachusetts (at the request of Mr. FISH) for 60 minutes on March 11.

(The following Members (at the request of Mr. KEMP) and to revise and extend their remarks and include extraneous matter:)

Mr. RHODES, for 10 minutes, today.

Mr. FINDLEY, for 5 minutes, today.

Mr. KEATING, for 5 minutes, today.

Mr. ROBISON of New York, for 45 minutes, on March 11.

Mr. MYERS, for 1 hour, on March 17.

Mr. PRICE of Texas, for 15 minutes, today.

Mr. RUPPE, for 5 minutes, today.

Mr. SANDMAN, for 5 minutes, today.

Mr. BUCHANAN, for 5 minutes, on March 11.

(The following Members (at the request of Mr. DANIELSON) and to revise and extend their remarks and include extraneous matter:)

Mr. GONZALEZ, for 10 minutes, today.

Mr. BYRNE of Pennsylvania, for 10 minutes, today.

Mr. O'NEILL, for 5 minutes, today.

Mr. COTTER, for 30 minutes, on March 11.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ROUSH and to include extraneous matter.

Mr. HOLIFIELD, and to include a list of cities and other matter.

(The following Members (at the request of Mr. KEMP) and to include extraneous matter:)

Mr. SHOUP in two instances.
Mr. PEYSER in 10 instances.
Mr. WYATT.
Mr. MICHEL in two instances.
Mr. PELLY in two instances.
Mr. WIDNALL.
Mr. MINSHALL.
Mr. HUNT.
Mr. KEMP in three instances.
Mr. DEVINE.
Mr. FRENZEL.
Mr. EDWARDS of Alabama in two instances.
Mr. WYMAN in two instances.
Mr. STEIGER of Wisconsin.
Mr. BRAY in two instances.
Mr. RHODES.
Mr. MCCOLLISTER.
Mr. SPENCE.
Mr. LUJAN.
Mr. MIZELL in two instances.
Mr. THOMPSON of Georgia.
Mr. HILLIS.
Mr. SCHMITZ in three instances.
Mr. NELSEN in three instances.
Mr. BUCHANAN in two instances.
Mr. ROUSSELOT in two instances.
Mrs. HECKLER of Massachusetts in two instances.
Mr. PRICE of Texas.
Mr. ROBISON of New York in three instances.
Mr. SCHNEEBELI.
Mr. BROYHILL of Virginia in three instances.
Mr. GERALD R. FORD.
Mr. SEBELIUS.
Mr. SKUBITZ in three instances.
Mr. MYERS.
Mr. HOSMER in two instances.
Mr. SCHWENGEL in two instances.
Mr. HORTON.
Mr. WHALLEY.

(The following Members (at the request of Mr. FISH) and to include extraneous matter:)

Mr. SPRINGER.
Mr. FULTON of Pennsylvania in five instances.

(The following Members (at the request of Mr. DANIELSON) and to include extraneous matter:)

Mrs. CHISHOLM.
Mr. CARNEY in two instances.
Mr. YATRON.
Mr. BADILLO in two instances.
Mr. EVINS of Tennessee.
Mr. MCFALL in six instances.
Mr. SCHEUER in two instances.
Mr. KARTH.
Mrs. MINK in four instances.
Mr. JACOBS in two instances.
Mr. ASPIN.
Mr. BURKE of Massachusetts.
Mr. GONZALEZ in two instances.
Mr. MURPHY of Illinois in five instances.
Mr. RUNNELS.
Mr. GALLAGHER.
Mr. GETTYS in two instances.
Mrs. GRASSO in two instances.
Mr. FRASER in two instances.
Mr. WILLIAM D. FORD in two instances.
Mr. SEIBERLING.
Mr. RARICK in four instances.
Mr. DULSKI in six instances.
Mr. BENNETT in three instances.
Mr. HÉBERT.
Mr. HAWKINS in four instances.
Mr. MATSUNAGA.
Mr. HARRINGTON in three instances.
Mr. HUNGATE.
Mr. WHITE in two instances.
Mr. ANDERSON of California in three instances.
Mr. THOMPSON of New Jersey in five instances.
Mr. JONES of Tennessee in three instances.
Mr. HAGAN in two instances.
Mr. O'NEILL in two instances.

ADJOURNMENT

Mr. DANIELSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 53 minutes p.m.), the House adjourned until tomorrow, Thursday, March 11, 1971, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

384. A letter from the Securities and Exchange Commission, transmitting the institutional investor summary report, pursuant to section 19(e) of the Securities Exchange Act of 1934 (H. Doc. No. 92–64); to the Committee on Interstate and Foreign Commerce and ordered to be printed with illustrations.

385. A letter from the chief scout executive, Boy Scouts of America, transmitting the 61st Annual Report of the Boy Scouts

of America for the year of 1970 (H. Doc. No. 92-65); to the Committee on Education and Labor and ordered to be printed with illustrations.

386. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to prevent the loss of pay and allowances by certain officers designated for the performance of duties of great importance and responsibility; to the Committee on Armed Services.

387. A letter from the Assistant Secretary of the Air Force, transmitting a draft of proposed legislation to make permanent the authority to pay special allowances to dependents of the uniformed services to offset expenses incident to their evacuation; to the Committee on Armed Services.

388. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to remove certain limitations on the granting of relief to owners of lost or stolen bearer securities of the United States, and for other purposes; to the Committee on Government Operations.

389. A letter from the Secretary of the Interior, transmitting the annual report of the Office of Saline Water's 1970 activities in the desalting of sea and brackish waters, pursuant to Public Law 448, 82d Congress; to the Committee on Interior and Insular Affairs.

390. A letter from the Assistant Secretary of the Interior, transmitting the annual report of the Governor of Guam to the Secretary of the Interior, pursuant to section 6 of Public Law 90-601; to the Committee on Interior and Insular Affairs.

