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PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

SENATE—*Thursday, June 6, 1974*

The Senate met at 9:30 a.m. and was called to order by Hon. WILLIAM D. HATHAWAY, a Senator from the State of Maine.

PRAYER

The Reverend Porter H. Brooks, chaplain (colonel) U.S. Army, Post Chaplain, Fort Myer, Va., offered the following prayer:

O Eternal God, the Maker of men and the Master of Nations, who art always more ready to hear than we to pray, mercifully guide our Nation's leaders into the way of justice and truth. Help us to decipher and to heed the messages Thou art sending us through the history of our planet, through the discoveries of science, through the deepening conscience of people about themselves, and through the sacred revelation of Thy word. Then in Thy good time allow a new age to dawn upon us, an age of peace and tranquillity, an age of freedom from want and fear and injustice, an age nearer our hopes and better than our dreams. And we shall give Thee unending praise and thanks throughout our lives. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 6, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WILLIAM D. HATHAWAY, a Senator from the State of Maine, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HATHAWAY thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, June 5, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

SIMPLIFIED PROCEDURES IN PROCUREMENT OF PROPERTY AND SERVICES BY GOVERNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 869, S. 3311.

There being no objection, the Senate proceeded to consider the bill to provide for the use of simplified procedures in the procurement of property and services by the Government where the amount involved does not exceed $10,000, which had been reported from the Committee on Government Operations with an amendment, on page 2, line 12, after "SEC. 5.", insert "Section 9(b) of"; so as to make the bill read:

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

SECTION 1. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), is amended by striking out "$2,500" and inserting in lieu thereof "$10,000".

SEC. 2. The third full unnumbered paragraph under the heading "Office of Architect of the Capitol" contained in the appropriations for the Architect of the Capitol in the Legislative Branch Appropriation Act, 1966 (79 Stat. 276; 41 U.S.C. 6a–1) is amended by striking out "$2,500" and inserting in lieu thereof "$10,000".

SEC. 3. Section 302(c)(3) of the Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 252(c)(3)) is amended by striking out "$2,500" and inserting in lieu thereof "$10,000".

SEC. 4. (a) Section 2304(a)(3) of title 10, United States Code, is amended by striking out "$2,500" and inserting in lieu thereof "$10,000".

(b) Section 2304(g) of such title is amended by striking out "$2,500" and inserting in lieu thereof "$10,000".

SEC. 5. Section 9(b) of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. 831h(b)(3)) is amended by striking out "$500" and inserting in lieu thereof "$10,000".

The amendment was agreed to.

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the calendar under "New Report."

There being no objection, the Senate proceeded to consider executive business.

DEPARTMENT OF LABOR

The ACTING PRESIDENT pro tempore. The clerk will report the nomination.

The second assistant legislative clerk read the nomination of Betty Southard Murphy, of Virginia, to be Administrator of the Wage and Hour Division, Department of Labor.

The ACTING PRESIDENT pro tempore. Without objection, the nomination will be considered and confirmed.

Mr. MANSFIELD. Mr. President, I request that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be so notified.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, if a request has not already been made, I ask unanimous consent that there be a period for the transaction of routine morning business of not to exceed 20 minutes after the remarks of the distinguished Senator from Wisconsin (Mr. PROXMIRE) have been completed.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

"WHAT'S RIGHT WITH THE FEDERAL GOVERNMENT"—FEDERAL REGULATION OF BANKING

Mr. PROXMIRE. Mr. President, during the last few months I have made a series of speeches on "What's Right With the Federal Government." In these speeches I have tried to point out where progress has been made, especially in those areas where I have sometimes been concerned that we have not had enough progress. I have found the making of these speeches to be an extraordinarily useful device for maintaining a true perspective on what is happening in our Government and our country.

The purpose of these speeches is not to call for a relaxation in our pursuit of economic and social justice. Instead, my purpose has been to show that despite widespread feelings of negativism, cynicism, and distrust, that progress is being made, that the system is still working, and that still more progress is possible if we renew our commitment to furthering the public interest.

With this background, the topic of my speech today, "What's Right in Banking," is timely.

Banking to many epitomizes the free enterprise system, and at the same time it is ironic and contradictory, but probably there is no industry that is more tightly or more comprehensively regulated by the Federal Government. Indeed, the progress or lack of progress in banking depends as much, and perhaps more, on Federal rules, regulations, and laws than on the actions of individual bankers.

I think we should keep that in mind in recognizing the shortcomings as well as the progress we have made in banking. It is a product of Federal activity on the Federal and Presidential level, as well as the work of thousands of bankers throughout the country.

While we have the most competitive and innovative banking industry in the world, there is very great room for improvement. As a ranking member of the Senate Banking Committee, I have often been critical of our Nation's banking industry. I have sometimes pursued legislation which has been opposed by banking, and I expect to continue to do so vigorously.

American lending institutions still fall short in the following respects among others:

First. Funds for financing housing are only available at an excessive cost and are frequently not available at all;

Second. With some fine exceptions banks have shown too little initiative or effectiveness in financing the development of the inner core, deteriorating sections of our big cities;

Third. Too many banks still follow a stay-out attitude in employing blacks and other minorities especially in management positions;

Fourth. Women still suffer discrimination in borrowing from many banks;

Fifth. Too many banks arbitrarily reject borrowers requesting loans without explaining why;

Sixth. In too many communities a single bank enjoying a monopoly position can and does blackball credit worthy borrowers;

Seventh. American Bankers Association, the banks, principal lobbyist has for 60 years opposed every piece of progressive legislation affecting the banking industry from establishment of the Federal Reserve System through Federal Deposit Insurance to truth in lending.

Despite these problems, I believe that America can be justly proud of its banking system. Whatever its shortcomings, the American banking system is the envy of the free world, especially in the manner in which it has served the average family. Bank officials from all over the world come to the United States to learn and observe the latest American banking methods and techniques.

I would like to examine some of the specific areas where American banks have excelled. In so doing, I also plan to mention areas where I feel improvements can still be made to make our banking system even more responsive to the needs of the public. However, these criticisms are not intended to detract from the main thrust of my speech—namely, What's Right in Banking. I include the bad with the good primarily to prevent anyone from concluding that I have suddenly succumbed to a view of the banking industry, of the kind Voltaire's Dr. Pangloss applied when he found this the best of all possible worlds. In banking there is great room for improvement.

1. OVERALL LEVEL OF COMPETITION

The most startling fact about the American banking system is the number of commercial banks who compete for the public's banking business. Unlike other countries where the banking business is heavily concentrated in the hands of one or two giant banks, the United States has over 14,000 commercial banks. Moreover, those commercial banks must compete with other financial institutions, including over 4,000 savings and loan associations, 23,000 credit unions, and several hundred mutual savings banks. Anyone who reads the advertising in the financial section of our newspapers cannot help but be impressed by the intense level of competition between banks for the public's banking business.

One reason why the structure of the U.S. banking system is relatively dispersed compared with other countries is owing to our banking laws which prevent branching across State lines. Also bank charters are available from either the Federal Government or from anyone of the 50 State governments. The flexibility afforded by the dual banking system is one of the key elements which helps to maintain a competitive banking industry.

Also, the American system of bank regulation has frequently enhanced the competitive structure of the banking industry. For example, under the policies pursued by former Comptroller of the Currency James Saxon, national bank charters become more readily available.

Despite the generally competitive nature of the banking industry, there are some threats to competition which need to be carefully watched. Notwithstanding Comptroller Saxon's aggressive chartering policies, most bank regulators have unduly restricted the number of new banks being chartered each year. Restrictions on branching, especially in the unit branching States, have sometimes enabled established banks to preserve a localized monopoly of the banking business. The bank regulatory agencies some times approve bank mergers when expansion by de novo branching would do more to increase competition. Nonetheless, the overall competitive structure of the banking industry is healthy and could be made even better.

2. AVAILABILITY OF CREDIT

An old cliche about the banking business is that the only way to get a loan from a bank is to prove that you did not need one. This cliche is no longer true. Today, banks make credit available to borrowers, big and small, for a wide variety of purposes. If anything, banks may make too much credit available from time to time.

Consider the dramatic changes which have occurred in bank lending practices in the last 25 years. During the 1930's and 1940's, the banking industry was a rather dull profession. Bankers acquired most of their money through no-interest demand deposits or low-interest time deposits. The vast bulk of these funds were invested in riskless U.S. Treasury obligations and the remainder in gilt-edged corporate loans. Many others who needed credit were turned away. Under these circumstances, it did not take much brains to be a banker. The most essential tool was grade school arithmetic to enable the banker to compute and compare yields.

I know because it was at that point when I went into banking myself, and I was struck by the fact that all you needed was to be able to add, subtract, divide, multiply, and know a little bit about fractions and decimals and you would make a success as a banker. You did not need any further judgment because all you did was to invest bank funds in Government bonds, and there the yield was the only thing that was important, with no risk involved.

By the 1950's, the banks began to compete more vigorously in the lending market. Banks began making far more loans to consumers, to home buyers, to small businessmen, and to other borrowers for a wide variety of purposes. Today, only a small portion of a bank's loanable funds are invested in U.S. Government bonds; most of the money is loaned to individuals or business firms, the contribution to the Nation's economic growth is big and essential.

The extent to which banks have made credit more generally available is truly remarkable.

In 1947 banks invested 16 percent of their funds in business loans. By 1973, the figure was 24 percent.

During this same period, the percentage of bank funds invested in consumer loans increased from 5 to 15 percent; real estate loans increased from 8 to 17 percent; agricultural loans increased from 1 to 3 percent; and State and local obligations increased from 5 to 14 percent.

These increases in public lending were offset by a decline in the percentage of funds invested in U.S. Government obligations. In 1947, banks invested 60 percent of their funds in Treasury obligations; by 1973, the figure was down to

9 percent. The increase in the percentage of funds loaned to the general public during this period is even more remarkable when one considers that on an absolute basis, the banks increased their total volume of credit by over 500 percent. So they not only had, for example, three times as much available for consumer loans, but it was a 500-percent larger kitty. It was really 15 times as much made available for consumer loans.

While the public has been generally well served by the reinvigoration of the banking business, there are times when the willingness of the banks to extend credit has complicated the job of the Federal Reserve Board. The large money center banks in particular have been inclined to fuel a corporate investment boom at the very time when the Fed is trying to dampen inflationary pressures in the economy. Banks also have a tendency, when money is scarce, to leave the municipal bond market and the mortgage market in order to continue making loans to corporate customers. However, these problems are not so much the fault of individual bankers as they are of the system by which we manage monetary policy.

3. SERVICE TO THE PUBLIC

Perhaps the most revolutionary change in the banking business is the increase in customer service. Just a few years ago, the typical bank opened at 10 a.m., closed at 2 p.m. and shut down completely over the weekend. "Bankers' hours" was the standard cliche for a short workday, and a real gravy train for people who wanted to have an easy life. Today, the majority of banks are open during normal business hours. Many stay open in the evening and on weekends or have limited deposit and withdrawal services available during these off hours. Some banks have even introduced automated tellers which can accept deposits or effect withdrawals 24 hours a day, 7 days a week.

The location and style of bank offices have also changed over the years. At the end of World War II, bank offices tended to be massive, monolithic structures in the center of the downtown area. They made customers feel uncomfortable and were costly to operate. Today, bank offices are located more conveniently throughout a metropolitan area, they are brighter and more efficient, and bank officers are more accessible to customers. In addition, the number of banking offices has grown faster than the increase in population. Since the end of World War II, the population increased by 50 percent while the number of banking offices increased by 122 percent, more than twice as fast as the population.

4. VARIETY OF SAVINGS ACCOUNTS

Another desirable change in the banking business has been the increased variety of savings instruments available to the general public—savings accounts, 90-day notice accounts, and certificates of deposits of varying denominations and maturities. This variety enables the bank to meet the specific needs of individual savers. Some savers may be willing to accept a lower rate in return for earlier withdrawal while others may be willing to leave their money on deposit for a longer period in return for a higher rate.

While the variety of savings instruments has benefited the public, the variety of methods used to compute the amount of interest payable has generally resulted in confusion. A survey by the American Bankers Association revealed that there are more than 50 methods for computing the interest payable on a standard savings account advertising a nominal rate of 5 percent.

Also, surveys by consumer organizations reveal that even bank personnel are unable to correctly explain the intricacies of savings accounts when they are asked to do so by their customers. As I say, there is plenty of room for improvement.

5. CREDIT CARDS

As the author of legislation regulating credit card practices, some may be surprised to learn that I regard the advent of bank credit cards as a development generally favorable to consumers. To be sure, there have been problems; but on the whole, the growth of bank credit cards has been beneficial.

For those who use credit cards, the substitution of a single bank credit card for a number of separate cards is a real convenience. Credit cards also reduce the need for carrying cash and enable consumers to take advantage of special sales. Bank credit cards have also enabled smaller retailers to compete more effectively with the large retail chains who have their own credit card plans. Bank credit cards and related check credit plans have also made it possible for consumers to borrow relatively small amounts of money over short periods of time, at rates generally lower than what would be charged by a finance company for a comparable installment loan.

Despite the advantages of bank credit cards, there has been some concern that they make credit too readily available and cause some consumers to become overextended. This was particularly true during the period prior to 1970 when the banks distributed credit cards on an unsolicited basis. The situation has somewhat improved following the passage of legislation I authored in 1970 which bars unsolicited credit cards.

Another problem with all credit card plans is that there is no single method for computing the amount of interest owed by a consumer. Also, consumers are unable to stop payment if they use a bank credit card to buy shoddy merchandise. I am hopeful that these and other problems can be corrected in the Fair Credit Billing Act which has passed the Senate and is now pending before the House.

6. FEDERAL LEGISLATION AFFECTING BANKING

In addition to developments within the banking industry itself, there has been considerable progress in recent years in the area of Federal legislation affecting the banking industry. While the Congress has before it a number of major recommendations for restructuring our system of financial institutions, it is also true that the Congress has already enacted a good deal of legislation to improve the responsiveness of the banking industry. Here are some of the major pieces of legislation passed by the Congress in recent years:

The Bank Merger Act of 1966. This legislation halted an alarming series of mergers between large banking institutions which began occurring in the early 1960's. The act clarifies that bank mergers are subject to the provisions of the antitrust laws and gives the Justice Department an expanded role in reviewing merger applications.

The Bank Holding Company Act Amendments of 1970. This legislation closed a gaping loophole in the Bank Holding Company Act which permitted large banks to form one-bank holding companies for the purpose of engaging in activities not related to the banking business. The legislation passed by Congress requires that all activities of one-bank holding companies be closely related to the business of banking.

Repeal of State tax exemption. In 1972 Congress repealed the exemption which national banks have enjoyed from certain State and local taxes. This legislation will insure that national banks pay their fair share of State and local taxes just like any other business.

Increased deposit insurance. In 1966, Congress increased the amount of FDIC deposit insurance on bank deposits from $10,000 to $15,000, and in 1969 it approved a further increase to $20,000. The Senate Banking Committee has recently approved legislation increasing the amount of deposit insurance to $25,000 while a bill passed by the House of Representatives would increase the amount to $50,00—we will work out a compromise—and these increases will protect the savings of small depositors to a greater degree.

Truth in lending. In 1968, Congress, after an 8-year struggle, passed the Truth in Lending Act. Although this reform legislation was strongly opposed by the American Bankers Association, I believe that in retrospect, it has proven quite beneficial to the banking industry. For the first time, the public knows exactly what it is paying for credit and how much interest is being charged. Since banks generally have lower rates than their competitors, the banking industry has come out looking pretty good under truth in lending.

Fair credit reporting. In 1970, Congress also passed the Fair Credit Reporting Act. While this act primarily regulates credit reporting agencies, it also applies to creditors who use credit reports including commercial banks. Under the law, report must tell the person that a credit report was involved and disclose the name and address of the credit reporting agency.

Credit card legislation. In 1970 Congress also passed legislation prohibiting unsolicited credit cards and limiting to $50 a consumer's liability for purchases made on a lost or stolen credit card. Given the phenomenal growth of bank credit cards, these provisions have served to protect consumers from some of the adverse consequences of credit cards.

WHAT'S WRONG WITH THE ABA

Mr. President, I have by no means exhausted the list of what is right in banking. I have merely touched upon some of the major developments and the lack of time prevents me from getting into further detail. However, before I close,

I would like to talk briefly about what is wrong with the American Banker's Association, or the ABA as it is known in banking circles.

There are some who may see a contradiction between the title of my speech and the note on which I am concluding. However, the ABA is not the banking industry. Instead, it is a trade association which purports to represent the views of individual bankers. This difference is important and should not be ignored.

Most of the bankers I have met seem to be sensible and reasonable men. I wish I could say the same for officials of the ABA who testify at congressional hearings. Almost without exception, the ABA has opposed every piece of progessive legislation affecting the banking industry. It opposed the enactment of the Federal Reserve Act in 1913; it opposed Federal Deposit Insurance in 1933; it opposed the Truth in Lending Act; it opposed the Fair Credit Reporting Act; and until most recently, it opposed the Fair Credit Billing Act.

The ACTING PRESIDENT pro tempore. The time of the Senator from Wisconsin has expired. Under the previous order, the Senator from Missouri (Mr. EAGLETON) is recognized for not to exceed 15 minutes.

Mr. PROXMIRE. Mr. President, can the Senator yield me half a minute?

Mr. EAGLETON. Mr. President, I am pleased to yield 1 minute to the Senator from Wisconsin.

Mr. PROXMIRE. But since this is a positive speech, let us not dwell excessively on the past mistakes of the ABA. Mr. President, at the risk of being labeled a fatuous optimist, I say there is even hope for the ABA. There are encouraging signs that the ABA is gradually, but grudgingly, emerging into the 20th century.

For example, last year the ABA reluctantly endorsed the Fair Credit Billing Act including a provision restricting the application of the holder-in-due-course doctrine on credit card transactions. I am hopeful that the ABA may be finally coming around to realize that consumer protection legislation is not antibank legislation and that in the long run both the banking industry and the consumer stand to benefit from reasonable reform legislation. That is the premise on which I have operated in the past and on which I will continue to operate in the future regardless of my position on the Senate Banking Committee.

Mr. President, I thank the distinguished Senator from Missouri for so graciously yielding me a part of his time. I yield the floor.

DESIGN TO COST

Mr. EAGLETON. Mr. President, the defense budget is again the subject of intense debate between those who say we are spending too much and those who want to spend more. But the superficial discussion of defense issues that has thus far characterized our national debate has served only to polarize public opinion on how best to accomplish that goal.

Everyone who participates in a serious way in this debate believes that a strong, sufficient, and nonwasteful defense program is needed. But it is time to go beyond the "motherhood" exhortations and handwringing generalizations to examine in some detail the reforms needed to achieve a stronger, more economical military force.

In January I sent a letter to Deputy Secretary of Defense William Clements inquiring about the progress made in implementing the recommendations of last year's Defense Sciene Board task force which studied the complex subject of "Reducing Costs of Defense Systems Acquisition." I received Secretary Clements' reply some weeks ago and I would like to share it with my colleagues along with some personal views on the subject of defense spending.

The business of buying weapons systems is a highly complicated governmental and industrial endeavor. I certainly cannot qualify as an expert on the subject. But I am concerned, indeed alarmed, about the waste and confusion that has characterized two systems on which I have spent considerable time and effort as a Senator. I refer to the Army's main battle tank—MBT–70—a program canceled by Congress, and the Air Force's airborne warning and control system—AWACS.

My purpose today is not to expose a specific case of inefficiency or to reveal a cost overrun. Unfortunately, these negatives are not difficult to find. But they are merely symptoms of the more profound malady which inflicts our defense establishment. My intent is instead to encourage a process of positive managerial change—change which, if backed by strong commitment, can do more to eliminate inefficiency, waste, and cost overruns than the sum of all the exposés and denunciations.

The change to which I am referring is a fledgling movement within the Defense Department itself which acknowledges the folly of squandering limited national resources and which has set about to encourage the individual military services and defense contractors to build more effective weapons at lower costs. The people behind this movement seek to impose commonsense business practices on a procurement system which suffers badly from infatuation, with gadgetry, unrealistic assessment of developmental risk, insufficient preproduction testing, inadequate competition, and, consequently, cost escalation. These managerial failings not only waste valuable national resources, but they also work against a strong national defense.

The backbone of the move to improve our system of buying weapons is a concept known as design to cost. The idea was brought to the Pentagon in 1969 from the business community by Mr. David Packard, who served until 1971 as Deputy Secretary of Defense.

In the business world of profits, designing to a cost is absolutely essential. And it becomes a way of life. But for some strange reason people develop different attitudes when they spend the tax dollar.

During his Defense Department tenure, Mr. Packard sought to change those attitudes. He wanted to make cost a primary consideration in weapons systems acquisition. The concept he proposed was a simple one: decide the cost goal and design to that cost; aim to purchase the least expensive system capable of doing the job well. Mr. Packard's idea became an official order in 1971 when it was embodied in DOD directive 5000.1.

"Design to cost" was never meant to sacrifice the performance of a weapon. The performance trade-offs that are made to meet the cost goal should be in the "goldplating" category where oversophistication has raised havoc with combat utility. Mr. Packard warned that his concept would only work well when accompanied by a resolve to improve the techniques of quality control.

According to the information provided in Deputy Secretary Clements' letter, 22 weapons systems are now under design-to-cost guidelines. In accordance with Mr. Clements' directive of June 18, 1973, the cost of all major systems will eventually be controlled by a cost goal.

I commend Secretary Clements and his staff for their efforts in trying to make the Pentagon cost conscious. But as hard working and dedicated as some in the Defense Department have been, I must reluctantly conclude that ingrained resistance to change has transformed Mr. Packard's concept into little more than good public relations.

After 3 years, "design to cost" has influenced the management of a relatively few weapons systems. Despite the setting of cost goals and the bureaucratic machinery to enforce those goals, trade-offs of excessive sophistication have not been made. Developmental schedules continue to be influenced more by expediency than by an orderly sequence of research, development, and production. And sadly, we continue to prepare for combat from the inside of research laboratories where the imagination of defense scientists far surpasses the practicality of the weapons they produce.

The Indochina war and the recent Middle East conflict should have reminded us of an old axiom—that wars are won by men, not by machines. If we cannot build machines in sufficient numbers that can be operated effectively and repaired quickly by our fighting men, then our forces will suffer. Our primary concern should not be what looks good in a laboratory, but what works well in combat.

When Gen. George Brown assumed the post of Air Force Chief of Staff last year, he warned:

> We are going to be out of business if we don't find ways to cut costs.

General Brown was not just making a routine plea for better management. Hard facts make his warning very real.

For example, between World War II and 1969, the actual costs experienced by General Brown's Air Force exceeded official estimates by an average of 4.1 to 6.5 times. The same poor record of keeping costs down was exhibited by the other services.

In one of its best known studies, GAO revealed that in 1972, 77 major systems had cost overruns totaling $28.7 billion. But that was only half the story. Another $11.7 billion in additional overruns was avoided only because of cutbacks in planned systems, procurement quantities, and planned force levels. That means that $11.7 billion was cut directly out of

our Nation's defense strength in 1972 to pay for overruns.

And the situation has not improved. Just the other day GAO announced that overruns on 55 major systems totaled $26.3 billion. Besides failing to meet cost and time estimates, our new systems rarely meet the technical objectives established. Take for example the Shillelagh system, a missile-firing mechanism for tanks. In 1969, 10 years after the project began, the Army had 300 M–60 tanks equipped with the Shillelagh, worth a total of $270 million. The Shillelagh was inaccurate and its caseless ammunition was dangerous. The tank system was, in short, unusable.

In Indochina, the Air Force insisted on using its supersophisticated air-to-air missile, the Falcon. But when it was found to be less than 20 percent effective—and after several pilots were lost—the Air Force finally switched to the Sidewinder, a missile that had been available all along but was not used because it was built by the Navy.

Then there was the M–114 armored reconnaissance vehicle. When it hit the slightest bit of mud in Indochina, it became a bogged-down target for enemy fire. The M–114 was built to run well on a superhighway, but it had no combat utility.

Unfortunately, these are all too common failures. From the infantry rifle to the biggest aircraft, our weapons have become the victims of a perspective which values technology over combat effectiveness. And our fighting men have had to pay the price.

What are the solutions to the problems that afflict our Defense Establishment? David Packard posed a general cure when he said:

> We are going to have to stop this problem of people playing games with each other. Games that will destroy us, if we do not bring them to a halt.

The "game playing" to which Mr. Packard referred is the most debilitating symptom of our failure to bring efficiency to defense. Unfortunately, the politics of the budgetary process itself may inspire the most destructive tendencies.

For example, military planners understand that the public seeks dramatic, not marginal, improvements in the performance of a particular weapon. Imaginations, therefore, work overtime in establishing performance goals that are frequently unattainable, often unnecessary and sometimes downright impractical.

Next, it is felt necessary to understate costs. In this the military services have ready allies. Contractors abound who are willing to bid low to buy in. And when the Pentagon comes before Congress to certify the low cost of a new system, it does so with the support of industry.

The military planner also understands that it is difficult to sell long-range projects. Consequently, a schedule is drawn up which shows quick progression from milestone to milestone. Scarce margin is left for error and the pressure to deliver often leaves little time for adequate preproduction testing. So instead of working the bugs out with a prototype, our combat soldiers do it in battle, by trial and error.

If we are to avoid the strange form of unilateral disarmament this game-playing produces, we must begin today to reform our system of buying weapons. We must seek to create a procurement system which is minimally influenced by vested interests. And we must possess the expertise at each level of the decision-making process to check and improve upon estimates made at other levels.

Initially, the Defense Department should vastly improve its in-house research capability. Cost and performance estimates should be based on Government rather than industry-based technical data.

Groups such as the Cost Analysis Improvement Group within OSD should be expanded and given more direct power and authority in evaluating the cost estimates of the military services. And, subsequently, the General Accounting Office, as Congress advisory arm, should review these estimates prior to the approval of all major systems.

Performance goals and risk assessments should also be subjected to intense scrutiny at a number of levels. Again, Congress should be able to draw on a variety of independent assessments to evaluate the potential of a program before it commits the taxpayers' dollar.

In this regard, GAO has been doing an outstanding job evaluating the technical details of a number of major systems. I mention this today because I am aware that there are many vested interests in the industrial world which would prefer to remain the sole sources of technical information about weapons systems. GAO's growing technical competence has become a threat and efforts are now being made to force that agency into a more narrow role. Congress must resist those efforts.

GAO should continue to provide Congress with the vital technical information it needs to evaluate ongoing systems, and it should expand its operation to look at the feasibility of weapons still on the drawing board.

In the initial conceptual stages, the military services should be made to coordinate their requests for new weapons according to the overall defense mission to avoid costly duplication. Secretary Schlesinger is making a noble effort in this area and should receive Congress strong backing.

As we strive to meet performance goals, we must also resolve to schedule development so that our weapons fly before the U.S. Government buys. If we are going to have effective systems at lower costs, this rule cannot be broken except in rare cases of dire national emergency when a specific weapon is needed to perform a high-priority mission. Our failure to follow this policy faithfully has been a major cause of cost overruns and performance failures.

If all these steps are successfully implemented, then Congress itself can add impetus to good management by loosening the annual appropriation process—a process which makes it difficult for managers to plan. Congress should, in other words, consider multiyear funding for certain programs where risks have been minimized by adequate testing.

Finally, Congress should seriously consider imposing "design-to-cost" parameters on low-risk programs where cost effectiveness levels and cost estimates are well established. If, for example, it can be safely assumed that a tank costing over $700,000 is too expensive considering its relative effectiveness against a new threat, then Congress should not hesitate to set a legal price tag. The incentive to spend even less than the limit authorized could be provided by permitting the individual military service to keep the savings to pay its growing manpower bills.

Mr. President, programs such as "design to cost" are eminently worthy of our support, but they cannot function in a vacuum. We must actively seek ways to make the budgetary process work to reinforce rather than discourage good management. And we must always keep in mind the following admonition spoken by the distinguished chairman of the Armed Services Committee, Senator STENNIS:

> If the weapons we develop are so costly that we cannot afford enough of them and if they are so technically complex that they are unreliable and difficult to maintain, we have done the nation a disservice by developing and procuring them. We have done a particular disservice to those American soldiers who will die in combat because we have given them a weapon that is superior only in theory to that of the enemy.

Mr. President, I ask unanimous consent that the letter from Deputy Secretary Clements to me dated April 4, 1974, and its attachments be printed in the RECORD.

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

THE DEPUTY SECRETARY OF DEFENSE,
Washington, D.C., April 4, 1974.

Hon. THOMAS F. EAGLETON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR EAGLETON: In further response to your letter of 28 January 1974, I am enclosing the current status of Design to Cost (DTC) implementation on our major defense programs that are subject to either or both of the following management and reporting systems:

The Development Concept Paper (DCP) and Defense Systems Acquisition Review Council (DSARC).

The Selected Acquisition Report (SAR).

First, allow me to define the DTC management concept as we use the term. It means the management and control of future acquisition, operating and support costs during the design and development process within established and approved cost objectives. DTC includes relaxation of performance and schedule requirements where these have an unacceptable cost impact.

On 18 June 1973, I asked the Military Departments to establish DTC goals as specific cost numbers on all major programs as early as feasible, but in any case prior to their approval for full-scale engineering development (DSARC II). These DTC goals are internal management tools to encourage cost consciousness and to provide a quantitative measure of management effectiveness.

We asked the Services to express these goals in terms of average unit Flyaway/Sailaway/Rollaway Costs. Flyaway Cost is defined in the DOD Budget Guidance Manual. It includes the cost of procuring the basic unit (airframe, hull, chassis, etc., including a percentage of unit cost for changes allowance), its propulsion equipment, electronics, armament, other installed Government-furnished

equipment, and non-recurring production costs.

Flyaway Cost is only a part of the cost of any major defense system, and it must be viewed in the larger context of all costs defined in the DOD Budget Guidance Manual. A Flyaway Cost does not include peculiar ground support and training equipment costs, or certain other costs, which are included in the budgetary definition of Weapon System Cost. Neither does it include the cost of initial spares, which are included in Procurement Cost, nor the costs of related research, development, test and evaluation or related military construction, which are included in Program Acquisition Cost.

We recognize that setting Flyaway Cost goals is only a first step in applying the DTC concept to defense systems acquisition. Government-established requirements are often so extensive that all of the acquisition costs should eventually be included in DTC goals. Currently, the cost goals which are included in contracts with defense contractors are usually lower than the SecDef's approved Flyaway Cost goals. This is because contractors are only responsible for what they are under contract to deliver, and what they deliver normally represents only part of the total costs included in the Flyaway Cost definition. For example, the Government pays separately for Government-furnished equipment, such as a gun system, which may be delivered to the contractor for installation. Also, the Program Manager normally retains the small allowance for engineering changes which is included in Flyaway Cost.

DTC goals are based on assumptions that are made very early in an acquisition program about the quantity of the system to be procured and its anticipated production rate. In addition, DTC goals are stated for each system in some constant fiscal year dollar base. To determine current average unit Flyaway Cost estimates, it is only necessary to adjust DTC goals for inflation and changes to quantity or production rate.

We normally approve DCP cost thresholds which are somewhat higher than DTC goals in order to provide a realistic planning framework and to assure an adequate margin of cost flexibility to accomplish tradeoffs during development. Recognizing the complexity of DTC and the necessity of fully understanding its variations, I have divided our major programs into convenient categories and indicated our DTC goals on major programs in the enclosures as follows:

Enclosure 1 contains DTC goals agreed to between my office and the procuring Military Department. Any changes in the DTC goals since their establishment are noted.

Enclosure 2 is a list of all the programs which contain a contractual DTC goal.

Enclosure 3 lists those programs which have not yet had DTC goals established, but for which goals will be considered by DSARC II at the latest.

Enclosure 4 lists those programs in the DCP/DSARC and SAR systems which were too far along in their development, or were actually in production, so that establishment of DTC goals was not appropriate.

Enclosure 5 represents the programs I am planning to exempt from establishment of DTC goals. The reasons in each case are included.

DoD guidelines for implementing the Design to Cost concept have been issued by the individual Military Departments, as well as jointly by the Joint Logistic Commanders. My office will issue overall policy guidance as necessary; however, I believe that the Joint Logistic Commander's Design to Cost Guide is excellent and was issued in a timely manner at the proper level. I have attached a copy of the JLC Guide as Enclosure 6.

In regard to Mr. Bucy's report, I feel that it has been valuable as a stimulus to my Office and to the Services to identify more efficient and less costly methods of acquiring modern weapons, including its emphasis on realistic implementation of DTC. The Defense Science Board's reports, such as that of the Cost Reduction Task Force, are written by advisory groups of civilian scientists and industrialists. I accept their "recommendations" as advisory opinions. In fact, the Bucy Report was the catalyst that spurred us to move DTC from a concept to implementing it as a DoD policy. Detailed comments on each principal recommendation contained therein are attached as Enclosure 7.

I most certainly share your interest in using appropriated funds as efficiently as possible when acquiring major defense systems. In view of their expressed interest in the subject of Design to Cost, I am forwarding copies of this letter, together with enclosures, to the Chairmen of the Senate and House Armed Services and Appropriations Committees, and also to the Chairmen of the Research and Development Subcommittees of the Committees on Armed Services. I trust that the enclosed information answers your questions satisfactorily and will prove to be useful to you.

Sincerely,

W. P. CLEMENTS.

Enclosures.

DESIGN TO COST GOALS

The following unit Design to Cost (DTC) goals have been established by OSD and the Military Departments. The goals are "flyaway, sailaway, rollaway" unit costs, as defined in DoD Budget Guidance Manual 7110–1–M. In certain cases the systems are late in the design phase, and the DTC goals are for management purposes and reflect current cost estimates in line with the SAR estimates.

System (service)	Average unit goal	Fiscal year dollars	Quantity	Rate
A–10 (AF)	$1,500,000	1970	600	20 per month (maximum).
AAH (A)	1,700,000	1972	472	8 per month (maximum).
ARSV (Scout) (A)	141,000	1972	1,147	55 per month (maximum).
B–1 (AF) [1] (Defensive avionics)	1,400,000	1972	241	4 per month (maximum).
CH–53E (N)	4,230,000	1973	70	Over 5 yr.
Condor (N)	305,000	1974	410	Over 4 yr.
EF–111 (AF) (excluding airframe)	5,400,000	1973	40	6 per month (maximum).
Harpoon (N)	191,000	1974	2,870	Over 7 yr.
Lightweight fighter (AF)	3,000,000	1972	300	100 per year.
Low cost EW suite (N):				
Suite 1	300,000	1975	116	Over 7 yr.
Suite 2	500,000	1975	119	Do.
Suite 3	1,400,000	1975	60	Do.
MICV (A)	178,300	1972	1,186	65 per month (maximum).
MAN P/ADS (Stinger) (A)	12,200	1972	20,000+	400 per mo (maximum).
Patrol frigate (PF) (N) [2]	45,000,000–50,000,000	1973	[3] 49	Over 7 yr.
Patrol hydrofoil ship (N) [2] NATO (PHM)	18,000,000–20,000,000	1974	[3] 28	Over 3 yr.
Phalanx CIWS (N)	1,030,000	1974	359	Do.
Sam–D (A): [4]				
Missile	90,000	1972	6,250	90 per mo (maximum).
Radar group	2,828,000	1972	125	2 per mo (maximum).
Weapon control	887,000	1972	125	Do.
Launcher group	250,000	1972	625	12 per mo (maximum).
SCS (N) [2]	90,000,000–100,000,000	1973	[3] 7	Over 4 yr.
Sidewinder (IMPR) (AIM–9L) (N)	21,400	1974	7,460	Over 5 yr.
Sparrow missile (N) (AIM–7F) (N) (G+C only)	75,000	1974	6,720	500 per year (average).
Standard SSM (active std) (N)	285.0	1974	226	Over 2 yr.
UTTAS (A) (airframe only) [5]	600,000	1972	1,107	14 per month (maximum).
XM–1 (new MBT) (A)	530,400	1972	3,312	30 per month (maximum).

[1] Although there are no formal DTC goals with the other major contractors (Rockwell, General Electric, or Boeing), the unit procurement cost (which includes flyaway, support costs, and initial spares), has been continually tracked. The present estimate for the B–1 unit procurement cost is $33,700,000 in fiscal year 1970 dollars for 239 aircraft delivered over an 8-yr period. This compares favorably with the original unit procurement cost estimate of $30,800,000 in fiscal year 1970 dollars for 241 aircraft.

[2] Final agreement between OSD and the Navy not reached, DTC will be within this range of cost.

[3] Follow on.

[4] The Sam-D program is currently being restructured and DTC goals may be reestablished after the restructuring. These goals represent component goals in the contract, and are not flyaway cost goals.

[5] OSD/Army agreement has not been reached on the UTTAS flyaway DTC goal, only on the airframe goal.

In addition to the foregoing the following major weapon systems have or will have total program DTC goals established between OSD and the Air Force. The use of unit flyaway cost goals for these programs is not appropriate due to the small number of production units involved and the significant portion of total program's cost being expended during development.

Advanced Airborne Command Post (AABNCP) (AF)—This program consists of 1 RDT&E and 6 production aircraft systems. An overall total program DTC goal of $548.1M in FY 73$ was established by the Deputy Secretary of Defense in September 1973.

Airborne Warning and Control Systems (AWACS) (AF)—This program presently consists of 3 RDT&E and 31 production aircraft systems. A revised acquisition program (development and production) DTC goal is being established based upon revised program guidance given at the September 1973 DSARC IIB Review.

DESIGN TO COST COVERED CONTRACTUALLY

The following is a list of the weapons systems which have used design to cost (DTC) contract clauses in their development contracts, and the DTC goals established therein. The amounts represent individual contractor

cost to the Government (with the exception of the A–10 and AAH) and may be less than the amounts shown on Enclosure (1) for those cases where the cost includes non-recurring production cost, provisions for engineering changes, and the cost of Government Furnished Equipment (GFE). A–10 (AF).

Flyaway [1]—$1.5M in FY 70$ for 600 at a rate of 20/month.

Engine (TF–34–GE–100)—215 K in FY 70$ for 1500 at a rate of 50/month.

Gun (GAU–8)—85 K in FY 70$ for 600 at a rate of 20/month.

The Close Air Support aircraft is being developed under CPIF contract with Fairchild-Industries. The contract includes a DTC goal for a total flyaway unit cost of $1,500,000 and requires Fairchild Industries to monitor not only its cost but also the associated GFE. The engine (TF34–GE–100) and GAU–8 gun are being developed under two separate FPI contracts with General Electric. The DTC goals are included in these three contracts as "prime objectives," and priced options for initial production units are reflective of these DTC goals.

AAH(A):

Airframe+GFE—$1.4–1.6M in FY 72$ for 472 at a rate of 8/month.

Engine—78.7K in FY 72$ for 4700 at a rate of 60–85/month.

The Advanced Attack Helicopter is being developed under two competitive contracts. These contracts are CPIF with an award fee attached to a DTC goal of between $1,400,000 and $1,600,000 (different amounts in each contract). The contracts are with Bell Helicopter and Hughes Helicopter and the contract DTC goals include GFE but do not include non-recurring tooling or allowance for engineering changes.

The engine for both the AAH and the UTTAS is being developed under contract with General Electric.

ARSV (SCOUT) (A) Vehicle—$80–100K in FY 72$ for 1,147 units at 55/month.

The Armed Reconnaissance Scout Vehicle is being developed under two competitive contracts (FMC Corporation and Lockheed Missiles and Space Company) which are FPI type and include a DTC range of $80,000 to $100,000 (excl non-recurring production cost and GFE).

B–1 (Defensive Avionics) (AF)—$1.4M in FY 72$ for 241 units at 4/month.

The B–1 Radio Frequency Surveillance/Electronic Countermeasures (RFS/ECM) defensive avionics program is being developed under a CPIF contract with the AIL Division of Cutler-Hammer, which includes the above DTC goal. Payment of the DTC incentive is based on the negotiated production unit cost for the initial production contract. DTC provisions also include a determination of the associated profit percentage for the production contract based upon that negotiated production unit cost and the target values currently established in the present development contract.

CH–53E (N) Airframe—$3.180M in FY 73$ for 70 units at 2/month.

The CH–53E is the Navy's heavy lift helicopter and is being designed under a CPIF contract with Sikorsky Aircraft. The development contract includes a contract DTC goal of $3,180,000 for the airframe cost.

EF–111 (AF)—$5.4M in FY 73$.

The Manned Support Jamming aircraft has a unit DTC goal of $5,400,000 which includes costs of the jamming subsystem, self-protection subsystem, and radar warning subsystem, and the design/integration/aircraft modification effort. The basic F–111 aircraft will be Government furnished. This goal is included in the current study contract with General Dynamics and Grumman, and will also be included in the prototype development/integration contract to be negotiated following the present study phase.

HLH (A):

Airframe—$5.1M in FY 73$ for 250 units at 3/month.

Engine (XT–701–AD–700)—208K in FY 73$ for 1125 units at 15/month.

The Army's Heavy Lift Helicopter is being developed by Boeing-Vertol under basically a CPAF contract with a portion of the award fee attached to the DTC goal. The engine is being developed under a CPIF contract with Detroit Diesel (Allison Division) which includes an award fee on meeting the DTC goals.

Low Cost EW Suite (N):

Suite 1—$311.3K in FY 75$ for 116 units at 2/month.

Suite 2—$549.3K in FY 75$ for 119 units at 1 to 4/month.

Suite 3—$1,395.5K in FY 75$ for 60 units at 1/month.

The Low Cost Electronic Warfare Suite is being developed under competitive CPIF contracts with Hughes and Raytheon. The DTC goals are for three distinct configurations or suites of shipboard equipment.

MICV (A)—$122.9K in FY 72$ for 1186 units at 65/month.

The Mechanized Infantry Vehicle is being developed under a CPIF contract with FMC Corporation which contains a DTC goal of $122,900 excluding the fire control, some production support costs, non-recurring production costs and GFE.

MAN P/ADS (STINGER) (A)—$25.3K in FY 72$ for the first unit.

The Manportable Air Defense System (STINGER) is being developed under a CPIF contract with General Dynamics (Pomona). The contract also includes an award fee attached to meeting the DTC goal of $25,300 for the first production unit in FY 72$. A total quantity goal for the 20,000+ units has been set by the Army between $5,200 and $6,100 per unit, which would represent a learning slope of approximately 88% from the first unit.

SAM-D (A):

Missile—$90K in FY 72$ for 6250 units at 90/month.

Radar Group—2,828K in FY 72$ for 125 units at 2/month.

Weapon Group—887K in FY 72$ for 125 units at 2/month.

Launcher Group—250K in FY 72$ for 625 units at 12/month.

The Surface-to-Air Missile is being developed under a CPIF contract with Raytheon which includes an award fee for meeting the DTC goals. The program is now going through a complete evaluation and the future status is uncertain; therefore, these goals are subject to change.

UTTAS (A):

Airframe—$600.0K in FY 72$ for 1107 units at 14/month.

The Utility Tactical Transport Aircraft System is being developed under two competitive contracts with Sikorsky and Boeing Vertol (for 3 flyable aircraft each). Each contract is a CPIF and contains a DTC goal of $600,000 per unit. This goal does not include non-recurring cost, an allowance for engineering changes or GFE. There is an incentive provision based on a percentage share of the savings below $600,000/unit computed using an 86% learning slope projected from the first production unit cost for Boeing-Vertol and an 85% learning slope for Sikorsky.

The engine for both the UTTAS and the AAH is being developed under contract with General Electric (see AAH above).

XM–1 (new MBT) (A)—$450K in FY 72$ for 3312 units at 30/month.

The new Main Battle Tank is being developed under two competitive prototype contracts (CPIF) with Chrysler (Defense Division) and Detroit Diesel with DTC goals of approximately $450,000, which would exclude non-recurring production costs (including tooling), GFE and provisions for engineering changes. Award fees are included for meeting the DTC goals.

PROGRAMS TO BE CONSIDERED FOR DESIGN TO COST APPLICATION AT A FUTURE DSARC

1. The following programs, presently in the DCP/DSARC system, have not been approved for Program Initiation (DSARC I). They will be considered for Design to Cost at DSARC I or DSARC II. as appropriate.

Air-to-Surface Modular Weapon System (A, N, AF)—Current studies will indicate direction, exact outcome uncertain now.

TRITAC Switch (AN/TTC–39) (A)—The TRITAC program is a broad joint service program the first phase of which, has the Army as the program manager to develop the AN/TTC–39 switch. This is really a family of tactical, automatic, electronic, voice and message switches, capable of handling traffic in both analog and digital form. DSARC I is scheduled for April 1974.

VCX (COD) (N)—The Navy's replacement for the C–2 as the carrier on-board delivery vehicle. A draft DCP is expected during the summer of 1974 with a DSARC I in late 1974.

2. The following programs have been approved for Program Initiation (DSARC I) and will have Design to Cost objectives established by DSARC II.

AEGIS/DG (N)—The sailway goal for the 15 DG's including the AEGIS weapon system is currently under review and DTC goals will be established after the DSARC scheduled for May 1974.

AGILE (N)—The advanced short-range Air-to-Air missile (AIM–95A) is to replace the SIDEWINDER missile. At present there are no final DTC goals; however, a range of from $35,000 to $50,000 in FY 74 dollars for 5000 units in unit procurement cost has been established.

Air Launched Cruise Missile (ALCM) (AF)—is an air-to-ground missile being developed utilizing the technology baseline of the SCAD program which was terminated in late FY 73. DTC goals will be established following validation of critical design parameters. DSARC II is planned for late 1974.

Cannon Launched Guided Projectiles (CLGP) (A, N)—This program has had the equivalent of a DSARC I, and two contractors, Martin-Marietta and Texas Instruments, have been under contract building prototypes since February 1972 for the Army. The Navy also has a program underway on a 5 inch guided projectile. DSARC II on this program is planned to be held during the summer of 1975.

Cruise Missile (SLCM) (N)—The Navy's Sea Launched Cruise Missile is under advance development by two competitive contractors who are to build prototype systems under CPFF contracts. The contracts are with LTV and General Dynamics (Convair).

HARM (N)—The Navy's anti-radiation missile is to be completed and the resulting contract will contain DTC goals for the planned buy of 5,000 missiles.

Hellfire (A)—This is a laser-guided helicopter-launched missile which has been through the equivalent of DSARC I and is technically sound. Relative operational effectiveness, given the existence of the TOW, is being tested and evaluated. DSARC II scheduled for the summer of 1975.

HLH (A)—The Heavy Lift Helicopter is being developed by Boeing-Vertol under a CPAF contract. The engine is being developed under a CPIF contract with Detroit Diesel (Allison Div). There are DTC goals included in these contracts but final OSD/

[1] Include $825,000 for airframe, $430,000 for 2 engines, $85,000 for GAU–8, remainder for other GFE.

Army goals will not be established until DSARC II.

LAMPS MK III (N)—The approved DCP authorized development of the avionics suite with deferral of the platform selection until November 1975. Since the cost of avionics needs will be dependent on the interface with other platform detection equipment, establishment of a DTC goal is not feasible at this time.

NAVSTAR Global Positioning System (GPS) (AF)—Formerly known as the Defense Navigation Satellite Development Program, the NAVSTAR (GPS) is to provide a new universal navigation and positioning capability using satellites. The program has only recently entered the validation phase. This phase will provide an in-depth assessment of user requirements, system vulnerability, system costs, the military value of the new capability, and the impact on existing and programmed facilities and equipment. No contractual provisions for DTC are established in the present user equipment definition contract. However, DTC goals will be established by DSARC II.

Over-the-Horizon-Backscatter Radar System (OTH–B) (AF)—Approval was granted at DSARC I for the development and testing of a limited coverage prototype system to be located in the Northeast United States. Design to Cost goals for the prototype phase, and follow-on site expansion and additional site procurements if approved, are being developed. These goals will be included in the proposed CPIF contract to be awarded for the current prototype phase.

PERSHING II (A)—The PERSHING II is basically a new reentry vehicle with the balance of the PERSHING missile remaining unchanged. The program is just being approved for advanced development. DTC goals will be established at DSARC II.

Precision Emitter Location Strike System (PELSS) (AF)—PELSS is an airborne location/strike system being developed to provide a capability to locate and strike emitters. The system consists of several ground stations wtih a central computer processing system, airborne receiver platforms, and weapon delivery systems. DSARC II is scheduled for the fall of 1974.

SHORAD/LOFAADS (A)—The Short Range Air Defense (SHORAD) missile requirement is to be filled by procuring a basically designed system. The DTC goal to be used for management will be established at DSARC II based on system that is selected.

Surface Effect Ship (SES) (N)—The two 100 ton Validation Phase test craft have been used for engineering studies for some time and are not suited for inclusion under design to cost. The 2,000 ton SES prototype(s) now under consideration will be experimental craft, R. & D. funded, to which the concept of flyway cost does not apply. However, establishment of design to cost goals on the military combatants which may grow out of this effort will be made at DSARC II.

Site Defense System—DTC goals will be established at DSARC II.

TASS/TACTLESS (N)—Towed Array Surveillance System/Tactical Towed Linear Array Sonar System provides a passive surveillance and tactical sonar capability for surface ships. This program will be divided into two separate programs, each with its own DCP at DSARC II.

Tactical Operations System (TOS) (A)—is a division-level computer-assisted command and control system to assist in managing the employment of Army combat power. Present tests are being conducted using TACFIRE developed hardware. DTC goals were not set at DSARC I since system description and specifications were not stable enough at that time.

TRIDENT (N)—The Navy's successor to the POSEIDON will have DTC goals established for both the missiles and submarines.

VRFWS (Bushmaster) (A)—Vehicle Rapid Fire Weapon System for use on the Army's MICV. Three contractors were under contract during the validation phase and have been submitted full scale development proposals (G.E., Philco-Ford and AAI). The Army is currently reevaluating its requirements in relation to existing systems as well as the three proposed systems. DSARC II is expected to be in late 1974.

3. CAPTOR Program has received DSARC II approval and is currently being reviewed by the Chief of Naval Material to determine the impact of funding deficiencies on production cost and schedule. It is estimated that necessary decisions regarding definitive production parameters will be available to support the submission of a design to cost later this year prior to DSARC III.

OLDER PROGRAMS IN PRODUCTION

The systems currently in the DCP/DSARC and SAR systems which have been approved for production (DSARC III) and DTC was not applicable are

Army	Navy	Air Force
Dragon	A–7E	A–7D
Impr. Hawk	AV–8A	C–5A
Lance	E–2C	F–5E
M60A2	EA–6B	F–15
Safeguard	F–14A	F–111
TOW	P–3C	Landing Control (TPN–19)
	S–3A	SRAM
	Phoenix	Maverick
	CVAN	Minuteman II + III
	DD–963	Defense support program
	DLGN–38	Cobra Dane
	LHA	
	SSN–688	
	Poseidon	
	Sub Sonar Sys (AN–BQQ–5)	
	MK–48 Torpedo	
	VAST (USM(V))–247	

DESIGN TO COST PLANNED EXEMPTIONS

The following programs are planned for exemption from the establishment of DTC goals. They will still receive constant review and evaluation based on the cost thresholds established under the DCP/DSARC process and will be managed in accordance with DTC concepts.

Air Acoustic Sensors (N)—is a program name applied to approximately 9 individual projects which range from the early formulative stage to production. As such, an overall DTC goal is impractical, however, individual projects which are susceptible to DTC will have goals established at the appropriate time.

Continental Operations Range (COR) (AF)—This program will provide a single fully integrated test range for improved OT&E. It includes consolidation of existing facilities and equipment and isolated procurements of peculiar range instrumentation. DTC is not applicable on a total program basis; however, DTC goals will be established for individual hardware procurements wherever possible. The program is being managed within the cost threshold established in the DCP/DSARC review cycle.

SANGUINE (N)—is a low frequency in-ground transmitter to be built by the Navy for submarine communication. Site selection has been a problem. It is expected that the program will be managed through cost thresholds established in the DCP/DSARC process, since it is a one of a kind operation and not appropriate for DTC.

FLT SAT COM (N)—The Navy's fleet satellite communication system, including shipboard and ground station equipment and the satellites, is in the late stages of design and DTC goals are not applicable.

SOSUS (IMPR) (N)—An old program name which covers many projects. It has been exempted from the requirements of DTC.

TACFIRE (A)—The initial procurement for this program was under a Total Package Procurement (TPP) concept and the new development contract covers only the remainder of the development effort. So much of the hardware design was performed under the TPP that the remaining software refinement is unlikely to influence system production cost.

OSD COMMENTS ON PRINCIPAL RECOMMENDATIONS OF THE BUCY REPORT

Implementation of the recommendations of the Bucy Report was initiated rapidly by the widespread distribution of copies that I directed in my Memorandum for the Chairman, Defense Science Board, dated May 14, 1973, which was published as a covering memo with the report. The DDR&E sent out almost 2,000 copies of the report during the summer of 1973. These went to key DoD, industry, and Congressional offices and to interested individuals. The report was also made available for purchase through the Superintendent of Documents, G.P.O.

Numerous references to the Bucy Report have been made in speeches by high-ranking members of the DoD before both military and civilian audiences. There have also been frequent written references made to the report in DoD correspondence. In order to provide specific comments on the implementation of the ten principal recommendations contained in the Bucy Report, the Army, Navy, and Air Force have provided the information contained in Tabs A, B, and C, respectively.

As shown in the attached Tabs, the Military Departments are actively engaged in carrying out the spirit and intent of the principal recommendations. Some of these efforts were underway, even before the Task Force was requested to examine Design to Cost by the DDR&E, as a result of DoD Directive 5000.1. Some of the other implementing actions may still require lengthy subtle philosophical changes to the way of life in both DoD and industry. The DoD is moving forward in a positive manner to implement the Bucy Recommendations and the concept of Design to Cost.

ARMY COMMENTS ON PRINCIPAL RECOMMENDATIONS OF THE BUCY REPORT

1. Army Program Managers have been given complete authority to make decisions on performance/cost trade offs within the bands of flexibility established for their individual programs. Trade offs outside of the established bands must be approved at the level that established the threshold. For example, trade offs involving DCP threshold must be approved by OSD. The prospective Project Manager is normally a member of the special task force assembled to prepare the concept formulation package, the development plans and associated analysis, including a draft DCP for major systems.

2. It is Army policy to select only outstanding personnel as Project Managers. The present criteria for selecting a Project Manager are quite demanding. For example, he must be a graduate of a senior service school, possess an advanced degree in a technical field or business administration and have demonstrated outstanding performance. To assure that the best qualified personnel are selected for Project Managers, the Assistant Secretaries of the Army (R&D) and (I&L), as appropriate, and the Under Secretary of the Army will personally review the records of the top three candidates and interview the individual recommended for project manager positions.

3, 5, 6. It is Army policy that cost is equal in priority to performance in the acquisition of weapon systems. There are nine Army systems presently under design-to-cost procedures and this technique will be applied to all other on-going major systems that have not progressed beyond the point where it would

be effective. It is planned to apply design-to-unit cost to all major system developments initiated in the future. Production unit-cost-design goals are included in the engineering development contract.

4. The Secretary of the Army recently established a group of senior Secretariat and Army General Staff personnel to review, before release, all RFP's for programs covered by DCP's. The group is chaired by the Deputy Assistant Secretary of the Army (R&D). Some examples of this group's activities are:

a. Assure that DCP objectives are appropriately reflected in the RFP.

b. Performance rather than design specifications provided.

c. Insure that proposed test programs will provide reliable information in advance of major decision points in the program.

d. Eliminate cascading references to standard military specifications and "how to do it" specifications that drive one to expensive solutions.

7. As an example of actions supporting this recommendation, the Army is initiating implementation of the "Wheels Study" recommendation to replace specialized tactical vehicles with appropriate commercial vehicles.

8. The Army strongly supports extending competition as long as economically justified in the weapons acquisition process and this policy is reflected in current programs. It is obviously impractical to have competitive parallel development programs for large systems such as SAFEGUARD and SAM-D. However, programs such as Utility Tactical Transport Aircraft System (UTTAS), Armored Reconnaissance Scout Vehicle (ARSV), and BUSHMASTER gun system are using the competitive prototype technique. Competition will be maintained in these programs as long as economically justified.

The Army has for many years used the "break out" of major subsystems and components to achieve appropriate competition in the procurement of weapons systems.

Competition has also been achieved in the procurement of systems such as TOW and SHILLELAGH by means of educational orders and technical assistant contracts to develop second sources for the system.

9. The Army concurs in this recommendation and is following this procedure.

10. The Army agrees that the organization structure should not inhibit the activities of the Project Manager. Army Project Managers receive their charters from the Secretary of the Army and are authorized direct access to the Secretary, Chief of Staff and the Commanding General of the Army Materiel Command. However, it is also important to insure that the Project Manager is not so "independent" that he becomes isolated from and loses support from the rest of the organization. For example, the development and acquisition of a weapons system should be integrated with force structure and training plans for its deployment. This involves elements of the organization outside of the Project Manager's structure. If the PM were completely independent of the Army Staff organizations, coordination would be more difficult.

NAVY COMMENTS REGARDING IMPLEMENTATION OF RECOMMENDATIONS ADVANCED BY THE "BUCY" REPORT MARCH 15, 1973

The following comments pertain to the list of 10 principal recommendations as cited on page xvii of the "Bucy" Report summary.

RECOMMENDATION NO. 1

"That the Program Manager be given full authority to make timely decisions on performance/cost trade-offs, and that he participate in establishing requirements."

Comment: The authority of Navy Program Managers has been incrementally increased since the program manager concept was strongly emphasized by former DEPSECDEF Packard. The Navy has followed a policy of granting maximum feasible trade-off authority to Program Managers since the early success of the POLARIS program. The practical limits of such authority are many however, due to the extremely complex system/sub-system interfaces which exist among Navy weapons systems.

RECOMMENDATION NO. 2

"That the program management team consist of highly competent individuals, whose tenure is oriented to completion of major program phases, and whose technical background is appropriate. That strong motivations and incentives for these personnel be developed, to counteract the tendency to follow the lines of least resistance."

Comment: The Navy is ensuring a continuous and adequate input of qualified Project Managers and Weapon Systems Acquisition Management personnel by:

1. Providing significant status and recognition for Major Project Managers commensurate with their responsibilities. A Major Project Manager billet is considered equivalent to a Major Command.

2. Ensuring that special attention is given to the procedures for the selection for and designation of billets for Major Project Managers.

3. Strengthening career planning and education for Project Managers and Weapon Systems Acquisition Management personnel.

In 1972, the Navy initiated a formal Weapon System Acquisition Manager (WSAM) program under the auspices of the Chief of Naval Personnel which now contains approximately 1100 officers in grades O-4 through O-6 who are identified as possessing the technical and managerial experience necessary to provide effective management of the Navy's acquisitions.

In the area of Project Manager tenure and promotion, of importance is the fact that the average tenure of project managers during the 1969 period (before DOD Directive 5000.1) was 2 years and 5 months. During 1973 the average tour of project managers rotated was 3 years and 2 months. Of the 59 current Project Managers in the Navy, 39 have not been moved out of their jobs and only 16 have been moved in less than three years.

RECOMMENDATION NO. 3

"That program requirements be balanced between performance and cost—and that their specification and documentation be made directly pertinent to the program."

Comment: The entire Navy application of the design to cost concept is directed toward achieving a better balance between performance and cost. The practical means of achieving such balance occurs in four general ways:

1. Through the day to day exercise of the authority granted Navy program managers.

2. Through the setting of design to cost goals on all major (and a significant number of minor) programs.

3. Through the original specification of broadly worded need statements such that the solution to the need is not preconceived and prespecified in advance of the development of several alternative potential solutions of the need.

4. Through the workings of the Chief of Naval Operations' Executive Board (CEB) and the Chief of Naval Operations' Program Analysis Memorandum (CPAM) process which causes hard trade-off decisions to be made relative to program requirements and resource allocation.

RECOMMENDATION NO. 4

"That specifications be more nearly limited to 'end-item' orientation, including performance, environment, and long-term warranty or service policy. That the thousands of detailed 'how to do it' specifications be reduced, and, in many cases, eliminated. That, to achieve these ends, greater emphasis be placed on the test and evaluation of prototypes, and less on paper specifiations.

Comment: The Navy concurs in the recommendation and has shifted considerably toward the method of operation implied by the elements of the recommendation. Practical application is stimulated and monitored through the requirements review board/request for proposal review board process for which requirements, documents, and requests for proposal are reviewed by Headquarters level review boards prior to release of RFPs to industry sources. All major program RFPs are subjected to high level review by the Deputy Chief of Naval Materiel for major program RFPs receive similar review, generally at the Systems Command level.

RECOMMENDATION NO. 5

"That DOD's weapon systems acquisition policies be modified to place unit price in proper perspective, to provide a more direct incentive for cost reduction. This is not to suggest any single grand plan of "total project" pricing, but rather to focus attention on adequate unit pricing as an incentive to continual cost reduction.

Comment: The Navy believes that current DOD-wide emphasis on the design to cost concept if properly applied will cause unit price to be placed in proper perspective. The current emphasis stems from direction enunciated in DOD Directive 5000.1 dated 13 July 1971.

RECOMMENDATION NO. 6

"That program requirements, particularly unit production costs must be developed at the beginning, and reviewed or revised regularly, to assure that the relative value is still being attained."

Comment: The Navy concurs in the recommendation and is instituting procedures to provide for the early establishment and periodic adjustment of applicable design to cost goals on all appropriate Navy Programs.

RECOMMENDATION NO. 7

"That, for non-weapon procurement, a greater use of commercial products be made."

Comment: The Navy concurs in the recommendation. Practical application is being effected through various DSA programs aimed at reducing the number of milspec items in favor of suitable commercial spec substitutes.

RECOMMENDATION NO. 8

"That competitive procurement of hardware be extended as long as possible, and to the greatest extent applicable to systems, subsystems, and components procurement. Competition is essential whether the contract is Fixed Price, Cost Plus Fixed Fee, or even an Incentive Contract. In such competition, increased weighting and emphasis should be given to the contractor's prior performance and responsiveness.

Comment: The Navy concurs in the recommendation and is employing maximum feasible competition in numerous contemporary programs. Several specific examples are as follows:

PHM, Cruise Missile, MK 48 Torpedo, Surface Effect Ship, Advanced Technology Engine, Harpoon sustained engine, Digital Multi-beam steering subsystem.

Official Navy procurement statistics reflect an increase of 5% in the use of competitive procurement from Calendar Year 1972 to Calendar Year 1973.

RECOMMENDATION NO. 9

"That the important role of Cost Plus Fixed Fee contracts should continue for development and prototype contracts, where effective Fixed Price competition cannot be achieved without the addition of large contingency factors.

Comment: The Navy concurs in the recommendation. Official Navy procurement statis-

tics evidence a 5% increase in the use of cost reimbursable type contracts as opposed to Fixed Price type contracts from CY72 to CY73.

RECOMMENDATION NO. 10

"That, to provide an open environment in which these changes can take place, the hierarchy of DOD program management structures be realigned and simplified.

Comment: The Navy concurs in the recommendation but defers to implementation action which may result from the formal Executive Branch position taken with respect to recommendation C-11 of the Report of the Commission on Government Procurement.

General Comment relative to relationship between the "Bucy" report and the Major Systems Acquisition portion (Part C) of the Report of the Commission on Government Procurement.

There is a very high correlation between the recommendations advanced by both reports. The DoD is actively engaged in responding to the Report of the Commission on Government Procurement and specific implementing actions are being or will be taken with respect thereto.

The GAO, as tasked by the Chairman of the House Government Operations Committee, is monitoring Executive Branch progress in implementing the Commission's recommendation which is distributed to members of Congress and other interested parties.

AIR FORCE COMMENTS ON THE PRINCIPAL RECOMMENDATIONS OF THE BUCY REPORT "REDUCING COSTS OF DEFENSE SYSTEMS ACQUISITION," DATED MARCH 15, 1973

1. That the program manager be given full authority to make timely decisions on performance/cost trade-offs, and that he participate in establishing requirements.

The policy in DOD Directive 5000.1 and the implementing Air Force regulations, AFR 800–2 and 800–3, directs the DOD Component and Program Manager to make performance/cost tradeoffs in the accomplishment of acquisition programs. These tradeoffs are used by the Program Manager to keep the program within the performance and cost objectives and thresholds established by the Secretary of Defense in the approved Development Concept Paper. The Program Manager is delegated maximum authority and responsibility for deriving program and technical design requirements. He develops and approves the Program Management Plan, which is directive on other Air Force Systems Command elements and upon the using and supporting commands.

2. That the program management team consist of highly competent individuals, whose tenure is oriented to completion of major program phases, and whose technical background is appropriate. That strong motivations and incentives for these personnel be developed, to counteract the tendency to follow the lines of least resistance.

The Air Force is continuing its emphasis on three key factors to maintain strong program management teams: an adequate source of qualified individuals; assignment stability to keep people on the job long enough to get it done; and recognition and career incentives to attract and retain the most competent personnel. Major program officers are all manned at a 100 percent level, with the program manager exercising veto power over all personnel assignments to the program office. The selection of program managers for major programs is personally approved by the AFSC commander. The average tour of personnel assigned to major programs has increased from 31 to 43 months since 1970. Today, over 63 percent of our officers in the potential program manager resources (the Air Forces has had a separate systems management career field since 1964) have advanced degrees.

3. The program requirements be balanced between performance and cost—and that their specification and documentation be made directly pertinent to the program.

Program requirements, as related to operational requirements, system design requirements, cost and schedule, are under constant review and evaluation during the acquisition life cycle of a weapon system. The extensive requirements review process which validates the statement of operational requirements, the review boards which thoroughly "scrub" the request for proposal before it is issued to industry, and the Joint Operational and Technical Reviews which further identify marginal requirements, have contributed significantly to maintaining the performance/cost balance. That balance is being established prior to entry into the validation phase, and it is maintained from that point on within the thresholds established by OSD in the approved DCP.

4. That specifications be more nearly limited to "end-item" orientation, including performance, environment, and long-term warranty of service policy. That the thousands of detailed "how to do it" specifications be reduced, and, in many cases, eliminated. That, to achieve these ends, greater emphasis be placed on the test and evaluation of prototypes, and less on paper specifications.

The Air Force is maintaining a strong emphasis on prototyping, with test and evaluation objectives identified very early in the program. Many of the "how to do it" specifications have been eliminated by revising directive regulations and manuals into guides and pamphlets. Necessary information is thereby provided, but without imposing unnecessary constraints. The use of life cycle cost considerations, including maintainability, reliability, and other support criteria is being introduced in the conceptual phase and continued throughout the acquisition process. Combined with an increasing emphasis on early hardware development and evaluation, the overall objectives of system effectiveness and a minimum life cycle cost are receiving considerably more attention.

5. That DOD's weapon system acquisition policies be modified to place unit price in proper perspective, to provide a more direct incentive for cost reduction. This is not to suggest any single grand plan of "total project" pricing, but rather to focus attention on adequate unit pricing as an incentive to continual cost reduction.

The recommendation focuses clearly on the application of design to cost to weapon system acquisition programs. Design to cost goals in the form of unit fly away cost goals have been established on several current programs and are being identified for new programs during the conceptual and validation phase. These cost goals are being contractually implemented, with increasing use of incentive structuring for further emphasis on cost reduction. The Air Force is also aligning design to cost with life cycle cost considerations to prevent undue emphasis on procurement cost at the expense of follow on ownership costs.

6. That program requirements, particularly unit production costs, must be developed at the beginning, and reviewed or revised regularly, to assure that the relative value is still being attained.

Current OSD policy requires the establishment of design to cost goals at the earliest possible date, but no later than entry into full scale development. These cost goals, together with all other program requirements are continually reassessed, with formal consideration occurring on a monthly basis with the AFSC Commander, Chief of Staff, and the Secretary of the Air Force, and at each of the major milestone reviews conducted by the DSARC.

7. That for non-weapon procurement, a greater use of commercial products be made.

It is Air Force policy to rely on the competitive market and to procure standard commercial products from that competitive market whenever they will fulfill the stated mission requirements.

8. That competitive procurement of hardware be extended as long as possible, and to the greatest extent applicable to systems, subsystems, and components procurement. Competition is essential whether the contract is fixed price, cost plus fixed fee, or even an incentive contract. In such competition, increased weighting and emphasis should be given to the contractor's prior performance and responsiveness.

The Air Force makes maximum use of competitive procurement on systems, subsystems, components, and parts. The type of competition and the degree of competition that are used are tailored to each procurement requirement. For example, the Air Force may not be able to afford duplicate prototyping on complex procurements; however, competition at the outset may be used to give program requirements maximum review by all capable contractors. The Air Force is continuing to seek better ways to include contractors' prior performance as a factor in competitive procurements.

9. That the important role of cost plus fixed fee contracts should continue, for development and prototype contracts, where effective fixed price competition cannot be achieved without the addition of large contingency factors.

It is Air Force policy to use cost-type contracts for prime contracts as well as subcontracts whenever substantial risk or development effort is involved.

10. That, to provide an open environment in which these changes can take place, the hierarchy of DOD program management structures be realigned and simplified.

The Air Force has implemented the decentralization philosophy of DODD 5000.1 and has minimized management layering between program offices and top management. The Air Force Blue Line Reporting System provides for bypassing intermediate management levels when necessary. Direct contact with the Chief of Staff and Secretary of the Air Force is authorized in such cases, with after the fact reporting to intermediate levels.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. JOHNSTON). Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 20 minutes, with statements therein limited to 3 minutes.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

PRIVILEGE OF THE FLOOR

Mr. TOWER. Mr. President, during the consideration of S. 3000, and on amendments thereto, I ask unanimous consent that Michael Hemphill, of the staff of the Joint Committee on Defense Production, be given the privileges of the floor.

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

QUORUM CALL

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

DEPARTMENT OF DEFENSE APPROPRIATIONS AUTHORIZATION ACT, 1975

Mr. EAGLETON. Mr. President, I would like to address some of the points raised in the committee report on the AWACS program.

First, I commend the committee for carefully circumscribing its approval of the 12 aircraft requested in the budget by requiring the Secretary of Defense to certify that AWACS will meet its tactical mission requirements. The GAO and others have raised serious questions about the ability of AWACS to perform effectively in Europe and the committee has taken full cognizance of the issues yet to be resolved in determining the viability of AWACS for the NATO mission.

I personally feel that Congress should take the responsibility for slowing down the AWACS program until it is determined whether the system can operate effectively in performing its primary mission. That seems a rather elemental and logical prescription for proceeding with such an expensive and complex system, and I will pursue that course as we consider appropriating funds to carry out the provisions of this authorizing measure.

It is my intention today, however, to clarify the rationale and the methodology used in preparing the GAO report and to explain why I believe Congress should not ignore GAO's recommendation.

It is first important to note that the GAO report is not a critique of the AWACS program generated by a small group of inventive minds bent on dreaming up ways to stop the program. It is instead a careful and responsible analysis of a number of DOD studies which expressed the same reservations about the AWACS production schedule and about the ultimate viability of the system in Europe. GAO, which possesses the technical expertise we badly need, and which, unlike the Air Force, does not have a vested interest, simply added the sum total of these DOD documents and arrived at the obvious—AWACS should not be produced until its capability to perform the European mission is demonstrated by operational tests.

A sample of the DOD documentation used to support this recommendation makes it clear that the GAO study was eminently responsible:

1. SABER SCAN Volumes 1 thru 6, Assistant Chief of Staff, Studies and Analyses (Washington Hdqtrs., USAF July 1973).

2. *AWACS IOT&E Phase I Final Report,* USAF Tactical Air Warfare Center, Eglin AFB, Fla., August 1973.

3. *Concept of Operations for Tactical Airborne Warning and Control System,* Hdqtrs. Tactical Air Command, Langley AFB., Va., Sept. 10, 1973.

4. Defense Policy and Planning Guidance, Office of the Secretary of Defense, Sept. 28, 1973.

5. Nov. 2, 1973, Memorandum from the Deputy Secretary of Defense to the Secretary of the Air Force—DSARC Decisions on the AWACS Program.

Mr. President, I would also like to add that the GAO has continued to review the AWACS program and its reviewing team has spent an extensive amount of time with the AWACS project office. On May 15, 1974 I received an updated report on AWACS which reiterates the recommendations contained in the GAO's March report. In addition, this latest report includes a schedule for AWACS testing which I believe is explicit evidence in itself that AWACS is being pushed ahead too fast.

Mr. President, I ask unanimous consent that the letter from the Acting Comptroller General of the United States be printed in the RECORD at the completion of my remarks.

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

(See exhibit 1.)

Mr. EAGLETON. The committee report includes a section entitled "Combat Pilots' Testimony on Warning and Control." This section reports the unanimous praise of the AWACS concept by Air Force and Navy pilots who had experienced problems over North Vietnam of effective command and control. Let me say that I agree completely with their conclusion that an operable AWACS would have greatly enhanced the attack sorties carried out by our pilots over Vietnam, assuming, of course, that the North Vietnamese had no better ECM capability and air defense protection than they actually possessed during that war.

But the Vietnam war is history. We must now prepare for the future. And AWACS may or may not play a role in our future defense posture depending on whether it can perform in the high-density air theater of Europe, and whether it can operate against the electronic countermeasures and threat aircraft the Warsaw Pact will use against it.

I recently read an article in the Armed Forces Journal International which graphically illustrates the complexity of the European mission and contrasts the NATO environment with what existed over Indochina. The article, entitled, "New Look at a NATO Air War," states that a European air war would be "6 to 12 times more intense than what American airmen experienced in Vietnam." The following quote describes the great difference in the two theaters of war:

> With 2,800 planes—most of the air-to-air fighters—Warsaw Pact forces tangling with 2,700 NATO aircraft could generate as many as 8,000 combat aircraft tracks a day just in NATO's Central Region. In contrast, there were fewer than 1,200 tracks over *all* of Southeast Asia on an average day even at the peak of the Vietnam air war in July of 1968 (and fewer than 500 a day over North Vietnam itself).

The article goes on to state that "Electronic countermeasures and the air defense ground environment would be far more sophisticated than in North or South Vietnam."

Mr. President, we cannot justify weapons systems on the basis of their capability to fight the last war. Yes, AWACS may have helped in Vietnam, but if it is to help in Europe it will have to be a vastly different, more complex and more expensive system than is now planned. With a currently planned capacity to handle 15 simultaneous tracks, AWACS would be swamped in an 8,000-track-a-day environment. My position is that the tactical design should be defined before we begin production.

Mr. President, I ask unanimous consent that the article in the May 1974 Armed Forces Journal International be printed in the RECORD following my remarks.

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

(See exhibit 2.)

Mr. EAGLETON. The technical side of the AWACS program is not the only area where doubt and confusion reign. Last year the Air Force was planning for a fleet of 42 aircraft—25 for strategic air defense, 10 for tactical and 7 for training and attrition. This year, while the strategic mission has apparently been pushed to the rear the total number of aircraft was mysteriously dropped to 34. Despite repeated efforts, Congress has yet to receive a justification for that number and a specific breakdown explaining where the aircraft would be assigned. This is all the more important since it appears that Secretary Schlesinger has virtually eliminated the strategic mission.

Accordingly, I asked the Library of Congress to study this question and yesterday I received an excellent report on the subject prepared by Mr. Charles Murphy, a defense analyst for the Congressional Research Service. It is characteristic of Congress' struggle to get answers from the Air Force that the most precise description of AWACS deployment needs has come from the Library of Congress.

In short, this study shows that the most fundamental decisions about AWACS deployment either remain unresolved or are being finessed to avoid congressional scrutiny this year. This study shows that there is no valid requirement for 34 AWACS and, if our NATO allies decide to buy the system—an unlikely possibility—the United States may require no more than 5 aircraft. It also shows that the Air Force may have expanded the tactical mission simply to justify buying more aircraft.

Perhaps more important, the Library of Congress study shows considerable doubt over the number of aircraft to be assigned to NATO and whether our NATO allies will purchase AWACS on their own. In this regard, I doubt seriously that our NATO allies would be willing to purchase an aircraft as expensive as AWACS. This doubt was reinforced a few weeks ago when I read a quote from General Brown, then Chief of Staff of the Air Force. General Brown said in testimony:

> I think the development of what they (NATO) want is possible, and we can achieve

it, but at a cost that they may still find too high.

But there is a second reason why NATO may not want AWACS flying over Europe. I have learned that at least one NATO country has expressed serious concern about an aircraft which would be capable of looking down and, therefore, violating sovereign airspace without ever traversing national borders. This report is extremely disconcerting because it implies that the United States may meet resistance from its NATO allies in deploying AWACS in Europe under any circumstances. Since this is the primary mission theater for AWACS, I am all the more convinced that Congress should make no decision to allow AWACS production until this matter is cleared up.

It should be noted that the Library study recommends strongly that a final decision should not be made as to the overall size of our AWACS force until NATO has determined its requirements. The study points out that if the Defense Department proceeds with existing plans, 27 aircraft would have been funded by the time NATO reaches a determination of its own.

Mr. President, I cannot amplify the confusion described by the Library study any better than Mr. Murphy, the author. I would therefore recommend strongly that my colleagues, especially those on the Appropriations Committee, who must decide whether to fund AWACS, review it closely. I therefore ask unanimous consent that the Library of Congress study dated June 5, 1974, on AWACS be printed in the RECORD at this point and that it be followed by the transcript of my testimony of May 15, 1974, before the Appropriations Committee on AWACS.

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

THE LIBRARY OF CONGRESS,
Washington, D.C., June 4, 1974.

To: Hon. THOMAS F. EAGLETON,
From: Charles H. Murphy, Analyst in National Defense.
Via: Charles R. Gellner, Chief, Foreign Affairs Division.
Subject: Airborne Warning and Control System (AWACS).

In response to your letter of May 24, 1974, we are forwarding the attached analysis of proposed AWACS force levels and missions.

If you have any questions regarding the content of the attached report or if additional information is desired, please don't hesitate to call.

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C.

THE AIRBORNE WARNING AND CONTROL SYSTEM (AWACS): MISSIONS AND NUMBERS

To date most of the controversy surrounding the AWACS program has focused on the issue of whether or not these aircraft could operate effectively in a "high density" European air battle. Thus far, however, little or no attention has been given to the question of how many AWACS aircraft would be required to support U.S. military objectives worldwide if procurement is approved. The purpose of this report is to briefly examine the rationales underlying past, present, and alternative AWACS force levels.

The size of the AWACS force should be determined by the maximum number of missions to be performed per day in wartime. The number of missions to be performed, in turn, would be affected by 1) the size of the geographical area to be covered; 2) the duration of each sortie; and 3) whether or not continuous or intermittent coverage is desired. While the strategic air defense [1] mission was used as the primary justification for the program thorugh 1973 and while the tactical mission was not formally validated until 1970, defense planners have envisioned both a strategic and a worldwide tactical role for these aircraft since the inception of the program in the early 1960's. According to these plans, AWACS would have been used to support the strategic air defense of the continental United States (CONUS), tactical air operations in Europe, and contingency requirements in other theaters, such as Korea, Southeast Asia, or the Middle East. As a general rule, it is assumed that five AWACS aircraft would be required to maintain each orbit on a 24-hour-a-day basis, including needs associated with normal maintenance and training. Although current plans have identified a need for six aircraft to maintain each orbit in the European theater, none of the current estimates appear to allow for combat attrition. Depending on the number of missions and extent of coverage desired, three to five orbits—15 to 25 aircraft—would be required for the strategic air defense mission, two to four orbits—10 to 24 aircraft—for Europe, and one orbit—five aircraft—for other worldwide contingency requirements.

Initially, under a decision made by former Secretary of Defense McNamara in November 1968, a force of 64 AWACS aircraft was planned that would have provided a capability to perform both the tactical and strategic mission simultaneously in wartime. However, in February 1970, former Secretary of Defense Laird reduced the size of the proposed fleet to 42 aircraft. In so doing, he also formally validated the requirement for AWACS in a tactical role. In testimony before Congress in February 1970, defense officials argued that Secretary Laird's action "did not deemphasize the air defense role but was instead a formal recognition of the equal importance of the tactical role for AWACS." [2] but, in fact, the decision to cut the force by 22 aircraft paradoxically lead to a significant downgrading of the tactical mission at the same time that it was being formally validated.

With the 64 AWACS aircraft planned in November 1968, the distribution of aircraft by mission would probably have been as follows: 25 for strategic air defense, 24 for tactical air operations in Europe, five for air operations in other theaters, and the remaining 10 for training and attrition. By comparison, of the 42 aircraft planned for procurement as of February 1970, 25 would have been assigned to the Aerospace Defense Command (ADC) for the strategic mission, 10 to the Tactical Air Command (TAC) for tactical use, and seven for command support and training. Thus, while the CONUS air defense requirement remained unchanged at 25 aircraft, the number of aircraft allocated for tactical purposes was decreased from an estimated 29 to 10 aircraft. The decision to curtail AWACS' tactical force structure in 1970 was related to an all-out Defense Department effort to gain congressional approval of a pervasive and costly strategic defense system that would have included the Safeguard Anti-ballistic Missile System as well as a modernized strategic air defense force, including AWACS, a new interceptor and surface-to-air-missile, and a long-range, all-altitude radar system.

Although the Air Force has argued that "through judicious utilization a force of 42 AWACS could have effectively supported both the tactical and strategic missions simultaneously in wartime," [3] in this particular case, the simultaneous mission capability was retained by reducing the number of planned tactical orbits. With the allocation of aircraft by mission planned in 1968, it would have been possible to support at least five tactical orbits, four orbits in Europe and one elsewhere. However, with the allocations allowed for under the February 1970 decision, it would have been possible to maintain only two tactical orbits, a capability that would have been adequate to cover either the primary battle zone in Central Europe or two other minor contingencies in other parts of the world.

As the foregoing discussion indicates, from February 1970 through 1973, the bulk of the AWACS fleet—approximately 70 percent of the aircraft—was earmarked for CONUS air defense. Thus, up until recently, the primary justification for the program was based on a requirement to provide our strategic air defense forces with an advanced airborne warning and control capability. Consequently, AWACS was included in the strategic forces budget through fiscal year (FY) 1974. However, in calendar years (CY) 1972–73 a definite shift in emphasis occurred in the justification for the program, with the far greater importance being attached to the tactical mission. In August 1973, Secretary of Defense Schlesinger formally changed AWACS' primary mission. As a result, AWACS funding was transferred to the general purpose forces budget and its strategic mission was relegated to a secondary or "backup" role. If the system is eventually procured, the aircraft will be assigned to a "general purpose pool" under TAC instead of ADC as originally planned and will be used primarily to "improve the air defense capabilities of our general-purpose forces to Europe," according to the Secretary of Defense.[4] In line with these changes, the first 12 aircraft, for which full procurement fundings is requested in FY 1975, will be bought for use in the "general-purpose force mission rather than for continental air defense." [5]

In effecting a reversal of mission priorities in the AWACS program, Secretary Schlesinger also reduced the size of the proposed force by eight aircraft, from the 42 planned a year ago to a current estimate of 34 aircraft. According to some officials in the Department of Defense and Congress, the plan to buy 34 AWACS aircraft is "highly tentative," and some see a definite trend toward a further reduction of possibly ten or more aircraft. To date the Defense Department has not provided a breakdown of how the 34 aircraft would be allocated by mission area. In the absence of such information, it seems reasonable to conclude on the basis of planned orbit requirements that of the 31 (UE) aircraft that will be in an operational status, up to 29 aircraft would be assigned tactical missions, which leaves two aircraft unaccounted for. Under current plans three of the 34 aircraft would be in a nonoperational status, i.e., in depot maintenance. While the Defense Department officially maintains that the decision to cut the force in late 1973 stemmed from a need to fund other high priority Air Force programs, it would appear that this change was also based on two other considerations: 1) a recommendation by the Senate Armed Services Committee to reduce the quantity to be procured and 2) a greatly reduced need for a dedicated strategic AWACS.

In its report on the FY 1974 military procurement bill in September 1973, the Senate Armed Services Committee expressed the view that the "dual mission" capability inherent in the AWACS design "could allow the overall quantity to be reduced from the 42 aircraft programmed [in 1973]," and it urged "that this be considered while the production program is being planned." [6] During a subsequent floor statement on the AWACS

Footnotes at end of article.

program, Senator Cannon elaborated on this point. "The flexibility of the AWACS should allow a lesser number of airplanes to be built since they can be shifted back and forth between CONUS bomber defense and tactical warfare applications as the world situation dictates at the moment." [7]

The Department of Defense now appears to adhere to the Committee's view of how AWACS should be employed. While defense officials point out that the system is being procured primarily for control of our theater air forces, when not deployed overseas in support of these forces, AWACS would be assigned to a general-purpose pool and would therefore be available for CONUS air defense. In brief there are indications that the Department of Defense is now moving toward a decision that would call for the procurement of enough AWACS aircraft to support one mission only, though the current plan to buy 34 aircraft would provide a limited capability to perform both missions simultaneously.

Proponents of a dual mission might argue that the procurement of a single, tactical AWACS capability is based on erroneous assumptions. They would maintain that any major U.S.-Soviet confrontation would evolve from a developing regional confrontation and would inevitably involve the possible use of nuclear weapons. They would therefore conclude that the tactical and strategic requirement for AWACS would in all probability coincide in wartime. However, on the other hand, if you assume, as the Secretary of Defense does, that air defense of CONUS "is of little practical value without an effective anti-missile defense," [8] then the procurement of a single mission capability for AWACS might be a prudent course of action.

In view of the reversal of mission priorities in the AWACS programs, ongoing cutbacks in deployed air defense forces, and recent changes in strategic planning, some have questioned the need to procure AWACS for the CONUS air defense mission. They contend that this mission in now inconsistent with overall strategic policy and that it is being used as a device to justify a larger AWACS fleet than the tactical mission alone would justify. Reenforcing this view is the fact that only eight aircraft were deleted from the production program, not the 25 opponents expected.

The Secretary of Defense appears ready to abandon the strategic air defense mission. In a report to the Congress in March 1974, he stated that a "CONUS air defense system structured primarily for peacetime surveillance would not require an AWACS force, the principal purpose of which is to provide a survivable means of control of air defense aircraft in a nuclear war environment.[9] Since the primary emphasis in U.S. air defense is shifting to peacetime surveillance and control of airspace and warning of bomber attack, Secretary Schlesinger's statements seem to suggest that AWACS might not be needed at all for CONUS air defense. However, while the Secretary of Defense has greatly minimized the strategic requirement for AWACS, this mission is still being used by the Air Force to justify a significant portion of the program.

Assuming that the Defense Department is still planning to use AWACS for strategic air defense and assuming that tactical requirements have not changed over the past year, then it is reasonable to conclude that 20 to 25 aircraft are currently earmarked for CONUS air defense. While officials at ADC now concede that only a very limited number of AWACS aircraft—possibly as few as four—would be needed to fulfill peacetime air defense objectives, they still maintain that 25 AWACS would be required to support strategic air defense operations in wartime. A force of this size would be capable of maintaining five orbits, yielding full, 360 degree coverage of the continental United States. Such extensive coverage, however, would seem to be inconsistent with current wartime objectives which call for a "limited defense against a small bomber attack." If AWACS were deployed to cover the primary "bomber threat corridors" only, for example, the wartime CONUS mission could probably be performed by a much smaller force, perhaps as few as 15 aircraft (three orbits).

Assuming, on the other hand, that a determination was made to "kill" the strategic requirement for AWACS, then it would be difficult to justify a fleet of more than 15 aircraft. In the past Defense Department and Air Force witnesses have told Congress that 10 to 15 AWACS would be needed to perform tactical missions worldwide if the strategic air defense mission were eliminated altogether. However, current plans now identify a need for 20 to 24 aircraft to support wartime air operations in Europe alone, plus an additional five aircraft for use in other theaters for a total of up to 29 aircraft assigned tactical missions. This plan differs slightly with information supplied to the Senate Armed Services Committee by the Air Force on February 7, 1974. At that time General Brown, Chief of Staff of the Air Force, reported that current plans would require an active force of 25 AWACS exclusively for the tactical mission. Whereas plans in effect in CY 1970–73 called for the maintenance of two orbits (10 aircraft) to cover the primary battle zone in Central Europe, military planners now appear to be expanding this requirement to four orbits in order to cover the northern and southern flanks of Europe as well. This change would, in turn, more than double the number of AWACS needed for Europe in wartime, from 10 to 24 aircraft. At the same time they are planning to operate each European orbit with six instead of the five aircraft normally needed to sustain each orbit on a 24-hour-a-day basis, a modification that might be based on a greater distance to and from planned orbit areas. Although the above discussion presents the basic rationale for changes in tactical requirements, i.e., the desire to expand coverage to include the northern and southern flanks, a number of questions bearing directly on these requirements remain to be answered. For example, would two orbits—10 aircraft—be adequate to cover the whole European battle area? Would there be a significant air threat over the northern and southern flanks? Would coverage of the flanks (Italy and the Mediterranean Sea and Scandinavia and the North Sea) be the Navy's responsibility? Could the Navy carrier-based E–2 fleet early warning aircraft perform this function?

Uncertainty as to the number of aircraft needed for the tactical mission is also being generated by the possibility that certain North Atlantic Treaty Organization (NATO) countries may be interested in AWACS. While some defense officials contend that NATO is giving "serious consideration" to buying from 12 to 13 aircraft, others believe that a NATO buy is still very much in doubt mainly because of the system's high cost. If NATO were to decide to buy a specified number of AWACS, this would undoubtedly reduce our force requirements. For example, if NATO opted to purchase 12 to 24 of these aircraft, this country would not need to procure any aircraft for the European mission, which could, in turn, reduce our overall requirements to as few as five aircraft, provided there were no need for the CONUS air defense mission. For these reasons, a final decision as to the number of AWACS aircraft needed in our inventory should not be made until NATO has determined its needs. However, if the Department of Defense proceeds with the existing production plan, 27 aircraft would have been funded by the time NATO has made such a determination (December 1975). A force of 27 aircraft might be far in excess of our needs if NATO procured 12 or more aircraft and if the strategic air defense mission were eliminated. On the other hand, if NATO placed such an order and a decision were made to retain the CONUS air defense mission, a force of 15 to 20 aircraft would probably satisfy our needs.

Alternative force levels

TABLE I.—FORCE REQUIRED TO PERFORM ALL MISSIONS SIMULTANEOUSLY

[Number of aircraft]

Mission	Full coverage	Limited coverage	High (Conus)/ low (Europe) [1]	High (Europe)/ low (Conus) [2]
Conus air defense	[3] 25	[4] 15	25	15
Europe	[5] 20–24	[6] 10–12	10–12	20–24
Other theaters	5	5	5	5
Total	50–54	30–32	40–42	40–45

[1] Would provide full coverage of the continental United States and limited coverage in Europe.
[2] Would provide limited coverage of the continental United States and full coverage in Europe.
[3] Would provide full, 360-degree coverage of the continental United States.
[4] Would provide limited coverage of the primary "bomber threat corridors."
[5] Would provide full coverage of the primary battle zone in Central Europe as well as the northern and southern flanks.
[6] Would provide coverage of the primary battle zone in Central Europe.

Note: Figures in this table exclude requirements for combat attrition and depot maintenance.

TABLE II.—FORCE REQUIRED TO PERFORM TACTICAL MISSION ONLY

[Number of aircraft]

Mission	Full coverage	Limited coverage
Europe	[1] 20–24	[2] 10–12
Other theaters	5– 5	5– 5
Total	[3] 25–29	15–17

[1] Would provide full coverage of the primary battle zone in central Europe as well as the northern and southern flanks.
[2] Would provide coverage of the primary battle zone in central Europe.
[3] May represent current force structure.

Note: Figures in this table exclude requirements for combat attrition and depot maintenance.

Major considerations bearing on AWACS force structure

1. The plan to buy 34 AWACS is "highly tentative," and some foresee a further reduction of ten or more aircraft.

2. While planning appears to be moving toward a decision that would call for the procurement of enough aircraft to support one mission only, the tactical and strategic requirement (if any) for AWACS would probably conflict in wartime.

3. Although the Secretary of Defense has greatly minimized the CONUS air defense requirement for AWACS, this mission is still being used by the Air Force to justify a significant portion of the program. In the past, 25 aircraft were earmarked for strategic missions. However, the allocation of this many aircraft to the CONUS air defense mission would be inconsistent with current objectives, which call for a "limited defense against a small bomber attack." A force of perhaps 15 aircraft could probably cover the primary "bomber threat corridors."

4. While the strategic mission is still being used as a major justification for the program, the current allocation of aircraft by mission shows that all but five of the 34-aircraft program are earmarked for tactical missions.

5. In 1973 Defense Department witnesses told Congress that if the CONUS air defense mission were eliminated altogether, 10 to 15

Footnotes at end of article.

aircraft would be needed to perform the tactical mission. Such a force would be capable of performing either the tactical or strategic mission in wartime but not both missions simultaneously.

6. The number of aircraft assigned tactical missions was increased from the 10 planned a year ago to a current estimate of up to 29 aircraft, including as many as 24 for Europe alone. Military planners expanded the European requirement from two to four orbits or from 10 to 24 aircraft so as to cover the northern and southern flanks. This expansion or requirements seems to raise a number of questions that have not yet been answered.

7. In light of the reversal of mission priorities in the AWACS program effected in August 1973 and the previous position of the Defense Department that only 10 aircraft were needed for the tactical mission, the expansion of the number of AWACS needed for the tactical mission to 29 aircraft seems to undermine the credibility of the current request for 34 aircraft. This, in turn, has led some opponents to conclude that the strategic mission is being used as a device to justify a larger AWACS fleet than the tactical mission alone would justify.

8. NATO is said to be giving "serious consideration" to buying from 12 to 36 aircraft. If NATO bought 12 or more aircraft, total U.S. requirements could be limited to as few as five aircraft, provided there were no need to procure for the CONUS air defense mission.

9. A final decision should not be made as to the overall size of our AWACS force until NATO has determined its AWACS requirements. However, if the Defense Department proceeds with existing plans, 27 aircraft would have been funded by the time NATO reaches such a determination. If NATO bought 12 or more aircraft, a force of this size might be far in excess of our needs.

CHARLES H. MURPHY,
Analyst in National Defense,
Foreign Affairs Division.

JUNE 4, 1974.

FOOTNOTES

[1] The terms strategic and CONUS air defense are used synonymously in this report.

[2] U.S. Congress. Senate. Committee on Armed Services. FY 1971 Authorization for Military Procurement . . . Hearings before the Committee . . . Part 1. 91st Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1970. p. 376.

[3] U.S. Congress. House. Committee on Appropriations. FY 1974 Department of Defense Appropriations. Hearings before a Subcommittee. Part 2. 93rd Cong., 1st sess. Washington, U.S. Govt. Print. Off., 1973. p. 112.

[4] U.S. Congress. Senate. Committee on Armed Services. FY 1975 Authorization for Military Procurement . . . Hearings before the Committee. Part 1. 93rd Cong., 2nd sess. Washington, U.S. Govt. Print. Off., 1974. p. 219.

[5] Ibid.

[6] U.S. Congress. Senate. Committee on Armed Services. FY 1974 Authorization for Military Procurement . . .; Report to accompany H.R. 9286. Washington, U.S. Govt. Print. Off., 1973 (93rd Cong., 1st sess. Senate Report No. 93-385). p. 41.

[7] Congressional Record [daily ed.] September 20, 1973. p. S17051.

[8] Secretary of Defense Schlesinger. Testimony before the Senate Armed Services Committee, Feb. 5, 1974. p. 13-14 of the prepared statement.

[9] Annual Defense Department Report, FY 1975. March 4, 1974. p. 69.

TESTIMONY OF SENATOR THOMAS F. EAGLETON, MAY 15, 1974

Mr. Chairman, I very much appreciate the opportunity to testify before the Defense Subcommittee on the Air Force's Airborne Warning and Control System (AWACS).

Frankly, Mr. Chairman, I am almost as disturbed today by thhe techniques employed to "sell" AWACS to Congress as I am by the total confusion that characterizes the program.

I know that this subcommittee is working hard to assure that the money available in the federal budget for defense goes to those items which do the most to keep America militarily strong. And I know that you are working hard to assure that defense systems are developed in a sensible way that will assure that the weapons our military uses will be the most effective our increasingly limited financial resources can buy. I thoroughly support that very sound philosophy.

But, for just this reason, I am deeply concerned that Congress is now being asked to spend more than half a billion tax dollars to purchase a system which 1) has not even been defined, 2) will not be fully tested until the entire fleet of aircraft is bought and paid for, and 3) will have grave difficulty operating effectively and surviving while performing its primary mission.

Last year during consideration of the defense budget, the Air Force presented the Armed Services and Appropriations committees with the results of what appeared to be a very comprehensive effectiveness study on AWACS entitled "SABER SCAN." It was an impressive presentation. There was only one thing wrong—it was based on a number of false assumptions.

At my request GAO carefully analyzed SABER SCAN and the back-up data used to support its conclusions. GAO's defense analysts completely discredited the study. In short, Congress had been hoodwinked by the Air Force during its consideration of the FY-1974 AWACS request.

The complete GAO report on the AWACS program was forwarded to this committee in early March and for that reason I will not dwell on its contents. It is an excellent analysis of the issues this committee must address and it recommends that FY-1975 production funding for AWACS be deferred. It is an eminently reasonable recommendation by an agency of Congress possessing the technical expertise we so badly need to evaluate the defense budget.

I would like today to enumerate the reasons why I feel that the GAO recommendation should not be ignored by this committee. Following are assertions the Air Force has made to Congress concerning AWACS and the reasons I consider them to be either erroneous or misleading:

1. The Air Force has testified that the 12 AWACS requested this year will be fully capable of performing the tactical European mission.

In fact, the 12 aircraft will be built in the *strategic,* or CORE, configuration—the configuration suitable for the obsolete air defense role, a role which was supposed to have been cancelled last year. A letter from Deputy Secretary William Clements to the Secretary of the Air Force recognizes that fact and points up the need for major changes to achieve a design capable of performing the much more complicated tactical job:

". . . it is evident that a more capable configuration than the CORE is essential to support General Purpose Tactical Forces. The effective integration of command and control in joint operations requires additional (intelligence) equipment . . . identification (devices), communications, data transfer, command and control and a measure of self-defense."

Secretary Clements and his Defense Systems Acquisition Review Council then directed the Air Force to conduct extensive tests to determine what the tactical configuration should be. That configuration has yet to be defined, and could not possibly be validated until operational tests have been performed.

In testimony before the Armed Services Committee, GAO even more explicitly described the problems of designing the tactical AWACS:

"The change in the primary mission emphasis from strategic to tactical requires that more and better equipment of all types, computers, processors, displays, and particularly communications equipment, be on board the aircraft. Thus, the question exists as to whether all of the needed systems can be installed in the aircraft, can be integrated so as to function properly together, can interface with a large number of command and control systems now being operated in Europe by U.S. and NATO ally forces, and whether the system will have the needed tracking and communication capacity to accomplish its mission."

The GAO went on to recommend that Congress "defer funding for production models of the AWACS until the Air Force verifies and demonstrates through tests that a viable and useful tactical configuration can be developed." There is good reason for that recommendation for caution, for there are grave doubts that AWACS will *ever* be viable in the tactical environment of Europe.

2. The Air Force has testified that it would be difficult to jam AWACS with ground-based jammers in a European environment.

A GAO technical consultant has prepared mathematical calculations showing that AWACS could be completely blacked out by ground-based jammers from within 200 miles of the Iron Curtain. This jamming could be accomplished with inexpensive and unsophisticated jammers capable of returning to any AWACS frequency. This type of jamming would completely overwhelm the AWACS side-lobes and black out its radar.

Last week the Air Force finally provided the Armed Services Committee with its own calculations—intended to refute GAO's claim. Instead, the Air Force figures, even though they optimize the efficiency of the AWACS radar far beyond the listed specifications, actually confirm that GAO was correct. The GAO calculations have been independently verified by other authorities on radar technology, and I would welcome their review by any radar expert.

There are also two other ways in which the main beam of the AWACS radar can be compromised by ECM techniques. These methods are classified, but I will be pleased to provide the committee with the pertinent information by letter.

Obviously, when the tactical AWACS is designed it will have to be tested against the full range of ECM threats. But right now the evidence is overwhelming that AWACS will be unable to fulfill its primary tactical requirement—control of friendly aircraft over enemy territory in a European conflict.

3. The Air Force has testified that AWACS would be relatively survivable in a European air battle.

Common sense counters such a claim. AWACS, flying at 35,000 feet and at subsonic speeds, would be a high priority target for the numerous enemy aircraft we will confront in a European air battle, some of which are capable of flying at MACH 3, and at 80,000 feet.

AWACS, emitting high-power radar and infra-red energy, would be extremely vulnerable to radar-homing and infra-red missiles. AWACS would be particularly vulnerable when its radar is blacked out, or when other ECM tricks are being used against it. If it is forced to retreat, it will, of course, be unable to perform its primary mission, leaving our fighters stranded over enemy territory.

AWACS has no fighting capability of its own. A large number of our fighter aircraft would, therefore, have to forego their own primary mission—offensively engaging the enemy—to come to AWACS' assistance. I personally don't think we should have to sacrifice part of our main line of defense to

protect an $80 million command and control ship which may not even be able to command and control if the enemy decides to jam it.

I have thus far discussed what I consider the central issues that must be resolved by this committee in deciding to fund AWACS production. But there are other issues as well which give the AWACS program an aura of total confusion. For example:

Last year when a total AWACS fleet of 42 aircraft was projected, the Deputy Air Force Chief of Staff testified that ". . . 25 aircraft are designated for ADC (air defense) and 10 for TAC. Seven aircraft are designed for . . . training." A number of other Defense officials addressed the tactical requirement in testimony and the highest estimate of need they made was 15 tactical aircraft.

In his March posture statement, Secretary Schlesinger stated that "A CONUS air defense system structured primarily for peacetime suveillance (the current air defense mission) would not require an AWACS force."

If the air defense role has been eliminated, what is the justification for a fleet of 34 AWACS? Thus far, the Air Force has failed to answer the question.

The AWACS contract with Boeing contains a highly unusual clause calling for payments by the government of up to $311 million over a 14-month period if the production option is not exercised in December 1974. Although it remains a mystery, that clause was probably agreed to when it was thought that the Boeing 707 commercial line would close down and that the government would have to assume the expense of keeping the line open waiting for the AWACS order. This is no longer the case.

Boeing Vice President Clarence Wilde was recently quoted as saying that the 707 line would remain open indefinitely, and added: "We are telling our military friends to bring in orders when they can and meanwhile we will continue to build commercial 707's."

The $311 million apparently may be expended to begin building AWACS even before regular production money is appropriated by Congress. It would therefore appear that the only purpose this controversial clause serves is to circumscribe the appropriations process. It most certainly does not protect the interests of the American taxpayer.

The Air Force claims that our allies are very interested in AWACS and that sales to NATO will help lower the costs. However, a recent "Aviation Week" articles states that "NATO has looked closely at AWACS and, as one NATO officer put it, 'winced' at the estimated $80 million unit cost."

In addition, the Air Force has failed to ascertain who will foot the bill for equipping NATO aircraft with the IFF devices necessary to communicate with AWACS. This, and the need to integrate AWACS with the NATO command and control system, represents a large hidden cost. If our NATO allies are really interested in AWACS, they should be asked to begin immediately to assist us with the development costs.

Mr. Chairman, I am at a loss to explain why this program is being pushed ahead so fast when there are so many unanswered questions.

There is no foreseeable national emergency requiring the immediate use of an operational AWACS. And it cannot be argued that the system can be used as a "bargaining chip" in arms limitation negotiations. I, therefore, remain mystified as to why we are being asked to risk so much money on an undefined and untried system which has no fighting capability of its own and which may, in the end, prove unworkable.

In his March posture statement Secretary Schlesinger said ". . . it is faster and cheaper in the long run to insure the proper performance of the key components (of complex weapons systems) before proceedings with full-scale development." That is exactly the rationale behind my recommendation to this committee to eliminate the $550 million requested for AWACS production. The $220 million requested for R&D is more than ample and should be used to develop and test the tactical AWACS design.

This Subcommittee is confronted with the monumental task of reducing waste while preserving a strong national defense. In the case of AWACS, these compatible goals are best served by our insistence on a more deliberate developmental and test program.

EXHIBIT 1

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., May 15, 1974.

B-163058.

Hon. THOMAS F. EAGLETON,
U.S. Senate.

DEAR SENATOR EAGLETON: In response to your letters of March 15 and April 18, 1974, the General Accounting Office has continued to monitor the test program for the Airborne Warning and Control System (AWACS) program.

System Integration Demonstration (SID) testing was started in March 1974 and is scheduled to be completed in October 1974. During this period the mission avionics systems, using the preliminary radar design and critical components of other avionic systems, are to be tested to show that they can function together. The aircraft being used is considerably less complex than the "CORE" configuration which the Air Force has indicated is designed to meet the minimum tactical and strategic mission needs for AWACS.

In the fiscal year 1975 budget the Air Force requested funds to procure the so-called Block I configured aircraft, that is "CORE", plus a self-defense system and a satellite communication system. Subsequent Blocks (II and III) might include enhancements needed for the tactical mission such a special identification friend or foe equipment and expanded command and control capabilities. No final decison has been reached by the Air Force on the configurations of the later procurements planned.

It appears that during SID testing the Air Force will attempt to demonstrate solutions to some of the matters of concern to the Deputy Secretary of Defense as expressed in a November 2, 1973, memorandum for the Secretary of the Air Force. To date, one change has been formally proposed to the original SID test plan which adds simulated tests to demonstrate simultaneous close control intercepts against moving targets. Other revisions are being investigated by the Air Force.

Because not all plans have been finalized we cannot be sure at this time if sufficient tests can be planned and accomplished to provide adequate data on AWACS prior to December 1974 when the Secretary of Defense is scheduled to consider a production decision. Further, significant amounts of Development Test and Evaluation (DT&E) are scheduled extending through 1977—after all planned AWACS have been procured.

The testing now scheduled for completion subsequent to December 1974 is shown below. The DT&E plan defining these tests is due to be finalized by late Spring or early Summer 1974.

DESCRIPTION OF THE TEST TO BE PERFORMED AND SCHEDULED COMPLETION DATE

Avionics subsystem performance verification, February 1977.

System performance verification:

Block I aircraft, March 1977.

Enhancement beyond the Block I configuration (this decision is now scheduled to be made in June 1974), March 1978.

Operational test and evaluation of verified systems:

Operational suitability testing (Initial operational testing using the brassboard radar is scheduled for completion in October 1974), March 1977.

Qualification tests of subsystems being considered for AWACS tactical mission:

Self-defense system, December 1975.

Communications satellite link, December 1975.

Special identification, friend or foe (except antenna), December 1975.

Tactical data link—Time division multiple access (TDMA), December 1976.

As we have previously indicated, we are of the opinion that the "CORE" configuration was designed for the less demanding strategic mission. The number of aircraft to be tracked, the jamming potential of the enemy, the command and communications problems, and the threat to AWACS itself, would be much less when operating in the United States than that faced in Europe with a major land war being waged. The change in the primary mission emphasis from strategic to tactical requires that more and better equipment of all types, computers, processors, displays, and particularly communications equipment, be on board the aircraft. Thus, the question exists as to whether all of the needed systems can be installed in the aircraft, can be integrated so as to function properly together, can interface with a large number of command and control systems now being operated in Europe by U. S. and NATO ally forces, and whether the system will have the needed tracking and communication capacity to accomplish its mission.