391. A letter from the Assistant Secretary of the Interior, transmitting notification of the receipt of an application for a loan and a grant from the Overland Ditch & Reservoir Co., Hotchkiss, Colo., pursuant to section 10 of the Small Reclamation Projects Act of 1956; to the Committee on Interior and Insular Affairs.

392. A letter from the Attorney General, transmitting a draft of proposed legislation to amend the Federal Trade Commission Act; to the Committee on Interstate and Foreign Commerce.

393. A letter from the Attorney General, transmitting a draft of proposed legislation to provide increased protection for consumers, prevent consumer fraud, and for other purposes; to the Committee on Interstate and Foreign Commerce.

394. A letter from the Attorney General, transmitting a draft of proposed legislation to provide increased warranty protection for consumers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

395. A letter from the Administrator, Environmental Protection Agency, transmitting a report on progress in the prevention and control of air pollution for calendar year 1970, pursuant to section 313 of the Clean Air Act, as amended; to the Committee on Interstate and Foreign Commerce.

396. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to revise and improve the laws relating to documentation of vessels; to the Committee on Merchant Marine and Fisheries.

397. A letter from the Secretary of Transportation, transmitting the annual report on highway relocation assistance, pursuant to section 33 of the Federal-Aid Highway Act of 1968; to the Committee on Public Works.

398. A letter from the Cochairmen, Upper Great Lakes Regional Commission, transmitting the annual report of the Commission for fiscal year 1970, pursuant to section 510 of the Public Works and Economic Development Act of 1965; to the Committee on Public Works.

RECEIVED FROM THE CONTROLLER GENERAL

399. A letter from the Comptroller General of the United States, transmitting a list of the reports of the General Accounting Office issued or released in February 1971, pursuant to section 234 of the Legislative Reorganization Act of 1970; to the Committee on Government Operations.

400. A letter from the Comptroller General of the United States, transmitting a report on the adverse effects of producing the AN/SQS-26 surface ship sonar system for service use before completion of development and testing, Department of the Navy; to the Committee on Government Operations.

401. A letter from the Comptroller General of the United States, transmitting a report on unauthorized retention, in the working capital fund, by the National Bureau of Standards, Department of Commerce, of money accumulated for earned leave of transferred employees; to the Committee on Government Operations.

402. A letter from the Comptroller General of the United States, transmitting a report on the opportunity for substanial savings by the Department of Defense by printing military service newspapers in Southeast Asia instead of airlift from Japan; to the Committee on Government Operations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California:

H.R. 5800. A bill to make appropriations for patient care and special health services within the Department of Health, Education, and Welfare, for fiscal year ending June 30, 1972; to the Committee on Appropriations.

H.R. 5801. A bill to extend disability benefits under title II of the Social Security Act to disabled individuals who have 20 quarters of social security coverage during an 80-quarter period; to the Committee on Ways and Means.

By Mr. ANNUNZIO:

H.R. 5802. A bill to amend the Small Business Act; to the Committee on Banking and Currency.

By Mr. BEGICH:

H.R. 5803. A bill to authorize certain additions to the Sitka National Monument in the State of Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BIAGGI:

H.R. 5804. A bill to terminate the airlines mutual aid agreement; to the Committee on Interstate and Foreign Commerce.

By Mr. BLACKBURN (for himself, Mr. CAMP, Mr. COLMER, Mr. DORN, Mr. JONES of North Carolina, Mr. LANDGREBE, Mr. MIZELL, Mr. MONTGOMERY, Mr. SEBELIUS, and Mr. YOUNG of Florida):

H.R. 5805. A bill to protect the freedom of choice of Federal employees in employee-management relations; to the Committee on Post Office and Civil Service.

By Mr. BRAY:

H.R. 5806. A bill to protect consumers and others against misbranding, false invoicing, and false advertising of decorative wood and simulated wood products; to the Committee on Interstate and Foreign Commerce.

By Mr. BROOMFIELD:

H.R. 5807. A bill to insure the separation of Federal powers by amending the National Labor Relations Act transferring jurisdiction over unfair labor practice and representation cases to the U.S. Labor Court, and for other purposes; to the Committee on the Judiciary.

By Mr. BROWN of Michigan:

H.R. 5808. A bill to amend the Internal Revenue Code of 1954 and title II of the Social Security Act to provide a full exemption (through credit or refund) from the employees tax under the Federal Insurance Contributions Act, and an equivalent reduction in the self-employment tax, in the case of individuals who have attained age 65; to the Committee on Ways and Means.

By Mr. BROWN of Ohio:

H.R. 5809. A bill to create a catalog of Federal assistance programs, and for other purposes; to the Committee on Government Operations.

By Mr. BROYHILL of Virginia:

H.R. 5810. A bill to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BYRNE of Pennsylvania:

H.R. 5811. A bill to amend the Social Security Act to provide increases in benefits under the old-age, survivors, and disability insurance program, to provide health insurance benefits for the disabled, and for other purposes; to the Committee on Ways and Means.

By Mr. CAFFERY:

H.R. 5812. A bill to provide for the holding of terms of the District Court of the United States for the New Orleans Division of the Eastern District of Louisiana in Houma, La.; to the Committee on the Judiciary.

By Mr. CELLER:

H.R. 5813. A bill to amend sections 2734a (a) and 2734b(a) of title 10, United States Code, to provide for settlement, under international agreements, of certain claims incident to the noncombat activities of the Armed Forces, and for other purposes; to the Committee on the Judiciary.

H.R. 5814. A bill to amend section 2735 of title 10, United States Code, to provide for the finality of settlement effected under sections 2733, 2734, 2734a, 2734b, or 2737; to the Committee on the Judiciary.

By Mr. CELLER (for himself, Mr. CAREY of New York, and Mr. CONABLE):

H.R. 5815. A bill to clarify the status of funds of the Treasury deposited with the States under the act of June 23, 1836; to the Committee on Ways and Means.

By Mr. CLANCY:

H.R. 5816. A bill to amend title II of the Social Security Act to provide a 12-percent across-the-board increase in monthly benefits thereunder, with subsequent cost-of-living increases in such benefits, and to raise to $3,200 a year the amount of outside earnings a beneficiary may have without loss of benefits; to the Committee on Ways and Means.

By Mr. COLLIER:

H.R. 5817. A bill to amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any prohibition on the importation into the United States of any strategic and critical material from any free world country for so long as the importation of like material from any Communist country is not prohibited by law; to the Committee on Foreign Affairs.

H.R. 5818. A bill to alleviate multiple State or local income taxation of an individual and to reduce income taxes imposed by States or subdivisions on nonresidents of such States; to the Committee on the Judiciary.

By Mr. DANIELSON:

H.R. 5819. A bill to amend the National Environmental Policy Act of 1969 to provide for citizens' suits and class actions in the U.S. district courts against persons responsible for creating certain environmental hazards; to the Committee on Merchant Marine and Fisheries.

H.R. 5820. A bill to amend title II of the Social Security Act to provide a 10-percent across-the-board increase in benefits thereunder, with a minimum primary benefit of $100, and to increase to $2,400 a year the amount of outside earnings a beneficiary may have without loss of benefits; to the Committee on Ways and Means.

By Mr. DINGELL (for himself, Mr. CONTE, Mr. WILLIAM D. FORD, Mr. KARTH, Mr. MCCLOSKEY, Mr. MOSS, Mr. NEDZI, Mr. OBEY, Mr. SAYLOR, and Mr. UDALL):

H.R. 5821. A bill to extend to hawks and owls the protection now accorded to bald and

golden eagles; to the Committee on Merchant Marine and Fisheries.

By Mr. DORN:

H.R. 5822. A bill to amend title 38, United States Code, to provide that all income of a spouse be disregarded in determining the annual income of a veteran for pension purposes; to the Committee on Veterans' Affairs.

H.R. 5823. A bill to provide for a 10-percent increase in the rates of pension paid to veterans of the Civil, Indian, and Spanish-American Wars, to the widows and children of such veterans, and to "old law" pensioners; to the Committee on Veterans' Affairs.

By Mr. DULSKI:

H.R. 5824. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. FOLEY (for himself, Mr. LEGGETT, Mr. MCFALL, Mr. JOHNSON of California, Mr. Moss, and Mr. MCCORMACK):

H.R. 5825. A bill to amend section 2(3), section 8c(2), section 8c(6)(I), and section 8c(7)(C) of the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture.

By Mr. FORSYTHE:

H.R. 5826. A bill to amend title 10, United States Code, to equalize the retirement pay of members of the uniformed services of equal rank and years of service, and for other purposes; to the Committee on Armed Services.

H.R. 5827. A bill to amend title 39, United States Code, as enacted by the Postal Reorganization Act, to prohibit the mailing of unsolicited samples of merchandise and other commodities, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GONZALEZ:

H.R. 5828. A bill to amend the Export-Import Bank Act of 1945, as amended, to allow for greater expansion of the export trade of the United States, to exclude Bank receipts and disbursements from the budget of the U.S. Government, to extend for 3 years the period within which the Bank is authorized to exercise its functions, to increase the Bank's lending authority and its authority to issue, against fractional reserves and against full reserves, insurance and guarantees, to authorize the Bank to issue for purchase by any purchaser its obligations maturing subsequent to June 30, 1976, and for other purposes; to the Committee on Banking and Currency.

By Mr. GUDE:

H.R. 5829. A bill to amend title 39, United States Code, as enacted by the Postal Reorganization Act, to prohibit the mailing of unsolicited samples of cigarettes; to the Committee on Post Office and Civil Service.

H.R. 5830. A bill to require the Secretary of Transportation to prescribe regulations requiring certain modes of public transportation in interstate commerce to reserve some seating capacity for passengers who do not smoke; to the Committee on Interstate and Foreign Commerce.

By Mr. HAGAN:

H.R. 5831. A bill to end discrimination in the availability of Federal crop insurance and to authorize the appropriation of additional funds for the administration of the Federal crop insurance program; to the Committee on Agriculture.

By Mr. HALEY:

H.R. 5832. A bill to amend title 38 of the United States Code to provide Veterans' Administration hospital and medical services for any disability of a World War I combat veteran and his wife or widow; to the Committee on Veterans' Affairs.

By Mr. HARSHA:

H.R. 5833. A bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. HELSTOSKI:

H.R. 5834. A bill to make possible appropriate, economical, and accessible learning opportunities for all adults, both for their individual fulfillment and for the social and economic well-being of the Nation; to the Committee on Education and Labor.

By Mr. HOWARD:

H.R. 5835. A bill to amend the act of June 29, 1888, relating to the prevention of obstructive and injurious deposits in the harbor of New York, to provide for the termination of certain licenses and permits; to the Committee on Public Works.

By Mr. ICHORD (for himself, Mr. VIGORITO, and Mr. TALCOTT):

H.R. 5836. A bill to make it a Federal crime to kill or assault a fireman or law enforcement officer engaged in the performance of his duties when the offender travels in interstate commerce or uses any facility of interstate commerce for such purpose; to the Committee on the Judiciary.

By Mr. JOHNSON of California:

H.R. 5837. A bill to establish a survivor benefit plan for members of the armed services and to equalize the retired pay of certain former members; to the Committee on Armed Services.

H.R. 5838. A bill to designate certain lands in the Lava Beds National Monument in California as wilderness; to the Committee on Interior and Insular Affairs.

H.R. 5839. A bill to amend the Internal Revenue Code of 1954, with respect to the tax treatment of payments received from domestic price support programs in certain cases; to the Committee on Ways and Means.

By Mr. JOHNSON of California (for himself, Mr. DON H. CLAUSEN, Mr. WYATT, and Mr. SISK):

H.R. 5840. A bill to provide a method for paying costs of fires caused without negligence in connection with national forest timber sales operations; to the Committee on Agriculture.