We still believe, as indicated in our March 11, 1974, report to you, that the viability of AWACS for the European mission should be demonstrated before production. Since there has been no urgent requirement demonstrated for the AWACS, it would seem prudent to defer the production decision until sufficient confidence in the system's performance can be obtained from engineering and operational tests.

We will continue to monitor the AWACS program and report to you, or your staff, periodically as may be appropriate.

Sincerely yours,

R. F. KELLER,
Acting Comptroller General of the United States.

MAJOR STUDIES USED BY GAO IN REVIEW OF AWACS, OCTOBER 1973 TO MARCH 1974

1. Assistant Chief of Staff, Studies and Analysis, Saber Scan Vols. I to VI (Washington: Hdqtrs., USAF, July 1973).

Volume I: Study of AWACS Operational Requirements and Force Structure for DSARC IIB—Executive Summary (SABER SCAN).

Volume II: Evaluation of the Need for AWACS in a Modernized CONUS Air Defense Force (SABER SCAN—STRATEGIC).

Volume III: An Evaluation of the AWACS in a NATO/WARSAW PACT Conflict (SABER SCAN—TACTICAL).

Volume IV: AWACS Brassboard Demonstration in the European Environment (SABER SCAN—ALPHA).

Volume V: Southeast Asia Warning and Control Study (SABER SCAN—BRAVO).

Volume VI: Analysis of Tactical Command and Control Systems in the Middle East (SABER SCAN—CHARLIE).

2. Alfred S. Benziger, Col., USAF, *Airborne Warning and Control System (AWACS) IOT&E Phase 1, Final Report* (U) (Eglin AFB, Fla.: USAF Tactical Air Warfare Center, August 1973)

3. Department of the Air Force, *Concept of Operations for a Tactical Airborne Warning and Control System (TAWACS)*, (Langley AFB, Va.: Hdq. Tactical Air Command, September 10, 1973)

4. The Hon. James R. Schlesinger, *Defense Policy and Planning Guidance* (Washington: Office of the Secretary of Defense, September 28, 1973)

5. Memorandum, Deputy Secretary of Defense for Secretary of the Air Force, November 2, 1973.

EXHIBIT 2

NEW LOOK AT A NATO AIR WAR

The 22 USAF tactical air squadrons deployed in Western Europe face a much more intense and far different air war than American airmen fought in Southeast Asia.

With 2,800 planes—most of them air-to-air fighters—Warsaw Pact forces tangling with 2,700 NATO aircraft could generate as many as 8,000 combat aircraft tracks a day just in NATO's Central Region. In contrast, there were fewer than 1,200 tracks over *all* of Southeast Asia on an average day even at the peak of the Vietnam air war in July of 1968 (and fewer than 500 a day over North Vietnam itself).

For the entire Vietnam war, late 1964 through early 1973, tactical air activity averaged only half the July 1968 level, with fewer than 700 tracks per day over the entire theater and only 120 per day over North Vietnam. On this basis, a NATO air war would be 6 to 12 times more intense than what American airmen experienced in Vietnam.

By the time deployed forces are reinforced (U.S. tac air, for instance, would surge from 22 squadrons to 60, with supporting recon and ECM aircraft), a NATO air war could be 2 to 3 times more intense than the figures above suggest.

A NATO air war would be so different in other respects that some Pentagon planners suggest Southeast Asia provided a lot of "negative" experience and training which now has to be overcome as thinking focuses on the Warsaw Pact. They cite the following examples:

Air forces of 6 or 7 Warsaw Pact nations and 5 or 6 NATO countries might be fighting in the skies over Central Europe at once, posing a command and control challenge of totally different dimensions;

Electronic countermeasures and the air defense ground environment would be far more sophisticated than in North or South Vietnam;

Air-to-air loss rates could run hundreds of times higher. Whereas only 75 U.S. planes were shot down over North Vietnam in air-to-air combat during 8½ years, Pentagon planners remember that the U.S. lost 18,058 planes to German fighters in only 3½ years during World War II. They are even more mindful that counting losses on *both* sides, air-to-air loss rates during the October Yom Kippur war ran *twice* as high as they did over Europe in World War II.

Attrition losses would be higher for other reasons: ground targets would be harder than they were in North Vietnam, formations more mobile and the ground battle more fluid; and U.S. planes would not be operating from the sanctuaries which air bases in Thailand and South Vietnam represented. In one day, an F–15 pilot might be flying point defense of his own airbase, shallow interdiction strike missions, and then fight air-to-air to clear skies over the ground battle area so other tac air elements could provide effective close air support. By the same token, A–10 or A–7 pilots flying close support missions might find they'd often have to fight their way out, with swarms of Mig's over the battle area too numerous for outnumbered NATO fighter forces to handle alone.

These factors are prompting an important high level reappraisal within the Air Force, the Joint Staff and throughout DoD, of how U.S. fighter forces should be equipped and trained for what is now their principal contingency, a NATO air war. While the appraisal is still underway, several conclusions are emerging:

The U.S. needs more fighters: this thinking is partly what prompted Defense Secretary James Schlesinger recently to decide that a Lightweight Fighter should be readied for production. Behind that decision, AFJ has learned, is a budding plan to increase USAF fighter strength from around 800 aircraft to 1200 or more planes in a mix of F–15s and the lower cost Air Combat Fighters, all within the constraints of a tight budget.

Attrition planning factors now used by DoD may be far too low, given the much higher loss rates expected in NATO and the long lead time (close to 2 years) required to produce an airplane from even a "hot" assembly line, once a contract is let. Some DoD officials are even talking of "stockpiling" planes to offset possible early losses in a dynamic war.

Radar directed air-to-air missiles may be of little use in the critical air space above engaged ground forces, because it will be so crowded and chaotic: DoD planners are talking about 6,000 to 8,000 tracks in one day through a band only 100 miles wide (compared with only 40 to 50 enemy and 80 to 100 friendly tracks at any one time over North Vietnam). With degraded command and control, it will be difficult to sort out friend from foe in such an arena. Moreover, for brief periods, USAF may need to generate 5–6 missions per aircraft per day, not the one or two sorties possible with sophisticated aircraft. Some planners question if complex aircraft avionics can be kept in an "up" status at such high sortie rates. This thinking is lending still more strength to the case for a less sophisticated fighter using only guns and heat-seeking tail chase missiles to complement the Sparrow equipped McDonnell Douglas F–15 with its advanced radar directed fire control system.

F-15's radar guided Sparrows can play an important role in some NATO sectors, defending high value targets over friendly territory and (perhaps to a lesser extent) gaining air superiority over heavily defended enemy bases which other tactical air elements will be trying to knock out.

Over friendly territory, U.S. fighters will be operating under very close control through ground control intercept (GCI) surveillance; there will be clear corridors for egress of friendly aircraft and the activity will be accountable; far fewer aircraft will be in battle at any one time than over ground battle area; friend and foe can be sorted out much more easily. Thus, radar directed weapons can be exploited much more freely in this zone. In enemy air space, Warsaw Pact forces will be flying more air-to-air fighters than NATO has and directing them against U.S. strikes with a sophisticated ground control and radar network. In this arena, U.S. fighters will need all the help they can get. As one planner puts it, "We have to take our radars with us."

Others suggest, however, that the value of radar directed air-to-air weapons over enemy air space may be oversold. They point out that over North Vietnam, most contacts with MiGs were made visually (although they acknowledge that the F-15's radar should be far more reliable and capable than the F-4s) and that most of those MiG contacts which were made by radar were "pointed" first from Navy ships.

A key element of doctrine is being reexamined: that of knocking out Warsaw Pact air strength by hitting it on the ground. Such a doctrine suggests a readiness to trade U.S. pilots for Pact aircraft. That may not be a very good trade in light of the extensive Pact sheltering program undertaken since the 1967 Middle East War and the heavy air defense network which protects Pact bases.

Since well trained pilots, not aircraft, historically have been the key resource of an air force (see box), an alternative doctrine for attriting Pact air strength is being considered: going for more air-to-air kills over the crowded air space above the battle area, where downed pilots could more easily be rescued. By the line of reasoning outlined earlier, this strategy if adopted would reinforce the case for improved dogfighting capability.

Mr. EAGLETON. Mr. President, I am pleased that the distinguished Senator from Nevada (Mr. CANNON) is on the floor of the Senate at the present time, and I ask whether I might propound to him a few limited questions with respect to the pending bill, specifically with respect to the AWACS program.

Mr. CANNON. I would be delighted to respond.

The PRESIDING OFFICER. The bill is not yet before the Senate. The Senate is now conducting morning business.

Mr. MANSFIELD. Mr. President, the Senators are recognized under morning business for the purpose of carrying on a discussion with relation to the bill, without the bill being pending.

The PRESIDING OFFICER. Very well.

Mr. EAGLETON. I ask the Senator, with regard to the requirement in the bill that the Secretary of Defense certify that AWACS is cost-effective and meets the mission needs and requirements of the Department of Defense before production money can be spent, I would like to get a clear definition for the record of the words "mission needs and requirements of the Department of Defense."

Would the committee agree that if sufficient test data is not available to demonstrate that AWACS can perform the primary tactical mission—control of friendly aircraft over enemy territory in Europe—the Secretary of Defense could not legally certify that AWACS will meet its "mission needs and requirements?"

Mr. CANNON. Mr. President, when the committee put in its report and in the bill terminology that the AWACS must "meet the mission needs and requirements of the Department of Defense," we meant that it is up to the Secretary of Defense to make a determination that the AWACS will be able to provide the type of radar warning and control capability that the Air Force and the Defense Department currently envision the system should produce. In other words, the Air Force has programed $2.4 billion to do the R. & D. on AWACS and to buy and build 34 operational airplanes. The system must be worth this investment.

I believe the AWACS will provide a quantum improvement in radar warning and command and control capability for the Air Force and for the total Defense Department, since it also will provide major benefits in tactical warfare for the Army and for the Navy. The committee believes that the AWACS program will be cost effective and well worth the $2.4 billion investment if the system meets current goals and specifications. We recognize, however, that the current systems integration demonstration—SID—test phase, which is going on now and

which will not be completed until this fall, well after this defense bill is passed, will be an important and decisive element in making the determination this December on whether AWACS is ready for production. It was for that reason the committee made its recommendation for approval of AWACS production funds contingent on the Secretary of Defense's review of the program and certification to the Congress that AWACS has progressed satisfactorily and will, indeed, meet mission needs and requirements.

Mr. President, the systems integration demonstration includes considerable operational testing, and it should thus be the Defense Department's decision to make a determination on the adequacy of that testing. We would not propose to try to tell them how they ought to conduct their tests.

Mr. EAGLETON. I thank the Senator. Of course, he recognizes that there is some disagreement with respect to testing methodology and that many would disagree that the SID testing could be called "operational." But that ultimate decision, insofar as the sufficiency, depth, and adequacy of the testing are concerned, I agree would be the decision of the Secretary of Defense, with the Senator's committee exercising its option of legislative oversight.

Mr. CANNON. The Senator is correct.

Mr. EAGLETON. With regard to the term "cost-effective," which is used in the legislation, in addition to the normal usage of that term—a cost comparison among alternative systems to perform the same function—would the committee agree that a careful cost analysis should also be performed to determine whether an enemy could defeat AWACS at very low expense in relation to the value of the system itself? Would the results of such an analysis be encompassed by the term "cost-effective" as it is used in the bill?

Mr. CANNON. The committee pointed out in its report that if the AWACS radar could be jammed easily by enemy electronic countermeasures, then much of the operational utility of AWACS would be lost. I would point out, however, that the Air Force says the AWACS radar has been designed to be most difficult to jam and that the test results to date on the radar would seem to verify their position. Nevertheless, I believe that the overall assessment of the AWACS should carefully consider this factor and the evaluation of whether AWACS is "cost-effective" should take this aspect of the system into account. As I said before, the AWACS is planned to represent a $2.4 billion investment by the Air Force, and about one-quarter of that already has been spent in the R. & D. to date. If the AWACS could easily be countered by an enemy using simple and cheap ECM devices, then it would not make good sense to spend $1.8 billion more to buy the AWACS system.

Mr. EAGLETON. I thank the Senator, and I thoroughly agree with that observation.

I ask this question of the Senator:

The language in the bill states that the Secretary's certification shall not apply with respect to the procurement of long-leadtime items for such system. Would the Senator advise me for the record how much money is in the bill for long-leadtime items?

Mr. CANNON. Long-lead production items in fiscal 1975 will cost $43.6 million through December 1974. This is about 8 percent of the procurement funds recommended in the bill for AWACS.

Mr. EAGLETON. Finally, I ask this question of the Senator:

The committee has recommended in its report that a group of "disinterested radar and ECM technical experts" examine allegations that AWACS can be easily jammed by ground-based jammers. Since it is the responsibility of the Defense Department to present its case to Congress, am I correct in assuming that appointment of such a panel would not substitute for Congress oversight responsibilities? Does the committee intend that the report of such a panel be submitted to Congress for review?

Mr. CANNON. Answering the first part of the Senator's question first, the committee has no intention of abrogating its responsibilities for oversight of the Defense Department by recommending that the Department make their individual review of the claims and counterclaims made with respect to AWACS' vulnerability to enemy jamming. The reason we have made this recommendation is because the GAO has a consultant with one opinion on this question and the Air Force's technical experts have a different opinion. When we called the GAO to testify this year about a report on the AWACS, the committee was unable to obtain any resolution of these claims and counterclaims. Therefore, we have recommended that the Defense Department perform an independent evaluation of this question and, of course, the results of this evaluation will be open to normal review by Congress, and we certainly will not abrogate our oversight responsibility.

AWACS PROGRAM

Mr. President, I wish to further respond to the remarks by the distinguished Senator from Missouri (Mr. EAGLETON) about the AWACS program. I want to emphasize in my remarks exactly what the Tactical Air Power Subcommittee, and the Armed Services Committee's position is on the AWACS program and why we strongly support it and believe that it will live up to the Air Force's expectations that it will provide an important and essential addition to our total combat capability, including that of the Air Force, the Navy, and the Army.

The position of the committee and of the Tactical Air Power Subcommittee is that we believe the program proposed by the Air Force for fiscal year 1975, which envisions a full production go-ahead being granted in December 1974, is both reasonable and conservative. It is our opinion that the present development and testing program is planned to answer the questions and allegations on technical risk concerning the AWACS program which have been raised against it.

This is not meant to prejudge the results of the testing which is going to be taking place during the next 5 or 6 months of the program. What I am saying is that I think the scope of that testing will be adequate to provide justification to give the full production go-ahead if the test results confirm the predictions of the Air Force for the capabilities of the AWACS system. Let me back up at this point and provide some review of the AWACS program and also of the committee's examination of the AWACS program for this year to explain to the Senate what I mean by these statements.

WHAT IS AWACS?

What is AWACS? Very simply, it is a radar warning and command and control system similar to the radar warning system provided by the EC–121 airplanes in the Air Force inventory today. Then why do we need a replacement for the EC–121? The primary reason is because the EC–121 has no capability to pick out low flying airplanes that are masked by the ground return, or clutter, on a radar scope. The AWACS has a new radar system, utilizing advancements in technology which have been made since the EC–121's were designed and built in the 1950's. These advancements into pulse-doppler radar with digital processing allow the AWACS to pick out and show on its radar scopes any airplane, no matter how close to the ground it is flying. Therefore, speaking in the simplest terms, AWACS is a modernized, improved, and updated replacement for the old EC–121 airplanes now in the Air Force's inventory.

NEED FOR AWACS

Our hearings this year with Air Force and Navy pilots who had flown over North Vietnam, and all of whom had Mig kills to their credit, showed conclusively the need for this low-level radar warning capability. In North Vietnam, the Navy cruisers and the Air Force EC–121's attempted between them to provide radar coverage of the enemy airspace, and they failed. They failed because of the inherent deficiencies of surface-based systems (as exemplified by the Navy ship radars) and of the deficiencies of airborne systems without modern look-down technology (such as the EC–121) to provide surveillance down to low altitudes at inland locations. And as these pilots pointed out to us, much of modern air combat does take place at extremely low altitudes—"down in the weeds" was the phrase they used. These pilots were unanimous about the need for warning of the presence of enemy aircraft, particularly where the enemy was operating in his own command and control network of early warning and GCI radars and voice communications which could vector him into tail-on attacks on our fighters.

AWACS DEMONSTRATED IN NATO

AWACS will provide this capability for warning and command and control. This we already know, because the AWACS "brassboard" or prototype system has demonstrated its capability to spot low-flying airplanes during literally hundreds of hours of flight testing over the last 2½ years. Many of these hours were spent in Europe, when the AWACS prototype went over there in the spring of 1973 and demonstrated its capabilities in the NATO environment. In this highly

successful tour, the AWACS not only showed that it could track tactical aircraft for Air Force missions, but it showed how its capabilities could be used to tie in radar warning of low-flying airplanes into our Army's SAM missile systems and also how the AWACS radar could perform ocean shipping surveillance which the Navy could utilize. The vast tactical mission potentials of the AWACS that were demonstrated during that European trip were so exciting to all of the principals in the Defense Department's DSARC review committee of the AWACS that the Air Force was ordered to pay particular attention to insuring that this total potential was in fact utilized as the system was developed and produced. These orders were given in November of 1973, and they resulted in the concept of building AWACS in blocks of aircraft, with the subsequent blocks containing enhanced capabilities but ones which could be retrofitted into earlier blocks.

CURRENT TEST PHASE

Those demonstrations with the prototype AWACS proved conclusively the operability of the new radar technology and its ability to "look-down" and track low-flying airplanes. The next step in proving out the AWACS system was and is to tie together all of the subsystems involved in the AWACS besides the radar. These extra subsystems include display consoles, communications equipment, and the computer programs and "software" that ties the total operation together from one end to the other. This phase of the AWACS development program is going on right now in flight test, and is called the Systems Integration Demonstration, or SID program. When completed by November, SID will show that the total AWACS system from detecting enemy and friendly aircraft, to processing and displaying the information, and then to operators passing this information on to the friendly aircraft, is a workable total system. This SID demonstration will be the basis for the Secretary of Defense giving a full production go-ahead on the AWACS program this December. And if AWACS fails to demonstrate this operation, then production will have to be delayed until it is demonstrated satisfactorily.

COMMITTEE REQUIREMENT FOR CERTIFICATION

The committee believes that this program schedule is reasonable, and it recommends that AWACS production be authorized, contingent on the AWACS fulfilling its required demonstrations for the DSARC review this December. This committee has added a requirement that the Defense Secretary must certify to the Congress that the AWACS will be capable of fulfilling its mission and that it will be a cost-effective investment before he goes ahead and allows the production contract to be signed. This contingency requirement was added because the SID testing is not completed yet.

CRITICISMS OF AWACS

The committee is cognizant of the many criticisms or questions that have been raised against the AWACS, primarily by the GAO, including excessive concurrency between R. & D. and production, potential vulnerability to being shot down by enemy fighters, inability to operate in a NATO scenario with its many targets, and vulnerability to being jammed by enemy ECM. In my opinion, the only one of these contentions which has any possible validity is the one regarding susceptibility to jamming. I must add immediately that I do not know if this is the case or not, as I am not a technical expert in radar design. Nevertheless, if it should turn out that the AWACS was very easy to counter by an enemy, at low cost and with a tactically usable ground jammer, one with low power and great ease of mobility, then much of AWACS usefulness for the tactical mission, indeed, would be seriously degraded. The Air Force states positively that this is not the case. Nevertheless, I believe that it would be in the best interests of the AWACS program if the Secretary of Defense would appoint a group of experts in radar design and electronic countermeasures, people who are not connected with the Air Force and thus have no partisan interest, to review the claims and counterclaims and then provide an assessment on this situation. This should be done before the DSARC review and the Secretary's certification on the AWACS readiness for production should take account of this review.

SUMMARY

In summary, the committee is highly impressed with the AWACS' potential to provide a quantum improvement in capability when it replaces the EC–121 in the Air Force inventory. We believe the program is proceeding based on a very reasonable development and production schedule, and we are not impressed with the GAO criticisms except for the one technical point I mentioned which should be clarified by a review performed by qualified experts. I strongly favor the position the committee has taken as being the prudent course of action on this program and recommend that the Senate support this position.

Mr. EAGLETON. I thank the Senator. His responses to my questions were excellent even though we have differences over the test schedule to be followed. I personally wish to thank the distinguished Senator from Nevada for the considerable attention he has given to the AWACS program. I know he realizes it has been subject to considerable criticism and that it might even be characterized as being controversial; but he has gone into it in great depth. I congratulate the Senator for his interest.

Mr. CANNON. I thank the Senator for his remarks.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. HATHAWAY):

A resolution adopted by the County Legislature of Suffolk County, N.Y., praying for the implementation of the bill H.R. 14016. Referred to the Committee on Finance.

PRESENTATION OF A PETITION

Mr. PELL. Mr. President, my distinguished senior colleague from Rhode Island and I have presented to the Senate a resolution of the General Assembly of Rhode Island memorializing the Congress to maintain a vigorous search for all Americans missing in action in Southeast Asia.

I am sure there is no Senator, no Member of Congress, no American who does not want to do everything possible to help end the gnawing uncertainty that surrounds the fate of our compatriots who courageously went to face the enemy but did not return. I fear many of them never will. But at least to know their ultimate end is some solace to their families and friends.

Among those unaccounted for from Rhode Island is Army Captain Kenneth Goff, Jr. I mention him in particular because recently I received letters from the members of Girl Scout Junior Troop 208 in Providence telling me they had adopted Captain Goff as their Big Brother. On his behalf and on behalf of all the other American MIA's and POW's, the Girl Scouts are asking that everything be done to obtain a full accounting of our missing compatriots. They are absolutely right. We must spare no effort to obtain that accounting.

The distinguished chairman of the Senate Foreign Relations Committee, Senator FULBRIGHT, has offered to head a delegation to go to Indochina, including North Vietnam, to investigate the situation first hand. A staff member of the Foreign Relations Committee will be returning soon from Vietnam to report on arrangements for the visit. I hope it will materialize and lead to a resolution of this sad problem.

In the words of the resolution of the Rhode Island General Assembly:

All these men courageously and selflessly struggled in an unpopular and lonely war in the belief that it was their duty as American citizens, and so it becomes our duty to expend all our energies and resources to discover their whereabouts.

The resolution was referred to the Committee on Foreign Relations, as follows:

"RESOLUTION MEMORIALIZING CONGRESS TO MAINTAIN A VIGOROUS SEARCH FOR ALL AMERICANS WHO ARE MISSING IN ACTION IN SOUTHEAST ASIA

Whereas, it has been one year since the American military withdrawal from Southeast Asia and there remains an estimated 1300 men whose fate is still unknown; and

"Whereas, among those unaccounted for are the following Rhode Island men: Air Force Colonel Curtis Eaton, missing since 1966, Army Captain Kenneth Goff, Jr., missing since 1967, Air Force Captain Frederick Mellor, missing since 1966, Navy Lieutenant O. J. Pender Jr., missing since 1972, Army Staff Sergeant Louis C. Walton, missing since 1971, and Air Force Senior Master Sergeant Samuel Adams, missing since 1965, and

"Whereas, all these men courageously and selflessly struggled in an unpopular and lonely war in the belief that it was their duty as American citizens; and

"Whereas, it is now our duty to not only these men but to their families who suffered immeasurable hardship to expend all our energies and resources to discover their whereabouts; and

"Whereas, their sacrifice should never be forgotten as it seemingly has been by a majority of Americans especially the Congress of the United States; now therefore, be it

"Resolved, That the Congress of the United States be and it hereby is memorialized to maintain a vigorous search for all Americans

who are missing in action in Southeast Asia; and be it further

"Resolved, That the Rhode Island delegation in Congress be at the forefront of this search; and be it further

"Resolved, That the Secretary of State be and he hereby is authorized and directed to transmit a duly certified copy of this resolution to the Rhode Island delegation in Congress."

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as indicated:

By Mr. DOLE:

S. 3589. A bill to amend part B of title XI of the Social Security Act to provide a more effective administration of professional standards review of health care services, to expand the Professional Standards Review Organization activity to include review of services performed by or in federally operated health care institutions, and to protect the confidentiality of medical records. Referred to the Committee on Finance.

By Mr. COOK (for himself and Mr. HUDDLESTON):

S. 3590. A bill to provide for judicial service by certain justices or judges retired due to disability. Referred to the Committee on the Judiciary.

By Mr. SPARKMAN:

S. 3591. A bill for the relief of Mildred Sophia Henry. Referred to the Committee on the Judiciary.

By Mr. ERVIN:

S. 3592. A bill for the relief of Tak-Shul Chan. Referred to the Committee on the Judiciary.

By Mr. CHURCH:

S. 3593. A bill directing the Secretary of the Interior to convey certain lands to Valley County, Idaho. Referred to the Committee on Interior and Insular Affairs.

By Mr. JAVITS:

S. 3594. A bill for the relief of Felipe Alperovich. Referred to the Committee on the Judiciary.

By Mr. BENNETT:

S. 3595. A bill for the relief of Precisa Calculating Machine Co., Inc. Referred to the Committee on the Judiciary.

By Mr. HARTKE:

S. 3596. A bill to provide hearings for Federal employees in national security cases, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. CURTIS (for himself, Mr. BELLMON, Mr. EASTLAND, Mr. HANSEN, Mr. BARTLETT, Mr. TOWER and Mr. DOMENICI):

S. 3597. A bill to provide for emergency financing for livestock producers. Referred to the Committee on Agriculture and Forestry.

By Mr. ERVIN:

S. 3598. A bill to protect the constitutional and commonlaw rights of citizens who are the victims of tortious acts or omission by agents or employees of the Federal Government, and for other purposes. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

Mr. CHURCH:

S. 3593. A bill directing the Secretary of the Interior to convey certain lands to Valley County, Idaho. Referred to the Committee on Interior and Insular Affairs.

Mr. CHURCH. Mr. President, I introduce for appropriate reference legislation which will grant right, title, and interest in certain national resource lands to Valley County, Idaho.

These lands, once granted to the county, will be utilized as a sanitary landfill, or if more suitable land is identified, such lands could be exchanged and the newly transferred lands used for sanitary landfill purposes.

After an intensive search by county officials it has been determined that private lands are not readily available to the County for sanitary landfill purposes.

I hope the Senate will act favorably on this matter and I urge speedy action in passage of this bill.

By Mr. HARTKE:

S. 3596. A bill to provide hearings for Federal employees in national security cases, and for other purposes. Referred to the Committee on Post Office and Civil Service.

Mr. HARTKE. Mr. President, employment practices within the Federal Government have been of interest to me ever since I had the privilege of serving on the Senate Post Office and Civil Service Committee. I recognize the need for the Government to protect its interests and the interests of the public at large, but we must also guarantee the basic rights of our employees.

Congress has, of course, taken such protective action in the case of those employees covered by Federal civil service. However, we exempted from such protection the employees of certain agencies in the belief that those agencies would institute procedures of their own to guarantee the rights of their employees. Unfortunately, time has shown the need for Congress to enact additional legislation to protect the rights of Government workers.

Today, I introduce legislation to correct the failure to provide certain Government employees with protection of their basic rights. My bill requires that all employees, after they have completed a probationary or temporary period, be accorded the basic due process rights accorded to those employees within the civil service system.

Section 7531, title 5, United States Code, exempts nine classes of employees from the due process coverage of the competitive and preference service. These include: Department of State, Department of Commerce, Department of Justice, Department of Defense, a military department, Coast Guard, Atomic Energy Commission, National Aeronautics and Space Administration, and the employees of any other agency of the Government as the President designates in the best interests of national security.

In looking at the broad picture involved in these exemptions, I understand and accept the interest of the employer in maintaining a certain amount of secrecy and immediate removal power over employees who have access to national security materials. Further, there are some employees within several agencies who have access to awesome power over the lives of individuals through their arrest, subpena, search and seizure powers, which must carefully be observed by the agencies and by Congress in protecting the rights of our citizens.

My bill brings into focus the notice and hearing rights to all Federal employees of the various Federal agencies and departments not now covered, other than those employees requiring confirmation or advice and consent of the Senate.

When an adverse action affecting an employee has been instituted by an agency an employee is entitled to: First, at least 20 days' advance written notice—except when there is reasonable cause to believe the individual may be guilty of a crime for which a sentence of imprisonment can be imposed—stating in writing any and all reasons, specifically and in detail, for the proposed adverse action; second, not less than 7 days for answering the notice personally and in writing and for furnishing affidavits in support of the answer; third, a hearing with respect to the proposed action or suspension; and fourth, a copy of the decision with respect to the proposed action or suspension, including specific and detailed reasons for the decision.

Upon a request filed within 15 days after receiving notice of the proposed action or suspension by the employer, the employee is entitled to a public hearing. Because there may be times when national security matters might be divulged which should not be made part of the public record, the agency will have the opportunity to allege matters of national security and inform the employee that a closed hearing will be conducted. Only those individuals would be admitted to the hearings who have a security clearance equal to or exceeding the classification of the matter in question. An exception would be the counsel for the employee.

If the employee believes the matter is not one affecting national security, he may initiate a civil proceeding in the appropriate district court to enjoin the employer from conducting a closed hearing. It would then be up to the court to determine whether the matter affects national security and whether the hearing should be closed to the public.

Mr. President, recently it was brought to my attention that a constituent of mine, Mr. David Wehner, was dismissed by the Federal Bureau of Investigation. While I do not weigh the merits of this case, the employment procedures followed by the Bureau should clearly be brought within the hearing and notice requirements of my bill. I ask unanimous consent that an article appearing in the Washington Star-News, by Nicholas Blatchford, be published in the RECORD following my remarks. The article sets forth the employment procedures of the Bureau.

A future provision of my bill addresses the often repeated complaint of the general public concerning the responsiveness of the Government to the general welfare of the people. The growth in size and complexity of the Government over the last 30 years has made the public suspicious of the everyday activities and workings of our bureaucracy when a citizen needs help or information.

I have, therefore, in my bill a provision which provides for the suspension of an employee for any unprovoked rude

conduct toward any member of the public. I receive continual complaints from constituents concerning the manner in which their inquiries to the Government are handled by employees.

I have also reduced the number of days from 30 to 20 to which an employee is entitled for advance notice of an adverse action. I believe that we must be more responsive to the people whom we represent, and expedite our administrative procedures leading to finalization of the dispute in question. By reducing the number of days that an employee must be kept in the agency after an adverse action has been forwarded in writing to the employee, we will balance the rights of the individual with those of the public, and further the efficiency of our Government.

While my bill guarantees due process rights to the employee, it also places a higher degree of responsibility on the employee to the general public. We must make our Government responsive to the people, especially in light of the tremendous amount of Government power over the daily lives of individuals and businesses. I believe my bill meets the interests of both the people and the interest of the Government.

Both will benefit from my legislation and the very substance of our Government will be enhanced.

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

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

S. 3596

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 75 of title 5, United States Code, is amended by striking out subchapters I and II and inserting in lieu thereof the following:

"SUBCHAPTER I.—CAUSE, RUDE CONDUCT, AND PROCEDURE

"§ 7501. Definitions

"For the purpose of this subchapter—

"(1) 'employee' means—

"(A) an individual in the competitive service; or

"(B) a permanent or indefinite preference eligible not in the competitive service who has completed a probationary or trial period as an employee of an Executive agency or as an individual employed by the government of the District of Columbia, but does not include an employee whose appointment is required to be confirmed by, or made with the advice and consent of the Senate; and

"(2) 'adverse action' means a removal, suspension for more than 30 days, furlough without pay, or reduction in rank or pay.

"§ 7502. Cause

"Any employing agency may take adverse action against an employee, or debar him for future employment, only for such cause as will promote the efficiency of the service.

"§ 7503. Rude conduct

"Any employee may be suspended for not to exceed five (5) days for any unprovoked rude conduct, in the performance of his duties, toward any member of the public.

"§ 7504. Procedure

"(a) An employee against whom adverse action is proposed, or against whom a suspension under section 7503 of this title is proposed, is entitled to—

"(1) at least 20 days' advance written notice, except when there is reasonable cause to believe the employee may be guilty of a crime for which a sentence of imprisonment can be imposed, stating any and all reasons in writing, specifically and in detail, for the proposed action or suspension;

"(2) a reasonable time of not less than seven (7) days, for answering the notice personally and in writing and for furnishing affidavits in support of the answer;

"(3) a public hearing with respect to the proposed action or suspension except as provided in subsection (b) of this section; and

"(4) a copy of the written decision with respect to the proposed action or suspension, including specific and detailed reasons for the decision.

"(b) Upon request filed within fifteen (15) days after receiving notice of the proposed action or suspension, the employee is entitled to a public hearing with respect to that action or suspension unless the basis therefor involves interests of national security, in which case the hearing shall be conducted in closed session with individuals being admitted thereto having a security clearance equal to or exceeding the classification of the national security matter that may be disclosed;

Provided, there shall be no security classification requirement for the employee's counsel, and provided further, that the employee is entitled to bring a civil action in the appropriate district court requesting the hearing be public because the alleged interests of the employer are not matters of national security."

(b) Subchapter IV of such chapter 75 is repealed.

(c) The analysis of such chapter 75 is amended—

(1) by striking out the matter relating to subchapters I and II and inserting in lieu thereof the following:

"Subchapter I—Cause, Rude Conduct, and Procedure

"Sec.
"7501. Definitions.
"7502. Cause.
"7503. Rude conduct.
"7504. Procedure."; and

(2) by striking out the matter relating to subchapter IV.

SEC. 2. Chapter 77 of title 5, United States Code, is amended—

(1) by striking out of the analysis—

"7701. Appeals of preference eligibles." and inserting in lieu thereof—

"7701. Appeals of employees.";

(2) by striking out of the caption of section 7701 "preference eligibles" and inserting in lieu thereof "employees"; and

(3) by striking out the first sentence of section 7701 and inserting in lieu thereof the following:

"An employee as defined by section 7501 of this title is entitled to appeal to the Civil Service Commission, from any decision adverse to the employee under section 7504 of this title, of an administrative authority so acting."

SEC. 3. (a) Chapter 85 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§1364. Federal employee national security actions

"The district courts shall have original and exclusive jurisdiction without regard to the amount in controversy, of any civil action brought by an employee under section 7504 of title 5 to have the hearing with respect to proposed adverse action or suspension against him be made public since the basis for the proposed action or suspension does not involve interests of national security."

(b) The analysis of such chapter 85 is amended by adding at the end thereof the following new item:

"1364. Federal employee national security actions."

GETTING AN ESCORT OUT BY THE FBI

(By Nicholas Blatchford)

Like many young men these days, David Wehner, 19, has chosen to disguise himself in lots of hair, so one's first impression of him is not of a modern young man at all, but of an older Victorian gentleman of melancholy mein.

Or perhaps the sadness I saw in him was the natural result of his just having been fired by the FBI.

What for? For going out for a beer on bureau time.

Wehner's fortunes and those of the FBI became entwined in the spring of 1972, when an FBI recruiter visited Portage High School in Portage, Ind., and painted "a rosy picture" of life with the bureau here.

Wehner arrived in Washington that fall, and started off as a messenger in the Justice Department building. Soon he was transferred to the bureau's Identification Building, advancing from Grade 3 to Grade 4 and a daytime shift in the records section. He was happy with the job but he chafed in the uniform.

"It's a dirty, dusty, greasy building," Wehner said, "a warehouse actually, but we were required to wear a shirt and tie."

Wehner resisted. "All last summer," he said, "I wore blue jeans, a T-shirt, tennis shoes and no socks. Other people did, too."

He disputed the necktie order, and there was talk of circulating a petition. At the suggestion of his agent supervisor, Wehner put his feeling into writing in a letter to the director.

He promptly found himself in a series of face-to-face meetings with Assistant Director John Marshall, the man in charge of communications and files.

"He told me that if I continued to violate the dress code, I would be dismissed," Wehner said. "They said the building was a dump and everything else, but they didn't have the power to change the rules."

So Wehner capitulated.

"I did comply," he said. "I went out and spent a good deal of money buying clothes that would suit their standards. Shirts, ties and pants. I wore a tie virtually every day, week in and week out, except maybe once a month I would not—like one night when I was going to a rock concert. . . ."

He thought things were going well.

"I felt personally that among my fellow employes, nobody knew the job better than I did," he said. "My supervisor agent told me, 'Dave, you are well on your way to an incentive award.'"

Then the roof fell in.

On a recent Friday, with the scent of spring in the air and the temperature in the 70s, Wehner and a fellow worker took advantage of the regular afternoon 10-minute break to slip across the street to the Market Inn for a beer.

Now on Friday afternoons the Market Inn is full of jolly government section chiefs and their friends and secretaries showing no apparent signs of ever going back to work, so it's easy to see how a couple of young men fresh out of the dusty FBI record stacks might overstay their time.

And they did—by 15 minutes, Wehner said.

Things began to move with terrible swiftness once they got back to work.

Their supervisors asked where they had been, and Wehner told them.

"I like to think that I'm an honest person," he explained. "I said it was a spring fever reaction to the day. I just felt that I had really earned a break, that I had been working hard and I wanted a beer. They read us verbatim the FBI Employes' Handbook, what it said about drinking—and about not leaving the building during rest periods. I didn't know about that."

The following morning they were given two choices. Either they could freely resign, or their resignations would be requested. Wehner's friend resigned. Wehner refused.

"I said this was a totally uncalled-for action," Wehner said. "I wasn't on the job and I'm ashamed of it, but it wasn't a flagrant act."

The following Friday, Wehner received a letter from FBI director Clarence Kelley, requesting him to submit his resignation as of the coming Monday. Again Wehner declined.

On Tuesday, a second letter from the director informed him simply that "your name is being dropped from the rolls of the Federal Bureau of Investigation effective 1 p.m."

"It was then about 25 minutes to 1," Wehner said. "At approximately 1 o'clock, I was escorted out of the building and onto the street. It wasn't a real nice day outside and it wasn't real bad either. Just an average day before spring."

Wehner would like to appeal, but by law the FBI is exempt from Civil Service grievance procedures. He thinks this is unfair, and while he doesn't feel he has much of a case, he wants "the American public to see what the bureau does."

My own feeling is this: If you put your finger on a hot stove, you can't complain if it's burnt.

By Mr. ERVIN:

S. 3598. A bill to protect the constitutional and common law rights of citizens who are the victims of tortious acts or omission by agents or employees of the Federal Government, and for other purposes. Referred to the Committee on the Judiciary.

PROTECTING THE PEOPLE FROM THEIR GOVERNMENT: SOVEREIGN IMMUNITY AND "NO-KNOCK"

Mr. ERVIN. Mr. President, I introduce for appropriate reference a bill to amend title 28 of the United States Code, and to provide a remedy against the United States for the acts or omissions of U.S. employees which are intentional torts or in violation of the U.S. Constitution or statutes. Until March 16 of this year it was impossible for a citizen to sue the Federal Government when any of its agents or employees injured that citizen in the course of an illegal or unconstitutional act.

On that date the President signed H.R. 8245. That bill contained an amendment attached by the Senate Government Operations Committee. The committee's amendment was designed to provide a remedy against the Federal Government for innocent victims of "no-knock" raids by Federal narcotics agents.

The committee's interest in this problem grows out of its recent consideration of Reorganization Plan No. 2 in which the Drug Enforcement Agency was created within the Department of Justice. In the course of considering that plan, the committee learned of "no-knock" raids which occurred on April 29 in Collinsville, Ill. In separate incidents involving the same Justice Department agents, "no-knock" raids were conducted into two different homes in Collinsville. The agents entered the two houses without warrants in violation of the Federal "no-knock" statute, kicked in the doors without warning, shouting obscenities, and threatening the occupants with drawn weapons. The terrified inhabitants were only temporarliy relieved when the agents left after discovering that they had entered the wrong houses.

Until the enactment of H.R. 8245 there was no effective legal remedy against the Federal Government for the actual physical damage much less the pain, suffering and humiliation to which the Collinsville families have been subjected. Since they were neither suspects, nor Federal defendants, they could not move in a prosecution to suppress evidence, the traditional remedy for violation of fourth amendment rights. Indeed, there was not any evidence seized in these raids because, of course, the agents were at the wrong addresses. Furthermore, neither family can recover from the Federal Government in a civil action because of the doctrine of sovereign immunity.

As a general principle until the enactment of H.R. 8245 if a Federal agent violated someone's constitutional rights—for instance, fourth amendment rights against illegal search and seizure—there was no remedy against the Federal Government. This ancient doctrine—sovereign immunity—stood as a bar.

Sovereign immunity is a holdover from the tyrants of Tudor and Stuart England and has no place in our American democracy. Actually the doctrine is derived from the devine right of kings and the doctrine that the king can do no wrong. In modern American law that doctrine has been translated into the rule that the Government cannot be sued unless it so consents.

Only recently have victims of governmental lawlessness, such as the Collinsville families, had a right of action against the offending officers themselves. In the case of *Bivens* v. *Six Unknown Federal Narcotics Agents*, 403 U.S. 388 (1971), the Supreme Court held that the fourth amendment and elementary justice require that there be a right of action against the Federal agents for illegal searches conducted in bad faith or without probable cause.

Of course, Federal agents are usually judgment proof, so this is a rather hollow remedy.

For years scholars and commentators have contended that the Federal Government should be liable for the tortious acts of its law enforcement officers when they act in bad faith or without legal justification. However, the Federal Torts Claims Act (28 U.S.C. 2671–2680) embodiment of sovereign immunity in the United States Code, protected the Federal Government from liability where its agents commit intentional torts such as assault and battery. The injustice of this provision should be manifest—for under the Federal Torts Claims Act a Federal mail truck driver creates direct Federal liability if he negligently runs down a citizen on the street, but until the enactment of H.R. 8245 the Federal Government was held harmless if a Federal narcotics agent intentionally assaults that same citizen in the course of an illegal "no-knock" raid.

H.R. 8245 added a proviso at the end of the intentional torts exception to the Federal Torts Claims Act (28 U.S.C. 2680 (h)). The effect of this provision is to deprive the Federal Government of the defense of sovereign immunity in cases in which Federal law enforcement agents, acting within the scope of their employment, or under color of Federal law commit any of the following torts: Assault, battery, false imprisonment, false arrest, malicious prosecution, or abuse of process. Thus, after the date of enactment of this measure, innocent individuals who are subjected to raids of the type conducted in Collinsville, Ill., will have a cause of action against the individual Federal agents and the Federal Government.

Although H.R. 8245 is an important step in modifying the doctrine of sovereign immunity to comport with modern democratic principles it is only a first step. First of all it is limited to law enforcement officials—and then only to certain torts. For example, the Senate measure would not cover other intentional torts such as misrepresentation by non-law enforcement agents. Even after the recent amendment, the Federal Government cannot be sued by an individual who purchases a house in reliance upon an inspection by the Federal Housing Administration in which the inspector intentionally misrepresented the condition of the house. Second, as a result of H.R. 8245 and the Bivens case there is a very substantial question as to whether the Federal Government is civilly liable when its agents engage in a deliberate violation of a statute or the Constitution but do not simultaneously commit any common law intentional tort.

The administration even concedes that there ought to be Government liability where its agents or employees violate the Federal statutes or the Constitution. On October 10, the senior Senator from Nebraska, introduced on behalf of the administration S. 2558 which would make the Federal Government liable when its agents violate the Constitution or statutes of the United States. The bill which I introduce today is based in large part upon the administration's proposal. However, my bill differs in several important respects. First, it would provide a more complete remedy. The administration bill only permits actual damages and general damages up to $5,000, while my bill would permit unlimited actual and general damages and punitive damages up to $50,000. Second, the administration bill would make this new remedy exclusive of all other actions. This means that

victims of constitutional torts or intentional common law torts would have only one cause of action, that is against the Government. Therefore, the victims would not be able to sue the agents as well as the Government.

In the private sector when a corporate employee commits a tort within the scope of his employment the victim of the tort has a cause of action against the employee and the corporation. Although I can see justification for leaving distinctions between corporate and governmental employees, I would not go quite as far as the administration. Therefore, my bill allows similar exclusivity but in constitutional, statutory, or intentional torts exclusivity would only apply where the agent or employee acted within the scope of his employment and with good faith and probable cause. This means that Government employees, and especially law enforcement officers, would enjoy immunity but only where they act in good faith and with probable cause—the same situations in which the court granted immunity to agents in the Bivens case.

Another important difference in the two bills is that I propose that the "no-knock" provisions enacted by Congress in 1970 be repealed. I think that an excellent case can be made that recent "no-knock" incidents grow out of a new philosophy among some Federal law enforcement officers that they are not subject to the fourth amendment. This attitude was highlighted by the various Watergate allegations involving the so-called plumbers. However, I have found that some law enforcement agents in established Federal law enforcement agencies such as the Drug Enforcement Agency and its predecessor, the Office of Drug Law Enforcement, also apparently have the attitude that the warrant provisions of the fourth amendment simply do not apply to them. For example, in the Collinsville and other raids last spring, Justice Department agents did not even bother to get warrants to conduct their surreptitious or "no-knock" entry. I am convinced that the Congress' action in sanctioning "no-knock" searches in the D.C. crime bill and the Controlled Substances Act is partially responsible for this attitude.

I believe that it is essential that these unconstitutional and unnecessary provisions be repealed. Repeal of the provisions would simply have the effect of reinstating the common law rules on search and seizure to Federal agents. In his fine opinion in the case of *Kee* v. *California*, 374 U.S. 23 (1963) Justice Brennan set out the only situations in which "no-knock" is permitted at common law:

(1) where the persons within already know of the officers' authority and purpose, or (2) where the officers are justified in the belief that persons within are in imminent peril of bodily harm, or (3) where those within are made aware of the presence of someone outside (because, for example, there has been a knock at the door), and then engaged in activity which justifies the officers in the belief that an escape or the destruction of evidence is being attempted.

If this provision of my bill is enacted, Congress would be giving a loud and clear signal to Federal law enforcement agents that they are, indeed, subject to the fourth amendment. However, Congress would be reacting cautiously because the traditional common law exceptions to the "no-knock" rule would have been preserved.

In conclusion I would like to state that I do not feel wedded to all the provisions of this bill. I am only introducing it for the purpose of discussion and hearings. I am sure that there are a number of inadequacies in the bill. For example, it does not provide for modification of the sovereign immunity doctrine in the District of Columbia. Although I believe that such a provision should be a part of this bill I await experts in sovereign immunity and District of Columbia law to help draft such a provision. Furthermore, I am still troubled by the exclusivity provision. I believe that this section will require much thought and study by the committee to which this legislation is referred. However, I believe that this bill should serve as a beginning, a foundation, upon which meaningful reform of the doctrine of sovereign immunity can be continued in the face of innumerable allegations of governmental lawlessness which have filled the media during the past year.

Mr. President, I ask unanimous consent that the bill and an analysis of it be printed at this point in the RECORD.

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

S. 3598

A bill to protect the constitutional and common law rights of citizens who are the victims of tortious acts or omissions by agents or employees of the Federal Government, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1346(b) of Title 28, United States Code is amended by striking the period at the end of the Section and adding the following:

", or where the claims sounding in tort for money damages arise under the Constitution or statutes of the United States, such liability to be determined in accordance with applicable federal law."

Sec. 2. Section 2672 of Title 28, United States Code, is amended by inserting in the first paragraph the following language after the word "occurred" and before the colon:

", or where the claims sounding in tort for money damages arise under the Constitution or statutes of the United States, such liability to be determined in accordance with applicable federal law."

Sec. 3. Section 2674 of Title 28, United States Code, is amended by deleting the first paragraph and substituting the following:

"The United States shall be liable in accordance with the provisions of Sec. 1346(b) of this title, but shall not be liable for interest prior to judgment or for punitive damages: *Provided,* that for claims arising under the Constitution or statutes of the United States or for international torts, recovery shall be allowed for all actual, general, consequential and liquidated damages and, where appropriate, reasonable compensation for interest prior to judgment, punitive or exemplary damages not to exceed $50,000 and reasonable compensation for litigation expenses and attorneys' fees."

Sec. 4. Section 2679(d) of Title 28, United States Code is amended by inserting in the first sentence the words "office or" between "scope of his" and "employment".

Sec. 5. Section 2679(d) of Title 28, United States Code is amended by deleting the second sentence and substituting the following:

"After the removal the United States shall have available all defenses to which it would have been entitled if the action had originally been commenced against the United States under the Federal Tort Claims Act. Should a United States district court determine in a hearing on a motion to remand held before a trial on the merits that the employee whose act or omission gave rise to the suit was not acting within the scope of his office of employment, or in the case of a claim arising under the Constitution or statutes of the United States or for claims resulting from intentional torts that the employee was not acting in good faith, or with probable cause or within the scope of his employment, then the case shall be remanded to the State court: *Provided,* that where such a remedy is precluded because of the availability of a remedy through proceedings for compensation or other benefits from the United States is provided by any other law, the case shall be dismissed, but in that event the running of any limitation of time for commencing, or filing an application or claim in, such proceedings for compensation of other benefits shall be deemed to have been suspended during the pendency of the civil action or proceeding under this section."

Sec. 6. Section 2680(h) of Title 28, United States Code, is repealed as of the effective date of this Act.

Sec. 7. Section 4116 of Title 38, United States Code, is repealed, as of the effective date of this Act.

Sec. 8. Section 223 of Title II of the Public Health Service Act (58 Stat. 682, as added Section 4 of the Act of December 31, 1970. 84 Stat. 1870 (42 U.S.C. 233)), is redesignated as Section 224 and is amended to read as follows:

"AUTHORITY OF SECRETARY OR DESIGNEE TO HOLD HARMLESS OR PROVIDE LIABILITY INSURANCE FOR ASSIGNED OR DETAILED EMPLOYEES

"Sec. 224. The Secretary of Health, Education, and Welfare, the Secretary of Defense and the Administrator of Veterans Affairs, or their designees may, to the extent deemed appropriate, hold harmless or provide liability insurance for any officer or employee of their respective departments or agencies for damage for personal injury, including death or property damage, negligently caused by an officer or employee while acting within the scope of his office or employment and as a result of the performance of medical, surgical, dental, or related functions, including the conduct of clinical studies or investigations, if such employee is assigned to a foreign country or detailed to other than a Federal agency or institution, or if the circumstances are such as are likely to preclude the remedies of third persons against the United States described in section 2679 (b) of Title 28, for such damage or injury."

Sec. 9. Subsection (b) of section 509 of the Controlled Substances Act (21 U.S.C. 879) is hereby repealed.

Sec. 10. (a) Section 23–522(c)(2) of the District of Columbia Code is hereby repealed.

(b) Section 23–521(f)(6) of the District of Columbia Code is hereby repealed.

(c) The last sentence of section 23–561 (b)(1) of the District of Columbia Code is hereby repealed.

(d) Section 23-591(c) is amended to read as follows:

"(c) An announcement of identity and purpose shall not be required prior to such breaking and entry if circumstances known to such officer or person at the time of breaking and entry give him probable cause to believe that (1) the persons within already know of the officers' authority and purpose (2) the persons within are in imminent peril of bodily harm, or (3) the persons within are aware of the presence of someone outside and are therefore attempting to escape or destroy evidence."

SEC. 11. This Act shall become effective upon enactment.

SECTION-BY-SECTION ANALYSIS OF THE BILL TO PROTECT THE CONSTITUTIONAL AND COMMON LAW RIGHTS OF CITIZENS WHO ARE THE VICTIMS OF TORTIOUS ACTS OR OMISSIONS BY AGENTS OR EMPLOYEES OF THE FEDERAL GOVERNMENT, AND FOR OTHER PURPOSES

Section 1. Section 1 amends Section 1346 (b) of Title 28 of the United States Code to extend the exclusive jurisdiction of the United States District Courts to include claims arising under the Constitution and statutes of the United States. Section 1 also provides that the liability of the United States is to be determined in accordance with applicable Federal law. Because the cause of action arises under the Constitution or Federal statute, Federal law must necessarily control; hence, the reference to Federal law in Section 1 is merely declaratory of the decisional law in its present state.

Section 2. Section 2 amends Section 2672 of Title 28 of the United States Code to provide additionally for the administrative adjustment of claims arising under the Constitution or statutes of the United States and provides that the liability of the United States for such claims shall be determined in accordance with applicable Federal law.

Section 3. Section 3 amends Sections 2674 of Title 28 of the United States Code so as to provide damages for claims arising under the Constitution or statutes of the United States by providing unlimited actual, general and liquidated damages (such as pursuant to 18 U.S.C. 2520). The provision also permits punitive and exemplary damages, not to exceed $50,000 and litigation expenses and attorneys fees.

Section 4. Section 4 amends Section 2679 (d) of Title 28 of the United States Code by inserting the words "office or" between "scope of his" and "employment" appearing in the first sentence of 2679(d). This amendment is a technical amendment designed to make clear that the scope of the Tort Claims Act remedy extends to officers of the Government as well as employees.

Section 5. Section 2679(d) presently reads in relevant part as follows:

"Upon a certification by the Attorney General that the defendant employee was acting within the scope of his employment at the time of the incident out of which the suit arose, any such civil action or proceeding commenced in a State court shall be removed without bond at any time before trial by the Attorney General to the district court of the United States for the district and division embracing the place wherein it is pending and the proceedings deemed a tort action brought against the United States under the provisions of this title and all references thereto."

Section 5 amends Section 2679(d) so as to include language designed to make clear that in a suit originally commenced against an officer or employee of the government for which a remedy exists under the Federal Tort Claims Act, the United States may assert and establish such defenses to the suit as would have been available to it had the suit originally been commenced against the United States. Thus, under existing decisional law Federal employees injured as an incident of their government employment and who are entitled to the benefits provided by the Federal Employees' Compensation Act, 5 U.S.C. 8101 et seq., are restricted to their compensation rights and may not sue the United States under the Federal Tort Claims Act. Similarly, military personnel who sustain injury as an incident of their military service (by Supreme Court decision, *Feres* v. *United States*, 340 U.S. 135 (1950)), may not sue the United States under the Tort Claims Act. Section 6 will assure preservation of these types of defenses as well as other statutory defenses peculiar to the Federal Tort Claims Act.

Section 6. Section 7 strikes the intentional torts exception of the Tort Claims Act. Until recently present law (28 U.S.C. 2680(h)) immunized the Federal government from direct liability for the intentional torts of its employees. Therefore, the victims of illegal "no-knock" raids by Federal narcotics officers could not sue the Federal government. Nor could the purchaser of a house who relies, to his detriment, upon the deliberate misrepresentation of an FHA inspector sue the Federal government. Legal scholars are virtually unanimous in their view that no persuasive reason can be advanced for any of the intentional torts exceptions.

On March 16 of this year the President signed P.L. 93-253. That legislation contains a limited repealer of the intentional torts exception. The Federal government would be liable if Federal law enforcement or investigative officers conducted any of the following torts: Assault, battery, false arrest, false imprisonment, malicious prosecution or abuse of process. The proposal contained in section 7 of this bill would simply expand that repealer to cover the whole intentional torts exception of the Tort Claims Act.

Section 7. Section 8 is a technical amendment: It repeals Section 4116 of Title 38 United States Code which presently extends the exclusiveness of the Tort Claims Act remedy to claims arising out of activities by medical and paramedical personnel of the Veterans Administration. With the enactment of this bill, Sections 4116 of Title 38 is no longer necessary and is appropriately repealed.

Section 8. Section 9 is also a technical amendment and would affect the partial repeal of 42 U.S.C. 233 which, like 38 U.S.C. 4116, presently extends the exclusiveness of the Tort Claims Act remedy to include claims based upon activities of Public Health Service medical and paramedical personnel. Section 9 also provides for a retention (as a redesignated Section 224 of Title 42 U.S.C.), of language peculiar to the Public Health Service which presently appears in 42 U.S.C. 233(f).

Sections 9 and 10. Section 10 repeals the 1970 Federal "no-knock" statute and Section 11 does the same for the "no-knock" provision contained in the D.C. crime bill which also passed in the same year. These repealers would simply have the effect of abolishing the "no-knock" warrant procedures set out in the two statutes without disturbing the common law authority of police officers to conduct "no-knock" searches. Therefore, even after these repealers, "no-knock" would be permitted in the situations set out by Justice Brennan in his decision in the case of *Ker* v. *California*, 374 U.S. 23 (1963).

Section 11. Section 12 makes the act effective upon enactment. Therefore, the provisions of the act would be effective even on claims arising before the date of enactment so long as they are not otherwise barred by the statute of limitations.

ADDITIONAL COSPONSORS OF BILLS

S. 796

At the request of Mr. PELL, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 796, to improve museum services.

S. 1811

At the request of Mr. CHURCH, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 1811, to amend the Internal Revenue Code of 1954 to increase the credit against tax for retirement income.

S. 2801

At the request of Mr. PROXMIRE, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 2801, to prevent the Food and Drug Administration from regulating safe vitamins and minerals as dangerous drugs.

S. 2919

At the request of Mr. BELLMON, the Senator from Oklahoma (Mr. BARTLETT) was added as a cosponsor of S. 2919, to modify the method for computing military retirement benefits.

S. 3143

At the request of Mr. CHURCH, the Senator from Florida (Mr. GURNEY), the Senator from Vermont (Mr. STAFFORD), the Senator from Massachusetts (Mr. BROOKE), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Florida (Mr. CHILES), the Senator from North Dakota (Mr. BURDICK), and the Senator from Illinois (Mr. STEVENSON) were added as cosponsors of S. 3143, to amend titles II, VII, XI, XVI, XVII, and XIX of the Social Security Act to provide for the administration of the old-age, survivors, and disability insurance program, the supplemental security income program, and the medicare program by a newly established independent Social Security Administration, to separate social security trust fund items from the general Federal budget, to prohibit the mailing of certain notices with social security and supplemental security income benefit checks, and for other purposes.

S. 3330

At the request of Mr. HARTKE, the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of S. 3330, to amend title 10 of the United States Code to provide severance pay for regular enlisted members of the U.S. armed services with 5 or more years of continuous active service, who are involuntarily released from active duty, and for other purposes.

S. 3366

At the request of Mr. BELLMON, the Senator from Oklahoma (Mr. BARTLETT) was added as a cosponsor of S. 3366, to amend title 38 of the United States Code to provide for cost-of-living increases in compensation, dependency, and indemnity compensation and pension payments.

S. 3496

At the request of Mr. BELLMON, the Senator from Oklahoma (Mr. BARTLETT) was added as a cosponsor of S. 3496, to amend title 38 of the United States Code to provide for cost-of-living increases in educational benefits.

S. 3525

At the request of Mr. CURTIS, the Senator from Wyoming (Mr. MCGEE) and the Senator from South Dakota (Mr. ABOUREZK) were added as cosponsors of S. 3525, to amend Public Law 88-482, an act of August 22, 1964.

Mr. ABOUREZK. Mr. President, I am pleased to cosponsor this bill authored by the Senator from Nebraska (Mr. CURTIS). It speaks to a growing crisis affecting American livestock producers.

Since last fall, imports of foreign meat have reached the point where they now amount to about 10 percent of domestic production. There is little doubt that this quantity of imports is having a severe and harmful impact on American livestock producers.

The 1964 law which this bill would amend establishes a meat import quota system. The law also allows the President to suspend the quotas when he finds doing so in the national interest. This has been the case since 1972.

However, the law also provides that the President must give special weight to the importance to the Nation of the economic well-being of the domestic livestock industry.

Since last September, cattle feeders alone have lost nearly $1.5 billion. It is clear that the well-being of the domestic livestock industry is not being protected and it is time for Congress to have a voice in determining when limits should be imposed on imports of meat to this country.

That is the purpose of this bill and it has my fullest support.

S. 3582

At the request of Mr. RIBICOFF, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 3582, concerning food stamps for the aged, blind, and disabled.

SENATE RESOLUTION 335—SUBMISSION OF A RESOLUTION RELATING TO THE ISSUE OF EMIGRATION OF JEWS IN SYRIA

(Referred to the Committee on Foreign Relations.)

Mr. MONDALE. Mr. President, concern has been expressed over whether President Nixon's trip to the Middle East is really necessary. Some people believe that it is mostly an exercise in public relations. My view is that if it helps stabilize the peace in the area, then it is worthwhile. I believe that the American people are wise enough to realize the difference between the kind of peacemaking efforts carried out by Secretary Kissinger, which we can all applaud, and the President's efforts to overcome the Watergate inquiry and impeachment.

In this connection, however, I believe there is one specific issue I hope that the President can pursue. The White House has announced that on the 14th and 15th the President will be visiting Syria. When he goes there, he could make a great contribution to both peace and human rights if he would raise directly with Syrian leaders the issue of 4,000 Jews who live in Syria.

The Jews in Syria are by any standard oppressed. The extent and nature of their economic activities is closely controlled. They cannot travel more than 1½ miles from their homes without police permission. They live surrounded by hostility. Often, in fact, surrounded by Palestinians. Finally, these Jews living in Syria are denied the right of emigration or even temporary foreign travel. They are in effect treated as hostages in the conflict with Israel.

There are 25,000 Jews of Syrian background in the United States. Many of the Jews who are still in Syria have relatives here. Permitting them to emigrate to the United States would remove them from the hostile environment in which they live and in no way exacerbate the military and political situation in the Middle East. It would also be in the great tradition of this Nation to provide a home for oppressed minorities such as the Jews in Syria. Of course, if they want to go elsewhere I believe they should have the right to do so.

For these reasons I am today introducing a resolution calling upon the President to urge the Syrian leadership to let the Jews in Syria emigrate to the United States or elsewhere. I ask unanimous consent that the text of my resolution may appear at this point in the RECORD.

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

S. RES. 335

Whereas the President has announced that he will be visiting Syria on June 14 and 15;

Whereas, there are four thousand Jews living in Syria;

Whereas these people are not allowed to emigrate or to travel more than one and one-half miles from their homes and are subject to a range of restrictions on their civil liberties: Therefore be it

Resolved, That the President should raise this issue directly with the leadership of Syria and urge that these people be permitted to emigrate to the United States or elsewhere.

ADDITIONAL COSPONSORS OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 84

At the request of Mr. MONDALE, the Senator from New York (Mr. BUCKLEY), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of Senate Concurent Resolution 84, relating to opium production in Turkey.

DUTY EXEMPTIONS FOR CERTAIN FOREIGN REPAIRS TO VESSELS—AMENDMENTS

AMENDMENTS NOS. 1395 AND 1396

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

Mr. CHURCH submitted two amendments intended to be proposed by him to the bill (H.R. 8217) to exempt from duty certain equipment and repairs for vessels operated by or for any agency of the United States where the entries were made in connection with vessels arriving before January 5, 1971.

AMENDMENTS NOS. 1401 AND 1402

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

Mr. BEALL. Mr. President, I am sending to the desk two amendments to H.R. 8217, which was reported by the Committee on Finance on April 23, 1974. The first amendment is identical to S. 3184, the Bicentennial Celebration Contribution Tax Credit Act which I introduced on March 19, 1974. The second amendment is similar to S. 2347, the Historical Structures Tax Act which I introduced on August 3, 1973.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT—AMENDMENT

AMENDMENT NO. 1397

(Ordered to be printed, and referred to the Committee on Finance.)

MINIMUM TAX ON FOREIGN OIL RELATED INCOME

Mr. CHURCH. Mr. President, I am submitting today an amendment to the temporary debt ceiling bill (H.R. 14832) which would establish a minimum tax of 10 percent on all foreign income of the international oil companies.

As you know, the House Ways and Means Committee has reported out an oil and gas taxation bill of 1974 which takes several excellent and long needed steps in the direction of more equitable treatment of oil and gas related income. Some of its provisions require strengthening, and additional sections should be added to tighten the rules on foreign loss deductions and to abolish the Western Hemisphere Trading Corporation.

But even after all of these necessary modifications, the House bill does nothing to reduce the advantage the multinational oil companies hold over domestic independent companies. There are two reasons for this: First, the windfall profits tax in the House bill affects only domestic oil profits; and second, the oil companies can, under the bill, defer indefinitely U.S. taxation on their foreign earnings by simply, first, not repatriating earnings of foreign incorporated subsidiaries in low tax countries; and second, repatriating their foreign profits from high tax countries, but shielding these profits through the foreign tax credit.

Foreign profits of the multinational oil companies are increasing faster than their domestic profits—doubling in the last year to well over $7 billion. Yet under the House bill, domestic oil producers will pay an extra $11.4 billion in higher taxes

between 1974 and 1979, compared to $1 to $1.5 billion which will be levied on foreign oil operations. When we factor in the ratio of foreign to domestic oil operations of the American companies, these figures mean that the House tax package imposes new taxes on domestic oil operations twice as great as those imposed on foreign oil operations.

Mr. President, I support Project Independence, but I wonder whether we will ever have energy independence in this country if we continue to subsidize investment in foreign countries at the expense of investment here at home. To formulate a tax package which will not give oil companies so much incentive to invest abroad, there must be some sort of minimum U.S. taxation of the foreign earnings of U.S. oil companies—earnings on which they presently pay little or no U.S. taxes at all.

A flat 10-percent minimum tax on net foreign earnings of the U.S. oil companies—including earnings of the foreign incorporated subsidiaries of these companies—would be an appropriate minimum tax. This would raise additional revenue of approximately $700 million for the Treasury, and would make the tax package more neutral as between foreign and domestic source income.

Currently U.S. manufacturing companies pay, on the average, 8.5 percent of their foreign earnings to the United States in income taxes. This rate of taxation may be too low, and I believe that the Congress must, at some point in the near future, reevaluate the entire system of taxation of foreign earnings. These payments, whether or not they are too low on some absolute scale, are substantially higher than those of the international oil companies, which pay practically no U.S. tax on their foreign earnings. This bill will largely correct this disparity.

Besides assuring a high level of domestic investment, and improving tax equality, this bill has another important function. Assuming that some progress is made in this Congress toward limiting the abuses of the foreign tax credit provision, many of the major oil companies may be tempted to move all or part of their overseas earnings completely offshore. In other words they may take them in foreign subsidiaries and do not repatriate them to the United States. This bill would tax income earned by controlled foreign corporations in which the companies in question have ownership interest, whether or not these earnings are remitted to the parent company in the form of dividends.

Basically the purpose of this bill is to impose a flat 10-percent minimum tax on the real economic earnings of each multinational oil company. Since payments made to foreign governments are real costs, these are treated as deductions, but not as credits as under the present system. Since earnings taken in controlled foreign corporations are nevertheless earnings of the parent U.S. corporation, these are taxed. There is no intent here to impose double taxation on profits taken in a subsidiary, and then remitted in dividends, and the Secretary is authorized to make regulations to prevent this from happening.

Taken in total, I believe that this bill will make a positive contribution to tax equity and to security in the supply of this Nation's vital energy resources.

DEPARTMENT OF DEFENSE APPROPRIATION AUTHORIZATION ACT, 1975—AMENDMENT

AMENDMENT NO. 1398

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

Mr. CHILES submitted an amendment, intended to be proposed by him, to the bill (S. 3000) to authorize appropriations during the fiscal year 1975 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loans, and for other purposes.

AMENDMENT NO. 1400

(Ordered to be printed.)

Mr. THURMOND proposed an amendment to Senate bill 3000, supra.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS

AMENDMENT NO. 1399

(Ordered to be printed, and referred to the Committee on Foreign Relations.)

FOREIGN MILITARY SALES

Mr. NELSON. Mr. President, it is difficult these days to open the newspaper without coming across unexpected reports of another U.S. multimillion-dollar arms deal with another small nation somewhere.

The amendment I am offering today to the Foreign Assistance Act, S. 3394, gives Congress oversight authority on proposed foreign military sales—before the sale is finalized.

Foreign military sales has become an instrument of foreign policy. The executive branch of this Nation involves the United States in military situations throughout the world without congressional and public debate, discussion or deliberation. The sums here are vast. For 1973—the most recent figures available on foreign military sales credit and cash—show a total of $3.5 billion. This figure represents a quadrupling of the fiscal year 1970 total of $926 million. Fiscal year 1974 sales are estimated to be in the neighborhood of $4.6 billion.

Mr. President, I ask unanimous consent to have a DOD chart of foreign military sales orders totaling $21 billion since 1950 entered in the RECORD at the conclusion of my remarks.

Despite the serious policy issues raised by this tremendous increase in Government arms sales, these transactions are made with little regard for congressional or public opinion. The Department of Defense is consulted. The manufacturers of weapons and the providers of military services are consulted. But Congress is hardly informed of these transactions, much less consulted as to their propriety. As it stands now, the executive branch of the Government simply presents Congress and the public with accomplished facts.

This amendment requires the executive branch to afford Congress the opportunity to debate and discuss foreign sales made by the U.S. Government. It requires the President to report to both Houses of Congress his military sales plans when any single sale to any one country amounts to over $25 million or when cumulative sales of over $50 million occur to one country in 1 year. Although this amendment was approved by the Senate last year as part of S. 1443, the Foreign Military Sales and Assistance Act, the amendment, as well as a majority of that bill's provisions, was deleted in the Senate-House conference on foreign assistance legislation. I am reintroducing the amendment because the circumstances which warranted its consideration last year have grown even more serious in the interval.

There is still no statutory requirement to insure that Congress receives up-to-date information on U.S. Government foreign military sales. The various required reports either provide information on last year's sales or provide detailed information on only a small part of total American arms sales abroad. Thus, the report required by section 657 of the Foreign Assistance Act lists only the total amount of U.S. Government sales by country for the past fiscal year. Since government-to-government arms sales do not require an export license, the portion of the section 657 report titled "Export of Arms, Ammunition, and Implements of War," provides past fiscal year data only on commercial sales which are approximately one-eighth of total American arms sales abroad. Similarly, the more current reports on munition lists exports totaling more than $100,000, required under another commercial sales reporting provision sponsored last year by Senator HATHAWAY, contain no data on the majority of U.S. arms sales. These are government-to-government sales in which the U.S. acts as an intermediary between an American munitions firm and a foreign country.

This lack of required reports to Congress, coupled with the traditional secrecy surrounding international arms transactions, frequently results in Congress learning about arms sales only as a result of the diligent efforts of the press. Thus, ironically, the American public learned of the 1973 sales to Persian Gulf countries only after the American media picked up an Agence France-Presse report and pressed the State Department spokesman to officially confirm the fact that we had an agreement in

principle to sell Phantoms to Saudia Arabia and that we were negotiating a giant deal for arms to Kuwait.

So, too, the American public learned about negotiations for the sale of jets to Brazil last year from a report originating in Brazil. And just recently the Washington Post correspondent in Quito, Equador—not Washington, D.C.—reported U.S. intentions to resume military sales to Equador after a 3-year ban. Equador, which has been in a tuna war with the United States, resulting in seizure of U.S. tuna boats and explusion of U.S. military mission to Quito, has a long shopping list including 12 T–33 trainer jets, basic infantry equipment, and large quantities of engineering equipment.

Mr. President, I request unanimous consent to have the Washington Post article entered in the record at the conclusion of my remarks.

Congressional reliance on the press for hard data on U.S. Government arms sales abroad, however, is not the most serious deficiency in the decisionmaking system governing such sales. At this time there is no formal procedure by which Congress can participate in determining the merits of these arms deals before they are finalized. Nor is there any way for Congress to exert effective oversight authority and monitor the impact of these deals after they are negotiated.

These foreign military sales constitute major foreign policy decisions involving the United States in military activities without sufficient deliberation. This has gotten us into trouble in the past and could easily do so again.

These matters require serious deliberation by the Congress and should not be left exclusively to the executive branch.

If Congress is serious about reasserting congressional participation in foreign affairs and exercising its full responsibility in the formulation of American foreign policy, reviewing foreign military sales is the best place to start.

When I first introduced this amendment last June, I pointed out the press reports of burgeoning U.S. arms sales to the Persian Gulf nations, including Saudi Arabia, Kuwait, and Iran, and to Latin America. Apparently those sales were only the tip of the iceberg.

A recent article in the Christian Science Monitor—an article based on interviews with officials of the State and Defense Departments—estimates that the size of arms sales to Persian Gulf countries in fiscal year 1975 alone could total $4 to $5 billion. These prospective sales deserve particular attention in the light of heavy U.S. sales in the past 2 years. In fiscal year 1973 Iran contracted to buy $2 billion worth of U.S. military equipment. A January 1974 New York Times report indicated that Iran had ordered 30 F–14A fighters at a total cost of $900 million and was reportedly negotiating to buy 50 F–15's. Similarly, Saudia Arabia, which last year ordered a total of between 150 to 200 F–5 fighters, signed a $355 million agreement in April for the modernization of the Saudi National Guard. The agreement includes the purchase of American armored vehicles, antitank weapons, and artillery batteries. Possible future sales in the Persian Gulf are reported to include the Hawk missile defense system and various naval craft ranging from coastal ships to destroyers.

On the basis of its interviews, the Christian Science Monitor article emphasizes that both the regional and the East-West implications of these continuing large weapons sales is beginning to worry some Government officials.

Mr. President, I ask unanimous consent to have the Christian Science Monitor and the New York Times articles entered in the RECORD at the conclusion of my remarks.

Former Secretary of Defense Melvin Laird has publicly echoed this concern in the introduction to an American Enterprise Institute study titled "Arms in the Persian Gulf." Mr. Laird suggests that while providing armaments to third world countries might be a postive short-term measure, it should be accompanied by diplomatic activity so that weapons sales do not become a standard long-term U.S. policy. He also raises important questions about the implications of such sales for future peace and accommodation in the region. These are certainly real issues—issues that deserve to be debated by both Congress and the executive branch.

Similar questions might well be raised about recent and potential sales of jet aircraft to Latin American countries. In 1973 the administration authorized sales of F–5E international fighters to Argentina, Brazil, Chile, Colombia, and Venezuela, ending in one sweep a 5-year ban on the sale of sophisticated military equipment to underdeveloped countries. As of December 1973, Brazil had ordered 42 aircraft. Potential orders from Chile, Peru, and Venezuela could total 90 aircraft. At a cost of $2.5 million per plane, jet aircraft sales in Latin America could amount to $300 to $400 million over the next few years. And, as previously noted, the United States plans to sell arms to Ecuador as a result of the truce in the 3-year tuna war with the United States.

Perhaps these transactions—in the Persian Gulf, in Latin America, anywhere—have merit. Perhaps they do not. Without debating the merits of these sales, it seems to me that they represent such a qualitative change in our involvement in the Persian Gulf area and such a significant turn in our Latin American relations, that Congress must be afforded the opportunity to deliberate on these matters as well as on all other significant sales agreements entered into by the U.S. Government.

That is exactly the purpose of this amendment. It would give Congress the opportunity to consider—and if necessary, reject—foreign military sales according to prescribed conditions.

The proposal requires the President to report to both Houses of Congress his military sales plans when any single deal for cash or credit to any one country amounts to over $25 million. If, after 30 days from the time the President makes his report, neither House objects, the sale will be permitted. Agreements with one country with a cumulative value of over $50 million in 1 year will similarly be subject to this procedure for congressional deliberation. Additional single sales of $25 million or more to such countries will also be subject to review. In an emergency situation, the President may waive the requirement for congressional deliberation for 30 days. However, if he wishes to continue arms shipments after those 30 days, he must at the same time file a report concerning those future arms transactions.

The enactment of this provision should place no significant administrative burden on the executive branch. Neither Congress nor the executive branch will be inundated in paper work as a result of the adoption of this amendment. A Library of Congress memorandum written at my request concludes that the total number of reports that would have been submitted for congressional consideration in fiscal year 1973 had the Nelson amendment been in effect is approximately 30. Mr. President, I ask unanimous consent to have entered in the RECORD the Library of Congress memorandum at the end of my remarks.

Nor should the 30-day congressional review period prior to consumation of sale provide any serious interference with normal procedures. Under normal circumstances the negotiation of a sales agreement can take months and the delivery period for such purchases may extend over a period of several years.

A purchasing country's decision to buy U.S.-produced military equipment is made primarily on the basis of the high technical quality of American weapons and only secondarily on the basis of the price and delivery schedule. Iran, for example, negotiated the purchase of F–14's for more than a year and reportedly paid more than double the price that the U.S. Navy paid for the same plane. Their delivery is not expected to be completed before 1977. A 30-day congressional review period, therefore, would not have caused any significant delay nor lost the sale.

And in an emergency situation, the amendment provides a special waiver to cover circumstances such as occurred during the October conflict in the Middle East.

The legislative approach used in this amendment has several important historical precedents. The Reorganization Act—chapter 9 of title 5, United States Code—uses this procedure for congressional approval of reorganization plans of the executive branch. Congressional approval of Presidential plans to increase pay for executive level employees, Members of Congress, the Supreme Court, and the Cabinet is similarly provided for in title 2, United States Code, section 359. When the President sends Congress an alternative pay plan for Federal employees, the Reorganization Act concept is also embodied in that legislation, title 5, United States Code, section 5305. And the Administration Trade Reform Act which has passed the House of Representatives and is pending in the Senate uses the congressional veto procedure in a number of instances.

I request that a study on the constitutionality of the legislative veto embodied

in the Nelson amendment prepared at my request by the Congressional Research Service, be printed at the conclusion of my remarks. That study finds that—

The proposed amendment is constitutional. It closely parallels the analogous provisions of the Executive Reorganization Act, the constitutionality of which has not been challenged by the Executive Branch. Moreover, the amendment would serve a useful function in assuring that the Congressional policy origination power is not abdicated to the Executive Branch.

In closing, let me reemphasize the importance of these foreign military sales. The Defense Department estimates that U.S. Government arms sales could total $4.6 billion in fiscal year 1974. Arms sales to the Persian Gulf area alone in fiscal year 1975 could total $4 to $5 billion. This Government—including both Congress and the executive branch—have the responsibility to its own citizens and to the international community to give very careful consideration to weapons sales of such magnitude. This amendment would provide both the essential information and the necessary procedure for congressional review.

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

FOREIGN MILITARY SALES ORDERS [Value in thousands of dollars]

	Fiscal years											
	1950-63	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1950-73
Worldwide	3,733,726	1,401,218	1,261,585	1,579,172	980,031	1,177,109	1,348,377	926,343	1,599,979	3,282,431	6,619,368	20,914,340
Argentina	47,525	1,524	1,276	7,295	6,534	14,371	4,013	11,406	14,374	16,795	14,032	139,647
Australia	144,208	134,816	326,155	47,521	114,168	32,879	35,768	61,357	44,361	117,222	18,515	1,076,969
Austria	32,838	2,804	6,212	2,167	2,181	6,041	1,180	1,770	2,189	2,359	2,450	62,192
Belgium	72,106	6,658	7,709	6,310	15,412	2,236	9,739	4,458	4,845	5,080	5,660	140,212
Bolivia	736	5	28	132	5	17	3		45	15	19	1,005
Brazil	19,217	60	23,625	223	31,384	4,265	11,493	2,584	21,489	34,567	12,386	166,293
Burma	1,474	31	53	91	113	100	46	7	84	281	167	2,448
Canada	592,635	59,330	41,070	71,264	21,822	18,377	16,183	53,500	29,683	38,429	83,793	1,026,686
Chile	12,742	3,524	2,181	1,058	2,560	4,134	1,697	7,738	3,016	6,075	14,896	59,621
China	1,491	625	1,095	5,008	14,662	42,996	37,174	33,638	61,143	81,073	96,109	375,014
Colombia	9,986	195	150	496	98	56	144	176	2,179	5,514	1,331	20,324
Costa Rica	761	141		(1)						34		935
Cuba	4,510											4,510
Denmark	29,448	1,627	8,206	7,330	9,098	9,080	10,378	6,937	15,570	16,276	7,657	121,607
Dominican Republic	1,434	60	115	266	1	(1)			31	16	80	2,003
Ecuador	2,619	34		119	114	1,476	14	20	315	4		4,716
Egypt	355	1	2	(1)								358
El Salvador	874	3	18	35	15	514	6		11	(1)	70	1,546
Ethiopia	663		(1)	30	12	4	7	6		12		734
Finland			(1)	1	1	1	(1)		1	59		63
France	254,590	27,002	11,130	8,911	6,472	7,495	6,289	3,487	6,085	7,826	7,951	347,237
Germany	1,680,792	591,903	313,967	167,589	191,779	163,998	601,236	253,990	186,997	958,024	200,535	5,310,810
Ghana			1	(1)			2	61	(1)			64
Greece	1,104	175	709	472	8,089	15,366	11,283	29,302	25,416	193,406	52,669	337,992
Guatemala	719	261	444	546	101	329	153	464	8,779	2,511	3,727	18,035
Haiti	224											224
Honduras	1,008	2	13	4	6	59				27	418	1,536
Iceland	(1)	14							(1)	436	47	498
India	52,266	12	1,874	389	1,988	1,576	167	2,095	856	1,515	(1)	62,738
Indochina	8,542											8,542
Indonesia	622			1	1	24		(1)	18	(1)	148	815
Iran	1,261	24	68,876	124,080	147,916	69,279	255,960	112,664	433,108	521,700	2,054,311	3,789,182
Iraq	665	1,254	10,783	87	361		(1)					13,152
Ireland	(1)	(1)				(1)	1	(1)	11	248	197	458
Israel	6,789	332	60,009	72,134	9,425	430,822	71,850	45,287	313,480	435,525	183,499	1,629,151
Italy	131,658	62,540	41,563	38,418	21,463	101,761	38,259	37,403	27,245	78,205	89,984	668,500
Jamaica	(1)		1	1	3	3	(1)	8	9	3	7	34
Japan	73,549	45,618	15,977	16,742	10,282	20,277	52,294	21,291	11,639	46,593	50,856	365,118
Jordan	828	1,408	41,100	1,627	30,597	33,485	13,421	30,655	20,109	18,637	14,740	206,607
Kenya							(1)					(1)
Korea	286				9	1,504	3,368		847	2,362	2,579	10,956
Kuwait			(1)							(1)	53	53
Lebanon	276	55	1	67	2,235	48	60	1,558	492	299	5,634	10,725
Liberia	1,146		77								1,636	2,860
Libya	73	614	52	541	15,524	2,389	1,811	5,447	632	3,125	177	30,385
Luxembourg	558	258	443	457	88	1	113	107	93	24	624	2,764
Malaysia	27	3	17	563	509	1,608	1,323	1,838	272	28,547	1,821	36,529
Mali							84	5		48		137
Mexico	8,944	949	573	101	802	96	399	13	437	182	1,097	13,592
Morocco		60		6,040	697	12,955	4,631	2,441	2,627	7,179	2,386	39,016
Nepal									11		83	94
Netherlands	40,037	5,460	16,157	24,192	25,206	6,485	5,248	7,618	7,651	17,832	46,476	202,363
New Zealand	3,781	11,676	24,424	5,361	9,401	11,144	30,267	5,499	6,524	3,453	3,264	114,795
Nicaragua	1,995	21	26	10	85	105	2	93	797	92	15	3,242
Nigeria	(1)	335		5	10		2			2,244	684	3,281
Norway	5,049	7,477	21,334	12,949	38,695	56,855	24,330	9,790	23,409	20,338	17,729	237,954
Pakistan	32,557	774	1,319	1,147	5,571	15,031	22,532	4,854	20,473	449	21,925	126,633
Panama	13	(1)		(1)			3	15	10	20	1,567	1,627
Paraguay	342		34			1		(1)			35	413
Peru	20,777	597	3,727	2,679	3,363	1,661	1,015	2,244	1,492	1,150	6,659	45,363
Philippines	4,213	36	260	107	439	237	454	868	1,107	630	708	9,088
Portugal	4,108	1,115	425	115	497	780	500	1,191	1,461	3,676	558	14,425
Saudi Arabia	86,179	847	8,443	8,652	46,175	4,844	4,096	4,625	96,863	333,388	60,693	654,805
Senegal										6		6
Singapore					1	841	196	2,476	2,089	5,917	7,573	19,090
South Africa	925	2,157	(1)	56	1	1	4	1	1	2	1	3,149
Spain	2,222	2,781	28,857	20,019	122,942	8,647	14,226	25,954	111,304	23,888	49,484	410,326
Sri Lanke	3	(1)	(1)	(1)			1			(1)		4
Sweden	26,688	897	880	449	723	8,011	106	324	1,037	1,041	2,449	42,606
Syria					1							1
Switzerland	15,233	31,747	492	1,345	602	25,790	19,980	4,428	581	6,978	8,107	115,284
Thailand	1,219	(1)	12	1	10	10	3,829	21,150	48	17,360	1,970	45,608
Trinidad/Tobago								85				85
Tunisia	2,874		11									2,885
Turkey	240	182	129	804	922	139	2,106	2,480	1,154	5,499	212,801	226,456
United Kingdom	92,169	360,648	154,747	875,136	23,677	16,370	17,523	63,582	46,805	125,993	117,836	1,894,487
Uruguay	2,305	(1)		56	350	30	26	241	2,086	1,683	1,612	8,389
Venezuela	61,181	9,551	10,529	11,833	9,770	1,242	1,177	788	1,607	42,208	23,373	173,260
Vietnam	5						2			2	1,089	1,098
Yugoslavia	9,373	1,168	2	185	377	221	212	44	12	123	717	12,433
Zaire				1,142	166	226	(1)	54	17,490	301	580	19,959
International organizations	123,687	19,826	3,672	24,780	24,519	18,316	9,989	36,224	17,478	37,926	94,119	410,539

[1] Less than $500.

Source: Department of Defense.

Note: Totals may not add due to rounding.

[From the Christian Science-Monitor, May 9, 1974]

MIDEAST ARMS DEALS DISTURB UNITED STATES: COSTLY WEAPONS FROM WEST, THEIR EFFECT ON ARAB NATIONS, SOVIETS CAUSE CONCERN

(By Dana Adams Schmidt)

WASHINGTON.—The prospect of more multibillion-dollar arms deals with Iran and Saudi Arabia in the 1975 fiscal year—and the arms race such deals may portend—is beginning to worry some officials of the State and Defense Departments.

The outlook, these officials say, is for $3 billion and possibly as much as $4 billion worth of sales to Iran during this period and more than $1 billion worth to Saudi Arabia. Kuwait is, meanwhile, in the market for a several hundred million dollar air defense system.

Privately, American officials are convinced that hundreds of millions of dollars worth of costly weapons sent to these and other countries of the Middle East are bound to end up rusting in warehouses, or more likely, out in the open. These officials point out that it is a great deal easier to buy a piece of military hardware than to train men to use it.

But the thing that worries the officials much more than the waste is the effect these huge programs, combined with additional purchases from France and Britain, are going to have on Iraq and its superpower backer, the Soviet Union. Saudi Arabia, Kuwait, Iran, and Iraq are the principal countries on the shore of the Persian Gulf, all of them oil billionaires.

The rationale for the programs is that, since the British military withdrawal from the gulf at the end of 1967 the countries of the area have themselves begun to fill the power vacuum the British presumably left behind.

But some here believe it is likely that they are in fact getting into a new and major arms race—a race made more complex by the fact that in addition to the East-West implications, Saudi Arabia and Iran are traditional rivals.

Here are some of the sketchy facts on the sales available from company and official sources. (The purchasing countries object to the publication of details of their transactions, and American companies concerned with their own profits and American officials concerned with the United States balance of payments are usually eager to cooperate in withholding the information.)

The $3 billion to $4 billion deals with Iran for the period in question include about $1 billion worth of F–14 jet fighters built by Grumman, together with the extra gear that may be required over a period of three years—spare parts, spare engines, technical equipment, ground support, bombs, missiles, and electronic firecontrol equipment.

SELLING AGREEMENT

In addition the Shah probably will be buying McDonnell-Douglas F–15's as these become available. The U.S. already has agreed to sell them.

Other deals with the Iranians which are included in the coming fiscal year (although they may take years longer to complete) include $400 million to $500 million for naval craft, notably two Spruance-class destroyers.

MISSILES INCLUDED

Another item on the Iranian list is reequipment with the latest-model Hawk missiles. These are air-defense missiles said to be the American answer to the Russian SA–6 which proved so effective against the Israelis last October.

The size of the coming year's military deals should be appreciated against the background of about $2 billion worth of military sales last year and about $1 billion worth during the preceding years.

The Saudis have not thus far purchased the most expensive American jet fighters, although they were told last fall that the United States was willing to sell them F–4 Phantoms. No answer has been received from Saudi Arabia, and American officials now presume that the Saudis are buying French Mirages.

The biggest item in the coming year will be a $750 million naval expansion program. This includes sizable sums for the bricks and mortar of navalbase development as well as 19 ships ranging in size from coastal craft to frigate.

Most of the rest of the billion-dollar estimate for the year is devoted to modernization and mechanization of the Saudi national guard.

Not included in the estimate for the year is a $360 million agreement recently concluded between the Saudi Government and Raytheon for the modernization of the country's eight-year-old Hawk missile-defense system.

The Kuwaitis, who have definitely opted out of the F–4 market in favor of French Mirages, are engaged in comparing the Hawk with the French crotale and British missile systems.

[From the New York Times, January 18, 1974]

ARMS SALES BOOM IN MIDEAST; UNITED STATES IS THE PRINCIPAL SUPPLIER

PARIS, January 12.—The decision by Iran to order $900-million in American-built fighters is only one sign of the growing business in arms in the Middle-East—a business that is expected to continue booming as coffers of the oil state swell following recent price increases.

Several industrial countries, in particular France, Britain, Italy and Japan, are competing for oil supply contracts with the Middle East producers.

Among the inducements are commitments by the industrial countries to participate in the economic, technological and military development of the producer countries.

The oil states of the Persian Gulf are especially interested in military development, and even though Washington is not competing for oil supplies—or at least not openly—it is the United States that is the principal arms supplier in the region.

ABU DHABI BUYS JETS

But France and Britain are coming up fast. France, for instance, has just sold the tiny emirate of Abu Dhabi 14 Mirage Jets. Abu Dhabi has only 80,000 people and no pilots. The pilots will come from Pakistan.

The producing states justify their demand for military equipment in several ways.

In the first place, many are still run on conservative feudal lines and face constant internal threats from separatists and Palestine guerrillas. So they say they need the arms to maintain internal stability.

To keep control on border conflicts, such as that between Kuwait and Iraq last spring, and to reduce the possibilities of intervention in the region by the major powers are other arguments used to justify the arms build-up.

POSITION OF U.S.

The United States, which has contingents of arms salesmen, technicians and counselors in most of the Middle Eastern states, maintains that its desire is to help the producers resist eventual penetration by the Russians or the Chinese.

While the oil producers have been raising their prices, the cost of arms has also been moving up swiftly.

In fact, from the point of view of Iran, the biggest arms purchaser in the region, the fact that defense goods have moved up so rapidly was one of the elements behind the recent sharp increases in oil prices.

Iran was reportedly interested in the F–14A fighter for some time, but was reluctant to pay the high price, $30-million for each aircraft, demanded by the manufacturer, the Grumman Corporation of Long Island.

That figure, which includes spare parts, is believed to be twice what the United States Navy and Marine Corps have paid for their F–14A fighters.

LEVEL OF SPENDING

With prospects for quadrupled oil revenues this year, Iran presumably now feels able to afford the Grumman price.

Iran's annual military budget has risen recently at a rate of nearly 50 per cent and that of Saudi Arabia by nearly a third.

In the nineteen-fifties Iran's arms buying was less than $10-million a year. By the late nineteen-sixties the figure exceeded $150-million, and it will reach $2-billion a year during the current five-year plan, begun last March.

The French have military contracts with a number of Persian Gulf states. Saudi Arabia, for instance, is buying 38 Mirage III jets, AMX–30 tanks, light automatic machine guns, amphibious equipment, and tactical air-to-air and ground-to-air missiles.

KUWAIT: CONTRACTS SOUGHT

French and American arms salesmen are now fighting for new contracts in Kuwait. The French are proposing Mirage jets for the Kuwaiti air force, while the United States is offering F–5's or F–4's.

Although Britain's influence in the region is on the wane, the British were able to get an important contract with Saudi Arabia last year, representing deliveries of $600-million of arms purchases, mainly aeronautical equipment, over five years.

Britain has sold naval equipment to several of the emirates, and some aircraft and antisubmarine helicopters to Iran.

But the United States is by far the biggest supplier to the two principal arms purchasers in the region, Iran and Saudi Arabia.

[From the Washington Post, May 21, 1974]

UNITED STATES REVIVING ARMS SALES TO ECUADOR AFTER CUTOFF

(By Terri Shaw)

QUITO, ECUADOR.—As part of U.S. Secretary of State Henry A. Kissinger's drive to improve relations with Latin America, the United States reportedly is about to resume some military sales to Ecuador after a three-year ban.

Informed sources here said that Ecuador's military government had presented a long list of military equipment it wants from the United States, including 12 T–33 trainer jets, basic infantry equipment and large quantities of engineering equipment.

The sources said the United States is also planning to invite Ecuadorean officers to attend training programs in the Panama Canal Zone.

Resumption of military weapons sales, which were cut off in January, 1971, during a dispute over Ecuador's seizure of American fishing boats, appeared to be part of a general warming of relations between Washington and the two-year-old military government that rules this small country on the west coast of South America.

U.S. officials reportedly hope that an improvement in relations will make Ecuador more receptive to U.S. views during Kissinger's periodic meetings with Latin American foreign ministers.

Ecuador will receive no U.S. government credits for the weapons, because the country has recently begun exporting oil and has enough hard currency to buy the arms on standard commercial terms, the sources said.

Having money to buy modern weapons is new for Ecuador, for many years one of the poorest Latin-American countries. The military government, which seized power in February 1972, has pledged to spend most of its

oil reserves on economic development, and some Ecuadoreans question the wisdom of the arms purchases while there is still hunger and widespread poverty, especially in the countryside.

Most of the equipment used by the 56,000-man armed forces is of World War II vintage. Military aircraft visible at Quito's airport, high in the Andes mountains, include several C–47 transports, a Constellation and a Flying Boxcar. The military government recently purchased 41 new tanks from France and sent a mission to Moscow to discuss possible arms purchases.

A factor in Ecuador's quest for new arms is fear neighboring Peru, which in 1942 occupied a large chunk of Ecuadorean jungle at the headwaters of the Amazon River. While the two countries now have good relations, Ecuador has not given up its ambitions as an "Amazonian country." Peruvian oil exploration in the area has fed rumors of military incursions and even of skirmishes between forces of the two countries.

Lifting of the U.S. ban on military aid followed a discreet exchange of "smoke signals" between Quito and Washington, informed sources said.

While the United States quietly eased some of the restrictions placed by Congress on aid to Ecuador after the seizures of U.S. tuna boats, the Ecuadoreans reportedly moderated their criticisms of American "economic coercion" in international forums like the United Nations and the Organization of American States.

There was also a letup in the "Tuna War," which began in 1962 when Chile, Peru and Ecuador declared a 200-mile territorial limit and required boats fishing within 200 miles off their coasts to purchase licenses.

The military government has decreed a new fishing law which informed sources said could open the way to joint ventures by Ecuadorean and U.S. interests. The U.S. embassy is expected to mediate between the Ecuadorean government and the U.S. fishing companies in San Diego in an attempt to work out an agreement under the new law.

The truce in the "Tuna War" prompted President Nixon's formal lifting of the sales ban in January.

Resumption of military sales and training is not expected to bring back a large U.S. military mission to Quito. The last one was expelled in 1971 following the cutoff of the arms sales program. Ambassador Robert C. Brewster is expected to enlarge his staff of military attaches to handle the paper work involved in the training program and weapons sales.

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., May 29, 1974.

To: Hon. Gaylord Nelson; Attention: Paula Stern.
From: Allan W. Farlow, National Defense Specialist.
Via: Chief, Foreign Affairs Division.
Subject: Report Required under the Proposed Nelson Amendment.

This memorandum responds to your recent request for answers to the following questions:

1. How many individual sales of U.S. arms to other countries involving an amount of $25 million or more were made by the United States government in FY 1973?

Answer: According to the Office of the Comptroller, Defense Security Assistance Agency, Department of Defense there were nineteen such sales.

2. How many instances of total sales of U.S. arms to a single country by the U.S. government of $50 million or more during FY 1973 were there?

Answer: There were eleven such instances.

3. How many individual sales of U.S. arms of $25 million or more to countries which had previously purchased an accumulation of $50 million from the U.S. government were made during FY 1973 (Do not include individual sales reported in the answers to question number 1 above)?

Answer: None not included in the nineteen reported in the answer to question number 1.

In summary, during FY 1973, based on the information furnished by the Office of the Comptroller, Defense Security Assistance Agency, in response to the above questions, there were a total of not more than 30 sales incidents during FY 1973 which would have required reports by the executive branch to the House of Representatives and the Senate under the provisions of the proposed Nelson Amendment.

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., September 4, 1973.

To: Hon. Gaylord Nelson; Attention: Paula Stern.
From: American Law Division.
Subject: Constitutionality of the Legislative Veto Amendment to the Foreign Military Sales and Assistance Act.

This memorandum is in response to your request of July 30, 1973, for material on the constitutionality of the legislative veto.

Amendment No. 253 to S. 1443, the proposed Foreign Military Sales and Assistance Act, requires Congressional approval of any foreign military sale exceeding 25 million dollars, or sales to any country exceeding 50 million dollars for a fiscal year. The amendment permits either House of the Congress to disapprove a sale or increase in assistance by means of a simple resolution within thirty days of the report to the Congress of the proposed transaction. See 119 Cong. Rec. S. 11930 (daily ed. June 25, 1973).

Our analysis of the problem persuades us that the proposed amendment is constitutional. Perhaps, the best way to demonstrate this is to examine the historical background of the legislative veto as it developed in the Executive Reorganization Acts. We will begin by defining the terms commonly used in this area.

DEFINITIONS

A. *Congressional veto.* The term "congressional veto" is a generic term covering a variety of statutory devices which enable one or both Houses of the Congress, or one or more committees of the Congress, to preclude the Executive from final implementation of a proposed action authorized by law. This definition includes only those measures which legally compel the Executive to forego the proposed action. It excludes many provisions that are often described as Congressional legislative or committee vetoes, but which do not legally preclude Executive action if Committee approval is not forthcoming.

B. *Legislative veto.* A legislative veto is a provision in a statute that requires the President or an Executive agency to submit actions proposed to be taken pursuant to statutory authority to the Congress at a specified interval, usually 30 to 60 days, before they become effective. The action becomes effective at the close of the interval 1) if the Congress fails to express its disapproval, or 2) in a few cases, if the Congress expresses its approval. If the disapproval or approval takes the form of a concurrent resolution by both Houses of the Congress, the measure can be termed a "two-House" legislative veto. If the disapproval takes the form of a simple resolution by either House, then the device is a "one-House" legislative veto.

Neither a concurrent resolution nor a simple resolution is presented to the President for his signature. Thus, neither form of approval or disapproval is subject to veto by the President. In this memorandum, the term legislative veto does not include measures which require the Congressional disapproval to take the form of legislation enacted by both Houses and signed by the President (or passed over his veto).

C. *Committee veto.* The committee veto includes several types of statutes. Among these are provisions which require an Executive agency to submit a report of a proposed action to one or more committees of the Congress at a stated interval, usually 30 to 60 days, prior to its effective date. During the interval, the action may be blocked by a resolution of disapproval by any of the committees. In some instances, the action does not become effective until all designated committees pass resolutions of approval. Finally, some committee veto provisions do not specify an interval, but rather provide that the Executive agency must "come into agreement" with the responsible committees before it may take the proposed action.

D. *Reporting Provisions.* The term "reporting provision" refers to those statutes which provide that a proposed action by the Executive branch shall not take place until the expiration of a specified time, usually 30 to 60 days, after the proposed action has been reported to the two Houses of the Congress or to designated committees of the Congress.

This type of statute is often referred to as a waiting period, a report-and-wait, or a laying-on-the-table provision. In some cases, the waiting period may be waived in whole or in part by resolutions of approval by the designated Houses or committees. Some of these laws do not specify the waiting period, but simply provide that no action may be taken until after there has been "full consultation" with the designated committee.

During the waiting period, the responsible committees have an opportunity to review the proposed action and make their approval or disapproval known to the agency. The agency, however, is not legally bound by a committee's resolution of disapproval. It may go forward with the proposed action unless the disapproval takes the form of enacted legislation.

The practical effect of most reporting provisions may be the same as that of a committee veto, because most agencies are usually reluctant to take an action that is clearly contrary to the wishes of its oversight Congressional committee. For this reason, reporting provisions are frequently lumped together with true legislative or committee vetoes in discussions of the general topic. See Harris, *Congressional Control of Administration* 204–48 (1962). From a constitutional viewpoint, however, there is a major distinction between the two types of legislation.

Many of the statutory provisions commonly referred to as committee vetoes or Congressional vetoes are actually reporting provisions. Twelve of the 19 veto provisions compiled by this Division in 1967 were reporting requirements. See Small, *The Committee Veto: Its Current Use and Appraisals of Its Validity* (Legislative Reference Service, Jan. 16, 1967). Twenty-two of the 39 provisions compiled by the American Law Division in January 1973 were reporting provisions.

See Williams, *Federal Statute Citations Which Give Congressional Veto Over the Power of the Executive Relating to Disposal of Federal Property or Interest* (American Law Division, January 15, 1973).

PARALLEL PROVISIONS

There are numerous other statutes which also contain "one-House" legislative vetoes. See, for example, 22 U.S. Code sec. 2587, dealing with transfer of functions to the Arms Control and Disarmament Agency; 50 U.S. Code App. sec. 194g, dealing with sales of military rubber plants; and 8 U.S. Code sec. 1254, governing the suspension of deportation proceedings for aliens by the Attorney Gen-

eral. Because the legislative veto originated in the Reorganization Acts, this memorandum will concentrate on the legislative background of that Act. It would appear clear that if the legislative veto feature of the Executive Reorganization Act is constitutional, then the similar provisions in analogous statutes are also constitutional.

LEGISLATIVE HISTORY: ACTS OF 1932 AND 1933

The legislative history of the provision for disapproval of reorganization plans by either House of the Congress extends back to 1932. The Economy Act of 1932 gave President Hoover the authority to consolidate, redistribute, and transfer various Government agencies and functions by Executive Order. The Act provided that each order should be transmitted to Congress in session, and should not become effective until 60 days thereafter. The Act also provided that "if either branch of Congress within such 60 calendar days shall pass a resolution disapproving such Executive order or any part thereof, such Executive order shall become null and void to the extent of such disapproval." 47 Stat. 414 (1932).

In an opinion dealing with the propriety in an urgent deficiency bill of a provision authorizing a joint committee of Congress to make the final decision as to whether refunds over $20,000 shall be made and to fix the amount thereof, Attorney General William D. Mitchell cast doubt on the one-House disapproval mechanism.

"It must be assumed that the functions of the President under this act were executive in their nature or they could not have been constitutionally conferred upon him, and so there was set up a method by which one house of Congress might disapprove Executive action. No one would question the power of Congress to provide for delay in the execution of such an administrative order, or its power to withdraw the authority to make the order, provided the withdrawal takes the form of legislation. The attempt to give to either House of Congress, by action which is not legislation, power to disapprove administrative acts, raises a grave question as to the validity of the entire provision in the Act of June 30, 1932 for Executive reorganization of governmental functions." 37 Op. Atty. Gen. 64–65 (1933).

Largely as a result of the Attorney General's criticism, Congress replaced the one-House disapproval provision in 1933 with a "waiting period" provision. This latter provided than an order becomes effective after 60 days, unless Congress provided otherwise by statute; this disapproval, in turn, was subject to being vetoed by the President. Act of March 3, 1933, Sec. 407, 47 Stat. 1519. The Congress appears to have countered the objection to its disapproval power by limiting the Act's duration to two years. Accordingly, it expired in 1935. The next Reorganization Act was not enacted until 1939.

THE 1939 ACT

The Reorganization Act of 1939 granted reorganization authority to President Roosevelt for a two year period. The Act provided that the Presidential reorganization proposals were to be embodied in "plans", not in Executive "orders". Each plan would become effective 60 days after its transmittal to the Congress, unless it was disapproved in its entirety by a *concurrent* resolution of *both* Houses of the Congress. Such a concurrent resolution was not subject to Presidential veto.

The House Committee which reported the bill proceeded on the constitutional theory that the power conferred upon the President by the Act was legislative in character; because of this, it seemed inaccurate to provide that his action take the form of an Executive order, as did the 1933 Act. The Committee reasoned that the power was neither "executive" in a true sense, or an "order", for the reorganizations would take place not as a consequence of the President's order, but as a consequence of the happening of the contingencies set forth in the Act. The Committee stated:

"The failure of Congress to pass such a concurrent resolution is the contingency upon which the reorganizations take effect. Their taking effect is not because the President orders them. That the taking effect of action legislative in character may be made dependent upon conditions or contingencies is well recognized." House Report No. 120, 76th Cong., 1st Sess. 4–6 (1939).

The Committee relied on the then recent Supreme Court decision in *Currin* v. *Wallace*, 306 U.S. 1 (1939), which upheld the validity of a referendum of farmers which determined whether the Secretary of Agriculture could exercise the authority given him by the statute. The Committee concluded that it seemed "difficult to believe that the effectiveness of action legislative in character may be conditioned upon a vote of farmers but may not be conditioned on a vote of the two legislative bodies of the Congress." House Report No. 120, 76th Cong., 1st Sess. 6 (1939). See also *United States* v. *Rock Royal Cooperative, Inc.*, 307 U.S. 533 (1939) (agricultural marketing statute); *Marshall Field & Co.* v. *Clark*, 143 U.S. 649 (1892) (finding of fact by executive officer under Tariff Act); *J.W. Hampton, Jr. & Co.* v. *United States*, 276 U.S. 394 (1928). The Supreme Court has stated that the Congress may fulfill "the essentials of the legislative function" by authorizing "a statutory command to become operative upon ascertainment of a basic condition of fact by a designated representative of the government." *Hirabayashi* v. *United States*, 320 U.S. 81, 104 (1943).

THE 1945 ACT

In 1945, a Report of the Senate Committee on the Judiciary recommended a veto by *either* House.

The Committee reasoned that the Reorganization Act delegates part of the legislative power of the Congress to the President; when subject to a one-House veto, such a delegation does not operate to deprive either House of its constitutional right not to have any change made in the law without the assent of at least a majority of its members; either House, after seeing precisely how the President proposes to exercise the general power delegated effectively to him would have its own independent right to veto the Presidential action and thus to retain the essential authority vested in it by the Constitution. Senate Report No. 638, 79th Cong., 1st Sess. at 3 (1945). The Senate, however, restored the veto by concurrent resolution, after a discussion of the constitutionality of the one-House veto. See 95 Cong. Rec. 10269–74, 10714 (1945).

THE 1949 ACT

The one-House veto was first enacted in its present form in 1949. The specific provision originated in the proposed Senate bill. The Senate Committee on Expenditures in the Executive Departments (now the Committee on Government Operations) requested the Justice Department's current views of the constitutional issues raised earlier by Attorney General Mitchell in 1933.