By Mr. KOCH:

H.R. 5841. A bill to amend the Military Selective Service Act of 1967 to extend to individuals performing civilian work pursuant to such act the same reemployment benefits as are extended to persons inducted thereunder for training and service; to the Committee on Armed Services.

By Mr. MATSUNAGA (for himself, Mr. STEIGER of Wisconsin, and Mr. KEATING):

H.R. 5842. A bill to provide for the procurement of voluntary military manpower; to the Committee on Armed Services.

By Mr. MELCHER (for himself and Mr. ABERNETHY, Mr. ABOUREZK, Mr. BARING, Mr. DENHOLM, Mr. FISHER, Mr. FLOWERS, Mr. HANSEN of Idaho, Mr. HUNGATE, Mr. JOHNSON of California, Mr. JONES of North Carolina, Mr. LINK, Mr. MCCORMACK, Mr. MCKAY, Mr. MILLS, Mr. RARICK, Mr. RONCALIO, Mr. SEBELIUS, Mr. SKUBITZ, Mr. STUBBLEFIELD, Mr. VIGORITO, Mr. WHITE, and Mr. ZWACH):

H.R. 5843. A bill to provide for thorough health and sanitation inspection of all livestock products imported into the United States, and for other purposes; to the Committee on Agriculture.

By Mr. MIKVA (for himself and Mr. RYAN):

H.R. 5844. A bill; National Public Employee Relations Act; to the Committee on Education and Labor.

By Mrs. MINK (for herself, Mr. ECKHARDT, Mr. EDWARDS of California, Mr. DRINAN, Mr. HAWKINS, Mr. HOWARD, Mr. ROYBAL, Mr. RYAN, and Mr. WALDIE):

H.R. 5845. A bill to amend the Military Procurement Act of 1970 to prohibit the future transportation, deployment, storage, or disposal of chemical and biological warfare munitions outside of the United States; to the Committee on Armed Services.

By Mr. PATMAN (for himself, Mr. ASHLEY, and Mr. WIDNALL):

H.R. 5846. A bill to amend the Export-Import Bank Act of 1945, as amended, to allow for greater expansion of the export trade of the United States, to exclude Bank receipts and disbursements from the budget of the U.S. Government, to extend for 3 years the period within which the Bank is authorized to exercise its functions, to increase the Bank's lending authority and its authority to issue, against fractional reserves and against full reserves, insurance and guarantees, to authorize the Bank to issue for purchase by any purchaser its obligations maturing subsequent to June 30, 1976, and for other purposes; to the Committee on Banking and Currency.

By Mr. PATTEN:

H.R. 5847. A bill to provide for disclosures designed to elicit a balance of expression to the Congress with respect to legislative measures, and for other purposes; to the Committee on Standards of Official Conduct.

By Mr. PURCELL:

H.R. 5848. A bill to provide for the payment of losses incurred by growers, manufacturers, packers, and distributors as a result of the barring of the use of cyclamates in food after extensive inventories of foods containing such substances had been prepared or packed or packaging, labeling, and other materials had been prepared in good-faith reliance on the confirmed official listing of cyclamates as generally recognized as safe for use in food under the Federal Food, Drug, and Cosmetic Act, and for other purposes; to the Committee on the Judiciary.

By Mr. QUIE:

H.R. 5849. A bill to amend the Consolidated Farmers Home Administration Act of 1961 to provide for insured operating loans, and for other purposes; to the Committee on Agriculture.

By Mr. QUILLEN:

H.R. 5850. A bill to amend title 10, United States Code, to equalize the retirement pay of members of the uniformed services of equal rank and years of service, and for other purposes; to the Committee on Armed Services.

By Mr. RANDALL:

H.R. 5851. A bill to provide additional benefits for podiatry officers in the uniformed services, and for other purposes; to the Committee on Armed Services.

By Mr. RODINO:

H.R. 5852. A bill to facilitate the entry into the United States of aliens who are brothers and sisters of U.S. citizens; to the Committee on the Judiciary.

By Mr. ROGERS:

H.R. 5853. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide for an increase in the appropriations authorization for the Commission on Marihuana and Drug Abuse; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSTENKOWSKI (for himself, Mr. ADDABBO, Mr. ANNUNZIO, Mr. BINGHAM, Mr. BOLLING, Mr. BURTON, Mr. BYRNE of Pennsylvania, Mr. CARNEY, Mr. CAREY of New York, and Mrs. CHISHOLM):

H.R. 5854. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROSTENKOWSKI (for himself, Mr. COLLINS of Illinois, Mr. COUGHLIN, Mr. DRINAN, Mr. DULSKI, Mr. EDWARDS of California, Mr. EILBERG, Mr. GREEN of Pennsylvania, Mr. GUDE, and Mr. HALPERN):

H.R. 5855. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROSTENKOWSKI (for himself, Mrs. HANSEN of Washington, Mr. HARRINGTON, Mr. HATHAWAY, Mrs. HICKS of Massachusetts, Mr. HOWARD, Mr. JOHNSON of California, Mr. KLUCZYNSKI, Mr. MADDEN, and Mr. METCALFE):

H.R. 5856. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROSTENKOWSKI (for himself, Mr. MCCLORY, Mr. MIKVA, Mr. MINISH, Mrs. MINK, Mr. MOORHEAD, Mr. MOSS, Mr. MURPHY of New York, Mr. MURPHY of Illinois, and Mr. O'NEILL):

H.R. 5857. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purpurposes; to the Committee on Banking and Currency.