The Department responded, first, that Mitchell's statement concerning the 1932 Act was *obiter dictum*, (that is, not essential to the central matter being decided and, hence not binding), because his opinion was concerned only with the constitutionality of proposed legislation affecting tax funds. Secondly, the Department stated that Mitchell's opinion was based on the unsound premise that the Congress, in disapproving a plan, is exercising a legislative function in a nonlegislative manner. The memorandum continued:

"But the Congress exercises its full legislative power when it passes a statute authorizing the President to reorganize the executive branch of the Government by means of reorganization plans. At that point the Congress decides what the policy shall be and lays down the statutory standards and limitations which shall be the framework of Executive action under the Reorganization Act. If the legislation stops there, with no provision for future reference to the Congress, the President's authority to reorganize the Government is complete. Indeed, such authority was given in full to President Roosevelt in the Reorganization Act of 1933 (47 Stat. 1517).

"The pattern of the 1939 and 1945 Reorganization Acts has been to give the reorganization authority to the President, and then provide machinery whereby the Congress may approve or disapprove the plans proposed by the President. Nor is it, in the circumstances, an improper legislative encroachment upon the Executive in the performance of functions delegated to him by the Congress. As indicated above, the authority given to the President to reorganize the Government is legally and adequately vested in the President when the Congress takes the initial step of passing a reorganization act.

"The question here raised relates to the reservation by the Congress of the right to disapprove action taken by the President under the statutory grant of authority. Such reservations are not unprecedented. There have been a number of occasions on which the Congress has participated in similar fashion in the administration of the laws. An example is to be found in section 19 of the Immigration Act of 1917, as amended (8 U.S.C. 155(c); Public Law 863, 80th Cong.), which requires the Attorney General to report to the Congress cases of suspension of deportation of aliens and which provides further that "if during the session of the Congress at which a case is reported * * * the Congress passes a concurrent resolution stating in substance that it favors the suspension of such deportation, the Attorney General shall cancel the deportation proceedings. * * * If prior to the close of the session of the Congress next following the session at which a case is reported, the Congress does not pass such a concurrent resolution, the Attorney General shall thereupon deport such alien * * *.' The Congress has thus reserved the opportunity to express approval or disapproval of executive actions in a described field.

"Still other examples may be found in the laws relating to the administration by the Secretary of the Navy of the naval petroleum reserves, which require consultation by him with the Armed Services Committees of the Congress before he takes certain types of action, such as entering into certain contracts relating to those reserves, starting condemnation proceedings, etc. (34 U.S.C. 524); and in the statute which requires the Joint Committee on Printing to give its approval before an executive agency may have certain types of printing work done outside of the Government Printing Office (44 U.S.C. 111).

"It cannot be questioned that the President in carrying out his Executive functions may consult with whom he pleases. The President frequently consults with congressional leaders, for example, on matters of legislative interest—even on matters which may be considered to be strictly within the purview of the Executive, such as those relating to foreign policy. There would appear to be no reason why the Executive may not be given

express statutory authority to communicate to the Congress his intention to perform a given Executive function unless the Congress by some stated means indicates its disapproval. The Reorganization Acts of 1939 and 1945 gave recognition to this principle. The President, in asking the Congress to pass the instant reorganization bill, is following the pattern established by those acts, namely by taking the position that if the Congress will delegate to him authority to reorganize the Government, he will undertake to submit all reorganization plans to the Congress and to put no such plan into effect if the Congress indicates its disapproval thereof. In this procedure there is no question involved of the Congress taking legislative action beyond its initial passage of the Reorganization Act. Nor is there any question involved of abdication by the Executive of his Executive functions to the Congress. It is merely a case where the Executive and the Congress act in cooperation for the benefit of the entire Government and the Nation.

"For the foregoing reasons, it is not believed that there is constitutional objection to the provision in section 6 of the reorganization bills which permits the Congress by concurrence resolution to express its disapproval of reorganization plans."

Memorandum Re: Constitutionality of Provisions in Proposed Reorganization Bills Now Pending in Congress, reprinted in Senate Report No. 232, 81st Cong.; 1st Sess. 18–20 (1949) (Citations omitted; emphasis added).

Although the conclusion was limited to the use of the concurrent resolution, the underscored portions of the memorandum noted that "disapproval . . . by . . . either House" was not a legislative act and thus not constitutionally objectionable.

On the Report accompanying the Bill, the Senate Committee stated:

"It was determined that the most direct and effective way to eliminate the need for exemptions was to include an amendment providing that a simple resolution of disapproval by either the House or the Senate would be sufficient to reject and disapprove any reorganization plan submitted by the President.

"By reserving to either House the power to disapprove, Congress retains in itself the power to determine whether reorganization plans submitted to the Congress by the President shall become law. The power of disapproval reserved to each House by the bill does not delegate to either House the right to make revisions in the plans, but it will enable each House to prevent any such plan of which it disapproves from becoming law. The power thus reserved to each House seems essentially the same as that possessed by each House in the ordinary legislative process, in which process no new law or change in existing law can be made if either House does not favor it. No significant difference would seem to exist by reason of the fact that under the ordinary legislative process the unwillingness of either House to approve the making of new laws or a change in existing law is manifested by the negative act of refusing to register a favorable vote, whereas under the bill the unwillingness must be manifested by the affirmative act of the passage of a resolution of disapproval of a reorganization plan. The unessential character of this difference becomes even more apparent when regard is had to the stringent rule contained in the bill which makes impossible actions calculated to delay or prevent consideration of resolutions of disapproval which have been favorably reported by the appropriate committee."

Senate Report No. 232, 81st Cong., 1st Sess. (1949).

Since the House version of the bill called for disapproval by concurrent resolution, the bills went to conference:

The Senate conferees stood solidly for retention of the provision for rejection by a simple majority vote of either House, which, had been included in the Senate bill, the conferees agreeing to a considerable broadening of the President's authority compared with previous reorganization acts.

As finally approved in conference, after an impasse which lasted for several weeks, the bill incorporated Senate proposals granting the President authority to propose the creation of new departments—a power which was not given to him under earlier acts—and eliminated all restrictive and limiting provisions, but incorporated the provision requiring that a reorganization plan submitted under the act would require the adoption of a resolution of disapproval by a majority of the authorized membership of either House. The Senate, in approving the original Senate bill, had made it clear that the granting of these additional powers to the President had been conditioned upon retention of the provision permitting rejection of any plan by a simple majority vote of either House, and the concessions made by the conferees were approved only because they were necessary if any reorganization authority was to be granted to the President.

Senate Report No. 386, 85th Cong., 1st Sess. (1957).

The Act was discussed on the floor of the Senate at 95 Cong. Rec. 7785, 7827 & 7829 (1949) and in the House of Representatives at 95 Cong. Rec. 7838–39 & 7444–46 (1949). For an extensive discussion and analysis of the legislative history of the legislative veto provisions of the Reorganization Acts from 1932 to 1949, see *Ginnane, The Control of Federal Administration by Congressional Resolutions and Committees,* 66 Harv. L. Rev. 569 (1953).

In 1957, the Act was amended to permit disapproval by a simple majority of either House, rather than by majority of the authorized membership of either House, Public Law 85–286, 71 Stat. 611 (1957). In 1964, the President's power to create new Cabinet Executive Departments was eliminated from the Act, Public Law 88–351, 78 Stat. 240 (1964).

CONSTITUTIONALITY OF THE ONE-HOUSE VETO

As the foregoing legislative history suggests, the constitutionality of the one-House legislation veto mechanism embodied in the Reorganization Act of 1949 and in other statutes is virtually universally accepted. Although occasional arguments in opposition have been raised during floor debates, they have been resolved in favor of the constitutionality of the provisions, either expressly or implicitly, by all concerned legislative committees from 1945 to the present; by the Justice Department, when its opinion was requested; and by the votes of both Houses of the Congress, which are not inconsiderable since the Act has undergone successive extension in 1953, 1955, 1957, 1961, 1969 and 1971.

Reorganization plans submitted by the President more closely resemble proposed legislation, in form and substance, rather than Presidential actions or Executive orders. Legislation proposed to Congress cannot become law if either House votes "no". The effect of the Reorganization Acts have been similar, that is, no "plan" can become "effective" if either House votes "no". As the Senate Committee remarked in 1949, there is no significant difference between the negative act of refusing to register a favorable vote and the affirmative act of a resolution of disapproval.

As to the question of legislative encroachment on the powers of the President, it should be noted that the President arguably accepts the limitation on his delegated powers when he signs the Reorganization Act itself; he has the alternative of vetoing the Act. The power of legislation, including the power to reorganize the Executive branch, is vested by the Constitution in the Congress, U.S. Constitution, Art. I, Secs. 1 and 8. Congress has no obligation to delegate this power to the President, and the President has no obligation to accept the delegation. As the Justice Department pointed out in 1949, each Reorganization Act is a case of the Executive and the Congress acting in cooperation.

There are no court decisions dealing with the constitutionality of the provisions of the Reorganization Act of 1949 under discussion. However, in *Sibbach* v. *Wilson & Co.,* 312 U.S. 1 (1941), the Supreme Court did consider the validity of the analogous "waiting period" provided for the promulgation of the Federal Rules of Civil Procedure. In its discussion of this provision, the Court stated:

"The value of the reservation of the power to examine proposed rules, laws and regulations before they become effective is well understood by Congress. It is frequently, as here, employed to make sure that the action under the delegation squares with the Congressional purpose. That no adverse action was taken by Congress indicates, at least, that no transgression of legislative policy was found." (Footnotes omitted). 312 U.S. at 15–16.

In support of this position, the Court cited three analogies: (a) the organic acts of some of the territories, providing that laws passed by the territorial legislature prior to their admission to statehood would be valid unless Congress disapproved; (b) the provisions of the Act of March 3, 1933, for the laying over of reorganization orders before the Congress, (also known as a "waiting period" provisions); and (c) the Reorganization Act of 1939, which included provision for disapproval by concurrent resolution. (312 U.S. at 15 n. 17).

The holding in the *Sibbach* case does not apply directly to the one-House veto in the 1949 Reorganization Act, because the Court cited only those statutes which required disapproval by both Houses of the Congress. However, the rationale of the case appears to be that the absence of adverse congressional action implies that there is no transgression of legislative policy in a proposed rule, law or regulation. The one-House veto is consistent with this rationale, because it is an accurate method of recording the lack of congressional assent to a proposed change; it is accurate because *either* House can voice its objection readily and independently. In the case of reorganization plans, the failure of either House to register its disapproval is even stronger support for the inference that the plan under consideration does not transgress any legislative policy.

In the case of the proposed Foreign Military Sales and Assistance Act, the legislative veto would enable the Congress to review the proposed military sales and assure itself that it is consistent with Congressional policy.

Therefore, it may be asserted that the legislative veto is neither unconstitutional nor "extra-constitutional". The Act does not allow one House of the Congress to take legislative action binding on the President. It may be persuasively argued that the resolution of disapproval is not a legislative act; that there is no opportunity to amend, alter or delay the proposed plan. Rather, it is merely a reservation to the Congress of the power to examine the exercise of power delegated to the Executive. Congress presumably can be far more generous in amounts of authority which it delegates when the

power of review is expressly retained; in the absence of a legislative veto, the Congress usually substitutes other, more stringent limitations on the subject matter and duration of the delegated powers.

Perhaps the best summary of the argument in favor of the legislative veto is contained in Professor Corwin's treatise on the Presidency:

"It is generally agreed that Congress, being free not to delegate power, is free to do so on certain stipulated conditions, as, for example, that the delegation shall terminate by a certain date or on the occurrence of a specified event; the end of a war, for instance. Why, then, should not one condition be that the delegation shall continue only as long as the two houses are of opinion that it is working beneficially? Furthermore, if the national legislative authority is free to delegate powers to the President, then why not to the two houses, either jointly or singly? And if the Secretary of Agriculture may be delegated powers the exercise of which is subject to a referendum vote of producers from time to time, as he may be, then why may not the two houses of Congress be similarly authorized to hold a referendum now and then as to the desirability of the President's continuing to exercise certain legislatively delegated powers?

"As we have seen, moreover, it is generally agreed that the maxim that the legislature may not *delegate* its powers signifies at the very least that the legislature may not *abdicate* its powers. Yet how, in view of the scope that legislative delegations take nowadays, is the line between *delegation* and *abdication* to be maintained? Only, I urge, by rendering the delegated powers recoverable without the consent of the delegate; and for this purpose the concurrent resolution seems to be an available mechanism, and the only one. To argue otherwise is to affront common sense."

Corwin, *The President: Office and Powers, 1787–1957* (4th rev. ed. 1957 (Footnotes omitted). (Emphasis in original).

By serving as a limitation on the delegation of powers to the Executive branch, the legislative veto serves to strengthen rather than weaken the traditional separation of powers. Faced with a choice between legislating in excessive detail, on the one hand, and a major abdication of authority to the Executive on the other, the Congressional veto provides a practical middle course. In Corwin's phrase, what better way is there to maintain the line between *delegation* and *abdication* of legislative powers?

CONCLUSION

The legislative veto has become generally accepted on the theory that it is a reservation by the Congress of the power to approve or disapprove the exercise of a delegated power by an official of the Executive branch. This is a power which the Congress reserved to itself in the original law that delegated authority to the official.

In the light of the foregoing analysis, it would appear that the proposed amendment is constitutional. It closely parallels the analogous provisions of the Executive Reorganization Act, the constitutionality of which has not been challenged by the Executive branch. Moreover, the amendment would serve a useful function in assuring that the Congressional policy origination power is not abdicated to the Executive branch.

VINCENT E. TREACY,
Legislative Attorney.

DEVELOPMENT OF A FAIR WORLD ECONOMIC SYSTEM—AMENDMENTS

AMENDMENT NO. 1403

(Ordered to be printed, and referred to the Committee on Finance.)

Mr. MONDALE. Mr. President, I am submitting several amendments to the Trade Reform Act of 1973. The proposed amendments are intended to deny tax credits to American firms operating in territories deemed to be, by both the United Nations and the International Court of Justice, under illegal occupation. Therefore, these amendments express American concern over countries where basic human rights are still outrageously flouted and majority rule denied.

My amendments most specifically address themselves to the tragic situation in Namibia, an arid, mineral-rich country located in the southwestern corner of Africa. Namibia suffers a unique international wrong in the unlawful perpetuation of South African rule. This is compounded by the introduction into Namibia of the apartheid system and of the whole apparatus of arbitrary South African police laws and political trials.

It is 8 years since the General Assembly, after other remedies had been exhausted, declared the South African mandate, dating from 1918, at an end, and with it, South Africa's right to govern that territory. It is 3 years since the International Court of Justice's advisory opinion concurring with the United Nations ruling. Yet South Africa remains in defiance of the United Nations.

The United States has continually supported the actions of the United Nations and of the World Court. To date, American action has been, first, to officially discourage investment in Namibia by U.S. nationals; second, to deny Export-Import Bank credit guarantees; third, to deny U.S. government assistance in protection of any U.S. investment there; and fourth, to encourage other nations to follow suit. However, we allow tax credits, for taxes paid to the South African Government, on American investments in Namibia. We, in effect, allow tax credits to a government in places where we don't recognize their authority.

In 1972, 27 U.S. Senators and Representatives wrote a letter to the Secretary of the Treasury expressing concern over the inconsistency between international law and U.S. policy on the one hand, and the Treasury Department's allowance of credit against U.S. tax due to taxes paid by U.S. companies to South Africa on income earned, in Namibia, on the other. In a letter dated May 4, 1973, the Secretary of the Treasury, Mr. Shultz, replied to that letter saying:

> We have concluded that the existing tax credit legislation does not provide discretion to deny the tax credit to United States taxpayers, even though the occupation of the area by South Africa has been determined to be illegal under international law.

I believe that Secretary Shultz's reply was an invitation to the Congress to amend the Internal Revenue Code to disallow the foreign tax credit to U.S. investors in Namibia who are paying taxes to the illegal South African occupiers. Today, we should set the record straight and bring the tax laws into line with U.S. policy, and in total compliance with our international obligations.

There are important U.S. interests at stake in my amendments. Other nations of Africa, strategically important, are seriously concerned over Namibia. Their decisions on major economic and political questions may be affected by our actions on this issue. For example, Nigeria, a country whose government is a vigorous critic of South Africa's illegal administration of Namibia, is a growing supplier of all U.S. oil imports. Moreover, one of the greatest potential areas for oil exploration in the world is in the offshore area of the "western bulge" of Africa. All of the countries in this area are strongly opposed to South Africa's presence in Namibia. Such strategic factors, together with diplomatic and humanitarian considerations, compel our attention and our action on the Namibian issue.

Change is coming in southern Africa. With the recent events in Portugal and the Portuguese colonies, we must not delay in making it clear where the United States stands. This is the purpose of these amendments. I, therefore, believe that they deserve the support of the Congress and of the Government of the United States, for they are in keeping with our policies, our basic values, and our national interests.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 1377

At the request of Mr. HARTKE, the Senator from South Carolina (Mr. THURMOND), the Senator from Texas (Mr. TOWER), the Senator from Maryland (Mr. BEALL), the Senator from Oklahoma (Mr. BELLMON), the Senator from West Virginia (Mr. RANDOLPH), the Senator from California (Mr. CRANSTON), and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of amendment No. 1377 to Senate bill 3000, the Department of Defense Appropriations Authorization Act, 1975.

ANNOUNCEMENT OF HEARING ON IMPROVING LEGAL REPRESENTATION FOR OLDER AMERICANS

Mr. CHURCH. Mr. President, as chairman of the Senate Committee on Aging, I wish to announce that the committee will undertake a joint inquiry with the Judiciary Subcommittee on Representation of Citizen Interests on "Improving Legal Representation for Older Americans."

Senator TUNNEY, who is the chairman of the Judiciary subcommittee and also a member of the Committee on Aging, will conduct the joint hearings.

The initial hearing will be held on June 14, 1974, beginning at 9:15 a.m. in Los Angeles, Calif., at the State Building, 107 South Broadway, room 1138.

Several issues will be examined in detail during this inquiry, including:

What are some of the formidable barriers for older Americans to obtain legal, other professional, or paraprofessional services?

Can legal assistance be linked up with other services to provide a comprehensive

and effective service delivery system for the aged?

How can lay advocates and law students be utilized to improve legal services to older persons?

What steps are needed to assure that the elderly are effectively represented when they encounter problems with Federal, State, and local programs?

Mr. TUNNEY. Mr. President, it is with great satisfaction that I look forward to the challenge described by Senator CHURCH.

As a member of the Senate Committee on Aging and the chairman of the Judiciary Subcommittee on Representation of Citizen Interests, I have been deeply concerned about the inadequacy of legal representation for elderly persons.

Too often they are forced to fend for themselves when confronted with a problem—whether it involves litigation, understanding some of the technical aspects of the social security program or other matters of direct concern to them, like preparing a will.

One of our primary missions, then, will be to find out why the aged have largely been overlooked or ignored when they are confronted with a legal or other technical question.

Equal important, we shall search for concrete recommendations to make essential representation available to older Americans—to assure that they have an opportunity to be heard fully, fairly, and promptly when they have a problem.

In this regard, our joint inquiry will also consider several alternatives to make government more responsive to the special needs of its elderly citizens.

Before concluding my remarks, I wish to pay special tribute to the national aging organizations, the National Senior Citizens Law Center, members of the Los Angeles and California Bar Associations, and many others who have provided effective and helpful counsel in launching this important study.

IRS HEARINGS TO CONTINUE BEFORE THE APPROPRIATIONS SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT OPERATIONS

Mr. MONTOYA. Mr. President, last April 9, 10, and 11, I held the first session this year of oversight hearings on the Internal Revenue Service. The second portion of the hearings will begin next Tuesday morning, June 11, at 10 a.m., in room 1114 of the Dirksen Senate Office Building. At that time, IRS Commissioner Donald C. Alexander will appear to discuss improvements for taxpayers he thinks the Service has made. The Commissioner will reply to charges aired during the April hearings and to questions about a range of topics in which the committee is interested. Commissioner Alexander will be accompanied by several of his assistant commissioners.

Mr. President, reviews of the progress the IRS has made in the past year—not only in taxpayer service, but also in administering audit and collection procedures—have been mixed. The feelings of the majority of witnesses the committee questioned in April were that only a little progress has been made.

Taxpayer advocates Phil and Sue Long of Bellevue, Wash., longtime fighters for freedom of information, charge that delays in receiving materials covered by the Freedom of Information Act and other materials heretofore freely available, have actually become more prevalent. The Longs, who devote a great deal of their time to tax research, told the subcommittee that cooperation from the IRS has been limited. U.S. Tax Court Commissioner Joseph N. Ingolia stressed the trouble which misinformation from the IRS causes taxpayers. In his position on the court, he sees this problem frequently.

Mr. Clyde Maxwell, former high-ranking IRS attorney from California, and Mr. Rueben Lenske, noted Oregon barrister, urged the committee to be aware of the dangers of emergency or "jeopardy" assessments. The American Bar Association was well represented by Mr. Alex Soled, chairman of the Committee on Collections and Limitations of the bar's tax section. Mr. Soled presented his committee's recommendations for changes in the statutes directing amounts to be exempt from levy by the IRS. The National Treasury Employees Union testified concerning pressure generated by Congress and the IRS which causes IRS agents and revenue officers to press individuals in order to achieve greater revenue levels. Problems peculiar to aged taxpayers were discussed by representatives of the American Association of Retired Persons, and I believe real progress can be made in this area. Nearly all of the witnesses discussed the many and special difficulties encountered by those with low incomes who honestly try to pay their taxes each year. Also, realistic, but sweeping changes in filing procedures were suggested by Bob Brandon and Louise Brown of Ralph Nader's Tax Reform Research Group.

I believe the hearings allowed the tax paying public and the IRS to re-evaluate the present condition of tax administration and review IRS practices. One of the best ways for a government agency to evaluate its own service to the public is through frank and open testimony of citizens. As a result of last year's hearings IRS was encouraged to consider new policies and to make many needed changes in their practices.

After Commissioner Alexander and his aides have presented their plans and programs, as well as rebuttal to taxpayer allegations, I expect new interest to be aroused in the tax research community among the general public. This is the way progress has been made in the past and this is the way I believe it will continue to occur.

One major problem I hope soon to see more expertly dealt with is the problem of providing information to taxpayers in such a way that they feel it is timely and convenient. IRS produces much information that is available to the taxpayer only if he knows of the existence of the publication or pamphlet. It is the feeling of many of the witnesses I have interviewed in the past 2 years that the single most helpful change in IRS practice would be a wider dissemination of taxpayer information and a better advertisement of publications available to citizens. This seems to be a simple matter but has proven stubborn.

It is my feeling that this simple lack of information about daily IRS procedures causes taxpayers many heartaches. Even fewer are in any way informed about the successful administrative appeals and methods of legitimate compromise in the IRS which are available to taxpayers. Only a tiny fraction of earnest taxpayers are alert to how, where or, when to seek tax help. Even those who look for it sometimes come away without a clear picture of their responsibilities and their options. Many IRS publications exist which contain this information, but they do no good if left in centralized, musty warehouses when taxpayers are marching off with teeth clenched to an IRS audit.

Mr. President, I look forward on the 11th of June to a free discussion of many IRS administrative problems which concern the IRS, but more importantly plague taxpayers. It is my hope that the public will attend these hearings. A greater knowledge of their tax rights and obligations will enable taxpayers to be able to cope with an audit or any contact with IRS. Moreover, through increased awareness of the tax system we all pay for, Americans can except greater benefits from it.

HEARING ANNOUNCEMENT BY PUBLIC LANDS SUBCOMMITTEE

Mr. JACKSON. Mr. President, I wish to announce a hearing by the Public Lands Subcommittee of the Interior and Insular Affairs Committee on S. 30, a bill to amend the Wild and Scenic Rivers Act by designating a segment of the Colorado River in the State of Utah as a component of the National Wild and Scenic Rivers System; S. 449, a bill to designate a portion of the Colorado River, Colo., for potential addition to the National Wild and Scenic Rivers System; S. 2151, a bill to designate the Cahaba River, Ala., for potential addition to the National Wild and Scenic Rivers System; S. 2216, a bill to designate the West Fork of the Sipsey Fork, Ala., for potential addition to the National Wild and Scenic Rivers System; S. 2319, a bill to designate segments of certain rivers in the State of Colorado for potential addition to the National Wild and Scenic Rivers System; S. 2386, a bill to designate a portion of the American River, Calif., for potential addition to the National Wild and Scenic Rivers System; S. 2443, a bill to designate a segment of the Upper Mississippi River, Minn., for potential addition to the National Wild and Scenic Rivers System; S. 2691, a bill to designate the Kettle River, Minn., as a component of the National Wild and Scenic Rivers System; S. 3022, a bill to amend the Lower Saint Croix River Act of 1972;

S. 3130, a bill to designate the Shepaug River, Conn., for potential addition to the National Wild and Scenic Rivers System; S. 3186, a bill to designate a portion of the Tuolumne River, Calif., for potential addition to the National Wild and Scenic Rivers System.

The hearing will be held on June 20, 1974, at 10 a.m., in room 3110, Dirksen Senate Office Building. Those who wish to testify or submit a statement for inclusion in the hearing record should contact Steven P. Quarles, special counsel to the committee, at 225–2656.

ANNOUNCEMENT OF HEARINGS ON SOLAR ENERGY BILL

Mr. JACKSON. Mr. President, I wish to announce for the information of the Members of the Senate and other interested persons that hearings will be held on solar energy bill, S. 3234, before the Senate Interior Committee on June 24 and 25 in room 3110 of the Dirksen Senate Office Building.

Until quite recently, the United States enjoyed such seemingly unlimited access to inexpensive fossil fuels that only nominal sums of Federal moneys were expended on the development of our alternative sources of energy. The economic and political ramifications of the Arab oil embargo made painfully clear the cost of this complacency. There is now a general consensus that making commercially viable our less-conventional forms of energy should be a national goal. This is well evidenced by legislation pending before Congress, where the passage of such bills as S. 1283 and S. 3234 which I sponsored, and cosponsored respectively would accelerate and expand our present research and development efforts.

Solar energy is one of those forms of energy now receiving increased attention. While a few short years ago, harnessing the Sun's energy seemed a "far out" idea at best, today solar energy is considered to be a very real energy alternative. I was struck by the great potential of this untapped energy source during a recent visit to the Commonwealth of Puerto Rico. The island, of course, is ideally suited, both climatically and geographically, for demonstrating the possible commercial uses of solar energy. The Government of Puerto Rico feels that economic and social benefits could well accrue from the wide-scale development of this clean and abundant energy source. Accordingly, the Department of Natural Resources has already initiated or is laying the groundwork for three major programs to achieve that end. The solar projects include the heating and cooling of buildings, and electric power production from energy stored in the winds and in the thermal gradients of the ocean.

Soon after my trip to Puerto Rico, the Honorable Cruz A. Matos. the Secretary of the Department of Natural Resources of Puerto Rico, had the occasion to be in Washington and make available to me additional information concerning the present and proposed work of his government in the field of solar energy.

In view of our pressing need to achieve energy self-sufficiency, I find their endeavors particularly timely and encouraging and worthy of support.

Mr. President, Mr. Matos has been gracious enough to forward to me a brief description of the Department's involvement in solar energy conversion. I ask unanimous consent that it be included in the RECORD at this point. At the time of the hearings, Members will have the opportunity to hear the testimony of Mr. Matos and Mr. William Beller, two of the men most responsible for the progressive solar energy program which now exists in the Commonwealth of Puerto Rico.

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

SOLAR ENERGY IN PUERTO RICO

In Puerto Rico we have a wonderful example of a place where solar energy can help solve not only energy problems but also economic and social ones. The citizens of our island need multipurpose technology, where developments are encouraged not simply because they are feasible, but more importantly, because they are vital.

In the past twenty-eight years, the people of Puerto Rico have raised their per capita income from among the lowest in the Caribbean to one of the highest. Despite this achievement, the per capita income in Puerto Rico is still much below that of the poorest state on the Mainland. What this fact means is that while developments such as the utilization of solar energy conceivably could pay great dividends to many of the states, and thus to the nation, such developments in Puerto Rico could be essential for its economic health.

Adding to the advantages of Puerto Rico insofar as utilizing solar energy is concerned is the island's fortuitous geography—solar radiations among the highest and most constant in the world; strong solar-driven winds, phenomenal in their steadiness, that sweep across Puerto Rico from the ocean, unmodified by intervening land masses; a clear sea that in some coastal areas drops nearly a mile, an excellent geometry for deriving power from the temperature differences in the sea.

The Department of Natural Resources of Puerto Rico is developing solar sources of energy as part of the natural resources of the Island. The Department has three major projects in various stages of development:

(1) a 100-kilowatt wind generator for the island of Culebra;

(2) a factory building that would use solar heat to drive an air-conditioning system; and

(3) a demonstration plant from which we would derive simultaneously, electrical power, seafood, and fresh water from the sea.

WIND GENERATOR

Puerto Rico is making a meteorological study of Culebra, under NASA contract, to find the best site for a wind generator.

There are about 1000 people on Culebra, which lies 20 miles east of the main island of Puerto Rico. Culebra gets its electricity from two diesel generators that together put out 750 kilowatts. The power is used to desalt water because there is no other source of fresh water on the island except from the rain; to bring power to the one manufacturing plant on the island; and to take care of the various personal and commercial needs of the population.

Occasionally, when the sea passage between Puerto Rico and Culebra is rough, or an incident occurs that prevents delivery of diesel fuel, the island is without power. One way to help solve this problem is to install a wind generator. Puerto Rico has been working with the National Science Foundation and the National Aeronautics and Space Administration for more than a year to put such a device on Culebra. When this wind generator is built, it will be the highest powered machine, other than a research one, operating in the United States.

One of the big problems with deriving power from a wind generator is how to store the power when it is not needed. On Culebra, excess power would be "stored" in the water that is desalted, and in the ice manufactured for fishermen. Thus, several of the important electrical needs of the people of Culebra would be satisfied by a wind generator.

SOLAR AIR-CONDITIONING

We are seeking to build a factory building that will prove highly economical in operation because it is cooled through the use of solar energy. If successful, the program would almost immediately affect the multi-million dollar building program of the Economic Development Administration of Puerto Rico, which constructs standard factories and leases them at low rates to industry. Modest homes, too, might be fitted with solar air-conditioning units, giving the residents relief they can economically afford; at the same time, the extra burden on the power resources of the island would be small.

The theory behind the concept is illustrated by the old Kelvinator refrigerator, which used a gas flame to turn a refrigerant into a vapor. When the vapor subsequently liquefied, it rid itself of the heat it had picked up from its cooling work and from the gas flame.

The technical advantage of using a Puerto Rican site for solar-energy work is that the Island has one of the highest insolations throughout the year; thus, experimentation and data-collection can be done throughout the year. The results of the work will be extended through economic analyses to the operational conditions of various industries that could use solar-cooling systems. We are now seeking the help of the National Science Foundation to accelerate the overall program.

POWER, FOOD AND WATER FROM THE SEA

One of the most imaginative projects in solar energy stems from the work of scientists at the Lamont-Doherty Laboratory on St. Croix, U.S. Virgin Islands. They have run experiments that indicate that electrical power, fresh water and mariculture products can be generated on an economical basis from a commercial plant. The ideal site for such a plant from an economic, social, and—extremely important—geological point of view—is Vieques, an island within view of Culebra. Puerto Rico is working with the scientists to try to set up such a demonstration plant.

The theory behind the experiments is based on the high nutrient value of deep ocean water, about 900 meters; its near total sterility; and its low temperature relative to surface water.

By using the deep water's nutrient value and sterility, mariculture products can be raised rapidly and free of disease. By using the temperature difference between the deep water and surface water, which amounts to about 21–25 degrees Centigrade, a low-pressure turbine can be devised to yield electrical power; simultaneously, the condensate from the turbine could be used as fresh water.

The mariculture aspect of the work has been proven: the scientists on St. Croix have successfully and rapidly raised clams, oysters and scallops, and are starting to raise Maine and spiny lobsters. What remains to be done,

other than refining the work, is to build the Vieques demonstration plant that would additionally yield power and water.

NOTICE OF HEARINGS BY DISTRICT OF COLUMBIA COMMITTEE ON DISTRICT OF COLUMBIA ELECTION FINANCE AND CONFLICT OF INTEREST ACT

Mr. MATHIAS. Mr. President, the District of Columbia Committee, on Thursday, June 13, 1974, from 9:30 a.m. to 11:45 a.m., will hold a public hearing in room 6226, Dirksen Senate Office Building, on S. 3264, a bill to regulate the conduct of campaigns within the District of Columbia for nomination or election to the offices of Mayor, Councilman, and members of the School Board by establishing expenditure and contribution limitations applicable to such campaigns, by establishing requirements for reporting and disclosure of the financing of such campaigns, by establishing an independent agency of the District of Columbia to administer election laws generally, and for other purposes. Persons wishing to present testimony at such hearing should contact Mr. Colbert King, minority staff director of the District Committee, room 6222 Dirksen Senate Office Building, by the close of business on Tuesday, June 11, 1974.

NOTICE OF HEARING ON S. 2755

Mr. DOMENICI. Mr. President, on behalf of the chairman of the Committee on Aeronautical and Space Sciences, I wish to announce that on Wednesday, June 12, 1974, at 9:30 a.m., the committee will hold a hearing on S. 2755, a bill to require the Administrator of the National Aeronautics and Space Administration to study the feasibility of entering into certain international cooperative programs involving the utilization of space technology and application.

The witnesses will be Dr. James C. Fletcher, Administrator of the National Aeronautics and Space Administration, and Mr. Herman Pollack, Director of International Scientific and Technological Affairs, Department of State.

ADDITIONAL STATEMENTS

METRIC CONVERSION

Mr. PELL. Mr. President, in my research into metric conversion legislation and the advantages its enactment would bring to our country, I have discovered a most interesting article published 68 years ago.

It appeared in the National Geographic magazine of March 1906 and was authorized by Dr. Alexander Graham Bell, inventor of the telephone. He was, I find, a stanch supporter of our country's conversion to the metric system of weights and measurements.

As one who has worked toward this goal for more than 10 years in recent times, and as the sponsor of S. 100, now before the Commerce Committee which contains my latest proposals in this most important area, I was fascinated to read the 1906 article.

I was particularly interested because the article is as germane today as it was almost seven decades ago.

The article's format follows an informal address by Dr. Bell to the Committee on Coinage, Weights and Measures of the House of Representatives which met on February 16, 1906.

The committee was considering legislation introduced by Representative L.N. Littauer from New York. His bill called for the employment of the metric system by "all of the Departments of the Government of the United States in the transaction of business requiring the use of weights and measurement." The date for such conversion was to be July 1, 1908. We are still waiting.

Dr. Bell pointed out that the bill was only five lines long, and then proceded to present to the committee one of the most compelling arguments for the simplicity of the metric system which I have ever encountered.

I have consistently maintained that the metric system provides advantages for all its users in the simplicity of its decimal format.

Dr. Bell's statement on this subject is so cogent, so timely today, that I urge my colleagues to consider it for a few moments. Dr. Bell said in 1906:

> Few people have any adequate conception of the amount of unnecessary labor involved in the use of our present weights and measures. Let us take, for example, the figure 1906, which express the present year. In using the metric system we know without calculation that 1906 centimeters amount to 19.06 meters, and that 1906 grams amounts to 1.906 kilograms. No calculation is involved.
>
> Now compare this simple process with the laborious processes involved in the use of the ordinary measurements of length and weight. Take 1906 inches—how many feet and yards? We must divide 1906 by 12 to find out the number of feet, and then divide the product by 3 to ascertain the number of yards. Or take 1906 ounces—how many pounds? And what kind of pound—avoirdupois weight, troy weight, or apothecary's weight? In one case we may have to divide 1906 by 16, in another by 12; but the point I wish to make is this: that a calculation of some sort is involved in the mere process of translation from one denomination to another in the same kind of measure, while by the metrical system all this kind of labor is saved—we merely shift the decimal point.
>
> The amount of labor saved in calculating square measure and cubical measure is still more remarkable. Try square measure first. Take the figures 1, 2, 3, 4, 5, 6; 123,456 square inches, how many square feet? I will not try to work it out, but you must divide this number by 144 to get the number of square feet. You will probably require paper and pencil to perform the computation but on the metrical plan the solution is so easy that any intelligent person can arrive at the result mentally without any calculation whatever. 123,456 square centimeters is equivalent to 12.3456 square meters.
>
> Now try cubical measure: having measured a tank or reservoir and performed our initial calculation, suppose we find that the tank contains 123,456 cubic inches of water.
>
> How many gallons have we there? And how much does the water weigh?
>
> I will not attempt to work the result out to its final conclusion even with the aid of paper and pencil, for I must confess that my memory does not hold the exact number of cubic inches contained in a gallon or the relation of weight to volume of water in our present system. The problem is therefore absolutely insoluble to me at the present moment. I must consult some reference book for the information that would enable me to work it out. But put the problem in metrical terms and the problem is solved as soon as you have ascertained the cubical contents in any of the metrical denominations you prefer.
>
> For example, suppose we find that our tank holds 123,456,789 cubic centimeters of water. How many liters have we there, and how much does the water weigh? The answer is 123,456,789 liters, weighing 123,456,789 kilograms.
>
> It really is astonishing when you come to work out complicated problems involving cubical measure, specific gravity, and the relation of volume to weight, how much labor of calculation is saved by the use of the metrical measures.

Mr. President, this article points out that in 1906 the United States and Great Britain and her then so-called colonies were the only industrial countries in the world not committed to the metric system.

Sixty-eight years later we alone lag behind.

Great Britain is well embarked on metric conversion, as are Canada, Australia, New Zealand, and South Africa.

In 1906 Dr. Bell said:

> It is obvious that our present system of weights and measures is in a very chaotic condition.

He was referring to the variations still existing within our own system—in tons, in pounds, in grams. The same situation is compounded today with many industries, many segments of our economy embarked on conversion to metric measurements and terminology and equipment, while others adhere to an outmoded past. Mr. President, just a few days ago—on May 8—I called attention to the pending legislation and emphasized that failure to approve it will lead us to "costly and chaotic conversion instead of coordinated, comprehensive conversion." I am delighted that the Washington Post, in an editorial on May 18, underscored the benefits of metric conversion and the dangers of further delay.

Dr. Bell in 1906 also spoke of the advantages which metric conversion would bring to our country in international trade—advantages which the Commerce Department has estimated most recently would bring us an added $2 billion a year. In this respect we can speculate on how much our balance-of-payments situation would have been improved and our stance in international trade, had we converted in 1908.

In addition, Dr. Bell discusses the costs of conversion which remain an obstacle in the minds of some to our own commitment. Just as I do today, he finds that

such difficulties are exaggerated—"unduly magnified" are his words. But I would like to add, the longer we delay, the greater such costs will be; and I would again invite us to consider the relative bargain we would have gained, had we converted in 1908.

There is a section in Dr. Bell's presentation on how his own laboratory was converted to metric measurements—for the sake of efficiency and economy—and how quickly and well the workers in that laboratory adopted the system.

Dr. Bell said:

The only question in my mind was whether ordinary workmen, carpenters and mechanics accustomed to the usual methods of measurements, could or would employ the metric system.

He went on to say, "No difficulty whatever was experienced in the use of the system," and concluded. "The use of the metric system in my laboratory has greatly facilitated all calculations and the men like it."

I find this passage especially interesting in view of the concerns heard in some quarters today.

Mr. President, if this article bore the date 1974, I would consider its contents refreshingly germane to our considerations and deliberations now in progress. The fact that it is nearly 70 years old gives it a unique historic impact. Rarely has history so repeated itself in a continuing debate.

My great hope, Mr. President, is that someone reviewing the history of this day in the Senate 5, 10, or 15 years from now—or 68 years from now—will be able to say, "At last, that was the year—1974—when the Congress had the commonsense and the wisdom to commit the United States officially to metric conversion."

Mr. President, because I feel that my colleagues can gain valuable knowledge from this article in assessing their own opinions on metric conversion legislation, I ask unanimous consent that the full text be printed in the RECORD at the conclusion of my remarks.

In conclusion, I would like to express my appreciation to Mr. Peter D. Coquillette, executive assistant of the American Telephone and Telegraph Co., for his help in bringing this article to my attention.

I also ask unanimous consent that the editorial from the Washington Post which I have mentioned be printed in the RECORD following the article by Alexander Graham Bell.

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

THE METRIC SYSTEM: AN EXPLANATION OF THE REASONS WHY THE UNITED STATES SHOULD ABANDON ITS HETEROGENEOUS SYSTEMS OF WEIGHTS AND MEASURES

(By Alexander Graham Bell)

The following pages contain an informal address to the Committee on Coinage, Weights, and Measures of the U.S. House of Representatives on February 16. The bill under consideration reads as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the first of July, nineteen hundred and eight, all of the Departments of the Government of the United States, in the transaction of business requiring the use of weight and measurement, shall employ and use the weights and measures of the metric system.

The bill was introduced in the House of Representatives by L. N. Littauer, Representative from New York, and is known as "the Littauer Bill." Dr. Bell's address is published here through the courtesy of the chairman of the committee, James H. Southern, of Ohio.

This is one of the briefest bills I have even seen—only five lines—but it is pregnant with consequences to the people of the United States. It means very much more than appears upon its face. This is a mandatory bill requiring the use of the metric system in the departments of the government, but of course Congress would not pass a bill of this kind unless as a step toward the introduction of the metric system generally in the United States. So that this really means, if you pass it, that you have decided to abolish the chaotic systems of weights and measures we now have and substitute the metric system not simply for the government departments, but for the whole of the United States. This bill is simply a logical step in the consummation of the greater plan, and I hope it will pass.

It is obvious that our present system of weights and measures is in a very chaotic condition. It certainly is not right that a coal company should be able to pay their miners by a ton of 2,240 pounds and then sell their coal by another ton of 2,000 pounds. But even the pound itself varies in weight according to circumstances. Some of our people employ a pound of 16 ounces, others a pound of 12 ounces; so that it is necessary in business transactions to have a definite understanding as to the kind of pound we employ—whether avoirdupois or troy weight. The ounces, too, varies. Our apothecaries use an ounce of 8 drams, whereas there are 16 drams in an ounce avoirdupois. Thus the avoirdupois pound consists of 16 ounces of 16 drams each, equivalent to 256 drams, whereas the pound used by our apothecaries contains only 12 ounces of 8 drams each, equivalent to 96 drams.

In a similar manner we have different kinds of bushels and gallons and other measures in common use by different sections of our people; and if there is anything that is clear it seems to be this—that we need uniformity in our system of weights and measures.

Of course, it matters little what system may be employed by an individual, so far as he himself is concerned; but the moment he has dealings with other individuals the necessity for uniformity and a common understanding arises. The right of the individual to choose his own methods of measurement must give way to the convenience of the community of which he forms a part; in a similar manner the right of sections of the community like apothecaries, silversmiths, etc., to have their own peculiar system of measurement should give way to the right of the community as a whole to have uniformity and a system convenient to all.

Every state in the Union might with perfect propriety have a different system of weights and measures if there were no interstate transactions or mingling of people from different parts of the country, but the interests of the nation as a whole demand uniformity throughout the length and breadth of the land.

In achieving such a result the United States might very well establish a peculiar system of its own, without reference to the usage of other countries, if we formed an isolated people, having no dealings with the rest of the world; but in making a change—and the necessity for a change is very obvious—it would be advisable to adopt a system that would not only be convenient for our own people, but would also be convenient for the other peoples of the world with whom we carry on trade and commerce.

No one doubts that the metrical system is superior to the crude methods of measurement we employ. It is therefore useless to expect that foreign countries employing the metrical system will ever change to our methods of measurement; from which it follows that if international uniformity is to be secured it is we who must give way. We must either adopt the metrical system or some other system—not our own—which may have some chance of international adoption.

At the present time, however, the metrical system is the only system known that has the ghost of a chance of being adopted universally by the world. As a matter of fact, it is now international in character, for practically all of the civilized nations of the world have already adopted it with the exception of the English-speaking peoples, who employ an admittedly inferior system.

The metric system was legalized in the United States in 1866 and is already in use by a portion of our people, thus adding to the existing confusion. Our scientific men especially employ it, almost universally, and merchants having dealings with foreign countries are obliged to use it to a greater or less extent. Our imports from non-English-speaking countries are largely expressed in metrical measures, and in exporting to these countries our merchants must adopt the metrical system or be placed at a disadvantage with competitors who already employ it; for people accustomed to the metrical system will not take the trouble of translating our measures into their own system in order to understand what they are buying, if they can obtain the same goods elsewhere expressed in the measures with which they are already familiar. There can be no question that in competing with metrical countries for the trade of the countries already employing the system, our commerce is seriously handicapped by the inconvenient and antiquated systems of weights and measures in use in the United States. This means that we are at a disadvantage everywhere in the world excepting in dealing with Great Britain and her colonies.

A WASTE OF LABOR

Few people have any adequate conception of the amount of unnecessary labor involved in the use of our present weights and measures. Scientific men and merchants may have the necessary skill with figures to enable them to use the metrical system, but how about the common people of the country? It is just here that the metrical system possesses special advantages—reducing to a minimum the amount of labor and skill required in the solution of the every-day problems of life involving the use of figures.

The people of Great Britain, having no practical experience by actual use of the advantages of a decimal system of measurement, may have difficulty in realizing the amount of unnecessary drudgery through which they are obliged to go in order to obtain a solution of the simplest arithmetical problems, and they therefore have some excuse for remaining in the rear of progress; but the United States has no such excuse to offer for her hesitation in joining the majority of the civilized nations of the world in the adoption of the metrical system. We already have a decimal system of money, and our people are therefore prepared to appre-

the few such undeveloped, unexploited spots left in this part of the country. One of the strengths of the national park system is its diversity, and we believe that the Cuyahoga Valley would be an excellent addition to its spectrum of scenic pleasures. In fact, "green-shrouded miracle" was the way the National Park Service described the area in its initial survey.

The Nixon administration has backed away from its earlier enthusiasm for national park sites in urban areas. We believe that this is a mistake, not just because it imperils the Cuyahoga Valley plan, but because the need for open space around congested cities is undeniable, especially if people face a period of decreased mobility because of energy shortages.

The proposed park in the Cuyahoga Valley has significant scientific and historic values as well as possibilities for recreation that would be compatible with the character of the land. All its advantages should be demonstrated at the hearing in June in hopes of speeding congressional action.

AMENDMENTS TO THE ANTI-DEFICIENCY ACT

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 16, 1974

Mr. BRECKINRIDGE. Mr. Speaker, in a report prepared by the House Appropriations Committee to accompany the 1950 amendments to the Antideficiency Act, the following discussion stemmed from consideration of President Truman's decision to impound Air Force funds:

It is perfectly justifiable and proper for all possible economies to be effected and savings to be made, but there is no warrant or justification for the thwarting of a major policy of Congress by the impounding of funds. If this principle of thwarting the will of Congress by the impounding of funds should be accepted as correct, then Congress would be totally incapable of carrying out its constitutional mandate of providing for the defense of the Nation.

Since that time, the power of the executive branch of government has increased dramatically—mostly at the expense of the Congress.

In all fairness, it must be stated that the Congress handed this power to the executive in the belief that the executive branch would be better staffed and better equipped to handle the problems of today. Now, however, the Congress recognizes its error and is determined to reestablish its responsibility over these matters relinquished to the Presidency.

During the past 18 months, the President has used his substantial powers to impound funds both authorized and appropriated by the Congress and signed into law by the President. He has done this in a selective manner, thus permitting him to frustrate and deny the will and intent of Congress. In effect, his impoundments have become "item vetoes"—neither contemplated by the Founding Fathers or authorized by the Constitution.

The House, in an effort to reassert itself, passed major budget and impoundment legislation, particularly H.R. 7130, the Budget and Impoundment Control Act of 1973. The basic thrust of this legislation requires the President to notify Congress of each impoundment before it occurs; it being provided that if either House passes a simple resolution of disapproval, the impoundment must then immediately cease. With passage of similar type legislation in the Senate, the bill is now in conference.

Although the Congress is now acting to prevent future impoundments, as conceived by this administration, some 70 suits have been filed in the courts across the land in attempts to free some $20 billion impounded and crippling dozens of programs, mostly domestic, which the Congress has approved and the President has signed into law. Patently absent amongst the voluminous litigations now before the courts is any concerted effort on the part of Congress to free the moneys now being improperly withheld.

Appreciating the fact that impoundment has been employed by Presidents in a variety of instances and for differing purposes beginning with Thomas Jefferson, I think it appropriate to outline briefly the history of impoundment in order to illustrate how its present use differs from past practice and policy.

In 1803, declining to spend an appropriation for gunboats, Jefferson stated in his annual message to the Congress:

The favorable and peaceful turn of affairs on the Mississippi rendered an immediate execution of that law unnecessary, and time was desirable in order that the institution of that branch of our force might begin models the most approved by experience.

In 1876, in signing a river and harbor bill, President Grant expressed his objections to particular projects:

If it was obligatory upon the Executive to expend all the money appropriated by Congress, I should return the river and harbor bill with my objections notwithstanding the great inconvenience to the public interests resulting therefrom and the loss of expenditures from previous Congresses upon completed works. Without enumerating, many appropriations are made for works of purely private or local interest, in no sense national. I can not give my sanction to these, and will take care that during my term of office no public money shall be expended upon them.

In 1905 the first general statutory basis for impounding was included in the Antideficiency Act of that year. It was not until the Harding administration and the enactment of the Budget and Accounting Act of 1921, however, that formal administrative procedures with regard to impoundment were established.

The first President to make extensive use of impoundment was Franklin D. Roosevelt. During World War II Roosevelt shelved a number of programs using the device of impoundment, particularly depression-oriented public works projects unrelated to the war effort, for the duration of the hostilities. Impoundments pursuant to this authority before, during, and after World War II sparked objections from some Members of Congress but without creating a major crisis.

In the years immediately following the war impoundment was used selectively in the demobilization program, and was used more extensively to curtail spending by the Armed Forces during the period in which conversion to a peacetime military establishment coincided with the emergence of the cold war.

In 1949 Congress appropriated funds for a 50-group Air Force, over the opposition of the Truman administration which had requested funds for a 48-group force, and the President impounded more than $700 million for the announced purpose of easing the strain on the domestic economy.

In the latter years of the Eisenhower administration the President impounded funds for Nike-Zeus missile development, and in the same period the Senate Armed Services Committee's Preparedness Investigating Subcommittee held hearings inquiring into the failure of the administration to use funds appropriated for such purposes as the support of the Marine Corps at a given strength and the construction of Polaris submarines.

Disputes continued to arise between the Congress and the executive branch in the 1960's. In 1962 President Kennedy took sharp exception to a fiscal 1963 appropriations bill for aircraft, missiles, and naval vessels in which the Secretary of the Air Force was directed to utilize authorizations in an amount not less than $491 million during the 1963 fiscal year for planning and procurement in connection with development of the B–7 bomber. The word "directed" was deleted before final passage, however, and the constitutional issue of whether or not the legislative branch can so bind the executive was not put to the test. The Kennedy administration subsequently impounded those funds appropriated in excess of original administration requests.

Impoundments during the Johnson years included some made at the general direction of the Congress and others initiated by the executive. In 1966 the administration reduced the obligations available under the highway trust funds, and sizable cutbacks were made in programs for Housing and Urban Development; Health, Education, and Welfare; Agriculture; and Interior.

From this brief historical outline it is readily apparent that impoundments, when made, have generally occurred on a selective basis. As provided by Congress in the 1905 antideficiency legislation the executive branch of government need not spend all that Congress appropriates. The Antideficiency Act as amended in 1950, authorizes and directs the President to establish budgetary reserves to—

Provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which such appropriations were made available.

As the act stipulates, administrators are required to operate their respective programs as efficiently as possible and to the extent possible, savings are to be affected to the extent that the purposes of the programs established by Congress remain unaltered.

The Bureau of the Budget and the General Accounting Office were instrumental in the improvement of the 1950 Antideficiency Act Amendments, jointly issuing a report in which they warned

was whether ordinary workmen, carpenters and mechanics accustomed to the usual methods of measurements, could or would employ the metric system.

The result may be of interest to the committee as bearing upon the question of the ability of the common people of America to handle a new system of this kind. No difficulty whatever was experienced in the use of the system, and the total expense involved in the change amounted to a few dollars for the purchase of a set of metrical weights and measures. The same balances formerly employed were equally efficient in weighing by the metrical system, and even the old weights were utilized as supplementary weights, with their value in grams distinctly marked upon them. No change was required in the machinery and tools employed, simply a change in the method of measuring the output.

For convenience of reference a chart of the metrical system was hung up in the workshop, but no effort was made to have the men master the new names involved, excepting so far as they were introduced by actual use. The names of which the men were most afraid, like dekagram, hectogram, dekameter and hectometer, were really not required at all in actual use. The only terms employed at first were meter, centimeter, and gram; but the necessities of the laboratory soon introduced millimeter, kilogram, and liter. In this connection it is rather interesting to note that the word "decimeter," although understood, remained among the unused terms, the men preferring the expression "10 centimeters," just as we usually prefer to call a dime "10 cents" rather than a dime. So, too, a cubic decimeter (or liter) was preferably called "a cube of 10 centimeters."

So long as I did not ask my men to translate from one system into the other, all was plain sailing. They would have difficulty in translating from pounds and ounces into grams or kilograms, or from feet and inches into centimeters or meters; but in the actual measurement of length with a metric measure in hand, and in actual weighing with metrical weights, no difficulty whatever has been experienced.

The use of the metric system in my laboratory has greatly facilitated all calculations and the men like it.

WE ARE ONE OF THE LAST NATIONS TO ADOPT THE METRIC SYSTEM

The Chairman: It has been contended by one or two people at least who have set out to oppose the introduction of this system that in France and in Germany, where is has been used as long as anywhere, it is not really the system of weights and measures of those countries. You have been there?

Mr. Bell: I have been in France; and so far as my observation has gone it seems to be in universal use there. I understand that it is also employed in Germany. In fact we are one of the last nations to take it up. I understand that nearly all the civilized nations of the world have already adopted the metric system, with the exception of Great Britain, the United States, and the British colonies.

The Chairman: Of course we realize that an argument can be made about the confusion which exists in weights and measures in this country in a great many different lines. For instance, in the United States Mint they have four standards of weights—apothecary's, avoirdupois, troy, and the metric measures.

Mr. Bell: I do not think any system of weights and measures has any chance of becoming universal except the metric system, and its growth during the short time it has been in existence seems to indicate that it has such a chance.

THE REASON WE DID NOT ADOPT THE METRIC SYSTEM WHEN WE ADOPTED DOLLARS AND CENTS

It has always been a matter of wonder to me why the United States, when it changed from the old system of pounds, shillings, and pence to the present dollars and cents, did not at the same time go the whole way and adopt the metric system of weights and measures. The answer, however, is simple. The metric system had not then been invented, or rather had not anywhere come into use. Propositions foreshadowing its advent were under consideration, but the metric system as we know it did not appear until after the passage of our coinage act of 1792. It was only adopted by France about the beginning of the nineteenth century, and if I remember rightly—and if not Mr. Stratton will correct me—the first standard kilogram and the first standard meter were not deposited until 1830.

Mr. Stratton: * It was just about the time that we made the change in coinage that they were considering this system. Congress directed John Quincy Adams, the Secretary of State, to make an investigation in regard to the matter, and he did so, and he made a report in which he called attention to the fact that the metric system was then being developed; and he advised us to watch it closely, and he said that it was in his opinion a thing we ought to adopt if it proved successful.

Mr. Bell: In 1790 Jefferson advised a decimal system of weights and measures and suggested the length of a second pendulum as a unit.

The Chairman: Of course he could not recommend the metric system because it had not been invented.

Mr. Bell: No; it was not introduced until later. Some action was taken by France in 1795, and in 1798 it was considered by some international gathering, but it was not legalized in France until 1801, and many years elapsed before legal standards were prepared.

OUR WHOLE SYSTEM OF ARITHMETIC IS DECIMAL

There is one other point to which I desire to call attention, which seems to me to lie at the root of any proposed change in our methods of measurement in the direction of simplicity and ease of application, and it is this: "We employ a decimal system of arithmetic; from which it follows that a decimal system of measurement will be more easy for us to handle than any system in which the units of measurement do not progress by tens.

Our whole system of arithmetic itself is decimal in character. In counting we employ 10 figures: 0, 1, 2, 3, 4, 5, 6, 7, 8, and 9. We then repeat these in groups of 10, advancing from 10 to 20, 30, 40, etc., up to 99. We then advance by groups of 10 times 10, namely, 100, 200, 300, etc., to 999; then by groups of 10 times 100, namely, 1,000, 2,000, 3,000, etc., etc.

From this peculiarity in our method of numeration it follows that any system in which the units of measurement advance by tens is specially suited to our system of arithmetic. It enables us to change from one denomination to another in the system, as desired, without special calculation, by simply changing the place of the decimal point. Now the metric system is a decimal system of this character. It has already found favor with the world at large, and I think America should adopt it and make it her own. It really is astonishing, when you come to work out complicated problems involving cubical measure, specific gravity, and the relation of volume to weight, how much labor of calculation is saved by the use of the metrical measures.

The Chairman: If you will point out what the relation is specifically, perhaps it would be interesting. The members of the committee may understand, but I would like to see it.

Mr. Bell: There is a simple relation between volume and weight: one cubic centimeter of water weighs one gram. That fact remembered is the key to the whole subject.

Now if you want to calculate the weight of any other substance you have simply to express its volume in cubic centimeters and multiply that by the specific gravity of the substance. Here is a piece of steel 10 centimeters long, one centimeter wide, and one-tenth of a centimeter thick (one millimeter). What is its weight?

Now you first find out the cubical contents of this piece of steel by multiplying together the length, breadth, and thickness expressed in centimeters so as to have the answer in cubic centimeters. It is 10 centimenters long and 1 centimeter wide; 10 times 1 is 10. It has a surface of 10 square centimeters, it is one-tenth of a centimeter thick. One-tenth of 10 is 1; that is, its volume is 1 cubic centimeter. Now multiply this by the specific gravity of steel and this will give you its weight expressed in grams. The specific gravity of steel, if I remember rightly, is somewhere about 8; that is, a piece of steel weighs about 8 times its own volume of water. Eight times 1 is 8. This piece of steel then weighs about 8 grams.

Now this happens to be a very simple case; but the process would give you the weight in grams, whatever the dimension of your piece of steel might be. If its volume should be one million cubic centimeters its weight would be eight million grams; that is, if I have correctly expressed the specific gravity by 8. If you wish to express this weight in kilograms, simply shift the decimal point three places to the left. A weight of 8,000,000 grams is equivalent to 8,000 kilograms.

The Chairman: The unit of length is what?

Mr. Bell: One meter. A centimeter is one hundredth part of that.

The Chairman: And that is equal to one liter, which filled with water is one kilogram, the unit of weight?

Mr. Bell: The gram is the unit weight; and one cubic centimeter of water weighs one gram. The liter is the unit of volume. It is equivalent to a cubical space 10 centimeters long, 10 centimeters wide, and 10 centimeters deep. It therefore holds 1,000 cubic centimeters of space; and if filled with water, the water would weigh 1,000 grams (or 1 kilogram).

The fact that one liter of water weighs one kilogram is easily remembered; but if forgotten the knowledge is readily recovered from the basal fact that one cubic centimeter of water weighs one gram (the unit of weight).

THE NEW NAMES SIMPLE WHEN UNDERSTOOD

To an American the metric system appears at first sight to be much more difficult of acquirement than it really is, on account of the un-English appearance of the terminology. After you have once mastered the meaning of the prefixes employed, the whole terminology appears to be beautifully simple and appropriate, the words expressing by their etymology the numerical relation to the units of the system.

Thus when we know that *deka* means ten, *hecto* one hundred, and *kilo* one thousand, we see at once that a *dekameter* means 10 meters, *hectometer* 100 meters, *kilometer* 1,000 meters. So with the multiples of gram:

*S. W. Stratton, Director of Bureau of Standards.

A *dekagram* means 10 grams, *hectogram* 100 grams, and *kilogram* 1,000 grams. So also, when we know that *deci* means one-tenth, *centi* one-hundredth, and *milli* one-thousandth, we see at once that *decimeter* means one-tenth of a meter, *centimeter* one-hundredth of a meter, and *millimeter* one-thousandth of a meter. In a similar manner when we examine the subdivisions of gram we see that a *decigram* means one-tenth of a gram, *centigram* one-hundredth of a gram, *milligram* one-thousandth of a gram, etc.

The foreign words employed need be no bar to the use of the metric system, for they are really not necessary to the system at all—the English equivalents would do as well. It is convenient, however, for many reasons to have some means of expressing all these various denominations in specific words coined for the purpose, although the names are not all of equal importance. As a matter of fact, many of them are seldom used, and a few suffice for ordinary purposes. This greatly simplifies the nomenclature for English-speaking persons.

You will appreciate the point by reference to our monetary system. Our system of coinage provides for eagles, dollars, dimes, cents, and mills; but, as a matter of fact, dollars and cents are sufficient for all ordinary purposes. We do not reckon money by eagles or dimes, and mills are hardly ever alluded to excepting by Congressmen and statisticians.

So, on the metric system, the terms *kilogram* and *gram* are generally sufficient to express weight; and the other terms provided, which Americans find some difficulty in remembering, are really of little importance because so seldom used.

The *meter* and *centimeter* are generally sufficient for ordinary purposes, although *millimeter* is also needed for fine measurements, and *kilometer* for long distance comparable to our mile, though little more than half its length.

The *liter* is necessary also in expressing volumes; but the multiples and subdivisions of it are not much used. These give you what may be called the basal points. It is not really necessary to use the other names, although advisable to possess them in case of need for special purposes.

The Chairman: Just as you would remember pounds and quarts and dollars and cents.

Mr. Bell: Exactly.

The Chairman: When you know the value of anything expressed in one denomination you know it in all, by looking at it.

Mr. Bell: Yes. And you are relieved of the enormous and unnecessary labor of calculation involved in the use of our present measures in merely translating from one denomination of the system to another.

The Chairman: Now, for the purposes of actual measurement, something has been said about the inch being a more convenient unit than the centimeter.

Mr. Bell: I do not see any reason why an inch should be more convenient than a centimeter, excepting that we have become accustomed to it. Usage will familiarize us with the centimeter, and then our judgment will probably be just the other way.

The Chairman: Some of those who oppose the introduction of the metric system say that, so far as its actual use is concerned, there is no difference between the two systems, and others say that the inch is a more convenient unit; that the meter is not a convenient unit. There have been suggestions that it ought to be 40 inches.

Mr. Bell: Is not the fact of the matter this: That anything you are accustomed to is convenient?

The Chairman: Yes; I think so.

OUR FOREIGN COMMERCE WOULD BE HELPED TREMENDOUSLY

Mr. Bell: The metric system is already in extensive use. It has stood the test of a hundred years, and has displaced the older systems in most of the countries of the old world. The metrical units have proved to be very convenient there, and they will be equally convenient to us when we become accustomed to them and use them.

If we employed them, we would have the same system that is in use in most of the foreign countries with which we trade. The trade and commerce of the United States would then be enormously facilitated by reason of the fact of our using the same weights and measures employed by the people with whom we deal.

We cannot expect a Frenchman or an Italian to translate from pounds and ounces into kilograms and grams, etc.—to go through all this drudgery of translation—simply for the purpose of understanding the value of what he buys from us. So, of course, if he can get the things he wants from a country that already uses his own system of weights and measures he will do so in preference to buying from us, and American trade will suffer. In my opinion, the trade and commerce of the United States will be very much promoted by our adoption of that system of weights and measures which alone has any chance of becoming universal—the metric system.

The trade of Great Britain is already suffering from the competition of metric-using countries, and if we also adopt the system it will not be long before she follows our example. Then the metric system will become in fact the international system of the world.

We are better prepared to make the change than the British because we have already become accustomed to a decimal currency, and can therefore appreciate the benefits we derive from the application of the decimal principle to monetary affairs. I am hopeful, therefore, that our people may be made to see by analogy that we would derive similar benefits from the adoption of the decimal principle in our system of weights and measures.

WOULD NEW TOOLS IN OUR WORKSHOPS BE NECESSARY

The Chairman: A good deal has been said on this point: We have been told that if we adopt the metric system it will necessitate the use of new tools and new workshops and thereby become a matter of great expense to our manufacturers.

Mr. Bell: That is a matter for very grave consideration, and I think that the difficulty has been unduly magnified. While of course some of our more enterprising manufacturers would construct new machinery and tools specially adapted for metrical work, it does not necessarily follow that the old machines and tools would not be used for the purpose. The fact is that the change does not necessarily involve any change in tools or machinery at all—or at least not to any great extent. It is a question of arithmetic, not of tools or machinery. You can measure the work or output of the present tools and machinery just as well by the metric system as in the ordinary way. You can express the dimensions and weights of all the parts of the old machines, where required, by the metric system, and though the measurements might not be exact to a fraction of a millimeter or a fraction of a gram, they could be rated at their true metrical value, or at a closely approximated value in exact measure. It is only where very fine and accurate measurements are required that special tools would be needed.

The Chairman: In making a brand-new machine you very often have to have special tools in order to economically manufacture the machine.

Mr. Bell: Yes. Of course the change would lead to the production of tools and machinery specially made for the metric system; but whether these tools are specially for this purpose or not, they can be measured by the metric system.

The Chairman: You mean by that this, do you not, Doctor: That eventually it would come to be that they would manufacture in even metric sizes as they now manufacture in even sizes of the English system?

Mr. Bell: Yes, sir.

The Chairman: But it would not be an impossibility or a very great inconvenience to manufacture by the sizes they already have?

Mr. Bell: No. I mean it would not be necessary to throw away the machinery and tools they now have, because generally you would have a sufficient approximation to some exact metrical measurement for practical purposes. We can approximate say to a sixty-fourth of an inch, or a fraction of a millimeter, which would be near enough to precise figures ordinarily. The old tools and machinery need not be thrown away; they can be used during the transitional period at whatever may be their metrical value. A tool or machine has only a limited life. It may last, say, ten years, and then it must be replaced. After the adoption of the metric system the new machinery made would certainly be constructed to an exact metrical scale. The old machinery, however, so long as it lasted, would be measured by the metrical system, and you would simply rate it at its nearest equivalent in the metric system.

*Mr. Scroggy:** I would like to ask a question in that connection. This bill, you must observe, uses the language that in the transaction of business requiring the use of weight and measurement the government shall employ and use the weights and measures of the metric system. That apparently is mandatory. Now could you suggest to this committee some amendment to that language by which the present tools, the tools now in use for manufacturing machinery that is now being manufactured, could still continue to be used, and at the same time adopt the metric system as contemplated by this bill?

Mr. Bell: I do not think, sir, that this requires any amendment. The bill is only mandatory concerning the system of arithmetic to be used (the metric system), and leaves the question of tools, etc., open. It relates simply and exclusively to a method of measurement: The weights and measures of the metric system shall be used—that is all. It does not prescribe the kind of tools or machinery or limit it in any way.

Mr. Scroggy: Do you think that the language would admit of the use of the present tools?

Mr. Bell: You mean in the government departments?

Mr. Scroggy: Yes.

Mr. Bell: I have not hitherto given that point consideration, but I should think that it would. It simply refers to the measurement of them. Take the present tools and measure them in the metric system.

I thought you referred especially to outside firms undertaking business for the government, and whether they would be required to have new tools and machinery made in undertaking government work. I don't think they would, under the language of the bill. I have no doubt that some enterprising manufacturer would have metrical tools and appliances made for use in government work, though this does not seem to me to be required by the bill. The same remarks apply to the tools and appliances at present in use in the government departments themselves. I can see nothing in the bill to require their abandonment and replacement by tools

*Thomas E. Scroggy, Representative from Ohio.

specially constructed for metrical measurement. The present tools can be measured metrically, which is all that is required by the present bill, so far as I understand it. I do not therefore see why any amendment is required to permit the use of any kind of machinery that may be desired. The bill simply prescribes that in the transaction of business requiring the use of weight and measurement the departments of the government shall use the weights and measures of the metric system. Under this language I take it that you can use anything under the sun if you measure it by the metric system. You can use a pound weight if you please, if you put it down at 454 grams.

The Chairman: It would require the use of metric weights and measures, for instance, in the Treasury Department in determining our imports and things of that kind.

Mr. Bell: Oh, yes.

The Chairman: There would be no difficulty about that, I should think.

Mr. Bell: I don't think there would. Indeed, it might be possible that the labor of the department might be lightened, in fact, for I presume that goods imported from foreign countries employing the metric system are invoiced in the countries of their origin by the metric system, and the Treasury Department, or the importing merchants, at all events, would thus be saved the labor of translating the measures. The work of translation of the department would thus be limited practically to imports from Great Britain and her colonies.

The Chairman: Of course the equivalents of the metric system of weights and measures are enacted into law now.

Mr. Bell: I believe so. I understand that the use of the metric system is already permissible in the United States by law. It is now competent for any one to use it legally who chooses. This bill takes the next step and makes its use mandatory upon the government departments; and of course if you take that step it means that you are going further with legislation in the future and make it mandatory for the whole country.

Mr. Dresser:* Has not there been some objection made on account of land measurements?

The Chairman: The bills formerly introduced here have always contained an exception, and that exception was the government survey; but that work is so nearly completed now that I am told the author of this bill thought it was not worth while to except that from its provisions.

Mr. Bell: Of course there is necessary friction in making the change, but this difficulty only belongs to the transition period.

The Chairman: I suppose there are about three things that the ordinary man or woman—I mean the man who has not any special use for weights and measures, but uses them ordinarily in trade—would have to remember, and that is the liter, the meter, and the kilogram; the liter, one-tenth more than a quart; the meter, one-tenth more than a yard; and the kilogram, one-tenth more than two pounds, about?

Mr. Bell: Yes; that is a very simple way of memorizing the radical points.

A CHANGE WOULD CAUSE NO SERIOUS ANNOYANCE

The Chairman: Do you imagine there will be any serious annoyance, so far as what we call the common people are concerned?

Mr. Bell: I do not anticipate it. We simply have to be bold enough to take the step. All the difficulties lie in the transition period. All the difficulties in the metric system are in translating from one system to the other, but the moment you use the metric system alone there is no difficulty. The workmen in my laboratory used the metrical weights and measures right off. I did not ask them to translate from one system to the other, for that would speedily have developed their limitations of education. I simply asked them to use the metric system, and they did it without difficulty. They now use meters and centimeters and grams and kilograms as if to the manner born, and they are simply common carpenters and mechanics. I consider them as an average sample of the common people. I do not anticipate any difficulty in the use of the metric system by itself; and if the government will lead the way, the change must and will come, and we will be brought into line with the progressive nations of the world, instead of lagging behind.

Mr. Scroggy: Legislating for the future and not for the past generations?

Mr. Bell: Yes, sir. Our forefathers legislated pretty well for the future in the adoption of the Constitution; and, later, Congress did well in abolishing the old system of pounds, shillings, and pence and adopting the decimal system for our money; and we will do well for the future of our country if we provide the metric system for the whole of the United States.

*Solomon R. Dresser, Representative from Pennsylvania.

METRIC CONVERSION

Plantagenet Palliser harbored an overriding ambition. The hero of Anthony Trollope's political novels of the Victorian era (Palliser becomes Prime Minister and Duke of Omnium in the fifth of the series) hoped to introduce a great monetary reform by which the penny would contain five farthings and the shilling 10 pennies. "It was thought," wrote Trollope, "that if this could be accomplished, the arithmetic of the whole world would be so simplified that henceforward the name of Palliser would be blessed by all schoolboys, clerks, shopkeepers, and financiers. But the difficulties were so great that Mr. Palliser's hair was already grey from toil, and his shoulders, bent by the burden imposed upon them." His assistants, the novelist tells us, "were near to madness under the pressure of the five-farthing penny."

Well, poor Plantagenet Palliser need no longer turn in his grave. Blessed, no doubt, by schoolboys. clerks, shopkeepers and financiers (to say nothing of foreign tourists), the shilling now has 10 pennies and the pound ten shillings. Great Britain, moreover, is well on the way to complete metric conversion of weights and measures as well.

Which is, as American school children must surely know, what George Washington, Thomas Jefferson, James Madison and other founders of this republic advocated at the time Congress passed the Coinage Act in 1792, giving us a neat 100 cents for the dollar. In 1866, Congress made it at least "lawful throughout the United States of America to employ the weights and measures of the metric system." But to this day Congress has refused to simplify "the arithmetic of the whole world," being unwilling to forego the colonial legacy of Britain's old 16 ounces for the pound, two pints for the quart, 12 inches for the foot, and 1,760 yards for the mile. Just the other day, the House once again defeated metric common sense, leaving this country, as Rep. John Anderson (R-Ill.) pointed out, in league only with Trinidad, Tabago, Yemen and less than a dozen other countries which still measure the modern world with ancient yardsticks.

This last defeat of orderly metric conversion, to be sure was only a matter of procedure. Rep. Olin Teague (D-Tex.), whose Science and Astronautics Committee had unanimously favored a voluntary metric conversion plan, maneuvered its defeat rather than pay a huge federal ransom for it. The issue is no longer whether we buy our milk in liters and figure our distances in kilometers. We must inevitably join a metric world. Americans already buy most prescription drugs in grams, build 100-meter Olympic swimming pools, and are beginning to post road signs which tell distances in both miles and kilometers. The issue, as Sen. Claiborn Pell (D-R.I.) put it, is "whether we have costly and chaotic conversion rather than coordinated comprehensive conversion."

Under the defeated House bill, which was similar to the Senate proposal sponsored by Sen. Pell, coordinated and comprehensive conversion is to take place within 10 years. The conversion is to be guided by a National Metric Conversion Board, funded to encourage and assist industry and to educate the public in the use of the metric system. The bill would have let "change-over costs lie where they fall." And this is what organized labor objects to. The AFL–CIO insists that the federal government pay for the new metric tools and for retraining in the metric arithmetic. The labor unions have proposed, for instance, that garage mechanics be paid up to $4,000 for new socket wrenches and measuring tapes, although mechanics repairing foreign cars already use tools that are calibrated in centimeters and milimeters. The building trades demand funds to train apprentices in measuring metered bricks and lumber, although these apprentices seem to have no trouble in figuring that 50 cents equal half a dollar. The claim is that conversion would cost workers and small businesses $40 to $60 billion.

The fact is that over 10 years plumbers, carpenters and such are likely to buy new tools anyway. Most large firms, such as General Motors, Ford, Caterpillar Tractor and others, have either already begun conversion the better to compete in foreign markets, or plan to do so. They are willing to assume the full cost of worker-owned tools. The real fear on the part of labor seems to be that adoption of the metric system will speed the standardization of a good many products and may lead to increased imports of foreign products. The country as a whole, however, should surely welcome a greater measure of industrial standardization (it will make repairs and replacement of parts a great deal easier and less expensive) and favor expansion of world trade.

In short, the attitude of labor toward coordinated, metric conversion reminds us somewhat of the attempts of those legendary French workers who fought the introduction of machines by clogging the wheels with their wooden shoes, or *sabots*. Sabotage, as we all know, did not much delay the march of industrialization which, in turn, raised labor's standard of living. Since we are eventually going to have to join the rest of the world in this matter, in any case, it seems to us only logical to face up to it in a coordinated and comprehensive fashion, as Sen. Pell suggests.

ANALYSIS OF THE LEGAL SERVICES CORPORATION ACT

Mr. TAFT. Mr. President, the Library of Congress has prepared an analysis in

chart form of H.R. 7824, the Legal Services Corporation Act, as introduced and supported by the administration; as passed by the House; as passed by the Senate; and as approved by the conference committee.

I believe this comparative analysis would be of great assistance to all of my colleagues and their staffs, as it has been to me, in helping to understand the development of this legislation over this last year and the compromises which led to the final form of this legislation as approved by the conference committee.

The conference bill will be before us in the very near future and I am hopeful that it will be overwhelmingly approved by my colleagues. I ask unanimous consent that this chart be printed in the RECORD.

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

COMPARISON OF H.R. 7824

AS INTRODUCED (In the format of a separate Legal Services Corporation Act)	AS PASSED BY THE HOUSE (In the format of a separate Legal Services Corporation Act)	AS PASSED BY THE SENATE (Adds a new Title X to the Economic Opportunity Act of 1964, as amended.)	AS APPROVED BY THE CONFERENCE (Adds a new Title X to the Economic Opportunity Act of 1964, as amended.)
Legal Services Corporation	Legal Services Corporation	Legal Services Corporation	Legal Services Corporation
Board of Directors	Board of Directors	Board of Directors	Board of Directors
The President appoints the Board of Directors, composed of 11 voting members, by and with the advice and consent of the Senate.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.
No more than 6 of the 11-member Board shall be of the same political party. A majority shall be members of the bar of the highest court of any State. None shall be a full-time employee of the United States.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.
The President selects a chairman from among the voting members to serve for a 1-year term.	Identical to H.R. 7824, as introduced.	The President selects a chairman from among the voting members—to serve for a 3-year term. Thereafter, the Board annually elects a chairman from among its voting members.	Identical to H.R. 7824, as introduced.
A Board member may be removed by a vote of 7 members, only for malfeasance in office or persistent neglect of or inability perform duties.	Identical to H.R. 7824, as introduced.	A Board member may be removed by a vote of 7 members—only for malfeasance in office or persistent neglect of, or inability to discharge duties, or offenses involving moral turpitude.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	No Board member may participate in any decision, action, or recommendation with respect to any matter which directly benefits that member or any firm or organization with which that member is then currently associated.	No Board member may participate in any decision, action, or recommendation with respect to any matter which directly benefits that member or pertains specifically to any firm or organization with which the member is then currently associated or has been associated within a period of 2 years.	Identical to H.R. 7824, as passed by the Senate.
All meetings of the Board, any executive committee of the Board, and advisory councils shall be open to the public—unless, by a ⅔ vote, the membership of the body determines that an executive session should be held on a specific occasion.	Identical to R.R. 7824, as introduced.	All meetings of the Board, any executive committee of the Board, and advisory councils shall be open to the public, and minutes of each public meeting shall be available to the public, unless, by a ⅔ vote, the membership of the body determines that an executive session should be held on a specific occasion.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	The Board shall meet at least 4 times each calendar year.	Identical to H.R. 7824, as passed by the House.	Identical to H.R. 7824, as passed by the House.
Duration of the Corporation	Duration of the Corporation	Duration of the Corporation	Duration of the Corporation
No comparable provision.	"The corporation created under this Act shall be deemed to have fulfilled the purposes and objectives set forth in this Act, and shall be liquidated on June 30, 1978; unless sooner terminated by Act of Congress.	No comparable provision.	No comparable provision.
Advisory Councils	Advisory Councils	Advisory Councils	Advisory Councils
The Board of Directors shall request the governor of each State to appoint a 9-member advisory council for the State.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.
If a governor fails to appoint a State advisory council within 90 days of receiving the Board's request, the Board of Directors shall appoint a State advisory council.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.	Identical to H.R. 7824, as introduced.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
A majority of each advisory council's members shall be chosen from among lawyers admitted to practice in the State and all members shall be subject to annual reappointment.	Identical to H.R. 7824, as introduced.	A majority of each advisory council's members shall be appointed, after recommendations have been received from the State bar association, from among lawyers admitted to practice in the State and all members shall be subject to annual reappointment.	Identical to H.R. 7824, as passed by the Senate.
Each State advisory council shall be charged with notifying the Corporation of any apparent violation of the provisions of this Act and applicable rules and regulations.	Each State advisory council shall be charged with notifying the Corporation of any violation of the provisions of this Act and applicable rules, regulations, and guidelines.	Each State advisory council shall be charged with notifying the Corporation of any apparent violation of the provisions of this title and applicable rules and regulations.	Each State advisory council shall be charged with notifying the Corporation of any apparent violation of the provisions of this Act and applicable rules, regulations and guidlines.
No comparable provision.	The advisory council shall, at the same time, furnish a copy of the notification to any recipient charged with an apparent violation of the title, and the Corporation shall allow the recipient reasonable time to reply to any allegation contained in the notification.	The Corporation shall furnish a copy of the notification to any recipient charged with an apparent violation of the title, and the Corporation shall allow the recipient reasonable time to reply to any allegation contained in the notification.	Identical to H.R. 7824, as passed by the House.
No comparable provision.	No comparable provision.	The Board of Directors shall appoint a National Advisory Council, comprised of 15 members.	No comparable provision.
No comparable provision.	No comparable provision.	The members of the National Advisory Council shall be representative of the organized bar, legal education, legal services project attorneys, the population of eligible clients, and the general public.	No comparable provision.
No comparable provision.	No comparable provision.	The National Advisory Council shall consult with the Board and the President of the Corporation regarding the activities of the Corporation, especially on all rules, regulations and guidelines proposed to be established under this title.	No comparable provision.
Lobbying and political activity	Lobbying and political activity	Lobbying and political activity	Lobbying and political activity
The Corporation shall not undertake to influence the passage or defeat of any legislation by the Congress or by any State or local legislative bodies except that Corporation personnel may testify when formally requested by a legislative body, or one of its committees or members.	Identical to H.R. 7824, as introduced.	The Corporation shall not undertake to influence the passage or defeat of any legislation by the Congress or by any State or local legislative bodies, except that Corporation personnel may testify or make other appropriate communication when formally requested to do so by a legislative body, or one of its committees or members or in connection with legislation or appropriations directly affecting the activities of the Corporation.	Identical to H.R. 7824, as passed by the Senate.
The Corporation shall insure that no funds made available to recipients by the Corporation shall be used at any time, directly or indirectly, to undertake to influence the passage or defeat of any legislation by the Congress of the U.S., or by any State or local legislative bodies; except that personnel of any recipient may testify when formally requested to do so by a legislative body, a committee, or a member thereof.	The Corporation shall "insure that no funds made available to recipients by the corporation shall be used at any time directly or indirectly to undertake to influence any executive order or similar promulgation by a Federal, State, or local agency, or to undertake to influence the passage or defeat of legislation by the Congress of the United States, or by any State or legislative bodies, except that the personnel of any recipient may (a) testify or make a statement when formally requested to do so by a governmental agency, or by a legislative body or a committee or member thereof, or (b) in the course of providing legal assistance to an eligible client (pursuant to guidelines promulgated by the corporation) make representations necessary to such assistance with respect to any executive order or similar promulgation and testify or make other necessary representations to a local governmental entity."	The Corporation shall insure that no funds made available to recipient programs are used at any time, directly or indirectly, to undertake to influence the passage or defeat of any legislation by the Congress or by any State or local legislative bodies—except where (a) a legislative body, committee or member thereof requests personnel of any recipient to make representations thereto (b) representation by an attorney as an attorney for any eligible client is necessary to the provision of legal advice and representation with respect to such client's legal rights and responsibilities.	The Corporation shall insure that no funds made available to recipients by the Corporation shall be used at any time, directly or indirectly, to influence the issuance, amendment, or revocation of any executive order or similar promulgation by any Federal, State, or local agency, or to undertake to influence the passage or defeat of any legislation by Congress or any State or local legislative bodies, except where— (A) representation by an attorney as an attorney is necessary to the provision of legal advice and representation with respect to his client's legal rights and responsibilities. (This shall not be construed to permit a recipient or an attorney to solicit a client for the purpose of making such representation possible, or to solicit a group with respect to matters of general concern to a broad class of persons, as distinguished from acting on behalf of any particular client); or (B) a governmental agency, legislative body, committee, or a member thereof requests personnel of any recipient to make representations to their organization.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
The Corporation and any of its recipients shall not contribute corporate funds, program personnel or equipment for use in advocating or opposing any legislative proposals, ballot measures, initiatives, referendums, executive orders, or similar enactments or promulgations.	"Neither the Corporation nor any recipient shall contribute or make available corporate funds or program personnel or equipment for use in advocating or opposing any ballot measures, initiatives, referendums, or similar measures."	Neither the Corporation nor any recipient program shall contribute or make available corporate funds, program personnel, or equipment for use in advocating or opposing any ballot measures, initiatives, or referendums, except as necessary to the provision of legal advice and representation by attorneys as attorneys to their eligible clients with respect to such clients' legal rights and responsibilities.	The Corporation and any of its recipients shall not contribute corporate funds, program personnel or equipment for use in advocating or opposing any ballot measures, initiatives, or referendums. However, an attorney may provide legal advice and representation as any attorney to any eligible client with respect to the client's legal rights.
No comparable provision.	No comparable provision.	No class action suits may be undertaken, directly or through others by a legal services attorney, except with the express approval of a project director in accordance with policies established by the governing body of the project.	Identical to H.R. 7824, as passed by the Senate.
The Corporation shall insure that all attorneys, while engaged in legal assistance activities supported in whole or in part by the Corporation, refrain from— (1) any political activity; or (2) any activity to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election (other than legal representation) in civil or administrative proceedings; or (3) any voter registration activity (other than legal representation). The Corporation shall insure that attorneys receiving a majority of their annual professional income from legal assistance activities supported in whole or in part by the Corporation refrain from the above enumerated activities *at any time.*	The Corporation shall, in accordance with the Canons and Code of the ABA, insure: (a) that all attorneys, while engaged in legal assistance activities supported in whole or in part by the Corporation, refrain from: (1) any political activity; (2) any activity to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election other than legal representation in civil or administrative proceedings; (3) any voter registration activity (other than legal representation). The Corporation shall insure that all attorneys receiving more than one-half of their annual professional income from legal assistance activities supported in whole or in part by the corporation refrain at any time during the period for which such compensation is received from the activities described in clauses (2) and (3) and from taking an active part in partisan or nonpartisan political management or in partisan or nonpartisan political campaigns.	The Corporation shall insure: that all attorneys engaged in legal assistance activities supported in whole or in part by the Corporation, refrain, while so engaged, from: (1) any political activity associated with a political party or a candidate for public or party office; (2) any activity to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election; or (3) any voter registration activity; except as necessary to the provision of legal advice and representation by an attorney as an attorney for any eligible clients with respect to such clients' legal rights and responsibilities; and The Corporation shall insure that all staff attorneys refrain, at any time, from identifying the Corporation or a recipient program with any partisan or nonpartisan political activity associated with a political party or a candidate for public office.	The Corporation shall insure that all attorneys engaged in legal assistance activities supported in whole or in part by the Corporation refrain, while so engaged, from—(A) any political activity, or (B) any activity to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election (other than legal advice and representation), or (C) any voter registration activity (other than legal advice and representation). The Corporation shall insure that staff attorneys refrain at any time during the period for which they receive compensation under this title from transportation and registration of voters, and from political activities prohibited by the Hatch Act, whether partisan or nonpartisan.
No funds made available by the Corporation, either by grant or contract, may be used for any of the political activities described directly above. The Corporation shall insure that Corporation and recipient program employees receiving a majority of their annual professional income from legal assistance under this act refrain from participation in, and encouragement of others to participate in, any of the following activities: (1) rioting, civil disturbance, picketing, boycott, or strike; (2) any form of activity which is in violation of an outstanding injunction of any Federal, State, or local court; or (3) any illegal activity.	Identical to H.R. 7824, as introduced "The Corporation shall ensure that its employees and employees of recipients, which employees receive a majority of their annual professional income from legal assistance under this Act, shall, while engaged in activities carried on by the Corporation or by a recipient, refrain from participation in, and refrain from encouragement of others to participate in any picketing, boycott, or strike, and shall at all times during the period of their employment refrain from encouragement of others to participate in: (a) rioting or civil disturbance; (b) any form of activity which is in violation of an outstanding injunction of any Federal, State, or local court; or (c) any illegal activity."	Identical to H.R. 7824, as introduced. The Corporation shall insure that: (1) no Corporation or recipient program employee shall, while carrying out legal assistance activities under this title, engage in (except as permitted by law in connection with employee's own employment situation), or encourage others to engage in, any public demonstration, picketing, boycott, or strike; and (2) no Corporation or recipient program employee shall at any time engage in, or encourage others to engage in, any of the following activities: (a) any rioting or civil disturbance (b) any form of activity which is in violation of an outstanding injunction of any court of competent jurisdiction or (c) any other illegal activity, or any activity to provide voters with transportation to the polls or provide similar assistance in connection with an election; or any voter registration activity except as necessary to the provision of legal	Identical to H.R. 7824, as introduced. The Corporation shall insure that (A) no employee of the Corporation or of any recipient (except as permitted by law in connection with his own employment situation), while carrying out legal assistance activities under this title, shall engage in, or encourage others to engage in, any public demonstration or picketing, boycott, or strike; and (B) no employee shall, at any time, engage in, or encourage others to engage in, any of the following activities: (i) any rioting or civil disturbance, (ii) any activity which is in violation of an outstanding injunction, (iii) any other illegal activity, or (iv) any intentional identification of the Corporation or any recipient with any political activity, including transportation or registration of voters.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
		advice and representation by an attorney as an attorney for any eligible clients with respect to such legal rights and responsibilities.	
No comparable provision.	No comparable provision.	Employees of the Corporation or its recipients shall at no time engage in, or encourage others to engage in, identifying the Corporation or any recipient with any political activity associated with a political party or candidate for public or party office.	Employees of the Corporation or its recipients shall at no time intentionally identify the Corporation or its recipient with any partisan or nonpartisan political activity associated with a political party or association, or the campaign of any candidate for public or party office.
The Board of Directors, within 90 days of this act's enactment, shall issue rules and regulations to provide for the enforcement of the illegal activity limitations mentioned above. These rules shall include provisions for termination or summary suspension of legal assistance under this act, and suspension or termination of compensation to an employee of the Corporation or an employee of any recipient program.	The Board of Directors, within 90 days of this Act's enactment, shall issue guidelines to provide for the enforcement of the illegal activity limitations mentioned above. These guidelines shall include criteria which shall be used by recipient programs in any action by them for the suspension or termination of their employees for violations of the illegal activity provisions mentioned above.	The Board of Directors, within 90 days of the date of its first meeting, shall issue rules and regulations to provide for the enforcement of the illegal activity limitations mentioned above. These rules shall include, among available remedies, provisions for the suspension of legal assistance under this title, suspension of an employee of the Corporation or of an employee of any recipient by the recipient, and after other remedial measures have been exhausted, the termination of assistance or employment, as deemed appropriate for the violation in question.	The Board of Directors, within 90 days after its first meeting, shall issue rules and regulations to provide for the enforcement of the above prohibitions, as well as the enforcement of prohibitions relating to attempts to influence legislation. Available remedies shall include suspension of legal assistance supported under this title, suspension of an employee of the Corporation or of any employee of any recipient, and, after consideration of other remedial measures and after a hearing, the termination of assistance or employment.
The Corporation and its recipients shall not contribute or make available corporate funds or program personnel or equipment to any political party, political association or candidate for elective office.	Identical to H.R. 7824 as introduced.	The Corporation and its recipients shall not contribute or make available corporate funds or program personnel or equipment to any political party or association, or the campaign of any candidate for public or party office.	Identical to H.R. 7824, as passed by the Senate.
No funds made available by the Corporation, either by grant or contract, may be used to support or conduct training programs for the advocacy of, as distinguished from the dissemination of information about, particular public policies, or which encourage political activities, labor or anti-labor activities, boycotts, picketing, strikes, and demonstrations.	No funds made available by the Corporation, either by grant or contract, may be used to support or conduct training programs for the advocacy of, as distinguished for the dissemination of information about, particular public policies, or which encourage political activities, labor or anti-labor activities, boycotts, picketing, strikes, demonstrations.	No funds made available by the Corporation, either by grant or contract, may be used to support or conduct training programs for the purpose of	No funds made available by the Corporation, either by grant or contract, may be used to support or conduct training programs for the purpose of advocating particular public policies or encouraging political activities, labor or anti-labor activities, boycotts, picketing, strikes, and demonstrations, as distinguished from the dissemination of information about these policies or activities.
No comparable provision.	This provision shall not be construed to prohibit the training of attorneys necessary to prepare them to provide adequate legal assistance to eligible clients.	(1) advocating, as distinguished from the dissemination of information about particular public policies or (2) encouraging political activities, labor or antilabor activities, and any illegal boycotts, picketing, strikes, and demonstrations (except that, for the purposes of this title, encouraging does not include the rendering of legal advice and representation to eligible clients by an attorney as an attorney with respect to the clients' legal rights and responsibilities).	This provision shall not be construed to prohibit the training of attorneys or paralegal personnel necessary to prepare them to provide adequate legal assistance to eligible clients.
No funds made available by the Corporation, either by grant or contract, may be used to organize, to assist to organize, or plan for, the creation or formation of, or structuring of, any organization, association, coalition, alliance, federation, confederation, or any similar entity except as authorized by the Corporation.	No funds made available by the Corporation, either by grant or contract, may be used to organize, to assist to organize, or plan for, the creation of, formation of, or the structuring of, any organization, association, coalition, alliance, federation, or any similar entity—except for the provision of appropriate legal assistance in accordance with Corporation guidelines.	No funds made available by the Corporation, either by grant or contract, may be used to organize, to assist to organize, or plan for, the creation or formation of, or structuring of, any organization, association, coalition, alliance, federation, confederation, or any similar entity—except for the rendering of legal advice and representation to eligible clients by an attorney as an attorney with respect to the clients' legal rights and responsibilities.	Identical to H.R. 7824, as passed by the House.
Criminal representation	Criminal representation	Criminal representation	Criminal representation
No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance with respect to a criminal proceeding or incarceration for a crime.	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance with respect to any criminal proceeding or (3) in civil actions to persons who have been convicted of a criminal charge where the civil action arises out of alleged acts or failure	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance with respect to a criminal proceeding.	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance with respect to any criminal proceeding, or to provide legal assistance in civil actions to persons who have been convicted of a criminal charge where the civil action arises out

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
	to act connected with the criminal conviction and is brought against an officer of the court or a law enforcement official.		of alleged acts or failures to act and the action is brought against an officer of the court or against a law enforcement official for the purpose of challenging the validity of the criminal conviction.
Fee generating cases No comparable provision.	Fee generating cases No funds made available by the Corporation, either by grants or contract, may be used to provide legal assistance with respect to any fee-generating cases (except in accordance with Corporation guidelines).	Fee generating cases No comparable provision.	Fee generating cases Identical to H.R. 7824 as passed by the House.
Outside practice of law The Corporation shall insure that attorneys employed full-time in legal assistance activities supported in whole or in part by the Corporation represent only eligible clients and refrain from any outside practice of law.	Outside practice of law Identical to H.R. 7824, as introduced.	Outside practice of law The Corporation shall insure that attorneys employed full time in legal assistance activities supported in major part by the Corporation refrain from (1) any outside practice of law for compensation, and (3) engaging in uncompensated outside practice of law except as deemed appropriate in guidelines promulgated by the Corporation.	Outside practice of law Identical to H.R. 7824, as passed by the Senate.
Incitement of litigation No comparable provision.	Incitement of litigation (Sec. 7(a)(9)) The Corporation shall "insure that all attorneys, while engaged in legal assistance activities supported in whole or in part by the Corporation, refrain from the persistent incitement of litigation or any other activity prohibited by the Canons of Ethics and Code of Professional Responsibility of the American Bar Association.	Incitement of litigation No comparable provision.	Incitement of litigation The Corporation shall insure that all attorneys, while engaged in legal assistance activities supported in whole or in part by the Corporation, refrain from the persistent incitement of litigation and any other activity prohibited by the ABA Canons and Code.
No comparable provision.	"The Corporation shall insure that such attorneys refrain from personal representation for a private fee for a period of two years any cases which are first presented to them while engaged in such legal assistance activities."	No comparable provision.	The Corporation shall insure that Corporation-supported attorneys refrain from personal representation for a private fee in any cases in which they were involved while engaged in legal assistance activities supported by the Corporation.
Public interest law firms No funds made available by the Corporation, either by grant or contract, may be used to award grants or enter into contracts with any public interest law firm which expends any resources and time litigating issues either in the broad interests of a majority of the public or in the collective interests of the poor, or both.	Public interest law firms "No funds made available by the Corporation under this Act, either by grant or contract, may be used to award grants or to enter into contracts with any private firm which expends 50 per centum or more of its resources and time litigating issues either in the broad interests of a majority of the public or in the collective interests of the poor, or both;"	Public interest law firms No funds made available by the Corporation, either by grant or contract, may be used to award grants or enter into contracts with any public interest law firm which expends 50% or more of its resources and time litigating issues in the broad interests of a majority of the public.	Public interest law firms No funds made available by the Corporation, either by grant or contract, may be used to make grants to or enter into contracts with any private law firm which expends 50 percent or more of its resources and time litigating issues in the broad interests of a majority of the public.
Notification prior to approval of a grant or contract At least 30 days prior to approval of any grant application or prior to entering into a contract, the Corporation shall notify the governor and the State Bar Association of the State in which the recipient program will offer legal assistance. Notification shall include a reasonable description of the grant application or proposed contract and a request of their comments and recommendations.	Notification prior to approval of a grant or contract Identical to H.R. 7824, as introduced.	Notification prior to approval of a grant or contract At least 30 days prior to approval of any grant application or prior to entering into a contract, or prior to the Corporation's initiation of any other project, the Corporation shall announce publicly, and notify the Governor and the State bar association of any State where legal assistance will be initiated, of the grant, contract, or project. Notification shall include a reasonable description of the grant application or proposed contract or project and request comments and recommendations.	Notification prior to approval of a grant or contract Identical to H.R. 7824, as passed by the Senate.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
Approval of grants or contracts Grants and contracts shall be made or entered into by the president in the name of the Corporation, but the Board of Directors may by rule establish classes of grants or contracts to be reviewed and approved by it prior to such action by the Corporation president.	Approval of grants or contracts Grants and contracts shall be made or entered into by the president of the Corporation, but the Board of Directors shall review and approve any grant or contract with a State or local government prior to action by the president and may, by rule, establish other classes of grants or contracts to be reviewed and approved prior to such action by the Corporation president.	Approval of grants or contracts Grants and contracts shall be made or entered into by the president of the Corporation.	Approval of grants or contracts Identical to H.R. 7824, as passed by the Senate.
Review of appeals The Corporation shall establish guidelines for a system for review of appeals to insure the efficient utilization of resources and to prevent the taking of frivolous and duplicative appeals.	Review of appeals The Corporation shall, in accordance with the Canons and Code of the ABA, establish guidelines for consideration of possible appeals to be implemented by each recipient program to insure the efficient utilization of resources. Such guidelines shall in no way interfere with the attorney's responsibilities.	Review of appeals The Corporation shall require recipient programs to establish guidelines for a system for review of appeals to insure the efficient utilization of resources and to avoid frivolous appeals.	Review of appeals The Corporation shall require recipients to establish guidelines, consistent with regulations promulgated by the Corporation, for a system for review of appeals to insure the efficient utilization of resources and to avoid frivolous appeals (except that these guidelines or regulations shall in no way interfere with attorneys' professional responsibilities).
Governing boards of recipient programs In making grants or entering into contracts for legal assistance, the Corporation shall insure that any recipient organized solely for the purpose of providing legal services to eligible clients is governed by a body consisting of a majority of lawyers who are members of the bar of the State in which the legal services are to be provided.	Governing boards of recipient programs "In making grants or entering into contracts for legal assistance, the Corporation shall assure that any recipient organized solely for the purpose of providing legal assistance to eligible clients is governed by a body at least two-thirds of which consists of lawyers who are members of the bar of a State in which the legal assistance is to be provided (except pursuant to regulations issued by the Corporation which allow a waiver of this requirement for recipients which because of the nature of the population they serve are unable to comply with such requirement); such lawyers shall not, while serving on such body, receive compensation from a recipient or from the Corporation for any other service."	Governing boards of recipient programs In making grants or entering into contracts for legal assistance, the Corporation shall insure that any recipient organized solely for the purpose of providing legal assistance to eligible clients is governed by a body consisting of a majority of lawyers who are members of the bar of the State in which the legal assistance is to be provided and an appropriate number of eligible clients. The Corporation shall, upon application, grant waivers to permit a legal services program which (on the date of enactment of this title) has a majority of non-lawyers on its policy-making board to continue its non-lawyer majority. The Corporation may grant a waiver of the requirement for a majority of lawyers to other recipient programs for cause shown. Members of the governing boards of recipient programs shall not receive compensation from the recipient program while serving on the governing board.	Governing boards of recipient programs In making grants or entering into contracts for legal assistance, the Corporation shall insure that any recipient organized solely for the purpose of providing legal assistance to eligible clients is governed by a body at least 60 percent of which consists of attorneys who are members of the State bar. The Corporation shall, upon application, grant waivers to permit a legal services program supported by OEO with a majority of non-attorney board members to continue under the provision of this title. The Corporation may grant a waiver to recipients which, because of the nature of the population they serve, are unable to comply with this requirement. Any attorney, while serving on the board, shall not receive compensation from a recipient. The governing body shall include at least one individual eligible to receive legal assistance under this title.
Independence of the attorney The Corporation shall insure the maintenance of the highest quality of service and professional standards, adherence to the preservation of attorney-client relationships, and the protection of the integrity of the adversary process from any impairment in furnishing legal assistance to eligible clients. The Corporation shall not interfere with any attorney in carrying out his professional responsibility to his client or abrogate the authority of a State to enforce the applicable standards of professional responsibility which apply to the attorney.	Independence of the attorney Identical to H.R. 7824, as introduced. Identical to H.R. 7824, as introduced.	Independence of the attorney Identical to H.R. 7824, as introduced. The Corporation shall not interfere with any attorney in carrying out his professional responsibilities to his client as established in the Canons of Ethics and the Code of Professional Responsibility of the American Bar Association or abrogate as to attorneys in programs assisted under this title the authority of a State or other jurisdiction to enforce the standards of professional responsibility generally applicable to attorneys in the jurisdiction.	Independence of the attorney Identical to H.R. 7824, as introduced. The Corporation shall not interfere with any attorney in carrying out his professional responsibilities to his client as established in the ABA's Code and Canons. The Corporation shall not abrogate as to attorneys in recipient programs the authority of a State or other jurisdiction to enforce the standards of professional responsibility generally applicable to attorneys in the jurisdiction. The Corporation shall insure that activities under this title are carried out in a manner consistent with attorneys' professional responsibilities.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
Eligibility determination and fee schedules	Eligibility determination and fee schedules	Eligibility determination and fee schedules	Eligibility determination and fee schedules
The Corporation shall establish that an individual shall be eligible for legal assistance under this act if his annualized gross income is less than 200% of the poverty level as defined by the OMB, except that no individual, capable of gainful employment, shall be eligible if his lack of gross income results from his refusal or unwillingness to seek or accept employment.	The Corporation shall establish maximum income levels for those eligible for legal assistance under this Act. These maximum income levels shall take into account family size and urban and rural differences and be established in consultation with the Director of the OMB. The Corporation shall also establish guidelines to insure that eligibility of clients will be determined by recipient programs on the basis of factors including: (1) client's assets and income levels; (2) fixed debts, medical expenses, and other factors affecting the client's ability to pay; (3) size of the client's family; (4) cost of living in the locality; and (5) such other factors as relate to the financial inability to afford legal assistance. . . . "no individual, capable of gainful employment, shall be eligible for the receipt of legal assistance if his lack of income results from his refusal or unwillingness, without good cause, to seek or accept employment;"	The Corporation, consistent with attorneys' professional responsibilities, shall establish maximum income levels for individuals eligible for legal assistance under this title. These maximum income levels shall take into account family size, urban and rural differences, and substantial cost-of-living variations and be established in consultation with the Director of the OMB and State governors. The Corporation shall also establish guidelines to insure that eligibility of clients will be determined by recipient programs in accordance with appropriate factors related to financial inability to afford legal assistance, which may include among other factors evidence of a prior determination that a lack of income results from a refusal, without good cause, to seek or accept an employment situation commensurate with an individual's health, age, education, and ability.	The Corporation shall establish, in consultation with the Director of OMB and State Governors, maximum income levels for individuals eligible for legal assistance under this title. The maximum income levels shall take into account family size, urban and rural differences, and substantial cost-of-living variations. The Corporation shall establish guidelines to insure that eligibility of clients will be determined by recipients on the basis of factors which include— (i) the liquid assets and income level of the client (ii) the fixed debts, medical expenses, and other factors which affect the client's ability to pay (iii) the cost of living in the locality, and (iv) other factors that relate to financial inability to afford legal assistance. An individual shall be ineligible for assistance if his lack of income results from refusal or unwillingness, without good cause, to seek or accept an employment situation.
No comparable provision.	In addition, the Corporation shall establish priorities to insure that those least able to afford legal assistance are given preference in furnishing of assistance.	Identical to H.R. 7824, as passed by the House.	Identical to H.R. 7824, as passed by the House.
The Corporation shall establish a schedule of fees which will require the client, if able, to pay at least a portion of the cost of legal assistance.	No comparable provision.	No comparable provision.	No comparable provision.
The Corporation shall insure that grants are made and contracts are entered into so as to provide adequate legal assistance to persons in both urban and rural areas.	Identical to H.R. 7824, as introduced.	The Corporation shall insure that grants are made and contracts entered into so as to provide the most economical, effective, and comprehensive delivery of legal assistance to persons in both urban and rural areas, and to assure equitable services to the significant segments of the population of eligible clients (including handicapped individuals, the elderly poor, Indians, and migrant or seasonal farmworkers and others with special needs.	The Corporation shall insure that grants and contracts are made so as to provide the most economical and effective delivery of legal assistance to persons in both urban and rural areas.
No comparable provision.	No comparable provision.	In areas where significant numbers of eligible clients speak as their predominant language a language other than English, the Corporation shall insure that their predominant language is used in the provision of legal assistance to them under this title.	Identical to H.R. 7824, as passed by the Senate.
No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance under this act to any person of less than 18 years of age without formal written consent of one of the person's parents or guardians, except that if a person less than 18 has no parent or guardian, an attorney compensated under this act may represent such person for the purpose of petitioning the court to request appointment of a guardian *ad litem*, with the written consent of a guardian *ad litem* necessary for continued provision of such legal assistance.	No funds made available by the Corporation, either by grant or contract, may be used "to provide legal assistance under this Act to any person under eighteen years of age without the written request of one of such person's parents or guardians or any court of competent jurisdiction except in child abuse cases, custody proceedings, and PINS proceedings;"	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance under this title to any unemancipated person of less than 18 years of age, except: (1) with the written request of one of his parents or guardians (2) upon the request of any court of competent jurisdiction (3) in child abuse cases, custody proceedings, PINS proceedings and cases involving the institution of, continuation or conditions of institutionalization, or (4) where necessary for the protection of the person for the purpose of securing, or preventing the loss of, benefits or services to which the person is legally entitled; or	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance under this title to any unemancipated person of less than 18 years of age, except (A) with the written request of one of the person's parents or guardians, (B) upon the request of a court of competent jurisdiction, (C) in child abuse cases, custody proceedings, or cases involving the initiation, continuation, or conditions of institutionalization, or (D) where necessary for the protection of the person for the purpose of securing, or preventing the loss of, benefits, or securing, or preventing the loss or imposition of, services under law in cases not involving

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
		(5) in other cases pursuant to criteria which the Board shall prescribe for the purpose of insuring adequate legal assistance for persons under 18 years of age.	the child's parent or guardian as a defendant or respondent.
Desegregation of schools	Desegregation of schools	Desegregation of schools	Desegregation of schools
No comparable provision.	No funds made available by the Corporation, either by grant or contract, may be used "to provide legal assistance with respect to any proceeding or litigation relating to the desegregation of any school or school system;"	No comparable provision.	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance with respect to any proceeding or litigation relating to the desegregation of any elementary or secondary school or school system.
No comparable provision.	No funds made available by the Corporation, either by grant or contract, may be used "to provide legal assistance with respect to any proceeding or litigation relating to the desegregation of any institution of higher education;"	No comparable provision.	No comparable provision.
Litigation relating to abortion	Litigation relating to abortion	Litigation relating to abortion	Litigation relating to abortion
No comparable provision.	No funds made available by the Corporation, either by grant or contract, may be used "to provide legal assistance with respect to any proceeding or litigation which seeks to procure a nontherapeutic abortion or to compel any individual or institution to perform an abortion, contrary to the religious beliefs or moral convictions of such individual or institution;"	No funds made available by the Corporation, either by grant or contract, may be used "to provide legal assistance with respect to any proceeding or litigation which seeks to procure an abortion unless the abortion is necessary to save the life of the mother, or to compel any individual or institution to perform an abortion, or assist in the performance of an abortion, or provide facilities for the performance of an abortion, contrary to the religious beliefs or moral convictions of the individual or institution.	No funds made available by the Corporation, either by grant or contract, may be used to provide legal assistance with respect to any proceeding or litigation which seeks to procure a nontherapeutic abortion or to compel any individual or institution to perform an abortion, or assist in the performance of an abortion, or provide facilities for the performance of an abortion, contrary to the religious beliefs or moral convictions of the individual or institution.
Litigation relating to Selective Service	Litigation relating to Selective Service	Litigation relating to Selective Service	Litigation relating to Selective Service
No comparable provision.	No funds made available by the Corporation, either by grant or contract, may be used "to provide legal assistance under this Act with respect to any matter arising out of a violation of the Selective Service Act or of desertion from the Armed Forces of the United States."	Identical to H.R. 7824 as passed by the House.	Identical to H.R. 7824, as passed by the House.
No comparable provision.	(Sec. 12(d)) "No assistance shall be given to indigent, abandoned Watergate defendants."	No comparable provision.	No comparable provision.
Qualifications of attorneys	Qualifications of attorneys	Qualifications of attorneys	Qualifications of attorneys
No attorney shall receive compensation, either directly or indirectly, for the provision of legal assistance under this act, unless such attorney is admitted to practice law in the State where the rendering of such assistance is initiated.	No attorney shall receive compensation, either directly or indirectly, for the provision of legal assistance under this Act, unless such attorney is authorized to practice law in the State where the rendering of such assistance is initiated.	No attorney shall receive any compensation, either directly or indirectly, for the provision of legal assistance under this title unless he is admitted or otherwise authorized by law, rule, or regulation to practice law or provide legal assistance in the jurisdiction where the assistance is initiated.	No attorney shall receive compensation, either directly or indirectly, for the provision of legal assistance under this title, unless the attorney is admitted or otherwise authorized to practice law or authorized to provide legal assistance in the jurisdiction where the assistance is initiated.
Recommendations of local bar	Recommendations of local bar	Recommendations of local bar	Recommendations of local bar
No comparable provision.	The Corporation shall "insure that recipients solicit the recommendations of the organized bar in the community being served before filling staff attorney positions in any project funded pursuant to this Act and give preference in filling such positions to qualified persons who reside in the community to be served;"	No comparable provision.	Identical to H.R. 7824, as passed by the House.
Alternative methods of legal assistance	Alternative methods of legal assistance	Alternative methods of legal assistance	Alternative methods of legal assistance
The Corporation shall conduct a study of alternative methods of delivery of legal services to eligible clients including judicare, vouchers, prepaid legal insurance,	Identical to H.R. 7824 as introduced.	The Corporation shall provide for a comprehensive, independent study of the existing staff attorney program under this Act and, through the use of appro-	Identical to H.R. 7824, as passed by the Senate.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
and contracts with law firms, and shall make recommendations to the President and the Congress on or before June 30, 1974, concerning improvements, changes, or alternative methods for delivery of such systems.		priate demonstration projects, alternative and supplemental methods of providing legal services to eligible clients including judicare, vouchers, prepaid legal insurance, and contracts with law firms. The Corporation shall make recommendations to the President and the Congress not later than 2 years after the first meeting of the Board of Directors, concerning improvements, changes, or alternative methods for the economical and effective delivery of legal services.	
Notice prior to issuing rules, regulations, and guidelines	Notice prior to issuing rules, regulations, and guidelines	Notice prior to issuing rules, regulations, and guidelines	Notice prior to issuing rules, regulations, and guidelines
No comparable provisions.	The Corporation shall afford notice and reasonable opportunity for comment to interested parties prior to issuing rules, regulations, and guidelines. The Corporation shall publish all bylaws, rules, regulations, and guidelines in the Federal Register on a timely basis.	The Corporation shall afford notice and reasonable opportunity for comment to interested persons prior to issuing rules, regulations, and guidelines. The Corporation shall publish all proposed rules, regulations, guidelines, instructions and application forms issued in the Federal Register at least 30 days prior to their effective date.	Identical to H.R. 7824, as passed by the Senate.
Transition provisions	Transition provisions	Transition provisions	Transition provisions
No comparable provision.	No comparable provision.	OEO shall take action as may be necessary, in cooperation with the Corporation, to arrange for the orderly continuation by the Corporation of financial assistance to legal services programs assisted under any provision of the Economic Opportunity Act.	OEO or any successor authority shall take action as may be necessary, in cooperation with the Corporation, to assist the Corporation in preparing to undertake its responsibilities under the title. This action may include the provision of financial assistance to recipients and the Corporation and the furnishing of services and facilities to the Corporation.
No comparable provision.	No comparable provision.	Whenever OEO determines that an obligation to provide financial assistance for legal services will extend beyond 6 months after the date of enactment of this Act, it shall include, in the grant or contract, provisions to assure that the obligation to provide assistance may be assumed by the Corporation—subject to modifications of the terms and conditions as the Corporation determines to be necessary.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	No comparable provision.	Personnel transferred to the Corporation (with certain exceptions) shall be transferred in accordance with applicable laws and regulations and shall not be reduced in classification or compensation for 1 year after transfer, except for cause.	Personnel transferred to the Corporation from OEO or any successor authority shall be transferred in accordance with applicable laws and regulations, and shall not be reduced in compensation for 1 year after transfer, except for cause.
No comparable provision.	No comparable provision.	OEO shall take whatever action is necessary and reasonable to seek suitable employment for personnel who would otherwise be transferred to the Corporation, but who do not wish to transfer to the Corporation.	The Director of OEO or the head of any successor authority shall take action to seek suitable employment for personnel who do not transfer to the Corporation.
No comparable provision.	No comparable provision.	Collective bargaining agreements in effect on the date of enactment of this Act covering employees transferred to the Corporation shall continue to be recognized by the Corporation until the termination date of the agreements, or until mutually modified by the parties.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	No comparable provision.	The Corporation shall insure maximum utilization of the expertise and facilities of organizations presently specializing in the delivery of legal services to the community of eligible clients.	No comparable provision.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
No comparable provision.	Effective July 1, 1973, or the date of enactment of this Act (whichever is later), the Secretary of HEW shall take necessary actions (including the provision of financial assistance and the furnishing of services and facilities): (1) to assist the Corporation in preparing to undertake, and in the initial undertaking of, its responsibilities under this Act; and (2) to assist recipient programs in the provision of legal assistance until 90 days after the first meeting of the Corporation's Board of Directors.	The Director of OEO and the president of the legal services corporation shall take action to arrange for the orderly continuation of financial assistance to legal services programs assisted by OEO.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	Effective July 1, 1973, or the date of enactment of this Act (whichever is later), all OEO rights to legal services programs' property, and all assets, liabilities, property, and records held or used by OEO in connection with legal services programs shall be transferred to the Secretary of HEW—until 90 days after the first meeting of the Corporation's Board of Directors. Thereafter, they shall be the property of the Corporation.	Notwithstanding any other provision of law, effective 90 days after the date of the first meeting of the Board of Directors, all rights of the OEO to capital equipment in possession of legal services programs shall become the property of the Corporation.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	The first meeting of the Board of Directors is to occur following the appointment and qualification of at least 6 members.	Effective 90 days after the Board's first meeting, all personnel (except "personnel under schedule A of the excepted service"), assets, liabilities, property, and records and obligations employed, held, or used in connection with the OEO legal services program shall be transferred to the Corporation.	Effective 90 days after the Board's first meeting, all assets, liabilities, obligations, property, and records employed, held or used in connection with the OEO legal services programs shall be transferred to the Corporation.
No comparable provision.	The current legislative authorization for the OEO Legal Services Program (Sec. 222(a)(3) of the Economic Opportunity Act) is repealed—effective 90 days after the first meeting of the Board of Directors.	Identical to H.R. 7824, as passed by the House.	Identical to H.R. 7824, as passed by the House.
No comparable provision.	The interim authority of the Secretary of HEW over the Legal Services Program is terminated—effective 90 days after the first meeting of the Board of Directors.	No comparable provision.	No comparable provision.
No comparable provision.	Such sums as may be necessary to carry out the interim authority of the Secretary of HEW are authorized to be appropriated for FY 1974.	The Director of OEO shall make funds available to meet the organizational and administrative expenses of the corporation, out of appropriations available to him for the fiscal year in which this Act is enacted. Within 90 days after the first meeting of the Board, the director of OEO shall transfer to the Corporation all unexpended funds appropriated to OEO for legal services activities.	Identical to H.R. 7824, as passed by the Senate.
No comparable provision.	No comparable provision.	The President may direct that particular support functions of the Federal Government, such as the General Services Administration, the Federal telecommunications system, and other facilities, be utilized by the Corporation or its recipients to the extent not inconsistent with other applicable law.	The President may direct that appropriate support functions of the Federal government may be made available to the corporation in carrying out its activities to the extent not inconsistent with other applicable law.
Court fees	Court fees	Court fees	Court fees
No comparable provision.	"If an action is commenced by the Corporation or by a recipient and a final judgment is rendered in favor of the defendant and against the Corporation's or recipient's plaintiff, the court may	No comparable provision.	If an action is commenced by the Corporation or by a recipient and a final order is entered in favor of the defendant and against the Corporation or a recipient's plaintiff, the court may,

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
	upon proper motion by the defendant award reasonable costs and legal fees incurred by the defendant in defense of the action, and such costs shall be directly paid by the Corporation."		upon motion by the defendant and upon a finding by the court that the action was commenced or pursued for the sole purpose of harassment of the defendant or that the Corporation or a recipient's plaintiff maliciously abused legal process, enter an order awarding reasonable costs and legal fees incurred by the defendant in defense of the action. (This order shall be appealable before being made final.) Any resulting costs and fees shall be directly paid by the Corporation. This action may not be taken when in contravention of a State law, a rule of court, or a statute of general applicability.
Authorization	Authorization	Authorization	Authorization
Authorizes to be appropriated such sums as may be necessary to carry out the activities of the Corporation. The first appropriation may be made available to the Board of Directors at any time after 6 or more members have been appointed and qualified.	Identical to H.R. 7824, as introduced.	Authorizes to be appropriated for the purpose of carrying out the activities of the Corporation $71.5 million for FY 1974, $90 million for FY 1975, and $100 million for FY 1976. The first appropriation may be made available to the Corporation at any time afer 6 or more members have been appointed and qualified.	Authorizes to be appropriated $90 million for FY 1975, $100 million for FY 1976, and such sums as may be necessary for FY 1977 to carry out the activities of the Corporation. The first appropriation may be made available to the Corporation at any time after 6 or more members of the Board have been appointed and qualified.
Subsequent appropriations shall be for 3-year periods or such other periods as the appropriations acts may designate. If for more than 1 year, these appropriations are to be paid in annual installments.	No comparable provision.	Subsequent appropriations shall be for not more than 2 fiscal years, and, if for more than 1 year shall be paid to the Corporation in annual installments at the beginning of each fiscal year.	Subsequent appropriations shall be for not more than 2 fiscal years. If for more than 1 year, these appropriations are to be paid in annual installments.
No comparable provision.	"Funds appropriated pursuant to this section shall remain available until expended."	Identical to H.R. 7824, as passed by the House.	Identical to H.R. 7824, as passed by the House.
Non-Federal funds	Non-Federal funds	Non-Federal funds	Non-Federal funds
Where monies are received by the Corporation or any recipient from funds not made available by the Corporation, they shall not be comingled with funds derived from appropriations under this act.	"Non-Federal funds received by the Corporation, and funds received by any recipient from a source other than the Corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds, but shall not be expended by recipients for any purpose prohibited by this Act (except that this provision shall not be construed in such a manner as to make it impossible to contract or make other arrangements with private attorneys or private law firms, or with legal aid societies which have separate public defender programs, for rendering legal assistance to eligible clients under this Act)."	Funds received by the Corporation from a source other than appropriations acts, or by any recipient from any source other than the Corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds.	Non-Federal funds received by the Corporation, and funds received by recipients from a source other than the Corporation, shall be kept separate and distinct from Federal funds. These funds shall not be expended for purposes prohibited under this title. This provision shall not prevent recipients from receiving other public funds or tribal funds and expending them in accordance with the purposes for which they are provided. Nor shall it prevent contracting with private attorneys, private law firms, other State or local entities of attorneys, or with legal aid societies having separate public defender programs, for the provision of legal assistance to eligible clients.
Monitoring, evaluation and range of Corporation activities	Monitoring, evaluation and range of Corporation activities	Monitoring, evaluation and range of Corporation activities	Monitoring, evaluation and range of Corporation activities
The Corporation shall monitor and evaluate programs supported in whole or in part under this Act to insure that the provisions of this Act, the Corporation bylaws, and applicable rules, regulations, and guidelines under this Act are carried out.	Identical to H.R. 7824, as introduced.	The Corporation shall monitor and evaluate and provide for independent evaluations of programs supported in whole or in part under this title to insure that the provisions of this title and the bylaws of the Corporation and applicable rules, regulations, and guidelines are carried out.	Identical to H.R. 7824, as passed by the Senate.
The Corporation is authorized to make grants to, and to contract with, individuals, partnerships, firms, organizations, corporations, State and local governments and other appropriate entities for the purpose of providing legal assistance to eligible clients.	The Corporation is authorized to make grants to or contract with individuals, partnerships, firms, organizations, corporations, State and local governments, and other appropriate entities for the purpose of providing legal assistance; and	The Corporation is authorized to: (1) provide financial assistance to qualified programs furnishing legal assistance to eligible clients, and to make grants to, and to contract with— (i) individuals, partnerships, firms, nonprofit organizations, and corporations, and	The Corporation is authorized to provide financial assistance to qualified programs furnishing legal assistance to eligible clients. The Corporation is further authorized to make grants and contracts with individuals, partnerships, firms, corporations, and nonprofit organizations, and State and local governments for

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
		(ii) State and local governments (only upon an application by an appropriate State or local agency or institution)[1] for the purpose of providing legal assistance to eligible clients under this title; and (2) make other contracts and grants as are necessary to carry out the purposes and provisions of this title.	the purpose of providing legal assistance to eligible clients under this title. (Grants to State and local governments can be made only upon application by an appropriate State or local agency or institution and upon a special determination by the Board that the arrangements to be made will provide services which will not be provided adequately through nongovernmental arrangements.) The Corporation is also authorized to make such other grants and contracts as are necessary to carry out the purposes and provisions of this title.
The Corporation is authorized to undertake, either directly or by grant or contract, research, training and technical assistance, and information clearinghouse activities.	The Corporation is authorized to undertake research, training and technical assistance, and information clearinghouse activities, directly and not by grant or contract.	The Corporation is authorized to provide, either directly or by grant or contract, for research, recruitment, training and a clearinghouse for information, relating to the delivery of legal assistance under this title, and for technical assistance to programs providing legal assistance to eligible clients.	The Corporation is authorized to provide, either directly or by grant or contract, for research, training and technical assistance, and information clearinghouse activities. The Corporation's authority to conduct research shall terminate on January 1, 1976. During the period from June 30, 1975, to January 1, 1976, the Congress may, by concurrent resolution, act with respect to the duration of authority to conduct research. If Congress has failed to take such action, the authority to conduct research shall automatically be extended until January 1, 1977. The Corporation shall conduct a study of the efficiency of using grants or contracts for research activities as opposed to direct provision for such research by the Corporation. The Corporation shall report its findings to Congress and the President no later than June 30, 1975.
Tax-exempt status	Tax-exempt status	Tax-exempt status	Tax-exempt status
No comparable provision.	The Corporation and legal service programs assisted by the Corporation shall be eligible to be treated as a tax-exempt organization under the Internal Revenue Code. If tax-exempt treatment is conferred, the Corporation and legal services programs assisted by the Corporation shall be subject to all provisions of the Internal Revenue Code relevant to the conduct of organizations exempt from taxation.	No comparable provision.	Identical to H.R. 7824, as passed by the House.
Prohibition of Federal control	Prohibition of Federal control	Prohibition of Federal control	Prohibition of Federal control
No comparable provision.	No comparable provision.	Nothing contained in this title shall be deemed to authorize any department, agency, officer or employee of the U.S. or the District of Columbia to exercise any control with respect to the Corporation, any grantee or contractor, or any employee thereof, to the bylaws, rules, regulations or guidelines of the Corporation, to staff attorneys, or to eligible clients.	Identical to H.R. 7824, as passed by the House.

[1] Upon a special finding of the Board of Directors that a governmental recipient would provide supplemental assistance not adequately provided by non-governmental recipients and in a manner not inconsistent with an attorney's responsibilities.

COMPARISON OF H.R. 7824—Continued

AS INTRODUCED—continued	AS PASSED BY THE HOUSE—cont.	AS PASSED BY THE SENATE—cont.	AS APPROVED BY THE CONFERENCE—continued
No comparable provision.	No comparable provision.	Nothing in this section shall be construed as limiting the authority of the OMB to review and submit comments upon the Corporation's annual budget request at the time it is transmitted to Congress.	No comparable provision.
Enforcement of provisions	Enforcement of provisions	Enforcement of provisions	Enforcement of provisions
Any interested person may bring an action in a Federal District Court to enforce compliance with the prohibitions of or under this act by the Corporation, any recipient program, or any officer or employee of the Corporation or any recipient program. If this action results in a final judgment rendered in favor of the plaintiff for costs and legal fees.	No comparable provision.	No comparable provision.	No comparable provision.

THE CONSTITUTIONAL AMENDMENT PROPOSAL BY SENATOR CARL CURTIS

Mr. HRUSKA. Mr. President, on Monday of this week my distinguished colleague from Nebraska, Senator CURTIS, addressed himself to this body on the subject of income taxes. He did so in the light especially of the presence in the current discussions about reducing taxes.

He addressed the Senate also on behalf of his proposed constitutional amendment, Senate Joint Resolution 142. This proposal would compel the Government to live within its means. It "would impose a mandatory automatic surtax every year in order to bring about a balanced budget. It would work automatically. It would be beyond the reach of the politicians to thwart."

My colleague is to be highly commended for the courageous statement of economic, fiscal and monetary facts which he declares. Some of his statements are as inescapable as they are inflexible. For example—

> To reduce taxes by increasing the national debt, in the absence of some extreme and grave national emergency is not only a deception, but a cruel deception. The key to relief for American economy and the American taxpayers is reduced spending.
>
> The major cause of inflation is deficit spending and the resulting mounting national debt.

At another part of his remarks he stated—

> Mr. President, what is the major economic problem that our country faces? The unanimous verdict is that it is inflation.

Then a little further on in his remarks, he goes on to say—

> Government causes inflation and government perhaps is the biggest victim of inflation. . . . The major cause of inflation is deficit spending and the resulting mounting national debt.

Mr. President, without question, the key to solving the inflation problem is to curb high Government expenditures and deficits.

There is much merit in the approach recommended and proposed by Senator CURTIS. It should be seriously considered by all who are interested in making some progress against the very adverse influences which are attacking the well-being of this Nation and its people.

Despite the rhetoric about cost-push vs. demand-pull inflation, inflation is and has always been a monetary phenomenon. When the increase in the supply of money chases smaller increases in the real output of goods and services, inflation is the inevitable result. For example, for the past 5 years, the Federal Reserve has increased the money supply about 50 percent. During this same 5-year period, the real output of goods and services grew only 15 percent. Thus there was an accumulated level of inflation of 30 percent, which is approximately what has been experienced.

Why do the monetary authorities pursue this expansionary policy? Are they proinflation? No. The monetary authorities are compelled to follow this inflationary policy to support the debt financing policies of the Treasury. The Treasury's debt financing problems stem in large part from the size of deficits in the Federal Budget. The larger the deficit, the larger must be the sale of Treasury bonds and the larger the stock of money to insure sale at a reasonable bond price.

Therefore, as my distinguished colleague from Nebraska has so accurately indicated, the key to controlling inflation is to control the size of the deficit. Unfortunately, the Congress has repeatedly failed to mind its fiscal house.

My distinguished colleague from Nebraska has proposed a resolution mandating a balanced budget through a surtax which becomes operative when expenditures exceed revenue. This is an extremely worthwhile and valuable approach which deserves serious investigation.

There are those who think this action might mean that we could grow complacent about tax increases. I am reminded of the remarks of a distinguished colleague who had been told that preelection polls showed he would receive only about 23 percent of the vote in an upcoming election. While he was not exultant about this report, he professed and declared optimism, and even gratification. He said:

> After all this report is really a good thing. There is no place to go but up!

But taxes need not "only go up." Proper fiscal management could result in tax reductions. Complacency now plagues fiscal policies resulting in the hidden tax increase of inflation.

Inflation is taxation without representation. It burdens the poor and elderly most severely. It secretly raises taxes without a congressional vote by increasing nominal income. Thus, persons are involuntarily placed in a higher personal tax bracket flaunting the will of the Congress which passed the Tax Reform Act to achieve the opposite effect.

The proposal of my colleague from Nebraska would mandate fiscal responsibility in Government and help end inflation. I urge serious study and consideration of the resolution of Senator CURTIS.

SENATOR JACKSON ADDRESSES DELTA COUNCIL

Mr. STENNIS. Mr. President, recently Senator HENRY M. JACKSON, our distinguished colleague from the State of Washington, addressed the annual meeting of Delta Council, at Cleveland, Miss.

Delta Council is an organization representing the 18 counties that make up the Mississippi Delta, which is in the northwestern part of the State of Mississippi, and extends from the mouth of the Yazoo River to the south to the border with Tennessee on the north. This organization is supported by the agricultural, business, and professional leadership of the area, and by the county boards of supervisors.

The area served by Delta Council is recognized as one of the most productive agricultural areas of the world. Cotton, soybeans, and rice are the principal crops, and this part of Mississippi produces about 70 percent of the cotton and soybeans and all of the rice that is grown in the State.

In his address to the leaders of that area, Senator JACKSON gave a masterful review of the energy situation in the United States, and described a national energy policy which can lead to national self-sufficiency for energy in the 1980's. He stressed the need for national independence from foreign fuel supplies, from the point of view of both national defense and economic progress.

Our distinguished colleague also spoke on the present situation in the Middle East, and gave his views as to what future developments may come about in that area.

Senator JACKSON's address was extremely well received. Although I could not be present, I have received many, many comments in praise of his clear thinking and forthright approach to the solution of difficult national and international problems.

My warm thanks are extended to my distinguished friend from the State of Washington for making room in his crowded schedule to come to Mississippi. He gave the citizens of our State an opportunity to hear the views of one of the most able and experienced men in government, and they are most appreciative.

Senator JACKSON spoke without a written text, but I have a summary of the principal points that he developed in his speech. So that others may have the benefit of his thinking, I ask unanimous consent that the summary be printed in the RECORD at this point.

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

SUMMARY OF SENATOR JACKSON'S REMARKS

The United States is in a position of dependence on foreign oil for as much as one-third of its oil needs. Only an urgent national drive for self-sufficiency will prevent that dependence from becoming much greater—and for a longer period of time. And the greater our dependence, the greater our reliance on insecure sources of Mid-East oil.

With the record of Soviet activity in the Mid-East, with the Arabs willingness to use oil as a political weapon, with their lack of incentive to produce all the oil we might need, drifting into greater dependence on Arab oil could be disastrous.

As long as this country is so dependent on foreign oil, we must be prepared to deal with the impact of cut-offs and shortages—no matter what the cause. That is why we must establish a real strategic reserve, capable of replacing imports for an extensive period in the event of supply interruptions.

If we pursue a sound and vigorous national energy policy, self-sufficiency can in fact become an attainable objective in the 1980's. Such a national energy policy has three critical ingredients:

One: A program to intensify the development of energy resources owned or controlled by the federal government, particularly on the Outer Continental Shelf and including the Gulf of Mexico. I have introduced an energy supply bill to set new ground rules for OCS development and accelerate leasing of OCS resources as the largest single source of new domestic energy available to us in the next decade.

Two: A massive research and development program to develop alternate energy sources like solar energy and make better use of existing sources like coal. The ten-year, $20 billion program I proposed—which the Senate has endorsed—would achieve this goal.

Three: Renewed conservation efforts: As the experience of this winter has shown, we are capable of achieving substantial energy savings in every sector of our economy. We waste as much energy as some countries consume—through gas-guzzling autos, inefficient industrial process and power generation. Government must encourage, and in some areas, mandate conservation to bring energy demand into balance with supply.

No other country is going to help us. We must do it ourselves. Our military forces must be independent of fuel supplies from these foreign nations. Our farmers and businessmen must be confident that when they expand their production, they will have strong markets for their goods and a constant supply of fertilizers and other energy related products and at reasonable costs. America was built on the idea that we can do it. We don't need anybody else. They need us and we want to help them.

With respect to the continuing crisis in the Middle East, for some time now the focus of Soviet interest has been centered on radical regimes of Iraq and Syria. As the Soviet position in Egypt has deteriorated, Soviet efforts to foment instability and instransigence in Syria have quickened. The Soviets have been engaged in supporting a Syrian military build-up and a diplomatic demolition job. At this very moment there are over 2,000 Soviet military personnel in Syria, 500 of them operating a dense network of surface-to-air-missiles. Soviet diplomats have been urging Syria to continue its military operations and cultivating distrust of American diplomatic efforts aimed at a partial settlement. If Mr. Gromyko wishes to demonstrate that his government will cooperate in bringing about a disengagement, he might well begin by disengaging the Russian Army and Air Force from Israel's northern border.

For the long term, the shift of Soviet activity to Iraq, Syria, Aden, South Yemen and Somalia, combined with the reopening of the Suez Canal, poses a great and growing threat to Western interests in the Persian Gulf. Positioned in these countries, the Soviets will be able to bring pressure to bear against the moderate regime in Jordan as well as Saudi Arabia and the oil-producing states of the Gulf. The Soviet drive for primacy in the Gulf will mean increasing instability accompanied by the possibility that sources of petroleum vital to the West will become less and less secure. In my judgment, the demilitarization of the Suez Canal by limiting the presence of the Soviet fleet in the Indian Ocean and Persian Gulf, could add substantially to the stability of that vital area. If the Soviets genuinely desire the sort of stability on which peace in the Middle East must be based, they will join in supporting a proposal to close the Canal to the warships of all great powers.

CIVIL RIGHTS HEARINGS IN NEW YORK CITY

Mr. JAVITS. Mr. President, on Monday, May 13, in commemoration of the 20th anniversary of the Supreme Court decision in the case of Brown against Board, the New York City Commission on Human Rights held a series of hearings on current civil rights problems with particular focus on the pace of desegregation in the North.

I ask unanimous consent that the opening statement of Chairperson Eleanor Holmes Norton, of the Commission, together with my own testimony that day, be printed in the RECORD.

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

REMARKS OF ELEANOR HOLMES NORTON

I am pleased to open what may be the most important hearings ever held by the Commission on Human Rights. They are certainly the most important to be held in the last 4 years. For they will subject to scrutiny and analysis perhaps the least analyzed of the major social problems in the North—the failure of integration mechanisms to work in the Northern environment. The result of this failure is the actual rigidifying of institutions along racial lines in the supposedly more progressive North at a time when Southern institutions are showing increasing adaptability to the needs of integration.

This is a problem of ominous proportions, made even more serious by the failure to come to grips with the inevitable implications of the trend. It is commonly believed that problems such as drug abuse, high crime levels, poor schools, and urban decay are the chief plagues of the Northern cities. We believe these hearings will show that in many cases, these are symptoms of deeper and more complicated phenomena. We believe these hearings will show that the urban condition today is deeply rooted in the failure to intervene into the process by which the cities and their institutions absorb people largely in monolithic racial clusters. Schools, neighborhoods, and finally cities themselves cannot survive the current rate of influx of minorities and outflux of whites because such segregated institutions will be fatally encumbered by disproportionate poverty and demand for services, while the tax base on which the necessary services depend—middle income people and businesses—have separated themselves out or fled to outlying territory.

The fact is that government, or scarcely anyone else, has so much as an analysis, much less a strategy for approaching this rapidly developing catastrophe. We study and bemoan the pieces of the problem—the spread of ghetto neighborhoods, increasing school segregation, the flight of business to the suburbs. But we never put the pieces together so we can see the whole sorted picture.

We fail wholly to see what, in my view, is the key to finding our way out. That is bold intervention by government to alter natural, and incidentally disastrous, racial habits that can be expected to take their own insane course in a country that seems unable to find the key to the total dismantlement of racism.

The first place to begin is with the honest construction of a deeper and more specific analysis than Americans have yet tried. This week's hearings provide an opportunity to contribute to a broad new beginning by looking freshly at the country's oldest social problem.

I emphasize that we must be prepared for a really new analysis and truly novel and untried strategies. No one can doubt that approaches to integration born in the 40's, 50's, and 60's are bankrupt today. Even worse, they often increase rather than relieve segregated patterns. For example, the law suit to desegregate a school, the classic tool of this period, seems today to accelerate white flight, guaranteeing greater school segregation. Such flight not only injures the school but resegregates the entire neighborhood in which the school is located, and leaves the city on which both depend starved for the racial, tax, and cultural diversity that has always been the key to the dynamism of the great Northern cities.

New strategies that lead out of this cycle must urgently be found. But they will require that we think through the problem in an entirely fresh fashion. Let me offer an example. It would seem more accurate for purposes of integration to regard whites as a minority group in school systems where they are in fact outnumbered by non-whites, such as the New York City public schools. Of course for purposes of Title I funds and other indices of deprivation, non-whites would continue to be regarded as minorities. But integration is a two-way street, which requires children of all races. So long as we regard white children as majority group people to be integrated with the minority, no matter how the numbers of whites have dwindled, we will be impeded in our efforts to encourage integrated schools. The desig-

nation of whites as minorities for purposes of integration in big-city school systems could open us to devising new ways to encourage the retention of whites without whom integration is an empty, even bitter slogan.

I think this example helps to demonstrate how radically we must break with visions of the past if we are to secure a future in which integration has any place. I have every reason to believe these hearings will produce more examples of this kind and the beginning of a new analysis on which fresh approaches to integration depend.

To describe the contents of these hearings the Commission has deliberately used the out-of-vogue word "integration" to provoke a redefinition of an idea still too often defined by the needs and styles of former decades. Many Northern blacks and other minorities are disillusioned with the failure to achieve integration and many Northern whites seem to have given up on or become more hostile to it. Both attitudes are dangerous. They hasten the possibility of two separate societies, a prediction that horrified the country when first made by the Kerner Commission. Its horror lies manifestly in the fact that such an America is neither economically or socially viable.

The fact is that despite the erosion of the integration concept even among blacks, there is no doubt that blacks still ardently pursue integration as a functional goal. Black pressure for access to housing in white neighborhoods, for jobs in white corporations and for places in white schools is stronger than ever. This is strong evidence that functional integration is still a strong priority among blacks. The push for integration defined in this way is not inconsistent with the rejection of the more complete assimilationist spirit that characterized the old integrationist concept.

I believe the public will find this week's hearings particularly comprehensive. Months of investigation have gone into their preparation. Today political and legal issues will be covered; tomorrow, economics and employment; Wednesday, housing and community issues; and Thursday, education. During these 4 days we will hear from an impressive array of national civil rights, civic and political leaders, as well as local figures whose expertise can take this giant issue in new directions.

It is no accident that we have chosen the week of the historic Brown decision in which to hold these hearings. We in the North cannot yet use May 17th as a date of celebration. But we should use it to encourage our redoubled energy. It would be tragic if the high hopes set free 20 years ago by Chief Justice Warren's unanimous decision were to falter in the North of the United States. If we are to avoid that said irony we must begin somewhere soon. I suggest we begin here and now.

TESTIMONY OF SENATOR JACOB K. JAVITS

This Commission has set itself a formidable task in surveying the state of civil rights in America ten years after the passage of the Civil Rights Act of 1964. As one of the managers of that historic bill I can testify to the high hopes of all its supporters that a new era in U.S. relations among the races had begun. In a sense we were right; we can be proud of our efforts at that time and heartened by the progress which has been made under the Act and its successors. But as with any hard-fought historic cause, a victory—even a substantial one—first, takes time adequately to implement and second, requires the utmost vigilance to preserve the gains which have been won.

Since my own work has been in Federal legislation I will confine my presentation today to a consideration of civil rights issues and the Congress, with a special emphasis on education. As you know, this very week the Senate is considering legislation to restrict the courts in ordering remedies for school segregation and we are being hard pressed to prevent a step backward in this area. But I will also be concerned, before the end of the year, with voting rights, revenue sharing and other responsibilities.

While Congress made progress in securing the franchise for black Americans in the Civil Rights Acts of 1957, 1960 and 1974, the big breakthrough came in 1965 with the passage of the Voting Rights Act. That law, extended in 1970, provided for Federal registrars in any state or county having a substantial minority population and a literacy test where voter participation fell below 50%.

While it was not expected in 1965 that any Northern states would fall within this formula—though I argued that they might, too—three counties right here in New York City fell below the 50% trigger point in the last election and are now subject to the provisions of the Act. While I doubt strongly that this low voter participation in New York is due to racial discrimination by election officials I welcome Federal supervision of our voting procedures and the equal application of the laws. Thus far, the Voting Rights Act has had its most significant impact in the deep South where discriminatory practices were rampant. Since 1965 two and a half million new voters have been registered in the states of the Old Confederacy and more than 1,200 black men and women have been elected to office.

As significant as the provision for Federal registrars is Section 5 of the Act which mandates that any proposed change of law affecting voting in areas covered by the Act must first be approved by the Attorney General of the United States or by the United States District Court for the District of Columbia. This provision sets up an automatic check on state legislation such as redistricting which has the effect of diminishing black voting rights. Within the last three years, 150 such laws have been blocked by the Attorney General and gains won by those newly registered voters have not been subverted.

The Voting Rights Act will expire next summer. While many will say its goals have been accomplished and Federal supervision of the electoral process—north and south—is no longer needed, I do not agree. The safeguards against backsliding set up in section 5 should be preserved as should be the discretionary power to send Federal registrars and poll watchers into troubled areas. I am working with my colleagues to prepare the bill for reintroduction this year, so that hearings can begin long before the expiration date.

A second area where Federal legislation is needed is neither initiating nor preserving a law, but patching a loophole in one. In 1972 Congress enacted the Revenue Sharing Act transferring billions of Federal tax dollars to the states with minimal strings attached. There was, of course, a proviso that the funds not be used in a discriminatory manner but there is no effective means of enforcing that prohibition. There ought to be a mechanism for challenging a community's decision to spend its revenue sharing funds in a way which effectively excludes minorities or the poor—on paving roads or building sewers in white neighborhoods and discriminating against black areas, for example, instead of using funds for public recreation facilities and improved health services.

This is not easily accomplished as there is a wide difference of opinion in the Congress on the question of how many "Federal strings" should be attached to the revenue sharing program. At the present time, the Treasury refuses to defer payments where discrimination is charged, and they do not have sufficient staff or published guidelines to ensure compliance. Suits challenging expenditures have been filed and some favorable rulings have been won, but as we all know, litigation is time consuming and given these circumstances, delay is in the interest of the defendant. The Act will expire—at the end of 1976—before some of these suits have been finally decided. I will therefore propose legislation to require the Revenue Sharing Office to promulgate civil rights enforcement regulations which include the authority to suspend payments pending the outcome of litigation.

The most immediate threat to civil rights, and the focus of my attention this coming week, is an attempt to limit the power of the courts to remedy public school segregation unlawful under the Constitution and the laws. This latest move comes in the form of amendments to the Elementary and Secondary Education Act now pending before the Senate. As passed by the House, these amendments would gravely and probably unconstitutionally encroach on the power of the courts to correct unlawful segregation by setting out in legislative form restrictions on the orders which may be issued by the courts. These remedies could not:

—include busing of any children below the sixth grade, in spite of a universally held view of social scientists that the best time to bring children of different races together is early in their school experience;

—busing of children over the sixth grade except to the closest or next closest school, in spite of the fact that such a restriction puts the greatest burden on lower and middle income neighborhoods while protecting all-white communities; and

—busing of any kind unless five alternative methods of pupil assignment had been tried and rejected, in spite of the fact that busing is already considered a "last resort remedy" by the courts.

The most dangerous provision of the House bill—and the most ironic on the very eve of the 20th anniversary of *Brown* v *Board* (1954)—is the section which allows any parent to sue to reopen any existing case where a school district is operating under court order which does not conform with the new standards. And so we would be back literally to the Topeka case—back two decades—to open old wounds and expose a whole new generation of children to the bitterness and rancor which we thought we had put behind us. I am confident that what the House is trying to do is unconstitutional and would be so declared by the courts eventually. But in the meantime, we would be living again in fear and uncertainty.

The Senate Labor and Public Welfare Committee has proposed alternative language to the House bill which is now before the Senate. We would prohibit busing to impose racial balance, but not to accomplish desegregation which the courts have ordered—after all appeals have been completed—and we have insured that there shall be no busing if it is over such a distance as to impair the health or ability to learn of the child. Thus, we believe the courts should continue to be free to use this important tool in correcting unlawful segregation and that the courts should continue to weigh each situation individually and to tailor its remedy (desegregation plan) according to the needs of each community—neither of which can be done by the Congress. We shall fight to preserve our bill in the Senate.

No one is an advocate of busing for its own sake. It is simply one of a vriety of tools to achieve the ultimate objective of quality education for all American children. We are working on other fronts toward this objective, too. Integrated housing, for exmple, will make busing unnecessary in order to achieve integrated schools. Better job opportunities for minorities will enable them to live in better neighborhods. And, of course, quality schools, adequately funded and imaginatively run, will eliminate the concept of a hardship

transfer. But all these are long-range solutions; in the meantime, each year that we do nothing we will have taken from our children an opportunity that can never be replaced. As we approach the twentieth anniversary of the *Brown* decision I intend to commemorate the date on the Senate floor, working to preserve funds to build upon what was begun two decades ago. Our unfinished work remains the highest domestic human relations priority.

SUPPORT FOR SOLAR ENERGY RESEARCH WOEFULLY INADEQUATE

Mr. HUMPHREY. Mr. President, the potential of solar energy to meet our Nation's energy needs is only now beginning to receive the attention of the Federal Government. Funding for solar energy research in the past has been minuscule and today it remains woefully inadequate.

For this reason I have introduced S. 3234, the Solar Energy Research Act of 1974, which provides for a major $600 million, 5-year program of solar energy research and development. It also creates a separate Office of Solar Research in the proposed Energy Research and Development Administration to coordinate all Federal solar research activities.

The Senate Interior Committee has announced today that it will hold hearings on this legislation on June 24 and 25. I am very pleased that the committee has scheduled these hearings and am hopeful that a solar research bill will be reported to the full Senate in the near future.

There is no doubt, whatsoever, that a much expanded solar research program is fully warranted in view of its tremendous potential and of our Nation's and the world's energy resource deficiency.

Mr. President, an article by Harvey Ardman in this month's American Legion magazine looks at the comparative investment in solar and nuclear energy by our Government. It concludes that, despite its great potential, equal consideration has not been given to the cleanest and most inexhaustible source of power—solar energy. I commend this excellent article to the attention of my colleagues.

Mr. President, I ask unanimous consent that the June 1974 American Legion magazine article by Harvey Ardman, entitled "How Far Should We Go With Nuclear Power?" be printed in the RECORD.

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

[From the American Legion Magazine, June 1974]

HOW FAR SHOULD WE GO WITH NUCLEAR POWER?

(By Harvey Ardman)

The title of this article is a good question. How far should we go with nuclear power as a source of electricity?

Few people who are knowledgeable about nuclear power outside of the Atomic Energy Commission feel that the question has been well answered. But we are being ever more deeply committed to the constant expansion of various forms of atomic energy as the eventual basis of most of our energy for electric power.

The unanswered questions are not simply the familiar excited and hostile ones raised by activists. Let one accept the current type of nuclear powerplant as a good and necessary thing, as I do, and there still remains a host of questions about the kind of total reliance on nuclear power toward which we seem to be headed.

Over the next 10 to 15 years, I believe we need more atomic powerplants to ease our short-term demands on coal, oil and natural gas. Whether we need all 200 conventional nuclear plants to which we seem to be committed over the next decade or so at a cost of about $100 billion is another question. A growing storm is gathering around them on the safety question, raised not simply by anti-nuclear activities but by the refusal of insurers to provide coverage for nuclear-accident risks.

Meanwhile, the growth of atomic power beyond the next decade is beset with enormous expense, unsolved problems and commitments that seem premature at least.

It is hard to believe that the same money spent on other energy sources—especially on various forms of solar power—would not give us much more satisfactory power with more assurance of abundance for all time, along with a total end to the pollution bugaboo—be it smoke pollution, heat pollution or radioactive wastes. In fact, we now have a large corps of top-flight energy scientists who are convinced that for less money solar energy could give us all the power we will ever need and solve a host of other problems that are only multiplied by our present plans for the development of more atomic power.

Yet we are ever more deeply committed to atomic power over a very long haul, and are pouring billions into it while spending so little on what are probably better alternatives as to almost guarantee our failure to develop them.

At the rate set by a current proposal for federal research and development of solar power, made by the Atomic Energy Commission, it would take 130 years to spend on solar power development what the Atomic Energy Commission expects to spend before 1986 to develop a new kind of nuclear power plant.

The solar energy in sunshine, wind and water, etc., is clean, abundant and inexhaustible. Its use diminishes no natural resources. The cost of developing it to the point of commercial use is about a fifth the cost of a present project for developing a new type of nuclear power plant to the same stage. Yet the AEC recently recommended that of $10 billion for a federal energy research program, solar energy should get 2¢ of each dollar, while 55¢ should go to the further development of nuclear power.

Sen. James Abourezk, of South Dakota, sees the possibility of something sinister or evasive in treating solar energy like a poor relative. In proposing to continue with a $5.1 billion program to develop new "breeder reactors" for atomic power plants—hopefully to be ready by 1986—the Atomic Energy Commission recently reported to the President that there was no hope of solar energy becoming an alternative major source of commercial power in the foreseeable future.

There is probably not a responsible expert on solar power who agrees with that. In fact, at the time the AEC issued its dim view of the future of solar power, it had in hand a report of a panel of ten distinguished scientists, headed by Alfred J. Eggers, Jr., of the National Science Foundation, saying that for $1 billion spent over five years starting in 1975, solar energy could start providing commercial power and heat by 1979, and steadily increase it thereafter.

It is almost impossible to read the Eggers Panel report without concluding that if we would make the same effort in solar power that we are making in nuclear power, six different forms of solar power could, together, match or better the performance of breeder reactors on an identical or faster time schedule—for less money, while avoiding the headaches not only of nuclear power but of the excessive burning of coal and oil.

Senator Abourezk entered the whole Eggers Panel report into the Congressional Record of April 1, 1974, as a part of remarks starting on page 9059 and continuing for 11 pages. He charged that the AEC had "suppressed" the report. It would be fairer to say, perhaps, that it hadn't advertised it, since its contents were not a total secret. The Eggers report noted that in 1972 a joint report of NASA and the National Science Foundation had also affirmed the feasibility of solar power as a major national energy source if we would get moving on it.

On the face of it, it is ridiculous for the AEC to be an authority on non-nuclear sources of power. It is unreasonable to expect an agency which must fight for a budget for nuclear power to take a balanced view of other sources of power. The investigation and development of them could threaten the AEC's plans and budget, if not its whole role in electric power in the long run. What the government needs is a Department of Energy with atomic energy, solar energy, coal, oil and gas, etc., as subjects for sub-agencies within the larger department. None would then speak for the other, and the Department would speak for all. The Congress is presently considering the creation of both an energy development agency and a Department of Energy. On March 26, Senator Hubert Humphrey, speaking for himself and a group of co-sponsors, introduced a solar energy bill. It proposed an accelerated federal investment in solar energy development and the creation of a separate solar energy agency, with the proviso that it come under a larger energy agency if one is created.

David Rose, a professor of nuclear engineering at M.I.T., spelled out our total lack of a national energy policy in the January 1974 Scientific American. In the absence of a federal Department of Energy, he noted, the Congress and the President must depend for their most basic energy decisions on the advice of agencies such as the AEC, and on corporations, such as the oil and power companies—all of which have special, narrow interests in the energy field and control the key information.

There is presently not a single large, influential interest or impartial agency to speak for the development of wind power, power from sunshine, power from the heat in the oceans. If they are the ultimate answers to most of our energy problems, and they most certainly are, we should be pouring money into them. A federal Department of Energy should steer us better. As it is, the government advisers on energy with the most influence may be anywhere from indifferent to solar energy in its various forms to opposed to it as a rival of their interests.

Be that as it may, in 1970, 1% of our electric power was nuclear. Now, in 1974, it is 5% (with 40 plants operating). For 1980, the projection is 20%, with 140 plants operating. To at least some of this I say, amen. In the short haul we need them. Our lack of energy foresight and policy has us in a bind from which we can be bailed out part way by a ten- to 15-year expansion of conventional nuclear power plants.

But the projection of atomic electric power plants continues on indefinitely. We are heading toward 45% of our electricity being produced by nuclear plants by 1990, 60% by the year 2000, and at some future date (highly speculative) close to 100%.

As this growth proceeds, a shift is expected from our present so-called light-water reactors to breeder reactors. Though simpler than other designs in many respects, the so-called "light-water" reactors we now use are the most extravagant consumers of uranium,

while breeders make the best use of fuel, by a long shot.

As noted, the AEC is running up an estimated $5.1 billion in costs to develop breeders for power plants. Present estimates put the appearance of the first commercial breeder power operations some 12 years away.

But it may be that we will have no compelling need for their fuel economy, that we will not satisfactorily overcome their heat and plutonium waste problems, and that they will be so expensive to operate in any case that power companies won't want to pay for their energy. Some $90 million of federal funds have been tentatively allocated as subsidy to get local power companies to tie into the first-generation breeder plant at Oak Ridge, Tenn., when and if it is ready to produce.

The history of breeders is hardly encouraging. Small-scale breeders are old hat. Only a small proportion of natural uranium will react in light-water atomic generators. But, as breeders produce power, they also convert a supply of uranium to fissionable plutonium, multiplying by about 35 times the usable content of each pound of natural fuel (chiefly uranium and thorium).

In the belief that our supply of uranium could not stretch much beyond the year 2000 unless we used breeders, work began on large-scale models to produce power long ago.

A guinea-pig breeder plant to produce limited power for Detroit was built in the 1960's. In 1966, it suffered a melt-down, due apparently to some workman's carelessness rather than to any inherent fault. It was out of business almost from the start. By then, unsolved breeder problems (breeders produce much more heat than other designs) were evident—and the Detroit plant was never fueled up again. It was back to the drawing boards, and the earliest that a successfully tested trial plant is now envisioned is about 1986.

There is no certainty of this. Breeders have simply turned out to be far more difficult to design for economical electric generation than anyone had imagined. The problem of plutonium waste products may be solved, but it isn't cheering. The stuff only loses half its radioactivity in 24,000 years. Breeders would both use and manufacture plutonium, which is about as potent and poisonous a radioactive substance as you can find. Transportation of plutonium is exceedingly dangerous, and it could be vulnerable to hijacking and blackmailing in the wrong, expert hands.

The AEC is well aware of this. It is entertaining the idea of crowding breeder power plants close together to minimize the transportation of plutonium. If we processd to build breeders in line with AEC plans, we'll have 500 of them in 26 years, with enormous amounts of plutonium in being and some 600 shipments of it a week back and forth between reactors and fuel refining plants. I do not belong to the school that says these problems absolutely cannot be solved. But they certainly make the more serious consideration of simpler alternatives a subject not to be pushed under the rug.

Breeders pose a unique problem, jokingly called the "China syndrome." They use hot contaminated liquid sodium in a closed system as a coolant and heat transfer agent, since breeders operate at temperatures too high to use water. In a meltdown, as happened by accident in the Detroit breeder-generator in 1966, there is the possibility that the radioactive and violently chemically active sodium could break loose, flow into a puddle and sink right through the floor of the plant into the earth. Nobody really thinks it would go all the way through the earth to China, but just how far it would go and what it would do (to ground water, for example) is pretty much an unknown. A test project to find out has been interminably delayed for one reason and another.

The constant rise in the estimated cost of breeder development is chilling. It more than doubled since 1972, when the estimate was $2.5 billion. Some 350 power companies contributed $250 million of their own money to the project, but they had to "be dragged kicking and screaming into the program," according to N. B. McLeod, a v.p. of NUS Corp., a utility consulting firm in Rockville, Md. Their fear: breeder power will cost too much.

Breeders are not worth the investment unless their fuel economy is vital to us. On two premises it has long seemed to be vital. The first premise is that we must and will eventually rely for most of our power on nuclear sources. Of course, if we can do as well on free, clean solar energy, the long-term need for any nuclear power plants is nonexistent. At most we need more conventional light-water nuclear power plants to see us through the difficult next ten or 15 years. After that, those we have now and those we might build immediately would be useful for their normal life span, during which our proposed solar energy system could be brought up to the maximum needed capacity. The fuel economy of the breeders is not needed at all if we can start kicking the uranium habit in favor of a sunshine diet well before the year 2000.

The second premise is that the uranium supply is so short that a large and permanent atomic power system would seriously reduce the available uranium by the year 2000 unless breeders were brought in with their 35-fold fuel economy.

But this shortage of uranium does not now appear to be real. According to a recent report by the House Interior Committee. "It is not unlikely that the true reserves of high-grade uranium ore are many times as abundant as the AEC estimates."

The AEC, notes energy consultant Thomas B. Cochran, is like the oil companies in holding its estimates of available ore to what may be expected from known and worked ore fields. It counts on 273,000 tons of "proven" recoverable ore reserves and another 450,000 tons "probably" recoverable. This would be a short supply, indeed. But nothing is counted on from unexplored ore fields, nor from fields where the extraction cost might run twice as high as the present $8 a ton.

Ore at $15 a ton is entirely practical. It would raise the price of a kilowatt hour of electricity a half cent. Business Week Magazine notes that an additional 1.6 million tons should be available from known sources if we allow $15 a ton. Meanwhile, there are enough unexplored geological formations in the United States that ought to contain uranium to allow for 16 million additional tons of ore at extraction cost of up to $15 a ton.

Such a supply would let us run a nationwide network of light-water reactors well past the year 2100, and we could probably double the safe time lead by switching to heavy-water reactors. They get about twice as much electricity per pound of uranium as our light-water reactors. No basic development of heavy-water reactors is needed though they could probably be improved. Canada is operating some of them and Canadians express enormous satisfaction with them.

Even if we stay with atomic power, there would be no need at all to rush into a breeder program in this generation if a more exact appraisal of uranium supplies affirms a 16-million-ton reserve.

Plainly, enough questions haven't been answered to justify our present commitment to breeders, considering the questionable need for them, doubts about their ultimate value and safety, and the enormous cost to which the program commits us. The breeder program could be closed down today while we take second thoughts and get all the answers. It could be reopened years hence if it should (unbelievably) be true that we have no better alternatives.

Nobody actually knows the whole cost of the breeder program. The $5.1 billion, which may keep growing, is only to get the first practical plant firmed up—if it can be. What will the 500 power plants cost within the next 26 years? It is hard to believe that each one will not cost at least $500 million, almost certainly much more. If it is $500 million, their total cost will be $250 billion. I have never seen an estimate of what $250 billion would buy in solar power. Clean solar power. Inexhaustible solar power. I don't have the answer, but I am willing to believe until someone proves otherwise that much less money could power the whole country on solar energy and that we have the time to put a couple of billion into it to prove it.

We are investing hundreds of millions in a form of atomic power which doesn't really belong in a discussion of our energy problems in the "foreseeable future." This is the slow hydrogen reaction, called "controlled fusion" and best understood as a slow hydrogen bomb.

It might, and might not, be a magnificent source of boundless energy if it ever becomes possible to control it. But no matter what you hear, there is no assurance today that man will ever be able to conrol the hydrogen fusion reaction (which gives off heat when hydrogen is converted to helium). It needs enormous heat to set it off, and the only success we have had is to explode hydrogen bombs in one big blast, triggering them with "ordinary" nuclear bombs.

No champions of solar power have yet had the guts to discuss what they could do for us with tens of billions of dollars. But somebody ought to before we spend more on something less satisfactory.

Let's make no mistake. The daily input of energy from the sun is there for the taking. More than we can ever use. The Eggers Panel reported that the sunshine falling on 4% of the U.S. continental land area could provide our current total national energy needs if tapped at 5% efficiency. Maybe we can't cover 4% with solar collectors. On the other hand, maybe we can tap less of it with more efficiency.

A conceivable, extensive windmill system in the United States and Alaska could generate about as much electricity as we used in 1973.

The availability of energy by tapping the surface heat in warm oceans that would otherwise radiate back into space is, said the Eggers Panel, "virtually unlimited." In fact, as noted in this magazine last January, the Gulf Stream off Florida *could* be tapped by Claude-type generators for something like 80 to 90 times the energy we are apt to use in 1980.

These, and other forms of energy from the daily action of the sun on the earth are often brushed aside in the most offhand and illogical manner. In his otherwise excellent article on energy policy in the January Scientific American, Prof. David Rose completely dismissed windmills with the following statement: "To supply the U.S. electric needs by wind power would require windmills 100 meters high spaced a few kilometers apart all over the country."

It would seem that this statement makes more sense if it is reversed. If we can actually get all of our electricity that simply, why not do it? What is there about the enormously expensive, complex and roundabout approaches to electric power—based on atomic energy and coal, with their pollution and the eventual exhaustion of their fuels—that makes them "logical," if we can get all the power we need from the eternal winds?

And should we completely dismiss windmills on the basis of *any* objection to our getting *all* of our power from the wind? What is the objection to getting 25% or 10% of our power from the wind? Even 10% is twice

what we are getting from nuclear power plants today.

This is the kind of reasoning we hear on all sides against solar power. The collection of direct sunshine is objected to on the same basis. "We'd have to cover too much land in order to get all of our power from it, so forget it." There is no need to get *all* of our power from direct sunshine in order to put the whole nation on solar energy. We can get an enormous amount from sunny land that is readily available. We can heat and cool buildings all over the country from the energy in local sunshine. No one form of solar energy is an all-or-nothing proposition, any more than coal or oil or gas or atomic power are all-of-nothing choices.

The Eggers Panel considered six different forms of solar energy, for five of which the basic technology is already at hand. The modest $1 billion that it suggested be spent was to develop all six of them to the point where they could go commercial. It did not even suggest that we get *all* of our power from all six, though it's likely that we could for a smaller investment than we are heading into to develop more nuclear power and coal.

Congress ought to convene a committee of solar power experts and tell it to stop talking peanuts and instead advise the government on the possibilities of solar power in the next 25 years based on expenditure of $10 billion, $25 billion, $50 billion, $100 billion, $250 billion. This is the kind of money already being considered not only for atomic power development, but for crash programs in coal and oil.

The solar energy bill (S3234) introduced by Senator Humphrey on March 26 is a positive step—though it is much more modest. By early April it was co-sponsored by at least 13 other Senators of both parties, ranging from quite liberal to quite conservative. Supporting Democrats by then included Jackson (Wash.), Metcalf (Mont.), Bible (Nev.), Church (Idaho), Haskell (Colo.), Nelson (Wis.), Johnston (La.) and McGee (Wyo.). The Republican sponsors included Hatfield (Ore.), Cook (Ky.), Fannin (Ariz.), Brock (Tenn.), and Packwood (Ore.). To this writer's knowledge, Senators Gravel (Alaska) and Abourezk (S.D.) are among others who support the rapid development of solar power, and the list seems to be growing steadily.

The Humphrey bill, in addition to creating an agency to get development of solar energy going (which would use the scientific brains in a host of existing government agencies as well), would provide $600 million for solar energy development over the next five years. This is three times what the AEC recommended to the President for solar power ($200 million) and considerably more than what the always conservative Federal Office of Management and Budget recommended ($350 million). It is quite a bit less, however, than the accelerated program urged by the Eggers Panel ($1 billion plus).

The trouble is that conservative support is hard to come by if a figure much larger than that recommended in the Humphrey bill is proposed. Perhaps it should be made clear to conservative spenders (who certainly have a point regarding federal spending in general) that by all indications, larger expenditures on developing solar energy could well save us a fortune, now and forever. By at least postponing the breeder program, a massive solar energy program could get under way for far less money, and it would probably obviate the need for a breeder-reactor national power program for all time.

The hard fact is that several billion spent as fast as is feasible on solar energy would probably provide the most conservative approach we could make to procure all our future energy needs.

The leading champion of solar power in the House of Representatives is Rep. Mike McCormack, of Washington. This seems odd to some, as he is also a staunch champion of nuclear power. Be that as it may, he has recently shepherded through the House the first solar energy bill ever to pass either chamber of the Congress. It is a bill to get going on one of the six forms of solar energy covered by the Eggers Panel—the heating and cooling of buildings using the energy from local sunshine. The Senate had not acted on the McCormack bill at this writing.

According to the Eggers Panel, a quarter of all of our energy is presently used to heat and cool buildings, while existing solar energy technology could be refined to supply from a third to half of that. The panel of scientists believed that $204 million spent over four years could put us in a position, by 1979, to start the commercial climatizing of buildings, using the energy from sunshine. This would provide great "benefits in fuel saving, reduced pollution, and independence from complex energy transmission and distribution systems."

If brownouts and voltage reduction cut your air conditioning this summer, remember that.

Finally, Congress should create an impartial U.S. Department of Energy pronto—an authority that would report the unbiased facts on such matters as the uranium supply, that would in general advise the government on energy without prejudice or favor for any one form.

Until we can get the unvarnished truth about energy in all its facets, we have no business embarking on such extremely costly, long-range programs as we are committed to in the nuclear field. Professor Rose put it this way in the Scientific American.

"The getting and finding and distributing of fuels accounts directly for about 10% of the nation's economic activity. . . . That is almost equal to all of agriculture, food processing and food distribution, activities long recognized as requiring . . . their own department in the federal government. It might therefore seem that the development of a rational, long-range energy policy would be the first order of any nation's business. That the U.S. never had such a policy and is still without one can only be regarded as a major social failure."

Below are listed the members of the Eggers Panel who reported to the President on the feasibility of solar power as a major national source of energy:

Alfred J. Eggers, Jr., Chairman, Assistant Director for Research Application, National Science Foundation, Washington, D.C.

Jim D. Andrews, Energy Programs Coordinator, Naval Weapons Center, China Lake, California.

Donald A. Beattie, Deputy Director—Advanced Energy Research and Technology Division, National Science Foundation, Washington, D.C.

Walter Carleton and William A. Raney, both of the National Program Staff, Agriculture Research Services, Agricultural Research Center, U.S. Department of Agriculture, Beltsville, Maryland.

James Johnson, Air Technology Branch, Environmental Protection Agency, Washington, D.C.

James Rannels, Division of Applied Technology, U.S. Atomic Energy Commission, Washington, D.C.

Ronald L. Thomas, Solar Systems Section, NASA Lewis Research Center, Cleveland, Ohio.

William H. Woodward, Director, Space Power & Prop. Division, Office of Aeronautics & Space Technology, National Aeronautics & Space Administration, Washington, D.C.

Robert Woods, Executive Secretary, Division of Physical Research, U.S. Atomic Energy Commission, Washington, D.C.

TAX CUT NOT A SOLUTION TO OUR ECONOMIC ILLS

Mr. TAFT. Mr. President, our colleagues, Senator KENNEDY, Senator MONDALE, and other Senators, are again dangling before the Senate the bait of a huge tax cut as the solution to our economic ills. I hope the Senate will see that in this case, political attractiveness is not likely to constitute economic soundness.

There is no question that parts of the economy have become severely depressed—housing and automobiles are the sectors most affected. Whether the present situation constitutes a recession is a semantic debate in which there is no necessity to participate. The point is that we have slack economic activity in certain sectors and that Senators KENNEDY and MONDALE have responded with the classic cure for this situation—a tax cut to stimulate consumer demand.

Unfortunately, our present economic problems do not fit the classic situation and thus the classic simple cures are not likely to be effective. The truly recessionary aspects of the present situation are simply not due to slack overall demand. On the contrary, the housing recession is largely a result of high interest rates caused by a booming demand for corporate loans, as well as the Federal Reserve Board's efforts to control inflation through the interest rate structure. Although the automobile sector does suffer from slack demand, this is largely a result of the tremendous price increases in gasoline caused by high oil demand relative to supply and uncertainty about the future petroleum situation. Of course, this energy situation has also taken its toll on the health of the aviation, housing, petrochemicals, and other sectors of the economy. Except in residential construction and sectors affected by energy shortages, however, real gross national product actually increased 4.4 percent between first quarter 1973 and first quarter 1974.

Thus, our economically depressed sectors are not likely to be revitalized by a tax cut. Relief more specifically directed to the problem areas, such as a resumption of Federal housing assistance and public service employment in certain areas, would be a more cost-effective means of alleviating our economic soft spots than a general tax cut. Rather than cure the "recession" it is quite possible that the major effect of a large tax cut on the national economic picture would be to aggravate a far greater threat to our long-term economic well-being—galloping inflation, which in the last few months has reached double digits and the highest rates since the Korean war.

Major materials industries were still running above 90 percent of capacity in the first quarter of 1974 and the capacity utilization ratio was still increasing for most industries. Furthermore, some industries may have continued difficulties obtaining the energy-related and other supplies they need to expand production. Given this situation, there is truly a risk that the demand generated by a large tax cut would aggravate inflation. The

risk we would be taking becomes clearer when one reflects that for many taxpayers, less than a 1-percent increase in consumer prices wipes out the proposed tax reduction.

Because the effects of a tax cut would not appear for months, it is true that to some extent the effects of a tax cut cannot be predicted with much certainty. Consumer demand may slacken further and the economy by then may be—or may not be—in a better posture to absorb the effects of a tax cut. By the same token, however, this delay factor strengthens the probability that those who are suggesting that a tax cut would bring an immediate uplift in the economic situation are misleading us.

We must also face up to the fact that America has already had two large tax cuts in the past 5 years. There is no way for the Federal Government to meet responsibly its growing social responsibilities to the American people, largely supported strongly by proponents of this third tax cut, if it keeps cutting taxes.

While I thus sympathize with the April 23 Washington Post article that "the most sensible thing to do right now is nothing" with respect to overall tax levels, I also recognize that inflation has severely eroded the relative size of the personal exemption which Senators KENNEDY and MONDALE now seek to enlarge. I agree that adjustments in the exemption level are called for. I also agree that an alternative tax credit to help those with low incomes, such as the one proposed, should be considered. Given the present economic situation, however, any such adjustments absolutely must be offset promptly to a major extent rather than resulting in a large net fiscal stimulus.

I am currently reviewing the rash of revenue-raising amendments which have been introduced to accomplish this end. Some of the concepts embraced, such as an oil windfall profits tax with an investment plowback provision, repeal of the oil depletion allowance and the arrangement which allows oil companies' payments to Arab shieks to nullify U.S. tax liability rather than be counted as business expenses, repeal of tax deferral in connection with domestic international sales corporations and the tightening of a minimum tax, clearly command attention, but must be weighed against the drastic need for capital for development of energy resources. While the political clamor for a tax cut may make the time ripe for some of these changes, they must be made only with fullest consideration of their likely economic effects. Many of the "loopholes" were designed to promote investments which would be essential in our quest to achieve long-run capacity expansion necessary to avoid continued "shortage inflation." Others are tailored to help improve our international economic position, which has been set back considerably by the "oil tax" after drastic improvement in 1972 and 1973. While general expressions of the need to encourage investment and exports cannot be used as an excuse to continue unjustifiable loopholes, it will be a very difficult task to put together an economically sensible package of reforms on the Senate floor which would generate enough in revenues this year to compensate adequately for the proposed tax reduction of $6.5 billion.

Rather the answer may lie in a more unpleasant medicine, a moderate and temporary increase in revenue through a surtax or rate increase.

If we can make helpful adjustments in the tax system which compensate for inflation, without augmenting the present inflation problem, we should do so. But it is an economic necessity that we reject any proposal which adds fuel to the already raging inflationary fire by cutting taxes drastically, or which contains ill-considered tax "reforms" accepted largely because they would offset a tax cut.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the Genocide Convention has come under exceedingly close scrutiny. It is, of course, proper that all treaties which the Senate is called upon to ratify be closely examined. The constitutional power of ratification which the Senate possesses must be treated the same as every other constitutional power—with extreme reverence.

But our scrutiny of the Genocide Convention has been prolonged and redundant. Those who have opposed ratification have offered a multitude of arguments, but most of thees arguments have been technical, focusing on very small parts of the convention and its language. The gravity of the ratification procedure demands that these small parts be looked at, but not to the exclusion of the larger principles involved. The technical, small parts of the convention are properly viewed only in the context of the broader principles that motivated the introduction of the convention in the first place. Those opposed to the convention seem to have lost this broad perspective. I urge those opposed to the Genocide Convention to consider it in this light so that the prolonged consideration of this treaty can come to a fruitful conclusion.

Mr. President, the time has come for the Senate to ratify the Genocide Convention.

ROLE OF OUR UNIONS

Mr. BROCK. Mr. President, there is a growing debate today on the role of our unions in our economy, and if the role that is being played today is the proper one. Nicholas von Hoffman recently took this debate to task, and presented what he termed "A New Look at Unionism." I ask unanimous consent that his article be printed in the RECORD as yet another view of the union situation today.

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

A NEW LOOK AT UNIONISM

(By Nicholas von Hoffman)

They say that when it comes to labor unions all you have to do with some old liberals is whistle a bar of Joe Hill and you can tell 'em to walk across the Grand Canyon without a rope. That's a bit of an exaggeration. The kicking around that some unions have given blacks and other minorities has made old line libs wonder if every union and every strike is an unalloyed good.

Those who've escaped being victims of this form of dogmatic sentimentality may want to pick up on a recent speech by Federal Trade Commissioner Mayo J. Thompson, who has been trying to trace exactly what unions accomplish in the light of today's economic problems. It may be time for some new legislation.

Thompson begins by remarking that the division of income between capital and labor hasn't changed significantly since the turn of the century; about 70 per cent of all the dollars spent for goods and services in 1900 went for wages, and roughly the same percentage does today. Since the distribution of wealth hasn't changed much either, the conservatives may be right when they say the portions are the same—it's just that the pie is bigger.

But the unions haven't been getting a larger piece for all working people. Instead, in Thompson's words, "They have succeeded in getting larger shares for their own members. Roughly 25 per cent of the country's total workers belong to a labor union . . . workers belonging to some of the more powerful unions receive wages as much as 20 per cent above those they would be receiving in the absence of the unions . . . it is obvious that those organizations are simply 'transfering' money from one group of workers to another . . . Union members' wages are, in effect, subsidized out of the paychecks of the country's non-union employees."

There is nothing intrinsically wrong with that. In all Western societies, capitalist, socialist and communist, there are sliding pay scales, all of which arbitrarily assume that workers in some occupations should be paid more than workers in others. But could the inequality of compensation Thompson points out here be eliminated by unionizing all workers? It's doubtful, since the results would probably be not higher pay but more inflation.

This brings us to the nub of Thompson's argument: He believes that labor monopolies gouge the public penny for penny with business monopolies. It is estimated that monopoly capital steals about $40 billion a year from the public; if monopoly labor does the same, we're talking big money, money enough to be a significant factor in our ever-hemorrhaging inflation.

Few statistics are collected on this touchy subject, presumably because if we knew the facts it would make it a little harder to avoid doing something about them. But the indications are that in certain industries pay raises consistently outstrip the inflation and productivity.

Why would management permit itself to sign such wage agreements? Because in an industry with a labor monopoly the management doesn't have to fear a non-union competitor paying realistic wages and charging lower prices.

The best situation for both is when monopoly capital can embrace monopoly labor. You see that in the automobile business. Henry Ford lectures us about free enterprise, but if you had a free market, he couldn't raise his prices when his sales drop. That's what they've been doing in the car business.

Apparently a union can be used as a device by management to get around the anti-trust laws. That seems to be the case in the steel industry, where you have a number of ostensibly competing companies who can use the mechanisms of industry-wide collective bargaining to rig prices and run the cartel. The last steel contract reads like a Viking blood oath between union and management to go commit piracy on the high seas, and we haven't even talked about the tariffs and subsidies.

Many unions don't have a monopoly or anything like it. Chavez's agricultural workers don't, the mine workers in Harlan county don't and the Farah pants makers could never have won their fight without a large, industry-wide union. Just as some industries, for good cause and bad, are exempted from the antitrust laws, so should some unions be. But the inflationary biggies may have their power cut back.

THE ELEMENTARY AND SECONDARY EDUCATION AMENDMENTS OF 1974

Mr. CHURCH. Mr. President, I would like to take just a moment to commend the Senate Labor and Public Welfare Committee, under the capable direction of my distinguished colleagues, Senator WILLIAMS and PELL, for its excellent performance in guiding the Senate through the recent debate on the Elementary and Secondary Education Amendments of 1974. What could have been a long, drawn-out debate was simplified into a week's discussion primarily due to months of careful preparation and discussion by the committee members and staff.

I must say I was especially impressed with the committee's efforts to curtail the usurpation of legislative powers by the executive branch of Government, a practice which has been so deeply felt in recent years by the educators of our country. Education programs have been the powerless victim of impoundment under the Nixon administration, and all too often newly enacted programs have failed to get off the ground, simply because the executive branch would not promulgate the necessary regulations.

Under the Senate bill, special precautions have been taken to avert such confrontations between the Congress and the President. In many instances, this legislation mandates that congressional action is necessary to approve or disapprove departmental decisions to insure that such actions are in concurrence with the intent of Congress.

I was pleased also with the Senate decision to continue the impact aid program, a program which the administration had proposed to phase out. Two-thirds of the land in Idaho is owned by the Federal Government, and consequently there is not a large property-tax base upon which to draw. The Public Law 874 program, which provides Federal aid to schools in areas impacted by a large amount of Federal activity, has in past years provided the necessary funds to keep many Idaho school districts afloat, compensating them for their tax loss on public lands.

The Senate was also able to reach an agreement—acceptable to both urban and rural States—on the funding formula for title I ESEA funds, aid to disadvantaged students. Although the 85 percent hold harmless level of funds to local educational agencies was retained, as in the House of Representatives version, the Senate added a special section authorizing $35 million for assistance to those local school districts whose receipts of funds is less than 90 percent of the amount received during the previous year, and for whom this decline in funds would create a problem in carrying out their education program. In Idaho, this provision would be of particular assistance to Blaine, Boise, Caribou, Clark and Lemhi counties as these Idaho counties are suffering the greatest loss in funds under the recent switch from the 1960 census figures to the 1970 census figures in computing title I aid. Whereas we must insure that these funds are directed to serve the needy, we must also insure that the absence of these funds in previously funded districts does not severely handicap the educational process.

Another change important to my State was the reinstitution of part C which provides special grants for areas with an exceptionally high concentration of poor children. Seven Idaho counties will qualify for some $115,000 in funds from these grants. Those counties included will be Ada, Bannock, Bingham, Bonneville, Canyon, Kootenai and Twin Falls.

The Senate legislation greatly expands the handicapped education program, a move which is desperately needed if we are to deal effectively with the education rights of handicapped persons. Several other vital areas of education have been given special emphasis also—among these, bilingual education, including vocational training, career education, and reading programs. Of special interest to me was the adoption of funding for community school projects, legislation which I have authored in the past two Congresses. Successful community education programs underway in Idaho have offered everything from tax counseling for the elderly to continuing education courses for the entire community.

Included in the bill are restrictions on the busing of school children to insure that the health, safety, and welfare of the child is our primary concern. At the same time, these restrictions are limited to the bounds of our Constitution which insures all children equal education opportunities.

I believe the Senate has produced a strong, viable, workable bill—one which would revitalize our education system. As a progressive nation, we must constantly update our programs to keep pace with our advanced technology. In doing so, however, we must remember the trials and tribulations of past experience and rework the success of the past with the innovation of the new. We must reweave our educational policy of the sixties to conform to the seventies.

Nothing brings this more to mind than my recent visit to the small community of Yellow Pine, Idaho, where I attended the dedication of a new school bell. Yellow Pine houses the epitome of the little red schoolhouse that has grown to be the symbol of free public education in America. Grades one through eight are taught in a one-room building by one teacher, and the entire community expresses pride in both their school and the education their children receive. In adopting new programs, Congress must allow for a flexibility which will accommodate my friends in Yellow Pine as well as the students in downtown Los Angeles. The little red schoolhouse is still a vital part of our educational system and it is a link to the past that must be retained.

We have come a long way since the early colonial period when education was just a privilege of the wealthy—when the sons of the rich were schooled in philosophy and theory while the sons of the working class were apprentices in the trades of their fathers. Education is now available to all the children of our land, regardless of race, sex, or economic status.

This is as it should be. America is a great Nation because her people are educated, for only where you have an educated electorate, can you maintain a democracy such as ours.

If enacted, the Senate bill would do much to enhance the quality of education in our country, and I urge the Senate conferees to hold tight to the principles we have adopted when the time comes to reach a compromise between the House and Senate versions of the Elementary and Secondary Education Amendments of 1974. We must not abandon our pursuit of quality education for all Americans.

BAD DAYS FOR CATTLEMEN

Mr. DOMENICI. Mr. President, I have spent a great deal of time in the past several weeks talking to my many friends in the cattlegrowing business in my home State of New Mexico. These are hardy men, independent and used to the vagaries of bad weather, sick calves, and an up-and-down marketplace. They do not ask for favors and they rarely complain. They are proud of their contribution to the health and nutrition of this Nation and of the world.

But, these men, the salt of the earth, face grave troubles, perhaps the worst in 20 years, some of the veterans in the field tell me. They are caught in a vicious cost-price squeeze that threatens ot bankrupt many of the smaller outfits. I had a call recently from one of the most prosperous cattlegrowers, who told me:

I can probably take a beating this year, and even the next, because I've done real well the past 30 years, but a lot of the littler producers are going to go out of business if things don't improve soon.

I have already joined with several of my distinguished colleagues to reinstate the 1964 import quotas to help our domestic cattlegrowing. I hope to initiate more action in the very near future. But, one of the most important things to tell the noncattlegrowing public is the ills of the cattlegrowers today will be the shortages of tomorrow. For this reason, I ask unanimous consent that an article from the New York Times be printed in the RECORD.

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

IN COLORADO, BAD DAYS FOR A CATTLEMAN

(By Bill Hosokawa)

DENVER.—Ken Monfort, whose Colorado-based company is the world's largest producer of grain-fattened cattle, sold a steer one day recently and instead of making a profit he lost $125.

What worries Mr. Monfort is that he has 180,000 head of cattle in his feedlots and he's going to have to market most of them at a loss—probably not as much as $125 apiece—

if conditions don't change. Meanwhile, every one of these animals is munching about a dollar's worth of grain every 24 hours. It costs Mr. Monfort $180,000 a day just to feed his cattle.

In the most recent quarter of his fiscal year, Mr. Monfort's cattle-feeding operations, around the town of Greeley, Colo., lost nearly $9.2 million. Profits from the company's other divisions and a substantial tax break trimmed the loss to $3.8 million.

Even so, it is not the kind of situation conducive to sound sleep at night. It also demonstrates how sensitively one remote segment of the United States economy, the beef industry, is linked to the world-wide economy.

The steer on which Mr. Monfort lost $125 was purchased half a year ago from a Texas rancher for 53 cents a pound on the hoof. Since it weighed 700 pounds, the cost was $371. Last fall, after the beef boycott ended, the future looked bright for the cattle business and an investment of $371 for this calf appeared to be sound.

By the time the calf gained 400 pounds to reach ideal marketing weight, Mr. Monfort's computers told him it had cost $216 in feed, wages, interest and other outlays. That averages out to 54 cents for each pound of growth.

Adding the original investment to the cost of fattening the steer, Mr. Monfort had spent $587 to produce this 1,100-pound animal for market.

But when he sold the steer the market had weakened so badly that he was paid only 42 cents a pound, or $462. Instead of realizing a profit for his work, time and investment, he had lost $125.

It is not unusual for cattlemen to buy high and sell low. That's part of the risk of a volatile business.

"We've taken beatings before, but this is the biggest loss in my experience," says Mr. Monfort, a former Colorado state legislator. "Our situation is typical of the entire industry. We just happen to be the biggest."

What caused the trouble? Many things.

For one, there was that grain deal that sent United States surpluses to the Soviet Union. Suddenly American reserves had vanished. Buyers began to bid up the price, and the cost of feed nearly doubled.

Then there was the Arab oil embargo and the sudden rise in retail gasoline prices. Americans reduced their traveling. That meant they didn't eat steaks in restaurants the way they used to.

Auto workers were laid off. Their wives fed their families chicken or canned tuna rather than sirloins.

Britain used to buy nearly all of Mr. Monfort's beef kidneys. But British foreign-currency reserves had to be diverted to pay for expensive petroleum. The kidneys are now sold to pet-food manufacturers for one-third the former price.

Affluent Japanese have developed a taste for Colorado beef. But when Japan had to double payments for oil to keep her industry going, there was precious little foreign exchange for imported sukiyaki meat.

Many smaller cattle feeders, less soundly financed than Mr. Monfort, are cutting back or going out of business. They cannot afford the risks on top of paying as much as 14 per cent interest on their loans.

At Brush, Colo., Irvin "Whitey" Weisbart is shutting down the feedlot his father opened 40 years ago. "We were going to close it anyway," he says, "but the current situation speeded up our plans."

Cattlemen are retrenching all along the line. What the public doesn't realize is that it takes 28 to 30 months for beef to move from breeding farm to retailer. The calves that aren't being conceived today won't be on the meat counters two and a half years from now.

FERTILIZER AND FOOD AVAILABILITY

Mr. HUMPHREY. Mr. President, I wish to point out a very compelling article, "If We Hog the Fertilizer . . .," in the May 26 issue of the Washington Star-News.

The article points out the critical importance of both the price and availability of fertilizer.

Fertilizer shortages in countries such as Pakistan and India have brought increasing pressures on already meager food supplies. Food prices are estimated to have increased by 30 percent during the past year in Pakistan. With reduced availabilities of public law 480 food commodities, fertilizer becomes a life and death matter.

This article highlights the need to increase fertilizer production. It also points up the need to establish a food reserve system to deal with crisis situations.

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

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

IF WE HOG THE FERTILIZER . . .

(By Richard Critchfield)

ISLAMABAD.—The American housewife who is worried about her rising food bill might well take a look at what is happening in Pakistan.

Here Prime Minister Zulfikar Ali Bhutto, afraid of urban rioting, is doing his best to hold down food prices after a 30 percent rise this past year. This is not news, of course, since virtually every other Asian country is faced with the same runaway inflation and is doing the same thing.

What hurts most is that to keep prices down in the cities, Bhutto must also keep prices down that are paid to some 4 million farm families. And with the price of such nitrogen-based fertilizer as urea having risen from $40 a ton in 1971 to $260 a ton now, lower prices for farm products could mean a lot of Pakistani farmers will be forced to grow a lot less grain from now on.

The consequences would be familiar: Short supplies anywhere affect the supply equation everywhere. The inevitable bidding and escalation of prices follows.

So far, Pakistani farmers have not curtailed their output. The annual wheat harvest is still being gathered on the Punjab Plain, one of the earth's great breadbaskets, which extends from the Pakistani capital of Islamabad down to the Indian capital of Delhi. Pakistan has been hoping for a record harvest of 8.5 million tons. India, hit by wheat rust disease, fears it will get only 40 million tons of an expected 48 million ton harvest.

Most experts believe that with enough fertilizer and proper technology, Pakistan could produce 12 million tons of wheat each year and India 60 million tons. Such a total of 72 million tons would nearly match the record 76 million tons of wheat hoped to be harvested in the United States and Canada by October, the biggest in history. Of this, 41 million should be available for export or stockpiling.

Together these harvests hold an important key to global inflation.

More than anything else, it is the unprecedented tripling of wheat prices and the doubling of soybeans, animal feed and beef prices over the past two years that produced the 14 percent rise in American grocery prices in 1973, a rise that probably will be matched in 1974.

If prices are to fall for the American housewife, they must fall on the world market first, and this means that not only the United States and Canada, but also a few key regions like the Punjab Plain, must produce all the grain they can.

North American production alone may bring some relief this year. U.S. farmers are planting 6 percent more land than last year, bringing a total of 340 million acres under the plough, the highest in 18 years. But not even last year's record crop stopped prices from soaring, or demand from devouring much of the world's grain reserves. By June, world wheat stocks will stand at only one-third the level of four years ago—and today there are 300 million more mouths to feed.

American farmers this year are spending an extra $1.8 billion on fertilizer, 50 percent more than in 1973. They are bidding up and buying up the limited supplies that could be better used in poor countries like India and Pakistan. A ton of fertilizer on a virgin field in Pakistan can push up wheat yields by about 10 tons, on a normal field five tons. But the more fertilizer supplied, the smaller the extra crop. This law of diminishing returns means that the world food supply will be held down this year as the rich farms of the United States and Europe are over-fertilized at the expense of the developing world.

This is not in the interest of anyone, including the American housewife. Pakistan is one place where food production, if Bhutto lifted all price controls and enough fertilizer were available, could be expanded very quickly. Wheat production has risen from 3.8 million tons in 1965 to 8.5 million tons this year and rice from nothing to 2.4 million tons (most of the rice is exported).

Everything is ready to go—if Pakistan gets the cash, credit, fertilizer and technical assistance it needs. It now has, in what was a virtual desert 50 years ago, 33 million acres irrigated by a 10,000-mile canal system and 120,000 tubewells, the largest single irrigated area in the world. Two-thirds of it is threatened by waterlogging and salination but corrective technology exists and Pakistan is investing $500 million to reclaim 14 million acres over the next seven years.

Just since 1967, 35,000 tractors, 5,000 threshing machines and 200 combines have been introduced. Pakistan's American-financed wheat research laboratories, together with those of India, are now the most advanced in the world. Next year Tarbella, the world's largest earthfilled dam, with more hydroelectric power than Aswan, will come on line.

Pakistan, now shorn of Bangladesh, is a land of 69.5 million people in an area of 300,000 square miles, with no more than 4 million farm families in 60,000 villages, cultivating 47.5 million acres. That is a favorable man-land ratio for Asia.

Productivity is still very low. If things go moderately well, most foreign experts believe Pakistan can double its production of wheat, rice, cotton and sugar within 10 years. Reform is required; Bhutto has reduced land ceilings from 250 to 150 acres but he needs to bring them down in line with the 50-acre limit imposed in Iran, and the 30 acres of India. Farm wages need to be raised from a present pitiful 50 cents a day. Primary education must be spread among a rural population that still is 88 percent illiterate.

Immediately, Bhutto needs to lift present controls so that his farmers can make enough money to buy higher-priced fertilizer and really go to town and grow more food. Philippine President Ferdinand Marcos has done this, accepting a 40 percent price rise in the cities while allowing farmers to double and triple their earnings because of record-high world commodity prices.

Unfortunately, little of Asia's rice production can be available for export; as it is,

production is not keeping up with population growth. Since wheat and rice are man's two basic foods, any appreciable rise in the world food supply has to come in wheat.

Self-sufficiency in food remains touch-and-go in the Soviet Union, and China's 800 millions now are being told to "eat a mouthful less each meal." That leaves the Punjab Plain as one great hope for the hungry world. Especially important to the world at large is that part of the plain which lies within Pakistan, since India is hard put to feed its own millions in any case, and probably will remain so in the foreseeable future.

But Pakistani output, if Bhutto remains more afraid of angry urban mobs than angry village farmers, is in danger of declining not rising. Two years ago Bhutto would not have had to choose between village and city. He then could have obtained U.S. PL480 surplus wheat at concessional prices Pakistan could afford, and kept his restless cities fed while allowing farm prices to rise so farmers could afford the fertilizer they need (if it was available).

What happened is that two years ago, President Nixon and Agriculture Secretary Earl Butz quietly ended U.S. policy of stocking huge corn and wheat surpluses and paying farmers to keep 60 million acres lying fallow, at a cost to the taxpayers of $4 billion a year. Today there are no more expensive stocks to be financed—and no PL480 surplus either—and the upward surge of world prices has pushed American commercial farm exports up to $18 billion a year, double the 1972 amount, taking the federal government out of the grain business altogether.

This has reversed the U.S. balance of payments deficit and farm subsidies now cost the taxpayer only one-eighth of the 1972 amount.

But developing countries like Pakistan have been left high and dry. Without PL480 wheat they have no way to combat urban inflation without hurting the rural, food-producing population. Although the rural peasantry in most Asian countries numbers 70 to 80 percent of the total population, it is the restless urban poor that topple governments and keep political leaders awake nights.

Urban politics aside, the inexorable requirements of food production may force Bhutto to raise farm prices before the next wheat planting season, probably in October, and risk the food price rise sure to follow. A United Nations food conference has been called by Secretary of State Henry Kissinger for November to try and find some way to make wheat reserves available to poor countries, but this will be too late to help Pakistan this year.

And if Pakistan loses, so does the American housewife.

KANSAS WINTER WHEAT STAMP

Mr. DOLE. Mr. President, I take this opportunity to call the Senate's attention to the forthcoming issuance of the third in a series of commemorative stamps honoring rural America.

The first stamp in this series highlighted the centennial of the Angus cattle breed's establishment in America at Victoria, Kans. And as further indication of Kansas' importance to American agriculture this third stamp, marking the centennial of the famous land winter wheat, will be issued in Hillsboro, Kans., on August 16.

This is a uniquely Kansas-oriented stamp. In addition to commemorating the variety of grain which established the bases for Kansas' nickname, "the Wheat State," it was designed by John Falter, originally of Atchison, Kans. Many of Mr. Falter's Kansas scenes were cherished by millions as they appeared on covers of the Saturday Evening Post. And his selection as the stamp's artist is particularly appropriate. Hillsboro is also the hometown of Postmaster General E. T. Klassen who is expected to be a leading participant in the festivities surrounding the stamp's issuance.

I am looking forward to taking part in the Kansas wheat stamp's first day of issue ceremonies, as are many others in Kansas, Hillsboro, and in the agricultural community.

To provide the Senate with a brief history of Kansas winter wheat and the people who brought it to this country, I ask unanimous consent that an article from the June 12 Washington-Star News be printed in the RECORD.

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

KANSAS WINTER WHEAT

(By Belmont Farley)

The hard winter wheat that made Kansas the granary of America reached the Middle West in the baggage of German-speaking immigrants from the steppes of Southern Russia.

The third stamp in the Rural America series, to be issued Aug. 16 at Hillsboro, Kansas, marks the centennial of their arrival.

The Mennonite brethren came to the western prairies of the United States in an increasing flood in the decade after 1873. They were followers of the Dutch priest Menno Simons, a remnant of the radical Anabaptist wing of the Protestant Reformation who had fled religious persecution in Holland in the 16th century to settle the wild Vistula border of Prussia and Poland.

Two things set these "plain people" apart from their neighbors. They were superb farmers and they would serve in no king's army. Alarmed by the growing militarization of Prussia and encouraged by Catherine the Great's promise of free land, religious tolerance and freedom from conscription, many of them had moved to the unbroken steppes of the Ukraine in the 1700s. In the next 90 years, with the help of a hardy strain of wheat they called "Turkey Red," they had made southern Russia the granary of Europe.

But in 1870 Czar Alexander II imposed military conscription on the foreign settlements within Russia's borders, and it was time for the Mennonites to move again. They had heard tales of the American Middle West, and an official delegation came to see for themselves in 1873. They were eagerly welcomed by officials of the Santa Fe Railroad, which had pushed across Kansas to the Colorado border and had nearly 3 million acres of land grants from the state available for sale along its tracks.

Some Mennonites from the eastern United States were already in Kansas, and Bernhard Warkentin of the Molotschna settlement, who later cooperated with Mark A. Carleton of the Department of Agriculture spreading the use of hard winter wheat, had set up a grist mill at Halstead before the first organized group arrived. Thirty-four families of 163 persons from Annenfeld n the Crimea reached Marion County in central Kansas on Aug. 16, 1874, and founded the village of Gnadenau on 7,680 acres purchased from the Santa Fe. Nearly every family had with it small amounts of Turkey Red seed wheat.

Other groups followed to settle in Marion and McPherson counties, in Nebraska and as far north as Canada's Manitoba. German Lutherans and Catholics from Russia also joined the migration. It soon became obvious to their American neighbors that the bearded foreigners not only worked uncommonly hard but they were growing a hardy drought-resisting high-yield wheat. In a few years Kansas was producing million-acre crops and wheat was the most important element in the state's economy.

The stamp design, a wheat field extending to the horizon, with a railroad engine pulling a tender and two cars of the kind that carried the immigrants to the railroad grant lands, is the work of John Falter of Philadelphia, whose grandparents were Nebraska wheat farmers.

Frank J. Waslick of the Bureau of Engraving and Printing prepared the model for the engravers, John S. Wallace for the picture and Kenneth C. Wiram for the lettering. The stamps are being printed by a combination of lithography and recess engraving, with yellow and red, blue and brown applied in offset presses and green, blue and black added in a single pass through a Giori intaglio press. the 10-cent stamps will be issued in post office panes of 50 with one plate number.

Addressed envelopes for first day cancellation, with remittance for the cost of the stamps, may be sent to "Kansas Wheat Stamp, Postmaster, Hillsboro, Kans. 67063." The request must be postmarked no later than Aug. 16.

AT 91, MRS. RIGBY IS TALENT SHOW WINNER

Mr. CHURCH. Mr. President, the State of Idaho Office on Aging—working with the Office of Special Projects at Boise State University and the Idaho Commission on the Arts—has established a new and very welcome tradition.

On the eve of the annual State conference on aging, these three sponsors each year conduct a talent show for older Americans. Every participant is the winner of an earlier, regional competition. The final statewide event is a contest of champions.

This year, the Idaho State Senior Citizen Talent Show was held in the College of Southern Idaho, and it was my good fortune to be on hand.

It was a happy occasion, both for the audience and the performers. More than that, it was memorable. It made me all the more convinced that greater efforts should be made throughout the Nation to provide similar opportunities for older persons to show off performing know-how which may have been developed over a period of decades or perhaps acquired only recently, during retirement years.

The talent show was only one part of a Senior Citizens Festival of Arts which also included displays, exhibits, and demonstrations of talents and skills. To get from the auditorium where the conference and talent show was held to the arts and craft display, many of the visitors, young or old, rode in golf carts provided by the college.

All in all, the festival was a lively occasion, one which offers a model for other States.

No other State, however, could be as fortunate in having so admirable an overall, first place winner.

That honor went to Pearl Rigby of St. Anthony. Mrs. Rigby is 91 years old. She

is the mother of 5 children, 18 grandchildren, and 59 great-grandchildren, and 16 great-great-grandchildren.

For 20 years, following an automobile injury, Mrs. Rigby has been confined to a wheelchair. She does all of her housework by herself.

At the talent show, from her wheelchair, Mrs. Rigby gave a humorous reading which she addressed to "her poor sisters of misery."

Her subject was "Women's Liberation."

It was, to say the least, a spirited rendition. One of the reasons for her skill, perhaps, is that she gave her first reading at the age of 6. And so she has had 85 years to practice.

Just as Mrs. Rigby drew from a rich source of experience and far-reaching memory to entertain other generations, so did other participants in the talent show.

Mr. President, I ask unanimous consent that their names be listed here.

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

LIST OF TALENT SHOW WINNERS

1st Place Winner: Titus White (Saxaphone Solos), Lewiston Area Regional Contest.

2nd Place Winner: Silver Valley Trio (Instrumental), Coeur d'Alene Area Regional Contest.

1st Place Winner: Dave Mitchell (Reading), Twin Falls Area Regional Contest.

2nd Place Winner: Norah Ross (Irish Jig), Pocatello Area Regional Contest.

1st Place Winner: Pearl Rigby (Reading), Idaho Falls Area Regional Contest.

2nd Place Winner (Alternate): Marvin Brown (Sax Solos), Payette Area Regional Contest.

1st Place Winner: Mt. Home Musical Misfits, Boise Area Regional Contest.

2nd Place Winner: Zora Warner (Organ Solos), Lewiston Area Regional Contest.

1st Place Winner: Cecile Chambers (Violin Solos), Pocatello Area Regional Contest.

2nd Place Winner: Dr. A. H. Simmons (Reading), Boise Area Regional Contest.

1st Place Winner: Fred Haun (Instrumental Group), Payette Area Regional Contest.

2nd Place Winner: Bulah Chisham (Vocal Solo), Twin Falls Area Regional Contest.

1st Place Winner: Alexander's Ragtime Band, Coeur d'Alene Area Regional Contest.

2nd Place Winner: Onita Hoff (Marimba Solos), Idaho Falls Area Regional Contest.

FEDERAL SPENDING

Mr. BROCK. Mr. President, Congress continues to overspend, oblivious to the consequences. Therefore, I would like to share with my colleagues an article which appeared in the New York Times by Donna A. Thompson. She paints a very vivid picture which each of my colleagues should see. I ask unanimous consent to have this article printed in the RECORD.

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

A "HINTERLAND" PLEA ON TAXES

(By Donna A. Thompson)

SPRINGFIELD, MO.—For a long time I have been thinking about telling you, Mr. Congressman and Mr. Senator, what your constituents are thinking—things you never hear. We want to know how you are going to cut taxes when you continue to make larger and larger appropriations.

You say, "We'll cut the Government payrolls," yet in the same breath continue: "But we'll set up another agency or consolidate the ones we have. Instead of so many little people, we will spend more money for the men at the top to take care of the supervision of these bureaus. We need competent men at high salaries."

But we wonder if you need more and more of them? If the men in charge of the agencies are not competent to handle them, why not let them go and put someone in who is? Or is it that more high-priced executives will be another means of helping organize political machines—a way of paying off with large salaries party promises to men who have helped carry elections?

Three farmers were talking about taxes, a favorite topic of conversation out our way, in a service station here the other day.

"My taxes were higher than they have ever been," one said.

Another asked, "When a depression comes, will they come down?"

"They never have," the first one answered. "But if they don't. Uncle Sam will have a lot of farms on his hands."

You talk much about reducing taxes but never do enough for us to tell the difference back here in the hinterland. We listen to political messages and talks over the radio and television, to men who are already in office and men who want to be in office, the President and men who want to be President. And your constituents grow fearful.

It is difficult to believe when men talk out of both sides of their mouths and say nothing. We are not dumb, not entirely ignorant, as many candidates seem to believe. We can recognize a lack of sincerity and honesty. We hear high-sounding phrases that don't say anything. And underlying them all is the idea of more centralization and more regimentation. We are told this isn't true, but we know better, because there is a commission of some kind regulating every part of our lives. The right to live as an individual is dwindling and dwindling.

Most Americans believe in the inalienable right to live and think as individuals, the right to make mistakes. But the right to succeed or fail is no longer "the thing" because the Government wants to help out. It is going to underwrite our right to live so that the farmer's price stays up and the consumer's price stays down and the businessman won't lose money. A man is not allowed to fail or succeed very far. He is limited from falling too low and held back from climbing too high. But we do not want that kind of protection. We want to try our wings, to climb and stumble and climb again. Don't hamper us with restrictions and regulations that tie our hands and empty our pockets so that we aren't free to use our brawn and our brains.

The small-business man cannot compete with the power of Government control and the vast funds that are appropriated. What he is actually doing is paying taxes to feed a monster that is going to devour him, paying the bill to subsidize the corporation that is his most powerful competitor and that will eventually swallow him.

Your constituents are also thinking about our involvement all over the world. You seem to be trying to manage the world as you are trying to manage us. You talk of spending billions of dollars in order to keep the underprivileged countries in operation and to raise their standard of living. Had you thought about letting them struggle to stand on their own feet and slip and slide and climb again as the men who made America did?

You on Capitol Hill talk blithely of billions of dollars; we at home only talk of dollars and dimes. We are small, but after all we make the whole, and dollars come hard. We can't help but think of the billions of dollars that have gone down the drain in foreign aid, and try to believe that the end result is peace in the world. Yet we doubt.

I hope that you will think about what I have said, because after all I am just an average American. There are millions of us and we are thinking mighty hard.

DISAPPOINTMENT IN VICE PRESIDENT FORD'S RECENT CONDUCT

Mr. MONDALE. Mr. President, 6 months ago the U.S. Senate and the U.S. House of Representatives exercised their solemn duty under the 25th amendment and confirmed GERALD FORD to fill the vacancy created in the Office of Vice President by the resignation of Spiro Agnew. This was the first time that the 25th amendment machinery was put into operation and, surely, all must recognize that Congress exercised its responsibilities to fill the second-highest office in the land with thoroughness and appropriate care.

GERALD FORD was subjected to the most rigid scrutiny Congress could muster—in both the House and the Senate, Mr. FORD was required to meet demanding standards, not only because he was about to fill the important office of Vice President of the United States, but also because he was to be elevated to that office at a time of trouble for this country.

This country was, and continues, in the throes of the greatest political scandal in American history. High administration officials have resigned, have been indicted, have pled guilty to serious offenses, and have been convicted of others. The incumbent Vice President resigned his office after entering a "nolo contendere" plea to charges of income tax evasion, backed up by more serious charges of violation of the public trust. Serious charges about improper conduct in the high levels of the executive branch were rampant at the time of Mr. FORD's confirmation and continue unabated, fueled most recently by the release of transcripts of White House conversations. For only the second time in American history, the House of Representatives is engaged in an inquiry into whether grounds of impeachment of the President of the United States exist.

GERALD FORD was confirmed, because he met the ethical standards which Congress and the Nation must demand of a Vice President and possessed the abilities to function successfully in that office. But, more importantly, Mr. FORD was confirmed, with the concurring votes of those who could never agree with his political philosophy, because Congress perceived him as a man who might someday be President of the United States and who, it was thought, possessed the wisdom and foresight to recognize that possibility and conduct himself accordingly.

Because of the realistic possibility that GERALD FORD might become President in troubled times, it was thought that he could take the reins of Government untouched by those troubles. Because he might assume the Office of President at a time when public confidence in Government, as revealed by poll after poll,

is at alltime low levels, it was hoped that Mr. FORD might provide a symbol of strength and nonpartisanship which could recapture the confidence of the American people in their Government. Because GERALD FORD might have the duties of a difficult office cast upon him after divisive events, it was expected that he would remain a symbol of unity.

In light of the expectations with which I, and many of my colleagues, voted to confirm GERALD FORD, I witness his recent conduct with great disappointment.

Instead of attempting to remain aloof from the troubles of Richard Nixon, Mr. FORD has insisted upon making repeated public statements indicating his assessment, not only of the President's character and fitness to continue in office, but also of the nature of the evidence against the President. Despite his initial—and, I believe, correct—reaction to such statements, by which he indicated he would not comment upon, much less review, the evidence being presented to the House committee, Mr. FORD has recently insisted upon passing judgment on the evidence and its weight.

A recent article in the Wall Street Journal by Mr. Norman C. Miller notes:

Mr. Ford may have arrived at the point where his constant public exposure could actually harm the reputation he has established as a straight-talking leader—his most precious asset. For as he backs and fills in his comments on Mr. Nixon's impeachment tactics—one day urging the President to give the House more evidence, another day backing up the Chief's refusal—the Vice President risks impairing his credibility.

The article goes on to add:

A quarter-century as a member of the House did not adequately prepare Mr. Ford to lead the country, as he would probably be the first to admit. Now, as a Vice President who clearly may be called on to succeed to the presidency under traumatic circumstances, Mr. Ford has a responsibility to educate himself on an array of complex international and domestic problems. And he is blowing it, frittering away his time on trivia.

Mr. FORD has many complicated roles to play right now. He is an important member of his party; he is a popular figure; he is a possible Presidential candidate in 1976; he is a former Member of Congress with great influence among his former colleagues; he is an antidote to the sagging spirits of America. But, more important than anything else, he is a person who might ascent to the Presidency through impeachment and removal, or resignation, of the President. This is his most important role. This is his most historical role. GERALD FORD must preserve his ability to fill this critical role.

I ask unanimous consent that the article from the Wall Street Journal of June 4, 1974, by Mr. Norman C. Miller entitled "Please Take a Break, Mr. FORD" be printed in the RECORD.

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

PLEASE TAKE A BREAK, MR. FORD

(By Norman C. Miller)

WASHINGTON.—Someone ought to do Jerry Ford a favor and take his airplane away from him.

The Vice President's frantic flying around the country really isn't doing anyone much good, least of all Mr. Ford. One day he is in Hawaii talking to Boy Scouts. Then he pops up in Texas or Colorado or Utah giving college speeches. Another night finds him in Buffalo to buck up the Republican faithful at a party fund-raiser.

So it goes week after week. What purpose is served by this incessant barnstorming? Very little.

Sure, it's nice for Boy Scouts to see a politician who has all the attributes of an Eagle Scout. Of course the Vice President is a prize catch for a college commencement. And Republicans, God knows, need bucking up, and Jerry Ford probably can do it better than anyone else.

But enough, Vice President Ford has more important things to do—like preparing himself to take over as President if it becomes necessary.

A quarter-century as a member of the House did not adequately prepare Mr. Ford to lead the country, as he would probably be the first to admit. Now, as a Vice President who clearly may be called on to succeed to the presidency under traumatic circumstances, Mr. Ford has a responsibility to educate himself on an array of complex international and domestic problems. And he is blowing it, frittering away his time on trivia.

FOREIGN POLICY PROBLEMS

Mr. Ford has little experience in foreign policy, and he certainly could profitably devote an indefinite period to systematic and intensive study of international affairs. Yet he gives the impression that, if he became President, he could make up for his own lack of foreign-policy knowledge simply by retaining Henry Kissinger as Secretary of State. As wise as such a decision might be, it would hardly be a panacea. Suppose something happened to Mr. Kissinger? What would an inexperienced President Ford do then?

Anyway the strength of Mr. Kissinger or any other Cabinet officer depends to a great degree on the strength of the President he serves. Notwithstanding Mr. Kissinger's likely continuation in office, it is prudent to assume that the Russians would test Mr. Ford's mettle in some way, particularly if he succeeded to the presidency after a divisive impeachment of Mr. Nixon. It is therefore prudent for Mr. Ford to prepare himself for such a possible test by studying the personalities and internal politics influencing Kremlin decisions, and certainly the Vice President could get the help of any expert in or out of government.

Or consider the problem of double-digit inflation. The Nixon administration's economic policy appears almost bankrupt, its policymakers intellectually exhausted after more than two years of disillusioning experience with wage-price controls. The Vice President surely could tap the thinking of other economists, and from extended consultations Mr. Ford just might develop better ideas. If he does not do so, the strong likelihood is that as President he would inheret a discredited policy and be in no position to change it.

Moreover, if he succeeds to the presidency, Mr. Ford would have an immediate opportunity to move the country forward on an array of fronts. The Congress, where he served so long and has many friends in both parties, would be eager to work constructively with him at least during a honeymoon period. The whole country would be rooting for Mr. Ford's success after the protracted anguish of the Nixon Watergate crisis.

Mr. Ford's long experience as the House Republican Leader would make it easier for him to seize this opportunity. For example, his chances of success would be high if he pushed a comprehensive health insurance plan or resurrected the Nixon administration's long-languishing plan to overhaul the welfare system. A political consensus already is within reach on these issues, and as a legislator Mr. Ford learned enough about them to move with confidence.

But there are knottier issues that will yield only to creative leadership. For instance, federal urban policy is a shambles, and yet the massive problems of the cities fester and cannot be ignored forever. Long-range energy policy, despite the sloganeering about Project Independence, has yet to be formulated, and it involves extremely complex economic and environmental decisions vitally affecting everyone's future. To provide leadership on such important matters, Mr. Ford would need to know a good deal more than the superficialities he was exposed to as a legislative leader.

It would be unfair to assert that Vice President Ford's nomadic speech-making means that he isn't spending any time briefing himself on issues. Indeed, a Ford aide maintains that "he's the biggest focus for information that I've ever seen. He has contacts through the party structure, from business, labor, the academic world, you name it. Of all the people in the U.S., he probably had more input from more sources than any other individual."

But how can the Vice President find time to absorb and seriously reflect upon all this "input"? In the last five months he has traveled some 75,000 miles to about 30 states. It is impossible to follow a whirlwind schedule and have much time or energy for extended study of difficult issues.

Mr. Ford's original reasons for hitting the road were understandable and proper. He needed to establish himself as a national figure. People wanted to see him. His party was in desperate need of a respectable cheerleader and fundraiser.

IMPAIRING HIS CREDIBILITY

While the latter two consideration still exist, Mr. Ford may have arrived at the point where his constant public exposure could actually harm the reputation he has established as a straight-talking leader—his most precious asset. For as he backs and fills in his comments on Mr. Nixon's impeachment tactics—one day urging the President to give the House more evidence, another day backing up the Chief's refusal—the Vice President risks impairing his credibility.

A warning sign appeared the other day when Minnesota Sen. Walter Mondale, a Democratic presidential hopeful, charged that the Vice President was "making a fool of himself" with "confusing and contradictory statements about some of the most grave matters that have confronted this country."

Yet no one really wants to drag Mr. Ford into the Watergate wringer. Thus, even while delivering a partisan jab, Sen. Mondale declared: "I hope the Vice President will . . . stop entangling himself in Richard Nixon's troubles and preserve his ability to play a leadership role."

It would be possible for Mr. Ford to take that advice, without exhibiting any disloyalty to Mr. Nixon, simply by deemphasizing public appearances and concentrating instead on quiet policy studies. In doing so, Mr. Ford would lose nothing if Mr. Nixon survives his impeachment crisis. But careful preparation certainly would benefit Mr. Ford and the Nation if he has to assume the presidency.

TRIBUTE TO THE SENATORS FROM NORTH CAROLINA

Mr. HARRY F. BYRD, JR. Mr. President, I wish to compliment my two distinguished colleagues from the great State of North Carolina. In a recent poll, Senator ERVIN and Senator HELMS were chosen by a wide margin as the two

North Carolina political leaders believed by the people to be most honest.

At a time when national polls show Members of the Congress rated low, it is comforting to find the people of North Carolina holding their Senators in such high esteem.

Analysts for the Long Marketing North Carolina poll commented that they were impressed with the "evident affection for both of the State's incumbent Senators, who finished far ahead" in the poll.