By Mr. ROSTENKOWSKI (for himself, Mr. PEPPER, Mr. PODELL, Mr. PUCINSKI, Mr. RANGEL, Mr. REES, Mr. REID of New York, Mr. ROONEY of PENNSYLVANIA, Mr. ST GERMAIN, and Mr. SCHEUER):

H.R. 5858. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROSTENKOWSKI (for himself, Mr. JAMES V. STANTON, Mr. SEIBERLING, Mr. STRATTON, Mr. CHARLES H. WILSON, Mr. WOLFF, Mr. TIERNAN, Mr. RYAN, and Mr. NIX):

H.R. 5859. A bill to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes; to the Committee on Banking and Currency.

My Mr. RUNNELS:

H.R. 5860. A bill to establish a Department of Science and Technology, and to transfer certain agencies and functions to such Department; to the Committee on Government Operations.

By Mr. SHOUP:

H.R. 5861. A bill to amend the Internal Revenue Code of 1954 and title II of the Social Security Act to provide a full exemption (through credit or refund) from the employees' tax under the Federal Insurance Contributions Act, and an equivalent reduction in the self-employment tax, in the case of individuals who have attained age 65; to the Committee on Ways and Means.

By Mr. STRATTON:

H.R. 5862. A bill to provide for the payment of losses incurred by growers, manufacturers, packers, and distributors as a result of the barring of the use of cyclamates in food after extensive inventories of foods containing such substances has been prepared or packed or packaging, labeling, and other materials had been prepared in good-faith reliance on the confirmed official listing of cyclamates as generally recognized as safe for use in food under the Federal Food, Drug, and Cosmetic Act, and for other purposes; to the Committee on the Judiciary.

By Mr. TEAGUE of California (by request):

H.R. 5863. A bill to amend title 38, United States Code, to provide that the Administrator of Veterans' Affairs may furnish outpatient dental services and treatment for a non-service-connected disability to any war veteran who has a permanent total disability from a service-connected disability; to the Committee on Veterans' Affairs.

H.R. 5864. A bill to amend title 38 of the United States Code to extend wartime benefits to veterans who served between January 1, 1961 and August 5, 1964; to the Committee on Veterans' Affairs.

H.R. 5865. A bill to amend chapter 37 of title 38, United States Code, to prevent the charging of fees or discounts in sales guaranteed under the Veterans' Administration loan guarantee programs, except as authorized; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (by request):

H.R. 5866. A bill to amend title 38 of the United States Code to increase the maximum burial and funeral expense payment for a veteran to $400 and to provide an additional allowance of not to exceed $150 for the purchase of a burial plot; to the Committee on Veterans' Affairs.

By Mr. THOMPSON of Georgia:

H.R. 5867. A bill to amend title II of the Social Security Act to provide a 12-percent across-the-board increase in monthly benefits thereunder; to the Committee on Ways and Means.

By Mr. THOMPSON of New Jersey:

H.R. 5868. A bill to improve and increase postsecondary educational opportunities throughout the Nation by providing assistance to the States for the development and construction of comprehensive community colleges; to the Committee on Education and Labor.

By Mr. TIERNAN:

H.R. 5869. A bill to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 5870. A bill to amend the Railway Labor Act to avoid interruptions of railroad transportation that threaten national safety and health by reason of labor disputes, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VANIK:

H.R. 5871. A bill to amend title II of the Social Security Act to increase, in the case of individuals having 40 or more quarters of coverage, the number of years which may be disregarded in computing such individual's average monthly wage, and to provide that, for benefit computation purposes, a man's insured status and average monthly wage will be figured on the basis of an age-62 cutoff (the same as presently provided in the case of women); to the Committee on Ways and Means.

By Mr. WHITE:

H.R. 5872. A bill to amend title 10 of the United States Code to restore the system of recomputation of retired pay for certain members and former members of the Armed Forces; to the Committee on Armed Services.

H.R. 5873. A bill to amend the Railroad Retirement Act of 1937 to provide that actual entitlement to a social security benefit shall not have the effect of reducing an individual's railroad retirement annuity by depriving such individual of the full advantage of the so-called social security guarantee formula in the computation of his or her annuity; to the Committee on Interstate and Foreign Commerce.

By Mr. BADILLO:

H.R. 5874. A bill to repeal subsection (c) of section 245 of the Immigration and Nationality Act, to permit adjustment of status of persons from the Western Hemisphere on the same basis as other aliens; to the Committee on the Judiciary.

By Mr. BEGICH:

H.R. 5875. A bill to permit all compensation paid at regular rates to certain employees of the Alaska Railroad to be included in the computation of their civil service retirement annuities; to the Committee on Post Office and Civil Service.

By Mr. ESHLEMAN:

H.R. 5876. A bill to provide that Congress shall establish a budget ceiling for each fiscal year, and to provide that appropriation acts which violate any such ceiling shall require a two-thirds vote in each House; to the Committee on Government Operations.

By Mr. FINDLEY:

H.R. 5877. A bill to permit State agreements for coverage under the hospital insurance program for the aged; to the Committee on Ways and Means.

By Mr. FLOOD:

H.R. 5878. A bill to amend chapter 607 of title 10, United States Code, with respect to retirement of civilian members of the teaching staff of the U.S. Naval Academy; to the Committee on Armed Services.

By Mr. FULTON of Pennsylvania:

H.R. 5879. A bill to amend the Internal Revenue Code of 1954 to provide that a portion of the salary of a full-time policeman or other State or local law enforcement officer shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. FULTON of Tennessee:

H.R. 5880. A bill to establish annual import quotas on certain textile and footwear articles; to the Committee on Ways and Means.

H.R. 5881. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax to individuals for certain expenses incurred in providing higher education; to the Committee on Ways and Means.

By Mrs. HECKLER of Massachusetts:

H.R. 5882. A bill to provide for orderly trade in textile articles and articles of leather footwear, and for other purposes; to the Committee on Ways and Means.

By Mr. HUNT:

H.R. 5883. A bill to amend section 401(e) of the Federal Aviation Act of 1958 to provide that the Civil Aeronautics Board shall have authority to regulate the type of service performed by an air carrier under the terms of any certificate issued under that act; to the Committee on Interstate and Foreign Commerce.