Mr. President, I, too, am impressed. Not only am I impressed by the deserved recognition of our two colleagues, but I am impressed and encouraged by the awareness displayed by the people of North Carolina. It is evident that they are well-informed, not only of the actions by their Senators, but of the splendid character of both these outstanding public figures.

I commend these dear friends and colleagues. I am proud to serve in the U.S. Senate with them.

I quote from the poll, question No. 4, with the result and analysis:

Question 4—What living man or woman, now in political life or formerly in political life—Federal, state, county or local—is in your opinion North Carolina's most honest political leader? (Open-end question; no names suggested.)

Results: (41 names volunteered) first, Senator Sam J. Ervin, Jr. Second, Senator Jesse A. Helms. Third, Terry Sanford. Fourth, Luther Hodges, Sr. Fifth, Robert Morgan. Sixth, Congressman L. Richardson Preyer. Seventh, Supreme Court Justice Dan K. Moore, former Congressman Charles Jonas (tie). Ninth, Governor Jim Holshouser, Tenth, Supreme Court Justice I. Beverly Lake, Congressman Wilmer D. Mizell, Congressman Charlie Rose, Congressman David N. Henderson (tie).

Analysis: Respondents were encouraged to examine the question carefully before replying. The words "living" and "honest" were stressed. LMNCP analysts were impressed with the absence of facetious or trifling answers, and evident affection for both of the state's incumbent U.S. Senators, who finished far ahead. Four of the state's present eleven Congressmen placed in the top ten. Several sour comments were volunteered: that of a Canton man was perhaps sourest—"No such animal exists."

LIMITING GROWTH

Mr. BROCK. Mr. President, within the last year shortages of raw and processed materials have occurred more frequently and with greater economic impact than at any time since the Korean war. Both Houses have held hearings to explore the causes of these shortages and several bills have been introduced.

One effect of the recent concern over material shortages has been a renewed interest in the doomsday literature. Several books published over the last 5 years predict imminent disaster if we do not drastically reform our economic system. Included among this literature are such books as "Technology and Growth: The Price We Pay, Scarcity and Growth" and, probably most well-known, "The Limits to Growth."

Mr. President, all these books argue, in one way or another, that the Earth is a finite system and that its resources cannot last indefinitely. Up to this point, I am sure that no rational man would disagree.

However, these books do not stop there. They use this fact as a starting point from which to argue for the cessation of all population and economic growth, for more centralized decisionmaking and for less individual freedom. I shall not attempt to enumerate the fallacies of this reasoning: others have done the job in detail.

Instead, I would like to share with my colleagues an article that appeared in last Sunday's New York Times, written by Mr. Rudolf Klein, of the London Center for Studies in Social Policy, it points out some of the consequences of limiting growth.

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

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

LIMITING GROWTH

(By Rudolf Klein)

One of the dangers of swings in intellectual fashions is that ideas become accepted before their implications have begun to be explored, as yesterday's unconventional wisdom becomes transmuted into today's unquestioned orthodoxy. The success of the advocates of nongrowth in bringing about a mass conversion to their view is a case in point.

By now we all know what the physical world will look like by the year 2000 or so, assuming that nothing will change except that there will be more of everything. The picture of an overpopulated and overexploited world, with too many people competing for too little space, is guaranteed to chill the spines of even those agnostics who, like myself, remain skeptical about some of the more simple-minded predictions that have been made. If faith in growth—the identification of progress with rising material standards of living—is the original sin of Economic Man, then he no longer has any excuse for being unaware of the consequences if he does not repent soon. Just as the men and women of the Middle Ages were warned by the stained-glass images in their cathedrals of the results if they did not change their sinful ways, so today's congregations are being warned by the images on their television screens of the effects if they do not repent: The vision of a hell on this earth has replaced the medieval vision of a hell in the next world.

But if the arguments in favor of a nongrowth society deserve to be taken seriously, then it is imperative to explore some of the implications of moving in this direction. It is, of course, just possible that if—by some miracle—the United States were suddenly to decide to adopt a policy of nongrowth, this would simply freeze the existing social and political system in perpetuity—that the history of the future would be nothing but the rerun of the same old movie. This, however, is the least plausible of all the possible scenarios; it seems highly unlikely that it would be possible to introduce a revolutionary change in the economic basis of society without also affecting profoundly the social and political relationships of its members.

The trouble is that, precisely because nongrowth would mark a sharp break with our existing habits of thought and ways of doing things, a fundamental discontinuity in our historical expereince, no one can predict what would happen—while prophesying what will happen if growth continues unchecked, in its present form, is all too easy. But if it is impossible to predict, it is essential to speculate. For the paradox is that while modern societies are beginning, if all too slowly and hesitantly, to learn how to cope with some of the consequences of growth (like dealing with pollution), they are utterly unprepared to deal with the effects of nongrowth. Yet these effects, particularly if they are unanticipated and undiscussed, could be shattering. It is not all that difficult to sketch out a scenario of social catastrophe in a nongrowth society to equal, in its horror, the scenario of ecological catastrophe in a growth society.

The starting point of such a doomsday scenario would be the Hobbesian assumption that politics in societies like the United States is about the allocation of resources. There are different groups—some ethnically defined, some economically defined—struggling to improve their position in society, as measured by their incomes, their housing, their access to education, job opportunities and so on. At present, economic growth tends to blunt the edge of this conflict. For everyone can expect to be better off next year than they were last year, even if their relative position does not change. Furthermore, it is possible for some groups actually to improve their relative position, without anyone actually being worse off in terms of hard cash. The competition for resources (social and financial) is therefore a game in which everyone can win at least something.

Now imagine the situation transformed by a decision to halt all economic growth. Immediately the competition for resources becomes a zero-sum game. One man's prize is another man's loss. If the blacks want to improve their share of desirable goods, it can only be at the expense of the whites. If the over-65's are to be given higher pensions, or improved medical services, it can only be at the expense of the working population or of the young.

From this, it would seem only too likely that the haves would man the barricades to defend their share of resources, against the have-nots. The politics of compromise would be replaced by the politics of revolution, because the have-nots would be forced to challenge the whole basis of society, and its distribution of wealth and power. For those who think that this distribution is wrong—and that most of the compromises are cosmetic anyway—this would be a welcome confrontation; not so, however, for those who take a more optimistic view of the possibilities of change in the existing society.

But the tensions created by nongrowth within a single political society like the United States would be compounded, more catastrophically still, within the international political community. For again, economic growth creates at least the possibility—even if in practice it has turned out to be illusory for some nations—of a general and continuing rise in standards of living. To abjure growth, by freezing the present situation, is thus to repudiate hope. It is to condemn a majority of the globe's inhabitants to permanent poverty unless (once again) the have-nots successfully manage to challenge the haves in order to bring about a redistribution of global resources in their own favor.

It is difficult to conceive such a challenge stopping short of war; perhaps the extreme form of this particular scenario would envisage China ultimately leading a coalition of the developing countries against the bourgeois superpowers, Russia and the United States. Given this kind of political doomsday assumption, not many of us would be left alive to witness the ecological disasters predicted by the antigrowth school; the problem of overpopulation would have been solved dramatically—unpleasantly but efficiently.

Like most speculations about the future, this doomsday scenario carries a contraband of undeclared assumptions in its baggage. It takes man to be an acquisitive, competitive and aggressive animal. It assumes a social ethic of work, struggle and achievement. Indeed this sort of political doomsday prediction is based on the same trick of argu-

ment as the ecological doomsday prophecy: it projects the present into the future, without allowing for the possibility that a changing situation will produce changing attitudes or policies and so falsify the forecasts.

If one reverses the assumptions, if one allows for the possibility that nongrowth will in itself create a new political and social situation, then it is possible to draw up a much more optimistic scenario at the opposite end of the spectrum of possible futures. This, I suspect, is what most advocates of nongrowth do, if only explicitly. In the optimistic scenario, competitive man is an aberration, the product of a society dedicated to growth, which stunts and distorts its members by generating artificial wants. From this point of view, the competition for limited resources is seen not as inevitable but as socially induced, a sign of the corruption brought about by tasting the apple of economic growth.

Given this approach, then, the repudiation of economic growth would in itself create the opportunity for a new kind of society to arise. This was, for instance, the view taken by one of the earliest advocates of nongrowth, John Stuart Mill, the English political philosopher, as long ago as 1848.

I confess that I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on," Mill wrote, "that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of humankind, or anything but the disagreeable symptoms of one of the phases of industrial progress." Instead, he thought, "the best state for human nature is that in which, while no one is poor, no one desires to be richer." And he concluded: "This condition of society, so greatly preferable to the present, is not only prefectly compatible with the stationary state, but, it would seem, more naturally allied with that state than with any other."

The stationary state of John Stuart Mill is the nongrowth society of today, and many of his views are reflected (if in less stately prose) in the writings of people as diverse as Marcuse or Galbraith. It is worth noting, thought, that while Mill thought that the United States provided the most favorable conditions for the development of such a society—since the northern and middle states had "got rid of all social injustices and inequalities"—he was disappointed by the lack of progress in this direction: "All that these advantages seem to have done for them is that the life of the whole of one sex is devoted to dollar-hunting, and of the other to breeding dollar-hunters."

In his advocacy of the stationary state, Mill was, of course, drawing on a tradition as old as Western thought, a tradition which put the emphasis not on productive work but on reflective, artistic and other noneconomic activities—a point of view which also finds an echo in the works of Karl Marx when he contemplates the future of society after the disappearance of capitalism. In this perspective, it is the growth society which is the aberration—a temporary phenomenon of the past 500 years or so, against which must be set the thousands of years of history during which nongrowth was the norm. Thus nongrowth can be seen as a resolution of social and political tensions, rather than as their cause.

Stated in these deliberately crude and extreme terms, neither the pessimistic nor the optimistic scenario is particularly convincing. Both are rather like the naive scenarios fashionable in the early days of the hydrogen bomb, which postulated a simple antithesis between a universal nuclear holocaust or universal nuclear disarmament. They beg crucial questions about what is meant by a nongrowth society, about how such a society might evolve and about whether one is talking about a single nation-state like the United States or about the world community.

Nongrowth is a deceptively simple slogan. It would seem to imply a combination of zero population growth (Z.P.G.) and zero economic growth (Z.E.G.)—by which is usually meant, no further rise in the total population nor in such conventional indicators as the Gross National Product. This, in turn, would seem to suggest a rather unthreatening picture of a society continuing to enjoy its present standards of living which, in the case of the United States at any rate, are luxuriously high for the great majority. But, forgetting for a moment the international setting and making a start with the case of a single society like the United States, this particular intellectual ball of wool turns out to be a remarkable tangle which requires teasing out.

The first difficulty comes in trying to relate the two components of the stable society—Z.P.G. and Z.E.G.—to each other. If it is assumed that progress towards these two aims will proceed harmoniously in step, then it follows that no one's standards of living (as measured by per capita income) will fall—and the stable society appears as a well-cushioned resting place, a plausible setting for the optimistic scenario. But it is at least possible that economic growth might stop before population growth; indeed more than likely, since it is impossible to insure a stable population in the absence of compulsory abortion or euthanasia. If so, there would actually be a fall in per capita income. In turn, this would raise some exceedingly awkward questions as to whose income should be cut: the pessimistic, social and political cutthroat scenario would seem to be rather apposite in such an event.

Mancur Olson pointed out a further permutation in his introduction to the issue which Daedalus, journal of the American Academy of Arts and Sciences, devoted to the subject of the No-Growth Society (compulsory reading for anyone interested in this subject). This was that it might be possible to combine a static economy with a falling population. In this case, there would actually be an increased income per capita, which would perhaps permit a superoptimistic scenario about a paradisiacal future combining affluence with ecological safety, social stability and social reform on behalf of deprived and underprivileged minorities.

But before jumping into this or into any other future, we should do well to ask a rather different sort of question: What are the social and political processes which will produce a stable society, as distinct from the social and political problems that may be created by the emergence of such a society? The two are obviously related, in that the circumstances of the birth are bound to affect subsequent developments. The discussion so far has, like most discussions of the nongrowth society, skirted round his issue; it has rather taken it for granted that there will be a collective social revelation, resulting in a colletcive social decision.

This, of course, is a nonsense belief, and it is precisely because this belief is widely held that much of the discussion about the stable society tends to have an element of religiosity about it, more concerned with spiritual conversion than practical realities. For the implications of even beginning to move toward a stable society are immense; political institutions would come under great pressure and social friction would grow.

This contention can easily be illustrated. To return to the first element in the equation of the stable society—zero population growth—there is no problem about this, only assuming that, by some instant process of education creating a generally shared consensus, all families in the United States will more or less keep to the required number of children (although there is obviously a little scope for variety, since some families may decide to have no children at all).

But what if they don't? What if some ethnic groups in the population keep to their ratio, while others exceed it? Would this be acceptable? Or would it be resisted since—in the long term—voting power tends to follow population size, and therefore differential ethnic population growths would imply a change in the ethnic balance of power? The idea of actually enforcing standard family sizes (as distinct from persuading people to accept voluntary limitation and introducing financial incentives designed to encourage such a development) tends to be widely resented, anyway. The idea that such a policy should be enforced on a discriminatory basis against a particular ethnic group would, surly, be equally widely resisted. It would introduce a particularly sensitive and divisive new issue into a political system which is already under strain in dealing with current social problems.

Difficulties of a different sort, but no less formidable, arise in the case of Z.E.G. It is implausible to assume that the present economy will remain as a mummified museum piece for perpetuity, that the United States will forever go on churning out the same number of cars, television sets, Ph.D.'s and garage mechanics. A stable society does not mean a frozen society, one hopes. But allowing for the possibility—indeed necessity—of change, how is such change to be controlled? For stability does imply control. It predicates that if Firm X (or University Y) produces too much in the way of goods, then Firm Z (or University W) will have to cut production back, if the total is not to be exceeded. It means that, if health and public services are to expand and improve in quality, the resources will have to be found by cutting other items of consumption.

The last point underlines the fact that progress from a growth to a stable society is also likely to mean progress from a society in which most of the decisions are taken by individuals or individual firms to a society where most of the decisions are taken collectively. It means (if we are really serious about Z.E.G.) more central control over the production and allocation of resources.

This is not necessarily a distressing prospect. Collective decision-making must not be confused with totalitarian decision-making and it has indeed been argued by J. K. Galbraith and others that present-day American society offers the illusion rather than the reality of individual decision-making, since not only are these decisions affected by the brain-washing activities of Madison Avenue but take place in an economic and social environment controlled by the "techno-structure" of big business and government. But it would clearly impose extra burdens on existing political institutions.

As it is, there is already much debate about the adequacy of Congressional control over the executive and a widespread feeling that the present balance is unsatisfactory. However, progress towards Z.E.G. would demand a more powerful executive backed by a more all-embracing bureaucracy. In turn, this would imply yet a further shift in the balance between Congress and the executive—between accountability and centralized power—unless there was an acompanying change in the political institutions of the United States deliberately designed to meet this danger.

Collective decision-making also ought to be distinguished, though, from giving greater priority to collective services for society as a whole. On the whole, advocates of the stable society also tend to be advocates of the provision of more collective goods: more hos-

pitals and fewer private cars, to encapsulate the standard argument. But while in a growing economy public and private affluence can go hand-in-hand, they part company in a stable society. The choice becomes sharpened in conditions of Z.E.G., and it certainly cannot be taken for granted that there would be a consensus in favor of allowing the rise in expenditure on health, education and pollution control to continue if this would actually mean a reduction in private consumption (it's all too easy to forget that measures designed to improve the environment or control pollution actually cost money, and therefore appear in the Gross National Product).

It is just possible—if one actually does believe Professor Galbraith's contention the people only want the gadgetry of modern technology because of the artificial pressures of the admen—that a collective decision would go in favor of more collective goods. However, it might be as well to consider seriously the possibility that the collective decision might be in favor of more private goods. If so, the result might paradoxically be more pollution and more political tension, since less would be spent on cleaning up the environment and on making the inner cities acceptable places in which to live. If this were the outcome, progress toward a stable society would actually increase social stress.

At this stage in the argument, however, it is necessary to reveal yet another concealed assumption. So far, I have tended to accept what might be called the social-engineering view of social change: that, given the political will and a little tinkering with the machinery of administration, it is practically possible to bring about certain desired changes. Only the self-evident difficulties of persuading a population to accept the personal implications of the general idea of Z.P.G. have been touched on so far.

But, in returning to Z. E. G., it is far from clear that in the present state of knowledge, it is actually possible to exercise the sort of precise, finger-tip control which is implied by the idea of non-growth. The evidence, rather, appears to point in the opposite direction. But if, in fact, the economy continues to perform on a cyclical pattern, then it would seem—if Z.E.G. is to retain any meaning at all—that if by some unfortunate mishap the economy were to grow in one year, there would have to be a compensating fall in the following year. The manic-depressive pattern of economic management of recent decades might well be reinforced, with deeper and sharper recessions deliberately engineered to compensate for accidental growth—what might be called an economic abortion program. In turn, such a policy of economic management would once more entail political friction, deepening rather than narrowing divisions between the various economic, ethnic and social groups in American society.

All this may seem unnecessarily pessimistic, deliberately stressing the negative aspects of the evolution toward an American society based on nongrowth while neglecting the possibility of agreed and harmonious change. But the picture of possible futures painted so far appears positively cheerful and encouraging if the wider, global setting is also considered.

Again, there is a whole spectrum of scenarios, offering various mixes of gloom and optimism. For example, one possibility might be a unilateral decision by the United States to introduce no-growth in one country, on the reasonable enough argument that the American dream has been fulfilled in economic terms. Clearly such a conscious decision (always assuming that it is psychologically plausible and politically possible) would, in itself, tend to create that sense of dedication which would be required to cope with the problems so far discussed. Still, even this sort of ideological and economic isolationism would come under severe pressures. It would have to survive, for example, the spectacle of other countries—particularly in Western Europe—overtaking the United States in terms of per capita income.

In practice, though, it is difficult to take this particular scenario seriously. For even a unilateral American decision in favor of Z.E.G. has implications for the rest of the world.

No-growth in the United States means less growth elsewhere, given the nature of the world economy. In effect, therefore, the United States would be taking a paternalistic decision with damaging effect on much poorer nations (again, it's worth noting that, just as expenditure on improving the environment shows up in the national accounts, so does expenditure on foreign aid—and that both might be a casualty of Z.E.G.). Leaving aside the morality of such a course, it obviously has considerable implications for American foreign policy and the balance of power throughout the world. Economic isolationism implies political isolationism.

Abandoning this particular scenario, therefore, and accepting that the United States is inescapably a member of the global community, it then follows that the problems of a nongrowth society have to be considered in this wider context. The sorts of difficulties which have been discussed within the setting of a single country must now be translated in terms applicable to international society. Again, there are the problems of distribution—this time not as between ethnic groups and social classes, but as between different countries. Again, there are the problems of enforcing policy decisions—this time not in terms of strengthening the governmental machine of a single country but the mechanisms of international control. It hardly needs pointing out that while all the problems would be that much more severe, the means for tackling them are at present effectively nonexistent.

Indeed, what does the concept of a stable society imply when applied to the world community? Obviously the idea of Z.P.G. has even more urgency when applied on a global scale than in the case of a single country like the United States, since it is the soaring numbers in the underdeveloped and developing countries which help to perpetuate their poverty. Equally obvious, though, the difficulties of actually enforcing such a policy are compounded; indeed it is seen by some countries, notably by China, as a threat to their power.

But it is the idea of Z.E.G. on a global scale which is politically implausible. This would in effect mean condemning the majority of the world's population to poverty for the rest of time. But if this is a nonsense way of interpreting global Z.E.G., who is to decide which nations get how much? Who will ration out permission for growth? What are the standards—in terms of per capita income—which are going to be the upper limit of permissible growth?

Assuming that there would be no voluntary agreement, based on an international consensus, on points like these, the most likely outcome would be an attempt by the prosperous nations (whether capitalist or Communist) to enforce their policies on the rest of the world. In turn, such an attempt would be seen—and resisted—as an effort to make the world a pleasant place for the prosperous to live in, at the expense of the poor—a new form of colonial exploitation.

However, the developing countries might well decide to push for a redistribution of the global income in their own favor, using their control over what are going to become increasingly scarce natural resources like oil and various metals as their weapon. The "have" countries might actually be faced with the possibility of accepting a fall in their standards of living or engaging in an economic confrontation—possibly shading off into a military one—with the "have-nots." The stable society, in population and economic terms, might turn out to be, in political and military terms, a singularly unstable one.

In discussing the possibility of such developments, there is always the danger that one will be misunderstood to be predicting a particular outcome. This is far from being the intention of this article. For the only certain aspect of the future is that it will be a great deal more complex than the sort of simplified scenario that it is possible to construct. Futurology is useful only to the extent that it is seen as an intellectual game, creating an awareness of possibilities that might otherwise be ignored and stirring up discussion about what might otherwise be neglected policy options.

Indeed, by far the most plausible scenario does not involve anything even remotely resembling a deliberate policy decision to adopt a nongrowth policy, but a muddled, half-conscious drift—a gradual emphasis on new priorities, like trading economic growth for more leisure time, hesitantly and perhaps even inconsistently pursued over a period of decades as social values evolve. In this scenario, the change would first become apparent in the societies of economic satiety, like the United States, and slowly percolate elsewhere; conspicuous nonconsumption, on this reading of the situation, is the luxury of the well-to-do and the paradox may be that the acceptance of nongrowth in itself depends on the achievement of growth (just as population control seems to catch on only when it is seen as a way of increasing living standards).

Leaning on history, this scenario might then suggest that a society which had adopted the values of nongrowth would be introvert rather than extrovert, traditional rather than innovative. Whether it had settled for an egalitarian distribution of wealth or for the perpetuation of inequalities, it would be resistant to change, stressing social control as the inevitable counterpart of social stability. There would be little social mobility, since this tends to be a product of economic growth. There might well evolve a gerontocracy, with power going hand in hand with seniority, since it would no longer be open to the young to secede from existing organizations to start their own. The only frontiers that would be open for exploration would be those of artistic or spiritual activity.

The resemblance of the picture to medieval society in Western Europe is not accidental. For that was a society which was based on non-growth, whose mold was indeed broken only when the Protestant ethic of economic achievement became the ideology of the newly developing capitalism. It would be absurd to push the parallel too far; a society which commands technological resources of infinite potential, but refrains from using them to their full limits to create extra economic wealth, cannot be equated with one which was ravaged by starvation and the plague. But perhaps it is worth remembering that building cathedrals can go hand in hand with burning heretics, that emphasizing spiritual rather than material values does not necessarily imply tolerance, that a sense of community may be achieved at the cost of accepting social hierarchy.

This is not to imply that nongrowth will, inevitably, bring about such a situation—any more than growth will, inevitably, bring about ecological disaster. It is to suggest, however, that nongrowth may carry certain social and political risks just as growth may carry certain ecological dangers, and that it may need a determined effort to avoid both.

GOVERNOR HERNANDEZ' VIEWS OF PUERTO RICO'S ROLE IN INTERNATIONAL AFFAIRS

Mr. CHURCH. Mr. President, I wish to take this opportunity to commend Rafael Hernandez Colon, the able Governor of Puerto Rico, for his excellent testimony to the ad hoc advisory group which is currently considering in depth the future relationship between Puerto Rico and the United States.

Governor Hernandez, a thoughtful and progressive man, carefully laid before the ad hoc advisory group the future course that both countries could appropriately take in strengthening the 22-year-old commonwealth relationship, a relationship that has benefited Puerto Rico and the United States. I am delighted to note here that the Hernandez administration is already demonstrating leadership both in advancing Puerto Rico's economic growth and economic equity.

The youthful Governor has also shown perception as an observer of current world events. As someone greatly concerned about foreign affairs, I have read with interest — and delight — his two speeches at Yale Universty in April and his commencement address at Johns Hopkins University 2 weeks ago, in which he discussed the difficulties but the necessity of preserving and extending human freedom in Puerto Rico and throughout the globe.

In his ad hoc advisory group presentation, Puerto Rico's top elected official and chief executive spoke at length about his country's role in international affairs. I bring these passages to the attention of my Senate colleagues and others in order that they can know more about Puerto Rico's presence and participation in the world community.

I ask unanimous consent that Gov. Rafael Hernandez Colon's comments on the international role of Puerto Rico be printed in the RECORD.

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

TESTIMONY OF THE HONORABLE RAFAEL HERNANDEZ COLON

THE INTERNATIONAL ROLE OF PUERTO RICO

I have already pointed out that interdependence is at the heart of the principle of free association which governs the relationship between Puerto Rico and the United States. Because we are conscious of our special relationship with the United States and also of our place in the community of Hispanic American peoples, we cannot afford to be isolated from the rest of the world. We cannot stand aside from contemporary world currents and events, particularly where we can make a real contribution. We can, and should, contribute to multilateral efforts to promote understanding and friendship among peoples, especially in our own region and hemisphere. We have much to teach, and also a great deal to learn, about economic development.

Geographically, Puerto Rico belongs to the Caribbean. Culturally, it is a part of the community of Hispanic American peoples. Politically and economically, it is intimately associated with the United States. These three points of reference—and especially a political status of free association—are the points of departure for defining Puerto Rico's place in the world and its relationships with other countries and with international organizations.

While under the Commonwealth relationship the broad range of foreign affairs is a matter of federal concern, nonetheless, there is ample room for Commonwealth initiative.

Puerto Rico has a role to play in the Caribbean and a need to enter into government-to-government relationships with other countries such as Venezuela, in order to resolve effectively its needs, such as its energy requirements.

We have already had considerable experience in the international arena, and we are well prepared to make substantial contributions to international cooperation and solidarity. Since 1950, Puerto Rico has been the meeting place of more than 30,000 persons from developing countries, most of whom visited our island in order to observe and study our social and economic development programs. Most of those visitors came from Latin America and the Caribbean region, but large numbers also arrived from Africa, Asia and Oceania. In this manner, we have been able to communicate our experiences, our successes and our problems to representatives of other areas of the world striving for social justice and political democracy. During the 1960's, the Commonwealth of Puerto Rico actively participated in matters of special concern to the peoples of the Caribbean region. Puerto Rico was a founding member, and San Juan was the headquarters, of the Caribbean Organization. This now-dissolved organization contributed greatly to the idea and practice of regional collaboration and promoted the movement for the economic integration of our region. The Commonwealth subsequently created its own specialized agency with regional concerns, the Corporación de Desarrollo Económico del Caribe, in an effort to foster regional cooperation. Our economic and regional interests have prompted the Commonwealth government to establish an active program of trade missions, whereby Puerto Rico seeks to promote trade with other areas, especially with the Caribbean and the nations of the Western Hemisphere. Our industrial promotion efforts have led the Commonwealth government to open facilities in Europe and Tokyo for the purpose of attracting investment to the Island. By bilateral agreement, Puerto Rico and the Dominican Republic, in 1967, created the Joint Dominican-Puerto Rican Commission for the purpose of developing a program of economic, cultural and technical collaboration.

Puerto Rican cultural missions to different countries of the Hemisphere have been sponsored for more than two decades by our Institute of Culture, Department of State and Department of Education. For many years, Puerto Rico has collaborated with different international organizations in a wide array of exchange programs and technical assistance projects. In addition to these official contacts, private entities in different fields have made positive contributions to the flow of information and peoples between Puerto Rico and other countries. We have accumulated valuable experience in our relations with other countries and with international organizations. Our experience is a good point of departure for future Puerto Rican roles in international matters in a manner consistent with our association with the United States.

Various courses of action are already open to the Governments of the United States and Puerto Rico which require no substantial or prolonged constitutional or legislative action, based on the longstanding recognition by the United States and the United Nations of Puerto Rico's status as an autonomous political entity. Other possibilities may require more complex procedures. An exhaustive and incisive analysis of the desirability of greater participation by Puerto Rico in international affairs and appropriate international institutions was prepared recently by Professor W. M. Reisman of Yale Law School for a conference of the United States' leading lawyers, held at the Carnegie Endowment for International Peace in New York.

With the Committee's permission, I would like to submit a typescript of Professor Reisman's study for the record, as an appendix to my statement. I will not elaborate on the constitutional and international law questions treated at length by Professor Reisman, in view of my basic agreement with the recommendations he offers. However, I would draw your particular attention to Professor Reisman's recognition of the very real advantages to both our peoples, and the practical possibilities of Puerto Rico's participation in numerous specialized international organizations—especially those dealing with education, health, culture and commerce. These offer an effective and additional dimension for greater rapport with and support to developing countries which can be a valuable supplement to U.S. policies and programs.

ENERGY PROBLEMS ARE STILL WITH US

Mr. PERCY. Mr. President, as I said last week when I introduced S. 3556 to retain indefinitely the 55 miles per hour speed limit on the Nation's highways, I believe that convincing the public of the continuing seriousness of the energy situation is one of the difficult problems facing the Federal Government. I applaud all efforts by Government and the private sector to assure that energy conservation remains an important goal for each individual and for our society as a whole.

On May 13, 1974, U.S. News & World Report featured an editorial by Howard Flieger, expressing his views, which coincide with my own, that we are slipping too easily into the old pattern of energy consumption and the old attitude of complacency about our fuel resources. I endorse Mr. Flieger's remarks and ask that they be printed in the RECORD.

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

SHORT MEMORIES

(By Howard Flieger)

Human nature being what it is, yesterday's crisis is last night's bad dream—and today's faded memory.

With the advent of balmy weather, the car tuned up and the open road ahead, who wants to be reminded of gasoline queues?

Shoe leather is getting heavy on the gas pedal again. The prudent driver who keeps to a modest 55 miles an hour is honked at and scowled at by fellow motorists. With fuel tanks brimming and a credit card handy, they're on their way—unmindful of the short time ago when they didn't know where their next gallon of gas was coming from.

Results of a recent poll in New Jersey by the Eagleton Institute of Rutgers University probably are typical of much of the motoring public. A couple of figures are instructive:

Only 16 per cent of those polled now rate the energy crisis as "one of the most important issues" of the day.

It was different last February. Then, 55 per cent considered it "the most important problem" in New Jersey.

That was back in the days when many filling stations were doling out gasoline a few gallons at a time, when drivers waited

in long lines to get enough fuel to move them to and from the office, when "Sorry, No Gas" signs were more common than the weather reports, and the final digit on your license plate—odd or even—had to match the calendar.

Memories are short. Who wants to fret about gasoline now? Sure, it costs more than it did then. But there seems to be a lot of it around if you've got the purchase price. So why worry? Everything's O.K.

Well, nobody likes to be a spoilsport, but everything is *not* O.K. A little worry might be a good thing along about not. Do you know where your gasoline, your heating oil and power for your air conditioning are going to come from in the months ahead?

If you do, you know something that the most skilled minds in the entire complex field of energy supply haven't figured out.

A more even distribution of gasoline after a rather panicky start, the end of the Middle East oil embargo, a bit of conservation here and there—these are the things that have taken the hysteria out of the fuel situation.

But they have masked the problem for the time being. They haven't cured it.

The whole thing comes down to a simple but stark matter of supply and demand.

For years the United States has been using more power than it produces. It still is. The difference has had to be made up by buying from producers in other countries. It still has to be made up that way.

No matter how you measure it—and no matter that you now can drive into the gas station and say "Fill 'er up"—the basic fact is as true today as it was two months ago.

This country just doesn't have control over enough energy to live in the manner to which it has become accustomed. When you buy a tankload of gasoline or home heating oil you are getting, pro rata, a little bit more than the United States is able to produce.

When the embargo was in full force, the U.S. was having to make do with 2 million barrels less oil per day. As motorists return to their old ways they also return just as surely to dependence on the Arabs.

So it might be wise to remember that the energy crisis is a bit like a concealed weapon. It can catch you by surprise.

And it isn't going to go away permanently until one of two things happens: (A) either this country makes a dedicated effort to produce a lot more fuel, or (B) we tailor the use of energy to living within our means.

Otherwise, the long queues can return any time the balance tips the slightest bit. That's all it takes to light up the "tilt" sign.

ST. CLOUD, MINN.—ALL-AMERICA CITY

Mr. HUMPHREY. Mr. President, I salute St. Cloud, Minn., for being designated an All-American City by the National Municipal League. This award was well deserved. St. Cloud has revitalized its business district with one of the most extensive programs of beautification and modernization to be found in any community of its size. It also has created a multi-use sports center, a 182-acre industrial park, and provided three regional metropolitan agencies designed for the St. Cloud area's unique problems.

All of these achievements were made possible by the efforts of business, labor, and other community leaders who were determined to see St. Cloud, Minn., become one of the Nation's finest cities.

The city of St. Cloud is also fortunate in having one of Minnesota's splendid State colleges—St. Cloud State College. It is known as a community of good homes, fine parks, beautiful churches, outstanding medical facilities, and an expanding industrial and business economy. It is situated on the banks of the Mississippi River. Recently St. Cloud developed a modern airport, thereby improving communication and transportation. It is dissected by a system of State and Federal highways and is the trade center for one of the most highly developed and prosperous agricultural areas in the upper Midwest.

The mayor of the city, Al Loehr, has given his community strong and effective leadership, working in cooperation with the St. Cloud Area Planning Commission, and the St. Cloud Chamber of Commerce. All of them are to be commended.

Mr. President, I ask unanimous consent that an article relating to St. Cloud redevelopment, written by Mr. Carl Griffin, Jr., of the Minneapolis Tribune, be printed in the RECORD.

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

ST. CLOUD REDEVELOPMENT WINS ALL-AMERICA AWARD

(By Carl Griffin, Jr.)

Three years ago St. Cloud voters barely passed a referendum to allow the city to close off traffic in a three-block downtown area for a shopping mall.

The scant margin led to a mall, completed last year, that silenced its skeptics as downtown business rebounded strongly enough to be considered by some to be booming. It also led to a mall that was one of four reasons St. Cloud today was named an All-America City.

St. Germain St., as the mall is called, was cited by the National Municipal League, which makes the award, for its effect on reviving a declining city economy. The other project cited in announcing St. Cloud's selection are a multi-use sports center, an 182-acre industrial park and three regional metropolitan agencies designed for the St. Cloud area's peculiar problems.

Ed Stockinger, a member of the St. Cloud area planning commission, said that a major factor in a city's winning the award is "evidence of broad-based concern by community and business leaders in community improvements."

Like many other communities, St. Cloud was faced with the problem of a central business district deteriorating aesthetically and economically. Crossroads Shopping Center, with more than 40 businesses in its enclosed mall, was built nearly 10 years ago outside of the city limits on Hwy. 52. Not only did the city lose the benefits of tax revenue from the shopping center, but downtown lost a lot of business.

A strip of fast-food chains, service stations and other businesses soon developed along Hwy. 52 from the city limits to the shopping center.

Another problem was that the city's two basic industries—quarries and railroads—were not expanding as rapidly as the area's population was growing.

In 1956, a group of businessmen formed St. Cloud Opportunities, Inc. The group bought a 182-acre tract from the Veterans Administration. The project was launched with the sale of $200,000 in bonds. There now are 11 new industries in the industrial park. The plants have generated more than 3,000 new jobs, and there are plans possibly to develop another industrial park. All costs of the acquisition and development came from volunteer and private sources. At least $387,000 in revenues from property taxes was generated by the project.

Adjacent to the industrial park is a sports center. The facility replaced an older baseball park on the Hwy. 52 strip. With the business developments springing up on the strip, the property had a potential for being a tax base for the city. The stadium at the ball field had limited use for sports anyway.

A citizens commission was formed to review a number of proposals to sell the property. The capital income from the sale was invested in a new sports complex, which has an ice-hockey arena as well as a baseball field. The facility is used by the city's schools, college and neighboring athletic leagues.

With the continuing growth of St. Cloud and its neighboring communities a drive spearheaded by a number of community leaders was begun to create three area agencies—a metropolitan planning commission, a sewage commission and a transit commission.

St. Cloud is an unusual city because its city limits extend into Sherburne and Benton counties.

The formation of the three agencies has led to creation of a metropolian bus system which serves the surrounding communities as well as St. Cloud. A new sewage-treatment plant is being built and a coordinated traffic and thoroughfare plan is being put into use.

Formal presentation of the award to the city will be made later this month. Glen Carlson, manager of the St. Cloud Chamber of Commerce, said that the award probably will encourage continued development and growth of the city.

Nine other cities to win the award this year were Albion, Mich.; Jamestown, N.Y.; La Habra, Calif.; Lewiston, Pa.; Lexington, Neb.; Macon, Mo.; North Adams, Mass.; Port Arthur, Texas, and Tulsa, Okla.

PRISON REFORM

Mr. BROCK. Mr. President, one of the pressing needs of our society today is in the field of prison reform. More congressional consideration is needed of this often forgotten area. Many programs have been suggested, and many new, innovative and progressive programs have been initiated. But we certainly need to do more.

I would like to call to the attention of my colleagues a prison publication which I receive entitled "From the Mountain." It is from a prison in Cohoctah, Mich. I think it deserves the attention of this body. The answers proposed may or may not be the proper ones, but the article can certainly give us an insight into what prisoners are thinking. I ask unanimous consent that this article be printed in the RECORD.

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

THOUGHTS ON PRISON REFORM

As one sits in a 5' x 10' windowless and airless, sterile cell, one cannot help to marvel at the inane minds of the powers that control this dying society. This Oakland County's Jail is supposedly the social and physical engineering epitomy of what jails should be.

It is escape-proof. It is easy to clean. It is easy to supervise. It is fireproof. It is easy to heat. It is easy to cool. It is an ideal vacuum for storage, and minimal life support, of animals. It would, indeed, make an excellent dog pound.

Now, this tells more what is in the minds of the social scientists than anything else could do. Rehabilitation is allegedly a goal of the courts and prisons. Punishment is

supposedly secondary. Detention and extraction from the society, as a whole, are ostensibly designed to remove an offending individual from adverse influences. The site to which he is removed, is intended to provide an atmosphere in which his social rehabilitation can most easily be effected.

A state prisoner, sentenced up to one year in this jail, is treated no different than are we, awaiting transportation elsewhere. A minute few, it is true, may become trustees. They, then, have an open eight man block in which to live. This area is generally left unlocked during the day. This permits trustees to go about their unpaid work without the need for guards tending to the opening and closing of iron gates and doors. The trustees do have light physical chores in the nature of kitchen work, housekeeping and orderly functions.

The bulk of the 300, or so, inmates can be divided into 3 groups. The largest, by far, is serving sentences already handed down by various courts. There is a secondary group, the next largest, who are federal prisoners awaiting trial or awaiting post-trial transportation to federal prisons. The last group are state or county prisoners awaiting trial.

Imagine being sentenced to one year in here. If you are in an 8-man cell, you have about 20 x 20 ft. Out of this space, take 2½ ft. from each side. That is bunk space, two high, four in all on each wall. Then deduct one end area, about 2½ ft. out, which allows for the shower, one toilet and one wash basin on one side of the shower, plus one wash basin on the side of the shower. At the opposite end of the 8-man room, along the barred gate wall which faces the corridor serving about 4 of these rooms in each gallery, is the sole activity center. It is a steel table with built-in benches, identical to park picnic tables.

That would be your world for one year. No light is visible other than from flourescent fixtures in the corridor—the resultant eye-strain is quite predictable. No breeze, neither a hot one nor a cold one. The only time you would leave its confines would be on visting days, once a week, to walk to the glass view boxes in that small cubicle at the end of the gallery. If no visitors, no walk. Or, every two weeks, when one's two sheets were exchanged for clean ones, and at which time, a single set of underwear and blouse and trousers are exchanged for a clean set.

Now and then, well meaning missionaries may spend ten minutes on an occasional Sunday afternoon, in a brief and fruitless shot at saving souls. This, even, is counter-productive in both the attitudes of the missionaries and the jailors in handling this interlude. The missionaries can't get their hymn books back fast enough for fear that some heathen inmate may contaminate them. The jailors can't move the missionaries out fast enough so that they, the jailors, will not have to spend time bringing them in and out of the various galleries. Any spiritual uplift is thoroughly marked by its absence.

There is a set of enclosed exercise yards. I understand that last July and August, some prisoners were allowed outside to bask in the sun, and air occasionally. The jailors complain that lack of manpower prevents any regular "airing of the inmates".

There are no work details on county roads nor on county, or state properties. The liberal do-gooders can take as much blame for this as the hard-nosed, sock-it-to-them law and order conservatives. The liberal tears over prisoners doing manual labor washed away the fact that most prisoners would prefer to be active, even at relatively arduous tasks, rather than to atrophy in concrete voids. The conservative who wanted daily labor to be punishment, instead of constructive, rehabilitative routine, made work so excessive that he gave the liberals a ready-made issue.

Any child could have designed a better operative system than this. It should be clear that the purpose of this type of detention is contrary to all the hypocritical mouthings of rehabilitation. The sole purpose is detention, extraction from society and a hope, vague at best, that out-of-sight and out-of-mind, the problems must just go away.

Recidivism is not only understandable, but completely inevitable under such a system. Talk to repeaters, to hard-rock transferees awaiting new trials, back inside as a result of parole violations. Their experiences, and attitudes, their evaluations and their judgments stand head and shoulders above the preachments of social governmentalists.

How does society want to control crime if it, in its own way, perpetuates the soil in which the seeds are scattered? If it really desires rehabilitation, then let it recognize that the guidance, the education and the facilities for such must come first.

How simple a program could be developed—and how inexpensive when compared to the monstrous expense of prison construction and prison operations! One must wonder if the personal profits made by specialists in prison construction, in prison equipment, in police support industries, has not had a hidden influence, far more weighty than moral considerations.

First, all first-time offenders should be sent to a rural commune. Such commune would, in effect, be several hundred acres in size. There would be twenty-room huts. Individual cubicles would be furnished each prisoner. Group use of showers and toilets would be eliminated by individual, simple facilities in each cubicle. Each hut would have a study room and a recreation room.

A central dining hall would service all areas. A medical hut would provide convenient attention to minor ailments, nonsurgical treatments and periodic prisoner checkups. The medical staff would be long-term prisoners, whether trained in such profession prior to violation of the law, or those specifically trained, after conviction, for these functions.

There would be workshops to produce items usable in the prison system there and elsewhere. All items would have to be totally designed for inmate consumption, support or utility in order to avoid commercial perversion of the intent of the system by outside profits.

Educational classrooms would form a series of huts at the center of the camp. These would include manual trades and arts necessary to the support of both functional and recreational life of the camp. Staffing would be from inmates and outside voluntary professionals. However, training programs to utilize prison cadres for all professional educational posts would be pressed for the main purpose of eliminating non-prison employees.

Why this emphasis on prisoners being trained and used for all camp functions. If rehabilitation is the main goal of law, and the purpose of detention, then what better way to rehabilitate an inmate than to give him a new profession or trade? And, to show him, or her, how that skill or knowledge can be immediately placed into productive, meaningful use in and on behalf of, his or her, peer group. Here is re-education at a practical level. Here is responsibility given where visible and tangible application can result.

Any society that creates a profession or a trade industry that has as its sole profit, income from a prison system, must depend upon recidivism as a reality. Such prison profit, whether to the well intentioned professional, or to the indifferent construction contractor, must be protected, perpetuated and promoted. This can easily be understood from the egocentric position of the individual case.

A man goes to college to obtain a degree in social science. He spends four years there. He now has an investment to protect, and from which he expects a return. The return, necessarily includes a better income, a better scale of living than had he not spent the four years at college. He now applies for a position in one of the many prison-support professions. He may enter prison ranks as a psychologist, or administrator, or serve as probation or parole officer.

His livelihood is now dependent upon prison. Prison is his factory, his office, his mercantile establishment. The raw materials with which he works, are the finished products as well. He has no need to fear competition, due to the nature of our society. His income, his livelihood, is then dependent on perpetuation of the prison system which is dependent upon the courts to supply the source of profit and materials. In effect, he must consciously, or subconsciously, encourage and extend the prison system in order to advance his own, and his newly joined industry's personal interests.

Let us look at the builders who bid the contracts for construction of these new concrete monstrosities, called correctional facilities by the government. The type of construction, the vagaries of bidding in the prison field, have become as specialized the last 20 years for those whose main bidding centers on jails and prisons. With this specialized experience, and this includes the know-how in bidding the job to suit federal or state whims or needs, a new element enters penology. Definitely a vested interest group, it strives for profit, pure and simple. Unlike the first example of a professionally trained prison official, this second example has lobby representatives, and has profit of considerable amounts at stake. For its egocentric interests, the more prisons built like fortresses, the greater the profit. The greater the profit, the more influence this group can exert upon elective and appointive officials in the direction of penology. For all elective and appointive officials are dependent upon political ties which are highly dependent upon financial contributions. As recent national scandals have shown, contractors are too often a quick source of financial aid for which they expect, and usually receive, favors in the form of contracts, in return.

There is a moral consideration also. Morality may seem archaic but men have already seen the damage that immorality can cause. Each man has a need of a personal standard of attitude, conduct and behaviour to measure his own by. The individuals, cited as examples, whether singularly or in a group trade entity, must bear a weight of responsibility personally, when receiving the ignominious failures of the systems of prisons and penology.

Therefore, let us remove these extraneous interests from the basic areas of rehabilitation, as rapidly as is effectively possible.

Let prisoners build their own communes. Let prisoners staff, operate and maintain them themselves. If there is a true need for non-geographical isolation of certain inmates beyond rehabilitation, let specific islands, or parts of the northern areas of Alaska, be allocated with minimal staff of non-prisoners. But, in the main, let the prisoners follow natural work and study instincts. Then watch the subsquent and concurrent degree of individual rehabilitation that is produced.

Man's nature is basically good. His primary instincts are helpful ones to his fellow man. Let alone, he may be quarrelsome at times, but it is rare that he will deliberately endanger others. Left alone, he will share and aid others but when under compulsion of external forces, then becomes suspicious, withdrawn and stores his valuables in apprehension of the motives of those bringing about this compulsion.

Prisoners, particularly in this plastic society, are no different than the bulk of their neighbors. What are considered illegal acts in this profit-protective society, would not even be worthy of notice in a natural society. Many illegal acts were responses to equally, if not greater, illegal acts by the government. Therefore, prisoners in relating to their present peer group, other prisoners, would follow the same innate desires of natural humanity.

Imagine the change. A youth is imprisoned for a crime. He is first given a complete medical examination—something not done in most jails, even today. His health is brought up to par by treatment or diet, where needed. No rehabilitation is possible when a person's health is first in need of rehabilitation.

Then, the inmate is tested for skills and knowledge. If he has a skill, his camp assignment is based on the camp where such skill can be used. If he has no skill, but shows interest or aptitudes towards one, he is then sent to a suitable training school for vocational training. Once that training is completed, he is sent to a camp requiring such skill.

In the case of short sentences, work assignments would be on a basis of existing skills or to general manual or unskilled labor at a nearby camp.

With long time sentences, professional training in medical fields, construction and agriculture professions would be available to inmates with interest and aptitudes. Then, upon completion of suitable practice under experienced professional supervision, such trained personnel will be transferred to service needed camp areas.

Now, with repeaters (and by the nature of personal reactions between human beings, repeaters will occur under even idyllic conditions), assignments to camps will be based on skill, age, and attitude.

Sexual offenders shall be evaluated and separated for treatment in medical communes. Homosexual prisoners shall be sent to homosexual camps, completely staffed and supervised by specially trained personnel.

Conjugal visits will be permitted all prisoners on a monthly basis. Use of professional prostitutes in camp areas on a medically controlled basis will tend to further eliminate the rising homosexual rape problems in today's prisons. All camps shall be furnished with separate huts for female prisoners. No other discrimination in treatment of sex shall exist.

These camps shall be located in remote areas, of all states, wherein neither the camps' need for isolation, nor the general community's need for apartness from the camps, shall be impinged upon.

Cost? Compare it to the fantastic costs of the present system. Not the least portion of which centers on parole or probation. Complete revision of probation techniques should be entertained. Abolition of parole entirely could with a prison system in the spirit of the above outlined suggestions, be then effected.

Idealistic, not practical, or simply too risky? Compared to what, this present system? The past system, which was even less productive of rehabilitation? When can it be started? Why not right now, before the next millions of dollars are spent on the next steel and masonry prison fortress.

PRISONS OR DOG POUNDS?

The preceding article entitled "Thoughts on Prison Reform" was written by a federal prisoner after spending only 45 days in Oakland County Jail. One of the worst things about these new fortress-type structures is the lack of windows. Not only is there no fresh air, but one cannot even see the sky—can you imagine yourself not seeing the sky, not knowing if it is raining, snowing, or sunny? Even the astronauts, who are cooped up similarly, can see the outside—and only the strongest mentally are chosen to be astronauts because of the psychological torment of being cooped up in a small place with no exercise.

When the author, after almost two months in the above jail, arrived at his next "abode", he spent as much time as was allowed in the exercise yard, even in freezing weather, walking and enjoying the fresh air and the exercise. He may still be in prison and a maximum security prison, at that, but at least there is a sky there and a place to exercise.

After doing some further research, we discovered something even more disgraceful. In some prisons or jails, certain prisoners are kept from having visitors other than their wife or lawyer. If, as in cases we know of, their wives would rather have them remain in prison, and they have no attorney (which is not unusual), and the jailors refuse to recognize their religious leader, then what chance do they have for any help? They can be brainwashed very easily or driven insane by the use of solitary confinement, and/or "tranquilizers" such as Meloril, Prolixin, etc. Some of these are thought inducive drugs which merely means that any thought or idea can be placed in the recipient's brain—very similar to hypnotism. These people can then be used to give false testimony against others and even against themselves.

Of course, this eliminates a number of unsolved crimes—they are still really unsolved but on the records, someone is being punished for them. Usually, someone with a previous record or someone who the authorities feel will be a menace to society, or a thorn in their side which needs removing.

TRUMAN'S WHITE HOUSE

Mr. HATHAWAY. Mr. President, I would like to call the attention of my colleagues to the article by George M. Elsey on the Truman White House in yesterday's edition of the Washington Post. I found this article interesting not only for its insights into the character of President Truman, but also for what it says about the structure of the Truman government.

According to Mr. Elsey:

No one stood between Truman and an agency head; no one second-guessed a cabinet officer; policy decisions were made by the President after direct discussion with those who would execute them; a White House staffer ill-enough advised to treat a Senator or a Secretary with disdain had very short tenure. A primitive system—but it seemed to work.

A primitive system, indeed, Mr. President, but one in keeping with the governmental structure originally contemplated in the Constitution. I have been concerned that the continuing revelations of Watergate have somewhat obscured the changed organization of the executive branch which has evolved during the last several administrations.

Instead of having the executive agencies managed by the Cabinet officers—who are accountable to both the Congress and the President and who are visibly in charge of their departments—we have seen more and more policy-making and even management authority moved to faceless White House staff. This new "shadow government" is unconfirmed by Congress, unknown to the public, and unaccountable to anyone—save the President himself.

Franklin Roosevelt managed the New Deal and World War II with a personal staff of 11. Now this figure is in the hundreds and seems to grow with each new administration. Structure, to a large extent, determines policy. And as long as this is allowed to continue, Mr. President, we are also going to see a continuation of the frightening trend toward a kind of elected monarch—one far removed from the will of the people.

At this time, I would like to ask unanimous consent that the article to which I referred be printed, in full, in the RECORD.

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

TRUMAN'S WHITE HOUSE

(By George M. Elsey)

If Harry Truman had taped his private White House conversations, they would not titillate, disillusion, shock or turn up on drug store counters as $2.95 paperbacks. If transcripts were available—which they will never be because no conversation was recorded—they would merely confirm the impressions the American people have long held.

Truman was serious about his job, sentimental about his family and friends, old-fashioned in personal ethics, stubborn in defense of the rights of citizens, relaxed with his staff and very, very firmly in command. All this and more came through in the 9 a.m. conferences each morning with the small staff who, sitting on a couple of sofas or in small chairs dragged across the Seal of the President incised in the green carpet, formed an arc around the old presidential desk. Talk was free and easy. Matt Connelly, appointments secretary, ran through the day's schedule with sardonic quips about self-important political or public figures. Charlie Ross and later Joe Short mentioned in casual tones the current interest of boys in the Press Room. (Women became prominent in later administrations.)

The staff was unbelievably small to observers of the White House of the 60's and 70's, never more than a baker's dozen. Although there was a certain hierarchy that recognized Assistant John Steelman and Special Counsel Clark Clifford (succeeded in February 1950 by Charles Murphy) as being senior to military aides and administrative assistants, it was all first name camaraderie. Only 5-star Admiral Leahy, relic of Roosevelt's High Command, was treated with the respect of position and age. No one stood between Truman and an agency head; no one second-guessed a cabinet officer; policy decisions were made by the President after direct discussions with those who would execute them; a White House staffer ill-enough advised to treat a Senator or a Secretary with disdain had very short tenure. A primitive system—but it seemed to work.

H. S. T. opened one of his 9 a.m. meetings husky voiced and moist eyed. He had just been told by the Secretary of the Army of a widespread cheating scandal at West Point. He felt the blow as keenly as if every cadet involved had been a son or nephew. He could not comprehend how young men in whom such trust had been placed could violate a solemn oath.

A sense of personal ethics prevailed that astounded all who perceived Truman as no more than a Pendergast product or who assumed that a mink coat accepted by a witless White House stenographer typified the man's moral code. After a presidential meeting with congressional leaders in the Cabinet Room as the MacArthur issue was developing, an aide picked up a manila envelope left behind in error. It was clear from annotations on the face that it not only belonged to a Republican Senator but that the con-

tents dealt with Republican congressional strategy. The envelope was promptly carried into the oval office. Did the President want to see it? The response was as emphatic as Henry Stimson's had been when, as Herbert Hoover's Secretary of State, he had closed down the department's cryptographic unit with the statement that "Gentlemen do not read other men's mail." Truman's sentiments were the same, more earthly expressed. The envelope was returned unread to the Capitol by messenger.

Truman's vocabulary in all-male company reflected his three decades on a farm. The language seemed natural and neither inappropriate nor crude. Anyone who has milked a cow—or tried to—could readily understand that Truman was predicting failure and frustration when he spoke of a particular candidate for office. "He's just pulling on the hind teat." Truman laughed heartily at locker room jokes but rarely told them himself. As a raconteur, he preferred political lore.

All Presidents have problems with the press. Here, as in many other fields, H. S. T. sometimes fired off a letter in the dawn's early light; more often he would let someone on the staff hear a long-hand draft, turn pale and then gasp out reasons why the letter should not be mailed as written. Occasionally he could be talked out of it altogether as I succeeded in doing with one scorcher addressed to Sulzberger of the New York Times. The problem to Truman was usually a publisher, rarely a reporter. Reporters were his friends. He liked their straightforward, no-nonsense lack of obsequiousness.

Truman valued the citizen's right of privacy; the guarantees of the Constitution were real. Although conventional political wisdom argued for a tough "loyalty program" as the 80th Congress became increasingly exercised over Communist infiltration, Truman stalled. The idea of investigations into the personal lives of civil servants smacked to him of police state tactics. Loyalty oaths were repugnant. He admired the F.B.I. for its criminal work, but he balked at letting it investigate job applicants. He sent me to explore with Frances Perkins and her colleagues whether the Civil Service Commission would take on the chore.

"If you can't take the heat, get out of the kitchen" was a favorite quotation of his long before some anonymous admirer had a small placard painted for the edification of visitors to the oval office. The heat was really on one morning when he called me in. A letter of his with caustic remarks about the Marine Corps had found its way into the Congressional Record. Could I possibly find in a hurry some statements in which he had praised the Corps? I could not. The press office reported the thermometer rising by the hour. No point in pretending he had not called the Marines the Navy's police force or had not said its propaganda machine was the equal of Stalin's; he had. And so Truman asked the Commandant of the Corps if he could accompany him to the reunion of one of the Corps' feistiest divisions then meeting at the Mayflower Hotel to make his apologies in person. The way to meet critics was to confront them, with an engaging grin when you knew you had been wrong (as on this occasion) and a bristling salvo of facts when you were sure you were right.

But all this was long ago, in a simpler time, when cabinet officers were more directly responsible for their departments, when the President relied on the Department of Justice for legal advice, when White House staff members knew they had no independent authority and when everyone in town knew that the buck stopped on the Boss's desk.

SENATOR MATHIAS: FOLLOWING HIS THREAD OF RESPONSIBILITY

Mr. PERCY. Mr. President, the distinguished senior Senator from Maryland (Mr. MATHIAS) has been my good friend during the years we have served together in the Senate. My admiration for him is great, .. feeling shared by many of my colleagues on both sides of the aisle. Senator MATHIAS and I have cosponsored legislation on juvenile delinquency prevention and criminal justice reform, and we share an intense interest in making the Congress more responsive to the needs and wishes of the people it serves. I was pleased, therefore, to see that he was the subject of an article in the Washington Post of Sunday, June 2. I would like to call this article to the attention of my colleagues who might have been out of Washington over the weekend, and ask unanimous consent that it be printed in the RECORD.

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

MATHIAS: FOLLOWING HIS "THREAD RESPONSIBILITY"

(By Michael Kernan)

Early in 1929, when he was 6 years old, Charles McCurdy Mathias Jr. was taken by his father to the White House to pay a farewell call on outgoing President Coolidge.

"One did things like that in those days," said the senior senator from Maryland. "I remember it was a springlike day, and I asked my father if the moving men would be around."

No, his father told him, when a President moves out, all he takes is his wardrobe.

"Well, I had a picture in my mind of a huge mahogany wardrobe—I was raised in one of those big old houses that had such things—and that's all I remember of Coolidge. Except his voice as we left: 'Please go out the othah doah.'"

You have to see that big old house in Frederick to understand Mac Mathias. You have to get the feel of it, with its high ceilings and ponderously ticking grandfather clocks, its ancestor portraits going all the way back to the 1603 brass rubbing of Richard Brooke, whose son Robert brought his family to America a few years later—and along with them the first English foxhounds to reach the new continent.

And then you have to stand outside the massive cream-and-black brick townhouse built in 1816 on Council Street and look across Courthouse Square, where Mac used to play hide-and-seek with his younger brother and sister and the closeknit gang of children who lived in the genteel heart of old Frederick.

You can see the hiding place under the courthouse steps where Mac hit himself a crack on the forehead one summer because he had suddenly grown too tall for it. And the diagonal sidewalks where the studious, pudgy youngster once ran his homemade car, a wagon with a Maytag washer motor that drove all the lawyers and realtors absolutely bananas in their offices around the square.

8:42 a.m.—Sen. Mathias, in a lightweight gray suit, crisp blue shirt and dark tie with the Maryland crest, arrives at his office and establishes his blear-eyed 14-year-old Chesapeake Bay retriever, Shammy, by the fireplace. The 3x5 card with the day's appointments comes out of the breast pocket. On it, the interviewer's name is misspelled, and the senator duly mispronounces it. Within the hour, through some staff osmosis, he has it right.

The thing that people always want to know about Mac Mathias: How can anyone with political roots in Frederick County get away with being so liberal?

Mathias himself denies he's liberal, of course. "I'm not all that liberal, in fact in some aspects I'm conservative," he said. "A while ago I introduced a bill preserving the guarantees of the Bill of Rights by prohibiting warrantless wiretaps. I suppose they'll say it's another liberal effort. But it's as conservative as you can get. It's conserving the Constitution."

Nevertheless, the fact is that Mathias rated tops among Republican senators last year with the Americans for Democratic Action, voting their side on 20 key issues 90 per cent of the time. He was one of 20 senators given a perfect score by the League of Women Voters, hardly as militant as the ADA but definitely liberal.

9:10 a.m.—An assistant brings in a sheaf of letters. "Why do people always say too much in letters?" he muses, and picks up his pen. For minutes the only sounds are the scratch of the pen and Shammy's soft snoring. Often during the day Mathias will surround himself with this particular silence, contemplative and magisterial. On Capitol Hill it takes a certain force of character to achieve such silences, and it shows in the determined firmness and deliberation of his movements. "He doesn't like to be rushed," an aide says.

Not only has Mathias often broken party ranks, notably on the Cambodia invasion, the Carswell Supreme Court appointment and Kent State, but as early as December 1971 he publicly urged President Nixon to campaign on "the high road" and abandon a strategy "which now seems destined, unnecessarily, to polarize Americans even more."

That was before the Watergate break-in. After it, when the White House and most Republicans were still denying or minimizing the issue, he endorsed the Kennedy investigation into alleged GOP espionage and told the Senate: "The pursuit of truth is the only direction in which we can go in search of the way to preserve our loyalty to the Constitution and the laws."

For years reports circulated that the administration would be gunning for Mathias when he came up for reelection this year, and columnists Evans and Novak wrote that not since New York liberal Republican Charles Goodell "was defeated with White House connivance has any Republican so outraged Mr. Nixon and his senior staff . . ."

The situation has changed today, and the Marylander's Mr. Clean image makes him look better with every new jolt to political bombshelters in Washington and Annapolis.

But consider now: Mathias was city attorney of Frederick (1954–58) following a brief term as state assistant attorney general, and in 1958 he was elected to the General Assembly of Maryland, moving up to Congress two years later, and in 1968 to the Senate, defeating his old roomie at the University of Maryland law school, Daniel Brewster. Frederick County and the Sixth Congressional District aren't what you would call rockribbed, but they contain plenty of Nixon voters, plenty of people ready to lash out at any Republican who so much as whispered "I told you so."

9:29 a.m.—Press aide Alan Dessoff brings in a tape recorder, and Mathias reads a statement into it, pulling on his left ear. "Handicapped and retarded children face many problems . . ." he says, then stops. "Take two," he begins calmly. On the fourth take he is satisfied. Before heading over to the Capitol for two subcommittee meetings, he sets up staff conferences about busing and commencement speeches, phones his wife at home (she will attend a Pioneer Women's luncheon for him that noon) and checks another letter: "What the hell? Congratulations Miss Frederick County, but she

lives on Route 8 in Hagerstown?" Ponders a moment. "Well, that's right. . . ."

Around Courthouse Square the opinions are remarkably consistent.

"I knew Mac in Frederick High School," said Reese Shoemaker, who followed the senator as city attorney. "In fact we were in the same grade, but we were never close. He was always a bit of a loner, not in sports at all. He was kind of pudgy in those days. Never held class office, but that was a popularity contest, you know. He wasn't extroverted at all.

"There was a coolness. A reserve. It went both ways. I mean, his family had been leaders in the community for generations and Mac was the heir apparent. People feel he underwent some sort of metamorphosis down there (in Washington), but he's still a local boy. They vote for him and respect him, and he goes his own way. That's how it is."

Auctioneer Emmert R. Bowlus, an alderman when Mathias was city attorney, said the liberal views didn't come to light until he went down to Annapolis. "His stand on Nixon hasn't hurt him," Bowlus said. "He hasn't forced any issues. I'd say he was above jealousy."

Charles Sanner, insurance and real estate, a former Chamber president, wears his white hair in a crewcut, has Rotary plaques in his office and calls himself a "middle-of-the-roader."

"I grew up in this community," he said. "How the area feels today is different from two years ago, pre-Watergate, when there was quite a bit of disaffection (because of Mathias' early opposition to the cover-up). People didn't like to feel they'd been wrong voting for Nixon. But you have to give the man (Mathias) credit. First of all, he's an idealist. As a senator he couldn't vote a provincial line. He keeps his perspective. And he's matured so very much. Above all, he doesn't fear to stand alone."

Sanner, who serves with Mathias on the board of nearby Hood College, recalled a commencement speech by the senator that spring. "He talked about Lincoln, showed how his words apply today, and he charged the class with the challenge of the post-Watergate era. He related the past and the future. One thing that strikes you: the absolute honesty."

11:41 a.m.—The Senate floor. Present: Buckley, Muskie and Mathias. Legislative aide at his side, Mathias proposes an amendment to the Clean Air Act designed to appeal to Maryland commuters, agrees to withdraw it on Muskie's pledge to consider certain changes.

What we have here is the American aristocrat. It is something you don't talk about when you're in politics. Like a prison record. But let's face it: There is a tradition in some venerable families, the Roosevelts, the Saltonstalls, the Bradfords, the Adamses, the Lees and so on, the sort of people who were born to an attitude toward self and society that others, like the Kennedys, had to achieve. It is the tradition of public service, of noblesse oblige if you must, the tradition of Cincinnatus, who left his plow to win a war for Rome and then quietly returned to his fields.

In the same tradition, Charles Mathias denies the whole thing.

True, his office is full of the Maryland history which is his hobby. True, there is a window in St. Anne's Church in Annapolis to John Hammond, Major General of the Western Shore, an ancestor, and a whole row of windows at All Saints Episcopal in Frederick to various family members. True, another ancestor, C. E. Trail, served under Washington, and two Mathias great-grandfathers were in Maryland politics, and a grandfather was a Bull Mooser, and Mathias' father, though never in office, was always active in public affairs, a friend of Presidents.

"Maybe you get a little perspective after generations in politics," Mathias commented. "In small communities with strong families there's a kind of thread of responsibility. And I guess if you practice law in Frederick and you're a farmer there, too, you've got one foot in the courthouse and one on the farm, and you just have to have some political sense."

But he rejected the word "squire." Too elitist, he said uncomfortably.

Before he moved his family to Chevy Chase he lived on a 4-acre farm outside Frederick, and there is a larger spread just over the West Virginia border, willed him by a grandmother, where he has beef cattle, sheep and peacocks.

"A farmer is what he is," said his mother, "a real farmer. It's his salvation. He's got a green thumb."

(Sometimes, walking on the Hill, he picks up horse chestnuts, plants them in his yard, and they grow. This spring he had squash and pumpkins thriving on his office windowsill until the frost killed them.)

In Frederick you're never far from the country. Mathias kept his pony in a stable behind the house; now the stable is a law office, with a library in the hayloft, where he practiced with his father after finishing law school in 1949. In the same loft he once put on plays, written, directed by and starring himself—he even printed the programs—and featuring his brother Trail, today a Baltimore attorney, and his sister Michelle, four years younger, who remembers him as a perfect older brother.

12:04 p.m.—Pictures on the Capitol steps with 50 children from Avidon School in Oxon Hill. "How many of you know what the statue on top of the dome is?" Nobody knows. "It represents freedom," he says. "Think of it, Abraham Lincoln stood right in this street and watched them hoist it into place. They did it by hand in those days, with ropes." He promises to send autographs, gives the thumbshake to several small boys.

"His first day home from grade school, he tried to teach me what he'd learned," his sister said. "Our father believed we should go to the local schools because we would be living with these same people all our lives."

However, like many another brood of children from many another "big old house" in American small towns, the young Mathiases lived in a special world: Saturday mornings with their aunts in the gaunt Trail mansion (now a funeral home) where they could read folio Shakespeares and see newspapers in seven languages, visits to the poor with baskets at Christmas; being pulled out of the Saturday movies by their mother via the usher while their less carefully supervised friends saw the picture around and around; being read aloud to; being spanked; young Mac's being sent to Haverford College because his father disapproved of fraternities, admired the Quakers—and was a friend of the college's president.

"I think the liberal conscience, if you want to call it that, was instilled in us early," said Michelle, married to a Frederick banker. "I remember how we'd see the blacks in the balcony at the movies and would feel uncomfortable . . ."

12:28 p.m.—A Senate corridor. He greets colleague Glenn Beall, peers into the room where he will say hello to the Carol County Chamber of Commerce luncheon. No one there. He phones a constituent on the spot, reading the number off a slip just handed to him by Dessoff, "Our goal is a 24-hour response to all mail," he remarks. "We get over 1,000 communications a day." With his home state just a 25-cent phone call away, he faces demands on his time that would appall a pleasantly remote Western senator. On to the Tuesday Republican policy lunch.

Living in another cool, darkish, old mansion on the square is Col. Philip Winebrenner a, first cousin once removed who was born in the same house as Mathias and who follows his career with interest.

"He's not affluent," said Winebrenner, "though I suppose there's some family money. He could dress better. He doesn't seem to care. Now this $100 limit on contributions. That could hurt him if he got into a real fight for re-election. I sent him $100 a year ago, and then when he opened his campaign I sent another $100. He sent it back. This has happened to other supporters in town, to their amazement.) Why, a lot of people around here thing he's too liberal. But they seem to vote for him. The thing is, he's decent. He's got class."

Today however, he is regarded by many as the state's top vote-getter next to Gov. Marvin Mandel. Last year some private polls indicated that Mathias would lose if he ran for governor—but that Mandell would lose if he ran for senator. Word is that former Sen. Joseph Tydings, a Democrat, is passing up this year's election in order to have another go at Sen. Beall Jr., regarded in some quarters as rather less invulnerable.

However Federal Maritime Commissioner Helen Delich Bentley is widely expected to challenge Mathias for the GOP nomination and, with Maryland Republican primary voters generally small in number and conservative in nature, she could give him some real problems.

1:46 p.m.—The Capitol steps again, now with the Chamber group. He seems to have all the time in the world. Striding back to the office, he mutters, "I hope Bowie Kuhn isn't so busy he can't wait. But those were constituents." During the afternoon he will have five office interviews. Administrative aide William Kendall unobtrusively keeps traffic flowing. At 4 the schedule will be interrupted for a floor vote.

"He tries to avoid being abrasive," one former aide said. "He trims a lot in his statements, you might say he fudges, but it hardly ever affects his votes. He picks his spots for a fight. There are times when he can be absolutely fearless."

They talk about his anguish over running against his old friend Dan Brewster, his understanding of what had happened to Brewster, whose career fizzled out in a crackle of indictments, aggravated by alcohol. Mathias drinks little, and never during a campaign.

"He's not a snob," said an associate. "He assumes he can talk to anyone. He's fearless in that sense. He doesn't duck many meetings. He's not combative, but patient."

Sometimes he "turtles," escapes from his life on the Hill, takes Shammy for a walk or gets a haircut or even hides out on the Senate floor. It's almost the only time of day he has to himself.

"To be very honest," he said, "there isn't much left at the end of a day. I hate to have my sons just see me disappear in the morning and reappear at night. My wife feels it; her childhood (as daughter of Massachusetts Gov. Robert Bradford) was the same thing. It was a family decision to run again. The boys—Charles is 14½ and Robert's nearly 13—designed a bumper sticker and pin for the campaign. If they get involved in it, they understand it better, I think. But the campaign is a hard life for my wife. She's a very bright person, but this life makes many demands on her. She has to fill in with the children for many things I can't do during the campaign. As far as home goes, I'm a nonperson then."

8:14 p.m.—Mathias shows up at Mt. Vernon College for a panel discussion before some Vassar alumni. The senator has already been to three receptions, stopping for a sandwich along the way. He talks about Tonkin Gulf, the Bill of Rights, warrantless wiretaps, handicapped children, and backs off from giving opinions on Watergate because as a senator he may have to sit in judgment on

the matter. He will answer questions for more than two hours. He has been going since 6:45 a.m. His collar is wilted.

Coming in from the vegetable garden behind the pleasant colonial house in Chevy Chase, Ann Bradford Mathias wouldn't quite admit to having a green thumb like her husband.

"I'm sort of the pruner around here," she said. She puts up tomato pickles and Elk Ridge tomatoes (which she calls tomahtoes like any good New Englander).

A campaigner from the age of 3, she has been pitching in as usual this time, and the other night, faced by an antibusing picketer at a meeting where she hadn't even known she was to speak, she ended up by inviting the man to the house to talk with the senator.

"I came to Washington to get away from politics," she laughed. But the family decision to have Mathias run again was easy, despite the terrible drain on family amity. "I think we all recognize where Mac belongs," she said. "He's an extraordinary legislator, a man of tremendous depth and judgment. God knows, you have to have people like that in government."

The Mathiases met at a birthday party here in 1952, when she was working for the CIA. Years later they met at another party, and this time it took: They talked politics the whole time. Three weeks later he phoned. They married in 1958.

Every summer the family goes to her childhood vacation place on a remote Maine island. It's part of an agreement: If she would learn to drive a tractor, he'd go to the island every year.

"It's not easy for him either," she added. "Imagine—a politician without a phone. The way we learned about Agnew in '68 was someone left a note scribbled on some brown paper on our dock: 'Your governor was named for vice president.' Mac was frantic."

During the conversation Mathias drifted into the house, having returned to dress for a lawyers' association dinner. Quietly at his ease, he showed visitors some Indian miniatures and assorted Orientalia around the room. He had shucked the austerity of the office as easily as he had removed his jacket, and as he strolled about the garden while pictures were being taken, his quiet humor flickered pleasantly, like a coin glimpsed in the grass.

Pointing to an apple tree that had been cut back to within an inch of its life, he muttered, "You can see what we mean about the pruning." And winked.

STATEMENT ON SAVINGS-INTEREST TAX CREDIT AMENDMENT

Mr. TUNNEY. Mr. President, tomorrow, I intend to offer an amendment to H.R. 8217.

This amendment will provide the Senate with an opportunity to deal constructively with several aspects of the current inflationary dilemma.

The value of the average American's savings is constantly eroded by inflation. As a result, many people have foresworn old savings habits.

The rush to spend now, rather than save for the future, not only exacerbates the inflation, it drains the home mortgage market of funds which are critical to the growth of our national housing stock. There is no better way to guarantee continued inflation of rents and home prices than to permit an extended slump in the housing market.

No less serious is the effect of today's capital shortage on commercial credit markets. When business cannot borrow the resources to meet its current needs, higher unemploymnet is virtually assured.

Clearly, we need a means of increasing savings so that adequate capital is created, not through an inflationary Federal Reserve policy of rapid money supply expansion, but via a voluntary reduction in private consumption expenditures.

The amendment I will offer provides a tax credit reward of up to $100 to citizens who increase their savings. This amendment would create a tax credit equal to the increase in "qualified taxable interest income" earned in the current tax year over the amount of such income in the previous tax year, subject to a maximum credit of $100.

"Qualified taxable interest income" refers to income earned on savings accounts at commercial banks and at savings and loan associations.

A short example illustrates the mechanism proposed in my amendment.

Assume that in 1973 a taxpayer has $1,000 in a savings account. If the account pays 5 percent, the taxpayer will earn $50 interest in 1973. Next, assume that in 1974 the taxpayer increases his or her savings to $2,000 and earns $100 in interest.

Under my proposal, the taxpayer could claim a tax credit of $50—the amount of the increase in qualified taxable interest income.

The principle of this policy is very simple. For each dollar of increased interest income, a saver gets $1 of tax credit.

Dollar-for-dollar matching, up to the $100 limit, makes saving much more attractive. In the example I used before, the net return on increased savings of $1,000 would be $100. The effective rate of interest is 10 percent—a rate sufficient to fully offset the rate of inflation expected in 1974.

In closing, I would like to stress that the proposed credit is limited to rewarding increases in savings and to a maximum of $100. These limitations serve two purposes. They make it most unlikely that upper-income savers will shift funds from high-interest securities to savings accounts. But more important, they insure that the benefits of this credit go to the millions of low- and moderate-income citizens who so badly need to protect their income and savings from the rampages of today's inflation.

BUREAUCRATIC FOOLISHNESS

Mr. BROCK. Mr. President, the bureaucratic foolishness that the people of this Nation have to endure is simply getting out of hand. Time and time again, we see new federally required jobs for business, or private citizens to perform, which serve no real purpose and cost small business and private citizens money and time for no particular reason. The Federal Trade Commission's line of business procedure is one of these programs.

However, my hat is off to the General Accounting Office, because it required the program to go through a year testing period, which every new program should have to endure. Hopefully, within that framework, this program will die. An excellent editorial appeared in the May 17, 1974, Wall Street Journal in this regard, and I ask unanimous consent that it be printed in the RECORD.

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

THE LOB EXPERIMENT

The Federal Trade Commission's plan to require the nation's largest businesses to break down their sales and profits by line of business, and report these to the FTC, has gotten the weakest kind of approval from the General Accounting Office. Reading between the lines. It's apparent that the GAO has as many doubts about this LOB experiment as we have and probably would have killed it outright but for other considerations.

Instead of getting approval through 1980 to inflict its questionnaires on the 500 largest businesses, the FTC is given a year to experiment. The GAO also observes that its analysis suggests the costs to business of complying "will be substantially greater than the FTC has estimated." It further observes that the initial information the FTC gets will be "unreliable, at best," and that in order to come up with some better reporting systems than the FTC has so far, "what is needed is extensive face-to-face discussion between informed FTC representatives and informed business representatives for joint learning."

Why didn't the GAO simply reject the plan and send the FTC planners back to the drawing board? The answer may lie in the fact that Congress last year, without thinking much about it, passed an amendment to the Alaska pipeline bill giving the regulatory agencies authority to override the GAO on such matters. Rather than invite such a confrontation and expose its absence of final authority, the GAO has decided to let the FTC hang itself with this experiment.

Unless the National Association of Manufacturers stops the FTC in court in a challenge of its authority to require LOB reports, within several weeks 26-page questionnaires will be mailed out to the businesses and the fun will start. Standard Octopus Inc., which engages in 30 categories of business, will have to put a battalion of accountants to work to figure out costs and profits in each line. However they allocate general costs, overhead, advertising, research and development, other companies will do it differently. A battalion of lawyers will be called in to figure out how to protect proprietary information, to brainstorm on what they have to give the FTC and what they don't have to give. The other companies will also come to different conclusions.

When all the work is completed, the whole mess will be sent off to the FTC, and the bureaucrats will spend several months trying to figure out what to make of it. The FTC's expressed object is to expose those lines of greatest profitability, thereby by inviting new competition to the benefit of consumers. But before the ink is dry on whatever report the FTC issues that it might think useful, the market will have changed sufficiently to make all the numbers obsolete. In the end, what we have is a make-work project for lawyers and accountants.

In its mercy, the GAO has found a way to keep this Frankenstein monster from going beyond the infant stage. A year from now, it will have to review the LOB experiment before the FTC can make it bigger and better. By that time, perhaps Congress will review the wisdom of giving the regulatory agencies the last word.

NONSTOP ENDURANCE WALK

Mr. MONTOYA. Mr. President, recently, attempts were made at the Aintree Race Track in Liverpool, England, to break the world record of 302 miles for a nonstop endurance walk. The competition at this event was rough as there were approximately 20 walkers of international fame competing in this race. I am proud to say that Jesse Castaneda was New Mexico's representative at this event.

Mr. Castaneda, through hard work and diligent training, has made many achievements in the field of nonstop walking. In November of 1973, Mr. Castaneda won the Topham NSPCC Challenge Trophy for a magnificent walk in Albuquerque, N. Mex., the previous year. The results of this contest were entered in the 1974 edition of the Guiness Book of Records:

The greatest mileage ever achieved in a nonstop walk is 302 miles (486,021 meters) by Jesse Castaneda, 33, on the 440 yard track at Albuquerque Academy, New Mexico, in 102 hours 59 minutes, on 16–20 March 1973.

It was unfortunate that this year at the Aintree Race Track, Mr. Castaneda, after 86 miles, pulled a ligament and was unable to complete the contest. However, I am proud to say Mr. Castaneda remains the world recordholder for nonstop walking. I am grateful for this opportunity to congratulate this gentleman on his achievements and look forward to his speedy return to athletic competition.

I would like to extend my best wishes for his continued success, both as a nonstop walker in national and international competition and as a goodwill ambassador from New Mexico.

TRUTH IN PACKAGING, ESPECIALLY FOR PERSONS OF HIGH ESTEEM

Mr. PERCY. Mr. President, I ask unanimous consent that a press release from Virginia Knauer, Special Assistant to the President for Consumer Affairs, be printed in the RECORD.

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

OFFICE OF CONSUMER AFFAIRS,
Washington, D.C., May 23, 1974.

Arch Booth, Executive Vice President of the Chamber of Commerce of the United States, and Anthony Harrigan, Executive Vice President of the United States Industrial Council, have joined the ranks of the nation's press, Virginia H. Knauer, Special Assistant to the President for Consumer Affairs, announced today.

Mrs. Knauer noted that a number of anti-Consumer Protection Agency articles have recently appeared (see attached) in newspapers with Mr. Booth and Mr. Harrigan's byline.

"These papers," Mrs. Knauer said, "do not indicate that either Messrs. Booth or Harrigan have any position other than that of editorial or feature writer. Therefore, I must state facetiously that both Mr. Booth and Mr. Harrigan seemingly have left their posts with industry to become members of the Fourth Estate."

"If this is true," Mrs. Knauer said, "then I hope both would take some journalism courses in factual editorial writing."

Mrs. Knauer said that Mr. Harrigan, as a reporter, should be very upset because several papers are printing his stories without even giving him a byline.

"Seriously," Mrs. Knauer said, "the newspaper reader has a right to know if any printed material is the product of a specialized interest. I heartily agree with the right of any publisher to print the viewpoints of Mr. Booth or Mr. Harrigan, even though I disagree with their views on the CPA. But I also believe the publisher has the responsibility of informing his readers of Mr. Booth's and Mr. Harrigan's occupations so that the public can evaluate the articles accordingly. Otherwise, the reader my be misled into believing the published material is the result of an independent newspaperman."

Mr. PERCY. Mr. President, I agree that it is only fair that the occupations of my good friends, Arch Booth and Anthony Harrigan, be put on the public record so that they might be readily identifiable to the American people.

Mr. Booth is president of the Chamber of Commerce of the United States. Mr. Harrigan is executive vice president of the U.S. Industrial Council

Certainly, the positions these two men hold are worthy of the highest praise and esteem. They have made invaluable contributions to the American business community and the American economy through the years. One wonders, then, why their occupations have not been indicated in a number of articles in opposition to a Consumer Protection Agency recently appearing under their bylines in various newspapers. This is no criticism of Mr. Booth and Mr. Harrigan, who are rightfully proud of their high positions, but of newspapers that do not properly and fully identify them.

Several papers have printed Mr. Harrigan's pieces without any byline at all.

As Mrs. Virginia Knauer, Special Assistant to the President for Consumer Affairs, has remarked:

The newspaper reader has the right to know if any printed material is the product of a specialized interest. I heartily agree with the right of any publisher to print the viewpoints of Mr. Booth or Mr. Harrigan, even though I disagree with their views on the CPA. But, I also believe that the publisher has the responsibility of informing his readers of Mr. Booth's and Mr. Harrigan's occupations so that the public can evaluate the articles accordingly. Otherwise, the reader may be misled into believing the published material is the result of an independent newspaperman or editorial writer.

I wholeheartedly agree with Mrs. Knauer. And, I strongly urge newspapers publishing articles by Mr. Booth or Mr. Harrigan to make certain that their positions of responsibility are clearly identified.

QUALITY EDUCATION FOR MEXICAN AMERICANS

Mr. MONTOYA. Mr. President, on April 12 of this year the U.S. Commission on Civil Rights made a statement before the Education Subcommittee of the House Education and Labor Committee. This statement has recently come to my attention, and I find the information contained in it to be of such significance that I believe every Member of this body should have the opportunity to see it.

The Civil Rights Commission has effectively demonstrated the need for strengthening and expanding title VII of ESEA in the final report of the Mexican-American Education Study "Toward Quality Education for Mexican Americans." I have commended them for that study before.

The statement I wish to introduce into the RECORD today ties the need for bilingual and bicultural education even more closely to title VI of the Civil Rights Act of 1964, and highlights the importance of the Supreme Court decision in Lau against Nichols to the bilingual and bicultural education programs of the Nation.

I ask unanimous consent for this statement to be printed in the RECORD.

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

STATEMENT OF THE U.S. COMMISSION ON CIVIL RIGHTS ON BILINGUAL BICULTURAL EDUCATION BEFORE THE GENERAL EDUCATION SUBCOMMITTEE OF THE HOUSE EDUCATION AND LABOR COMMITTEE

APRIL 12, 1974.

The United States is a multilingual multicultural society. Our general reluctance to accept this phenomenon, either officially or unofficially, makes it no less of a reality, especially for the countless Americans who most directly experience it. In thousands of homes throughout this country parents and children speak to each other, not in English, but in Spanish, Cantonese, Navajo, Portuguese, Italian or French. When these children enter school they bring with them their own distinct language and cultural backgrounds which differ, often drastically, from those on which the school program is based. Under these circumstances Mexican American, Puerto Rican, Asian American, and Native American children do not begin school with the same chance for success as other children, and the resulting record of the schools' educational failure with these children dramatically attests to that fact. These national origin minority children, no less than our English speaking youngsters, have a right to qualify education. They deserve the full commitment of educational agencies at the Federal, as well as the State and local levels, to achieving that goal.

A number of recent developments make this a particularly significant time in the important nation-wide effort toward the goal of achieving quality education for national origin minority children. The Supreme Court ruling in *Lau* v. *Nichols*, 414 U.S. —, 94 S. Ct. 786 (1974) has affirmed the Department of Health, Education and Welfare's (HEW) interpretation of Title VI of the Civil Rights Act of 1964 to the effect that the schools' failure to educate students in a language they can understand denies these students equal educational opportunity in violation of that Act. Congress this year has before it extremely important legislation to extend and strengthen the Bilingual Education Act, also known as Title VII of the Elementary and Secondary Education Act (ESEA). Recently, State governments and local educational agencies have begun to commit resources and funds for bilingual education programs and these agencies are looking to the Federal government for leadership in the full development of effective bilingual education programs. Finally, this Commission has recently completed a five year study document-

ing the schools' failure to educate Mexican American students, in which it was concluded that the language and cultural background of Mexican American students must be integrated throughout the educational program if equal educational opportunity is to become a reality.

In light of these important developments the country is now at a crossroads with respect to educational planning for language minority children and, in effect, for all children in our schools. It is altogether appropriate that this Subcommittee should be reassessing the overall Federal role in securing quality education for language minority students. Specifically, it is fitting that we ask such questions as "What are the implications of *Lau* for HEW's Title VI enforcement efforts with regard to national origin minority students?", "What should be the Federal policy with respect to bilingual bicultural education programs supported by Title VII of the ESEA?", and "What should be the relationship between Title VI enforcement efforts and the goals and structure of Title VII programs?".

In brief, the Commission's position on each of these three questions is as follows:

1) The Supreme Court in *Lau* did not expand HEW's responsibilities under Title VI of the Civil Rights Act of 1964; rather, it ratified HEW's existing guidelines interpreting that law.

2) Title VII of the Elementary and Secondary Education Act should be strengthened and expanded so as to assure adequate funding of developmental demonstration projects in bilingual bicultural education, and to provide for the development of trained staff and curriculum materials for bilingual bicultural education.

3) The experience gained from the ongoing operation of the Title VII projects, together with the bilingual education resources developed with Title VII funds, will be useful in assisting school districts in selecting and implementing programs for compliance under Title VI of the Civil Rights Act. Title VII, however, must not become simply a method for funding State and local efforts to comply with Title VI.

Lau and title VI of the Civil Rights Act

In *Lau v. Nichols* the Supreme Court ratified HEW guidelines contained in a 1970 memorandum known as the "May 25th Memorandum." These guidelines, promulgated pursuant to HEW's statutory responsibility to enforce Title VI, require school districts receiving Federal funds to undertake programs to rectify the English language deficiencies of students whose inability to understand English excludes them from effective participation in the educational program. In the words of the Court in *Lau* affirming that position:

"Basic English skills are at the very core of what these public schools teach. Imposition of a requirement that before a child can effectively participate in the educational program, he must already have acquired those basic skills is to make a mockery of public education. We know that those who do not understand English are certain to find their classroom experiences wholly incomprehensible and in no way meaningful."

In effect, *Lau* did not expand the previous responsibilities of HEW to enforce Title VI; what this Supreme Court decision has done is to draw national attention to the previously existing Title VI requirements. These guidelines, however, have never been adequately enforced. Since the issuance of the May 25th memorandum HEW has reviewed relatively few districts for compliance with the memorandum's provisions and, further, HEW has been extremely reluctant to take enforcement action against districts refusing to comply. Between May 1970 and January 1973 HEW had completed reviews of only 30 districts nationwide for compliance with the May 25th memorandum, and all of these districts were found in noncompliance. Although an additional 23 districts were under review as of January 1973, the total represents a very meager effort, considering the fact that HEW has identified a minimum of 1660 school districts in the country with five percent or more national origin minority children. As of January 1973, more than half of the 30 districts found in noncompliance still had not negotiated a compliance plan with HEW. Several of these districts had been negotiating with HEW for a period of as long as 18 months. Despite the fact that a number of the districts have flatly refused to comply, HEW has not, to date, terminated Federal funds for any of these districts.

This record of HEW's enforcement efforts shows that it has had only a minimal commitment to national origin minority students most of whom are still being denied an equal opportunity in education. Evidence collected by the Commission in the Mexican American Education Study, and in Commission hearings held on Puerto Ricans in New York and on Navajos on the Reservation, documents the fact that the majority of students from these groups attend schools which fail to provide them with any basic language program. For example, in the Mexican American Education Study principals identified only eight percent of Mexican American students in the Southwest as being enrolled in either bilingual education or English as a second language classes. Further evidence of this lack of language programs for national origin minority students has been reported at Commission State Advisory Committee meetings in California, Connecticut and Pennsylvania. As hundreds of school districts are clearly still in noncompliance with Title VI, HEW should make enforcement action against these districts a high priority in its allocation of staff and resources.

In addition to the provision of language programs, there are other important Title VI equal educational services issues which were not considered in *Lau* nor stated in the provisions of the May 25th memorandum. Title VI states specifically:

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

This Commission, as a result of its intensive investigations into the education of Mexican Americans, Navajo Indians and Puerto Ricans in this country has concluded that, in addition to language, other aspects of the educational program can function, just as effectively, to exclude national origin minority children from participation in the school program. In a school system which has previously ignored, and even denigrated, the language and cultural background of national origin minority group students, it is not likely that the mere incorporation of a minimal type of program, whose sole purpose is to teach English, will meet the requirements of Title VI. As stressed in Report VI of the Commission's Mexican American Education Study it is important that the child's cultural background—interests, values, and heritage—be incorporated into the basic design of the curricula. According to basic educational principles, if children are to have a real chance to succeed, the school curricula must build upon what they bring with them to school, which includes their cultural as well as their language background. Thus, incorporation of culture, as well as language, is a Title VI issue.

Title VI should also cover the training and preparation of the instructional staff. The way teachers interact with students is a key factor in the child's chances for success in school; yet, national origin minority students get seriously shortchanged in this area. It is not uncommon to find teachers of these youngsters who believe that these children have less basic ability and who treat them accordingly. The Commission has documented in the Mexican American Education Study that, on the average, teachers interact less favorably with Chicano than Anglo students in the classroom, and that this results in part from inadequate teacher training. Likewise, testimony presented to the Commission at Hearings on Puerto Rican and Navajo students, indicated that these groups of students also suffer educationally by treatment at the hands of teachers whose training leaves them insensitive to the students' cultural background. Introducing a language program alone, without adequately training staff in the sensitivities, skills and techniques for teaching language minority chidlren, will not likely provide an equal opportunity for success in education.

Thus, for compliance with Title VI, HEW should require districts to institute comprehensive educational programs, rather than remedies designed solely to teach the national origin minority children English. All forms of exclusion from effective participation in the school program must be eliminated in Title VI compliance plans accepted by HEW.

At this time it would not be appropriate for HEW to require the same type of program for compliance from all school districts. A good deal of research and development is still needed in the planning and implementation of truly effective educational programs for national origin minority children. Likewise, there are many variables, such as district size, language dominance, and available resources, which will enter into the program's effectiveness. It is important, therefore, that in accepting a compliance plan from a school district, HEW require the district to provide evidence, on educational grounds, that the program promises to provide equal educational opportunities for the specific population being served. Following the acceptance of a district's compliance plan, HEW should hold these districts responsible for the program's effectiveness through systematic monitoring to extend over several years. Further, the measurement of program effectiveness should not be limited to the children's achievement in English language skills, but should include their achievement in other academic subjects using either English or their native language, and such performance factors as attendance rates, grade reptition and dropout rates.

The Title VI enforcement actions of HEW are extremely signficant to the future of education for language minority children. Although recent years have evidenced increased activity at the State and local levels in providing programs for language minority students, these efforts are still minimal. Without the full enforcement action of the Federal government, the impact of Title VI with respect to national origin minority students will continue to be inconsequential.

Title VII of the Elementary and Secondary Education Act (ESEA)

Title VII of the Elementary and Secondary Education Act should be strengthened and expanded to assure that programs funded under this Title will provide the necessary leadership and the development of critical resources for bilingual bicultural education. It is important that specific provisions be made for staff training, curriculum development and research in bilingual bicultural education.

In the past five years Title VII has been instrumental in initiating the development of resources and in pointing out critical areas of need in bilingual bicultural education. As few such programs were in existence in 1967, Title VII essentially had to begin

with very basic development in the areas of curriculum materials, staff training, program design and evaluation. Almost exclusively through Title VII funds, a good deal has been accomplished in these areas. However, much yet remains to be done before bilingual bicultural education will be a true educational alternative for language minority students.

In light of the important developments in the education of language minority children over the last five years, there is, today, an even greater demand for Title VII to be strengthened and expanded as a full bilingual bicultural effort on the part of the Federal government. The *Lau* decision has directed national attention to the inadequacies of the standard educational program for teaching children of limited English speaking ability. The country is beginning to realize that educational programs for these children can no longer be considered low priority items not demanding a significant investment of staff and resources. Rather, as it is now clear that State and local education agencies have a basic educational responsibility to provide effective educational programs for language minority children, these agencies are beginning to investigate bilingual bicultural education and other types of programs for providing the needed services.

Further, many communities are interested in the implementation of bilingual bicultural programs to achieve objectives which go beyond merely meeting their minimal responsibility for providing equal educational opportunities to minority children. There is a good deal of excitement over the prospects for implementing integrated bilingual bicultural programs, from which English speakers can also benefit by acquiring a facility in a second language and by achieving a bicultural understanding. In addition, many school districts consider the development of bilingual skills as a goal in itself, and are interested in designing programs which capitalize on the children's language resources through continued systematic language training in their native language, as well as in English.

Interest in bilingual bicultural education has, thus, multiplied over the last 2 to 3 years. Educators throughout the country are looking to the Federal government for direction, and also for assistance in developing the necessary resources of trained staff, curriculum materials, and evaluation instruments. There is much need for new Federal legislation on bilingual bicultural education which would authorize full funding for Title VII and specifically provide for meeting the most critical needs in bilingual bicultural education. Specific provisions should thus be made in the legislation for: staff training; curriculum development; research, including the development of valid assessment instruments; and funding of demonstration projects which will systematically provide information on the implementation of various alternative bilingual bicultural education program designs.

Between Fiscal Year (FY) 1968 and FY 1973 appropriations for Title VII never exceeded 35M, despite the fact that authorizations for the programs were 135M in FY 1973. Most of these funds were used directly for demonstration bilingual education programs. No funds were set aside specifically for the training of bilingual bicultural staff, and only a small proportion of the funds were set aside for curriculum development. This meant that staff training and curriculum development had to be carried out, in large part, within each individual program, with some assistance from the Title VII support centers. As a result, progress in these areas has been slow and uncoordinated.

In order for bilingual bicultural education programs to be fully implemented in the future, it is necessary that a significant proportion of the Title VII funds be set aside for staff training on a large scale and for the systematic development of curriculum materials for each of the major language groups. This would require that the allocation for Title VII be increased substantially over the next several years in order to continue funding demonstration projects, while assuring the accomplishment of these tasks. This Commission supports the level of authorizations for Title VII specified in the proposed Senate legislation of 135M for the first year with increasing authorizations each year to reach 175M in FY 1977 and FY 1978. We also support a specific provision in the legislation which will set aside for staff training 50 percent of the funds appropriated for Title VII between 35M and 60M and one third of the funds appropriated above 60M.

Research in bilingual bicultural education, another critical area of development, should also be provided for in the legislation. As it is appropriate that this type of systematic research be carried out by the National Institute of Education (NIE), we support a provision in the legislation which would require that at least five percent of NIE's budget be set aside for research specifically in bilingual bicultural education.

The Title VII demonstration projects and the NIE research in bilingual education would serve distinct, but related, functions. The Title VII projects should be directed primarily at providing experience in the implementation of alternative types of bilingual programs. All programs funded under Title VII should, at a minimum, provide bilingual bicultural instruction until the child can function as effectively in English as in his or her native language (transitional programs). Beyond this, programs selected for funding under Title VII should demonstrate the various types of alternatives in bilingual bicultural education according to different types of objectives and different types of communities. Thus, Title VII would fund a spectrum of types of bilingual programs from the most limited transitional type for non-English speakers only, to the most comprehensive integrated bilingual bicultural programs designed, not only to teach English to non-English speaking children, but also to fully develop their native language and cultural resources, as well as to provide English speakers with the opportunity to become bilingual.

The evaluation of these demonstration projects should be designed to provide much needed information on the inputs, processes and outcomes of the various types of programs. These data are required for the refinement of program design, curriculum materials, and staff preparation activities.

The major role of the National Institute of Education in this effort should be to conduct systematic research in effective bilingual education approaches and to develop needed assessment instruments for evaluation. The information obtained from the evaluation of the Title VII demonstration projects would be valuable in generating hypotheses for systematic controlled experimental research by NIE, which would be designed to determine what program components may be most effective for given objectives and under what types of settings.

Assessment of bilingual bicultural education programs to date has been seriously hampered by the total lack of evaluation instruments validated for bilingual bicultural children. In order to accurately evaluate the effects of a bilingual program, instruments for measuring the following must be developed: achievement in English language skills; achievement in native language skills; achievement in academic skills through the medium of English; achievement in academic skills through the medium of the native language; measures of language dominance; and attitudinal measures of self concept, attitudes toward learning, and attitudes toward other ethnic groups. As research and evaluation in bilingual education are largely dependent on such instruments, their development should be a high priority item for the National Institute of Education.

The relationship of title VII of ESEA to title VI of the Civil Rights Act

In relation to HEW's Title VI Civil Rights enforcement efforts, the role of Title VII of ESEA is to assist the districts in complying with Title VI by providing experience in effective bilingual bicultural program alternatives and by supporting the development of staff and curriculum resources for bilingual education. The role of Title VII should not be to directly fund State and local efforts to comply with Title VI.

It is our understanding that one of the alternative directions being considered for the Title VII programs at this time is, essentially, to channel present available funds into the maximum number of programs possible which would be designed solely to meet the minimum requirements of Title VI of the Civil Rights Act of 1964. This Commission strongly opposes this alternative.

This approach would leave to the Federal government the financial responsibility for assisting the districts in meeting the minimum requirements for compliance with Title VI. Aside from the fact that there is some question regarding the legality of using Federal funds to finance basic educational services which are the responsibility of local school districts, this approach for Title VII would be a very detrimental one to the future of education of language minority children.

According to Title VI requirements, the provision of equal educational services to minority children is the basic responsibility of school districts as a condition for their receiving federal financial aid. If HEW were adequately enforcing the law, school districts failing to meet the minimum requirements of Title VI would be threatened with fund termination, not rewarded with federal program funds to meet their minimum responsibilities. Were Title VII to become merely a supplement to the Title VI enforcement program, it would seriously discourage school districts from relying on their own resources to come into compliance.

Further, Title VII of ESEA was never intended as a means to provide only the minimal services to the maximum number of needy children nationwide. The intent of the original legislation was to fund programs which would serve as demonstration projects to provide alternative program approaches and at the same time to support the development of the resources needed to facilitate implementation on a broader scale. Likewise, this is the main intent of the proposed Senate legislation on bilingual education. Any attempt at this time to narrow the definition of the objectives of the Title VII program would be a serious setback to bilingual bicultural education in this country because it would prevent the development of program alternatives.

In conclusion, the Commission urges the House of Representatives to take the needed action to assure the Federal government's commitment to quality education for national origin minority students. We support the passage of new strengthened bilingual education legislation which will assure that the Federal government will provide the leadership in developing the critically needed resources and in funding alternative types of bilingual bicultural education programs. Secondly, we urge that the needed action be taken to assure the full enforcement of Title VI of the Civil Rights Act of 1964 with respect to national origin minority students so that these students will no longer be deprived of their right to an equal opportunity in education.

Both the Federal bilingual bicultural program and the Title VI enforcement efforts

are critical to the future hopes for quality education for language minority children. At the same time, it is important that Congress not allow these two efforts to become identified as one and the same by subjugating Title VII to the Title VI enforcement efforts. Congress should give full support to the Title VII objective of developing bilingual bicultural education as a true educational alternative for our schools. In our multilingual multicultural society, this is an alternative which countless Americans would cherish as a method of achieving the full benefits of our educational system while, at the same time, not being deprived of their own valued heritage.

ENERGY CRISIS

Mr. BROCK. Mr. President, this Nation still faces an energy crisis. I keep picking up newspapers from my State of Tennessee, and from other States, and I read that we are dangerously close to forgetting the long lines at the service stations this past winter. Motorists are creeping up from the 55-mile-an-hour speed limit that most States have imposed in a fuel saving gesture. We are again becoming wasteful Americans. If we continue at this pace, we will again find ourselves in the same circumstances as last fall. I hope that we will have better sense.

Meanwhile, Congress continues to do little to solve our energy problems. I wanted to bring to the attention of my colleagues an article which appeared in the New York Times by Z. D. Bonner, who is president of Gulf Oil Co. It points out where Federal controls hamper any business enterprise and depress the free enterprise system. I ask unanimous consent that Mr. Bonner's article be printed in the RECORD.

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

PATTERN SAID LEADING TO "SOCIALIST STATE"

(By Z. D. Bonner)

"Not one but two threats should concern Americans today. Attention is being given to one: the threat of continuing shortages of energy supplies.

"The second threat is much more subtle yet far more dangerous. It is the fast support developing for an economic philosophy based on the simple premise that the Federal Government can run almost any sort of business better than private enterprise.

"It is a philosophy foreign to those that have built our industrial enterprises, yet it exists, and is gaining strength, despite lack of any evidence that Federal control or Federal operation of any business ever has succeeded or ever will.

"The general approach of people who follow this philosophy is to begin by regulating a politically vulnerable industry. This is the way it started with the railroads, and now comes the proposed regulation of the oil industry.

"Soon that kind of regulation is increased to the point where the industry is unable to satisfy public needs.

"The next development is a Federal competitor that, under some of the new bills advanced by Congress, has unlimited borrowing capacity, is funded with tax dollars, pays no taxes and has virtually no accountability. This Federal industry is set up to compete with the totally regulated private industry.

"Under this philosophy, such moves are to be made industry by industry.

"There are two primary reasons why this philosophy, which once would have been dismissed as a threat to fundamentally accepted American concepts, is gaining strength. The first is a totally unforeseen and unexpected development, Watergate. Its effect has been to substantially weaken an Administration that was elected with an overwhelming mandate and that probably would have been strong.

"In this weakened condition, it has been next to impossible for this Republican Administration to have any of its programs passed by the Democratic Congress. President Nixon is reduced to vetoing a barrage of unwise bills affecting business.

"The second reason relates to power. The proposed Federal companies, such as the Federal Oil and Gas Corporation, fascinate many politicians. Think of the political patronage! And the jobs that could be provided!

"This anti-free-enterprise philosophy, then, could eventually provide almost unlimited expansion of the Federal Government and transform the United States into a complete socialist state.

"Businessmen must take action on two fronts if this trend is to be reversed. Those in business must do their level best to explain and justify the American system to their employes and the public. Also, they must urge their Congressmen and Senators to oppose the trend toward total regulation of business.

"There are many dedicated and hard-working Senators and Congressmen. In many cases, however, these public servants are not the most vocal or most outspoken. A result is that of the 1,700 energy proposals introduced in Congress in the wake of the energy crisis, not a single constructive bill on the subject has issued from Congress.

". . . Not a single bill that I know of would make more oil and more gas available. And making more oil and gas available is, of course, what free enterprise is all about so far as energy companies are concerned."

SCHOOL LUNCH PROGRAM: CONSTERNATION OR CONCERN

Mr. HARTKE. Mr. President, too often the policies we set in Washington do not reach the concerns of the people. Legislation passed by this Congress may alleviate our collective conscience, but it will do little to alleviate the hunger felt by children at lunchtime in the Nation's schools. Too often the tremendous administrative effort associated with the school lunch program at various levels tends to feed the children paper instead of food.

As the result of eminent discussion on the part of many scholarly figures and several studies concerning the role the Federal Government should play in the care of our children, we have shifted from one theory to another in an attempt to feed the hungry children of our country a nutritious lunch during their attendance at school.

I question whether our schools should be furnished with food stamps, money, or commodities by the Federal Government. Relevant statistics indicate the majority of schools prefer receiving cash at a rate certain per student enrollment. This program seems more conducive to urban population center schools with a ready and continual source of food at current market values.

However, many rural and smaller population school areas have expressed grave concern for this approach, and prefer the commodities program whereby the Federal Government furnishes the school corporation assistance-in-kind in the form of food purchased on the open market by the Federal Government to offset decreasing prices for farm products. The wisdom of this approach in light of security and stability of the farm financial community has merit, but we find the Department of Agriculture administering the school lunch program without continuity and budgetary procedures to the concerned school systems.

I acknowledge that both programs have merit and supportive arguments attesting to their validity. However, when the Federal Government offers one program to the exclusion of the other and not an alternative selection procedure allowing school districts to select the program most conducive to their own operation, we invariably compound the problems already facing a beleaguered situation. I ask my colleagues whether it is not possible to maintain both programs. Each school system would then select one of which would avail that school system the most administratively efficient system. To do less is to lessen the quality of lunches furnished our children.

I wrote a letter to the Agriculture Secretary Earl Butz expressing my concern with the direction the present program was taking and asking whether a pluralistic approach was feasible. The letter I received from his Department failed to respond to the question, but attempted to justify the Department's position based on their interest in stabilizing the farm community. While the stability of the farm community is of interest to me, I also am thinking of the children of our Nation. I hope the Department of Agriculture will broaden its perspective on this important question.

Mr. President, I ask unanimous consent that my letter to Secretary Butz and the response of his Department be printed in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. HARTKE. Mr. President, let me make one further comment regarding my distinguished colleague from South Dakota's (Mr. MCGOVERN) bill S. 2871, which was passed by the Senate last week, and the commodity school lunch program. Assistant Secretary to the Department of Agriculture Clayton Yeutter testified before the Subcommittee on Agricultural Research and General Legislation, Senate Committee on Agriculture and Forestry, regarding S. 2871, that:

> The Federal government simply does not have access to large surpluses of food at bargain rates, as we did in the past. In fact, our efforts to purchase food, even at market levels, are facing stiff competition.

The Assistant Secretary seems to indicate that because the Federal Government finds the slightest difficulty with the pursuit of its administrative duties that it should cease to furnish commodities to our children. Does the Assistant Secretary presume the task to be easier for schools concerned, or does he assume they too will take the attitude that the task is too difficult and ask the children to go hungry while attending school?

Mr. President, the future of our country depends on the children of today. Let us not short change them, but instead make available to them the abundance of foods our rich Nation has the capacity to produce.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., April 4, 1974.

HON. EARL L. BUTZ,
Secretary, Department of Agriculture, Washton, D. C.

DEAR SECRETARY BUTZ: I have received numerous letters from concerned citizens in Indiana regarding the Department of Agriculture's phase-out of the commodity foodstuffs program for school lunches. Under Public Law 93-86, commodities were to be provided to schools for use in school lunches for children.

While it may be evident that larger schools, or schools in urban areas may not wish to continue in the commodities program, which choice they should have; those schools in rural areas, or schools without large enrollments will suffer greatly if they do not receive commodities from the Federal government.

I call upon you to do an immediate inquiry into the percentage of schools that care to remain within the commodities program. If the percentage of students affected is significant, I believe the interests of the children, parents, school and program administrators would be better served if the commodities program were to be continued on a voluntary basis.

The pluralistic society of the Seventies often necessitates pluralistic responses by its government. We must be ever cognizant of the needs of the people we serve, and seek solutions to their problems which may not always be the most efficient or relevant for the government. I trust that you will evaluate the commodities school lunch program with a sincere interest in the welfare of our children.

With my best wishes, I am
Sincerely,

VANCE HARTKE,
U.S. Senator.

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 22, 1974.

HON. VANCE HARTKE,
U.S. Senator.

DEAR SENATOR HARTKE: Secretary Butz has asked us to respond to your letter of April 4 regarding the availability of donated foods for schools.

The Administration's budget for fiscal year 1975 contains funds to maintain the distribution of donated foods to child nutrition programs at the rate of seven cents per school lunch. However, should market conditions preclude us from making food donations to this extent, we will use the authority provided by P.L. 93-150 to distribute any balance in cash. Thus, if the budget is approved, schools will be assured this seven cents per lunch level of support programmed in the budget request for donated foods.

With the return of a market-oriented agriculture, food surpluses stored and handled at the taxpayers' expense are largely a thing of the past. In fact, sometimes in our efforts to purchase foods for donation, we get no bids at all—not at any price. We have, therefore, been struggling to make workable a system that is not attuned to changed conditions.

Some school food service people have long advocated that the Department discontinue food distribution for schools entirely, in favor of cash assistance. They have argued that schools frequently receive commodities from the Department which do not suit local food preferences. Furthermore, they maintain that storage and recordkeeping present formidable problems for smaller schools.

Now that price support and surplus removal commodities are largely a thing of the past, the Department no longer has some of the purchasing advantages that were previously available. It is our objective to provide maximum nutritional benefits at a minimum cost to the Federal taxpayer. Indications are that we can best meet that objective by providing cash to the State and local governments, with those governments doing the purchasing, rather than through the present system.

We are enclosing a copy of Assistant Secretary Yeutter's March 27 Statement regarding S. 2871; it discusses in greater detail the issues you raised.

We appreciate your interest.

Sincerely,

MARY JANE FISKE,
Assistant to the Administrator.

MEAT IMPORT QUOTA SYSTEM

Mr. CURTIS. Mr. President, for some time I and other Senators representing States where there is considerable livestock feeding, have been concerned about the drastic drop in livestock prices at the farm level. The Committee on Agriculture and Forestry held hearings on the problems of the livestock feeding industry in Iowa during January and at my request, here in Washington on March 13 and 14.

At the Washington hearings we were told that livestock feeders had lost in excess of $1 billion in the period since September 1973. During much of this time cattle feeders were losing, and are currently losing from $100 to $200 per head on each animal sold.

It was my hope that the reduced prices being received by feeders would be passed on to consumers and that the consumption of beef and other meat would increase to a level that would reduce the surplus and once again allow livestock raisers to make a fair profit. Unfortunately, this has not happened, and to make the situation worse, the United States has become the only major meat importing country which has failed to embargo further shipments of foreign meat.

Last week I introduced legislation to reimpose the meat import quota system and to provide that in the future quotas may only be lifted with the concurrence of Congress.

Today I am introducing, with a number of cosponsors, legislation to provide Government loan guarantees to help maintain in business, livestock breeders and feeders who face bankruptcy. I need not point out, Mr. President, the effect such bankruptcy would have on the American consumer. Very simply, it will mean that if fewer numbers of livestock are put on feed, less meat will be available in the supermarket, and this means even higher prices for the consumer.

The bill I introduce today would allow Farmers Home Administration to finance or refinance livestock breeding raising, fattening, or marketing operations when the applicant's usual credit source is unable or unwilling to provide additional credit without a Government guarantee.

The bill authorizes Farmers Home Administration to guarantee 90 percent of loans up to $250,000 for the aforementioned purposes. The loan shall bear interest at a rate not in excess of the Government's cost of money and shall be repayable in not more than 7 years, but may be renewed for 5 additional years.

This bill authorizes up to $3 billion in loan guarantees to be outstanding at one time, and provides that Farmers Home Administration shall pay the difference between interest payments made by borrowers and the interest rate charged by the lender.

Because of the emergency nature of this legislation, and the fact that it is a guaranteed loan program, rather than direct loans by the Government, this bill provides that the guarantees made under this provision shall not be included in the budget totals of the U.S. Government.

Mr. President, the livestock producers in this country are a proud breed and have always been reluctant to ask for Government assistance, but I believe that it is not only in their interest, but in the best interest of the consumers of this Nation that we provide the financing to maintain a healthy domestic livestock industry.

DEPLETION ALLOWANCE

Mr. BENTSETT. Mr. President, I have had the opportunity to review the statement made by the distinguished Senator from Oklahoma on the oil and gas depletion allowance before the Senate Finance Committee on June 6, 1974.

I found his views interesting and enlightening and I encourage my colleagues in the Senate to read it carefully. I ask unanimous consent that the statement be printed in the RECORD.

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

DEPLETION ALLOWANCE BY SENATOR DEWEY F. BARTLETT BEFORE THE SENATE FINANCE COMMITTEE

I am pleased to have the opportunity to address the members of the Committee on the subject that is all important to the consumers of the United States if they are to have adequate energy supplies at a reasonable price.

As you well know, the depletion allowance was devised as a method of fair income tax treatment towards the extractive industries, and has been in effect since the first income tax law was enacted under the 16th amendment to the Constitution in 1913.

Although the method of calculation of the depletion allowance has been revised and lengthy debate over the merits of the depletion allowance has occurred through the years, the basic concept of fair and equitable tax treatment for a depletable asset has continued for over 60 years.

Aside from the fair tax treatment issue, the Committee will also through testimony be able to determine the effects of the depletion allowance to judge whether they are desirable or undesirable—if they are in the consumer's best interest or not. I know that the Committee is seeking information from all interested parties—independent producers, major oil companies, as well as consumers. I hope the list of witnesses will include representatives of the royalty owners.

There is one inescapable fact—reducing the depletion allowance would increase energy prices for consumers in the United States. If the higher costs of operation reflected by the increase in taxes are not passed on to the consumer in the form of an increase in the price of domestic crude oil then all exploration activitiy will be sharply reduced. If oil field activity is reduced then

we must depend upon importing more unreliable and high priced foreign oil. So it is inescapable either way—the consumer will be faced with higher prices.

The last 9 months have been very emotional. For the first time Americans have been faced with a shortage of energy supplies which have been taken for granted during prior years. Constructive action is needed to overcome our energy deficiency. This is no time for punitive action aimed verbally at the major oil companies but actually hitting the independent producers and consumers. The recent increases in major oil company profits have been earned overseas—not from the depletion allowance.

This is a time for incentives not disincentives. The uncertainty created by Congress with proposed rollbacks and tax revisions can only serve to delay the domestic activity that could further relieve our dependence upon unreliable and high priced foreign oil. The petroleum industry should be given the green light, not a blinking orange light.

Any reduction in the depletion allowance would be far more disastrous to the exploratory activities of the independent producer than it would be to those of the major oil company. I am sure subsequent testimony by independent producers will bear that out.

Reducing the depletion allowance would definitely decrease competition in the petroleum producing industry. The independent operator drills about 80% of all domestic wells. He depends to a great extent upon outside capital to finance these high risk, oil finding ventures. A reduction in the depletion allowance would severely hamper an independent's ability to acquire this outside capital—even if the additional costs were passed on to the consumer. This is because of the tax advantages to a prospective investor in a high risk venture.

Also, the independent operator produces an estimated 80% of the domestic stripper well production—those wells which are marginally economic. A small reduction in the cash flow of this marginal production could mean the difference between continued production and abandonment of many of these leases.

This committee should attempt to define the effects of lowering the depletion allowance from 27½% to 22% in 1969. My information is that domestic expenditures decreased about $500 million because of this decrease in the depletion allowance which had the effect of reducing the value of crude oil by 17¢/barrel.

This was the final blow to many independents whose numbers were reduced from 20,000 to 10,000 over a 15 year period by low profits resulting from the government policies during that period.

Another important fact is that the average tax benefit to an oil company is well below the 22% of gross income. This is especially true of the independent operators because the depletion allowance is either 22% of the gross income or 50% of the net income—whichever is the lesser.

In the latter stage of the life of a producing lease, the operating expenses approach the gross income. The net income becomes small and therefore 50% of net income is far less than the 22% of gross income. For that reason, several smaller operators in my state estimate that their overall benefits from the depletion allowance average anywhere from 12 to 18 percent—far below the 22 percent figure.

At this time I would like to suggest that the Committee consider eliminating or revising the 50% of net income limitation on the depletion allowance to allow the continued production of marginally economic production.

During the WW II energy shortage a substantial Federal subsidy of from 20c to 35c per barrel of crude oil was paid to producers in order to prolong the life of marginal oil wells, to encourage workovers and infill drilling.

As I have said, the reduction of the depletion allowance has a relatively more severe effect on the independent producer than it would have on the major oil company because the major oil company could partially make up for the decrease in cash flow by raising the prices of refined products. But to the extent that the major oil companies cash flow would be reduced, capital and therefore investment to increase oil and gas and alternate energy supplies would be restricted.

This nation is not going to develop domestic energy self-sufficiency unless the necessary capital commitments are made. The capital requirements, as I am sure the Chairman knows, are staggering. These capital requirements can only be filled if there is adequate cash flow to sustain equity commitments and debt service.

In other words, the borrowing ability of the industry depends upon its cash flow. Therefore, the ability of the petroleum industry to respond to our energy needs depends upon the combination of factors that make up cash flow—net profits, depletion allowance, intangible charge offs, and return of capital through depreciation.

It is important to note that major oil company profits, which appear to be the general stimulus to criticism of the petroleum industry, have not occurred because of the depletion allowance. John Winger of the Chase Manhattan Bank has explained very aptly in a paper entitled "The Profit Situation" that the major oil company profits have, in general, occurred on foreign operations because of factors over which the major oil companies had no control—principally devaluation of the dollar and price increases established by the OPEC countries.

Foreign tax credits are much more important than the depletion allowance to enable the major American oil companies to compete sucessfully with foreign oil companies on a worldwide basis.

Mr. Chairman, I request that the article I mentioned by John Winger, "The Profit Situation", and a recent study by the Petroleum Information Research Foundation Incorporated on foreign tax credits be inserted into the Record at the conclusion of my remarks.

In 1973 more than 85% of the increase in profits of the 30 largest oil companies resulted from profits realized outside the United States. The 30 major multinational oil companies earned in 1973 $4,354 billion in the United States and $7,368 billion in the rest of the world. Compared to 1972 that was only a 19.1% increase domestically and a substantial 130% increase in profits from the rest of the world.

Much of the profit from foreign operations is being reinvested in domestic operations. Over the past 5 years expenditures domestically have exceeded domestic profits by 80.6%. The same companies expended on foreign investments 47.7% more than their foreign profits. It can readily be seen that the ratio of expenditures to profits demonstrates that the major petroleum companies are committed to increasing domestic production. It can be seen that profits from foreign operations are to a significant extent subsidizing domestic investments.

Mr. Chairman, last but not least, I would hope that the Committee will address itself to the interests of the royalty owners to make sure that they receive fair and equitable tax treatment upon the selling of their irreplaceable assets. The rights of the royalty owners, the original mineral interest owners, are often overshadowed by the interests of the producers and consumers.

Mr. Chairman, I am sure that this Committee intends to investigate fully the effects of changes in existing tax treatment for all concerned.

The average price of domestic crude oil has increased substantially—but the principal cost of oil and gas exploration has skyrocketed—the prices of steel tubular goods, oil and gas leases and contract drilling have more than doubled for many operators in recent months.

The rate of drilling oil and gas wells has increased substantially this year. There is a real momentum and confidence developing in an industry which has been squeezed dry by 20 years of direct and indirect price controls.

The stability of any industry is important to maximizing its capital investment. This is particularly true of a high risk industry.

Reducing the depletion allowance will continue the instability of this oil industry and jeopardize the increasing momentum of the current exploratory effect.

In order to achieve energy self-sufficiency, the oil and gas industry needs a consensus of support from the Congress—not a consensus of punishment.

If the goal of legislation to lower or eliminate the depletion allowance is to punish the multi-national oil companies the sponsor of this legislation may as well forget it. The effect will be like trying to sink a battle ship with a bow and arrow.

But there would be an effect—which I believe would be disastrous—the major oil companies would end up with a larger share of the oil industry and the independents a smaller share. There would be decreasingly less competition in the petroleum industry.

I certainly appreciate this opportunity to address the Committee.

[From Energy Economics Division of the Chase Manhattan Bank, April 1974]

A SPECIAL PETROLEUM REPORT

PROFITS AND THE ORDINARY MAN

Ask any man what he would need first if he wanted to get into the petroleum business. He would be virtually certain to say money. He would know he could not start the business without money. And he would also know he would need more money to keep the business going and still more to make it grow.

Ask him where he would get the money. And he would be likely to say that he would have to provide most of it himself from his accumulated earnings. He would probably know he could borrow some—but only if he could prove to the lender his ability to repay the loan out of future profits.

Because he obviously must depend upon them so much, ask him to define profits. Again, he would be likely to respond correctly. He would know that, of the money he took in from the sale of petroleum, only the amount remaining after paying all the costs of doing business, including taxes, would represent his profit. He would be likely to understand that he could expand his business only if his profits were large enough. And he would also recognize that his business would fail if his profits were too small.

Despite the fact that most people readily understand their own needs for an adequate income, whether it be salary or profits, many fail to recognize the equal needs of others. Indeed, the extent of the failure to understand the vital importance of the role played by profits in the free enterprise system is appalling. Because that lack of understanding is now so great, it constitutes a significant threat to the continued existence of the economic system that has served the people of the United States so well in the past.

THE FREE ENTERPRISE SYSTEM

The American economy has been called the eighth wonder of the world because it is based on a historically revolutionary idea: that a society can function, prosper and grow on the basis of free economic choices by individuals. The market place—not government planning—regulates the economy. The desire

for private gain and fulfillment, not decree or coercion, is the motivating force. It is a system that has brought to the American people the highest standard of living anywhere on earth. It has worked well because for the most part it has been permitted to function with a minimum of intervention by government. Yet, despite the demonstrated merits of the system, disturbing changes are being introduced. With increasing frequency governmental intervention is being substituted for the free choice of individuals in the market place.

ECONOMIC ILLITERACY

If asked, a vast majority of the people of this nation would doubtless say they believed in the free enterprise system. But how many really understand how it functions? Only a small proportion of all high school and college graduates have ever taken a course that explains the free enterprise system in a meaningful fashion. Former Secretary of Commerce Luther Hodges once said, "If ignorance paid dividends, most Americans could make a fortune out of what they don't know about economics."

Among the most disturbing effects of economic illiteracy is the widespread misunderstanding of the role profit plays in the free enterprise system. In the minds of far too many, unfortunately, profit is a dirty word. There is the strong tendency to think of profits as funds left over from the operations of a business—money to be utilized for any unrelated purpose. Profits, therefore, are regarded as something a business does not really need, or at least something that can be reduced without serious consequences. Many, though they endorse the free enterprise system, nevertheless reject profits. Apparently, their lack of knowledge of economics leaves them unprepared to understand that the American economy cannot function without capital—and there can be no capital without profits. Indeed, there is the shocking evidence that some are not even able to distinguish between gross revenue and profits.

HOW MUCH PROFIT?

Even among those who understand the need for profits, there is often the failure to recognize that profits must also grow. With each passing year, our needs for goods and services rise. And if they are to be satisfied in full, our economy must also grow. But it cannot if profits do not expand too. Yet, from sources not truly qualified to judge, we frequently hear that profits are too high.

How should the adequacy of profits be judged? There is no simple or permanent benchmark. Under one set of circumstances, profits of a certain size could be judged sufficient. But, given changed circumstances, the same amount of profit could be either too little or too large. No meaningful conclusion can be drawn from a mere measurement of an organization's profits for a limited period of time or the amount of increase over the preceding period. Nor is the rate of return on invested capital by itself a sufficient guide. A knowledgeable management, thoroughly acquainted with every facet of a company's operations and with a carefully planned and detailed projection of future capital expenditures, knows what level of profits will be necessary. But the casual observer cannot possibly know. If the profits have been sufficient to provide and attract all the capital required for an extended period of time, they may be deemed to have been adequate—for that period. But, if the company's business is growing, the same amount of profit would be inadequate to serve future needs.

A DANGEROUS SITUATION

The inability to judge the adequacy of profits fairly with only a superficial examination has never been more apparent than at present. The public attitude in respect to the profits of the petroleum industry reveals clearly how dangerous a small amount of information can be. Usually, the earnings of the petroleum industry go largely unnoticed. Brief reports appearing in the business section of newspapers attract mainly the attention of investors and are ignored by most other readers. But, a combination of abnormal factors in 1973 caused earnings to be much larger than in 1972. Because the news media and many politicians have focused a great deal of attention on the size of individual petroleum company profits, public awareness is much greater than usual. And there is no doubt that much of the public now considers the earnings excessive. Coupled with the current shortages of petroleum products, all the publicity relative to earnings has created the impression that petroleum companies are engaged in profiteering. That belief is doubtless shared by many representatives of government. And many obviously believe punitive actions against the industry are therefore necessary.

Considering the widespread failure to understand the true function of profits in the free enterprise system, the attitude of the public is not surprising. But the American people are entitled to a much greater insight on the part of their elected and appointed representatives in government. Unless they fully understand the nation's chosen economic system and unless they ascertain all the facts before they act, these officials run the risk of setting in motion forces that are likely to prove highly detrimental in the longer run. Because its economic and social well-being is so highly dependent upon an adequate supply of petroleum, the nation can no longer tolerate political blunders that jeopardize that supply.

There is, therefore, an urgent need to publicize the underlying factors responsible for the unusual level of earnings experienced by petroleum companies in 1973. For that reason this special report is presented in the hope that the information it contains will contribute to a more accurate and broader understanding of all that is involved. The information is drawn from a financial survey of a large group of petroleum companies conducted continuously by this bank for nearly four decades. Currently, the group is comprised of 30 companies of various size. Together, they represent a major proportion of the entire petroleum industry throughout the non-Communist world. Not all of the companies have completed the auditing of their books nor have they all reported to their shareholders. Therefore, the figures cited in this report are necessarily of a preliminary nature. Although the final data may prove to be slightly different, the variation is not likely to be sufficient to alter the conclusions presented here.

THE FACTORS

It is important to recognize at the outset that the group of companies does business throughout the entire non-Communist world and that the operating conditions in 1973 outside the United States were vastly different than within. The growth of demand for petroleum was strong in the United States—but it was much stronger in the rest of the world. Market needs in the United States increased by nearly a million barrels per day and elsewhere they rose by more than two million a day. Gains of that magnitude, of course, could alone produce a substantial increase in earnings without any change in the price of petroleum.

But, for several reasons—mostly abnormal—there were price increases also. A gradually evolving shortage of petroleum has been apparent for many years. For the most part, that development has been regarded with complacency in the United States. In most of the rest of the world, however, the degree of awareness has been much greater. And mounting apprehension about the scarcity of supply caused prices to advance in many of the world's markets during 1973.

Largely because of governmental restraints on the generation of capital over the past two decades, it has not been possible to increase the production of petroleum in the United States in recent years. And all of the expansion of market needs, therefore, has had to be satisfied with imported oil. That means the United States has recently started to compete much more aggresively with other importing nations for available foreign supplies. And that competition in 1973 gave rise to even greater concern within other nations about the adequacy of their oil supply. They reacted by increasing their stockpiles of oil and bidding up prices further in the process.

Governments of several major oil producing nations were also responsible for higher oil prices in 1973. To varying degrees and in several stages they enlarged their ownership of the petroleum operations within their borders and in the process dictated very large increases in the price of crude oil. Under the terms of the varied and complicated formulas that establish the relationship of the governments and the operating petroleum companies, most of the benefits of the price changes went to the governments, but some accrued to the companies too.

During 1973, governments of some of the oil producing countries made threats to cut off the flow of oil. Such warnings, of course, contributed to the apprehension within the importing nations about the continuity of their oil supply. And, as a consequence, the governments of the importing nations compelled petroleum companies to maintain exceptionally large inventories. As the price of oil progresively rose in the world's major markets in response to both the forces of supply and demand and the unilateral actions of government, the value of inventories increased too. And that development was naturally reflected in the gross revenue of the petroleum companies involved.

Early in 1973 the dollar was devalued. And, in the process of the necesary conversion from various other currencies, dollars were automatically increased on the books of many petroleum companies. Thus, an action of the United States Government contributed directly and significantly to the growth of earnings of those companies.

The strong worldwide growth in the demand for petroleum in 1973 caused tanker rates to soar to record highs after being at subnormal levels the year before. Consequently, the transportation operations of many of the petroleum companies because substantially more profitable than they had been.

After being in the doldrums for several years, the petrochemical operations of the petroleum companies staged a strong recovery in 1973. And the earnings from those operations, therefore, were significantly better than in the previous year. The impetus for the recovery was provided by both a strong demand for chemcial products and a shortage of supply.

MORE MONEY AND WHERE IT WENT

As the foregoing commentary reveals, there were several unusual developments in 1973 which together led to a larger than usual increase in the gross operating revenue of the group of petroleum companies. The actual size of that increase is measured in the following table:

[Dollar amounts in millions]

Gross operating revenue	1973	1972	Change from 1972 Amount	Change from 1972 Percent
United States	$55,810	$47,639	+$8,171	+17.2
Rest of world	76,245	56,520	+19,725	+34.9
Total	132,055	104,159	+27,896	+26.8

The table reveals that the companies received much more revenue outside the United States than within. And, because of the abnormal developments cited earlier, nearly three-fourths of the increase in revenue occurred outside the United States.

Normally, as the scope of their business expands, the operating costs of the companies rise too. In 1973, however, the increase of 21 percent was proportionately larger than the growth of their business operations. But, even so, the rise in costs was still not as great as the expansion of operating revenue. Consequently, the group's pre-tax income was 54 percent larger than in 1972.

Unfortunately, there is a widespread failure to recognize that taxes are one of the costs of doing business. But they are, of course. And, like all other costs, they must be recovered in the price paid by the consumers of petroleum. Otherwise, the business operations simply cannot remain viable for long. Therefore, whenever governments impose higher taxes on petroleum companies, they are actually imposing those taxes indirectly on consumers. And, if consumers had a better understanding of this, they would doubtless protest vigorously.

When pre-tax income increases, income taxes go up too, of course. And income taxes also rise as a result of governmental actions. For the latter reason, income taxes have been the fastest growing cost of doing business for the petroleum companies. And, in 1973, the group turned over as much as 56 percent of its pre-tax income to governments in the form of income taxes. The payment amounted to 14.8 billion dollars—4.5 billion more than in 1972.

Petroleum companies do in fact pay additional taxes that are not imposed on most other businesses. They include such levies as production, severance, and ad valorum taxes. In 1973, these additional taxes amounted to 6.0 billion dollars for the group of companies. Their total tax payment in 1973, therefore, came to 20.8 billion dollars—5.4 billion more than in the previous year.

Of the total 1973 operating revenue, 75.3 percent was required to pay day-to-day operating costs. Taxes took 15.8 percent. And the remaining 8.9 percent represented the group's profits. Each of these elements increased in 1973 as indicated in the following table:

[In millions of dollars]

	United States	Rest of world	Worldwide
Gross operating revenue	+8,171	+19,725	+27,896
Operating costs	+6,627	+11,001	+17,628
Direct taxes	+846	+4,560	+5,406
Profits	+698	+4,164	+4,862

Obviously, higher operating costs absorbed a major portion of the revenue increase both within and outside the United States. Also, taxes increased more than profits in both areas. And, of the total growth in profits, the great bulk—more than 85 percent—occurred outside the United States. The next table compares the actual amount of profits in both areas in 1973 with the net earnings in the year before:

[Dollar amounts in millions]

Profits	1973	1972	Change from 1972 Amount	Change from 1972 Percent
United States	$4,354	$3,656	+$698	+19.1
Rest of world	7,368	3,204	+4,164	+130.0
Worldwide	11,722	6,860	+4,862	+70.9

The average changes shown in the table reflect widely varied results for the individual companies ranging from very large gains to very large declines.

WHY PROFITS INCREASED SO MUCH

In 1972, more than half of the group's overall profits—53 percent—were earned in the United States. But, in 1973, the proportion dropped to only 37 percent. For the most part, that major shift reflected the impact of the various abnormal forces operating in 1973.

Devaluation of the dollar had the single greatest effect. Indeed, nearly one-fourth of the worldwide increase in profits can be attributed to devaluation alone. About one-sixth of the profit gain was brought about by the increase in the value of inventories following the progressive firming of petroleum prices in most of the world's markets through out the year. As explained earlier, the price changes were the result of both economic and political forces. Historically, the profitability of both the petrochemical and tanker operations of the companies has ranged from extremely poor to extremely good. It is unusual, however, for both operations to stage a strong recovery in the same year, as was the case in 1973. Because these activities did recover at the same time, they also contributed substantially to the expansion of the group's profits.

Four of the thirty companies in the group are European rather than American organizations. Their earnings have fluctuated widely in recent years and in 1972 they were severely depressed. Because of the unusual developments in 1973, the earnings of these four companies were much improved and that recovery alone accounted for more than one-third of the profit gain for the entire 30 company group.

The growth of demand for oil continued unabated in 1973. Worldwide needs were 3.2 million barrels per day larger than in the year before. And, with that much additional oil moving to market at price levels that averaged higher than in the previous year, a substantial increase in profits was a perfectly normal consequence.

When considered superficially, a 71 percent increase in profits appears excessive. But, as analysis that is limited solely to the change for a single year is not only foolish and grossly misleading but can also be dishonest. If petroleum companies are to serve the expanding needs of consumers, they must make long range investment plans. And those plans must necessarily be based upon the average growth of profits over a long period of time—not just the increase in a single year. For the past five years, including 1973, the group of companies achieved an average annual growth in earnings of 12.0 percent. For the past ten years, the annual growth has averaged 9.9 percent. In both cases, the average increase fell far short of the growth required to provide the capital funds needed to keep pace with the expansion of petroleum demand.

Within the United States alone the longer term growth of profits has been even less favorable. Although the group's earnings in 1973 were 19.1 percent higher than in the year before, they were only 11.3 percent higher than five years earlier. And the average annual growth for the past five years has been only 2.2 percent. Over the past ten years the average growth has amounted to no more than 6.2 percent. Clearly, the United States cannot possibly achieve the higher degree of petroleum self-sufficiency it so urgently needs if profits continue to grow at such slow rates. Not nearly enough capital can be generated internally nor will capital from outside sources be attracted. There are many opportunites for investment in the United States that are much more attractive.

A RISKY BUSINESS

A high degree of risk has always been a characteristic of the petroleum business. There is the continuous risk of spending vast amounts of money on the search for petroleum without finding any. And there are also the political risks which take various forms. The most obvious is the outright confiscation of assets by government. More subtle but no less damaging are those actions of government that interfere with the highly essential process of capital formation. Both kinds of political risk continue to exist right up to the moment. Because of these risks, petroleum companies need to achieve a higher return on their investment than most other industries. For many years, however, the return on average invested capital for the group of companies has been too low relative to their risk element. In 1972 it was only 9.7 percent and substantially below the return for many other industries with much less risk. The higher level of profits in 1973 brought the group's worldwide return up to 15.6 percent. At that level it was within the range considered necessary to generate the required capital funds.

In the United States, however, the rate of return remained too low. It increased from 9.6 percent the year before to 11 percent in 1973. At that level it was still substantially below the return for most other industries with a lower degree of risk. For the most part, the poor return in the United States in 1973 and in the past was the direct result of governmental interference with the operations of the nation's chosen economic system.

ABOUT THOSE TAXES

As noted earlier, the group's taxes increased more in 1973 than its profits—both in the United States and in the rest of the world. Indeed, taxes have increased more than profits for many years. The following table illustrates the degree of increase over the past five years:

[Dollar amounts in millions]

	1973	1968	Change from 1968 Amount	Change from 1968 Percent
Profits	$11,722	$6,664	+$5,058	+75.9
Direct taxes	20,845	7,276	+13,569	+186.5

Clearly, governments are benefiting far more from the operations of the companies than the companies themselves. In the United States alone, total direct taxes rose by 33.1 percent in 1973 compared with the 19.1 percent gain in profits. Income taxes were up 72.9 percent. Over the past five years direct taxes in the United States increased by 1,343 million dollars or 65.2 percent compared with the profit gain of 441 million dollars or 11.3 percent. Income taxes alone increased by 804 million dollars or 97.2 percent during that period.

In addition to the direct taxes they pay, the companies transfer to governments an enormous amount of money in the form of excise taxes. In 1973 the excise taxes amounted to 26.4 billion dollars—10.1 billion in the United States and 16.3 billion in the rest of the world The total taxes taken in by governments as a result of the group's operation in 1973 amounted to 47.2 billion dollars—13.5 billion in the United States and 33.7 billion in the rest of the world. Of the total taxes paid, the major portion went to the governments of the petroleum importing nations. Indeed, the tax receipts of government in the United States alone exceeded those of all the major producing countries together. Compared with the year before, the tax revenue of governments increased by 9.4 billion dollars. Over the past five years governments took in 172.7 billion dollars in taxes. The profits of the companies over the same period amounted to 39.2 billion dollars. By any test, governments have fared exceedingly well.

It should be readily apparent that the more money governments take from the companies in the form of taxes the less there is available for capital investment. When governments increase taxes they reduce profits and thereby create an immediate need for the companies to offset the loss by raising petroleum prices in an effort to restore their

profits. But, if governments apply price controls or otherwise limit profits, the companies cannot offset the loss of capital funds caused by the tax increase and they are then forced to curtail their capital investment. Obviously, the companies cannot invest money they do not have.

THEY SPEND MORE THAN THEY EARN

Historically, there has always been a very close relationship between capital expenditures and profits. As one of the charts in this report clearly reveals, capital expenditures rise and fall with net income. Also indicated is the fact that the group's capital expenditures are much larger than its profits. The following table compares the actual amount of profits and capital expenditures over the past five years:

[Dollar amounts in millions]

	Profits	Capital expenditures	Expenditures over profits	
			Amount	Percent
United States	$18,883	$34,102	+$15,219	+80.6
Rest of world	20,308	30,000	+9,692	+47.7
Worldwide	39,191	64,102	+24,911	+63.6

As the table reveals, the companies invested nearly two-thirds more money in the past five years than they generated in profits. And in the United States they spent nearly twice as much as they earned. In fact, well over half of their world-wide investment was made in the United States even though their profits were larger in the rest of the world. The companies were able to invest more than they earned only because they could obtain part of the money they needed through the mechanism of capital recovery and another part of borrowing.

THE IMPORTANCE OF PETROLEUM

The satisfaction of virtually all needs for goods and services throughout the world depends upon the use of energy. Without a sufficient supply of energy, the developed nations of the world cannot maintain their existing standard of living and the less developed nations will not be able to achieve the economic and social gains they so urgently need. The liquid form of oil makes it by far the most versatile of all energy sources. Our studies reveal that the world will depend upon oil alone to satisfy well over half of its energy needs between 1970 and 1985. The world's requirements for petroleum in that time will be nearly three times greater than in the preceding fifteen years. Even if the demand for oil stopped growing, the consumption would still be almost twice as large as in the preceding fifteen years.

All of the existing proved reserves of oil throughout the entire non-Communist world are not now sufficient to satisfy the world-wide needs between 1970 and 1985. If those needs are to be satisfied and a realistic level of underground inventories maintained, the petroleum industry will have to find twice as much oil between 1970 and 1985 as it discovered in the preceding fifteen years. The estimated cost of finding that much oil and providing all the additional facilities required to satisfy the world's expanding markets plus the other essential financial needs of a viable business operation will amount to well over a trillion dollars. That is about four times the amount of money the industry utilized in the preceding fifteen years. In the United States alone, the petroleum industry's financial needs will exceed half a trillion dollars.

Raising that much money will represent an enormous task. Part of it can be borrowed but at least three-fourths will have to be generated internally from profits and capital recovery. Nearly half must be obtained from profits alone and, profits will have to grow much faster than in the past. The rate of return on invested capital will need to range between 15 and 20 percent.

THE ROLE OF GOVERNMENT

But, if obstacles are raised by governments, and the petroleum industry is therefore prevented from generating all the capital funds it needs, it will be unable to serve the world's markets—a progressively worsening shortage of petroleum will surely evolve. The United States is now faced with a shortage of all forms of energy and the blame for that condition must be laid almost entirely at the doorstep of government. For nearly four decades, government has broken economic laws repeatedly and has compiled an appalling record of interference with the normal operations of the free enterprise system. Yet, against that background, many representatives of government are currently exhibiting an incredible determination to take further actions that are certain to prove highly detrimental to the nation.

The temper of the times is dangerous. And government should be acting with utmost care. It ought to be making a thorough, well-reasoned, and open-minded assessment of all the abnormal forces at work in 1973. In addition, it should be conducting an equally honest examination of its own role in bringing about the energy shortage. Good government demands nothing less. But we are not witnessing actions of that nature. Instead, there appears to be an impulsive rush to take punitive actions—actions apparently motivated primarily by the growth of petroleum company profits in 1973. There are few signs of a truly meaningful effort to seek the facts. Hearings abound. But the politically charged, theatrical atmosphere of the typical Congressional hearing does not provide an opportunity for the effective development of factual and relevant information. Sincere and earnest efforts to gain information can be accommodated far better with other methods.

Among the punitive actions proposed are limitations on both capital recovery and profits. Government appears unmindful of the serious consequences of restricting the petroleum industry's ability to generate capital funds. Apparently, there is little understanding that a worsening shortage of petroleum would be the inevitable outcome. Nor does it seem to be understood that the nation's economy would surely suffer as a result of the petroleum shortfall and that tax receipts would then decline, leaving government less able to carry on its legitimate functions.

The sequence of events in prospect are cause for much alarm. And, if government acts to set them in motion, the nation will be faced with a prolonged period of hardship. That is not to say, however, that the ultimate result would be doom. As the problems worsen, the seeds of correction will begin to grow. Consumers will not tolerate shortages of petroleum, or other forms of energy, indefinitely. They will insist that their needs be satisfied. At the present time, they are angry at the petroleum companies, as well as the electric and gas utilities because of shortages and rising prices. And the punitive actions being considered by government appear to manifest in part a desire to cater to the public attitude for reasons of political expediency. But the punitive actions will not solve the problems—they will only make them worse. And, when conditions do not improve, consumers will seek a new villain. By then, the only one available, of course, will be government.

By resorting to their most potent weapon—their votes—consumers can bring about change; they can set in motion powerful forces of correction. In response to their needs and demands, men and women with a more positive attitude toward the free enterprise system and the needs for capital can be attracted to government service. And, in time, the United States can stage a gradual recovery and again achieve a high degree of self-sufficiency relative to the supply of petroleum and other forms of energy. The nation does not lack basic energy resources to be developed—all that is required is sufficient capital funds and freedom to act.

But the time required to attain that goal will be long and painful. Favorable results could be achieved sooner if only government would recognize immediately the urgent need to work constructively with all the energy industries for the over-all good of the nation rather than continuing in an adversary posture.

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THE FOREIGN TAX CREDIT AND THE U.S. OIL INDUSTRY

(Ed. Note: Due to the significance and timeliness of the report just issued by the Petroleum Industry Research Foundation on the effects of foreign tax credits on the U.S. oil industry, Oil Daily has decided to reproduce the report in full. The first part of the report appears below. It will be continued in tomorrow's paper. The report is the property of Petroleum Industry Research Foundation Inc., 122 East 42nd Street, New York, N.Y. 10017.)

INTRODUCTION

The five month political embargo on Arab oil shipments to the U.S. and the sharp and unexpected increases in world oil prices unilaterally imposed in 1973 by the Organization of Petroleum Export countries have brought home to most Americans the risks and costs of depending on foreign sources for a significant share of domestic oil requirements. The situation is quite new. Until 1972 our dependence on foreign oil was such that the kind of embargo that existed from October 1973 to March 1974 would have had relatively little effect on our supplies. In fact, throughout the embargo period we received more foreign oil than during the comparable period of 1972. Likewise, world oil prices prior to 1973 had always been below U.S. prices so that in the past imports had the effect of lowering our average oil cost.

It is not surprising that under the shock effect of these radical changes, legislators and policy makers are asking for a return to the pre-1973 period and, in fact, are looking for self-sufficiency in energy by about 1980. Whether this is a realistically achievable goal has been questioned by many experts in government and industry. The National Petroleum Council in its major study, "The Outlook for Energy," released in December 1972, projected that by 1980 our dependency on foreign oil would range from 30% to 66% with 48% as the most likely number. Even if we assume the National Petroleum Council's most optimistic domestic supply projection (which the Report termed "difficult to attain") and the smallest demand projection, we will still have to bring in a minimum of about 6 million barrels daily of foreign oil by 1980.

Thus, it is reasonable to assume that regardless of what energy policy we pursue, foreign oil will play a significant part in supplying our demand for the next ten years at least. It is therefore essential that we do not embark on policies which will reduce our access to foreign oil during this period without having an offsetting effect on domestic supplies.

The various current proposals to alter or abolish the Foreign Tax Credit on income

from U.S. oil operations abroad must be examined from this point of view. The acknowledged principal purpose of these proposals is not to raise additional tax revenue but to create a tax disincentive to U.S. investment in foreign oil production on the assumption that this would lead to increased investment in domestic oil production. If the assumption is correct, a reduction of the Foreign Tax Credit may be justified. If it is not, the effect of the removal is likely to be counterproductive.

Thus, before we go into the technical aspects of how the Foreign Tax Credit works and what the consequences of the various proposals to reduce or eliminate it would be, we must determine why U.S. oil comapnies ventured abroad, what would have been the consequences if past government policy had prevented them from doing so and what the role of foreign oil will be in supplying our future energy needs.

Tax Policies and Oil Investment—U.S. vs. Foreign:

American oil companies have been investing substantially in foreign countries before the turn of the century, well before the adoption of the modern income tax law in the United States in 1913. Their historic reasons for doing so are well covered in other studies. Here we are concerned with the question of what role, if any, taxes have played in the continuation of such investments, particularly since the end of World War II.

The fact is that from the tax point of view it was better throughout this period to produce oil in the U.S. than in almost any major foreign producing country. Prior to 1970, when the Tax Reform Act of 1969 became operative, the average federal income tax payment of integrated U.S. oil companies amounted to not quite 20% of their total U.S. book earnings and less on their earnings from domestic crude oil production alone.

The principal reason for this relatively low rate were two special tax provisions applying to oil and gas production: the depletion allowance and the expensing of intangible drilling costs. The rationale for these two provisions on which a vast literature exists lies outside the scope of this report. But with the exception of Canada, no major foreign oil producing country has granted oil companies such preferential tax treatment.

As a result, since the introduction of the so-called 50/50 principle in foreign oil taxation (which consisted of a 50% income tax rate minus a tax credit for royalties and other payments made to the state), in 1948 in Venezuela and two years later in the Middle East, U.S. oil companies operating in the major foreign producing countries have consistently paid a higher tax rate there than at home. Over the years the differential has grown dramatically. Until about 1960 the income tax rate on oil operations in the Middle East and Venezuela was approximately 36% or nearly twice as high as the effective tax rate in the U.S.

In the early 1960's increasing competition forced the oil companies abroad to introduce discounts off their posted prices. However, OPEC did not allow these discounts to be used for the purpose of calculating taxable income. As a result, the effective tax rate on real income was further increased. Then in the second half of the 1960's OPEC required that royalties be treated as a deduction instead of a tax credit. This together with the discounts raised the effective tax rate to 54–56% of real earnings.

In 1971, statutory income tax rates were raised to 55% in the Middle East and African producing countries and to 60% in Venezuela. In addition, a series of sharp increases in posted prices were imposed by the producing country governments culminating in the current postings which range from $11.44 to $15.77 per barrel, about four times the level of a year ago. As a result, the current effective tax rate in the Middle East is about 67% of the real earnings on a company's own (equity) crude oil production (see page 5), assuming a market price of $9.70 f.o.b. Persian Gulf.

By comparison, the total U.S. tax burden on crude oil production, including state income and production taxes, is probably less than half of this rate. In other words, U.S. oil companies have gone abroad despite the fact that U.S. tax treatment of their earnings has been consistently more favorable than that of major foreign producing countries. Over the years, this difference has steadily increased as the foreign countries raised their tax bases and rates while the U.S. limited such general tax incentives as the Investment Credit and Accelerated Depreciation largely or wholly to domestic investments.

Reasons for U.S. Foreign Oil Investments:

The principal reason why, despite this disparity, American companies have apparently increased their investments in foreign exploration any production much more than those at home in the last 12–14 years lies of course in the resource base differential. The opportunity to find very large deposits of very low cost oil abroad at a time when domestic deposits were beginning to show signs of decline and finding costs were rising was sufficient to overcome the foreign tax disadvantage. The results bear out the correctness of this choice. Production costs in the OPEC nations range from 10c to 60c per barrel while in the U.S. they average in excess of $1.00 per barrel. Even more dramatically, while in 1971 the drilling of a total of 11,858 oil wells in the U.S. did not prevent a production decline of about 100,000 b/d from the previous year, in the Middle East where a production increase of 3 million barrels daily (b/d was achieved only 160 wells were drilled.

Suppose the U.S. government through prohibitive tax measures or other means had successded in preventing or hampering U.S. companies from developing the petroleum resources abroad in the last 15–30 years?

Would such a policy have resuled in higher investment in petroleum production at home? Probably not. There is clear evidence that the decline in U.S. oil production investments did not reflect lack of funds but lack of opportunity to employ the funds profitably. The great bulk of domestic oil investment had occurred on-shore in the Southwestern and West Coast regions.

There is now general agreement among geologists that the bulk of the recoverable reserves in these areas have been located and that the only way to extract more oil from these reserves is to introduce secondary or tertiary recovery methods. This is a direct function of the existing or expected wellhead price of oil rather than the availability of capital.

Investment Opportunities in the U.S.

The principal areas for major new oil finds in the U.S. will be the offshore regions along our coastlines and the offshore and onshore areas of Northern Alaska. The American petroleum industry has shown every sign that it wants to develop these areas at the most rapid rate and has the capital to do so. The Alaskan North Slope discoveries which, together with the pipeline to the warm water port of Valdez will have cost a total of well over $10 billion by the time commerical production gets under way were found and developed when domestic crude oil prices were at one-third and landed foreign prices at one-fifth of their present levels.

The only thing that held up the commercial development of the North Slope reserves were court and government actions, never lack of capital. The eagerness of additional companies to join in the Alaskan oil search was clearly demonstrated at the lease auction in September 1969 when $1 billion was paid in bids to the Alaskan state government for the right to search for oil.

There is every indication that if the state or federal government were to open more areas with promising geological indications for oil search in Alaska on any profitable basis, the American oil industry would be willing and financially capable to undertake this search without any change in existing tax or other legislation.

Similarly, every lease sale in federal offshore lands in the Gulf Coast in the last several years has brought in over a billion dollars in bonuses. In the two latest sales, held early in 1974, the industry paid $1.8 billion and $2.2 billion, respectively, in cash bonuses to acquire leases. In fact, the petroleum industry's position is that more federal off-shore leases should be offered for bidding than the 3% of the total area that has been opened up so far. The industry has also urged the opening up of the East Coast for oil exploration and the removal of some of the restrictions put on oil search and production in the Pacific off-shore areas.

Without going into the specific positions of the industry and the government on the question of off-shore drilling, it is clear that American oil companies are willing to invest considerably more money in search for oil and gas in the major remaining potential oil bearing areas in this country than they have been permitted to do so far. The reason for the decline in domestic production and reserves in the last several years is therefore not lack of funds but lack of opportunity.

If a change in U.S. government policy were to make it more difficult for U.S. oil companies to invest funds abroad, it would not follow that these funds would be invested in U.S. oil production ventures which are currently considered not profitable enough. The basic criterion for any business investment decision is to maximize the return on the investment. If opportunities outside the oil producing sector promise a higher rate of return this is where the funds would go. Thus, one result of discouraging past foreign oil investments would probably have been increasing domestic diversification of oil companies into other lines of business. The same thing can be expected if such a policy were to be adopted now.

Balance of Payments Considerations:

It is sometimes argued that if U.S. companies had not been able to develop foreign production they would have had to develop more production at home even if the profitability were less, since integrated oil companies cannot stay in business without adequate crude oil supplies. This assumes that any oil not found by American oil companies abroad would stay unfound.

Actually, international competition between U.S. and non U.S. oil companies is very keen. Three of the world's biggest and oldest oil companies—Royal Dutch Shell, British Petroleum and Compagnie Francaise des Petroles—are headquartered in Europe. There are also large oil companies in Germany, Italy, Belgium and Japan. Some of these have access to government funds for their foreign exploration ventures.

Furthermore, the national oil companies of all the major producing countries have by now acquired enough knowledge and skill to produce and sell their own oil. In the future their role as international oil marketers will in fact be greatly expanded.

Thus, the amount of oil available for sale abroad would not necessarily be less in the absence of American oil companies. U.S. companies could therefore import the same volume of oil as they do now by purchasing it from foreign producers. The only difference would be that the profits abroad from the sale of this oil would accrue entirely to the foreign producers. In turn, this would have a negative effect on our balance of payments.

The importance of foreign oil earnings in our balance of payments is shown in the table on page 5. It should be pointed out that most of these earnings are not the result of imports into the U.S. but into other

markets—mainly Europe and Japan. In 1972 U.S. oil companies produced a total of about 18 million b/d abroad while oil imports into the U.S. amounted to less than 5 million b/d and not all imports came from U.S. controlled companies.

In previous years, the share of U.S. controlled foreign oil going into third countries was even larger. Had there been effective interdiction of U.S. investments in foreign oil production, we might have lost up to a cumulative maximum of $10 billion of foreign earnings inflow since 1965 without necessarily reducing our dollar outflow for oil imports by any relatively significant amount.

Investment in Down-Stream Facilities:

In the future, the role of U.S. oil companies in the main foreign producing areas will clearly decline while that of the national oil companies will rise. U.S. earnings from oil production abroad can therefore be expected to diminish. But the same is not likely to hold for the role of U.S. companies in the importing countries abroad. In fact, as their earnings from upstream profits dwindle, the companies will try to shift their profit center to refining and marketing operations.

If U.S. companies were handicapped vis-a-vis their foreign competitors in participating in these operations, the inflow of foreign earnings would of course be diminishd. There would be no compensating increase in domestic investment and earnings. An international oil company blocked by U.S. policy from building a refinery in Europe to supply the local market will not build one in the United States instead.

Refinery building is a function of market demand and availability of crude oil. The reason for the insufficient U.S. refining capacity is not lack of domestic capital. Rather, a variety of other factors such as our former oil import policy, environmental opposition to refinery location and the existence of excess refining capacity until 1972 came together to create this situation.

Some of these factors are no longer prevalent or have been mitigated. As a result, almost every large refining company has announced plans within the last ten months to expand its capacity. If all these plans are carried out it will mean an increase in U.S. refining capacity of about 3 million b/d by 1977/78, enough to raise our self-sufficiency in refined products above the level of recent years.

How many of the announced expansions or new constructions will actually take place depends primarily on one factor—secure access to foreign crude oil. Any attempt to hinder U.S. companies from finding more oil overseas could therefore have a negative side effect on U.S. refinery construction in the next few years.

Forign Oil and U.S. National Security:

Self-sufficiency in petroleum in the next ten years is not a realistically achievable goal for U.S., official statements to the contrary notwithstanding. It would require a reduction of 50% in our historic energy growth rate from 1974 on. This is clearly unrealistic. It would result in an economic recession of major proportions.

CAPITAL TRANSACTIONS OF THE U.S. FOREIGN PETROLEUM INDUSTRY AFFECTING THE BALANCE OF PAYMENTS, 1966-72

[Dollars in million]

	Net capital outflows	Interest, dividends and branch earning [1]	Ratio inflows to outflows
1966	885	1,781	2.01
1967	1,069	1,989	1.86
1968	1,231	2,271	1.84
1969	919	2,638	2.87
1970	1,460	2,608	1.79
1971	1,950	3,442	1.77
1972	1,635	3,950	2.42
Total	9,149	18,679	2.04

[1] Net balance of payment inflows.

We can, however, reduce our dependency on foreign oil considerably over the next ten years from what it would be in the absence of a concerted effort to do so. Thus, by 1980 our domestic petroleum production under the stimulation of higher prices and a more liberal government policy on off-shore leasing might be as high as 14 million b/d, compared to 11 million barrels in 1974.

At the same time, our oil demand which had been projected to reach 24 million b/d in 1980 by various authoritative studies made prior to the major changes in world oil demand and supply conditions which occurred last year, may be reduced through conservation measures and substitution of coal to an absolute minimum of 20 million b/d. This would imply an annual growth rate of 1.8%, about one-third of our recent historic rate.

Even these spectacular achievements in increasing domestic supplies and decreasing the growth in demand would require imports of at least 6 million b/d in 1980, or 30% of total demand. If we further assume that all increases in oil demand between 1980 and 1984 can be met from domestic sources and that at the same time oil imports can be reduced by another 10% from their 1980 levels, we will still have to bring in 5.4 million b/d of foreign oil ten years from now.

Thus, even under these clearly optimistic assumptions we will continue to be substantial importers of oil for the next decade and very probably beyond. The question of access to foreign oil will therefore continue to be of major national significance.

One thing we have learned from the present oil crisis is the need for maximum diversification of supply sources. Without the existence of major producing areas in Canada, South America, West Africa and Southeast Asia the effect of the Arab oil embargo on the U.S. would have been far more serious than it was.

Some of these areas were developed only within the last ten years. Nigeria, for instance, produced only 75,000 b/d in 1963 compared to 2.2 million b/d in 1974. Ecuador which had virtually no exports prior to 1973 now sells over 250,000 b/d abroad. In Indonesia production has increased from 450,000 b/d ten years ago to the current level of 1.4 million b/d. Canadian production has nearly doubled in the last five years to its present level of 2.1 million b/d. In all these cases, U.S. companies were involved in finding and developing this oil.

All major oil importing countries other than the U.S. are officially encouraging the search for new deposits throughout the world in order to diversify their supply sources. At the same time the national oil companies of existing or potential producing countries are looking for minority partners or subcontractors to help them develop their resources. If American companies were to be prevented from participating in this search the security of supply of our required imports would clearly be weakened.

The Arab oil embargo has demonstrated that during a physical shortage of global allocation of available supplies is in the final analysis in the hands of the international oil companies. To the extent to which these companies are American our government has some means of influencing the allocation. True, during the embargo U.S. companies operating in Arab countries were specifically prohibited from supplying their own country and had no choice but to respect this prohibition.

However, by increasing shipments from non-Arab sources and by importing finished products from refineries in countries which continued to have access to Arab crude oil, the shortfall of imports into the U.S. throughout the five months of the embargo was kept below the level that would have prevailed if the embargo had been fully effective and no offsetting shipments from non-embargoed sources had come in.

Given the present constellation of world politics it is questionable that such remedial action would have been taken if most of the oil shipped to the U.S. had been controlled by private or government companies of other countries.

Thus, as long as the U.S. remains a major importer of oil it would seem to be in the national interest to encourage U.S. companies to participate in as many foreign oil ventures as possible.

[From the Oil Daily, May 29, 1974]

THE FOREIGN TAX CREDIT AND THE U.S. OIL INDUSTRY

(Ed. Note: Due to the significance and timeliness of the report just issued by the Petroleum Industry Research Foundation on the effects of foreign tax credits on the U.S. oil industry, authored by the group's executive director, John H. Lichtblau, Oil Daily has decided to reproduce the report in full. The first part appeared in yesterday's paper. The second part appeared below and it will be concluded in tomorrow's paper. The report is the property of Petroleum Industry Research Foundation Inc., 122 East 42nd Street, New York, N.Y. 10017.)

Concept and calculation of the foreign tax:

Looking at the role the Foreign Tax Credit plays in U.S. foreign oil operations. One of the most concise as well as authoritative explanations of the principle of this tax provision was given by the then Secretary of the Treasury, George P. Shultz, before the House Ways & Means Committee on February 4, 1974 which is quoted below:

"The basic concept of a tax credit system is that the country in which the business activity is carried on has the first right to tax the income from it even though the activity is carried on by a foreigner. The foreigner's home country also taxes the income, but only to the extent the home tax does not duplicate the tax of the country where the income is earned. The duplication is eliminated by a foreign tax credit.

"For example, if a U.S. corporation were taxed at a 30% rate in country X on its income from operations in country X, the U.S. would not duplicate country X's 30% tax on that income. But since the U.S. corporate income tax rate is at 48%, the U.S. would collect—i.e., "pick-up" the 18% which remained over and above the 30% collected by country X. Technically the result is achieved by imposing a hypothetical 48% U.S. tax on the income earned in country X, with the first 30 percentage points rebated by a credit. However, if the foreign rate were 48% or more, there would be nothing left for the U.S. to pick up and thus no tax payable to the U.S. on that foreign income.

"Note that the foreign tax credit only affects income earned in some foreign country through activities conducted in that country. Income arising out of operations conducted in the U.S. and the taxes on that income are totally unaffected by the credit."

The Foreign Tax Credit is, of course, not limited to the oil industry. It applies to all U.S. controlled business enterprises abroad. However, the oil industry's foreign tax credit is the largest of any U.S. industry. But the same applies to the foreign earnings of the U.S. oil industry. Table A on page 2 shows the foreign earnings, and tax credits of all U.S. industries and of the petroleum industry in the years 1969–72.

The two methods of computing the foreign tax credit:

The allowable Foreign Tax Credit can be determined in two ways. The "per country" method treats the income and taxes from each foreign country separately in determining the Foreign Tax Credit. The "over-all" method treats all foreign net income and all

foreign taxes as a whole. Taxpayers may elect either method. But if they elect the over-all method they are not free to change to the per-country method in subsequent years unless they receive special permission from the Treasury.

The principal attraction of the over-all method is that it permits a company operating in several foreign countries to average differential tax rates. Thus, excess foreign tax credits accumulated in countries with tax rates higher than in the U.S. may be used to offset U.S. tax liabilities arising in countries with tax rates below the U.S. level.

The advantage of the per country method is that it permits losses in a foreign country to be deducted from U.S. income taxes on domestic earnings, independent of the accumulation of excess tax credits in other foreign countries. This is based on the principle in our tax law that if the foreign income of U.S. businesses is subject to U.S. taxes, foreign losses must be deductible from U.S. taxes. In the case of foreign income a Foreign Tax Credit is allowed to avoid double taxation. In the case of a foreign loss there is no conceivable-counterpart to the Foreign Tax Credit. A taxpayer on the per country basis may therefore deduct the loss directly from his total earnings which include of course his domestic earnings.

The case of Aramco:

An illustration of a limitation on the use of the excess foreign tax credit, regardless of the method used to compute it, is provided by the Arabian American Oil Company (Aramco)—the world's largest crude oil producer. Aramco's own operations are limited almost entirely to Saudi Arabia. But its four U.S. owners—Exxon, Texaco, Standard of California and Mobil—operate of course in many foreign countries. However, since none of them controls a large enough share of Aramco to treat it as a subsidiary for U.S. tax purposes, they can not make use of Aramco's accumulated excess foreign tax credit.

According to recently released figures by the Senate Foreign Relations Committee, Aramco paid nearly $2 billion in income taxes in Saudi Arabia in 1972 and an estimated $3.9 billion in 1973. On the basis of these figures it can be estimated that the company received U.S. tax credits of approximately $1.4 billion in 1972 which gave it an excess Foreign Tax Credit of about $600 million in that year.

In 1973, the excess tax credit was probably somewhat above $1 billion, according to preliminary figures. For the reasons pointed out, no part of the excess tax credit generated by Aramco can be used to reduce the U.S. tax liability of its owners in any other country. It was therefore no value for the four companies.

Some misconceptions of the foreign tax credit:

Much of the controversy over the oil industry's use of the Foreign Tax Credit arises out of misunderstandings over how the credit works and what its limitations are. In the following paragraphs the most common of these misconceptions are discussed:

(1) The Foreign Tax Credit as an Offset Against U.S. Income Taxes: In the public discussions about the Foreign Tax Credit it is sometimes claimed that U.S. oil companies can offset increases in foreign tax liabilities by a corresponding lowering in tax payments to the U.S. Treasury through the Foreign Tax Credit device. It is important to understand that this credit is available only up to the point where foreign tax rates equal U.S. rates.

Since, by and large, foreign tax rates for the oil industry have exceeded U.S. tax rates since the mid-1960's, increases in foreign tax-payments since then have had very little effect on tax payments to the U.S. Treasury.

TABLE A.—U.S. CORPORATE FOREIGN EARNINGS AND TAX CREDITS

[Dollars in millions]

	Foreign earnings			Foreign tax credit		
	All corporations	Petrol.	Petrol's share of all corporations (percent)	All corporations	Petrol.	Petrol's share of all corporations (percent)
1969	$8,128	$2,452	30.2	$3,988	$1,779	44.6
1970	8,789	2,935	33.4	4,549	1,820	40.0
1971	10,299	3,856	37.4	5,486	2,444	44.5
1972	12,386	4,552	36.7	NA	NA	NA

Source: Department of Commerce Survey of Current Business and Internal Revenue Service, Corporate Income Tax Returns

In other words, the U.S. oil industry has paid very little domestic income taxes on its foreign earnings for a number of years and since tax liabilities arising out of domestic earnings can never be reduced by a foreign tax credit, there has simply been nothing to write off against the many increases in foreign tax payments in recent years. As a result, all U.S. oil companies with substantial foreign producing operations have built up increasing amounts of unusable excess Foreign Tax Credits.

Table "B" illustrates this point. It shows the composite foreign income tax liabilities and U.S. foreign tax credits of 18 major oil corporations which report their earnings and taxes regularly to the public accounting firm Price, Waterhouse and Co. As can be seen, foreign tax liabilities have risen by $2.3 billion during the four-year period but the Foreign Tax Credit has gone up by only $0.4 billion. Similarly, in 1972 the Foreign Tax Credit covered only 37% of total foreign income tax payments, compared to 58% in 1969—an indication of the growth in excess foreign tax credits, that is tax credits in excess of those required to offset U.S. tax liability. In 1973 the ratio dropped still further.

Since at least part of the increase in the Foreign Tax Credit since 1969 was due to higher earnings in oil importing countries, some of whose tax rates are below the comparable U.S. level, virtually none of the sharp increases in tax liabilities to the oil producing countries during this period were passed on to the U.S. Treasury through higher Foreign Tax Credits.

(2) The Question of Royalty Payments: It is sometimes charged that the income tax paid by oil companies in the major foreign producing countries is only a disguised form of royalty payment and should be treated as such in the computation of the U.S. income tax liability on these earnings. The difference would be quite significant, since a royalty under U.S. tax law is in effect treated as a deduction rather than a tax credit. Thus, under a hypothetical 50% U.S. tax rate one dollar paid in foreign income tax would reduce U.S. liability on that income by one dollar while one dollar paid in royalties would reduce U.S. tax liability by only 50c.

The dispute over whether the payments to foreign oil producing governments are taxes or royalties arises in part out of the confusion as to the kind of payments made to these countries and in part out of the historic origin of these payments. For the past 20 years at least foreign oil producing companies have paid both an income tax and a royalty to their host governments.

The latter ranges from 12.5% to 16.6% of the posted or tax reference price of the crude oil. It currently amounts to about $1.46/bbl in Saudi Arabia and about $1.25 a barrel in Venezuela. The royalty is treated as a regular business deduction for U.S. income tax purposes and thus does not figure in the computation of the Foreign Tax Credit.

The foreign producing countries also treat royalty payments as a tax deduction, although prior to 1965 most of these countries treated them as a tax credit in calculating the 50% income tax rate then in effect. Some of the confusion might arise from this previous differential treatment of oil royalty payments in the producing countries.

Another reason for the confusion is that at one time all payments to foreign producing countries were in the form of fixed royalties per barrel. In Venezuela an income tax law applicable to foreign oil companies was passed in 1943 and in Saudi Arabia it was introduced in 1950 as part of the 50/50 principle in sharing profits between the government and the company. Shortly thereafter all remaining major oil producing countries adopted income tax legislation. The system in most of these countries is similar to that in effect in U.S. for oil operations on federal territories. Oil companies producing on public lands or offshore areas must pay a royalty to the government, in addition to which they are of course subject to an income tax on their earnings.

The argument has been made that since a major reason for the changeover from a pure royalty to a combination income tax and royalty system in Saudi Arabia was to take advantage of the U.S. Foreign Tax Credit, Saudi Arabian and other Middle East income taxes are really converted royalties and as such should not be given Foreign Tax Credit status. The argument ignores several points.

(a) It is only common sense for any country to try to minimize, within the framework of existing laws and conventions, the tax payments to other countries from profits earnings within its borders. The long-standing provision in the tax codes of the U.S. and the U.K., the two largest investors in Middle East oil, of a Foreign Tax Credit was a clear invitation to reduce the outflow of tax payments. The fact that under the royalty system the U.S. Treasury received a much larger income from Saudi Arabian and other Middle East oil operations than the treasures of these countries provided a strong additional incentive to take corrective action.

(b) It is now generally recognized that the income tax is a superior form of governmental revenue collection than a fixed royalty, both because it has greater flexibility and because it makes the government a partner in the profits and losses of the enterprise. The move from a royalty to an income tax system must therefore be regarded as a normal development in fiscal sophistication on the part of the less developed countries which would have come about even in the absence of Foreign Tax Credits in U.S. and other tax legislation.

(c) It would be extremely arbitrary for the U.S. to insist on treating all tax payments to foreign oil producing countries forever as royalties because at one time some of these countries (none where the first oil discovery was made after 1950) collected their oil revenues in the form of royalties.

TABLE B.—FOREIGN INCOME TAX PAYMENTS AND TAX CREDITS OF 18 MAJOR U.S. OIL COMPANIES

[Dollar amounts in millions]

	Foreign tax credit	Foreign income taxes	Ratio of col. 1 to col. 2
1969	$1,176.5	$2,027.0	$58.9
1970	1,181.6	2,366.6	49.0
1971	1,676.2	3,808.4	44.0
1972	1,616.2	4,315.0	37.5
Increase 1969–72 (percent)	37	113	

Note: The figures shown are those reported in the published financial statements of the companies. They exclude 2 major U.S. foreign oil companies—Aramco and Caltex—the income taxes of which are not included in the consolidated reports of their shareholders whereas the earnings are.

Source: Reports by Price Waterhouse & Co. to the general committee on taxation of the American Petroleum Institute.

TABLE C.—HYPOTHETICAL U.S. INCOME TAX LIABILITY AND FOREIGN TAX CREDIT ON EQUITY KUWAIT CRUDE OIL, MARCH 1974 (POSTED PRICE $11.55)

	Present law	Present law without depletion allowance	No foreign tax credit, no depletion allowance
Recent market price	9.70	9.70	9.70
Depletion allowance computation:			
Rollback to wellhead	0.08		
Royalty (12.5 percent of posted price)	1.44		
Total	−1.52		
Gross depletable revenue	8.18		
Depletion allowance (22 percent of above)	1.80		
U.S. income tax computation:			
Gross income	9.70	9.70	9.70
Less:			
Royalty	1.44	1.44	1.44
Operating cost	0.07	0.07	0.07
Depletion allowance	1.80		
Kuwait tax			5.52
Total	3.31	1.51	7.03
Taxable income	6.39	8.19	2.67
U.S. tax at 48 percent	3.07	3.93	1.28
Kuwait income tax (see p. 29)	5.52	5.52	5.52
Foreign tax credit	3.07	3.93	
Excess of Kuwait tax over foreign tax credit	2.45	1.59	
Total United States-Kuwait tax cost	5.52	5.52	6.80

(3) Posted vs. Market Prices: Another criticism of the U.S. Foreign Tax Credit provision as it applies to foreign oil is that the credit is permitted on the artificially inflated earnings based on posted prices. Posted prices were originally the market prices at which oil companies were willing to sell to third parties. In the early 1960's, the setting of these prices was taken over—at first informally and now officially—by the governments of the producing countries and were set above actual market values. For instance, the current posted price for light Saudi Arabian crude oil is $11.65 per barrel. But the actual market value of this oil is $1.50–$2.00 less. Since company profits for tax purposes are calculated on the basis of posted prices by the producing countries, it is argued that the profits are overstated as are the resulting tax payments to the foreign governments and the ensuing U.S. Foreign Tax Credit.

The problem is that some countries such as Saudi Arabia and Iran require the producing companies to use only posted prices for accounting and operating purposes. If these companies grant discounts off the posted prices to meet market competition they must do so outside the producing countries. In some other countries, such as Venezuela, it is only necessary to pay taxes on the basis of "tax export values." For export purposes the foreign companies in Venezuela are free to use actual market prices. They take therefore a Foreign Tax Credit only on that portion of their foreign tax payments which is based on market prices. The balance is treated as an expense.

Since the U.S. Treasury takes the position that profits or losses for tax purposes should be based on transactions at real market values, it has argued that the Foreign Tax Credit should be based universally on foreign earnings arising out of market prices rather than government-imposed posted prices. The change would not bring about additional tax payments to the U.S. Treasury because all producing-country tax rates are above comparable U.S. tax rates. The only effect would be a reduction in excess Foreign Tax Credits.

Table "C" illustrates the workings of the Foreign Tax Credit, based on the estimated recent market price of one type of crude oil at the Persian Gulf. The table shows that the allowable Foreign Tax Credit equals slightly more than half the actual tax paid to the producing country. As pointed out earlier, the resulting excess tax credit may under certain conditions be used to reduce U.S. tax liability on earnings in other foreign countries.

The table also shows that removal of the depletion allowance on foreign production earnings which is currently under consideration by Congress, would reduce the excess tax credit but would not result in the payment of any U.S. income tax in the case shown. However, the reduction of the excess tax credit could bring about an increase in U.S. tax liabilities from earnings in some other countries for companies using the overall method of determining their Foreign Tax Credit. The Treasury has estimated that removal of the depletion allowance on foreign oil production earnings would increase U.S. tax liabilities by $40 to $50 million a year.

The removal of both the Foreign Tax Credit and the depletion allowance would in the specific case shown create a U.S. liability of $1.28/bbl in addition to the $5.52/bbl liability to the producing country. This would cut the existing net profit of $2.67 on equity crude oil nearly in half.

(4) The Real Profit Margin on Foreign Oil: Tables "C" and "D" show that crude oil with an fob market value of $9.70 bbl at the Persian Gulf has a total tax-paid cost to the producing company of $7.03/bbl. resulting in a profit margin of $2.67/bbl. This is substantially higher than the historic profit margin on foreign crude oil for most international oil companies. The sharp increase in the margin has created the impression that higher posted prices and tax payments in the foreign producing countries have moved in tandem with higher after-tax profits for the oil companies.

TABLE D.—INCOME TAX, TAX-PAID COST AND EFFECTIVE TAX RATE ON KUWAIT EQUITY CRUDE OIL

[Dollars per barrel]

(1) Income tax calculation	(b) Tax-paid cost to companies	
Posted price	11.55	
Production cost	0.07	0.07
Royalty	1.44	1.44
12.5 percent of posted price taxable income	10.04	
55 percent tax	5.52	5.52
Tax-paid cost to companies		7.03
(c) Effective income tax rate		
Market Price		9.70
Cost:		
Production	0.07	
Royalty	1.44	1.51
Pre-tax profit		8.19
Income tax payment		5.52
Ratio of tax to profit (percent)		67.4

However, the profit margin shown in the two tables applies only to "equity" crude oil, that is crude oil owned by a private company and produced for its own account. Until 1973, virtually all crude oil (except royalty crude) produced in the Middle East and North Africa could be considered equity oil. Since then government companies in the producing countries have progressively taken over varying shares of the oil companies' equity.

In Kuwait and Qatar, equity crude will account for only 40% of total production. In Saudi Arabia a similar share is being negotiated, probably retroactive to January 1, 1974, while in Libya the companies' share seems to have been set at 49% of total production.

Since all of the established international oil companies need considerably more oil than their equity share entitlement to meet their internal and external market requirements, they must buy the balance back from the producing country government at prices imposed by the latter. While the level of many of these "buy-back" prices has not yet been determined, it will probably be near the current market price.

Thus, under the new system the profit on a company's equity crude must now be viewed in conjunction with the possible loss—or, at the very least, absence of profit—on its buy-back crude. Taken together, the overall profit margin per barrel of crude oil is therefore considerably smaller than that on a company's equity crude alone.

For instance, a company with 40% equity crude, having to obtain the balance of its crude requirements under buy-back provisions or in the open market, could under our assumption, have an overall per-barrel profit of less than half of that received on its equity crude.

(5) Differential Treatment of State and Foreign Taxes: The question is sometimes asked why foreign income taxes are treated differently from U.S. state income taxes. A state income tax can only be deducted as an expense in computing federal income tax liability while a foreign income tax can either be deducted or be treated as a tax credit for federal income tax purposes.

The question is only superficially meaningful. State income taxes and foreign income taxes are simply not comparable. Since U.S. tax legislation treats all state taxes alike, the problem of competitive advantage or disadvantage does not enter into consideration in the federal treatment of state taxes. In the treatment of foreign tax liabilities of U.S. firms, however, this consideration is of major importance. If the U.S. practice were to be more severe, that is create a greater total tax burden, than that of other nations, American firms abroad would of course be at a competitive disadvantage.

Treating foreign income taxes as a deduction for U.S. tax purposes would result in partial double taxation—taxation of the same income at the foreign source and at home. According to a calculation of the National Foreign Trade Council, this would increase the total tax burden for U.S. companies as follows in a number of selected countries:

EFFECTIVE INCOME TAX RATE FOR U.S. COMPANIES

Local tax jurisdiction of subsidiary	Treating foreign taxes as a deduction	Under present law	Percentage increase
Canada	77.2	56.2	37.3
France	74.6	51.2	45.7
Germany	71.8	45.8	56.8
Italy	76.0	53.9	41.0
Japan	72.9	47.8	52.5
Mexico	73.2	48.5	50.9
Netherlands	73.3	48.6	50.8
United Kingdom	71.4	45.0	58.0

Source: "Economic Implications Of Proposed Changes In The Taxation Of U.S. Investments Abroad," National Foreign Trade Council, Inc., June 1972.

The increases would apply only to U.S. companies. Domestic companies in those countries would of course not be affected by it. Nor would firms of third countries other than the U.S., since most countries either do not tax the foreign earnings of their business enterprises at all or allow a tax credit for such earnings.

Most other home countries of international oil companies treat taxation on foreign-source earnings at least as favorably as the U.S. Any weakening of the Foreign Tax Credit provision in our law would therefore create a disparity between the tax burden of U.S. and foreign oil companies. The U.K., the Netherlands, France, Italy, Germany, Belgium, Sweden and Japan, all home countries for companies with foreign oil operations, either exempt foreign earnings from taxation or grant full tax credits on such earnings.

Most of these countries—the U.K., Netherlands, Italy, Germany, Belgium and Japan—also permit the deduction of foreign losses. This indicates that U.S. tax legislation in this regard is in line with international tax practice.

A proposed change in this particular tax provision, requiring the recovery of these losses out of future earnings for U.S. tax purposes would weaken the international competitive position of U.S. oil companies primarily in the one activity of most interest to the U.S.—the exploration and development of new areas. Most oil company losses abroad are incurred during the search for new oil deposits and the early development years of such deposits and are deductible either currently (with loss carry-over provisions) or are amortized over a period of years.

However, any U.S. tax benefits that may be realized in the exploratory stage through deduction of losses are partly or wholly offset by the reduction of creditable foreign taxes during the pay-out period because most foreign producing countries also permit the deduction of such losses from future earnings.

If U.S. oil companies were required to refund the loss deductions to the Treasury out of subsequent earnings they would find it more difficult to bid competitively with non-U.S. companies in the ever faster race for access to the remaining petroleum resources around the world.

The national interest would seem to indicate just the opposite stance on the part of the U.S. government. Certainly, no other country is putting these or other restraints on the foreign activities of its oil companies—not even countries, such as the U.K. and the Netherlands, which have recently found substantial oil and gas reserves in their own home territories.

FREEDOM OF CHOICE

Mr. HANSEN. Mr. President, I am among those Americans who believe in the free enterprise system and the free marketplace.

I believe that if there is public demand for a product, that there are entreprenuers who will manufacture that product and merchandise it at competitive prices. Most importantly, our system gives the consumer his choice, because businessmen are going to tailor their products to meet demand.

Mr. President, while I believe anyone who does not use a seat belt while driving or riding in an automobile uses poor judgment and adds considerable risk to his health and happiness, I believe it is a major invasion of the rights to privacy of citizens for the Government to force manufacturers to build automobiles in such a way that they will not operate unless seat belts have been engaged.

It seems to me that the proposal to require all radios manufactured to have both FM and AM receivers can be likened to the seat belt situation. It is my understanding that should a purchaser desire to buy only an FM radio, he will not be able to do so unless he pays the extra money to also have an AM receiver; and if the purchaser desires to buy only an AM radio, he will not be able to do so unless he pays the extra money to also have an FM receiver.

I have been advised that the precedent for requiring that any AM radio built also have an FM radio receiver in it already has been established. That precedent, I am told, was a requirement that all television sets built have both UHF and VHF capacity.

Mr. President, I believe in freedom of choice for consumers. It has been pointed out to me that on automobile radios the estimated cost increase of this law to impose FM or AM receivers would be only roughly $7, and that the estimated cost for other radios would be "minimal."

But we are considering a fundamental American value here that exceeds monetary value, and that is the value of freedom of choice—freedom of choice for the manufacturer to build goods that he believes the public wants, and freedom of the consumer to buy what he wants as he has it at present—either an AM radio, or an FM radio, or a combination AM–FM radio, or a short wave radio, or any combination.

Mr. President, I urge my colleagues to consider the principle at stake here.

NORTH CAROLINA'S FINEST

Mr. GRIFFIN. Mr. President, it has come to my attention that two of our Senate colleagues have been accorded very favorable recognition as the result of a recent poll.

The Long Marketing North Carolina Poll has just released results of a survey made during the month of May.

Those polled in North Carolina were asked to name the man or woman in political life—at the Federal, State, county, or local level—who they consider to be North Carolina's most honest political leader.

No one in this Chamber will be surprised to learn that Senator Sam J. ERVIN, JR., and Senator JESSE HELMS were chosen one and two, finishing far ahead in a field of 41.

This poll merely substantiates a fact that all of us in the Senate have already known: Senators ERVIN and HELMS are men of great integrity.

It is a privilege to serve with these two fine Senators, and I compliment the people of North Carolina on their excellect judgment.

THE MILK TAPES

Mr. BUCKLEY. Mr. President, I was somewhat startled this morning to find the following headlines, respectively, on the front pages of this morning's New York Times and the Washington Post: "Nixon Tapes Is Said To Link Milk Price to Political Gift"—New York Times. "Tape Provides No Nixon Link to Milk Funds"—Washington Post.

This experience has shattered my faith in the infallibility of the undisclosed sources of one or the other of these papers. The question that now bedevils me is, which am I to believe?

For the interest of my colleagues, I ask that the relevant portions of the two articles be printed in the RECORD.

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

[From the New York Times, June 6, 1974]

NIXON TAPE IS SAID TO LINK MILK PRICE TO POLITICAL GIFT

(By James M. Naughton)

WASHINGTON, June 5—The House Judiciary Committee heard today evidence suggesting that President Nixon conditioned his 1971 decision to raise Federal milk price supports upon a reaffirmation by dairy industry leaders of a pledge to raise $2-million for the President's re-election campaign.

Committee members said that a tape recording of a meeting March 23, 1971, at which Mr. Nixon decided on the increase, contained implicit references to campaign funds being raised by milk producer groups and warnings that, without the industry's support, Mr. Nixon could lose as many as six states in the election.

[From the Washington Post, June 6, 1974]

TAPE PROVIDES NO NIXON LINK TO MILK FUNDS

(By Richard L. Lyons and William Chapman)

House Judiciary Committee members listened yesterday to a taped conversation in which President Nixon decided on a 1971 increase in milk price supports and generally agreed it provided no evidence that he acted in response to a promised $2 million campaign contribution.

Several Republicans said that the decision, worth several hundred million dollars to the dairy industry, appeared to be a political one based, as the President has conceded, on the belief that Congress would force the increase and that he might as well act first to reap the political benefits.

But most of the President's severest critics said that nothing said in that March 23, 1971, White House meeting linked the price-support increase and the promised campaign money as part of the deal.

RALPH NADER OVERRULED

Mr. HANSEN. Mr. President, today I should like to congratulate Judge George L. Hart of the U.S. District Court for the District of Columbia for the wisdom he showed last week in denying an injunction in an action brought against the Department of the Interior by Ralph Nader's group, Public Citizen, to prevent lease sales on the Outer Continental Shelf. To prevent these lease sales from taking place would be to deny the energy industry the opportunity to begin immediately to explore and develop this area, so rich in resource potential.

When time for exploration and development is at a premium, when we need so very much to develop our domestic sources of energy as rapidly as possible, we find that those who are so concerned with conservation want to waste our one irreplaceable resource—time.

In December 1970, the Sierra Club brought an action in Florida to prevent a lease sale. This suit was not resolved until September 1971, a waste of 10 months. Had the Sierra Club had its way, 2 years would have been wasted before the development of the resource could have begun.

In December 1973, a similar suit was brought. There was no substantial delay in this case, as an injunction to prevent the lease sale was denied. The sale took place, but the suit is still being argued on its merits, and the Department expects that if drilling permits are granted, the whole litigation process will begin again. The only possible result will be delay and a waste of our valuable time resources.

Last week another such suit was considered here in Washington, and an injunction denied. I should like to commend Judge Hart for his incisive recognition that the Department of the Interior has weighed the alternatives and that the prevention of lease sales and the exploration that accompanies them would "do irreparable injury to the people of the United States."

Environmentalist dilatory tactics have been tolerated long enough. The time has come for them to stop playing the role of obstructionists and begin to undertake constructive activities.

I ask unanimous consent that the relevant portions of Judge HART's opinion be printed in the RECORD.

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

Civil Action 74–739

In the U.S. District Court for the District of Columbia

Public Citizens, et al., Plaintiffs, against, Rogers C. B. Morton, Secretary of the Interior, Defendant, and Exxon Corporation, et al., Intervenors.

The Court: The Courts holds that there is no showing of irreparable injury on behalf of the plaintiffs; no showing of the actual likelihood of success on the part of the plaintiffs; no showing that Interior in its Environmental Statement has not considered all reasonable alternatives, particularly in view of the fluctuating prices and difficult of foreseeing future prices; and the Court is of the opinion that a preliminary injunction might well do irreparable injury to the people of the United States.

I will therefore deny the motion for a preliminary injunction.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 69) to extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PERKINS, Mr. MEEDS, Mr. FORD, Mr. HAWKINS, Mrs. MINK, Mrs. CHISHOLM, Mr. LEHMAN, Mr. BRADEMAS, Mr. QUIE, Mr. BELL, Mr. ASHBROOK, Mr. FORSYTHE, and Mr. STEIGER of Wisconsin were appointed conferees on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has affixed his signature to the following enrolled bills:

S. 2844. An act to amend the Land and Water Conservation Fund Act, as amended, to provide for collection of special recreation use fees at additional campgrounds, and for other purposes;

S. 3373. An act relating to the sale and distribution of the Congressional Record; and

H.R. 12565. An act to authorize appropriations during the fiscal year 1974 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons and research, development, test and evaluation for the Armed Forces, and to authorize construction at certain installations, and for other purposes.

The ACTING PRESIDENT pro tempore (Mr. METCALF) subsequently signed the enrolled bills.

DEPARTMENT OF DEFENSE APPROPRIATIONS AUTHORIZATION ACT, 1975

The PRESIDING OFFICER. Under the previous order the Senate will now resume consideration of the unfinished business, S. 3000, which the clerk will state.

The assistant legislative clerk read as follows:

(S. 3000) to authorize appropriations during the fiscal year 1975 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from Montana (Mr. MANSFIELD), No. 1392, on which there shall be 3 hours' debate. The time for debate on the proposal during this day will be limited to 3 hours, with 40 minutes on any amendment to the above amendment, and 30 minutes on any debatable motion or appeal, with one hour on any other amendment to the bill, and 30 minutes on any amendment to that amendment, debatable motion, or appeal. All time is to be divided in accordance with the usual form.

The amendment reads as follows:

AMENDMENT NO. 1392

On page 5, after line 2, insert the following: *Provided*, That no funds authorized to be appropriated by this title may be used after December 31, 1975, for the purpose of maintaining more than 2,027,100 active duty military personnel, and no funds authorized to be appropriated by this title may be used after December 31, 1975, for the purpose of maintaining more than 312,000 military personnel permanently or temporarily assigned at land bases outside the United States or its possessions. The Secretary of Defense shall determine the appropriate worldwide overseas areas from which the phased reduction and deactivation of military personnel shall be made.

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, while the chairman of the Committee on Armed Services, the distinguished Senator from Mississippi (Mr. STENNIS), is in the Chamber I again wish to call to the Senate's attention the fact that after prior notification to Secretary James Schlesinger I did write him under date of February 26, 1974, at which time I propounded 111 questions.

The Commission on the Reorganization of the Government for the Conduct of Foreign Policy on April 26, 1974, sent a letter to Secretary Schlesinger making the same request.

To date this information has not been forthcoming, and I wanted this information not only because of my interest in the activities of the commission, but also because of my interest in bringing about troop reductions worldwide during the debate on the defense authorization act.

In that request I had the following to say:

All of the premises upon which these questions are based have been formulated from unclassified information—

Unclassified information—

that has appeared in the American press and elsewhere. I believe all of the informatiton solicited by these questions should be part of the public domain and should be publicly discussed by the Commission and within the Congress in open session.

I therefore request that none of the information supplied by you in answer to these questions relate to classified information, and if in any case you are unable to answer fully the question because you prefer the answer to be classified, please state that aspect is classified and the reasons for the classification of that information. It is only through an open dialogue on questions such as these that the wisdom for these policies and proposed expenditures can be truly validated.

I look forward to an early response from you on these matters.

Sincerely,

MIKE MANSFIELD.

So once again I am making a request as a Senator of the United States to the Secretary of Defense for this information and on the basis of the terms laid down. I would hope that I would not have to go beyond this polite request to achieve this information which I think should be made available to every Senator; and I would like to suggest to the distinguished chairman of the committee the situation

in which the Senator from Montana finds himself as a Senator in his request for information which he thinks is necessary for his understanding of the issues which come before this body.

Mr. STENNIS. Mr. President, if the Senator will yield to me.

Mr. MANSFIELD. Yes, indeed.

Mr STENNIS. I respond by saying I certainly agree that the Senator is entitled to any information he requests. He is entitled to it unless there is a positive reason for it to be classified. I did not have any knowledge of the Senator's request. May I ask the date of that request? I did not catch the date.

Mr. MANSFIELD. Yes. The first date Secretary Schlesinger appeared before the commission was in December and I asked him a few questions at that time and said I would prefer to submit some in writing. He said, "Fine, as soon as you want."

But the letter was sent on February 26, 1974, and the letter from the Commission was sent April 26, 1974, which is quite a long time for answers to the 111 questions raised.

Mr. STENNIS. Well, I agree it is certainly a reasonable time for the questions to be answered. And the Senator has had no response of any kind?

Mr. MANSFIELD. Only from Admiral Peet, which I found unsatisfactory, and about which I wrote to Admiral Peet.

Let me read what Admiral Peet wrote, and this was on March 29, more than a month after the original letter was sent. I quote in part:

Regarding the information to be considered by the Commission from this Department, I share your view in the benefits to be derived from increased public awareness of U.S. commitments throughout the world. It is apparent, however, that many important aspects of the questions you posed on behalf of the Commission cannot be addressed adequately on an unclassified basis. Accordingly, it is our intention, and we will also advise Ambassador Murphy, to place at the Commission's disposal senior members of the Defense staff to discuss those questions of interest to the Commission. The resulting face to face dialogue should avoid the constraints of classification and should prove of more value than a limited and unclassified written response. I would expect that acceptable arrangements for these discussions can be made in the very near future.

I replied to Admiral Peet on April 2, in which I said:

DEAR ADMIRAL PEET: I have received your letter of March 29, 1974, stating that it is your intention to place at the Commission's disposal senior members of the Defense Department staff to discuss the questions that I raised in my letter of February 26, 1974, rather than answering in writing those questions I submitted to Secretary Schlesinger.

I find this response unsatisfactory. By copy of this letter to Secretary Schlesinger, I am renewing my request for these questions to be answered in as great detail as possible and on an unclassified basis. Upon the receipt of the answers to these questions, I believe the Commission then could make a valid judgment as to which areas need further elucidation by further testimony of members of the Defense Department. Since you stated that you were to advise Ambassador Murphy of your decision. I am sending a copy of this letter to Ambassador Murphy and to every member of the Commission of the Organization of Government for the conduct of Foreign Policy.

Then on April 26, a month later, Ambassador Murphy, Chairman of the Commission, sent a letter supporting my views and unanimously backed by the Commission. To date no reply.

Mr. STENNIS. No reply from either Ambassador Murphy or the Secretary of Defense?

Mr. MANSFIELD. No reply by the Secretary of Defense to Ambassador Murphy's letter or my response to Admiral Peet.

Mr. STENNIS. Well, let me again say I am sorry this happened. I think the Senator certainly is entitled to full information. I am sure the Senator from Montana is willing to hear that, if they say it is classified, on some special basis.

Mr. MANSFIELD. Of course.

Mr. STENNIS. I had no knowledge of this. The Senator does not need my help to get anything, but I would certainly cooperate by expressing my interest and expressing the wish that the request would be carried out.

Mr. MANSFIELD. I appreciate the remarks of the distinguished Senator. I bring this to the attention of the Senator only because I have waited for 4 months to get answers, and I would hope the answers would be forthcoming soon.

Mr. STENNIS. I hope so. I will try to contact them, as soon as time permits, and express my interest in it, and also request them to give an explanation.

Mr. MANSFIELD. I thank the Senator.

Now, Mr. President, turning to the amendment which is now before us—and I yield myself an additional 13 minutes—I wonder if the American people realize what the cost to this Nation has been in the field of military expenditures since the end of the Second World War. The figure has been estimated at one trillion, 500 billion dollars in military expenditures alone.

This year we are considering a military budget which, if you take in the supplemental, the military aspects of AEC and other areas, will come somewhere close to $100 billion.

Secretary Schlesinger has indicated to the appropriate committees this year that he anticipated a $5 billion to $6 billion increase every year for the next several years ahead.

And there has been speculation in the press recently that it will not be too long before we will have a $150 billion budget for defense.

I believe that the national debt at the present time is set at the figure of $475.6 billion. A request has been made of the Congress to increase that amount, and I assume that it will be before the Senate shortly.

We have a stockpile of nuclear atomic bombs, and so does the Soviet Union, which are enough to annihilate each country many times over.

This mad momentum which has affected us in our defense expenditures has created a situation which I think is not going to work out in the best interests of our country, but is going to contribute to increasing inflation and, I hate to use the word, but perhaps bankruptcy somewhere down the line.

We just cannot afford to spend as we have been spending. We have to recognize the realities of today and get away from the dreams of yesterday. Unfortunately, there are too many people in this Government, in all its branches, who are enamored of the past, who are afraid to face up to the present, who live in an era which might have once existed and which was once necessary, but which has changed considerably since the end of the Second World War almost 30 years ago.

Mr. President, the Pentagon and its people, the State Department and its people, the AFL–CIO and its people, have been prowling the corridors of the Senate yesterday and today. The purpose is to defeat the amendment which is now pending before the Senate. But these people live in a bygone day, and I wonder if they are aware of what the true feelings of the American people are in the maintenance of huge military forces and dependents, around the world almost 30 years after the end of the Second War.

I wonder if they are aware of the fact that to maintain our forces in Europe today—in Europe—30 years, almost, after the end of the Second War, it is costing us $19 billion. I think that is a fair estimate, because the Defense Department figure a year ago last January was $17 billion; but when you consider the devaluation of the dollar, the floating of the dollar, and the increase in the inflationary rate, it appears to me that $19 billion is a reasonable estimate.

And then, of course, we have to consider what our allies are doing. I will get around to that later. But before I do, may I also note that two of the outstanding papers in this Nation, the Washington Post and the New York Times, have come out, as usual, against any change in the situation as far as U.S. troops and dependents overseas are concerned.

From the Washington Post article entitled "A Steady Course for Europe", I will quote a few excerpts. The editorial states:

The European allies can, indeed, be vexing critters.

I do not find them vexing; I find them looking after their own interests as best they can. I only wish that we, too, would look after our own interests.

Then, further on, the editorial says:

The question, however, is whether the United States can afford to indulge the fatigue and irritation which Europeans sometimes induce. We believe the answer is, no.

I agree.

Further, it says:

But it is sustainable—

The link with Europe—

only by constant attention to Europe's welfare and independence.

Do we have to look after Europe's welfare? Do we have to maintain its independence? Are not the nations of Europe sovereign states, and is not that responsibility theirs?

Further on, I again quote:

There is nothing magical militarily about a given level of force, but there is something "magical" politically; the current level has come to represent the steadiness of the American guarantee. It is psychological, but psychology, after all, is central to politics.

Psychological, evidently, not necessary. Well, we will see.

Then, the last sentence:

This is a good time to tell the world we are seeking a steady course—and to tell ourselves.

I would agree. But my interpretation of a steady course would be exactly the opposite of that of the Washington Post.

The second great daily newspaper, the New York Times, has the following to say, in part: that the Mansfield amendment "is the wrong battle in the wrong place at the wrong time."

That has a very familiar ring, and the arguments are just as familiar.

What do they mean: that this is the wrong place? This is the right place because it was from this Chamber that an initial four divisions in 1951, I believe, were sent to Europe. The place is not Vienna or the MBFR. The place is right here in the Congress of the United States. We were told at that time that these additional divisions would not remain in Europe long; that it was not going to be a permanent situation.

Mr. President, if I read the signs correctly, every administration. Democratic and Republican, intends to keep American occupation troops in Europe for years and decades to come; and they will do it unless Congress and the American people force them to do otherwise. So we are waging the right battle in the right place and at the right time. Every time this amendment comes up the same old arguments are rehashed over and over and over again.

I believe in the North Atlantic Treaty Organization, but I do not believe in maintaining 313,000 American military personnel, accompanied by 235,000 dependents, in Western Europe ad infinitum.

Nor do I believe in similar elements being continually stationed in Okinawa; into the indefinite future on Thailand, where we have 36,000 men and a number of B–52's and a number fo fighter bombers. And for what? Have we not achieved peace with honor in Southeast Asia? Why are these troops and these planes, including the big ones, maintained in Thailand?

Have we not normalized relations with the People's Republic of China? Of course we have. But when we went into Vietnam—a real tragedy—we went in to contain China. Conditions have changed, but some of our people in high office will not change with them.

Mr. President, the amendment I have submitted will limit the number of U.S. military personnel stationed on foreign soil to 312,000 as of December 31, 1975. Its enactment will require the removal from foreign lands of American military personnel of 125,000 soldiers over the next 18 months.

The United States has stationed on foreign soil approximately 437,000 military personnel. In addition, there are approximately 55,000 U.S. military personnel off foreign shores on U.S. warships. Thus, over 25 percent of our military forces are stationed beyond our homeland.

I thought we had long ago recognized the fact that we could not afford to be the world's policeman because we have neither the resources nor the manpower to so comport ourselves.

The amendment I have introduced today is not directed exclusively at any particular area of the world. Our military presence is worldwide. The Senate Armed Services Committee report states that the United States has 36,000 U.S. military personnel stationed in Thailand; 23,000 stationed on Okinawa; 38,000 stationed in South Korea.

Speaking of South Korea, I note that the report of the committee on page 137 contains the following statement in the next to the last paragraph—and remember, now, 38,000 are stationed in South Korea, according to my statement. I quote from the report of the committee:

Secretary Schlesinger this year said that there have been no major improvements in North Korean force size or improvement. In the manpower hearings, DOD stated that South Korean ground forces are now adequate for defense against North Korea.

The PRESIDING OFFICER. The Senator's 13 minutes have expired.

Mr. MANSFIELD. I yield myself 13 minutes more.

To continue, 6,000 stationed in Taiwan; 16,000 stationed in the Philippines; 32,000 stationed in Japan in addition to Okinawa; for a total of 151,000 U.S. military personnel stationed on the landmass of Asia. These troop levels in the committee report are dated December 31, 1973. The more recent figures that were just supplied this week are even higher in these areas. There are, in addition, approximately 21,000 U.S. military afloat on U.S. warships in the western Pacific.

This amendment will not affect those U.S. personnel on American warships. In addition, the United States has stationed in Western Europe and related areas more than 300,000 U.S. military personnel. Europe and Asia are not the only areas of the world where our troops are stationed. The phenomenon is worldwide. In fact the committee report tells us that we have 2,000 U.S. military personnel stationed in Bermuda protecting our national interests. Two thousand U.S. military personnel—in Bermuda.

It has been painfully evident and generally agreed in the U.S. Senate for at least the last several years that the United States is badly overextended abroad. The presence of so many military personnel on foreign soil presumes a U.S. governmental policy that heavily favors the military option. The war powers legislation adopted by the Congress last year expresses a congressional dissent to that emphasis. But the fundamental difficulty in discerning semblance to American policy abroad is that the commitment and level of U.S. forces abroad has determined our foreign policy rather than our foreign policy determining the level of U.S. forces abroad.

The intractability of executive branch attitude on force levels abroad during the past 25 years can only be explained by the incapacity of the policy makers to perceive that the troops on foreign soil was our policy. Members of the executive branch, whether in office for 2 weeks, 2 months, 2 years or two decades have had the same theme; and it is always one that "the world would fall" if any of our soldiers were returned home.

The greatest opposition to removal of our troops from overseas has come because of our special relationship with Europe. The figure in Europe has remained somewhat static over the past half dozen years. In fact, we had fewer troops in Europe in 1969 and 1972 than we did in 1973. But the amendment I have offered would not require the removal of a single soldier from Europe. The amendment leaves with the Secretary of Defense the absolute discretion to determine from which countries and to what degree the troops shall be removed.

If the Secretary of Defense determines that the present level of our forces in Europe is absolutely essential and that every soldier, even in a support position, was required in Europe to fulfill our commitment to NATO—and, incidentally, we have no troop commitment to NATO—and to prevent an invasion from the East, then not one soldier from Europe need be removed by force of this amendment. Our Senate Armed Services Committee, however, does question the present structure of our forces in Europe and has determined that there is justified a reduction of 23,000 U.S. Army support troops from Europe.

I believe that is the so-called Nunn amendment which the committee adopted. Our committee—speaking of the Senate Armed Services Committee—mandates such a reduction in support forces over the next 24 months. It is a recognition by the Senate Committee that there is significant fat in our forces in Europe.

The Senate Armed Services Committee again this year implores—implores, Mr. President—in its committee report for a further reduction in U.S. support and headquarter facilities overseas. Last year, the Senate Armed Services Committee report suggested a 50-percent reduction in the three U.S. headquarters in Korea. This year, the Senate Committee reports to us that there was no reduction in the three headquarters but in fact an increase.

Here again let me refer to page 137 of the report:

Secretary Schlesinger this year said that there have been no major improvements in North Korean force size or improvement. In the manpower hearings, DOD stated that South Korean ground forces are now adequate for defense against North Korea.

But, to repeat, this year, in spite of the request made by the Senate Armed Services Committee last year, the committee reports to us that there was no reduction in the three headquarters but, in fact, an increase. It is time that the gentle request be replaced with an order.

Last year, our Senate Armed Services Committee recommended in its report a 30-percent reduction in other certain headquarters and support facilities. The response of the Department of Defense was a reduction of 7 percent. It is time for the gentle request to be replaced by an order.

This year our Senate Committee is mandating a 23,000 U.S. support troop cut from Europe over 2 years. The amendment I have offered would not re-

quire the removal of a single U.S. soldier from Europe let alone a cut beyond that recommended by our committee. This action will not affect the MBFR. It will be combat forces that will be required to be reduced in any ultimate MBFR agreement, if there ever is an agreement, which I doubt very much at this time. How silly are we to think that the Soviet Union would be willing to reduce their combat forces for our support forces? They are top heavy in combat forces—we are bottom heavy in support forces.

The amendment before us could, therefore, be fully implemented without increasing the 23,000 European cut mandated by the Senate Armed Services Committee in the bill now before us. The remaining forces could come from such places as Korea, Taiwan, Thailand, Okinawa, Japan, Philippines, and Bermuda where our total U.S. forces stationed on land exceed 151,000.

The amendment will require the demobilization of a comparable number of U.S. forces to those returned. Again, however, the absolute discretion is given to the Secretary of Defense to determine which forces would be demobilized. Therefore, if the Secretary of Defense chose to remove 20,000 marines from Okinawa to Guam, he need not demobilize 20,000 marines. He would only be required to assure that the cumulative end strength for all the services was reduced by the total figure on or before December 31, 1975—18 months from now. Many feel that the difficulties in obtaining present quotas by virtue of the all-volunteer army might very well provide a shortfall in enlistments that would in effect make the decision for the Secretary.

Nevertheless, the Senate Armed Services Committee has reduced the end strength figure for all services in this bill by 49,000 men. This amendment would not be in addition to the 49,000. The 49,000 reduction by the Senate Armed Services Committee in manpower in this bill by June 1975, would be included and a part of the total manpower reduction required by December 31, 1975. Thus, the reduction in end strength would be an additional 76,000 but not until December 31, 1975.

The total effect in dollar savings of the cumulative cut in manpower by the adoption of this amendment will exceed $1.5 billion and, in my opinion, that is a conservative estimate.

Again let me repeat the amendment will not affect manpower on Navy ships afloat. It does reflect the Nixon doctrine by demonstrating that we are a Pacific power and not an Asian power.

In conclusion, Mr. President, I would like to read from the CONGRESSIONAL RECORD of an earlier period. It is a statement by a man I have always admired as a true conservative:

> The key to all our problems before this Congress lies in the size of our military budget. That determines the taxes to be levied. It is likely to determine whether we can maintain a reasonably free system and the value of our dollar or whether we are to be weakened by inflation and choked by government controls which inevitably tend to become more arbitrary and unreasonable. We must not so extend ourselves as to threaten economic collapse or inflation. For a productive and free America is the last bastion of liberty. . . . The commitment of a land army to Europe is a program never approved by Congress and with which we should not drift. The policy of secret executive agreements has brought us to danger and disaster. It threatens the liberty of our people.

These words were spoken by Senator Robert Taft on January 5, 1951. Senator Taft was a prophet in his own time, because what he said then is applicable today. His concern then was only Europe. Since his time, we have added hundreds of thousands of U.S. forces to Asia. His advice was sound in 1951. How forceful his wisdom is today.

I hope the Senate will approve this amendment which will begin to restore some sanity to the foreign policy of the Nation and the economic well-being of our citizens at home.

Mr. President, I ask unanimous consent that the editorials referred to, which were published in the New York Times and the Washington Post earlier this week, both be printed in the RECORD.

There being no objection, the two editorials were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 5, 1974]

U.S. TROOPS IN EUROPE

Senator Mike Mansfield's renewed effort to force substantial withdrawal of American troops from Europe and other areas overseas is the wrong battle in the wrong place at the wrong time.

The Senate floor is the wrong place for this decision to be taken because the issue is now under negotiation in Vienna between the NATO and Warsaw Pact powers in an effort to bring about Soviet as well as American troop cutbacks. There are now 460,000 Soviet ground troops on the central front in Europe, compared with 193,000 Americans. Warsaw Pact troops outnumber NATO's ground forces in this area 925,000 to 770,000.

An over-all NATO-Warsaw Pact reduction to 700,000 on each side, as proposed by the West—with the bulk of the Western reduction to be taken in American forces—would assure stability as well as the reduction in defense spending desired in both East and West. But unilateral American withdrawals now would clearly be destabilizing. They would lower the nuclear threshold, forcing earlier use of atomic weapons in a conflict. They could lead to the nuclearization or the "Finlandization" of West Europe—or both.

This is the wrong time as well for the Mansfield amendment. West Europe's political stability and economic health are shakier today than at any time since the Marshall Plan days more than two decades ago. Governments have fallen in Britain, West Germany, France and Italy in recent months. The new leaders may do better than the old, but that is not yet certain. The Common Market is stalled. Relations with the United States have been badly strained. A major effort by Washington is needed to pull the Atlantic community back together again before disintegration goes further. Unilateral weakening of West Europe's security would frustrate this effort before it could begin.

Above all, Senator Mansfield's long struggle, extending over eight years, is the wrong battle for the majority leader and his supporters to be waging at all. The battle to bring back American troops from Europe, an area where American interests are truly vital, was spurred initially by American balance-of-payments deficits and Europe's surpluses. The oil price increase and other factors have reversed the situation. American payments are in surplus, while most of West Europe is headed toward a disastrous deficit. West Germany, which is also in surplus, is offsetting the dollar costs of American forces there.

The extraordinary notion has been propounded that the presence of American troops abroad brings about American involvement in war. But there were no American troops in Europe before World War I or World War II—or in Korea before the involvement there. On the contrary, the presence of American troops in Europe since World War II has helped provide an almost unprecedented 29 consecutive years of European peace. Their withdrawal would be a step into the unknown.

Senator Mansfield's latest argument is that the troops withdrawn from Europe and Asia could be demobilized, reducing the defense budget by $1 billion a year. But United States armed forces already are half-a-million fewer than pre-Vietnam and 1.2 million fewer than those the Soviet Union maintains. There are ways in which defense spending can and should be reduced. But shotgun legislation aimed at American military manpower overseas would be the worst way now to go about that task.

[From the Washington Post June 3, 1974]

A STEADY COURSE FOR EUROPE

This is a bad time for the Senate to heed the annual call of Sen. Mike Mansfield (D-Mont.) to legislate a large unilateral cut in the 300,000-man American force in Europe. With the Mideast mercifully receding as an issue in separating the Atlantic nations, it would be unwise to subject NATO to a harsh new blow affecting not only the quality of Atlantic relations but the security of the Alliance. Then, East-West talks on reducing forces in East and West Europe are proceeding in Vienna. For the United States alone to pull the plug on West Europe, even as the talks have proven to be an effective vehicle for Allied consultation and joint East-West exploration of the complex issues involved, would be, we believe, little short of desertion. Moreover, Mr. Nixon is about to go to Moscow: he is enough in the soup for reasons of his own making to make eminently unwise a move further reducing the general authority he brings to the summit.

The European allies can, indeed, be vexing critters. All too often they fail to act on what would seem to be their own self-interest in making it easier for the United States to remain a faithful ally—although recently, it should be noted, the Germans have taken major steps in one sensitive area, offsetting the dollars lost by the United States in keeping its troops in Germany. The question, however, is whether the United States can afford to indulge the fatigue and irritation which Europeans sometimes induce. We believe the answer is, no. The Atlantic relationship remains this country's fundamental overseas tie, strengthened by links of culture and tradition. But it is sustainable only by constant attention to Europe's welfare and independence. Europe came out of World War II devastated and unable thereafter to care adequately for itself in the big-power world. This is at once Europe's burden and our own. It makes it all the more necessary for the United States, in such a critical matter as the presence of military forces, to act in concert with Europe and not by itself.

Sen. Mansfield quite properly believes that the level of our forces in Europe ought to reflect the improvements in political relations which travel under the general name of detente. Detente can proceed, however, only if Europeans have the confidence which those forces impart. There is nothing magical militarily about a given level of forces, but there is something "magical" politically: the current level has come to represent the steadiness of the American guarantee. It is psychological, but psychology, after all, is central to politics.

Soviet-American detente, as the Europeans well know, is still in an early and tentative state. Europeans can also see that the SALT talks, which compose the basic framework of their security, are in a particularly tentative state. The economic uncertainties bred by world inflation add to European anxieties. In such circumstances, it is really quite wrong to look at the U.S. troop level in Europe as though it were the only card in play. In the absence of a decision to demobilize any troops brought home, moreover, a strong case can be made for leaving them in Europe, where they do double duty, political as well as military.

The House turned down a Mansfield-type amendment the other day by a substantial margin. We hope the Senate will do the same. This is a good time to tell the world we are seeking a steady course—and to tell ourselves.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from California (Mr. CRANSTON), the distinguished Senator from Ohio (Mr. METZENBAUM), and the distinguished Senator from Pennsylvania (Mr. SCHWEIKER) be added as cosponsors of the pending amendment.

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

Mr. NUNN. Mr. President, as the Senator knows, I am not in accord with him on his amendment, but I do not want to get into the general statements at this point. I did want to ask the Senator a couple of technical questions about the amendment.

As I read the amendment, the War Powers Act which we passed last year and for which I voted, gives the President the latitude within a short time frame to take action relating to emergencies——

Mr. MANSFIELD. Thirty days, I believe.

Mr. NUNN. I would ask whether this amendment would not mean a dramatic extension of the War Powers Act, because the President's latitude in getting troops to foreign soil would be abrogated except for the troops already deployed, unless Congress passed a subsequent act. I wonder whether the Senator from Montana intends this kind of sweeping extension or whether the Senator from Georgia may be, in some way, missing the key element in the amendment.

Mr. MANSFIELD. No. I think the distinguished Senator is misinterpreting what the Senator from Montana is attempting to do in this amendment. It does not conflict with the War Powers Act which the Senator voted for, of which the distinguished chairman of the committee was one of the chief sponsors, and which I voted for and a large majority of the Senate also voted for.

The War Powers Act still stands. The President would have the power to act in an emergency; all the amendment does is what the committee itself is attempting to do in reducing troop levels but only on a broader scale.

The Senator from Georgia is the sponsor of an amendment in this bill which would bring about a 23,000-man reduction in support troops in Europe. The committee as a whole has approved, I believe unanimously, a reduction within the next 18 to 24 months, of 49,000 military personnel overall. So the same reasoning that went for the committee goes for this amendment now before the Senate for consideration.

Mr. NUNN. The committee amendment on the 23,000-man cut specifically includes the language that makes it plain the Secretary of Defense can add the troops back in a combat role——

Mr. MANSFIELD. Oh, yes.

Mr. NUNN. And it also leaves latitude to the President in case of imminent hostilities. But I would make the point to the Senator from Montana that even if the President could take emergency action under the War Powers Act, as I read the amendment, he would be precluded from doing anything with additional personnel as long as the act was in effect unless Congress came back and passed another act. The committee position does not do that at all. The committee position is one of increasing our leverage in the MBFR, because nothing could be more of an incentive to the Soviet Union in negotiating an MBFR agreement than thinking that the American fat would be turned into American muscle. I would have to say that I agree with the Senator from Montana as to his observations about too much fat. That is the thrust of the report I made to the committee after a rather extensive investigation. That was also the thrust of the Armed Services Committee's action.