H.R. 5884. A bill to provide for the redistribution of unused quota numbers; to the Committee on the Judiciary.

H.R. 5885. A bill to prohibit officers and employees of the United States from dumping or permitting the dumping of dredgings and other refuse materials into any navigable water; to the Committee on Public Works.

H.R. 5886. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax to employers for the expenses of providing job training programs; to the Committee on Ways and Means.

H.R. 5887. A bill to amend the Internal Revenue Code of 1954 to provide that certain awards in recognition of outstanding achievement in the field of sports shall be excluded from gross income; to the Committee on Ways and Means.

H.R. 5888. A bill to provide for orderly trade in textile articles and articles of leather footwear, and for other purposes; to the Committee on Ways and Means.

By Mr. JOHNSON of California:

H.R. 5889. A bill to require the Secretary of Agriculture to compensate certain permittees where permits for summer or recreation-type residences on national forest lands are terminated and not renewed, and for other purposes; to the Committee on Agriculture.

By Mr. KOCH:

H.R. 5890. A bill to amend title II of the Social Security Act to make it clear that hearings conducted with respect to claims thereunder shall be subject to the administrative procedure act; to the Committee on Ways and Means.

By Mr. McDONALD of Michigan:

H.R. 5891. A bill to accord duty-free status to imported plywood of lauan or Philippine mahogany suitable for use as doorskins; to the Committee on Ways and Means.

By Mr. MATHIAS of California:

H.R. 5892. A bill to provide for the withdrawal of the right of entry for mining pur-

poses with respect to certain real property located in Kern County, Calif.; to the Committee on Interior and Insular Affairs.

By Mr. MONAGAN:

H.R. 5893. 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 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. QUIE:

H.R. 5894. A bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to increase the loan limitation on certain loans; to the Committee on Agriculture.

By Mr. ROE:

H.R. 5895. A bill to designate the birthday of Martin Luther King, Jr., as a legal public holiday; to the Committee on the Judiciary.

By Mr. SISK:

H.R. 5896. A bill to authorize the Administrator of Veterans' Affairs to acquire certain land in the vicinity of Fresno, Calif., to grant such land to the University of California if certain conditions are met, to construct a medical center on a reserved portion of such land, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. STRATTON (for himself, Mr. FLOOD, Mr. MINSHALL, and Mr. WHITEHURST):

H.R. 5897. A bill to amend chapter 607 of title 10, United States Code, with respect to retirement of civilian members of the teaching staff of the U.S. Naval Academy; to the Committee on Armed Services.

By Mr. WOLFF:

H.R. 5898. A bill to facilitate and encourage cooperation between the United States and certain defense contractors engaged in the furnishing of defense material to the United States, in providing for an orderly conversion from defense to civilian production, and to assure, through such cooperation, that the United States and such defense contractors will be able to meet the challenge arising out of the economic conversion and diversification required by reason of the changing defense needs of the United States, to provide for such an orderly conversion in an effort to minimize, to the extent possible, the hardships and other disruptive factors likely to be encountered by defense workers and their families and by communities dependent upon defense industry as a result thereof; to the Committee on Interstate and Foreign Commerce.

H.R. 5899. A bill to amend the Department of Transportation Act in order to modify the national policy with respect to the protection of lands traversed in developing transportation plans; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCHANAN:

H.J. Res. 450. Joint resolution to authorize and request the President to issue annually a proclamation designating the second Sunday of October of each year as "National Grandparents Day"; to the Committee on the Judiciary.

By Mr. DULSKI:

H.J. Res. 451. Joint resolution requesting the President to issue a proclamation designating the last schoolday in April as "National Pledge Allegiance to Our Flag Day"; to the Committee on the Judiciary.

By Mr. KEMP:

H.J. Res. 452. Joint resolution to authorize the President to designate April 30, 1971 as "Pledge of Allegiance to Our Flag Day"; to the Committee on the Judiciary.

By Mr. McCLOSKEY (for himself, Mr. LONG of Maryland, and Mr. ROE):

H.J. Res. 453. Joint resolution designation of third week of April of each year as "Earth Week"; to the Committee on the Judiciary.

By Mr. MARTIN:

H.J. Res. 454. Joint resolution designating February of each year as "American History Month"; to the Committee on the Judiciary.

By Mr. ROUSH:

H.J. Res. 455. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. SEBELIUS (for himself, Mr. SHRIVER, Mr. ABOUREZK, Mr. HANSEN of Idaho, Mr. MARTIN, Mr. McCOLLISTER, Mr. MELCHER, Mr. ROY, and Mr. SHOUP):

H.J. Res. 456. Joint resolution to provide for a 1974 Centennnal Celebration observing the introduction into the United States of Hard Red Winter Wheat; to the Committee on the Judiciary.

By Mr. SEIBERLING:

H.J. Res. 457. Joint resolution to authorize the establishment of a Joint Committee on Peace; to the Committee on Rules.

By Mr. WINN:

H.J. Res. 458. Joint resolution to authorize the President to issue a proclamation designating the week in November which includes Thanksgiving Day in each year as "National Family Week"; to the Committee on the Judiciary.

By Mr. GALLAGHER:

H. Con. Res. 198. Concurrent resolution calling for the humane treatment and release of American prisoners of war held by North Vietnam and the National Liberation Front; to the Committee on Foreign Affairs.

By Mr. KEATING:

H. Con. Res. 199. Concurrent resolution to create a select joint committee to conduct an investigation and study of an alarm system for the Capitol Building and the Senate and the House Office Buildings; to the Committee on Rules.

By Mr. MATHIS of Georgia (for himself, Mr. BERGLAND, Mr. BRINKLEY, Mr. FLOWERS, Mr. MONTGOMERY, Mr. SPENCE, and Mr. THOMPSON of Georgia):

H. Con. Res. 200. Concurrent resolution expressing the sense of the Congress with respect to the policy of consolidation of certain functions of the local boards of the Selective Service System; to the Committee on Armed Services.