I want to clarify what we are doing on this War Powers Act because I believe the President in an emergency situation must have some authority, because an absolute prohibition on any troops despite hostilities, or in conflict, or in combat, without any exceptions, would be a dramatic extension far beyond any reservations in the War Powers Act. I would like to clarify that particular point with the Senator.

Mr. MANSFIELD. I thought I had clarified the question raised by the distinguished Senator from Georgia, but in looking over the amendment, I would be willing, for example, on page 2, line 4, after the word "possessions" to insert "subject to the provisions of the War Powers Act." Would the Senator then approve and give his support to the amendment on that basis?

Mr. NUNN. I am not going to support any unilateral withdrawal, no matter what we do with this amendment, which would prohibit the President from responding in any national emergency other than within our own Continental United States.

Mr. MANSFIELD. I will say to the Senator that I think the amendment speaks for itself. My interpretation of it is in accordance with this language so I see no reason to change it at this time.

Mr. NUNN. One other question. As I understand the amendment, it says, "That no funds authorized to be appropriated by this title may be used after December 31, 1975. * * *"

The date is the question I raise. That would be 6 months into the fiscal year 1976, as I understand it.

Mr. MANSFIELD. That is right.

Mr. NUNN. So I wonder—and I do not want to further restrict the Senator's amendment—whether that is the Senator's intention, since the funds under this act will all have been used by June 30, 1975—during fiscal year 1975.

Mr. MANSFIELD. If the Senator would be willing to support the bill, I would be willing to reduce the date to June 30, 1975.

Mr. NUNN. The Senator from Georgia does not intend to support this amendment at all, but I do think the language ought to be clear, because it is an extremely important matter, particularly relating to the MBFR negotiations and to the signals it would send throughout the world.

Mr. MANSFIELD. The language is very clear—very, very clear.

Referring to the MBFR, I think the Senator is under an illusion if he thinks that anything concrete and constructive is going to soon come out of the meetings being held in Vienna. How are they going to reach an agreement? Is it going to be a case of 1 on 1—1 NATO soldier, American, against 1 Warsaw Pact soldier, a Russian? Or is it going to 5 to 1, 10 to 1, or what? I think we are whistling in the dark so far as the MBFR is concerned, and that is a handy latch to hang on to.

So far as offering hope for a reduction in forces in Europe is concerned, especially U.S. forces—the only outside forces on the continent except the Canadians, who have reduced their forces by half since Trudeau came into power—I do not look for anything in the way of constructive and satisfactory results out of MBFR. We are wasting money and time and creating a psychology which just will not jell, in a situation which will not produce the necessary results.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. I yield the Senator 2 additional minutes.

Mr. NUNN. On that point, I observe that I do not think anyone can stand in the U.S. Senate and say that the MBFR negotiations are going to be successful. The Senator from Georgia does not make that point, and the report I filed does not make that point. But if there is a unilateral withdrawal, I say we can bring the negotiators home, because there will be no further purpose for MBFR if this amendment is adopted.

So, while we cannot assure success, I think we can be assured that, if the Senate and the House adopt this amendment and if the President of the United States were to sign the bill, the MBFR negotiations would be terminated, would be moot, and would have no bearing; because I have never seen negotiations have any chance of success where the subject of the negotiations was unilaterally conceded by one side.

I would like to think that the Soviet Union would respond reciprocally; that they would say to us, "You are nice people. You have withdrawn your troops from Europe, and we are going to withdraw the ones we have next to the East German border." Unfortunately, that is not the way it works. It never has been, and I am afraid it never will be.

I would like now to make the point that I do believe this amendment, as it is presently drawn, without any clarifica-

tion, would be a dramatic extension of the War Powers Act and would prohibit the President of the United States from taking emergency action, whatever the case may be, without a further act of Congress which, in a world of danger, might very well be delayed beyond the point where any act would do any real good.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. I yield myself 2 minutes.

The Senator from Georgia is entitled to his interpretation, which he seems to have set in his mind and which goes contrary to the interpretation of the author of the amendment.

I think we ought to recognize that a number of factors are involved in this amendment in addition to the expenditure of funds. In a sense, on the basis of the trips made by the Senator from Georgia to Europe last year and this year, he is aware that there is a superfluity of personnel over there, that there are too many headquarters. Last year, there were 130 admirals and generals in Western Europe. That is quite a large number.

The Senator has to take into consideration the morale problem, drugs, alcoholism, race relations, and other factors which must be considered. He has to recognize the fact that an army in Europe—the Senator is talking about Europe; I am talking about the worldwide situation—cut in half over a graduated period of time would be leaner, more effective, and I think more worthwhile than what we have at the present time, with the problems plaguing the 7th Army.

Mr. NUNN. I think the Senator from Montana has performed a yeoman's job in the last several years, pointing out some of the defects in our NATO structure. I believe he has zeroed in on several of them, and he has some well-made points.

I think the committee's action of this year reflects the fact that we believe that the structure needs changing in NATO; that we believe we have too much support and not enough combat personnel there. The committee action takes into account the larger picture, though, of the negotiations going on.

I should like to ask the Senator a further clarifying question, because it could be important if the amendment is adopted. Does the Senator believe that under this amendment, if there were a threat of imminent hostilities in Europe, if this was in the law, that the President of the United States would be able to take our reserve troops from the United States to NATO where we have prepositioned equipment without coming back to Congress for specific, affirmative approval?

Mr. MANSFIELD. Of course. There is no question about that.

Mr. NUNN. He could do that. Would that be under the War Powers Act?

Mr. MANSFIELD. That is right. And he could pull them from anywhere in the world.

Mr. NUNN. Suppose the President said that he felt there was a grave danger by our taking this action and that there was some threat of imminent hostilities and that he was, therefore, going to leave the troops there. Would that be a breach of the amendment?

Mr. MANSFIELD. It would have to be a clear and present danger; because NATO, as I recall the treaty, makes it mandatory on all the members of the North Atlantic Treaty Organization to come to the aid of one of their members if it is attacked. So my answer would be in the negative. The President could not negate the effect of the amendment by declaring that the removal of troops would create a threat of imminent hostilities.

Too many Presidents, too often—both Democrats and Republicans—have declared national emergencies and things of that sort. They have been mythical, in large part. They have not been proved.

I do not think we ought to be taken in by questions of that nature, which I think raise hypotheses which should not and must not exist in view of the War Powers Act. It applies to a clear and present danger. A declaration by a President would not be sufficient unto itself.

Mr. NUNN. But the War Powers Act was passed prior to this act.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. NUNN. Mr. President, will the Senator from Mississippi yield time to me?

Mr. STENNIS. I am glad to yield to the Senator. I am going to yield some time to him in a few minutes, anyway.

Mr. NUNN. I yield myself 1 minute.

I submit that the War Powers Act does require a clear and present danger; but even if the President were to certify that, this act would preclude him from taking any action unless it was in breach of this act—unless there is some clarifying language in this act that says it is subject to the War Powers Act and could be waived in the event the President found a clear and present danger under the War Powers Act.

Mr. MANSFIELD. We just do not agree on the intent; but I would assume that anybody interpreting this amendment, based on the congressional debate, would have an idea what the author meant, and that, therefore, it would carry some weight.

Mr. STENNIS. I yield myself 8 minutes, and I ask the Chair to notify me when I have 2 minutes remaining.

Mr. President, we have had this debate, in much the same form, for several years, which is all right. I have noticed that, at times, some elements of the press say it is a contest between the Committee on Foreign Relations and the Committee on Armed Services. Nothing could be further from the truth. That is nonsense, just nonsense. There is no basis whatever for that statement. These are matters of judgment and logic and evaluation of situations. These amendments just apply to the money that is authorized in this act, which is for one fiscal year.

I bring that up just to show that this is a straight, honest difference of opinion about these matters. It makes no difference which committee one is a member of.

Mr. President, every year for the last 5 years—every year since I have been privileged to be chairman of the Committee on Armed Services—we have reduced the total number of personnel in military uniform. During that period there were a great number of natural reductions, because of the war being wound down and our withdrawal, but all the time the reductions we were making were stoutly resisted by the Department of Defense and the services, up to this year. We have been taking this problem step by step and we have been making some progress each year. There is an altogether different picture now than there was a few years ago.

I shall touch on the highlights and other Senators can develop the full facts about the committee action this year.

We called for a reduction of 11,000 military personnel in overseas headquarters and noncombat units. That is a target we have been shooting at and that is the most vulnerable, as I see it, of all the services. This reduction is fully explained in the committee report and is included in the overall committee reductions of 49,000 military and 44,600 civilian personnel. Those are reductions to which the Senator from Montana has referred.

On top of reductions made in previous years, this progress now and these reductions that are made mandatorily are having an effect and become more and more meaningful, even though the numbers may be less and less.

Now we have come to what I think is a logical, intelligent, mandated reduction of 20 percent of the Army noncombat personnel in Europe in the next 2 years, not mandated to be done at once or at the end of the incoming fiscal year, but in an orderly way over the next 2 years.

This provision is aimed at causing a major improvement in the tooth-to-tail ratio in Europe. Thus, the Secretary of Defense would be allowed, on a permissive basis, to replace these support troops with combat troops. That is what we are aiming at, after all. We are aiming at combat strength. I mean by that, Army units with rifles, armored units, and artillery units, people that fight on the ground. That is considerable progress, Mr. President.

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. STENNIS. I thank the Chair. I will yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Mississippi may proceed.

Mr. STENNIS. Mr. President, these amendments will be effective if they become law and they would gradually swing this matter around.

We have proposed a mandated ceiling on tactical nuclear weapons in Europe. I shall not go into that further at this time.

We have also mandated a requirement for the Secretary of Defense to find and propose actions to the NATO allies that would standardize weapons systems and their support. This is aimed at reducing overall NATO costs and improving conventional effectiveness by eliminating the duplication and incompatibility of NATO weapons and support systems. This is something that has been debated 20 or 25 years. Those who have looked into this matter find plenty of room for improvement in that direction. I shall

have more to say on this matter during the debate.

But let us not totally discount the very earnest effort of a great number of civilian and military personnel who have labored long and hard on this effort to get something in the way of agreement with the Soviets to have a multilateral withdrawal of troops from Western Europe, from that area of the world.

I think it is a totally logical position. If we are trying to get them to reduce their troops, and if we bring home our troops anyway regardless of what they agree to or do not agree to, we would just blow up the whole thing.

This is not someone's fantasy. It has been worked on. I remember standing here 2 years ago and reading a letter from the President of the United States about his efforts in this field to get these mutual balanced reductions. I thought then that it was a mighty dark page that that letter was written on so far as any reasonable chance of getting something done was concerned, but I accepted his efforts. Now, 2 years later, progress has been made. At least we have been at the table talking about this matter. It took a whole year last year to get agreement on the agenda that was going to be discussed.

I do not talk with these military men often, but I do come in contact with them, and I can recognize a person who has ability, whether he is in uniform or out of uniform. One of the gentlemen over there representing us is one of the most capable men I have found in Government anywhere. He is frank, honest, logical, and forthright. I just happened to come upon him and I had a delightful conversation with him about his appraisal. He was the one who helped with the agenda to which I have referred. He is a military man. Some say that the military man does not want any reductions to come out of the conference. I do not say that. But he wants something in return.

Later I shall refer to what former Secretary of the Army Resor said. He is now there on these MBFR negotiations. I found him to be an honest and forthright man. So we are legislating here in an atmosphere in which these activities are going on. There is a program under discussion with respect to reductions and so these conferences are accomplishing something.

Right down to the very last it was said by many people that Secretary Kissinger was throwing away his time over there in the Mideast for 30 days, neglecting things at home. Before the agreement last week, predictions were that the whole thing had blown up, and I think maybe he thought so himself for a while. But progress was made. These things come in the dead of the night. As long as we are trying, we are making some progress.

I hope the Senate will see fit to take these steps the committee has recommended, for which we will fight in conference, and which I believe the conferees will accept. I know I will have no patience at all with anyone—military or nonmilitary—who comes in and tries to lobby that the conferees for the Senate abandoned the position the Senate may adopt here, whether it goes the way I want it to go or the other way.

I am going to yield some time to the Senator from Georgia. Last November the Senator from Georgia expressed an interest in going to Europe and getting into this matter in the best way he could. I will not speak for him. I think he thought then he could recommend a lot of reductions.

"Well," I said, "I am not going to agree for you to go——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. I yield myself 1 minute. "But I want you to go to represent me, because I can't go," I said, "and then I want you to go on your own, too."

He did, and he worked hard, as he always does, and he has developed some thoughts, some facts and figures. He is the author of three amendments I have alluded to that the committee adopted on the thorny subject. I want to yield him time now. I checked with the Senator from South Carolina, and he is ready to let the Senator from Georgia speak on his time.

Mr. President, I have concluded my remarks for the time being. I suggest the absence of a quorum, the time to be charged to me.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. STENNIS. Mr. President, I am glad to yield now 25 minutes to the Senator from Georgia, or so much thereof as he may use, and if he does not use it, I ask him to yield back his time.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I must rise to oppose the proposals offered today to make major reductions in our overseas troop levels.

Senator STENNIS asked me last fall to look into the matter of NATO for the committee and for him personally, and I have spent a good deal of time on this subject. I agree with many of the frustrations expressed by Senator MANSFIELD, but I do not come to the same conclusions for many reasons, and that is what I would like to discuss here for a few moments this morning.

I oppose this reduction, because I see no way the Defense Department can meet such a mandate without making a serious unilateral reduction in our conventional forces supporting NATO. And I am firmly convinced that any such cut at this time, as Secretary Kissinger recently noted, "would be useful to no one but the Soviets."

I recognize that these amendments purport to be directed not at NATO but at our overseas presence in general and that they profess to leave it to DOD to decide just where the cuts should be made. However, when we recall that well over half of our overseas forces are in the NATO area, we cannot in candor expect that our Government can, practically or politically, limit such a major reduction to the lesser number of troops in other areas.

The proposals for an overseas troop cut are not simply a question of numbers. They involve far-reaching consequences affecting fundamental interests.

In terms of the options we have, it is clear that the essential question before the Senate today is really whether we should seriously try to make NATO work or whether we should wash our hands of these difficult problems and begin to withdraw our forces unilaterally.

I believe Senator MANSFIELD made it very plain. I think this is a question of judgment, but I think he made it very plain he does not see any hope of any reduction under the mutual reduction in forces talks. This differs from what Ambassador Resor and Bruce Clark have said. I can say they do not share that pessimism.

I have no way of knowing what is going to happen as a result of the mutual reduction in forces talks, but I would like to present the view that it is not a question of just how many troops we would like to bring home. I myself would like to bring home the troops. The question is much broader and involves such things as the level of the tension in Europe, the danger of tactical nuclear war on the East-West border, and what would be the status of our dependents who are going to remain there.

I do not think that Senator MANSFIELD, Senator HUMPHREY, Senator CRANSTON, or anyone else says we are going to bring all the troops home. I have not heard them say that.

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

Mr. NUNN. I am glad to yield.

Mr. MANSFIELD. Does the Senator think we should keep our troops in Europe permanently?

Mr. NUNN. I certainly do not. I made it plain, and the committee report I think made it plain, that we should take steps to see that NATO is restructured not only in military strength but economically. The Jackson-Nunn amendment, which I think the Senator supported last year, is going a long way, although not as far as I would like it to go. So it is correcting one of our basic inequities in NATO, and that is the U.S. balance-of-payments deficit.

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

Mr. NUNN. In just a minute. Let me finish my answer.

But I do submit we have two chances of withdrawing troops on a rational basis. One is through the mutual force reduction talks. If that does not work—and I do not know the magic number of days or months it will take—then I think we ought to sit down with our allies and negotiate, and even if we cannot come to an agreement, negotiate, as far as the level of support they are willing to commit over a period of time is concerned, which will give them an opportunity to replace the forces we withdraw, so the withdrawal does not leave NATO—and this is an extremely important point—without adequate forces.

It is true that we are still going to have

150,000 or 175,000 troops. We are still going to have 100,000 dependents. We are still going to have hundreds of thousands of American tourists. We are going to have a substantial business investment there. I do think if that happens, then the nuclear tripwire that some people talk about—and I do not agree with it entirely—is going to become a self-fulfilling prophecy, and we are going to see tactical nuclear weapons become the No. 1, the No. 2, and the No. 3 defense in Europe, because we are not going to be able to maintain a conventional defense if the United States unilaterally withdraws 125,000 troops.

So I think we have to consider, in that connection, not just the question of troop withdrawal, but, more importantly, what is going to be the danger to Europe and to the world of nuclear war if there should be any kind of altercation breaking out in Europe. When we cannot deter conventionally, when we cannot defend conventionally, that leaves only the recourse to tactical nuclear weapons.

I do not believe this body has carefully examined that question. I will be candid with the Senator from Montana (Mr. MANSFIELD) that this is one of the essential reasons why I am opposed to unilateral withdrawal at this time. But I do not think we are going to be able, in the years to come, to continue to support NATO to the extent we have in the past, and I believe I have made that position very, very clear to our allies and to everyone I have talked to.

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

Mr. NUNN. I yield.

Mr. MANSFIELD. The Senator referred to the Jackson-Nunn amendment, and I am pleased that that amendment was adopted, but the Senator went over there last fall and was displeased with the results of the Jackson-Nunn amendment.

Mr. NUNN. I believe I said the amendment is not working as well as I would like to see it work, but it is doing substantial good in terms of offset. Last fall we had not had a report. In fact, last fall the Jackson amendment had not become law. It did not become law until late in the fall. I was there in February. A German-American bilateral agreement had not been negotiated. In fact, it was negotiated and finalized in April of this year. So the Senator from Georgia had no way of gauging the results of the Jackson-Nunn amendment last fall. It has not produced a 100-percent offset, but it has produced a 75-percent offset brought about by the bilateral agreement with Germany.

I had a conversation this week with people from other, smaller NATO countries. They are trying to decide on a French or American fighter plane. One of the factors which is affecting their choice is the Jackson-Nunn amendment. I do not know what their decision is going to be, but if they should purchase our plane, it could mean $1.2 billion coming into our country over several years.

So the amendment is making substantial progress. But I am not going to pretend I am satisfied this morning with the amount of contribution our allies are making, because I am not satisfied, and I think the record very clearly reflects that.

Mr. MANSFIELD. Will the Senator yield?

Mr. NUNN. I will be glad to yield.

Mr. MANSFIELD. Are the Germans still purchasing U.S. bonds on which we pay interest as part of the offset agreement?

Mr. NUNN. One of the principal parts of the offset agreement is the German purchase of U.S. bonds at a highly subsidized interest rate. I believe the level is around 2 or 2.5 percent, which is about 6 to 6.5 percent under the current market, which means that that is a direct subsidy to the U.S. Government.

I may say to the Senator from Montana that I am not completely satisfied with the way the bond agreement has been arranged in the past. I do not think that we can, on the one hand, count on the bonds coming in as a complete offset and, on the other hand, not count them when they are paid back.

I have raised that point with the State Department, the Defense Department, and the Commerce Department, and I think this is one of a number of questions that the Senate and Congress must answer. I know the Senator from Montana is going to be interested in the precise way they compute this offset, because it is a very complex kind of computation.

Mr. MANSFIELD. Mr. President, if the Senator will yield further, it is a gimmick. We have, over the past decade, on more than one occasion subsidized the retention of British troops, the so-called Army of the Rhine, in Germany, and we probably have done it for other countries as well.

Is the Senator aware of the fact, speaking of unilateral cuts, that the British are pondering military cuts in Europe and Asia, according to an article in the Washington Star-News under date of May 11, 1974, including the Army of the Rhine?

Mr. NUNN. I am not aware of that precisely. I do know England has some very serious economic problems.

I talked at length with some of the British representatives, particularly in the NATO conferences, and they recognized the results that would occur if they did unilaterally withdraw. I am not sure whether they are going to do any withdrawing or not, but I would be very much opposed to that, just as I am opposed to the American position. But I do not think we can base our long-range national security interests and the security interests of NATO on what may or may not be the subject of some speculation in England at this time.

Mr. MANSFIELD. It really makes little difference whether we oppose what the British do. It is what we do ourselves, because what the British or the other nations, including Canada, do as sovereign nations, they do within the confines of their sovereignty and their independence.

Mr. NUNN. I would submit to the Senator that I think Britain is a great ally and has been a mainstay in NATO for a long time. I do not think, whatever they do, that their action would have the kind of fundamental repercussions with the Soviet Union or the Warsaw Pact nations that withdrawal by the Americans would.

Of course, the British role is very important and will continue to be very important. But the mutual balanced force reduction talks are not likely to hinge on whether or not Britain withdraws a few troops from NATO.

Mr. MANSFIELD. The Senator mentioned inflation; that Britain is undergoing an inflationary difficulty at the present time. That is true. But it is my understanding that the inflationary rate is just about the same in both our countries at the present time. So are we not undergoing an inflationary rate? Are not our costs increasing? Is not our burden becoming heavier? Are we not shouldering too much at this time?

Mr. NUNN. I would agree with the Senator that we have serious economic problems. I also think the Senator has this year made a very candid change from his previous year's approach on this matter, because in the past we were debating over and over and over again, hour after hour, the total savings that were going to inure to the benefit of the United States by bringing home troops, when the actual facts are that bringing home troops does not save much money at all.

It does save in the balance of payments. But what really has to happen to save the money is to take these troops out of the service entirely. I think that being a Senator, I have had this hit me four-square this year. We have that question before us, because bringing home American troops from overseas does not save budgetary costs, or, to the extent that it does, it is very small.

We would have to take them out entirely, and I think we are going to be faced with this issue on a head-on, frank, candid basis now, I believe that is the way it ought to be addressed.

The committee has already cut 2 percent across the board. I believe it is going to come to 49,000 or 50,000 troops.

As I understand the Senator's amendment, it would take out about 125,000 troops. The Senator will correct me if I am wrong on this, but about 75,000 troops would be taken out of the U.S. active duty force beyond the number cut by the committee.

Mr. MANSFIELD. That is right: 49,000 which the committee has cut and 76,000 which would be included in the 125,000.

But the Senator has mentioned the question of costs. It is true that has been a factor. But, frankly, I have never been interested in the costs per se. I am not interested in the economics of the situation. I am interested in a principle, and sometimes a politician does have a principle. But I think 30 years—almost 30 years—after the end of the Second World War, for us to maintain in excess of 300,000 troops and in excess of 225,000 dependents in Western Europe is going far beyond any responsibilities which we might have had when Senator Taft made his prophetic declaration in 1951.

I appreciate the comments of the distinguished Senator, who is a student of military history, but I do think that the right place; the right time and the right

way to do it is through congressional action.

I thank the Senator from Georgia.

Mr. NUNN. Mr. President, as I was saying before we had this dialog, I think the alliance faces many critical problems and deficiencies. But it is also my firm opinion that a strong alliance is vital—is still vital—to U.S. security, and there is a wide consensus that, with a determined effort, NATO can be restored to a new footing responsive to the realities of today.

As I frankly said to the Senator, I am not satisfied with NATO. I am not satisfied we are doing all we can do to strengthen our own conventional forces. I am not satisfied with the amount of funds and troops and support our allies are making. But I think the Senate must today face the question of whether we are going to try to correct these deficiencies, as the committee legislation has done, or whether we are going to withdraw unilaterally and terminate any possibility of having successful negotiations.

Again I emphasize that it is not a question of withdrawing everybody from Europe. It is a question of withdrawing partially under this amendment; and if we do this, those who remain are going to be in much greater hazard because we will not have, and NATO will not have, a strong conventional deterrent. I believe, therefore, we will have to turn to tactical nuclear weapons very quickly in any kind of confrontation.

Mr. DOMINICK. Mr. President, will the Senator from Georgia yield at this point for a comment?

Mr. NUNN. I am glad to yield to the Senator from Colorado.

Mr. DOMINICK. I remember that when the Senator from Montana submitted his first resolution to withdraw some people from Western Europe and other places, I believe I was the first Republican to be a cosponsor on that. I suspect we were doing it for different reasons. I suspect that the Senator from Montana—and I am not sure of this—felt there was not nearly the risk that I thought there was.

I joined as a cosponsor because I believed that, we having been there for 25 years, it was time for the European countries to do more for their own defense instead of acting as neutralists, as they have in the United Nations and in a variety of other places and on other occasions.

Despite that fact, it seems to me that the Senator from Montana, by putting this into law, is, in fact, saying that we, as Members of the Senate and as Members of the House, if they should adopt that position, are really acting as the chairman of the Joint Chiefs of Staff and/or President of the United States.

The Constitution clearly gives those the right to determine where troops ought to be stationed in order to defend the best interests of the United States.

For us to try to take that away from their control would, in my opinion, be a disaster. It would not take us very long to find ourselves in a condition where each person just liked the particular area he was involved with, and would have an isolation-type position, which I am against, as I gather the Senator from Georgia is against.

So I would, under those circumstances, even though I was the original Republican sponsor of the resolution when it was the sense of Congress, vote against the Mansfield amendment today. I certainly do not think, in view of this debate, that we are capable of being either the Chairman of the Joint Chiefs of Staff or the head of any one of the military branches, nor do I think we are capable of having the necessary information on a day-by-day basis so that the Commander in Chief, namely the President, regardless of who he is, can be second-guessed by Congress.

For that reason, I shall not be supporting the Mansfield amendment, and I think the Senator from Georgia has given us a very graphic and good account of the situation in Europe.

Mr. NUNN. I thank my colleague the Senator from Colorado.

Mr. President, I would like to emphasize one point. We are getting down to real reasons today. I think we should look at the issues squarely.

The amendment of the Senator from Montana provides that we have to get 125,000 troops out of the Armed Forces entirely, so we are facing a vote today to cut the American forces to the greatest extent since the Korean war. That is one point.

I think the Senator from Montana has also been very candid this morning in saying he has very little confidence in the mutual balanced force reduction talks. That is an important matter, too. I have already made the point that, if the Mansfield amendment is defeated the success in MBFR talks would not necessarily occur; what I do say, and what I think the Senate has to confront today, is that we are not going to have any mutually balanced force reduction talks if we do pass the Mansfield amendment.

So we have to decide whether the Senate has any confidence in the mutual balanced force reduction talks. We also have to decide whether the Senate wants to go beyond what the committee felt was prudent in terms of the Mansfield amendment, and whether to add another 75,000 people to be taken out of service.

Those are the two points, and I believe we are right down to them now.

I would like to take a few moments to express what the committee has done positively to deal with some of the frustrations which are legitimate, as Senator Mansfield has pointed out.

First of all, I think we have to realize that a policy relying primarily on nuclear deterrence and defense to conventional attack is no longer viable. The willingness of any American leader to unleash nuclear arms against a limited conventional attack would be in serious doubt with success by no means assured and the risks of escalation virtually uncontrollable. Deterrence and defense simply cannot safely be left to a nuclear umbrella alone.

Second, NATO's conventional inferiority is neither clear nor necessary. Secretary Schlesinger has taken the lead in demonstrating that Soviet advantages in conventional forces and arms are substantially offset by compensating NATO advantages in defense such as tactical air superiority, extensive anti-tank capabilities and other advanced arms which were well proven in the Middle East war. With better organization, greater coordination, streamlining and some change in doctrine, NATO can establish a solid conventional defense and deterrence essentially within present resource levels. I believe this realization is finally beginning to strike home to our allies and that prospects are excellent for real improvements.

To encourage this process, the Senate Armed Services Committee unanimously adopted three amendments which are in the procurement bill. They are aimed at making NATO work. I explained these amendments in detail earlier in this debate, but briefly:

The first amendment requires a 20-percent reduction in U.S. support troops in Europe over 2 years, involving about 23,000 troops and would allow but not require corresponding increases in combat forces. This amendment would reduce the top heavy support structure of our forces and permit a substantial increase in combat capability with no increase in costs.

But, Mr. President, I want to point out the differences between this amendment, which is in the bill, and the amendment we will be voting on today.

First of all, the bill provides that the Secretary of Defense can add back combat troops in the place of the supply troops that are not in the service. That is extremely important from a MBFR point of view, and also from the point of view of having any kind of strength and conventional capability.

I also want to make another point: I did not realize until this morning, in examining carefully the Mansfield amendment, that the committee amendment is entirely compatible with the War Powers Act which we passed. The language makes it very plain, in the event of hostilities, that this amendment does not put any ceiling on the President of the United States. The Mansfield amendment—and I do not know about the other amendments that may be offered—to my mind, in my legal interpretation, would preclude the President of the United States from putting any additional combat troops in any area in the world where there were imminent hostilities, or even an outbreak of war, without another act of Congress.

We debated the War Powers Act long and hard last year, and I voted for it; but I believe the Mansfield amendment as now proposed and written would be a drastic extension of the War Powers Act that I do not really believe the Senate should agree to.

As to the other two amendments in the bill that I think are also important, the second amendment would impose a legislative ceiling on U.S. tactical nuclear weapons in Europe and require the Secretary of Defense to make a real review of our nuclear policy and posture in Europe and the possibilities for reducing the numbers and kinds of tactical nuclear weapons that have accumulated there over the years. This amendment would assure that our tactical nuclear

posture is consistent with a proper emphasis on conventional defense and reduce any chance of unnecessary or inadvertent nuclear combat. It would retain the ability to employ these weapons "as soon as necessary" as our current plans provide, but would emphasize that they should be held back "as late as possible."

I believe we have not updated our tactical nuclear policy in the light of events, and that this legislation would be of great benefit to the Congress, and also to the Department of Defense, in reassessing our tactical nuclear weapons in Europe.

The third amendment is important from an economy point of view. Recently a German general retiring from the NATO structure made the comment that 50 percent of the total research and development funds expended by the members of the NATO alliance are wasted because of duplication. This amendment is directed at that point. It requires the Secretary of Defense to take every action possible to improve standardization within NATO. It is directed at what may be the greatest source of waste and inefficiency in NATO and would lead to real increases in combat effectiveness and economy.

I believe that these amendments together with the Jackson-Nunn amendment promise real progress in putting NATO on a new footing and in meeting the objectives of those who call for a substantial change in our commitment. What, on the other hand, would be the consequences of a substantial unilateral withdrawal of U.S. forces from NATO? While no one can foresee the future with certainty, I think the major consequences of that action are clearly predictable.

First, the mutual and balanced force reduction negotiations between NATO and the Warsaw Pact will be aborted. The Soviets are not going to make concessions or sign away options when they can get what they want simply by waiting. Although the MBFR talks seem promising, success is not inevitable; but failure can be confidently predicted if we have unilateral withdrawal.

Second, we would demoralize our European allies and unavoidably weaken their own commitment to collective defense. In all likelihood, they would be forced to seek a greater degree of accommodation with the U.S.S.R.

A number of our NATO allies are facing serious political instability and economic difficulties. These problems make doubly difficult, as we ourselves know, positive defense efforts. Despite these problems, I believe we are now turning the corner in collective action to bring NATO up to date. Unilateral reductions will undo this progress and, worse, present the Soviets with their number one goal—a divided and demoralized Europe at odds with the United States.

Third, we would jeopardize our important economic and commercial relationships in Europe. U.S. trade and investment with Western Europe is critical to our own well being. U.S. direct investment in Western Europe is over $30 billion, one-third of our worldwide total. U.S. trade with the European community exceeds $33 billion in 1973, nearly a quarter of our worldwide total. The success of international monetary and trade arrangements depends directly on a constructive European role. While these relationships and our security arrangements are not conditioned on each other, they are closely related. Our apparent abrogation of our undertakings in defense of Europe will inevitably erode these other vital ties.

Fourth, and most critical, a reduction in our conventional capability will make the nuclear tripwire prophecy self-fulfilling. With no prospect left of a realistic conventional defense, we lower the nuclear response to a hair-trigger in an unsteady hand. I do not mean to be an alarmist or to say that the Soviets are simply waiting to attack, but I am persuaded that any altercation or serious instability along the German frontier would create immediate pressure for the use of tactical nuclear weapons. With a large unilateral withdrawal, we would have no other way to meet a conventional military adventure or misadventure without making substantial concessions.

Finally, reducing our troop level will have little impact on our balance-of-payments deficit. If the Jackson-Nunn negotiations are successful, we will have obtained a full offset of this deficit. Any foreign exchange gains from bringing home troops would in turn be offset by the losses which would result from the inevitable termination of the offset arrangements agreed to. We must remember, too, that there will be no savings in the budget costs of these troops from bringing them home unless, and until these troops are also deactivated.

Mr. President, whenever I think of NATO today, I am reminded of the story of the preacher who asked his congregation one Sunday if any among them could honestly say that he had no enemies in the world. The preacher was surprised when one crusty old codger called out from the back of the church, "I ain't." The preacher said to the old fellow that he was sure his experience would be a great example to the other parishioners and he asked him to tell them how it was he could say that he had not one enemy at all. The old gentleman stood up, looked around, and said, "I outlived the scoundrels."

There are those who believe today that NATO has outlived the threat that got it started and that has kept it going. They contend that with the economic strength of Europe and the atmosphere of détente, we can now reduce and relax our defenses. They would, in effect, take the "O" or Organization out of NATO and rely on the treaty alone for deterrence.

I trust there are few in the Senate who subscribe to this view. Soviet actions during the Yom Kippur war in supporting Arab aggression and in threatening unilateral intervention have put to bed any hope that détente might be a substitute for deterrence. With these signals in mind, I hope that my colleagues will carefully weigh the consequences for the United States which would follow if a meat ax U.S. troop cut should dismember NATO and with it our vital capacity for a conventional forward defense in Europe.

I believe that the committee amendments when considered in light of the progress being made under Jackson-Nunn and the prospects in MBFR promise substantial success in placing NATO on a firm footing that responds to current realities. I believe these measures can substantially lower the cost to the United States in manpower and money without lowering our guard and without lowering the nuclear threshold.

To my mind, the Committee amendments represent the kind of positive leadership in national policy which Congress should assert instead of the kind of negative knee-jerk reaction to executive inertia that we are all too often forced to settle for. I ask only that the positive approach of the committee be given a chance to make NATO work before we risk irrevocably writing off 25 years of solid NATO success.

Mr. STENNIS. Mr. President, I yield myself 1 minute to thank and again commend the Senator from Georgia for some very vital work that has been very highly productive for our committee and for this bill. I believe those amendments that he is responsible for, that he has just described, will prevail here today as a part of this bill; I am sure they will prevail here in the Senate, and I believe they will have very fine prospects, due to their great strength and soundness, to prevail in conference, though I never promise nor predict flatly what the conference may decide, because it is an official committee of the Senate and the House of Representatives together.

I commend the Senator and thank him again.

Mr. President, I yield now to the Senator from South Carolina.

The PRESIDING OFFICER. How much time?

Mr. STENNIS. I yield the Senator 20 minutes.

Mr. THURMOND. Mr. President, before I begin my talk, I would like to commend the able Senator from Georgia also for the splendid work he has done on the Armed Services Committee, and particularly in connection with this bill.

Mr. President, a worldwide overseas cut of 125,000 men could not be absorbed by some vague combination of closing down insignificant facilities and reducing support troops and headquarters staffs. Rather, it would force us to decide between removing virtually all of our land-based forces west of Hawaii, leaving the Seventh Fleet alone to support our policy interests in the Pacific, or making a major reduction in our forces in Europe.

The first of these alternatives would represent a reversal of 30 years of bipartisan policy in the Far East, and would have a profound effect on the countries in that area and on our relations with them, an effect I do not believe Congress intends or would want.

The argument, then, comes down, as it has in the past, to the question of whether the United States can or should make a substantial reduction in its troop commitments to Europe.

For at least a decade, the argument has been made by both Republican and Democratic administrations that the time is not ripe for a unilateral—and I stress unilateral—reduction of United States forces in Europe. That argument is even more valid today for the following reasons:

First, our forces in Europe were stationed there for the defense of the United States as well as Europe. That is something I feel many people in this country have not recognized—even some Members of Congress.

As a matter of strategic judgment, we believe they can contribute more to the defense of the United States there than they could if they were withdrawn to the Continental United States. In other words, we are better protected by helping our allies maintain an effective line of defense in Europe than if we weakened our European forces by pulling back these forces to the United States.

Second, it is important to remember that United States forces are by no means the dominant component of NATO forces in Europe. They constitute just over 10 percent of the ground manpower and about 20 percent of the ships and aircraft.

Third, from a cost standpoint, there would be no net savings. In fact, it would mean additional costs, if we withdrew our forces and maintained them with the capacity to reintroduce them quickly in an emergency. The additional cost would be attributable to buying more airlift to take our men back and more equipment would have to be prepositioned in Europe for their use when they arrived.

Fourth, our forces in Europe are the premium for NATO's very successful insurance policy.

The Soviet Union rode all over Eastern Europe in World War II and has repeatedly used force to maintain its dominance there since then.

The Warsaw Pact has developed enormous strength but Western Europe remains free and secure. In other words, our forces there in NATO and in Europe have maintained the peace since the end of World War II.

Fifth, there is now a good prospect for mutual and balanced force reductions—MBFR for short. Mutual and balanced force reduction talks are now under way in Vienna.

If we withdraw U.S. forces unilaterally, we would reduce the one bargaining power—and I want to call this especially to the attention of my colleagues—we would reduce the one bargaining consideration that has induced the Soviet Union to negotiate on this matter in the first place.

Mr. President, finally, withdrawing substantial U.S. forces would force greater reliance on nuclear weapons. In an age of strategic parity, it would be most unwise to upset the existing rough balance in Europe and reduce the President's options for dealing with possible crises in Europe. It could be there might be some skirmishes there. It could be possible that with the conventional forces we have there, we could deter the situation long enough for the heads of the nations to talk.

But if there is no recourse but to use nuclear weapons, then they could engage not only our country and the Soviet Union in war but could engage the entire world in a war. So it would seem the only sensible course to allow an option to the President; but we would take away that option if we reduced the strength of our NATO forces in Europe where they would become ineffective.

Mr. President, the man we have been relying upon to do our negotiating under President Nixon's direction, guidance, and supervision is Dr. Kissinger, the Secretary of State.

I should like to read some excerpts from a letter he wrote to the chairman of the Armed Services Committee of the Senate, the Senator from Mississippi (Mr. STENNIS), which is dated June 1, 1974.

These are Dr. Kissinger's words:

I feel compelled to caution that unilateral reductions at this time could seriously undermine our efforts to achieve mutual reductions of forces between NATO and the Warsaw Pact in Europe where the bulk of our overseas forces are located. As you know, we have already reduced our troops in Europe by about one-fourth, from about 400,000 in the early 1960's to about 300,000 now. During the same period, Soviet forces deployed in Eastern Europe have increased by about 100,000, from 475,000 in 1962 to 575,000 now. But more important, the U.S. troops in Western Europe constitute an absolutely essential element of NATO's military posture in the Central Region.

Now, Mr. President, following that excerpt, he states as follows:

An unreciprocated reduction of U.S. forces would remove Soviet incentives to negotiate seriously since they will hardly pay a price for something that is about to be handed them unilaterally by us.

Mr. President, that makes sense. In other words, Dr. Kissinger can use this force over there that we have and say to the Soviets, "We will reduce our forces if you reduce your forces." But if we already have reduced our forces, then we have lost our bargaining power.

Now, Mr. President, further down in the letter Dr. Kissinger makes this statement:

There is no question in my mind that a reduction in United States forces in Europe would be destabilizing, and would afford distinct political advantages to potential adversaries.

He also makes this statement:

But any major reduction in U.S. forces in South Korea, Japan, Okinawa, and the Philippines could seriously jeopardize our efforts to achieve a more permanent structure of peace in that area.

Mr. President, those are the words that come from Dr. Kissinger.

Are we going to take out of his hands the strength he says he needs in order to get a multilateral or a mutual reduction in forces?

That is what we want.

We want both sides to reduce. We want to reduce our side, to save the taxpayers of this country money. We want to reduce the number of tanks, planes, missiles, rockets, and all the other weapons of war. But we want the Soviets also to reduce their forces. We cannot afford to reduce unless the Soviets also reduce. We cannot get the Soviets to reduce if we give away our bargaining power first and unilaterally reduce because, as Dr. Kissinger has said in his letter, he would lose his bargaining strength.

Now, Mr. President, I want to say that it has been mentioned here something about defense officials during the day prowling around the corridors. Well, Mr. President, I am glad to see any defense officials over here that can shed any light on this situation. I am pleased to see the officials of our Government come to the Capitol and talk to Senators and Representatives about matters affecting the very survival of this Nation. That is what we are doing in this bill. We are considering weapons that affect the very survival of our Government and the freedom of the people of the United States. If those officials wish to come and talk to me and if they can enlighten me on subjects, I am delighted to have them come.

Something has been said about too many admirals and generals. The Armed Services Committee has already taken up this matter with the Defense Department, and they have agreed to reduce the number of admirals and generals. We will keep oversight with respect to that matter. Under the able chairmanship of Senator STENNIS, this matter will be followed up. I believe he has already given some figures to show some reductions now. Not only have we been after them to reduce the number of admirals and generals, but also, we have been after them to reduce headquarters and convert the cost of those headquarters into combat troops.

We have a relatively large proportion of support troops to combat troops, and for some years the Armed Services Committee of the Senate has felt that there should be a smaller proportion of support troops to combat troops, and we are working on that and will continue to do so.

Mr. President, the Mansfield amendment, No. 1392, would do two things. First, it would set a ceiling on military manpower effective December 31, 1975, at 2,027,100. To explain this, I have prepared a little chart, a copy of which will be placed on the desk of each Senator, so that Senators can see the true picture at a glance.

In other words, the DOD request was 2,152,000, and when we subtract from that the Mansfield amendment, 2,027,000, it shows a manpower cut of 125,000.

The Armed Services Committee has already considered this matter. They have already acted on this matter; and against the thinking of some of the members of the Armed Services Committee, the committee has reduced the manpower. It has made a cut of 49,000. We feel that this is sufficient, but Senator MANSFIELD'S amendment would make a 76,000 cut in addition to the committee action.

Mr. President, at the very time when our President has been able to get some agreements in various parts of the world in order to preserve peace, and at the very time when there are crises in the world and when we are trying to take steps to bring about multilateral reductions in armaments, it certainly would be unwise to say to the world that we are

going to reduce more than the Armed Services Committee has already reduced. Would that not be a signal to the Soviets that we were beginning to weaken? Would that not be a signal to our allies that we were beginning to draw back from various parts of the world and would not work with them to preserve peace in the free world?

The second part of the Mansfield amendment sets a ceiling on military manpower overseas, effective December 31, 1975, at 312,000. I will explain that figure.

We have 274,000 men in Europe, 116,000 in the Pacific, 35,000 in Southeast Asia, and 13,000 others, making a total of 438,000 overseas. Under the Mansfield amendment, there would be a cut, as I calculate—and we have gone over these figures—of 124,000.

The PRESIDING OFFICER. The Senator's 20 minutes have expired.

Mr. STENNIS. I yield the Senator 2 additional minutes.

Mr. THURMOND. This shows a ceiling allowed under the Mansfield amendment of 312,000.

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

Mr. THURMOND. I yield.

Mr. MANSFIELD The figure was 125,000, but the Senator must subtract from that the 49,000 which the committee, itself, reduced; so, overall, the figure would amount to 76,000.

Mr. THURMOND. That is in the act of establishing it. I have already explained that. I am now explaining the second part of the amendment, about the overseas part.

Mr. MANSFIELD. It is only overseas. It does not apply to domestic forces.

Mr. THURMOND. According to the Senator's amendment, he would set a ceiling of 2,027,100 in the whole active establishment.

Mr. MANSFIELD. Exactly, just as the Armed Services Committee set a ceiling on the basis of the 49,000 reduced which it agreed to and reported in the bill.

Mr. THURMOND. The DOD request, as I explained earlier, was 2,152,000. The Mansfield amendment would set it at 2,027,000.

Mr. MANSFIELD. And what would the committee do?

Mr. THURMOND. The Mansfield manpower cut was 125,000. The committee cut 49,000, which leaves a 76,000 cut in the Mansfield amendment, in addition to the committee action. But that would also be a cut overseas—if we want to call it the second part of the amendment of the distinguished Senator from Montana—to 312,000. I believe he calculated 313,000 and we calculated 312,000.

Mr. President, in my judgment, this is not the time, when our President has been so successful in getting negotiations to preserve peace in the world, to say to the world that we are going to weaken our establishment, that we are going to make such reductions here that could jeopardize further negotiations and further reductions.

I hope the Senate will defeat this amendment.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Who yields time?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may proceed for 1 minute without the time being charged.

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

EDUCATION AMENDMENTS OF 1974

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 69.

The PRESIDING OFFICER (Mr. HASKELL) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R 69) to extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBERT C. BYRD. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. PELL, Mr. WILLIAMS, Mr. RANDOLPH, Mr. KENNEDY, Mr. MONDALE, Mr. CRANSTON, Mr. EAGLETON, Mr. HATHAWAY, Mr. DOMINICK, Mr. JAVITS, Mr. SCHWEIKER, Mr. BEALL, and Mr. STAFFORD conferees on the part of the Senate.

MESSAGE FROM THE PRESIDENT

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

REPORT ON ADMINISTRATION OF THE RAILROAD SAFETY ACT OF 1970—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. HATHAWAY) laid before the Senate a message from the President of the United States, which, with the accompanying report, was referred to the Committee on Commerce. The message is as follows:

To the Congress of the United States:

I transmit herewith the third annual report on administration of the Railroad Safety Act of 1970 (84 Stat. 971, 45 U.S.C. 421 et seq). This report has been prepared in accordance with section 211 of the act, and covers the period January 1, 1973 through December 31, 1973.

RICHARD NIXON.

DEPARTMENT OF DEFENSE APPROPRIATION AUTHORIZATION ACT, 1975

The Senate continued with the consideration of the bill (S. 3000) to authorize appropriations during the fiscal year 1975 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for the quorum which I am about to suggest be taken equally out of both sides on the amendment.

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAKER. Mr. President, it is indeed a pleasure to debate a military procurement bill at a time when no American troops are engaged in hostilities abroad and the United States continues to make impressive progress in its efforts to improve relations with the Soviet Union and the People's Republic of China. This is due in large part to the relentless efforts of Secretary of State Kissinger, who seems to perform one diplomatic miracle after another to the amazement of us all. His most recent achievement in prompting the conclusion of a Syrian-Israeli troop withdrawal agreement may be his finest accomplishment to date.

This agreement, as well as the others, has been concluded in an atmosphere of compromise, an atmosphere which renders even the most insoluble problems, susceptible to negotiation, if not resolution. It is an atmosphere commonly known as détente. Although it behooves us to perpetuate this policy, it is essential to realize the foundation upon which this policy is based. It is based largely upon economic and military strength, in my judgment; and we dangerously mislead ourselves to attribute it to anything else. Our continued economic and military strength apparently has convinced our adversaries of the wisdom of pursuing constructive diplomatic and commercial ties with the United States rather than dwelling upon irreconcilable differences. They have done so because it is in their

own best interests, and they can ill afford to confront the United States as long as we remain militarily their equal and economically their superior.

This is really the heart of the matter as we debate the military procurement bill for the next fiscal year, that is, how much defense is necessary to maintain strategic parity with the Soviet Union while not neglecting major domestic problems, including, of course, inflation.

Chairman Arthur Burns of the Federal Reserve Board said that unabated inflation could signal the eventual demise of our present form of society in America; and at the risk of appearing alarmist, I find some merit in that comment. I am of the opinion that one of the keys to controlling inflation is coming to grips with the sky-rocketing expenditures of the Federal Government. In this regard, defense spending is particularly significant. Although the percentage of Federal outlays spent on defense continues to decline, it still accounts for almost 6 percent of the gross national product and over 27 percent of the Federal budget.

This fact has prompted repeated legislative initiatives to reduce defense spending at every opportunity, and not surprisingly, the preponderance of these attempts have centered around the most visible weapons projects. It is not surprising simply because weapons are easier to understand and grasp and greater attention is traditionally devoted to weapons by the House and Senate Armed Services Committees than to certain other facets of the defense budget. Moreover, recurring cost overruns and frequent defense contractor bungling have tended to add to the growing inclination on the part of many to subject weapons to the closest scrutiny.

Although I generally commend these efforts and, in fact, intend to pose some questions of my own regarding various weapons proposals, we must not obscure what seems to be clearly the single most serious problem affecting the defense budget, and eventually our defense posture—the problem of manpower.

Manpower narrowly defined in the fiscal year 1975 defense budget accounts for approximately 57 percent of all defense outlays. If we include medical programs, hospital construction, et cetera, manpower consumes a phenomenal 66 percent. In the past 20 years, manpower has accounted for 93 percent of the increases in defense spending and 96.4 percent in the past 10 years. Moreover, the worst is yet to come.

Military retirement pay is a devastating example. At the present time, there are approximately 1 million individuals on military retirement rolls costing about $5 billion per year, not including the cost of any recomputation. By the year 2000, there will be approximately 2 million retirees with an annual cost in excess of $30 billion; and given reasonable pay and price increases, the Government will disburse between now and fiscal year 2000—only 25 years—over $400 billion in military retired pay. The government's unfunded liability for military retirement alone is already $137 billion which means that in the not-too-distant future, we could be spending as much on retirement annually as we do for all military research and development efforts.

The tragedy of it is that no real solutions are in sight for coming to grips with various aspects of the military manpower problem, and there will not be any real progress in this regard until manpower is given the same attention as weapons proposals. For these reasons, Senator BENTSEN and I proposed and gained passage of an amendment to the military procurement bill last year creating a seven-member Defense Manpower Commission.

Since that time, the Commission has been formally appointed and has selected the very able Curtis Tarr as its Chairman. Their task is both ambitious and awesome, but absolutely necessary if we in the Congress are to obtain a comprehensive and objective accounting of the problem as it presently exists and is likely to exist in the future.

Moreover, I would urge that consideration be given to "beefing up" our own capability in this regard. It is no fault of the respective Armed Services Committees, nor of the General Accounting Office that they cannot match the resources of the Pentagon in the manpower area. Indeed, they should not even try. However, it might be beneficial to consider devoting greater attention to manpower within the committees, whether such attention takes the form of additional staff personnel or the formation of a special manpower subcommittee so that when the Defense Manpower Commission submits their periodic findings, the Congress is in a better position to entertain those findings without having to rely on the Pentagon for advice.

And finally, I would urge the Department of Defense to undertake its own study of manpower requirements and the cost-effectiveness of the military today and in the future, for clearly they are the most familiar with the situation and, hopefully, the most interested in reducing costs. The reasons are obvious. Either we gain control of military personnel costs, or face the dangerous prospect of gradually compromising our overall defense capability. It is just that simple; because if inflation continues, and pressure increases to cut or limit defense spending, I submit that the Congress will have no choice but to eliminate essential weapons systems or impose strict personnel guidelines, neither of which are acceptable alternatives.

Mr. McINTYRE. Mr. President, will the distinguished Senator yield me 10 minutes on the bill?

Mr. STENNIS. Mr. President, I am glad to yield 10 minutes on the bill to the Senator, and such additional time as he and the Senator from Wisconsin may want on this matter.

Mr. McINTYRE. Mr. President, I am happy to yield to my distinguished colleague from Wisconsin in order to enter into a colloquy concerning a program in which he is very much interested, the Sanguine program.

Mr. NELSON. Mr. President, S. 3000, the military procurement authorization bill, contains a $11.4 million request for research and development of Project Sanguine, which has been an ongoing program for some years. This project, which is sponsored by the Navy, continues to be a matter of public controversy. Citizens in Wisconsin, Texas, Colorado, and Michigan are very much concerned about the possible environmental effects and the technical feasibility of the communications system that the Navy alleges that, despite nuclear attack or attempts at jamming, will assure continued command and control of U.S. strategic forces, particularly our attack submarines.

To clarify the funding situation in this procurement authorization bill, so that everyone understands what is being authorized, I would like to ask the distinguished chairman of the Armed Services Research Subcommittee (Mr. MCINTYRE) some questions.

First, it is my understanding that the $11.4 million that is requested is slated for the design validation phase, including further environmental and feasibility testing. Not one penny will be spent on actual deployment or construction of the communications system.

Is that a correct statement of the facts?

Mr. McINTYRE. The Senator is correct.

Mr. NELSON. Second, that at this stage of development, Project Sanguine's technical feasibility is still undergoing evaluation, and neither the Navy nor the committee has made any commitment for construction and deployment. Is that correct?

Mr. McINTYRE. The Senator is correct. Before either the Navy or the committee commits themselves to construction of the system several things must happen. The Defense Systems Acquisitions Review Council will hold a meeting in April 1975. The Council will generally review the program and provide a status report on the site selection project. Then, in July 1976 the Council will meet again to review the site selection project and approve or reject recommendations for the final system. If the Council approves the project then money will be requested from the Congress for actual construction and deployment.

Mr. NELSON. Before any money for actual construction is authorized by the Senate, it is essential, that the following questions be answered definitively in debate on the floor of the Senate:

First. Have all of the environmental concerns that have been raised by citizens in Wisconsin and across the country and environmental experts been adequately answered?

Second. Is the system technically feasible? That is, does it work?

Third. Is it vital to our national defense?

Would the Senator agree to that?

Mr. McINTYRE. I would. I would agree with that.

Mr. NELSON. Mr. President, I know that it is clearly understood by the committee and by Members of the Senate that no final decision has been reached on any one of these three matters. We do not have a final decision on the question of environmental implications.

I believe it ought to be understood that when these environmental studies are

completed scientific experts around the country will have the opportunity to evaluate the quality of the studies and come to their own conclusions about them. We will then have the benefit of both the results of the studies that the Navy has been engaged in, through a series of contracts with universities and private contractors, and an independent scientific analysis. In addition the final studies on the question of Project Sanguine's technical feasibility will have been made available and it will be clear whether or not the communications system which is being tested does in fact work.

When those two issues are settled, the Senate will then come to the question of whether or not—if the environmental studies showed there would be no environmental damage, and if the system is feasible—the system is vital to the defense of the United States. Is that correct?

Mr. McINTYRE. I would say to my good friend from Wisconsin that because of his astuteness and because of his deep interest in the environment, not only the U.S. Navy, but the Department of Defense and the full Committee on Armed Services are going to make very sure that no damage will occur to the environment in any way. We are going to cooperate fully with the Senator and his associates.

I know the Senator from Michigan is also very much concerned. These three questions that the Senator poses will have to be thoroughly debated and answered, I think, to the satisfaction of the Senate and the House before we go ahead.

Mr. NELSON. Assuming it is technically feasible, if there were—and I emphasize "if"—no environmental problems, we would still have to deal in the House of Representatives before the Armed Services Committee and on the floor of the Senate with the debate on the question of whether or not this communication system is vital to the defense of the United States, and the system would have to be approved by a vote of Congress before deployment of the system would commence.

Mr. McINTYRE. I would like to be as accommodating as I can. The Senator realizes that the Navy considered this program to be vital to our command and control of our strategic weaponry. But I think we are on the same ground.

The Senator is interested in making certain that this program is not going to cause environmental damage or damage to human life, and all of these factors which are of great concern to the Senator. We are going to cooperate fully with him, as we already have, and I will read into the RECORD at the conclusion of our little colloquy the amount of study, time, and effort that we have already spent, all due to the keen interest of the Senator from Michigan and the Senator from Wisconsin in this, before we come to a decision on deployment and its effect on the environmental world.

Mr. NELSON. I understand the Senator does agree that it is a part of a weapons system that would still have to have the positive approval by a vote of Congress before it could be deployed.

Mr. McINTYRE. Absolutely; that is correct.

Mr. NELSON. I thank the distinguished Senator from New Hampshire.

On the environmental question, I raised that issue with the Navy in 1968, and they began studies with a very modest $125,000 contract. The contract was, I believe, with the Hazelton Laboratories. I pointed out to the Navy in 1968 that such a limited study would be totally inadequate.

They have since developed comprehensive environmental studies and, as of the end of fiscal 1975, if this authorization is adopted, will have spent $20,600,000 on environmental studies.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. STENNIS. Mr. President, I yield 5 additional minutes on the bill to the Senator.

Mr. NELSON. I ask for just 1 minute.

I thank the Senator from New Hampshire, who conducted hearings on this issue. We submitted to him 25 questions that we wished to have dealt with in testimony before the committee. The Senator from New Hampshire asked these questions, which were comprehensive, and that help compile 139 pages of the hearing record—in part 6 of the authorization bill for military procurement. The pages covered in the hearing record are pages 3154 through 3157.

I thank the Senator for having testimony taken on these 25 questions, which went into great detail on all aspects of the issues in which I was interested having a record made.

Mr. McINTYRE. We intend to cooperate with the Senator from Wisconsin fully in the future.

I yield to the Senator from Michigan.

Mr. HART. Mr. President, I simply wish to express my appreciation to the Senator from Wisconsin and the Senator from New Hampshire for having made so clear, not alone for our constituents—because of their understandable concerns—but also for the Department of the Navy, the restraints and restrictions that attach to S. 3000 as it relates to Project Sanguine.

The Senator from Wisconsin emphasized properly the environmental concern, and the ultimate question of military necessity and feasibility.

But I ask explicitly with respect to the matter of hurt, harm, and injury to human life: Is it not true that before there will be any deployment permitted of the system known as Sanguine, Congress, led by the Senator from New Hampshire, would have to have demonstrated to it that there would be absolutely no harmful effect on a human being by the deployment of this rather esoteric system?

Mr. McINTYRE. In response to the question of the Senator, that would, of course, be of the highest priority and force to indicate whether there were any possible damage to human life. The Senator can rest assured on that.

If the Senator heard me explain this to the Senator from Wisconsin, the subcommittee and the full committee intend to cooperate fully with his questions to cooperate with him.

Mr. HART. I think the people of Wisconsin and elsewhere will be made more comfortable by reading the remarks of the able Senator from New Hampshire who, better than any of us, understands the enormity of the problem, and will make clear to the Navy the restraints under which it will operate.

I thank the able Senator.

Mr. McINTYRE. I thank my good friend from Michigan. The total funding on the Sanguine program amounts to $86,300,000 through fiscal year 1975, of which, as the Senator from Wisconsin said, $20,600,000 has been or will be expended on studies of various types.

I call attention to the extensive hearings appearing in the hearing record on pages 3135 to 3274; which represents 140 pages we devoted to hearings on April 1 of this year.

Also, in the committee report we have covered this on pages 110 and 111, which I shall read into the RECORD for the assurance of all concerned about the environmental features. At the top of page 111, the committee says:

> The committee will continue to closely follow the progress of this program, including, in particular, both technical feasibility and environmental aspects of the system. In this regard, the committee considers Sanguine to be a program of special interest and enjoins the Department of the Navy to keep the committee apprised of all significant problems or developments as they occur.

I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. STENNIS. From the time on the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the pending amendment may be laid aside temporarily and that the distinguished Senator from Georgia may call up an amendment, with a limitation thereon of 15 minutes, to be equally divided in accordance with the usual form.

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

Mr. NUNN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

> At the appropriate place in the bill, insert the following:
>
> SEC. —.
>
> Section 401 of the Department of Defense Supplemental Appropriations Authorization Act, 1974, is amended by striking out the period at the end of such section and inserting in lieu thereof the following: "when his enlistment is needed to meet established strength requirements.".

Mr. NUNN. Mr. President, I have discussed this amendment with the Senator from Mississippi and the Senator from Texas. This amendment is being done at the request of Secretary of the Army Cal-

laway. I will go into the background matter briefly.

Last year, the House Appropriations Committee put certain restrictions in the appropriation bill relating to overall high school graduates, the number of those graduates that must be included in service recruitment totals. Then the House authorization committee, which is the House Armed Services Committee, came back with a sentence in the authorization bill, the 1974 supplemental authorization bill, which reads as follows:

Notwithstanding any other provision of law, no volunteer for enlistment in the armed services shall be denied enlistment solely because of not having a high school diploma.

That was put in, as I understand it, to negate some of the problems that the Marine Corps and the Army were having with meeting the high school diploma requirement. That is understandable, and I am not getting into the merits of either the House Appropriation Committee decision or the Armed Services Committee position. But it is clear that neither of these committees intended to interfere with ongoing programs of the Army that required high school diplomas.

What I have proposed is really an amendment to the 1974 supplemental authorization bill, which received final approval of the Senate yesterday morning, and it simply adds to the previous language these words:

When his enlistment is needed to meet established strength requirements.

This is really a neutral kind of amendment so far as the debate is concerned as to what the number of high school graduates should be or should not be. This does not address that point. I happen to be one of those who believe there should be more high school graduates.

This amendment would give the Secretary of the Army, or the Secretary of any other service, the flexibility to meet their requirements; and, once they have met their requirements, they could use the high school diploma as a criterion. In some of the services, they are using the high school diploma, and they are being restrictive in certain categories.

The fear was that amendment in the House 1974 supplemental authorization bill would have precluded the Secretary from using the high school diploma in any way, should he decide to, in order to help screen out applicants. This amendment would restore that flexibility to the Secretary, so that the high school diploma could be used as a criterion when the Secretary did not need the particular applicant to fulfill a quota. That is really all the amendment would do.

I have discussed this amendment with the chairman, the Senator from Mississippi. I am sure that he is agreeable to it. I defer to the Senator from Texas for any comments he might wish to make.

Mr. TOWER. Mr. President, I think this is a constructive amendment. It is my understanding that it does make it discretionary with the Secretary. Is that correct?

Mr. NUNN. That is right. It would not preclude him from using the high school diploma in instances where he does not have any problem fulfilling his quota.

Mr. TOWER. I am prepared to accept the amendment for the minority, and I believe that Senator STENNIS has already put his imprimatur on it.

Mr. NUNN. He has, and he has authorized me to handle it from the committee's position as well as from the individual position. The committee does accept the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. NUNN. I yield back the remainder of my time.

Mr. TOWER. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

Mr. TOWER. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time consumed be charged equally to both sides on the bill.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending amendment be laid aside temporarily and that there be a time limitation of 10 minutes on the Bayh amendment, the time to be equally divided between the manager of the bill, the Senator from Texas (Mr. TOWER), and the Senator from Indiana (Mr. HARTKE).

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

AMENDMENT NO. 1390

Mr. BAYH. Mr. President, I call up my amendment No. 1390, on behalf of myself and the Senator from Pennsylvania (Mr. SCHWEIKER).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BAYH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the appropriate place in the bill insert a new section as follows:

SEC. —. It is the sense of the Congress that, in carrying out advertising activities for the recruitment of military personnel, the Department of Defense should utilize all major forms of public media, including the broadcasting media.

Mr. BAYH. Mr. President, I ask unanimous consent that Mr. Heckman of my staff be permitted on the floor during discussion of the amendment.

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

Mr. BAYH. Mr. President, for the sake of expedience, perhaps it might be best for the Senator from Indiana to read the amendment because it is very simple and straightforward. The amendment states:

SEC. —. It is the sense of the Congress that in carrying out advertising activities for the recruitment of military personnel, the Department of Defense should utilize all major forms of public media, including the broadcasting media.

Mr. President, the purpose of the amendment is to provide that the people who are charged with the recruiting for the volunteer army, those who are directing our armed services are in a better position to know from their experience what media and how much of the various kinds of media can be most successful in persuading young men and women to serve their country in the military services; and that we should not continue, as a result of the strong feelings on the part of certain Members of the other body, to prohibit the use of certain types of media to persuade young men and women to serve in the military service. It is not for us to tell them what to use, but rather to let them use the media they find most successful in their recruiting efforts.

Mr. President, this amendment is designed to remedy what I regard as an inequitable policy that the Department of Defense has followed in the last few years with regard to its expenditures for advertising for recruiting purposes. Although the current budget contains almost $100 million for advertising, under current DOD policy none of this is expended for radio and television.

This history behind this policy is interesting. In 1971 the Army began an experimental program of paid television advertising in connection with its initial efforts on the All-Volunteer Army. Apparently all or virtually all of these funds, some $6 million, went only to the television and radio networks. Many of the smaller broadcasters around the country were naturally upset that with this experimental program at least, they were not to participate. As a result of the complaints of many of these broadcasters, the Congress in its conference report on the fiscal year 1972 Department of Defense appropriations bill settled the issue by simply barring the use of any funds for paid advertising in the electronic media. Although this provision in the conference report applied only to fiscal year 1972 funds, the Defense Department has continued the policy of expending no funds for this purpose.

The amendment I offer today would simply indicate to the Defense Department that it is the sentiment of the Congress that in allocating the funds made available for recruitment advertising, consideration should be given to the use of all forms of the media, including radio and television. I have discussed the question with the appropriate officials of the Department and they have indicated that they would welcome such an amendment. As all of us in this chamber are well aware, the electronic media is by far the most effective in reaching the American people. Since our Government has decided to follow the policy of an All-Volunteer Army, it seems to me that it is important that the military be

able to use all of the media in its effort to make the concept work.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, I think the amendment of the Senator from Indiana is a reasonable amendment. I am prepared to accept it.

I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Mississippi desire to be recognized?

Mr. STENNIS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator may proceed.

Mr. STENNIS. Mr. President, this is an old question that has been before us several times. It is a question of judgment with respect to the methods of presenting the appeal with reference to the volunteer army. In exercising its judgment, the House has turned this sort of proposal down. In conference we have had the fullest of discussions about it and the House is totally opposed to yielding.

I support the volunteer army concept, even though I did not support it as a change of policy.

For my part I am willing to take this matter to conference again and have it considered. The Senator from Indiana knows it has been resisted, but we will do the best we can.

Mr. BAYH. Mr. President, I appreciate the willingness of our distinguished chairman and the ranking minority member to pursue this particular amendment in conference. I am hopeful that good judgmer and the passage of time will persuade some of those in the other body who have had very strong feelings with respect to this matter.

If we are to proceed with the volunteer army concept, we have to give those charged with the great responsibility of recruiting young men and women to serve in the Army the opportunity to exercise their judgment as to how they can sell this idea to those they seek to enlist.

I appreciate the courtesy of both of our distinguished colleagues.

The PRESIDING OFFICER. Is all time yielded back?

Mr. BAYH. I yield back the remainder of my time.

Mr. STENNIS. I yield back the remainder of my time on the amendment.

Mr. TOWER. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order at this time to ask for the yeas and nays on the Hartke amendment having to do with the recomputation.

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

Mr. MANSFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Hartke amendment is called up there be a time limitation of 20 minutes, to be divided between the sponsor of the amendment, the Senator from Indiana (Mr. HARTKE), and the manager of the bill, the Senator from Mississippi (Mr. STENNIS).

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

Mr. HARTKE. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, the pending amendment will temporarily be laid aside.

AMENDMENT NO. 1377

Mr. HARTKE. Mr. President, I call up my amendment No. 1377 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Amendment No. 1377 is as follows:

On page 17, between lines 20 and 21, insert the following new title:

TITLE VIII—MILITARY RETIREMENT RECOMPUTATION

SEC. 801. Notwithstanding any other provision of law, a member or former member of a uniformed service (1) who is sixty years of age or older on the date of enactment of this Act or becomes sixty years of age after such date, is retired for reasons other than physical disability, or for physical disability under title IV of the Career Compensation Act of 1949 (63 Stat. 816–825), as amended, or chapter 61 of title 10, United States Code, whose disability was finally determined to be of a permanent nature and less than 30 per centum under the standard schedule of rating disabilities in use by the Veterans' Administration at the time of that determination, and is entitled to retired pay computed under the rates of basic pay in effect before January 1, 1972, or (2) who is entitled to retired pay for physical disability under title IV of the Career Compensation Act of 1949 (63 Stat. 816–825), as amended, or chapter 61 of title 10, United States Code, whose disability was finally determined to be of a permanent nature and at least 30 per centum under the standard schedule of rating disabilities in use by the Veterans' Administration at the time of that determination, and whose retired pay is computed under rates of basic pay in effect after October 1, 1949, and before January 1, 1972, is entitled to have that pay recomputed upon the rates of basic pay in effect on January 1, 1972.

SEC. 802. A member or former member of a uniformed service who was retired by reason of physical disability and who is entitled, in accordance with section 411 of the Career Compensation Act of 1949 (63 Stat. 823), to retired pay computed under provisions of law in effect on the day preceding the date of enactment of that Act, may elect within the one-year period following the date of enactment of this Act, to receive disability retirement pay computed under provisions of law in effect on January 1, 1972, in lieu of the retired pay to which he is otherwise entitled.

SEC. 803. (a) A member or former member of a uniformed service who is sixty years of age or older on the date of enactment of this Act and is entitled to have his retired pay recomputed under the first section of this Act shall be entitled to retired pay based upon such recomputation effective on the first day of the first calendar month following the month in which this Act is enacted.

(b) A member or former member of a uniformed service who becomes sixty years of age after the date of enactment of this Act and is eligible to have his retired pay recomputed under the first section of this Act shall be entitled to retired pay based upon such recomputation effective on the first day of the first calendar month following the month in which he becomes sixty years of age.

(c) A member or former member of a uniformed service who retired by reason of physical disability under title IV of the Career Compensation Act of 1949 and whose disability was finally determined to be of a permanent nature and at least 30 per centum under the standard schedule of rating disabilities in use by the Veterans' Administration at the time of that determination, and is entitled to have his retired pay recomputed under the first section of this Act, shall be entitled to retired pay based upon such recomputation effective on the first day of the first calendar month following the month in which this Act is enacted.

(d) A member or former member of a uniformed service who is entitled to make an election under section 2 of this Act and elects to have his retired pay recomputed as authorized in such section shall be entitled to retired pay based upon such recomputation effective on the first day of the first calendar month following the month in which he makes such election.

SEC. 804. The enactment of sections 1 and 3 of this Act does not reduce the monthly retired pay to which a member or former member of a uniformed service was entitled on the day before the effective date of this Act.

SEC. 805. A member or former member of a uniformed service whose retired pay is recomputed under this Act is entitled to have that pay increased by any applicable adjustments in pay under section 1401a of title 10, United States Code, which occur or have occurred after January 1, 1972.

SEC. 806. As used in this Act (1) the term "uniformed services" has the same meaning ascribed to such term by section 101(3) of title 37, United States Code, and (2) the term "retired pay" means retired pay or retainer pay, as the case may be.

Mr. HARTKE. Mr. President, the amendment I am offering today provides for a one-time recomputation of benefits for military retirees, using the base rates of pay for January 1, 1972.

The U.S. Congress and the administration have delayed long enough in correcting the severe injustice that has been done to the retired members of our uniformed services. In 1958, the retirement recomputation system which had been in effect since 1861, was suspended. Under the pre-1958 system, retirees had their benefits recomputed whenever active duty base pay was increased. Without recomputation, military retirees with the same rank and the same number of years of service receive widely different retirement benefits.

My amendment would remedy this injustice. Since 1958, there have been 12 pay raises. The Hartke amendment would simply make one recomputation, based on pay rates in effect on January 1, 1972. The increase in retirement benefits would be effective immediately for all persons 60 years or older and for those who are at least 30 percent disabled. Other retirees would have their retired pay recomputed at the time they reach age 60.

Mr. President, I find myself in the unusual position of acting to redeem a campaign promise made by President

Nixon in 1968 and again in 1972. During the campaign, the President stated that he felt that the precipitous suspension of the recomputation system was, and I quote the President:

A breach of faith for those hundreds of thousands of American patriots, who have devoted a career of service to their country and who, when they entered the service, relied upon the laws insuring equal retirement benefits.

In 1968, Senator HUMPHREY and Governor Wallace were equally strong in their endorsement of a restoration of recomputation rights to retired military personnel.

In 1972, my distinguished colleague, Senator MCGOVERN, pledged his support for military recomputation and he has been one of the prime cosponsors of my amendment in the past.

The Hartke approach to recomputation is just, equitable and economically realistic. Formulated by keeping the economic consequences to the military budget firmly in mind, it is estimated first-year cost was $343 million.

Full restoration of the recomputation system would cost over $1 billion in the first fiscal year of its operation and carry a lifetime cost of over $140 billion. The Hartke solution to the recomputation problem is designed to keep expenditure at a reasonable level.

I find it of grave interest to note that the President is blaming Congress for its negligence in enacting some form of recomputation. In his most recent budget requests he says:

An allowance of about $400 million for recomputation of military retirement pay has been included in each of the past two budget requests in fulfillment of a pledge made in 1968. In both years, the request was not approved by Congress.

Consequently, although the administration continues to support recomputation, it cannot realistically include it in the budget request.

I think it is time that we met the challenge offered us by the President and enact a reasonable and financially responsible recomputation system.

The Senate has made good on its pledge to recomputation by endorsing my amendment twice in the past by substantial margins.

What is the full history of military recomputation? The recomputation system was started in 1861. Retirees had their benefits recomputed whenever active duty base pay was increased. In 1922, recomputation was suspended until 1926, when the 69th Congress corrected the injustice by restoring the system. At that time, the Senate committee report stated, and I quote:

The 1922 legislation deprives all officers retired prior to that date of said benefits, thereby violating the basic law under which these officers gained their retirement rights. There is no justice in two pay schedules for equal merit and equal service. (Senate Report 364, 69th Congress)

This statement is equally true today. We now have 12 different rates of retired pay for retirees of equal ranks and service. The unfortunate result of the present system is that the oldest retirees, whose need is most often the greatest, are those in each case receiving the smallest benefits while the youngest are receiving the largest. The disparity in many cases exceeds 50 percent.

This difference in retirement benefits for equal service exists because of the sudden suspension of the recomputation system in 1958 and its repeal in 1963. In the 1963 decision, a system of raises based upon increases in the cost of living was substituted with no "savings clause" to protect the previously earned benefit. This provision has utterly failed to make up for the loss of the earned right to which the retirees had previously been entitled.

As a result of the 1958 and 1963 decisions, merit and length of service are no longer primary factors in determining the compensation a retiree will receive during the inactive phase of his career. On the contrary, it has now become a matter of the individual's birthdate and how successful he has been in manipulating a favorable retirement date.

For instance, a lieutenant colonel retiring today receives more retired pay than a major general who retired only 10 years ago.

In the last months, I have been very gratified to see the enthusiasm for my amendment grow in the House. Representative BOB WILSON, who is a long and courageous promoter of recomputation, has introduced the amendment in the House this spring. Congressman WILSON has worked very hard for this legislation both on the floor and in committee. There are now 89 cosponsors to the amendment in the House.

The Hartke approach has earned the united support of the various military retiree organizations. Leaders of the 16 major military organizations, representing almost a million military men both on active duty and retired, have pledged their full support for this amendment. In addition, the proposal has received the enthusiastic endorsement of the American Legion, Veterans of Foreign Wars, Disabled American Veterans and the National Association of Retired Persons/National Retired Teachers Association, comprising a joint membership of more than 10 million people. The issue is worthy of their support.

Mr. President, I ask unanimous consent that letters addressed to my office from some of these organizations be placed in the RECORD at this point. I also ask unanimous consent that a chart showing the number of retired military personnel living in each State be placed in the RECORD at this point. A copy of this chart has also been placed on each of my colleagues' desks.

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

THE AMERICAN LEGION,
Washington, D.C., June 5, 1974.

Hon. VANCE HARTKE,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: It is our understanding that you will propose an amendment to S. 3000, the Military Procurement Authorizations bill presently under consideration by the Senate, to permit a limited recomputation of the rates of pay for certain physically disabled and older retirees of the Armed Forces.

The American Legion strongly supported your efforts to accomplish this in past years and we continue to do so. Adoption of your amendment would, in large measure, cure an inequity under the existing system which provides for some eleven different rates of retired pay for persons of equal grade and length of service. This has resulted in the oldest retirees with the greatest need receiving the smallest pay. The disparity, in many cases, is as much as 50 percent.

Enclosed is a copy of our current resolution on this subject and we want you to know that your efforts again this year are appreciated.

Sincerely yours,

HERALD E. STRINGER,
Director, National Legislative Commission.

THE 55TH NATIONAL CONVENTION OF THE AMERICAN LEGION

RESOLUTION NO. 189

Committee: National Security.

Subject: Equalize military retired pay.

Whereas, past inequities have been created by failure to update military retired pay; and

Whereas, the Federal Government has an obligation to retired military personnel to provide retired pay in line with what they were led to expect when they entered the armed forces and acknowledging that retirement pay is part of what a veteran has earned; and

Whereas, the retired pay for these military retirees is based on the inadequate pay scales which prevailed during their long and faithful years of service; and

Whereas, those who have retired for disabilities incurred in line of duty have by their sacrifices earned the right to every consideration when corrections in provisions for retirement and retainer pay are considered for all members and former members of the uniformed services; and

Whereas, it is quite clear that pay for all retirees, including all disabled retirees should be equalized so that all such retirees of the same grade, years of service, and all disabled retirees be the same; and

Whereas, the application for piecemeal increases based on the consumer price index does not compensate for the low retirement pay; now, therefore, be it

Resolved, by The American Legion in National Convention assembled in Honolulu, Hawaii, August 21, 22, 23, 1973, that we endorse and support legislation to equalize military retired pay currently in effect for active duty personnel having the same grade or rank and length of service.

DISABLED AMERICAN VETERANS,
June 6, 1974.

Hon. VANCE HARTKE,
Russell Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: The most recent national convention of the Disabled American Veterans unanimously adopted Resolution No. 231 to endorse and support legislation to equalize military disability retired pay with that currently in effect for active duty personnel having the same grade and length of service.

In accordance with the mandate of the enclosed resolution, the Disabled American Veterans strongly supports the Recomputation Amendment that you will offer to the Department of Defense Appropriation Authorization Act, S. 3000, and we respectfully urge the Senate's approval of this most equitable proposal.

Sincerely,

JOHN T. SOAVE,
National Commander.

RECOMPUTATION OF MILITARY RETIRED PAY

Whereas, past inequities have been created by the failure to update military retired pay, and

Whereas, the Federal government has an obligation to retired military personnel to provide retired pay in line with what they were lead to expect when they entered the armed forces, and

Whereas, the retired pay for former military retirees is based on the inadequate pay scales which prevailed during their long and faithful years of service, and

Whereas, those who have retired for disabilities incurred in line of duty have by their sacrifices earned the right to every consideration when corrections in provisions for retirement and retainer pay are considered for all members and former members of the uniformed services, and

Whereas, it is evident that the pay for all military retirees, including the disabled, should be equalized so that all such retirees of the same grade and years of service, receive the same, and

Whereas, the application of piece-meal increases based on the consumer price index does not compensate for the low retirement pay; Now

Therefore, be it resolved, by the Disabled American Veterans in National Convention assembled at Miami Beach, Florida, August 12–18, 1973, that we endorse and support legislation to equalize military disability retired pay with that currently in effect for active duty personnel having the same grade and length of service.

THE RETIRED OFFICERS ASSOCIATION,
Washington, D.C., June 6, 1974.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: On behalf of our over 182,000 members and of the national membership of the Retired Enlished Association, who have asked that we speak for them in this matter, I extend our profound thanks for your continued interest and indefatigable efforts in resolving the inequitable situation currently existing regarding military retired pay.

We feel that there is a clear moral obligation on the part of the government to take remedial action. Our organizations fully support the compromise recomputation amendment which you have offered to S. 3000, the Department of Defense Appropriation Authorization Act of 1975.

We trust the members of the Senate will again adopt the amendment by an overwhelming majority as was done in 1972 and 1973 on similar proposals which you offered. As before, we are at your call for whatever assistance we can provide.

Sincerely,

BARKSDALE HAMLETT,
General, USA, Retired, President.

RESERVE OFFICERS ASSOCIATION
OF THE UNITED STATES,
Washington, D.C., June 6, 1974.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: By re-submitting your amendment to provide for a limited, one time, settlement of the issue of recomputation of military retired pay, you again bring to the attention of your colleagues, of both bodies of the Congress, the necessity to eliminate an inequity that should no longer be permitted to exist.

It is our belief that if the will of the majority of the Congress can be asserted your amendment will prevail in the final enactment of the bill before the Senate today.

The provisions of your amendment have been carefully developed. It represents, in our opinion, a general consensus among those who benefit from it and those who must pay for it, a reasonable and just solution to this vexing issue. Actually, the current and ultimate cost of your proposal is considerably less than that originally proposed by the administration.

By this communication, through you, we urge the Senate to do as they did last year: *overwhelmingly adopt your amendment;* that the Senate conferees remain insistent upon its inclusion in the Conference Report and that the House be allowed to express its evident will for its approval.

In summary, to you and your fellow Senators, who supported you last year, our deepest gratitude, and our urgent appeal that your amendment become laws, which will in the end ensure the morale of our Armed Services and thus strengthen and assure the security of our nation.

Sincerely,

JOHN T. CARLTON,
Executive Director.

DISABLED OFFICERS ASSOCIATION,
Washington, D.C., June 6, 1974.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: This letter confirms talks with members of your staff relative to your again introducing an Amendment to a Military Authorization Act, in this case for Fiscal Year 1975.

Our association, formed in 1919, by a group of Temporary Officers disabled in World War I, does sincerely appreciate your earnest efforts both in the past and in this instance, to correct a long standing inequity by advocating a fair compromise solution.

In "recomputation" or pay equalization matters, our association was mandated by our 1972 National Convention to support the Administration's "one-shot" recomputation bill, as amended, that was to provide 50 percent of the 1 January 1971 pay scales to those pre-1949 disability retirees, who were retired under laws in effect prior to the Career Compensation Act of 1949. However, our National Executive Committee by a strong majority vote in 1973 agreed to support your Senate Bill S–1336 which would provide for a "one-shot" recomputation on the 1 January 1972 pay scales immediately for all retirees age 60 or over whose retirement was based on length of service, and to all persons regardless of age, who were retired for disability under the Career Compensation Act of 1949. Retirees for length of service not yet age 60 would be increased to the 1972 pay scales, plus interim changes to those rates based on the CPI, when they reach age 60. Members retired for physical disability under laws in effect prior to 1949 would have the option to remain under current retirement laws or to come under the new recomputation legislation, at their actual degree of disability.

Approximately 60 percent of our membership consists of pre-1949 disabled officers who elected to receive their retired pay under laws in effect prior to 1 October 1949 the date of the Career Compensation Act.

Therefore, in order to help our pre-1949 disabled members we do advocate a compromise, a fair bill that can possibly pass through the Congress and which will be signed into law by the President.

We believe that your amendment will not only comply with our mandated position, but will correct a long standing injustice, while at the same time it will be within realistic cost estimates as viewed in our expanding economy.

Sincerely yours,

WALTER J. REILLY,
Major, U.S. Marine Corps, Retired
Chairman, National Legislative Committee.

AIR FORCE SERGEANTS ASSOCIATION,
Washington, D.C. JUNE 6, 1974.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: The many thousands of retired enlisted men and women of our association have been encouraged in the past by efforts in obtaining at least a one time recomputation of retired pay.

As you are well aware, the consumer price index (CPI) formula utilized in assisting the retirees in keeping pace with the inflationary economy is deeply appreciated. However, for the average enlisted individual, who retired under a far lower active duty pay formula, a CPI increase of 6 per cent on $200.00 amounts to the great sum of $12.00. Even though appreciated, the base upon which the CPI is applied is far too low to be meaningful.

This is to inform you that our association, in addition to supporting the Honorable Bob Wilson's bills on recomputation, renders full support to the compromise amendment you offered to the Department of Defense Appropriation Authorization Act of 1975 (S. 3000).

On behalf of the retired enlisted people we represent, it is imperative that your compromise amendment be enacted into law, thus bringing the retired pay of the enlisted retiree up to an amount that will enable the CPI increases to assist in keeping pace with the economy.

We urge all members of the United States Senate support your efforts and that our retired veterans, many of whom are living on a fixed income, be considered with the same respect during their waning years of retirement, as they were during the periods of conflict.

Yours in dedication and service,

DONALD L. HARLOW,
CMSAF (Ret.) Director of Legislation.

MILITARY WIVES ASSOCIATION, INC.,
Washington, D.C., June 6, 1974.

DEAR SENATOR HARTKE: The Military Wives Association is delivering a letter to every Senator today asking them to vote for the amendment on Recomputation which you so kindly attached to the Military Procurement Bill S 3000.

We deeply appreciate your efforts on behalf of all the military whose pay is so grossly inequitable to those men currently retiring. We wish you every success in the passage of this amendment.

Sincerely,

Mrs. R. C. SOXMAN,
President.

AIR FORCE ASSOCIATION,
Washington, D.C., June 6, 1974.

Hon. VANCE HARTKE,
U.S. Senate, Old Senate Office Building, Washington, D.C.

DEAR SENATOR HARTKE: On behalf of the more than 125,000 members of the Air Force Association we salute your persevering efforts to continue the hallowed practice, abruptly abandoned in 1958, of recomputation of military retired pay. We believe that your amendment to the Department of Defense Authorization Act of 1975 (S3000) is an affirmation of reassurance to this Nation's military retirees that they have not been abandoned. We support this.

As our current Policy Resolution, passed unanimously by our last National Convention of delegates assembled, reads, in part:

Whereas, AFA continues to support the principle of full recomputation while at the same time fully recognizing that budgetary considerations militate against such an eventuality at this time; and

Whereas, legislation has been introduced in the Congress which reaffirms the principle of recomputation;

Now, therefore, be it resolved that the Air Force Association urges . . . the Congress to pass legislation now pending which will authorize recomputation when retirees reach age sixty, with such recomputation to be computed on the basis of military pay scales in effect on January 1, 1972."

On behalf of all of our members, we thank you for your continued interest in correcting this inequity.

Kindest personal regards,

JOE L. SHOSID.

VETERANS OF FOREIGN WARS,
OF THE UNITED STATES,
Washington, D.C., June 6, 1974.

Hon. VANCE HARTKE,
Chairman Veterans Affairs Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Since the time recomputation of military retired pay based on active-duty scales and discontinued, when Congress departed form this method of adjusting retired pay in the 1958 Military Pay Act, each ensuing National Convention of the Veterans of Foreign Wars of the United States has given us a mandate, in the form of a resolution passed by the more than 14,000 voting delegates thereto, to seek recomputation of retired pay on present-day pay scales and such has been one of our continuing Priority Legislative Goals. Our most recent National Convention, held in New Orleans, Lousiana, August 17–24, 1973, gave us a somewhat broader mandate, a copy of which is enclosed.

In view of the foregoing, rest assured you have the full support of the 1.8 million members of the Veterans of Foreign Wars and the more than 500,000 members of our Ladies Auxiliary in your Amendment No. 1377 to S. 3000, the Military Procurement Authorization Bill, to grant recomputation of military retired pay.

Trusting your amendment receives overwhelming approval and with best wishes and kindest personal regards, I am

Sincerely,

FRANCIS W. STOVER,
Director, National Legislative Service.

RESOLUTION NO. 684: RECOMPUTATION OF RETIREMENT PAY, RETIRED MILITARY PERSONNEL

Whereas, recomputation of retirement pay for retired members of the military has not been accomplished since 1958; and

Whereas, the number of pay increases authorized for the U.S. Military since 1958 has caused a vast difference in the amount of retirement pay to individuals retired in 1958 and subsequent years; and

Whereas, military personnel retired since 1958 did serve long and faithfully to earn their retired benefits; and

Whereas, the recomputation regulation was abolished late in the careers of a very large group of those presently retired and was not expected by that group; now therefore

Be it resolved, by the 74th National Convention of the Veterans of Foreign Wars of the United States, that we vigorously support Recomputation of Retirement Pay Bills in Congress.

MILITARY PERSONNEL RECEIVING RETIRED OR RETAINER PAY AS OF JUNE 30, 1973

State	Total	Air Force	Army	Navy	Marines
Alabama	18,708	7,296	7,764	3,124	524
Alaska	2,151	1,105	736	265	45
Arizona	16,837	8,368	5,237	2,508	724
Arkansas	10,383	3,966	3,946	2,129	342
California	161,823	42,235	35,925	69,584	14,079
Colorado	19,643	9,370	7,641	2,161	471
Connecticut	8,418	1,490	2,466	4,100	362
Delaware	2,526	1,361	606	498	61
Washington, D.C.	6,548	1,218	3,615	1,532	183
Florida	76,702	29,530	19,176	24,698	3,298
Georgia	29,932	8,321	15,897	4,190	1,527
Hawaii	6,174	1,352	2,735	1,747	340
Idaho	2,992	1,355	748	739	150
Illinois	19,737	6,020	7,697	4,993	1,027
Indiana	10,289	2,912	4,609	2,222	546
Iowa	4,490	1,239	1,769	1,275	207
Kansas	8,512	3,013	3,839	1,405	255
Kentucky	11,225	2,245	7,016	1,616	348
Louisiana	14,031	6,145	4,546	2,652	688
Maine	5,051	1,500	1,753	1,581	217
Maryland	25,256	6,137	10,052	7,930	1,137
Massachusetts	18,801	5,246	6,317	6,486	752
Michigan	13,095	4,374	5,382	2,894	445
Minnesota	7,483	2,267	2,859	1,676	681
Mississippi	9,821	4,705	2,887	1,846	383
Missouri	15,715	5,265	6,549	3,284	707
Montana	2,245	1,100	577	480	88
Nebraska	4,677	2,502	1,221	828	126
Nevada	5,051	2,505	975	1,228	283
New Hampshire	4,771	1,642	1,679	1,245	205
New Jersey	19,718	3,727	10,017	4,160	1,814
New Mexico	7,577	3,834	2,432	1,099	212
New York	30,868	8,458	13,489	7,563	1,358
North Carolina	22,449	5,321	9,653	4,153	3,322
North Dakota	935	391	337	180	27
Ohio	19,924	8,149	7,053	3,766	956
Oklahoma	14,405	5,618	6,525	1,873	389
Oregon	9,915	3,123	2,786	3,411	595
Pennsylvania	28,062	6,538	11,842	8,082	1,600
Rhode Island	4,864	511	987	3,244	122
South Carolina	18,811	5,813	6,979	4,740	1,279
South Dakota	1,403	689	456	229	29
Tennessee	15,902	5,057	5,868	4,150	827
Texas	74,831	35,246	28,361	9,204	2,020
Utah	3,554	1,549	1,244	647	114
Vermont	1,412	438	616	306	52
Virginia	49,576	8,923	17,699	19,930	3,024
Washington	28,997	8,322	11,164	8,699	812
West Virginia	4,302	1,282	1,768	1,033	219
Wisconsin	7,296	2,196	3,013	1,729	358
Wyoming	1,310	693	348	231	38
Total United States	909,198	291,662	318,763	249,405	49,368
Outside United States and undistributed	26,195	6,575	13,857	4,646	917
Total, June 30, 1973	935,393	296,237	332,620	254,251	50,285

Mr. HARTKE. Mr. President, recomputation has come of age, and it is time for both Houses of Congress to enact this legislation. Recomputation is a bipartisan issue and I urge all my colleagues to support this amendment which will correct the present inequity against retired military personnel.

Mr. President, the distinguished Senator from Texas is on the floor, and he has repeatedly authored a bill which would correct all inequities, but, under the circumstances, I feel that probably this somewhat limited approach to the matter is about all we can do, especially in view of the fact that the House of Representatives has consistently refused to accept even this limited version of recomputation.

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

Mr. HARTKE. I yield.

Mr. TOWER. I thank the Senator from Indiana for his remarks. I associate myself with his amendment and intend to support it.

Mr. STENNIS. Mr. President, will the Senator use his microphone? I cannot hear him.

Mr. TOWER. I think that the Senator from Indiana has underscored the difficulty we have, and that is that we cannot prevail on the House to accept it. I feel that a majority of the members of the House committee are in favor of the recomputation bill, but somehow we always get bogged down in conference on this matter. They keep promising that they are going to do something about it, hold hearings, and that sort of thing. I do not know whether they have made any progress there or not. For my part, I hope the amendment will be adopted so it can be taken to conference and perhaps some of the other thoughts can prevail.

Mr. HARTKE. I would like to point out that this year this item is not in the budget request, but the President really puts the blame on Congress for being negligent in this regard, saying Congress has refused to fulfill the pledge he made in 1968 and in 1972 in his campaigns, and he had said that allowance for recomputation of military time and pay has been included in the past two budget requests in fulfillment of the pledge of 1968, but that the request was not approved by Congress. Consequently, although the administration continues to support recomputation, it cannot realistically include it in the budget request.

It is not true that Congress did not approve it. It is correct to say that the House of Representatives and the conference have not approved it, but the recomputation measure was approved by overwhelming votes in the Senate.

The first year's cost is estimated to be $434 million, rather than the $440 million that was in the budget request for the last 2 years.

Mr. President, I want to pay tribute to the distinguished chairman of the committee. He has been very strong in his opposition to the amendment, although I think he is basically in agreement with the concept which has been put forth. I have talked with him about trying to come up with some kind of alternate plan, perhaps a contributory retirement system. That has not been done. In the meantime this situation continues and causes a great deal of disarray in the field of retirement which certainly is not fair.

I reserve the remainder of my time.

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

Mr. STENNIS. Mr. President, may I inquire whether the Senator is for the amendment or against it?

Mr. BELLMON. I would like some time to speak for the amendment.

Mr. HARTKE. Mr. President, I yield 3 minutes to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, today I rise to offer my support for Senator HARTKE's effort to provide one-time recomputation of benefits for military retirees. Military recomputation is an urgent matter which is familiar to all of my colleagues in the Senate and which is all too well understood by military retirees. The need for military recomputation has been well documented and needs no further analysis. In 1968, President Nixon said that the action of Congress in first suspending and then repealing the statutory provisions for recomputation in 1958 was a breach of faith for those hundreds of thousands of American patriots who have devoted their career to the service of their country and who, when they entered the service, relied upon the laws and sharing equal retirement benefits. It is also important to remember that the three Presidential candidates in 1968, Mr. Nixon, Mr. HUMPHREY, and Mr. Wallace, pledged at that time to fight for military recomputation. However, the problems still exist and the basic injustice that has gone on for the past 15 years still remains. Mr. President, we can no longer afford inaction on military recomputation.

Since 1958 the pay for Armed Forces personnel has risen sharply. This creates a great disparity between retirement benefits for comparable grades of service personnel. Further compounding the problem is the fact that in the last decade we have witnessed unprecedented inflation. Not only because of the economics involved, but because of the simple equities of the situation, people who entered the service while the old law was in effect had every right to expect that they would continue to be compensated under that system after retirement. However, Congress acted in complete disregard for the rights of those military personnel and deleted the recomputation method from the military retirement system. Because of this slight people who retired with the same rank at different times received unequal payment not based on their ability or their service but rather because of the date of retirement. Clearly, this is not fair. As we look down the road to the All-Volunteer Army concept and as we look back in the direction to those who have already served their country, we must realize that certain commitments were and will be made to these men and women who have served their country. Mr. President, as of June 30, 1973, there were 14,405 military personnel receiving retired or retainer pay in my home State of Oklahoma. Mr. President I ask you, why should these earlier retirees be discriminated against so severely? In some cases a later retiree gets nearly 150 percent of the pay that his colleague of the same grade and length of service who retired prior to 1958. Mr. President, the U.S. Government has a commitment to those who have served in the Armed Forces. This commitment is irreversible and rightfully so. The Government broke faith with the retirees and potential retirees in 1958. So, the question is, Are we here today to reaffirm that commitment made in the past and are we going to live up to our responsibility by restoring their faith in a system they once believed in? Mr. President, the All-Volunteer Army is now a reality. While we have tried to make the military service as attractive as possible, by not acting fairly in regard to retirement benefits, we have kept ourselves outside the bounds of equity and justice in trying to attract qualified military personnel. Mr. President, the issues in regard to military recomputation have been well drawn. The arguments have been made time and time again in this Chamber. It seems to me that the equities and rules of fairplay argue strongly for this amendment. Mr. President, I urge my colleagues to vote favorably on amendment No. 1377 and restore the military retirement system to the level of integrity it once had.

I ask unanimous consent that a table showing various levels of retirement for the same grade be included in the RECORD.

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

Grade and date retired (before)	Length of service	Current retired pay	Under bill	Under bill: Monthly increase	Under bill: Annual increase	Under bill: Annual retired pay
Major: O-4:						
June 1, 1958	20	$499.93	$706.78	$206.85	$2,482.20	$8,481.36
Jan. 1, 1965	20	582.02	706.78	124.76	1,497.12	8,481.36
July 1, 1970	20	679.06	706.78	27.72	332.64	8,381.36
Sergeant major, E-9:						
June 1, 1958	30	(1)				10,080.48
Jan. 1, 1965	30	691.58	840.04	148.46	1,781.52	10,080.48
July 1, 1970	30	807.15	840.04	32.89	394.68	10,080.48
Master sergeant E-8:						
June 1, 1958	30	(1)				9,004.08
Jan. 1, 1965	30	$617.64	$750.34	$132.70	$1,592.40	$9,004.08
July 1, 1970	30	720.86	750.34	30.08	360.96	9,004.08
Sergeant 1st class E-7:						
June 1, 1958	24	333.29	480.10	146.81	1,761.72	5,761.20
Jan. 1, 1965	24	395.34	480.10	84.76	1,017.12	5,761.20
July 1, 1970	24	461.35	480.10	18.75	225.00	5,761.20
Staff sergeant E-6:						
June 1, 1958	20	230.13	330.00	99.87	1,198.44	3,960.00
Jan. 1, 1965	20	271.90	330.00	58.10	697.20	3,960.00
July 1, 1970	20	317.11	330.00	12.89	154.68	3,960.00

Pay grades E-9 and E-8 were established June 1, 1958. Accordingly, there were no retirees in those grades before that date.

Mr. STENNIS. Mr. President, I yield 3 minutes on the bill to the Senator from Montana.

Mr. MANSFIELD. Mr. President, after consultation with the chairman of the Armed Services Committee and the two ranking members of the Republican minority, the Senator from South Carolina and the Senator from Texas, and after having the matter checked with the staffs of all three, I ask unanimous consent that it be in order at this time to offer a substitute for the so-called Mansfield amendment.

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

Mr. MANSFIELD. I sent it to the desk.

The PRESIDING OFFICER. The Clerk will state the substitute amendment.

The second assistant legislative clerk proceeded to read the substitute amendment.

The substitute amendment is as follows:

On page 5, after line 2, insert the following as a substitute for the Mansfield amendment: *Provided* that no funds may be expended after December 31, 1975, for the purpose of maintaining more than 2,027,100 active duty military personnel, and no funds may be expended after December 31, 1975, for the purpose of maintaining more than 312,000 military personnel permanently or temporarily assigned at land bases outside the United States or its possessions. The Secretary of Defense shall determine the appropriate areas from which the phased reduction and reactivation of military personnel shall be made. In the event that any reductions are made under this section in the military personnel of the United States stationed or otherwise assigned to duty in Europe, such reductions shall be made only after the Secretary of Defense and Secretary of State or other appropriate official designated by the President, has consulted with other members of the North Atlantic Treaty Organization concerning such reductions.

The PRESIDING OFFICER. Who yields time on the Senator from Indiana's amendment?

Mr. STENNIS. Mr. President, how much time is allotted to each side on this amendment.

The PRESIDING OFFICER. Ten minutes were allotted to each side.

Mr. STENNIS. Thirty minutes.

The PRESIDING OFFICER. Ten minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I declare I did not hear anything about the 10 minutes to each side.

I ask unanimous consent, Mr. President, that that time be increased to 25 minutes to each side.

The PRESIDING OFFICER. Is there objection to increasing the time to 25 minutes to each side? Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I do not now know of anyone else who wants to speak on this matter, and I will not speak for 25 minutes. I wish it were possible for the Senate to hear the hard, cold facts that pertain to this matter. I do not think the cost of it—and this is in reference now to the recomputation—is fully realized by the Senate.

This is something we do not like to deny to these very fine people who are in

retirement. I do not believe there is any law anywhere that anyone can find which makes a promise about this recomputation as a right, and that there is a promise on it.

Many times we have changed the law with reference to the pay structure, and it was always necessary to come back and get a recomputation so as to get the payments increased beyond the rates that applied when these people retired. That is recognized, and that question has been carried to court. The court has held that there was no promise, no continuation of these payments. Now recomputing means that retirees can recompute their retirement pay on the basis of what their active duty salary is today, or sometime recently, when the pay was last changed. So the court held that no individual, as a matter of right, was entitled to have this increase.

I just wish everybody could have an increase, considered on an individual basis. But there has to be some reason for the existence of these things.

It is a fact that even though the increase would cost only $300 million for the first year—these are staggering figures, but I think they are correct—for the lifetime of this amendment it would cost $16 billion. In other words, there are so many people now in this retired category that merely to permit one more recomputation would be adding a liability—to accrue in the future just for this group alone, without adding a single additional retiree to it—that would cost $16 billion to redeem under this amendment.

When this amendment is passed that would constitute a law, that is, a promise it will run.

So the first big fact is there has been no promise, or anything in the law, by the Congress, regardless of what an individual Member may have promised, to continue these increases.

The next point is that this has gone now to where we have so many of these retirees that to just permit this recomputation for those who are in existence in retirement would cost us $16 billion.

We already know we have a rate of inflation of 11.5 percent per year, and we know that that inflation is literally eating up the pocketbooks of the poor and the middle-income group. We know it has taken away from them the buying power of the dollar at the rate of 11.5 percent per year as of now. Lord help us to get that lowered some, but that is the way it is running now, and this amendment will add to it.

We know that these deficits in Federal expenditures are running as regularly as the years come and go. We have reached the point at this time where it is planned that way; it is planned that we have a deficit. I am not blaming anyone for that any more than I am blaming myself, but it does happen that I have a more conservative voting record on the dollars than the average Senator; that is, I have not voted for all that has been passed. This shows how far we are going and how fast we are going.

I want to say this now about the House. Unintentionally, some critical reference has been made to the position of the House. The House of Representatives has been very reasonable about this, I think; very reasonable in conference, although when we passed this 2 years ago I tried to get the conferees to adopt the Senate amendment and, if not, some modified form of it. But the House conferees said they would hold hearings. They said that last year at the conference, and they did hold those hearings in the House of Representatives. That subcommittee reported back, and the full committee adopted their report, "Do not pass." In other words, after holding hearings, they turned it down.

I am advised here—I do not have the report before me—but I believe the substance of their report was that the present system, they thought, were fair and adequate.

I have no misgivings about this thing. It was 2 years ago or 3 years ago when we had it up. I took the position I am taking now, and we had a total of four votes against it. Last year I was not here. It came up and there were 17 votes against it. According to those calculations we can compute that it would be better to let me remain absent and the vote will jump it up some more.

But it is a serious matter. I have said this, Mr. President, I do not ignore this situation. I think something along this line should be done. What I am going to propose here is going to overwork the computers and will take some real calculations—I do not know whether Congress, without benefit of a lot of experts in computers, can put a bill together—but I think that we ought to initiate another additional system of retirement for our military personnel. Presently they do not contribute to that retirement fund. It is all paid by the Federal Treasury. That arose back in the days when the dollar amount was far, far, far less. Now I think we ought to initiate an additional system and put it into effect now and let those who are in military service pay what Congress might decide was their share.

Let both of those systems run along side by side until the old system, which is before us today finally expires. It would die a natural death.

I would be willing to make some kind of calculation that would bring these retirees in with some increase, in view of the enormous increase in the cost of living that has occurred in the last few years, But if we let them recompute now, as of the January 1972 rates, which would create this enormous obligation that I have already related, I do not believe that the people by and large can keep on paying taxes and paying for the inflation that these deficits involve.

That January 1972 figure does not include all of these pay increases that we have made for the volunteer forces, but it includes some of them.

Mr. President, I want to be certain that some time is saved to represent these points to Senators when they are here prior to the vote. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 16 minutes remaining.

Mr. STENNIS. I thank the Chair. I yield myself 2 additional minutes.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. Mr. President, I associate myself with the remarks the chairman has made.

The chairman cited some figures as to the cost of this amendment. My reservation is, Would it be fair to recompute the pay of the military without recomputing the pay of the civilian retirees? Would we not have our companion committee, Post Office and Civil Service, coming out with a suggestion that the retired pay of civilians be recomputed also?

Mr. STENNIS. The Senator brings up a good thought indeed. The systems are different, and I do not know just what has been the experience of the civil service people, whether they have asked for a recomputation or not. But I know the logic of it would apply fully, as the Senator suggests in his question.

Mr. WILLIAM L. SCOTT. Mr. President, I have served for 6 years on the Post Office and Civil Service Committee in the House of Representatives, and I do know that from time to time labor leaders or the Government employees themselves came to us and said that the civilian employees who retired many years ago were receiving very small annuities, and they did want something done. I am just thinking that if the military retirement pay is recomputed, the civilians will ask for the same thing, and in fairness they may be entitled to the same type of treatment. I believe under existing law when there is an increase in the cost of living, both the civilian and the military do get an increase in their annuity; so to an extent today they are treated in the same manner.

Mr. STENNIS. Yes. That is a good point the Senator has made.

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

Mr. STENNIS. I yield myself 1 more minute, and yield to the Senator from Montana.

Mr. MANSFIELD. Is it not true that the retirees, both military and civilian, acquire increases in their pensions as the cost of living goes up? Is that not automatic?

Mr. STENNIS. That is a special statute that applies to both alike. Cost-of-living increases apply automatically under our present statute. I thank the Senator for his question.

Mr. President, I have here a list of the accrued obligations, liabilities, and other financial commitments of the Fedederal Government, dated February 7, 1974, which I ask unanimous consent to have printed in the RECORD.

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

ACCRUED OBLIGATIONS OF THE UNITED STATES AND FIXED COMMITMENTS IN THE FEDERAL BUDGET

Following is information on accrued fiscal obligations of the United States Government. On the next page is information on the part of the federal budget (outlays) that is composed of fixed commitments under existing law.

Accrued obligations—liabilities and other financial commitments as of June 30, 1973

[In billions]

Public debt	$469.3
Other liabilities related to the debt, such as interest	51.4
Undelivered orders	102.1
Long-term contracts	8.9
Contingencies,* annuity programs:	
DoD retired pay	137.1
Social security and railroad retirement	164.4
Civil service retired pay	68.7
Veterans compensation and pension fund	205.3
Other	2.5
Government guarantees	157.8
Insurance commitments	1,021.9
International commitments	7.6
Other	23.3

The Treasury Department cautions against adding these numbers, as they are basically dissimilar types of commitments.

*Amounts representing financial commitments that may or may not become liabilities in their full amounts, depending upon future conditions and events.

FIXED COSTS UNDER EXISTING LAW, FISCAL YEAR 1975

Each year well over half of federal spending is composed of fixed costs of programs that are required under existing law. This sum must be appropriated each year but Congress has no control over the amount. The following chart shows the estimated outlays involved in each program for fiscal year 1975.

Relatively uncontrollable under present law

[Dollars in billions 1975]

Open-ended programs and fixed costs:	
Payments for individuals:	
Social security and railroad retirement	$67.2
Federal retirement and insurance	12.8
(Military retired pay)	(5.7)
(Civilian)	(7.1)
Unemployment assistance	7.5
Veterans benefits: Pensions, compensation, education and insurance	9.6
Medicare and medicaid	20.8
Housing payments	2.3
Public assistance and related programs	14.1
Subtotal, payments for individuals	134.2
Net interest	22.0
General revenue sharing	6.2
Farm price supports (CCC)	.9
Other open-ended programs and fixed costs	8.1
Total, open-ended programs and fixed costs	171.4
Outlays from prior year contracts and obligations:	
National defense	23.7
Civilian programs	28.6
Total, outlays from prior-year contracts and obligations	52.3
Total, relatively uncontrollable outlays	223.6

The $223.6 billion of "relatively uncontrollable" items is 73.5% of total recommended spending for fiscal year 1975, leaving only 27.7% over which Congress has discretion.