By Mr. SEIBERLING:

H. Con. Res. 201. Concurrent resolution expressing the sense of the Congress with respect to U.S. policy in Southeast Asia; to the Committee on Foreign Affairs.

By Mr. ASPINALL:

H. Res. 285. Resolution to provide funds for the expenses of the investigations and studies authorized by House Resolution 18; to the Committee on House Administration.

By Mr. HUNT:

H. Res. 286. Resolution amending the Rules of the House of Representatives to permit the presentation and recognition in the Hall of the House of holders of the Congressional Medal of Honor, and for other purposes; to the Committee on Rules.

By Mr. MATSUNAGA:

H. Res. 287. Resolution to express the sense of the House of Representatives relative to the relations between the United States and the People's Republic of China; to the Committee on Foreign Affairs.

By Mr. MORGAN:

H. Res. 288. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 109, 92d Congress; to the Committee on House Administration.

By Mr. RUPPE:

H. Res. 289. Resolution amending the Rules of the House of Representatives to entitle the minority party members on the standing committees to not less than one-third of the funds provided for the appointment of investigative staffs pursuant to expense resolutions; to the Committee on Rules.

By Mr. STAGGERS:

H. Res. 290. Resolution to provide funds for the expenses of the investigation and study authorized by House Resolution 170; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGICH:

H.R. 5900. A bill for the relief of John Borbridge, Jr.; to the Committee on the Judiciary.

By Mr. BRAY:

H.R. 5901. A bill for the relief of Chun-Ying Sa; to the Committee on the Judiciary.

By Mr. CAREY of New York:

H.R. 5902. A bill for the relief of Doctor Triponia Artienda; to the Committee on the Judiciary.

H.R. 5903. A bill for the relief of Rosa Binetti; to the Committee on the Judiciary.

H.R. 5904. A bill for the relief of Dr. Ricardo J. Crudo and his wife, Antonia Yulo Crudo; to the Committee on the Judiciary.

H.R. 5905. A bill for the relief of Giuseppe Cucuzza; to the Committee on the Judiciary.

H.R. 5906. A bill for the relief of Giuseppe Cusumano, his wife, Maria Cristina Cusumano, and their son, Giovanni Cusumano; to the Committee on the Judiciary.

H.R. 5907. A bill for the relief of Giuseppe D'Aguanno; to the Committee on the Judiciary.

H.R. 5908. A bill for the relief of Giuseppe D'Angelo, his wife, Rose D'Angelo, and Onofrio D'Angelo and his wife, Francesca D'Angelo; to the Committee on the Judiciary.

H.R. 5909. A bill for the relief of Domenico Marrone, his wife, Luisa Marrone, and their minor child, Luigi Marrone; to the Committee on the Judiciary.

H.R. 5910. A bill for the relief of Miriam Mischel; to the Committee on the Judiciary.

By Mrs. CHISHOLM:

H.R. 5911. A bill for the relief of Angela Puglisi; to the Committee on the Judiciary.

H.R. 5912. A bill for the relief of Hazle Ann Smith; to the Committee on the Judiciary.

H.R. 5913. A bill for the relief of Francis Michael Mikio Yamaguchi; to the Committee on the Judiciary.

By Mr. DANIELSON:

H.R. 5914. A bill for the relief of Yerk Fei Sze; to the Committee on the Judiciary.

By Mr. DELANEY (by request):

H.R. 5915. A bill for the relief of Georgios Gerakaris; to the Committee on the Judiciary.

H.R. 5916. A bill for the relief of Umberto Maccarone; to the Committee on the Judiciary.

By Mr. EVANS of Colorado:

H.R. 5917. A bill for the relief of Jose Becerra; to the Committee on the Judiciary.

By Mr. FRELINGHUYSEN:

H.R. 5918. A bill for the relief of Vincenza Nunziata; to the Committee on the Judiciary.

By Mr. GUBSER:

H.R. 5919. A bill for the relief of Roger W. Wishart; to the Committee on the Judiciary.

By Mr. HELSTOSKI:

H.R. 5920. A bill for the relief of Miss Giorgia Terranova; to the Committee on the Judiciary.

By Mr. LENT:

H.R. 5921. A bill for the relief of Ena Gaymes; to the Committee on the Judiciary.

By Mr. MATHIAS of California:

H.R. 5922. A bill for the relief of Virgilio Lazaro Domingo; to the Committee on the Judiciary.

H.R. 5923. A bill for the relief of Mrs. Nguyen Thi Le Fintland and Susan Fintland; to the Committee on the Judiciary.

By Mr. MINISH:

H.R. 5924. A bill for the relief of Mrs. Pasqualina T. Colavita and her minor child, Donato Antonio Colavita; to the Committee on the Judiciary.

By Mr. SCHMITZ:

H.R. 5925. A bill for the relief of Park Choong Kyu; to the Committee on the Judiciary.

By Mr. WOLFF:

H.R. 5926. A bill for the relief of Antonio Carollo; to the Committee on the Judiciary.

By Mr. WYLIE:

H.R. 5927. A bill for the relief of S. Sgt. J. C. Bell, Jr., U.S. Air Force; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

55. By the SPEAKER: Memorial of the Legislature of the State of Nebraska, relative to creating a national health security program; to the Committee on Ways and Means.

56. Also, a memorial of the Legislature of the State of Nevada, relative to allowing a credit against Federal income tax for slot machine taxes used to support education; to the Committee on Ways and Means.

PETITIONS, ETC.

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

40. By Mr. RUNNELS: Petition of the Rio Grande Compact Commission; support of S. 520: to the Committee on Interior and Insular Affairs.

41. By Mr. RUNNELS: Petition of Otero County Commission, county of Otero, Alamogordo, N. Mex., supporting the principle of revenue-sharing legislation; to the Committee on Ways and Means.

42. By the SPEAKER: Petition of the City Council, Beverly Hills, Calif., relative to Federal-State revenue sharing; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

RESEARCH NEEDS EXIST IN DIET AND HEALTH

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 9, 1971

Mr. OBEY. Mr. Speaker, for some time we have heard charges, countercharges, and counter-counter charges with regard to the relationship between diet and heart disease, cholesterol, and good health.

An interesting article recently appeared in the Washington Post which shows once again that disagreements in this area still exist. In fact, says the article, "without doubt, no consensus in the scientific community about the possible harm done by unsaturated fats is in sight."

In light of constant and seemingly unchallenged statements in the past which tend to imply there was no question about the relationship between the consumption of fats and heart disease, this statement may surprise some people.

But, it is a statement which reflects the fact that a great deal of research in this area is still going on. And it is there, Mr. Speaker, where this issue should be settled. I cannot agree more with those who believe that it is time we stop trying to face complex questions of health and the public welfare through magazine ads and television promotions.

Mr. Speaker, I include the article in the RECORD:

HEART CLAIMS PROBED: FDA, FTC QUESTION POLYUNSATURATE ADS

(By Morton Mintz)

For a dozen years, Americans have been confronted with advertisements in medical and lay publications that encourage use of polyunsaturated fats, usually as margarines or oils, as a means to reduce the risk of heart disease.

Presently, claims made in such ads for margarines are under scrutiny by two federal agencies, the Food and Drug Administration and the Federal Trade Commission.

The agencies' investigations are under way, moreover, as medical researchers are reporting findings that heating polyunsaturates at "temperatures that are typical for family cooking" leads to resaturation of the fats—thereby possibly negating the purpose for which polyunsaturates are advertised.

One full-page ad of this kind, for a widely sold cornoil margarine, has appeared frequently in numerous medical journals.

A photograph of a boy dominates the top half of the ad. He is blowing at candles—eight of them—on a birthday cake.

"Is there a heart attack in his future?" the caption asks.

"More and more doctors," the upbeat answer in the text begins, "are coming to the conclusion that the best time to deal with coronary disease is 30 to 40 years before it is likely to occur.

"That is why they are recommending good dietary practices, especially the low-saturated fat diet—not only for the heart patient, but for people of all age groups—as a means of controlling blood cholesterol and to reduce the risk of coronary diseases later on.

"Such a regimen, of course, involves the substitution of vegetable oils for animal fats wherever possible . . ."

In publications for laymen, the manufacturer picks up the same theme, but points it directly at parents

"Should an 8-year-old worry about cholesterol?" asks the caption in an often-published ad.

Again, the answer is hopeful: Fathers and mothers who take the precaution of giving their children corn-oil margarine, Fleischman's, in this case, are acting to reduce "one important risk to coronary disease"

Over the years, such ads, along with similar messages from non-commercial sources—the appeals to physicians reinforcing those to laymen, and vice-versa, have hammered home an implied fear:

To refrain from recommending such margarines and oils may be to invite negligently the diseases of the heart and blood vessels that, each year, cause the deaths of more than a half-million Americans

For millions, meanwhile, such messages have made the avoidance of animal (saturated) fats part of the conventional good-health wisdom for millions.

In the process, an enormous market has been built up for polyunsaturated fats (mainly, corn, cottonseed, safflower and soy oils. Peanut and olive oils, which are highly monosaturated, do not alter blood cholesterol levels. Coconut oil and cocoa butter are almost completely saturated).

But is it known that lowering the levels of lipids (cholesterol or other fatty substances) in the blood helps to preserve health and life?

The Food and Drug Administration says that despite a large amount of evidence, some of it conflicting, the case has not been proved.

For that reason, the FDA requires pharmaceutical manufacturers to include an "important note" in every ad for prescription medicines that lower blood lipid levels.

It has not been established, the note reminds physicians, whether drug-induced decreases in serum lipids have "a detrimental, a beneficial, or no effect on the morbidity or mortality due to atherosclerosis or coronary heart disease. Several years will be required before current investigations can yield an answer to this question."

Many eminent men of medicine share this view. "After 20 years and several hundred million dollars," Vanderbilt University biochemist George Mann has said, "we still do not see any convincing evidence" in support of the "overpromoted and overpublicized" dietary concept of the management of heart disease.

In the prestigious Lilly Lecture before the American College of Physicians last April, Swedish research scientist Lars Werko said: "Despite considerable effort, nobody has been able to demonstrate that it is possible to reduce the incidence of . . . heart disease by lowering serum cholesterol."

Yet, in ads for foods that have the same purpose as the drugs—that is, to lower blood lipid levels—no such cautionary advice appears.

For example, a physician going through the Journal of the American Medical Association may see the "important note" on one page, in an ad for a drug. But in the pages where there are ads for cholesterol-lowering foods he never sees anything of the kind.

Yet the secretary of the AMA's Council on Foods, Dr. Philip L. White, told a recent meeting of food editors, "We are all tired by now of the unending advertisements for oils and margarines that promise to clear our arteries in much the same way a drain cleaner works."

The inconsistency of the medicine and food ads is the product of a bureaucratic division of legal responsibilities between the FDA and the Federal Trade Commission.

The FDA is able to require the "important note" in drug ads because it has responsibility to be sure that advertising as well as labeling of prescription drugs is truthful and balanced. It has no jurisdiction over the advertising of foods.

In previously undisclosed correspondence prompted by Dr. Edward R. Pinckney, a Beverly Hills, Calif., internist, FDA Commissioner Charles C. Edwards has said that his agency would not permit the claims now in the margarine ads to be made in the labeling over which the FDA does have jurisdiction.

If such claims were to be made in the labels, Dr. Edwards told Rep. L. H. Fountain (D-N.C.), chairman of the House Intergovernmental Relations Subcommittee, the FDA "would regard the products as misbranded" and would seize them.

Indeed, Dr. Edwards said, "we are considering strengthening the prohibitions" on