The President said in his State of the Union address that 90% of the increase from fiscal year 1974 to fiscal year 1975 in total recommended spending is unavoidable under existing law.

Mr. STENNIS. Mr. President, those are the points.

I stated that I thought we ought to start an additional system, and I would make it larger, like the Civil Service System is, with a contribution by the person involved and also by the Government, with cost-of-living increases already applying to both that would make it fair and adjust the one to the other. Then the old system would gradually wind itself down, and when the last one was gone the system would be gone.

I would go further; I would make an effort somewhere in there to try to make a final adjustment with these people in some way. I hope that some day we can get together and present such a bill.

I reserve the remainder of my time, unless someone wishes me to yield.

Mr. MANSFIELD. Mr. President, if the Senator will yield me 1 minute, it is my understanding that the chairman of the committee wants to reserve some time so that he can speak again before the vote.

Mr. STENNIS. That is correct, yes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the votes on the Mansfield amendment, the substitute, or whatever other amendments there are having to do with troop reductions, the vote then occur on the Hartke recomputation amendment.

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

Mr. MANSFIELD. I yield.

Mr. HARTKE. And have all the votes on troop reductions completed first?

Mr. MANSFIELD. Yes; and at that time, that the time remaining to the Senator from Mississippi and the Senator from Indiana be used up in consideration of the Hartke proposal.

Mr. HARTKE. It is understood that time will still be reserved after the vote?

Mr. MANSFIELD. Yes; exactly.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. How much time is remaining on our amendment?

The PRESIDING OFFICER. The Senator from Indiana has 17 minutes.

The Senator from Mississippi has 11 minutes.

Mr. HARTKE. Mr. President, I yield myself 2 minutes, to discuss one or two items which the Senator from Mississippi has discussed.

This matter has been thoroughly debated on the floor of the Senate twice. It has been overwhelmingly adopted by the Senate twice, the last time in September 1973.

As I say, these were overwhelming votes, and there is no question in my mind that if the Senate could work its will, this measure would become the law. So it is not a question of a promise by Congress, it is a question of action by the Senate, by which these people would reserve their due and correct benefits. It is a matter of giving them what they are entitled to, giving them equity.

I would point out that the President has blamed Congress for not acting on this matter. To that extent, we would be redeeming a pledge made in 1968 by the three majority candidates for President and a pledge made by both Senator McGOVERN and President Nixon in 1972. So this is a matter upon which the national policy is very clearly defined, and if there is any fault whatsoever, it is to be found with the present system.

That could be corrected. I know some people would like to correct the present system. These military personnel who come into the office are not making contributions, but it is not possible for them to do so, because that is not the way the law is written.

Recomputation is not new. It was temporarily set aside. I point out that this recomputation applies to those who are 60 and over, and those who ultimately will reach the age 60.

The first-year cost is estimated at $340 million, less than the $400 million requested in the budget 2 years ago. I point out that if you take any program to its ultimate end and project it over a 20-year period, the cost is certainly about 20 times what the cost would be for 1 year. There is no question about that.

Mr. President, I reserve the remainder of my time.

Mr. CHILES. Mr. President, I ask unanimous consent that Lester Fettig, staff director for the Subcommittee on Federal Procurement of the Committee on Government Operations, be accorded the privilege of the floor during the consideration of the amendment I am about to offer.

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

Mr. CHILES. I ask unanimous consent that the Senator from Georgia (Mr. NUNN) be added as a cosponsor of amendment No. 1381.

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

AMENDMENT NO. 1381

Mr. CHILES. Mr. President, I call up my amendment No. 1381 and ask for its immediate consideration.

Mr. TOWER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TOWER. Is retirement the pending business?

Mr. MANSFIELD. Mr. President, is the Senator from Florida offering an amendment?

The PRESIDING OFFICER (Mr. DOMENICI). The Senator is preparing to offer an amendment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that my amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered and the clerk will state the amendment of the Senator from Florida, No. 1381.

The assistant legislative clerk read as follows:

On page 17, between lines 20 and 21, add two new sections, as follows:

SEC. 703. Beginning with the fiscal year ending June 30, 1977, the Secretary of Defense shall submit to the appropriate committees of Congress, together with other information in support of the proposed budget for the Department of Defense, the following information—

(1) budget authority, proposed budget authority, outlays and proposed outlays for

each defense mission, including all missions necessary to provide a complete presentation of end-purpose functions and subfunctions being performed to provide for national defense; and

(2) for each defense mission identified pursuant to paragraph (1) above—

(A) a discussion and description of the relationship to and role in executing overall defense policy, strategy, and fulfilling foreign policy commitments;

(B) a discussion and description of current and projected levels of mission capability based on existing and approved inventories of systems and those under development together with equipment and support programs;

(C) a discussion and description of current and projected threats to mission capability and the need for increasing or decreasing the level of mission capability with regard to subparagraph (B) above;

(D) the need, if any, to undertake a new major acquisition program to provide an increase or replacement of mission capability and the goals for such new acquisition programs;

(E) the allocation of budget authority from each authorization account to be used for mission-related activities, such allocation to include, with subdivisions to identify the military departments or defense agencies to which such funds are apportioned—

(i) research, development, test, and evaluation for exploratory, advanced, and engineering development, or other activities, to explore alternative systems to meet a specific mission need and for final development of preferred systems chosen to meet a specific mission need, provided that basic research and exploratory development activities not related to any specific defense mission shall be collectively identified as in support of the defense technology base;

(ii) procurement of systems and equipments for mission inventories; and

(iii) to the extent practicable, related manpower, operations and maintenance, and military construction activities.

SEC. 704. (a) Beginning with the fiscal year ending June 30, 1977, funds authorized to be appropriated to the Department of Defense for research, development, test, and evaluation shall be available for such purposes only when the Secretary of Defense has certified to the Congress that—

(1) the activities are in response to a specific mission need and part of a new major acquisition program to increase or replace mission capability;

(2) the mission need and program goals have been reconciled with overall defense capabilities and resources;

(3) the mission need and program goals have been stated independent of any type of system product;

(4) the program's goals have been based on long-term projections of mission capability and deficiencies and clearly specify the total costs within which new systems are to be bought and used; the level of mission capability to be achieved above that of projected inventories and existing mission forces; and the time period in which the new mission capability is to be achieved;

(5) the responsibility for responding to a specific mission need has been clearly delegated to military departments and defense agencies so that either:

(A) a single department or agency is responsible for developing alternative systems; or

(B) competition between two or more departments or agencies is formally recognized with each offering and exploring alternative systems;

(6) alternative systems to meet the mission need have been created by—

(A) soliciting industry proposals for new systems with a statement of the mission deficiency; time, cost, and capability goals; and operating constraints, with each offeror free to propose system concept, technical approach, subsystems, and principal design features;

(B) soliciting system proposals from smaller firms that do not own production facilities provided they have:

(i) personnel experienced in major development and production activities; and

(ii) contingent plans for later use of required equipment and facilities;

(7) alternative systems being explored to meet the mission need have been selected by the head of the responsible department or agency concerned from a review of all systems proposed and with the evaluation and advice of a team of experts including members drawn from outside the cognizant military development organizations;

(8) competition between contractors exploring alternative systems to meet the mission need is being maintained by—

(A) limiting contract commitments to annual, fixed-level awards, subject to periodic review of contractors technical progress by the sponsoring military department or defense agency;

(B) assigning representatives of the sponsoring department or agency with relevant operational experience to advise competing contractors as necessary in developing performance and other requirements for each candidate system as tests and tradeoffs are made; and

(C) concentrating activities of in-house development organizations, laboratories, and technical and management staffs on monitoring and evaluating contractor competitive development efforts, and participating in those tests critical to determining whether the system should be continued in competition;

(9) he, or his duly authorized representative, has decided to conduct a full system-level competitive demonstration of two or more candidate systems by—

(A) selecting contractors for system demonstration depending on their relative technical progress, remaning uncertainties, and economic constraints;

(B) providing selected contractors with the operational test conditions, mission performance criteria, and lifetime ownership cost factors that will be used in the final system evaluation and selection;

(C) proceeding with final development and initial long-lead production and with commitments to a firm date for operational use after the mission need and program goals have been reaffirmed and competitive demonstration results have proved that the chosen technical approach is sound and definition of a system procurement program is practical.

(b) The requirements of subsection (a) shall not apply to funds authorized to be appropriated for research, development, test, and evaluation when such funds are used for activities to support the technology base not related to any specific defense mission need, but only if such activities are limited to basic and applied research, proof of concept work, or exploratory subsystem development restricted to less than fully designed hardware not identified as part of a system candidate. Support of technology base activities and the new candidate systems that emerge shall be done competitively.

(c) The requirements of subsection (a) (8) and (9) shall not apply if the Secretary of Defense certifies to the Congress that research, development, test, and evaluation activities should be concentrated on a single system candidate without further exploration of competitive offers and that actions have been taken to—

(1) establish a strong centralized program office to take direct technical and management control of the program;

(2) integrate selected technical and management contributions from in-house groups and contractors;

(3) select contractors with proven management, financial, and technical capabilities as related to the problems at hand;

(4) use cost-reimbursement contracts for high technical risk portions of the program; and

(5) estimate program cost within a probable range until the system reaches the final development phase.

(d) Beginning with the fiscal year ending June 30, 1977, funds authorized to be appropriated for procurement for the Department of Defense shall be available for these purposes only when the Secretary of Defense determines that—

(1) the mission need has been reconfirmed and system performance has been validated in an environment that closely approximates the expected operational conditions; or

(2) the costs of system operational test and evaluation prior to production substantially outweigh the benefits in terms of reduced cost growth for correction of system deficiencies and other factors.

Mr. CHILES. Mr. President, let me make clear at the outset, that I do not expect the amendments I am offering can be adequately considered as floor amendments during our deliberations on this year's authorization bill.

Therefore, I do not intend to bring these amendments to a vote but rather to offer them primarily for the information of the executive branch agencies and also as an opportunity to support the distinguished chairman of the Armed Services Committee, Mr. STENNIS, in his long and continuing efforts to improve the management of the Department of Defense.

As most of my colleagues already know, the distinguished Senator from Mississippi has lead a concerted effort to review and defense policies and procedures in one of the most vital areas of our defense posture and effectiveness: The acquisition of major systems and the relationship of these major programs to our defense budget.

As chairman of the Armed Services Committee he has held hearings on the weapons systems acquisition process in 1971 and again in 1972, and, as I understand, plans to continue these hearings.

Further, in the fiscal year 1974 authorization committee report, the committee made it clear that:

Major improvements in our system acquisition policy were necessary;

Defense Department promises have yet to be fulfilled, and

That although it was not Congress normal role to dictate defense management policy, such action may ultimately be necessary if we are to see all that we have learned about improved acquisition procedures come into effect.

The amendments I am offering are an attempt to raise for discussion a new focus for congressional involvement in systems acquisition and defense budget, to provide a basis for consideration by not only Members of Congress but executive agencies as well.

Basically, the amendments would cover two areas. Section 703 would call for the Secretary of Defense to submit supplementary budget information so that we could review the defense budget more easily in terms of foreign policy commitments, defense strategy, defense mis-

sions, and the programs we are financing to support them. This section on supplementary budget information is also an issue for the Appropriations Committee and its distinguished chairman, Senator McCLELLAN.

Section 704 would provide for a new framework for conducting major systems acquisition programs so that we can—

Restore meaningful competition;

Eliminate unnecessary duplication;

And in the long run, provide more effective systems for military forces at lower costs.

To achieve these ends, section 704 would implement a rational decision-making process in for the evolution of new miiltary systems to meet defense needs.

The framework for systems acquisition is the product of the 2½-year study of the Congressional Commission on Government Procurement on which I had the pleasure to serve along with Senator GURNEY, Senator JACKSON, Congressmen HOLIFIELD and HORTON as well as the Comptroller General of the United States, Mr. Elmer B. Staats.

Many of the recommendations made by the Commission have already been recognized in the actions and deliberations of the Armed Services Committee and its distinguished chairman.

For example, section 101 of S. 3000 calls for the Secretary of Defense to certify to the Congress a key program decision for production of either the A–10 or A–7D and the Airborne Warning and Control System—AWACS.

The Procurement Commission's framework would add to and build upon such key decision milestones so that the Congress could effectively participate in the major turning points that actually control Major Systems Acquisition programs.

I strongly support these provisions in the legislation that is now before the Senate.

I know the leadership is anxious to demonstrate our ability to move quickly on this important budget legislation so that I will limit my remarks only to say that I would hope that these amendments would stimulate interest in the possibility for procurement reform in major systems acquisition.

In conclusion, may I ask the distinguished chairman of the Armed Services Committee whether he feels that the findings and recommendations of the Procurement Commission provide an opportunity for us to hold hearings later this year? I would be glad to offer the full services and support of the Procurement Subcommittee to assist in whatever way possible. The other members of the subcommittee—Senators NUNN, BROCK, HUDDLESTON, ROTH, as well as Senator JACKSON—have expressed a desire to see that we capitalize on this work while it is still current and while the executive branch is preparing a formal position.

Mr. JACKSON. Mr. President, will the Senator from Florida yield?

Mr. CHILES. I yield.

Mr. JACKSON. I should like to commend the distinguished Senator from Florida for his untiring efforts in connection with Government-wide procurement problems. He has focused, especially, on one of the largest problems, national defense. I would agree with him—based on all the work that has been done, and in keeping with the freshness of the recommendations and the studies which have been made—that we should try to move forward in a timely and determined way to improve the procurement process.

I simply want to say to my distinguished chairman that the Senator from Florida, more than any other Senator, has taken a keen and continuing interest in this area. I commend him.

I want to assist his efforts in any way I can.

Mr. CHILES. Mr. President, I thank the distinguished Senator from Washington who also serves as a member of the Procurement Commission and certainly, from his experience on the Commission and the work that he did, has a deep understanding of the magnitude of the problems as does the distinguished chairman of the Armed Services Committee who has been wrestling with this problem for a number of years.

Mr. STENNIS. Mr. President, I am not sure that I understood all of the Senator's question—my attention was diverted more than once by Members wanting time on another matter—but as I understand it, the Senator recognizes that this is such an extensive and complicated matter it could hardly be considered as a floor amendment.

On the question of procurement, I think it is the No. 1 problem of the Congress with reference to military expenditures, for these high-priced weapons especially; and, of course, research and development is $9 billion this year. So far as the committee's going into the items is concerned, it would be hard to improve on the present subcommittees work. But the whole system of the budget and everything that goes with it is pretty relevant.

What was the rest of the Senator's question—would we have hearings, is that it?

Mr. CHILES. The question was whether the distinguished chairman of the Armed Services Committee felt there would be a need for hearings on the major recommendations of the procurement commission, and the study that took 2½ years to make and $9 million of the public's money, that dealt with the area of how the Government buys a major system, how we go into a systems acquisition and, if there could be some merit to continuing the hearings that the distinguished chairman has had over 2 particular years that I know about, but trying to go further into major weapons acquisition hearings and how the systems are procured.

Mr. STENNIS. I wish that we could have some more of the hearings, but sometimes we overspeak ourselves in debate and make promises about hearings on this and hearings on that, which all adds up to about 2 years of work that we are supposed to do in 2 or 3 months.

So I am going to ask the Senator to excuse me from making any definite promise. But we want to contribute in any way we can to exploring some of the problems the Senator has in mind.

First, I think it would take someone highly competent and with practical experience in the field of industry and manufacturing and contracting on a very large scale. These contracts involve billions of dollars. That would be the first thing I would try to do, to get someone such as that as an adviser, as well as a staff member to go into it.

Mr. CHILES. I appreciate that. I want to offer again the services of the staff and the Ad Hoc Committee on Procurement that has been created in the Government Operations Committee. Some of the people we are talking about sit as members of the Procurement Commission—they are the ones who brought this problem to the attention of the Procurement Commission—some of the major contractors who have been trying to work in systems; the former Administrator of NASA, who sat as a member of that Commission, who knows much about systems acquisition and the tremendous systems acquisitions of NASA. That kind of expertise would have to be necessary, and I think it could be forthcoming if we were ready to proceed in the area; because I believe they recognize more than anyone else the need for some reform in the way we go into the acquisition.

Mr. STENNIS. I think the Senator's remarks are timely, and I have confined myself to general remarks rather than a definite promise. We can discuss it further later.

Mr. CHILES. Mr. President, I ask unanimous consent that a summary description of the Procurement Commission recommendations be printed in the RECORD.

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

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

PART C—ACQUISITION OF MAJOR SYSTEMS

CHAPTER 1. DIRECTIONS FOR CHANGE

This report treats a Federal procurement activity that has created controversy for two decades—the process of acquiring major systems, particularly the major systems of the Department of Defense.

The major system acquisition process draws upon new technology in developing new systems to meet national needs. Over the long term, defense acquisition programs represent a staggering commitment of national resources. The 141 programs currently identified in DOD, when complete, will have consumed a direct investment of more than $163 billion. Operating and maintenance costs over the lifetime of these systems could be two or three times greater than this aggregate direct investment.

Unlike many past studies that were constrained to deal with segments of the acquisition process, our study benefited from having an exceptionally broad congressional charter to examine system acquisition and to make recommendations for its improvement.

As a result, the Commission chose to take an integrated view of the acquisition process, covering all the basic steps from the initial statement of a need to the eventual use of a system. The report concentrates on the way the Government organizes policies and procedures to accomplish these basic steps. It also deals with the problems caused by the vested interests and motivations of the principal organizations in the roles they most often play in major system acquisition, including:

Contractors who are overoptimistic in their estimates of system cost, performance, and delivery date and who make contractual commitments according to those estimates in order to win program awards.

Agency components, like the military services, that reinforce contractor optimism to gain large-scale but premature program commitments in order to meet their obligations to provide modern operational capabilities and to preserve their stature and influence.

Agency heads who do not have effective means of control in discharging their responsibilities for coordinating components and programs in the face of severe bureaucratic pressures.

Congress and its committees which have become enmeshed at a detailed level of decisionmaking and review in attempting to fulfill their responsibilities. This disrupts programs, denies flexibility to those responsible for executing programs, and obscures Congress' view of related higher-order issues of national priorities and the allocation of national resources.

IMPROVING SYSTEM ACQUISITIONS

The need to improve major system acquisition has been made apparent by the succession of cost overruns, contract claims, contested awards, buy-ins, bail-outs, and defective systems that have drawn sharp criticism to one or more programs in recent years. The clutter of programs and problems has made it difficult to understand or grapple with the underlying causes of acquisition difficulties, some of which are subtly removed from the time and place that the symptoms appear.

This report concludes that the basic roadblock to improvements in system acquisition is the fact that too many past attempts have symptomatic problems, such as those just enumerated, on an individual, piecemeal basis. Patchwork corrective action has become counterproductive, leading to more regulations to amend regulations, more people to check people, more procedures to correct procedures, and more organizations to correct organizational problems.

Underlying problems

Piecemeal improvements will only aggravate the underlying problem in system acquisition: *the lack of visibility over the key decisions that control the purpose and direction of system acquisition programs.* Without this visibility, these key decisions (and the information needed to make them) have been displaced from their proper organizational levels, both within Government and between Government and the private sector. The end results have been a diffusion of responsibilities that has made it difficult to control system acquisition programs.

Congress and agency heads have become so burdened with detail that they have not been effective in carrying out their respective responsibilities. Congress often cannot act as a credible and sensible check on an agency because acquisition programs provide no handles to enable Congress to interrelate the purpose of new systems and the dollars being spent on them with national policies and national needs. Instead, data is presented to Congress in "traditional" forms, inviting attention to already defined products and to annual budget increments that finance development and production. From many points of view, this information is useless as a basis for effective congressional review.

The agency head has a similar problem. He cannot manage or control agency components unless he makes some key program decisions to keep cost and capabilities within coordinated agencywide limits. Agency components often start and carry out major system acquisitions with little or no control by the agency head or Congress because responsibility for making some key decisions is unclear. However, once such decisions are made, an acquisition program is set on a course that is costly, if not impossible, to change without outright cancellation.

Finally, the responsibility for making decisions on new system products has been spread across the public and private sectors, badly distorting the buyer-seller relationship between the Government and contractors. This has precluded effective competition and undermined contractual agreements.

Main Directions for Change

The Commission's recommendations in effect call for a "systems approach" to solving the problems of major system acquisition by:

Establishing a common framework for conducting and controlling all acquisition programs that highlights the key decisions for all involved organizations—Congress, agency heads, agency components, and the private sector.

Defining the role each organization is to play in order to exercise its proper level of responsibility and control over acquisition programs.

Giving visibility to Congress and agency heads to exercise their responsibilities to providing them with the information needed to make key program decisions and commitments.

Congress and agency heads must exercise their responsibilities by participating effectively in key acquisition decisions that steer a program and determine which national problems are met; determine how successful agencies will be in performing their missions; and influence long-term patterns in the use and allocation of national resources. To participate effectively requires that meaningful information be brought forward for deliberation. Decisions on needs, goals, the choice of a system, and commitment of development and production resources must be presented in a clear and cohesive framework that can be referenced by all parties involved.

Our report recommends a realignment of the acquisition structure to correct the de facto abdication of responsibilities in Government and industry that has come about for want of a clear understanding of the decisions and actions that actually control system acquisition programs. The need to reestablish control and reallocate responsibilities is vital not just for defense programs but also because system acquisition programs will be used increasingly throughout the Government to meet civilian as well as defense needs.

Because this report is based on an integrated view of the acquisition process, the recommendations made are linked to form a structure that is applicable for acquisition programs of all agencies. Recommendations are not designed to be applied selectively to improve parts of the acquisition process but, rather, to work together to control the whole.

Expected Results and Implications

The recommended actions would establish effective control over system acquisition programs—what they are supposed to do and how much we are willing to pay for them—before these things are decided, often by default, by the systems and their government and industry sponsors.

In the long run, adopting the recommendations should also result in a net reduction in the time and cost to go from the statement of a need to the effective use of a system to meet it. This is to be accomplished not by shortening or paying less for every phase of activity but by spending more time and money on the early pivotal development tasks that will net savings in the larger commitments that follow. Less time and money should be spent on nonproductive activities that service the demands of the bureaucracy and its regulations but do little to increase our information about what system to buy or to advance the development of a satisfactory system.

The recommendations also suggest a different environment for the participating institutions because:

Congress must become a more effective and informed check and balance in acquisition programs through the use of its legislative prerogatives. Congress should be given the opportunity and information to understand the need and goals for new programs in the context of national policy and priorities. Thereafter, they should be in a better position to monitor the development, procurement, and operating funds going to programs to meet these needs.

Agency heads must make early decisions on program needs and coordinate the responsibilities of agency components. The agency head should make the decision to initiate a program to provide increased mission capability and set a cost goal in view of all related agency needs and resources. Thus, programs would not be initiated independently of total agency capabilities, needs, and resources. The agency head would also reconcile needs with the mission responsibilities of agency components, assuring that if component rivalry leads to duplicate efforts, the duplication is purposeful, visible, and controlled.

Agency components must be given full flexibility to explore alternative systems within agreed-upon program goals before committing to just one. With this flexibility, their management efforts would shift from designing a system and controlling its development to management based on review, test, and evaluation of competing private sector design efforts.

Contractors must enter a competitive arena that rewards suppliers who are held responsible for creating and demonstrating the best system according to their own business and technical judgments. Competition should involve innovative products that must demonstrate that they meet the Government's need at the lowest cost, not an undeveloped but already defined system at the price needed to win. On this basis, new firms would be allowed to enter and old ones forced to exit from an industry whose total capacity would be based on current and future system needs.

Overall, the report calls for a simplified but flexible decisionmaking process that places greater reliance on sound judgment and less on regulations and complicated contracts and clauses. It also recommends that acquisition policy and monitoring be unified within each agency with a concurrent reduction in management and administrative layering between policymakers and program officers, and a counterpart reduction in industry staffing.

OVERVIEW OF REPORT AND RECOMMENDATIONS [1] [2]

Major system acquisition is an extended and complex process. It begins with the Government's determination that a certain capability needs to be strengthened and the premise that the technological base can support viable system concepts. It continues through development, production, and operation of a system to meet that need, with in-

[1] Appendix B is a compilation of the 12 recommendations made in this part of the report.

[2] In the discussion and recommendations that follow, "agency" refers to each executive department or agency whose head reports to the President, such as DOD and DOT. "Agency component" refers to the first major organizational divisions within the agency below the agency head, such as the military services and the Federal Aviation Administration. "Agency mission" refers to a function to be performed by the agency, either generally or specifically, in support of the agency's assigned responsibilities.

formation flowing back at each stage to those who are responsible for comparing what exists with what is needed.

Well-known major systems are the space shuttle, Apollo spacecraft, Minuteman missile, Polaris fleet ballistic missile system, C–5A transport, F–14 and F–15 fighter aircraft, Phoenix and SAM–D missile systems, Main Battle Tank, and Cheyenne helicopter. Hundreds of other major systems have been developed, many with lesser unit costs but in greater production quantities.

Evolution of practice and problems

Most difficulties in major system acquisitions, including cost overruns and overly sophisticated, expensive systems, arise from a few basic characteristics of the way Federal agencies have come to organize system acquisition programs and engage private sector participation. The evolution of the system approach—a comprehensive attack on a problem in the context of its total environment—has caused radical changes in the Government procurement process.

Until after World War II, the usual practice was to develop and produce many system components and subsystems independently of their integrated use in a weapon system. The design of many major weapon systems was sufficiently stable to permit components and subsystems to be readily integrated. The military services were, in effect, buying major systems in bits and pieces.

Following World War II, there was greater awareness of the benefits that might be gained if advancing technologies could be stimulated and brought together to meet the escalating Cold War needs for national defense. But the new technologies presented problems. Each new component or subsystem, although it offered improved characteristics, had to work well with other new pieces in order for the total system to be effective. This called for stronger control over all the newly developing components and subsystems and the system itself.

The size of the emerging programs brought about a shift in Government-industry relationships so that the benefits of the system approach were not without some drawbacks. Companies could not be expected to develop major systems and subsystems on their own without the assurance that they would be able to sell enough of their products to recover development costs. The funds required and the technical risks involved were too great. As a result, an agency had to underwrite the development of new major systems.

DOD was the first to face these unusual buyer-seller conditions as it took the lead in developing the major system approach to meet defense needs. Although particular program practice varied in significant degree, the following is the general process that crystallized the 1960's and remains the predominant pattern for communicating the Government's need, creating a system, and contracting for it.

The process began with a decision within one of the military services that its ability to perform an assigned mission should be strengthened by a new system. Policy and practice usually excluded the Office of the Secretary of Defense (OSD) and Congress from these early deliberations on the need for a new system, although the military services were guided by Department of Defense plans and policies.

The agency would begin to describe the system so that it could contract for its development. The need would be communicated informally to industry, usually in terms of a product better than one currently doing the job. Goals typically would be for better system performance, such as more range and speed or less size and weight.

Companies would respond with their ideas on new systems, sometimes presenting different system concepts. The system concept that offered the most promise and was most compatible with the service's interest and operating doctrine had the best chance of being selected. The information used to select the concept and technical approach for development could come from industry (both informally and under study contracts) and from within the agency's own laboratories and technical staffs. The most desirable features received from these various sources, many of which required advances in the state-of-the-art, usually would be combined into a total system description.

After the agency component had decided on the system concept and main technical features, a detailed system description would be issued to solicit industry proposals in formal competition for the award of the development contract. Upon receiving contractor proposals, the agency again would pick up the most attractive ideas, weave them into an updated system description, negotiate with the most promising contractors, and ultimately select one to develop and produce the system. The system often was an amalgamation of ideas from many Government and industry sources; no single public or private sector organization had the scope or depth of engineering knowledge to know if the system actually could be developed to perform as intended within planned time and dollar limits.

The agency often found it difficult to choose a clear technical winner because the technical approach and all main system features had been specified by the agency. The point scorings used to judge competitors often were close and awards sometimes were contested. Price or estimated cost dominated final evaluation and pressured contractors to "buy-in" with a low price bid for an undeveloped system. A company's survival hinged, in large measure, on winning one of these major programs in which an increasingly large proportion of new military expenditures were being concentrated. Even if the agency could predict that it was accepting a "buy-in" price, realistically it could not justify paying a price higher than a major, experienced contractor had proposed and was willing to accept.

The winner of this so-called "design competition" received a contract to conduct a development phase that might span five years. Sometimes the contract would include production.

The date for a new system to become operational would be influenced by the desire to field it as soon as possible and the assumption that everything would proceed according to plan. Contractors would agree to this date in response to the terms and conditions of the competition. This often would necessitate starting production before the development and testing were completed (concurrently) and building up large organizations very quickly to handle all phases of a compressed development and production program with little room for learning or mistakes.

Some years later, when all did *not* go according to plan, the system did not measure up to initial expectations and costs grew unexpectedly. The contractor could be blamed for poor management of the development effort. In turn, the contractor could shift blame to the agency for imposing what turned out to be an inconsistent or impossible set of technical requirements on the system and for having forced premature performance, schedule, and pricing commitments under the heat of contrived competition.

At this point, the agency would find itself doing business with only one contractor with the background needed to carry out the protracted test and production phases. In this situation, the agency could not abdicate its responsibility to meet real defense needs or disregard the public funds already invested in the system; the agency often had to find ways to "bail out" the contractor from his technical and financial difficulties.

Pressure grew for increased agency engagement and control over system developments. Methods were developed within the Government to control the technical and management functions of both contractor and in-house organizations. The results have been a proliferation of staffs and multiple levels of review in both industry and Government; a proliferation of paperwork, management systems, and regulations; demands for much greater program detail by Congress; and increased reviews of major systems by the General Accounting Office. The proliferation of controls has contributed to many of the symptomatic problems and complaints reported in recent years by various Government, industry, and public sources.

Some of the most important problems discussed are summarized in the first column of table 1. DOD has recently made efforts to improve system acquisition practices, as shown in the second column, and has begun to implement its plans on some selected new programs. The third column highlights the changes recommended here that generally support recent DOD actions, but also extend into more fundamental aspects of the acquisition process. They should not be evaluated on an individual basis but as part of the acquisition structure.

The recommended acquisition structure does not eliminate the need for competent personnel to exercise sound judgment. It highlights the fundamental decision points that must be dealt with by each agency as a system moves through the acquisition process. It also identifies the kind and quality of information that should be available when each decision is made.

The acquisition structure is recommended as the best standard for conducting the process, but it is designed to be flexible. Intelligent and well defined variations can be made while achieving the necessary visibility and control. Standards for the most important variations and the responsibilities for authorizing such variations are presented in this chapter.

Establishing needs and goals

Starting and Coordinating Programs

Establishing needs and goals for a new acquisition program is one of the most vital areas for improving system acquisition. Decisions on needs and goals have far-reaching effects on the formulation and direction of national policies and strategies. The resources required to develop major systems are a significant factor in an agency's total budget and in the allocation of funds among Federal agencies and components. In view of the resources consumed by major programs, the needs to be met and the goals to be achieved must receive close attention from the agencies and Congress. Both defense and civilian programs have suffered when well-defined and coordinated statements of needs and goals were lacking.

Program goals establish the capability needed, the money that can be spent to get that capability, and the date for achieving it. These goals set the tone of the program. Allowing one goal to improperly dominate may cause later distortions such as when urgency receives unwarranted emphasis, leading to compressed development and production activities.

TABLE 1.—COMPARISON OF PAST PROBLEMS, CURRENT CHANGES, AND RECOMMENDED ACTIONS (DEPARTMENT OF DEFENSE)

PAST PROBLEMS	MAJOR CURRENT CHANGES (OTHERS DISCUSSED IN TEXT)	MAJOR RECOMMENDED ACTIONS (OTHERS DISCUSSED IN TEXT)
Establishing needs and goals:		
Needs/goals set by each service; unplanned duplication.	Mission area coordinating paper.	Agency head reconciliation of needs/goals and service responsibilities.
No formal congressional overview.		Congressional review of mission deficiences, needs/goals for new acquisition programs.
Exploring alternative systems:		
Centralized agency-level control over systems.	Decentralization; more authority for military services.	
Lack of congressional visibility; scattered R. & D. line items.		Congressional authorization and appropriation of R.D.T. & E. funds for systems candidates by mission need.
Premature commitment to single technical approach.	Attempt to broaden choice of system options at 1st agency-level review.	Solicit system proposals using broad need statement; maintain integrity of separate candidate systems.
Multiple information sources; uncommitted industry proposals; pressures for goldplating; high unit cost.		Annual review and fixed-level awards to each selected competitor; agency technical staff assistance.
Narrow technical latitude for competition; paper information; buy-ins.	Greater design latitude; more time for exploration and hardware development.	Commit best competitors to prototype system-level demonstration.
Choosing preferred system:		
Paper competition; complicated source selection; contentious awards.	Some hardware prototypes; less reliance on paper.	Choose system based on mission performance measurements, total ownership cost derived from competitive demonstration and operational tests.
Single contract covering both development and production.	No "total package" awards.	
Implementation:		
Overlapped development and production ("concurrency").	Reduced concurrency.	Independent operational test before full-production release; strengthened test organizations.
Late and inadequate operational tests for production decision.	Emphasis on early and better operational testing.	

Source: Commission studies program.

Great sums have been committed to programs which, later, cannot respond to corrective changes in goals. Programs often have been begun with insufficient consideration of other programs underway that can collectively strain the limits of existing resources. Lack of additional funds requires a cutback in the number of systems, leaving unplanned disruptions in an agency's capability to do its job.

DOD policy currently delegates the responsibility for deciding needs and goals to each of the military services. They define them mainly in terms of the kind of hardware they "need," not in terms of the mission to be performed. Although new technological opportunities cannot be ignored, too often the focus has been on the system product and not on its purpose. The results have been pressures to lock-in to a single system approach prematurely without giving adequate attention to why a new level of capability is needed in the first place and what it is worth before less costly system alternatives are created or eliminated.

The needs and goals that each military service sees for its acquisition programs are shaped by its own views of defense missions and priorities. They do not necessarily correspond to the perceptions of the other services or of the Office of the Secretary of Defense, frequently resulting in destructive interservice rivalry and overlaps in mission capabilities. Interservice rivalry has caused special complications for system acquisition programs because these programs have become the principal means by which the services can preserve and enlarge their roles, budgets, and influence.

Interservice rivalry can be made to work to advantage if harnessed by a clear statement of common needs, an invitation for the services to compete openly when appropriate, and a formal recognition that we cannot afford to finance all the systems sponsored by each of them. The objective should not be to eliminate all overlap or duplication in assigned responsibilities among or within the services; it should be to ensure that where such overlap or duplication exists, it is visible, controlled, and purposeful.

DOD has attempted to view new systems and programs on an agencywide basis through its mission Area Coordinating Papers (ACPs) but they do not carry the weight of secretarial decisions or apply to the very start of new acquisition efforts. Unplanned duplication of systems; pressures to make new systems large, multipurpose, and expensive; premature commitments to an undeveloped systems; and loss of control over the allocation of resources to agency missions all result when programs are begun independently by agency components to obtain "needed" products without agencywide coordination of needed capabilities and affordable costs.

Recommendation 1. Start new system acquisition programs with agency head statements of needs and goals that have been reconciled with overall agency capabilities and resources.

(a) State program needs and goals independently of any system product. Use long-term projections of mission capabilities and deficiencies prepared and coordinated by agency component(s) to set program goals that specify.

(1) Total mission costs within which new systems should be bought and used

(2) The level of mission capability to be achieved above that of projected inventories and existing systems

(3) The time period in which the new capability is to be achieved.

(b) Assign responsibility for responding to statements of needs and goals to agency components in such a way that either:

(1) A single agency component is responsible for developing system alternatives when the mission need is clearly the responsibility of one component; or

(2) Competition between agency components is formally recognized with each offering alternative system solutions when the mission responsibilities overlap.

Congressional Review of Needs and Goals

Without a clear understanding of the needs and goals for new programs, Congress is unable to exercise effectively its responsibilities to review expenditures and the allocation of national resources. This failure is partly encouraged by the timing and format used to present system acquisition programs and by the kinds of questions this format provokes. The wrong questions are asked early about research and development projects and, when the right ones are provoked by debates on a particular system, it is often too late for the answers to be relevant.

Current budgeting and review procedures expose the need and goals for a program to Congress at a time when a single system is proposed, with cost, schedule, and performance estimates often predicated on insufficient research and development efforts. At this stage, it is difficult to control costs because system characteristics are fixed within a narrow range. Thus, the cost to meet a mission need is largely determined by the cost of the new systems, not the worth of the new mission capability compared to other alternatives. This leaves Congress a futile choice: either pay the price for the system or let the need go essentially unsatisfied. Congressional ability to deal with agency budgets and to provide meaningful guidelines to allocate limited national resources is seriously undermined.

Congress should have an early and comprehensive opportunity to debate and understand any agency's mission needs and goals for new acquisition efforts, and the opportunity to discuss the relationship of proposed mission capabilities to current national policy and the allocation of resources in accordance with national priorities. Understanding an agency's needs and program goals before discussing the system to meet the need should help reduce the delays in authorization and appropriation caused by extended investigation of all these issues when a system surfaces later for large-scale funding approval.

This does not imply that Congress should make defense strategy, define defense missions, or interpret for the military what their needs are and the best way to meet them; these are roles of the executive branch. Congress *should* have the opportunity to review agency programs in such a way that the programs can be clearly related to national policies, priorities, and the allocation of

resources in order for Congress to exercise its legislative responsibilities and controls. This is preferable to having the consideration arise after a single system is well into development, when need and goals are already obscured by the technical merits and demerits of a particular system, and there is little room to control the cost of meeting national needs.

Recommendation 2. Begin congressional budget proceedings with an annual review by the appropriate committees of agency missions, capabilities, deficiencies, and the needs and goals for new acquisition programs as a basis for reviewing agency budgets.

Exploring alternative systems

The Technology Base [3]

Ongoing exploration of technology is fundamental to any new acquisition program—new components, tools, materials, processes, and organized knowledge can be used to develop new and better ways to meet public needs. The chances for success of any major system acquisition are enhanced if there is a variety of advancing technologies from which new system solutions may be drawn. Otherwise, a solution must be based on a safe but stagnant technological choice or on unpredictable advances outside that range.

Most Federal agencies with operating responsibilities recognize the value of a strong technological base. For example, the most recent defense policy on major system acquisition cites the importance of "a strong and usable technology base" to provide raw material for creating more effective and less costly systems.

There is no way to know how much money to spend in a given field of technology; the payoffs are usually unpredictable and downstream in time. Technology is advanced through a creative process sparked by dedicated people in Government, industry, and universities, supported directly by contracts, grants, or industry profits, or indirectly through recovery of related overhead costs.

Technical judgment is the critical factor in apportioning money and in performing this kind of effort. The results may not be immediately useful and may have unforeseen applications of unpredictable value.

The Government has paid a spiraling cost to meet growing public needs by stretching existing technology and "goldplating" old approaches instead of seeking innovative approaches that ultimately might prove less complex, less costly, and more effective. This is a case of diminishing returns: to do a job 10 percent better may cost 50 percent more if the old technology is stretched. Sometimes this approach is selected simply because of time or initial dollar constraints.

Maintaining an adequate growth of technology is one of the most important prerequisites for successful system acquisition, but there have to be limits on activity that is financed and justified solely for its value to the base of technology. Currently, the technology base is inadequately developed to support new acquisition programs and their search for candidate systems.

Technology base work (both public and private) tends to concentrate on producing results that are, first, immediately useful and, second, acceptable. To be useful, the work tends to provide well-developed products (both subsystems and system concepts) before the need for any has been established and confirmed at the agency level. To be acceptable, these products tend to be based on familiar approaches. The search for alternatives in connection with a specific operational need frequently is conducted in a way that nourishes the technology base in constrained areas of relatively "old" technologies. The net effect is a closed cycle; innovative technologies are suppressed and relatively stagnant ones are carried too far as subsystem and system candidates in anticipation of a specific program.

The Commission favors making the technology base better serve new programs by: (1) controlling how far projects are taken within technology base funding and justification and (2) giving the base a greater access in offering new system candidates.

Recommendation 3. Support the general fields of knowledge that are related to an agency's assigned responsibilities by funding private sector sources and Government in-house technical centers to do:

(a) Basic and applied research

(b) Proof of concept work

(c) Exploratory subsystem development

Restrict subsystem development to less than fully designed hardware until identified as part of a system candidate to meet a specific operational need.

Creating New Systems

In the face of uncertainties about needs and technology, it makes sense to explore alternative systems. At the start, it is more expensive to explore several approaches than to focus quickly on one. However, the short-range cost should be weighed against the longterm benefits of having options, particularly in the early phases of development when they cost relatively little. Money spent on development of alternative systems can be relatively inexpensive insurance against the possibility that a premature choice of one approach may later prove to be a poor and costly one.

In addition to guarding against uncertain needs and technology alternative systems also:

Provide a means for introducing the benefits of competition in the early stages of system evolution when the cost to maintain competitors is only a small fraction of that needed to have competition in later fullscale development and production phases.

Insure that a wider base of innovative talent is applied rather concentrating R&D resources on a single-system approach.

Increase the probability that the best possible solution will be found.

DOD acquisition procedures have not worked well in surfacing system alternatives based on different technical approaches. This fact is evidenced by ongoing consideration of new policies to foster more substantive system options and to improve the quality of information at the first program review at the Secretary of Defense level. Despite these efforts research and development funds remain generally scattered in a great many separate projects, making it difficult to trace the cost of existence of alternative systems prior to the first agency head review of a new program.

Premature commitment to system concept, technical approach, and design often leads to schedule delays. The combined pressures of (1) limited resources to explore alternatives and (2) the requirement that the military services defend a system before large-scale resources are committed create incentives for them to focus prematurely on one technical approach. Resources are spent to prove that the initial choice is right in order to get a go-ahead decision rather than to examine broad alternatives.

Military services also become advocates of specific methods and approaches to meet their responsibilities. This advocacy is dedicated to fielding the best solution to mission deficiencies based on *past* operational experience. Such advocacy leads to parochial choices of familiar kinds of systems.

To encourage a greater number of more innovative alternative systems to meet a given need, DOD requests for proposals should be broadly stated in terms of needed mission capability, program goals, and essential limitations, not in terms of required features or performance stipulations keyed to a particular kind of system.

There is a critical need to capitalize to a greater degree on the Nation's innovative resources by encouraging smaller firms to enter early in the acquisition process, provided they can make necessary business arrangements for plant and facilities if their proposed systems prove superior.

Large established firms tend to acquire technical biases based on their experience with successful products and their customer's likely to have more initiative and innovative technical approaches for new systems. However large firms are usually the only ones considered qualified to compete for major system development awards because competitions are held relatively late in the process, at great expense, after system performance and design features have been determined.

There is a need to balance the acquisition process by ensuring a more objective selection and exploration of alternative systems. The agency should also prevent centralization of the management process and the buildup of large staffs to do the job that should be done at the operating level. The Commission favors retaining the decision on which system alternatives to explore at the agency component level but with reviews to ensure that alternatives are created and explored.

Recommendation 4. Create alternative system candidates by:

(a) Soliciting industry proposals for new systems with a statement of the need (mission deficiency); time, cost, and capability goals; and operating constraints of the responsible agency and components(s), with each contractor free to propose system technical approach, subsystems, and main design features.

(b) Soliciting system proposals from smaller firms that do not own production facilities if they have:

(1) Personnel experienced in major development and production activities.

(2) Contingent plans for later use of required equipment and facilities.

(c) Sponsoring, for agency funding, the most promising system candidates selected by agency component heads from a review of those proposed, using a team of experts from inside and outside the agency component development organization.

Congressional Review of System Exploration

Congress has difficulty overseeing the growing expenditures for agencies' R&D budgets; its intensified demands for information and justification leaves Congress burdened with detailed reviews that obscure the overall pattern.

Congress could better understand where R&D money is spent if it reviewed, authorized, and appropriated funds for exploring candidate systems according to mission. This should be done in conjunction with its review of agency missions and the needs and goals for new acquisition programs. This approach would segregate funds for (1) maintaining the technology base, (2) activities to explore alternative solutions to mission needs, and (3) the final development of systems chosen to meet needs. The second category would group together all development projects asociated with candidate systems to meet each agency mission need. Congress would then have a more meaningful and convenient basis for reviewing expenditures and earlier awareness of the evolution of new systems.

Allocations of R&D money according to mission needs would help reduce the pressures to make premature commitments to a particular system in order to gain funding approval. With defense mission needs and goals reviewed yearly, and with a fixed-level funding constraint tied to finding solutions, the executive branch would have greater flexibility to explore alternative systems and cope with uncertain system candidates. The

[3] This subject is also treated in Part B (Acquisition of Research and Development).

opportunity to question and review individual projects within these mission funds would remain whenever such scrutiny is needed but, at the same time, a more meaningful level of review and control would be available.

There is a growing awareness in Congress that it must deal more effectively with executive branch programs and equip itself more fully to do so. The primary intent of our recommendations on review of program needs, goals, and related funds is to sharpen the effectiveness of whatever congressional efforts are expended to review major system acquisition programs.

Recommendation 5. Finance the exploration of alternative systems by:

(a) Proposing agency development budgets according to mission need to support the exploration of alternative system candidates.

(b) Authorizing and appropriating funds by agency mission area in accordance with review of agency mission needs and goals for new acquisition programs.

(c) Allocating agency development funds to components by mission need to support the most promising system candidates. Monitor components' exploration of alternatives at the agency head level through annual budget and approval reviews using updated mission needs and goals.

Reinstating Meaningful Competition

The notion that the agency should take advantage of all the best proposed technical features in specifying a preferred system is appealing, but analysis shows that multiple design influences from in-house laboratories, weapon centers, operational commands, and contractors often are not compatible and contribute to "goldplating," oversophistication, system integration difficulties, and later performance deficiencies. There is a natural inclination to incorporate new and independently developed subsystems and combine them into a single system specification that then forms the basis for industry competition and later contractual requirements.

Effective competition in system acquisition has been precluded because design decisions on the best approach are made by the Government. Premature commitments are made to a system composed of design contributions from a host of public and private organizations. This "design by committee" approach sets up a one-horse race to meet the mission need, betting on a predetermined and frequently untested combination of technological and performance characteristics. Private sector contractors compete for the development and production of a "required" system, not to offer their best solution at their lowest cost. Consequently, there is limited opportunity for contractor innovation and technical competition, and contractors find it easier to promise the customer what he wants than to innovate and demonstrate new products.

Divided responsibilities for defining the system are also at the heart of later contractual difficulties, correction of deficiencies, and engineering changes, all of which can result in added costs and weakened contractual commitments. Although the contractor has accepted contractual responsibility for computing a system, its ultimate cost, schedule, and performance difficulties are rooted in the combination of specified performance requirements the agency believed could be met. Thus, ultimate responsibility for development problems is difficult to pinpoint.

In most programs, important advantages could result from allowing competitors to be independently responsible for the evolution of their systems by:

Reinstating a competitive challenge to industry to use a wider span of technologies for system solutions that are of lower cost and simpler design.

Creating incentives that encourage economy and austerity in development because, unlike sole-source situations, the incentives for competitors can be directed toward austerity in system design and system design activities.

Restoring the integrity of contracts, with each contractor fully responsible for designing the system contained in its proposal. Ultimately, system demonstration should determine the success or failure of a contractor's approach and there should be a sound basis for negotiating a production contract.

A wider latitude for contractors to propose and explore system alternatives would be balanced by technical competition among them. These are not unlimited alternatives or alternatives for their own sake, but options pursued as long as they make sense in terms of their cost, what has been learned and what remains to be learned in order to make stable program commitments. Initially, only relatively small amounts of money will be needed to explore system concepts to determine the ones that are the most promising and the ones that should be rejected.

Recommendation 6. Maintain competition between contractors exploring alternative systems by:

(a) Limiting commitments to each contractor to annual fixed-level awards, subject to annual review of their technical progress by the sponsoring agency component.

(b) Assigning agency representatives with relevant operational experience to advise competing contractors as necessary in developing performance and other requirements for each candidate system as tests and tradeoffs are made.

(c) Concentrating activities of agency development organizations, Government laboratories, and technical management staffs during the private sector competition on monitoring and evaluating contractor development efforts, and participating in those tests critical to determining whether the system candidate should be continued.

Choosing preferred systems

The choice of a system can be based on low-cost information—studies, analyses, and limited laboratory tests—but this is also low-confidence information whenever a system embodies advances in technology. Although the short-range benefits of money saved by an early choice of a system are apparent, the penalities of a poor early choice can and have proved to be enormously costly.

Early choice of a system raises the risk that increasing costs will have to be paid as long as the agency need remains of sufficient priority. With only a single organized effort underway to meet the need, system performance and schedule slippages have to be accommodated by additional funding. As a result of this monopoly-like situation, costly and burdensome controls and regulations must be applied to a greater extent than in competitive procurements to assure public accountability. There are no *standards* to measure the efficiency of a single undertaking and no competition to aid in choosing the best system.

Technical leveling through transfusion of the best features of proposals early in system exploration and, later, during source selection narrows the differences between competing proposals. Source selections have depended less on technical differences between proposals and more on contractor predicted costs at a time of great technical uncertainty about the "chosen system." In relying on these cost predictions for initial system procurement, insufficient weight has been given to system performance and to the cost eventually to be paid for operating, supporting, and maintaining the system.

Systems that were defined early and subjected to a short industry competition to select the contractor and remaining design refinements invariably have led to technical problems and contractual difficulties. The resulting procurement climate has been clouded by buy-ins, contentious awards, and contracts that were subject to so many changes and claims as to invalidate the integrity of original contractual agreements.

Some new DOD programs reflect efforts to first prove out the "chosen" system by building partial or complete prototypes. This is a major improvement. However, in new prototype programs, choices of technical approach and some system characteristics are still being made by the agency before competition takes place. Introducing industry competition after a system has been largely defined and when large-scale commitments for prototypes have to be made results in relatively narrow cost and technical differences and confines the participation to major firms.

Competitive demonstration of new systems is not appropriate for all programs, but the decision to forego competition should consider more than near-term savings in time and money. The added expenditure of R&D monies to bring a wider span of system solutions into competition can be expected to have a great leverage effect on ultimate system performance and on the vast majority of program costs that will be incurred later.

Looking at the past and to the future, no new programs automatically can or cannot afford competitive demonstration as a basis for choosing a preferred system. It is deceiving to say from the outset that any systems which might meet an agency need must of necessity be big and expensive and, therefore, not amenable to prototype demonstration. The "necessity" for bigness comes about mainly because of familiarity with the scale and scope of past systems used to meet comparable agency needs. With a wide range of system candidates and technologies opened up by earlier recommendations, smaller and cheaper systems will have a chance to be brought forward.

If several design teams were allowed to follow different technical paths in the early innovative phase of system acquisition, the agency might select two for competitive demonstrations of either complete systems or prototypes that embodied all the critical parts.

Having competition from the beginning of the program and maintaining it to this point would provide important benefits largely lacking in current programs, including:

Design continuity from concept through engineering design to improve technical control and integrity of the system.

Different competitive performance and cost solutions to provide options.

Clear contractor product responsibility for a system.

Competitive exploration of technical approaches should produce distinguishably different system performance characteristics. Technical differences would then become more important criteria for choosing systems and contractors than in the past when differences mainly involved design detail and an uncertain cost.

Essentially, our recommendations call for using additional R&D expenditures to initiate competition before system options are eliminated and when costs are significantly lower than those that must be incurred later for full-scale enigneering development. Competition should be continued at least up to the final development phase to provide a sound basis for choosing a potential system and entering into firm performance and price commitments with the successful developer.

Recommendation 7. Limit premature system commitments and retain the benefit of system-level competition with an agency head decision to conduct competitive demonstration of candidate systems by:

(a) Choosing contractors for system demonstration depending on their relative technical progress, remaining uncertainties, and economic constraints. The overriding objective should be to have competition at length through the initial critical development stages and to permit use of firm commit-

ments for final development and initial production.

(b) Providing selected contractors with the operational test conditions, mission performance criteria, and lifetime ownership cost factors that will be used in the final system evaluation and selection.

(c) Proceeding with final development and initial production and with commitments to a firm date for operational use after the agency needs and goals are reaffirmed and competitive demonstration results prove that the chosen technical approach is sound and definition of a system procurement program is practical.

(d) Strengthening each agency's cost estimating capability for:

(1) Developing lifetime ownership costs for use in choosing preferred major systems.

(2) Developing total cost projections for the number and kind of systems to be bought for operational use.

(3) Preparing budget requests for final developments and procurement.

Recommended Acquisition Structure for Programs Not Based on Competitive Demonstration

Some large or complex systems cannot be put through competitive hardware demonstrations, as in the case of large aircraft carriers: an early choice of a preferred system may be necessary. Programs like Apollo and Polaris that made an early commitment to an undeveloped system have generally been considered successful when accompanied by these essential conditions:

There was a broad consensus that cost was not as important as program goal as mission capability and/or the time it was to be achieved.

The Government retained direct control and responsibility for defining and developing the system through a highly competent program staff and gave itself flexibility to change characteristics and performance "requirements."

Flexible cost-type contracts were used for specially selected contractors.

Such programs were usually of high priority because they addressed mission needs that were critical to national policy and strategy. They received the specific attention of the President and the National Security Council; thus, the programs attracted large amounts of agency resources and the best talents from industry and Government to solve major technical problems.

Two important criteria for adopting a direct agency control approach are:

Some urgent needs cannot be met if time is taken to explore eligible alternative systems to a point when competitive hardware test informtaion is available. Instead, a system concept must be formulated early by taking (transfusing) the best ideas from industry and Government and by applying large-scale resources to achieve a solution within a fixed time.

Some needs and goals will require major systems of such massive physical and financial magnitude that no one contractor (or even a team of contractors) may be able to marshal, consolidate, and manage all the necessary talents and resources to compete, even if the agency could finance them.

Both the criteria for choosing such an approach and the conditions needed to make successful clearly suggest that these programs will often require the highest levels of visibility. They should be subject to agency head review of the reasons for adopting a centralized format and be reviewed in Presidential and congressional councils when the resources or capabilities required are critical to national planning.

Although these programs warrant special controls, overreliance should not be placed on complicated regulations and contractual clauses. Better assurance of program success can be attained from proper contractor selection and the involvement of a strong, technically competent program management office complemented by a strengthened agency test and evaluation capability.

Recommendation 8. Obtain agency head approval if an agency component determines that it should concentrate development resources on a single system without funding exploration of competitive system candidates. Related actions should:

(a) Establish a strong centralized program office within an agency component to take direct technical and management control of the program.

(b) Integrate selected technical and management contributions from in-house groups and contractors.

(c) Select contractors with proven management, financial, and technical capabilities as related to the problems at hand. Use cost-reimbursement contracts for high technical risk portions of the program.

(d) Estimate program cost within a probable range until the system reaches the final development phase.

Implementation: final development, production, and use

Although the benefits of competition apply equally to the final development, production, and operation of systems, the cost to maintain competition rises substantially in these phases. As a consequence, system normally enter final development, production, and deployment under an evolved monopoly situation; there is only a single system and contractor to cope with an agency need. Recent difficulties in getting systems produced and deployed within contract terms are related to the "locked in" position of a contractor who, since the beginning of development, has not been subject to direct competitive pressure.

The basic problem, however, is not being locked-in to a sole-source contractor but being locked-in to one who, as it turns out, cannot supply the system as originally planned under the terms and conditions of the contract. Following our recommended acquisition pattern, the contractor and his system would be brought to a point where contractual obligations could be made *before* competition was eliminated with high assurance that he *could*, in fact supply the system according to plan.

Although the chosen system would have been created and demonstrated under continuous competitive pressure, there are conditions when direct competition should be retained or reinstated to drive ownership cost down and system performance up. For example, when the operating conditions remain very uncertain, as in the case of some defense systems, the cost of having competing operational systems with different capabilities may be an acceptable price to pay for the benefit of competition and for being prepared for operational contingencies.

In another situation, the system chosen to meet the need may have to be procured in large quantities over an extended period. If the cost of duplicating tooling, facilities, and knowhow is not prohibitive, it can be advantageous to establish competing producers. Finally, when total systems cannot be competed in the implementation stage, the prime contractor will find it beneficial from his viewpoint and the Government's to solicit competitive sources for selected subsystems. Practices to retain or reinstate competition are followed on occasion by DOD and should be continued whenever the benefits of doing so justify the additional investment of time and cost. The difficulty, of course, is that while the cost of maintaining competition can be readily determined in advance, the benefits cannot.

Problems associated with the final development, production, and use of new systems have been the most painful symptoms of basic inadequacies in the structure of system acquisition programs. Defense systems have been produced and deployed in large numbers while major unknowns about their technical capabilities, reliability, and operational effectiveness remained. Occasionally deficit and unreliable systems have often resulted.

Two kinds of cost problems have come to the forefront during these later phases. First the unit cost of each new system has been rising over the cost of predecessor systems to meet similar needs. Second, major systems in the final development and production phases have grown in cost well in excess of planned amounts so that the agency often is forced to:

Shift money between programs and sometimes obtain reprogramming authority from Congress.

Obtain higher than planned appropriations from Congress in succeeding years.

Reduce the number of units to be procured and deployed (force levels).

DOD has taken various actions to alleviate the cost growth problem including strengthening its cost estimating capability for major systems. These efforts will not reduce the rising unit cost of new systems and resultant reductions in planned force levels unless other more basic changes are made in how needs and goals are initially set and how systems are then defined, competed for, developed, tested and evaluated.

The intended cumulative effect of our recommendations is to acquire enough information to choose systems within established agency cost goals, to change the contracting environment to one of competitive demonstration, and to minimize the difficulties in present-day contract administration. To support all these recommended actions, strengthened agency testing is necessary.

One of the primary findings of our study is that too much is committed to individual major systems before ideas, needs, designs, and hardware are tested and evaluated. Agency testing has usually been delayed until the results were too late to be used effectively in an overcommitted program. Additionally, the testing function has borne the brunt of problems created by the way early acquisition processes have been conducted.

Testing, in the major system acquisition process, has not commanded the importance, stature, or priority that it must if it is to be a primary source of information on major system progress and for decisions on continuing system design efforts, system selection, starting production and operational deployment.

There are two main reasons why there has been inadequate testing. First, testing is often expensive and time-consuming, especially if staged and executed in a realistic manner. Second, the advocates of major system programs are aware that negative test results, if misunderstood at higher levels, can jeopardize or delay a program.

There is mounting evidence that agencies should spend the money, take the time, and go to the trouble of performing adequate tests. DOD has taken initiatives to strengthen testing by:

Establishing a top-level office to set policy and to monitor, for the Secretary, the test operations of the military services.

Emphasizing earlier development and operational testing in new programs and readjusting some of the testing in ongoing programs.

Reducing the overlap between development and production.

Focusing attention on test results at key acquisition decision points.

These are excellent beginnings.

To create incentives for adequate testing, clear direction will first have to be given that defines the timing and expected results of various kinds of testing at each stage in the acquisition. Major steps in this direction have been taken by DOD. It is necessary to

then develop a strong testing activity with the stature to its job.

Test results, by themselves, are not foolproof indicators of how good or bad a system will be in operation. However just prior to a planned full-production commitment, tests should be conducted for the specific purpose of making a "go/no-go" decision. Substantial sums will have been spent on a new program and even larger amounts will be requested for operational system production and deployment. At this point the system must be subjected to a tough and objective evaluation of its usefulness under expected operating conditions.

Recommendation 9. Withhold agency head approval and congressional commitments for full production and use of new systems until the need has been reconfirmed and the system performance has been tested and evaluated in an environment that closely approximates the expected operational conditions.

(a) Establish in each agency component an operational test and evaluation activity separate from the developer and user organizations.

(b) Continue efforts to strengthen test and evaluation capabilities in the military services with emphasis on:

(1) Tactically oriented test designers

(2) Test personnel with operational and scientific background

(3) Tactical and environmental realism

(4) Setting critical test objectives, evaluation, and reporting.

(c) Establish an agencywide definition of the scope of operational test and evaluation to include:

(1) Assessment of critical performance characteristics of an emerging system to determine usefulness to ultimate users

(2) Joint testing of systems whose missions cross service lines

(3) Two-sided adversary-type testing when needed to provide operational realism

(4) Operational test and evaluation during the system life cycle as changes occur in need assessment, mission goals, and as a result of technical modifications to the system.

Contracting methods and procedures have been used as remedies for acquisition problems found in past programs. This has stimulated a large growth in contracting regulations that have been applied to most programs, whether appropriate or not.

There is widespread dissatisfaction with the voluminous size and detail of contracting regulations. Common complaints are the frequency of change, the ponderous waiver routes required for use of nonstandard clauses, and the practical impossibility of being able to understand and intelligently apply all that is included in them.

The personnel assigned to major system procurement are or should be the best available to the procuring organization. They should not need detailed formula substitutes for judgment. Excessively detailed guidance and requirements to use ineffective contract provisions have been an impediment to major system acquisitions. In this area, there is a great need for personnel to have adequate authority to adapt, modify, innovate, and be held responsible for actions taken.

The problems in contract performance cannot be corrected by contract procedures. The problems are rooted in the actions or inactions in earlier phases of the acquisition process. The cumulative effect of prior recommendations having to do with competing system-level technical approaches, a test demonstration phase, and a strengthened testing activity is intended to provide realistic Government procurement specifications. The result should be simplified contractual arrangements.

Recommendation 10. Use contracting as an important tool of system acquisition, not as a substitute for management of acquisition programs. In so doing:

(a) Set policy guidelines within which experienced personnel may exercise judgment in selectively applying detailed contracting regulations.

(b) Develop simplified contractual arrangements and clauses for use in awarding final development and production contracts for demonstrated systems tested under competitive conditions.

(c) Allow contracting officials to use priced production options if critical test milestones have reduced risk to the point that the remaining development work is relatively straightforward.

Organization, management, and personnel

An understandable desire to avoid past mistakes and blunt future criticisms results in an unstable tendency in bureaucracies either to draw all matters up to the highest possible level for decision or to leave critical decisions and information at too low a level. DOD management philosophy, for example, has exhibited wide swings between "centralized" and "decentralized" patterns of decisionmaking. These two approaches generally describe the relative authority of the Office of the Secretary of Defense (OSD) and the military services, but also have meaning within a military service.

DOD recently has attempted to balance the advantages and disadvantages of centralization with a philosophy of "selective decentralization" and "participatory management." This philosophy has given the military services greater responsibility for their acquisition programs. An attempt to find an effective middle ground is proper, but policy and management philosophy must be buttressed by clear statements on the placement of specific decision authority and management responsibility within OSD and the military services.

At present, the responsibility for policymaking and monitoring acquisition programs is split between the technical and business functions at top agency and component head levels. No single office is accountable to the agency head for overall results of acquisition policies.

When new acquisition programs are initiated, procurement must begin using the tools and techniques prescribed by procurement policy and regulations. Such policies and regulations, often intended for more orthodox procurements, have caused problems when applied to advanced technology major systems. Technical and business policies and the people who make them are not closely interrelated. The result has been that procurement methods and contracting techniques do not match the character of technical activity embodied in major system acquisition programs.

On the other hand early technical activities commit to requirements and actions that prejudice strongly the business structure of any program. With technical needs and considerations occurring first and the business activity second, a vacuum is created in the acquisition process. Issues such as roles and relationships of the Government and industry in defining and developing a system, competitive approach, technical risk, time factors, contracting, and cost should be actively considered from the start.

The split between the technical and business functions also is part of a more widespread pattern of management layering and duplicate staffing that includes agency components where multiple assignments of authority and responsibility also exist.

During the past 15 years, the problem of management layering and excessive staffing has been exhaustively documented but only marginally improved. Its actual impact on the cost of programs is impossible to assess. Whatever the total, the costs are multiplied in industry; contractors who deal with agency staff specialists must create counterparts in their own staffs.

Within an agency component, the acquisition program office is a natural focal point for operating authority and responsibility. The program manager usually is assigned after a major system has been defined and therefore has no role in some of the most important decisions governing execution and success of the program for which he is made responsible. Program managers recently have been given increased authority, but it is difficult to exercise that authority in the current DOD environment. There is too much layering, too much fragmentation of authority and responsibility, and too many coordination points and staff reviews up through the top level.

Recommendation 11. Unify policymaking and monitoring responsibilities for major system acquisitions within each agency and agency component. Responsibilities and authority of unified offices should be to:

(a) Set system acquisition policy.

(b) Monitor results of acquisition policy.

(c) Integrate technical and business management policy for major systems.

(d) Act for the secretary in agency head decision points for each system acquisition program.

(e) Establish a policy for assigning program managers when acquisition programs are initiated.

(f) Insure that key personnel have long-term experience in a variety of Government/industry system acquisition activities and institute a career program to enlarge on that experience.

(g) Minimize management layering, staff reviews, coordinating points, unnecessary procedures, reporting, and paperwork on both the agency and industry side of major system acquisitions.

Recommendation 12. Delegate authority for all technical and program decisions to the operating agency components except for the key agency head decisions of:

(a) Defining and updating the mission need and the goals that an acquisition effort is to achieve.

(b) Approving alternative systems to be committed to system fabrication and demonstration.

(c) Approving the preferred system chosen for final development and limited production.

(d) Approving full production release.

Mr. CHILES. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. STENNIS. Mr. President, what is the pending order of business?

The PRESIDING OFFICER. The pending business is the substitute amendment by the Senator from Montana for his own amendment.

Mr. STENNIS. Mr. President, the situation is that some Senators want to speak with respect to the Hartke amendment that is going to come before the Senate when there will be some time for debate, and we can add to the time by taking time from the bill. But the agreement now is that we vote on the Mansfield amendment at 2:30. So long as there is someone here who wants to speak on the Mansfield amendment, I think they should have preference.

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

Mr. STENNIS. I yield.

Mr. MANSFIELD. I should like to suggest that the vote on the substitute I have offered occur at 2:45, to give all Members a chance to come back. If that substitute is rejected, it will be my intention to offer another substitute. If that is re-

jected, that will be the end of it; and if it wins, that will be the end of it for the time being.

Mr. STENNIS. I have no objection to that.

The PRESIDING OFFICER. Is the Senator from Montana asking unanimous consent that the vote on his substitute occur at 2:45?

Mr. TOWER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TOWER. How much time does the Senator from Montana have and how much time does the Senator from Mississippi have on the amendment?

The PRESIDING OFFICER. He has 40 minutes on the substitute.

Mr. STENNIS. I yield 5 minutes to the Senator from Washington, and more, if necessary.

Mr. JACKSON. I thank the Senator from Mississippi.

The PRESIDING OFFICER. Is it the request of the Senator from Montana that the vote occur at 2:45?

Mr. MANSFIELD. That the vote on the pending substitute occur at 2:45.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from Washington is recognized.

Mr. JACKSON. Mr. President, for several years now, the Senate's consideration of the military authorization legislation has also been the occasion for full-scale debate of the overseas component of America's defense posture and the role of our alliance system in insuring our own security and promoting international stability.

Now, once again, we are asked to consider proposals which would drastically cut back American military capabilities deployed overseas and deal a serious blow to the structure of a successful alliance system.

The most conspicuous aspect of the overseas manpower issues has involved the continued stationing of U.S. troops in Europe. Congress, in consistently rejecting pleas that our conventional military capability in Europe be substantially reduced, has exhibited a deep understanding of the vital role those forces play. The maintenance of a credible conventional deterrent in Europe has, over the years, proved to be the sine qua non of stability in Europe.

In recent days, the point has been well made in the editorial columns of both the New York Times and the Washington Post that withdrawals of American forces from Europe remain inappropriate. Such withdrawals would introduce a new element of uncertainty into trans-Atlantic relations, relations already troubled by disputes over security, political, and economic issues. We have, moreover, seen changes of government in France, West Germany, and Britain; and we ought to seek common approaches to outstanding problems in an atmosphere unencumbered by any major shock to the security balance in Europe.

The Senate is thoroughly familiar with the case that has been made for the continued presence of a meaningful contingent of American troops in Europe.

Today, I believe it is especially appropriate to reemphasize the promising initiatives that have been undertaken first, to put the financing of the Alliance on a more stable and equitable plane and, second, to insure that American resources committed to Europe are used efficiently and effectively.

My colleagues will recall that, during the consideration of last year's procurement legislation, the Senate chose a constructive and positive approach to outstanding NATO problems, an approach which has served to strengthen NATO rather than cripple it. I refer to the Senate initiative which established full offset of the NATO-related U.S. balance-of-payments deficit as a formal goal of American policy. This so-called Jackson-Nunn amendment, approved in the Senate by a vote of 84 to 5, endorsed by the House, and subsequently signed into law, has established a formula which relates the American troop commitment to the level of cooperation within the Alliance in this area of "burden-sharing."

The negotiations mandated by the Jackson-Nunn amendment have not been completed in their entirety. However, a new and significant offset agreement has been concluded with the Federal Republic of Germany. Additional multilateral agreements are in the process of being worked out. Having frankly faced up to a major problem, the NATO allies are well along the way to solving it. There are hopeful indications that the Secretary of Commerce, as provided in the legislation, will be able to determine that a full offset has been achieved.

However, a major cutback in U.S. forces at this time, in my judgment, would be an unfortunate reversion to unilateralism at a time when cooperative negotiations are working. Indeed, it would destroy the rationale not only for the ongoing offset negotiations, but the whole range of negotiations designed to secure a more equitable distribution of NATO's defense efforts.

Mr. President, the U.S. commitment to NATO has been a constant concern of the Armed Services Committee. The procurement legislation endorsed by the committee this year contains three significant provisions which speak directly to the problem. These sections, which represent the effort and initiative of Senator NUNN, will further meet the concerns often expressed by many Members of the Senate.

First, the legislation mandates a 20-percent reduction in logistical and support forces in Europe, permitting their replacement with combat troops only. This will have the effect of significantly reducing the "overhead" associated with our deployments in Europe without compromising—indeed enhancing—their military effectiveness.

The legislation further obligates the Secretary of Defense to take action to standardize the military equipment used within the Alliance. Over the years, we have come to recognize that greater standardization and commonality is one way of effecting significant savings on a NATO-wide basis.

Finally, the legislation establishes—for the first time—a ceiling on the number of American tactical nuclear warheads deployed in Europe. In association with this provision, the committee has mandated a major review of European-based tactical nuclear forces, their size and composition, their cost, their utility, and their real contribution to the common defense effort.

In effect, Mr. President, what the Senate is asked to evaluate is whether drastic and irreparable congressional action is preferable to the measured and responsible steps that have already been taken and which are now programed for the future. Implicit in the course endorsed by the Congress last year and pending before the Congress this year in the form of the procurement legislation is an orderly process for resolving Alliance-wide programs. Implicit in the remedy proposed by the advocates of major unilateral troop cuts is the chaos and instability that would come from rupturing a relationship now a quarter of a century old. Additionally, Mr. President, drastic troop cuts—at a time when the negotiations on Mutual and Balanced Force Reductions are in a significant phase—can only serve to make mutual reductions virtually impossible.

The fact, Mr. President, that the issue of European and American security is being discussed today in the context of proposals for a worldwide cutback in American forces only serves to underscore the delicate relationships and balances which protect our security.

We hear the argument that withdrawals of forces from the Pacific can substitute for withdrawals from Europe. We hear, alternatively, that we ought to maintain current commitments in Europe but dismantle our security structure in the Pacific area. We have learned, however, that the security concerns of the United States are not so neatly divisible. We have learned that the balance of forces in the Indian Ocean is related to stability in the Middle East—the source of Europe's vital energy supplies. We have learned that a stable security relationship between Japan and the United States is a fundamental component of international stability. To think, for example, that a further drawdown in our already modest forces in Korea will have anything but a destabilizing effect on these complex interrelationships is, in my judgment, dangerously simplistic.

Certainly, the U.S. role in the Pacific region is changing. The normalization of political relationships between the Peoples Republic of China and many of its neighbors may help to reduce old sources of tension. But to force the pace of change in the area is as dangerous as failing to respond to it. Moreover, Mr. President, we have scaled down, and we continue to scale down, the level of our Armed Forces in the region consistent with improvements in the overall situation. This, I submit, is a far more sensible strategy than the imposition of arbitrary troop ceiling hastily conceived and shallowly evaluated for their impact on international security.

I must say, in all candor, Mr. President, that the abrupt changes in the proposals that are being put forward, the way in which the proponents of troop cuts discuss 125,000, 100,000, or 75,000 troops suggests to me that these pro-

posals have not been given the care and analysis they deserve.

Mr. President, I trust that the Congress will continue to support a range of realistic commitments and alternatives, consistent with our own security and vital to continued international stability. This is the most prudent route to the more peaceful world we seek.

Mr. President, I wish to make this added observation. We have made a great breakthrough in our relations with the People's Republic of China. Many statements in the Chinese media express concern over the future of NATO, and the uncertainties that would result from a sudden and abrupt shift in the balance of power in Europe. This concern reinforces the point I made earlier: international stability rests on complex and delicate global interrelationships.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. I yield the Senator 2 additional minutes.

The PRESIDING OFFICER. The Senator may proceed.

Mr. JACKSON. Mr. President, if I had made this observation 4 or 5 years ago, many people would have been startled. Yet the balance of power in Europe does have obvious security implications for China. We are moving forward to improve our relations with Peking—building upon one of the major breakthroughs of the post-World War II period. In my view, American actions that would serve to upset the balance in Europe could very well have an adverse impact on Sino-American relations. As I said earlier, I believe the Chinese are seriously concerned over the collective posture of the West in Europe. So I would call the attention of my colleagues to this additional aspect of the problem—an important aspect in my judgment, in terms of the long-range stability that we all seek, a world of peace and the avoidance of catastrophic nuclear war.

In sum, Mr. President, I hope that these proposed troop cuts will be rejected by the Senate.

Mr. GOLDWATER. Mr. President, will the Senator yield to me for 3 minutes?

Mr. STENNIS. First, I wish to inquire about the time.

Mr. President, how much time do I have remaining on the bill?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. STENNIS. Mr. Preident, I yield 3 minutes on the bill to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I thank my chairman.

Mr. President, something we overlook in this body each year as we debate this amendment is the fact that our total forces have been reduced year by year over the last 5 years. We have reduced them about 1,300,000 and the committee this year has mandated a 23,000 cut from the European Army alone within the next 2 years.

Yet we look at the figures and we find Europe having 300,000, Thailand with 36,000, Western Pacific having 132,000, and others 57,000, for a total of 525,000.

Then, if we take off the U.S. territories of 33,000, that leaves 492,000; and then the Navy of 55,000, and that leaves 437,000 that we could apply the Mansfield amendment to, or a net of 312,000.

I do not care how this pie is cut. There will have to be reduction of forces in NATO under the Mansfield amendment. Something that I think we overlook, that is repeatedly considered in war gaming, whether it is in this country or abroad, is the fact that there is doubt and rather serious doubt about how solidly the Warsaw Pact nations are alined behind the Soviet Union. We can play the game several ways. If we take the weakest stand of the Warsaw Pact nations, it would be very much in our favor; and, in fact, if we take the strongest stand, it would be in our favor.

The thing that bothers me, if we reduce our NATO forces is that the Warsaw Pact nations that are not totally unfriendly to us might begin, just as all countries do when there are signs of weakness in the leadership, to look for some other allies or alliances, which means they would strengthen their ties with the Soviets because they would be convinced the United States is not determined to maintain the strength that is necessary in NATO to stand up to its share of the burden there. And it probably would have a bad impact on our NATO allies who would begin to see that the United States is not going to stand by their agreement.

I urge that the Mansfield amendment be rejected. I think we are treading on dangerous ground. These are decisions that ought to be made by the National Security Council and by the President after consultation with the Joint Chiefs of Staff. I do not think this is something we should determine on the floor of the Senate, although we certainly can; it is within our power. But we are going into the field of strategy and tactics.

Mr. MANSFIELD. Mr. President, I yield myself 2 minutes.

May I say to the distinguished Senator from Arizona (Mr. GOLDWATER) and to the distinguished Senator from Washington (Mr. JACKSON) that neither the NSC, nor the Joint Chiefs of Staff, not even the President, should have the right to make decisions that the elected representatives of the people have the authority and responsibility to undertake.

Furthermore, as far as the Jackson-Nunn amendment is concerned, it is my understanding the Germans, as a part of that offset payment, are buying up U.S. bonds on which they are paid interest. So they are not doing us much of a favor in buying our bonds, even if they are getting a rate below that paid the American people by 2½ to 3 percent.

But this is the right time—30 years after the end of the Second World War, almost. Today we are celebrating the Normandy invasion 30 years ago. This is the right place—in the Senate of the United States, where the people's elected representatives stand—and this is the right issue, because it has not been hastily conceived. This has been going on. I have been trying for a decade to get some action, and so far with little or no success.

Some persons talk about the MBFR and say "give it a chance." Thirteen years ago I suggested that a meeting of this kind take place, but only as the pressure increases here does this administration and its partners get together with the Soviet Union and members of the Warsaw Pact.

It is costing the American people $19 billion a year to maintain troops and military dependents in Europe. How long do we think that we are so big and so strong and so powerful and so rich that we can afford to be the world's policeman? Do not we know that our manpower resources are limited? Do not we know that our wealth is limited? Who do we think we are? We are not the world's policeman. We should be in partnership with the rest of the world, and we should not try to cover every ocean and every continent. We have not got what it takes, and we may as well wake up to that fact and, hopefully, at long last, on the basis of reality, not on the basis of a dream or a myth which was good 30 years ago, but on the basis of the change which has occurred in the meantime, start bringing our troops and their dependents from all parts of the globe, and do it gradually, without disrupting any of our relations with our neighbors and allies, and make it possible for those friends of ours to carry their share of the burden, and not do it for them.

We have a debt of $475.6 billion. The administration has asked for $15 or $20 billion more. They will get it, I assume, although it just passed the House by one vote.

We are not that rich. We are not that strong. We are not that all powerful. Let us recognize that we are human, and let to operate on an equal basis, so that no nation of the world has to take too much of a burden on its own shoulders.

I yield 4 minutes to the Senator from California (Mr. CRANSTON).

Mr. CRANSTON. Mr. President, I thank my leader for yielding and I thank him for the leadership he has provided in this amendment. I am delighted to join with him as a sponsor of the amendment.

I would like to point out that while I favor, while Senator MANSFIELD favors, and while many others favor withdrawing troops from Europe without waiting for everlasting negotiations that may not produce any agreement to withdraw troops from there, this amendment does not require that troops be withdrawn from Europe. We have enough troops elsewhere—in Asia primarily—without having to weaken the military strength in Europe.

The Senator from Missouri (Mr. SYMINGTON), who, unhappily, cannot be with us today, has often stated that our national security rests on three factors: First, the strength of our institutions; second, the soundness of the dollar and our economy; and third, the certainty that we can retaliate against any foe overwhelming should it make a move against us, and the certain knowledge on the part of the foe that we have that capacity.

In regard to these points, first, the strength of our institutions has been brought into question by reason of shattering events in our history. Second, as

to the soundness of the dollar and the economy, the very strength we are seeking to secure by this amendment, the dollar has been weakening, as well as the strength of our economy, and the money spent on maintaining those overseas troops are greatly inflationary. As a result of the many dollars leaving the country, it has led to two devaluations of the dollar and a weakening of the economy. If we were to start cutting some of these incredible expenditures, we could deal with that inflation. We could deal with that injury to the dollar. We could move toward a balanced budget, which I think is essential to deal with inflation.

Finally, with regard to retaliation and the certainty that we have that capacity, this extravagant, wasteful expenditure of dollars overseas brings the whole military budget into suspicion on the part of many people, who think we are spending too much on it, and when they see it is impossible to cut this part of the budget by flailing at it, they then strike at other parts of that budget.

Finally, there is the question of American jobs, which is also necessary for our economy. By spending too much on overseas bases, we tend to provide a tremendous number of jobs for foreign nationals and income for businesses around those bases, at the cost of American jobs and around American bases, which, for some reason, are cut instead.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. I yield 2 more minutes to the Senator.

Mr. CRANSTON. Mr. President, last fall Secretary Schlesinger told the distinguished chairman (Mr. McCLELLAN) and the ranking minority member of the Senate Appropriations Committee (Mr. YOUNG) that the Pentagon was seriously studying overseas troop withdrawals and would soon produce specific recommendations. What happened? The report on manpower for the fiscal year 1975 listed a reduction of only 2,000 men in overseas deployment by the end of fiscal year 1975.

The only cuts that have been reported in the press since that manpower report appeared have been 8,000 in Thailand and 2,000 in Taiwan. Yet that total, 10,000, represents less than 2 percent of our overseas deployment.

In the case of headquarters in Korea, the committee report summed up the problem succinctly. It says, on page 137:

> The fiscal year 1974 report of this committee suggested a 50 percent reduction in the three U.S. headquarters in Korea. The committee is surprised that, as of June 30, 1974, 100 people will have been added to these headquarters, representing an 8 percent increase.

If we are ever going to get this matter in hand, it requires action by this body. I suggest we take that action.

Mr. MANSFIELD. Mr. President, if the Senator will yield, was the Senator referring to the report?

Mr. CRANSTON. Yes.

Mr. MANSFIELD. In the report of the committee, at page 137, there is this statement:

> Secretary Schlesinger this year said that there have been no major improvements in North Korea force size or improvement. In the manpower hearings, DOD stated that South Korean ground forces are now adequate for defense against North Korea.

So the admonitions of the Armed Services Committee have not been paid much attention, and I would hope that we have not reached the stage in this Chamber when the Pentagon, the Joint Chiefs of Staff, the AFL–CIO, the Washington Post, the New York Times can tell us how to vote on issues of this kind or any other kind.

Mr. CRANSTON. I thank the Senator.

I would simply ask, after all this talk about "Yes, we will make some reductions in Korea," What do we find? One hundred people added there to headquarters, an 8-percent increase in Korea.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, I thank the Senator from Montana because, ordinarily, he would have the right to conclude the debate. I merely need a few minutes time for summing up.

I pointed out this morning that neither the Armed Services Committee nor any member thereof was trying to tell anyone how to vote. This is a matter of judgment or commonsense, and every individual Senator has the right to make up his own mind. I have never had any other attitude.

Just a word about our military forces. I have been in the forefront in trying to get the numbers reduced. They are very expensive. The weapons are very expensive. We have these obligations all the way from Korea to troops in Thailand, airpower in the Philippines, and the Western European situation. I think our main forces are down to a very, very reasonable number, just 13⅓ divisions. But I want to get a higher percentage of them into fighting units. As a worldwide power, we have 13⅓ divisions stationed all around the globe; and, of course, we have our reserves and the National Guard in addition. But I think that is getting them down pretty fast to a rather reasonable number.

Mr. President, let us not get excited. I believe after 4 or 5 years of closely keeping up with the problem there is something to having a conference about a mutual reduction of forces.

I believe we have made some headway. I believe we do have an agenda that is being carried out now that will probably mean something. If we really get a mutual reduction, that could mean we are on the way to more reductions. If we get a unilateral reduction, or take one, we do not know just what the consequences will be.

I believe that this conference means something. I believe the disengagement agreement a few days ago between Syria and Israel means something. It has a fine potential. It certainly is going in the right direction. It opens up new avenues of development toward peace. It may have to be a guarded peace and, perhaps, in our time, it will be a guarded peace in many ways for us. But all this certainly opens up an opportunity, and is the opening of a door which has a positive meaning now.

The real way to liquidate all of that, if we have made any progress—and I think I have said we have—the way to pull the rug out from under it and liquidate it, and for all of it to go down the drain, is for us to turn back now and start unilateral reductions.

There is no special, urgent necessity for taking that step. We are not going to save all of the $14 billion or more if we withdraw all our troops from Europe. We could not afford to discharge or liquidate that many divisions and forego our military strength.

In regard to these large overseas troop reductions that are being proposed as amendments today, I want to repeat that I do not think it is wise to make these large reductions at this time. The committee has looked into our overseas troop commitment and in particular our NATO troop levels in great detail this year. The committee has recommended four very positive actions in this bill. I oppose and do not see how we can go any further than that at this time.

I agree with the sponsors of these amendments that over the years the United States has borne a heavy burden with our overseas deployments. A way must be found to put our overseas troop commitments on a long term, more acceptable footing politically, economically, and militarily. This year the committee took a number of positive actions toward this end.

First, as part of the overall reduction of 49,000 military personnel and 44,600 civilian, the committee included reduction of 11,000 military personnel in overseas headquarters and non-combat units worldwide. This action is aimed is taking out some of the overhead and unneeded support units, thus reducing costs.

Second, the committee recommended a mandated reduction of 20 percent of Army noncombat personnel in Europe over the next 2 years. This will amount to about 23,000 troops. On a permission basis the Secretary of Defense would be allowed to replace these support troops with combat troops. This action is aimed at requiring a major improvement in the so-called tooth-to-tail ratio of our overseas troops.

Third, the committee recommended a mandated ceiling on tactical nuclear weapons in Europe. This would prevent any increase of U.S. tactical nuclear weapons in Europe and require the Secretary of Defense to study our overall tactical nuclear policy and seek ways to reduce the nuclear stockpile in Europe.

Fourth, the committee recommended a mandated requirement for the Secretary of Defense to find and propose actions to the NATO Allies that would standardize weapons systems and their support for all of NATO. This is aimed at reducing overall NATO costs, including U.S. costs and improving conventional effectiveness by reducing the duplication and incapability of weapons and support systems that now exist in NATO.

Taken together, these four actions represent a firm and positive first step by the Congress to put our overseas troop

posture on a firm and long term basis. I do not see how we can go further at the present time and in the present world circumstances. The House Armed Services Committee this year recommended against overseas troop cuts at the present time for two main reasons:

First, the ongoing negotiations regarding mutual balance force reductions in Europe and strategic arms limitation talks; and

Second, commitment that the Congress made to the NATO Allies that they will have an opportunity to meet the balance of payments requirement under the Jackson-Nunn amendment before we reduce our forces.

The House recently defeated by a vote of 163 to 240 an amendment to reduce our overseas troop levels by 100,000.

It has been said that we could reduce our overseas troop levels by 100,000 to 125,000 without seriously affecting our troops in Europe. This is simply not the case. As of March 31 of this year the United States had a total of 164,000 troops overseas in all locations other than Europe, United States territories, or board Navy ships. The amendments before the Senate today would substantially eliminate any meaningful United States presence anywhere in the world other than the areas mentioned, therefore, reduction of 100 to 125,000 would necessarily affect our European troop levels.

There are four main reasons for not reducing troops in Europe more than what the committee recommended.

First, the MBFR talks are underway. We have reports that these negotiations offer prospects for a better military and security situation in Europe with lower levels of forces on both sides. The Soviet Union and the United States have put forth substantive proposals on this matter. Both sides are seriously pursuing negotiations, looking for a common ground for a mutually acceptable outcome. A unilateral troop reduction at this time would end the negotiations in my opinion.

Second, the political situation in Europe today can be described as uncertain at best. Within recent months the governments have changed in Britain, West Germany, France, and Italy. At this juncture I think a large unilateral troop reduction would seriously endanger the whole American-European relationship.

Third, the balance-of-payments picture which has been a source of frustration for many has changed. In 1973 the United States showed a basic balance-of-payments surplus for the first time in over 5 years. The administration recently concluded a 2-year agreement with the German Government for major offsets to be paid to the United States for the balance-of-payments costs attributed to our troops in Europe. The President anticipates that the congressional requirements imposed last year for all balance-of-payments costs to be fully met for fiscal year 1974. If this situation works out there would be no balance payments of deficit reason to reduce troops in Europe.

Finally, the committee feels that the nuclear threshold in Europe is already too low. We do not need to increase troop levels in Europe, instead to raise it we need to improve the use of troops and equipment NATO has as a whole. This will take time and could result in a better conventional deterrent in Europe with fewer troops. The committee recommendations move in that direction and a large unilateral reduction would disrupt that process.

The United States has 524,000 men overseas. That is a large number of men, but in 1964, before Vietnam, the United States had 755,000 men overseas, thus today we have 231,000 men fewer overseas than in 1964—a 30-percent reduction. In 1967 the United States had 1,247,000 men overseas. That is 717,000 more than we have today thus, we have reduced troops overseas 58 percent since 1967. In every major world area there are substantially fewer troops overseas today than in 1964. Europe has been reduced by 100,000 or 25 percent, Korea has been reduced by 40 percent, Japan and Okinawa has been reduced 38 percent from 1964 and all other world areas have been reduced 54 percent. I would ask where would another 20 to 25 percent reduction, which is what these amendments would require, lead us?

Finally, the sponsors of these amendments have large, overseas troop reductions pointed to large savings as a result of these reductions. I would point out that these savings can only accrue if the troops are brought home and deactivated. We would not save that money if we simply bring the troops home and station them at bases in the United States. To do that would increase the budget in 1975 because we would have to bring the troops and their equipment home, build bases for them and hire civilians to support them. To deactivate 100,000 to 125,000 men, which is the only way that much money would be saved, would cut into the overall force structure and military strength of the United States. It would bring our active duty strength down to 2,027,000 men—the lowest since 1950. It would cut heavily into Army and Marine Corps divisions, Air Force bomber and fighter squadrons, and Navy ships. This kind of a cut would take out more combat because the major support and training bases are in the United States, not overseas. I could certainly not agree with such major reductions in our overall military strength without careful consideration and debate.

In summary the committee recommendations make some reductions in overseas headquarters and overhead activities to improve overall efficiency. They are a step towards putting our overseas military forces on a carefully planned, long term footing. I do not believe we should make major reductions below the committee recommendations at this time.

I ask unanimous consent that letters from Secretary Kissinger and our MBFR representative, Stanley Resor, be printed in the RECORD, at the conclusion of my remarks together with a table on overseas troop strength.

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

THE SECRETARY OF STATE,
Washington, D.C., June 1, 1974.

Hon. JOHN C. STENNIS,
Chairman, Committee on Armed Services, U.S. Senate.

DEAR MR. CHAIRMAN: It has been called to my attention that the FY 1975 Defense Authorization bill will be considered on the floor of the Senate early next week. I am sure you appreciate that a strong U.S. military posture is absolutely essential to the success of our diplomacy abroad. It is America's strength, both economic and military, that gives weight to our words in the councils of nations. Consequently, I feel justified, as Secretary of State, in taking the liberty of stating my views on three major issues which are bound to arise during the course of the debate on the bill and which are of deep concern to our foreign policy. These are: (1) reductions in our troop deployments abroad, (2) military assistance for South Vietnam (MASV), and (3) the strategic research and development program.

While I fully appreciate the strong desire in the Congress to effect reductions in the number of U.S. military personnel and dependents now stationed abroad, I feel compelled to caution that unilateral reductions at this time could seriously undermine our efforts to achieve mutual reductions of forces between NATO and the Warsaw Pact in Europe where the bulk of our overseas forces are located. As you know, we have already reduced our troops in Europe by about one-fourth, from about 400,000 in the early 1960's to about 300,000 now. During the same period, Soviet forces deployed in Eastern Europe have increased by about 100,000, from 475,000 in 1962 to 575,000 now. But more important, the U.S. troops in Western Europe constitute an absolutely essential element of NATO's military posture in the Central Region. None of our partners is in a position to replace them. I would certainly favor a more efficient utilization of the military personnel in Europe, but any reduction in our forces there should be accompanied by a commensurate reduction in Soviet forces deployed in Eastern Euprope. And this is precisely our objective in the MBFR negotiations which are proceeding with great care and seriousness in Vienna. Those negotiations are being pursued in the general context of our efforts, in association with our Allies, to achieve a more normal relationship with the USSR in which the massive armies that now confront each other in Central Europe would be reciprocally reduced. An unreciprocated reduction of U.S. forces would remove Soviet incentives to negotiate seriously since they will hardly pay a price for something that is about to be handed them unilaterally by us. It would also disrupt our Alliance relationship (possibly encouraging a rash of unilateral cuts by our allies), and thus undermine the basis on which we are seeking to induce more constructive policies on the part of the USSR.

Unilateral reductions in Europe would have equally serious consequences in the West. You and your colleagues are sufficiently aware of the stress in our relationships with Western Europe over the past eight months. Our objective throughout this period has been to build toward a closer understanding with our allies and friends of our shared objectives, and to enhance the practice of frank and timely consultation. The changes in governments in Western Europe in the very recent past make it important to avoid at all costs abrupt and destabilizing actions by us. Continuity and stability in the Allied defense posture are essential to maintaining Allied security, which is the indispensable basis for pursuit of our policy of detente. There is no question in my mind that a reduction in United States forces in Europe would be destabilizing, and would afford distinct political advantages to potential adversaries.

Our troop deployments in Asia and the Western Pacific, which are now a fraction of what they were only a few years ago at the height of the Vietnam conflict, constitute a very tangible measure of our interest in the security of our friends and allies in that region of the world. But any major reductions in U.S. forces in South Korea, Japan, Okinawa, and the Philippines could seriously jeopardize our efforts to achieve a more permanent structure of peace in that area. Such reductions can be safely made only when we have firm evidence of improved relations among the contending nations in the region. Meanwhile, we will continue to make reductions in our forces in Thailand as the situation in Southeast Asia permits.

With regard to South Vietnam, I have a very personal sense of obligation to do everything I can to make good on our moral commitment to assist that nation in its survival as an independent state. The Administration's request for $1.6 billion in military assistance was made because of our conviction that the survival of South Vietnam is indispensable to the creation of an enduring structure of peace in Southeast Asia. Without our military assistance South Vietnam's ability to resist communist military pressures, fueled by an extensive flow of arms and supplies from the North, would be critically endangered.

I recognize that the House has already substantially reduced the Administration's request and that some members of the Senate would favor even a larger reduction. But I would be remiss in my duty as Secretary of State if I did not urge upon you the essentiality of supporting the Administration's request. Here, as in Europe, we must not lose sight of our longer range objective, and that is not just a reduction in the level of hostilities but more importantly the creation in Southeast Asia of an environment conducive to enduring peace and reconstruction. This fundamental humanitarian goal not only deserves the wholehearted support of all the people in the area, but also of the American people whose devotion to peace and progress throughout the world has been convincingly demonstrated over the years. In South Vietnam we have made an enormous investment in lives and dollars on behalf of the survival of that country and an enduring peace in Southeast Asia. We have made marked progress toward these goals. I am convinced that our willingness to contribute a substantial level of military assistance to South Vietnam in the coming fiscal year will bring stable peace closer and enable us to reduce our assistance progressively over the following years.

Best regards,

HENRY A. KISSINGER,
Secretary of State.

DEAR SENATOR STENNIS: When Bruce Clarke and I met with you a few weeks ago during the Easter break in the MBFR negotiations, you suggested that I give you my views on the significance of these negotiations, and their prospects.

I believe the MBFR negotiations provide an opportunity to accomplish several objectives of the United States which can be accomplished in no other way:

1. An MBFR agreement would give us a negotiated quid pro quo for U.S. withdrawals: The Soviets would withdraw a substantial number of their forces from Central Europe.

2. Under the kind of agreement envisaged by the Allies, limitations would be placed on the size, character and activities of forces in Central Europe.

3. Stability in Central Europe would be increased, resulting in a commensurate decrease in the risk of conflict.

I believe the course of the negotiations so far provides hope that these purposes can be realized. The Soviets are approaching the negotiations in a businesslike way, and they show signs of serious interest in reaching agreement, though so far they have tenaciously adhered to their own positions.

Any Congressional action that made it appear there would be unilateral withdrawals of U.S. forces while negotiations are actually in progress would have a number of negative consequences;

1. It would make the positions of the U.S. at the talks untenable. The U.S. could not seriously press for substantial Soviet reductions while its bargaining leverage was being undercut back home. The U.S. would lose the security benefits, described above, of a successful agreement.

2. Because most participants expect a positive outcome of the negotiations, unilateral withdrawals during the negotiations could lead both the Soviets and the West Europeans to conclude that U.S. interest in Western Europe had declined to such a point that a trend toward a complete U.S. disengagement was irreversible and unlikely to be influenced by external events. These conclusions would tend to enhance Soviet political influence over affairs in Western Europe.

3. Other East-West negotiations could also be adversely affected. MBFR is only one of several negotiations for furthering the relaxation of tensions between the U.S. and the Soviets.

Progress in the MBFR talks will not be rapid. Nineteen countries are involved in negotiating matters intimately affecting their national security. Thus, it may not become clear before the end of the year whether an acceptable MBFR agreement will be possible.

With this said, nevertheless, I am convinced that it is worth making the effort and I believe that international conditions currently provide a reasonable opportunity to achieve an agreement for some mutual withdrawals of U.S. and Soviet forces from Central Europe.

With warm regards,

Sincerely,

STANLEY R. RESOR,
U.S. Representative to the Mutual and Balanced Force Reductions Negotiations.

U.S. MILITARY STRENGTH OUTSIDE THE UNITED STATES

[End strengths in thousands]

	June 30, 1964	June 30, 1965	June 30, 1966	June 30, 1967	June 30, 1968	June 30, 1969	June 30, 1970	June 30, 1971	June 30, 1972	June 30, 1973	Dec. 31, 1973
Total outside the United States	755	778	1,013	1,247	1,241	1,195	1,071	842	628	585	523
U.S. territories and possessions [1]	36	36	37	39	41	41	37	38	33	43	31
Foreign countries	719	774	977	1,208	1,200	1,155	1,034	804	595	542	492
Total foreign afloat (included in foreign countries figure)	(129)	(142)	(132)	(156)	(117)	(94)	(120)	(83)	(87)	(73)	(55)
Selected areas:											
Southeast Asia	21	103	322	529	622	622	472	287	153	53	36
South Vietnam	17	60	268	449	534	539	415	239	47	(*)	(*)
Thailand	4	10	25	39	48	48	41	32	47	42	36
Afloat	NA	33	30	41	40	35	17	16	40	11	
Western Pacific	222	194	212	215	238	220	211	166	142	146	136
Japan	43	33	39	38	40	40	38	32	22	19	32
Philippines	15	16	26	28	28	27	24	19	17	16	16
Ryukyus Islands	46	35	39	42	39	43	43	47	43	38	23
South Korea	63	62	52	56	67	61	54	43	41	42	38
Taiwan	4	4	8	8	9	9	9	9	8	9	6
Afloat	52	45	47	43	54	40	43	16	11	22	21
Western Europe and related areas	403	401	360	364	319	296	304	314	298	319	300
Belgium				2	2	2	2	2	2	2	2
France	34	32	28	2							
Germany	263	262	237	257	225	206	214	223	210	229	214
Iceland	3	2	3	3	3	3	3	3	3	3	3
Italy	11	11	10	10	10	11	10	9	10	10	12
Greece	3	3	3	3	3	3	3	3	3	5	4
Greenland	4	3	2	1	1						
Libya	4	3	3	3	3	3					
Morocco	2	2	2	2	2	2	2	2	2	1	1
Netherlands		1			2	2	2	2	2	2	2
Portugal (including Azores)	2	2	2	2	2	2	2	2	2	1	1
Spain	11	9	9	10	9	10	8	9	9	9	10
Turkey	11	10	10	11	10	10	7	7	7	7	7
United Kingdom	26	20	20	25	24	23	21	21	22	21	21

	June 30, 1964	June 30, 1965	June 30, 1966	June 30, 1967	June 30, 1968	June 30, 1969	June 30, 1970	June 30, 1971	June 30, 1972	June 30, 1973	Dec. 31, 1973
Afloat	28	39	30	32	23	19	28	29	26	28	23
Other	2	1	2	1	1	2	2	2	2	1	(*)
Other Areas	110	84	124	142	62	58	84	76	53	67	51
Bermuda	3	2	2	2	2	2	1	1	1	2	2
Canada	11	10	6	5	4	4	3	2	2	2	2
Cuba	4	4	4	4	4	4	4	3	3	3	3
Ethiopia	2	2	2	2	2	2	2	1	1	----	1
Guam	8	7	9	12	15	12	11	9	11	16	9
Midway	2	1	1	1	1	1	1	----	----	----	----
Panama Canal Zone	11	11	12	13	12	12	11	11	11	10	11
Puerto Rico	10	10	11	9	9	10	9	6	7	7	5
Afloat	49	25	51	40	*	*	34	28	11	18	13
Other	11	12	27	55	13	10	8	15	8	9	[2]6

[1] Excludes afloat.
[2] Includes 1,006 Navy personnel in British Indian Ocean territory.
*Indicates service presence insufficient for roundoff to 1,000.

Note: Tota may not add due to rounding. Parentheses indicate nonadd figures.

Mr. STENNIS. Mr. President, what is the pending question before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the substitute amendment for the Mansfield original amendment.

Mr. STENNIS. That is the troop amendment?

The PRESIDING OFFICER. The troop reduction amendment.

Mr. McCLELLAN. Mr. President, may we have the amendment read?

The PRESIDING OFFICER. The clerk will read the amendment.

The assistant legislative clerk read the amendment, as follows:

On page 5, after line 2, insert the following: as a substitute for the Mansfield amendment: Provided that no funds may be expended after December 31, 1975, for the purpose of maintaining more than 2,027,100 active duty military personnel, and no funds may be expended after December 31, 1975, for the purpose of maintaining more than 312,000 military personnel permanently or temporarily assigned at land bases outside the United States or its possessions. The Secretary of Defense shall determine the appropriate areas from which the phased reduction and deactivation of military personnel shall be made. In the event that any reductions are made under this section in the military personnel of the United States stationed or otherwise assigned to duty in Europe, such reductions shall be made only after the Secretary of Defense and Secretary of State or other appropriate official designated by the President, has consulted with other members of the North Atlantic Treaty Organization concerning such reductions.

Mr. TAFT. Mr. President, I think it is important that we not forget the enormous diplomatic impact that any large, unilateral troop withdrawal would have. When we talk about troop numbers, we run the risk of thinking we are speaking of purely military and fiscal matters. But in fact, the function of these troops relates very directly to our diplomacy for peace, not just to fighting possible wars.

The most immediate and catastrophic diplomatic effect of such a troop cut would be felt at the mutual balanced force reduction talks. In these negotiations we are attempting to arrange for withdrawals of both American and Soviet troops from Europe, in such proportion as to preserve the balance of power. Now, we are beginning to see signs of success at these talks; the Soviets have recently taken some initiatives which suggest they are dropping their demands for concurrent troop cuts by the Central European states. If they follow through on these initiatives, we will be close to agreement on the arrangements for the first withdrawals.

But if we now cut our force levels unilaterally, what chance is there that the Soviets will agree to anything in MBFR? Why should they? Surely my colleagues are sufficiently familiar with Soviet history to realize that Moscow does not pay a price for something she can obtain free. Let there be no doubt; any across-the-board troop reduction by this body means the sabotage of the force reduction talks just as they are showing signs of success.

The destruction of the MBFR talks would be a serious blow to our foreign policy; but it would by no means be the only blow it would suffer if we pass this amendment. If the Congress undermines one important effort by the Government to negotiate with the Soviets, it will most assuredly suggest to Moscow that disunity on foreign policy will influence other negotiations. The SALT talks, in particular, would surely be damaged if the Soviets thought the Congress would not support our Nation's negotiators. How can our negotiators at SALT argue credibly that we will match the Soviets in a strategic arms race, should they start one, if we have unilaterally cut our conventional strength while in the very midst of negotiations? In any of our negotiations with Moscow, how can we negotiate from strength if we have set a precedent of weakness? The repercussions of this amendment, reverberate far beyond MBFR, important as that is in itself.

Nor, for that matter, do they stop with American-Soviet relations. Such a reduction would be a severe blow to the new German Government of Chancellor Schmidt. Schmidt has given heavy emphasis in his statements to improving relations with the United States, and to the need for genuine, European-transatlantic partnership. We would, by this amendment, discredit his pro-American position in the eyes of his constituents; for if some Americans are unaware how vital our forces are to European security, the German people are not. A unilateral troop withdrawal would be a major blow to the security of all the European people, and to their trust in the friendship of the United States. It would serve notice to every European leader that transatlantic partnership is not a secure or politically advantageous policy.

We would also effectively say no to several indications of increased cooperation on the part of the new French Government of M. Giscard D'Estaing. Specifically, there have been signs both that the French may join the MBFR talks, and that they may increase their military cooperation with other NATO forces. A unilateral troop cut on our part, which would destroy MBFR and greatly weaken NATO, would effectively discourage such friendly attitudes on the part of the Quai d'Orsay.

Finally, it would be sure to have adverse effects on our rapproachment with China. The Chinese perceive, rightly or wrongly, a great threat from the Soviet Union. It is no secret that a major motivation on their part for the current entente was to obtain diplomatic support against the possibility of a Soviet attack. But a major withdrawal of U.S. troops overseas would enable the Soviets to concentrate their forces on China; and would thus be a clear signal to Peking that the United States has no interest in China's security. There is currently a leadership struggle underway in Peking pitting the pro-U.S. faction, still in apparent control, against the remnants of the old Lin Piao faction who argue for a Soviet alliance, directed against the United States. We don't need to specify which faction would be advanced by an American decision that China was of no consequence in American foreign policy? And that is exactly what this amendment would say to Peking.

Thus, the foreign policy effects of the proposed amendment are broad and serious. The troop cut proposed would sabotage the MBFR talks. It would seriously undermine all our military-related negotiations with the Soviet Union, including SALT. It would be a severe blow to the pro-American policies of the new German and French Governments. And it would strengthen those in Peking who favor a renewal of the old hostility toward the United States. I urge my colleagues to keep these considerations in mind in their deliberations on this matter.

Mr. MONDALE. Mr. President, it is ironic but perhaps fitting that today is the 30th anniversary of Operation Overlord, the massive invasion of Europe by U.S. and Allied forces in Normandy on

June 6, 1944. As we stand here debating the issue of the peacetime deployment of U.S. forces overseas, it is worth recalling how America's participation in the Second World War came about so as to understand the role of American forces overseas today.

We are all aware of the tragic history of the period between the First and Second World Wars: The failure of the League of Nations, the inability of governments to come to grips with inflation, and the rise of totalitarian alternatives to democracy.

But we also should recall our own role in these events. In this Senate we spurned the League of Nations, we refused to participate in the system of security which was set up to try to build the peace in Europe and elsewhere in the world on the ashes of the First World War. The United States also followed economic policies which were both protectionist and shortsighted and which aggravated the floundering economies of Europe.

The result was a collapse of the German economy, then German democracy, and ultimately the collapse of the fragile peace in Europe and Asia and the onset of World War II. All of these events went forward outside our grasp because of our self-imposed absence. Only after it was too late to head off war, were we drawn in to try to win it.

That was then and now is now. What are the policies to be pursued today? Thirty years after the invasion of Normandy there are still more than a half a million American servicemen stationed overseas. More than 300,000 of them are in Europe. More than 150,000 are in the western Pacific: Japan, the Philippines, South Korea. In the wake of our disastrous involvement in Vietnam, there has been continuing pressure to reduce these forces—in part because they are seen as a legacy of the cold war, but also as a reaction to our tragic involvement in Southeast Asia and a desire to never repeat that experience again.

I have in the past supported amendments aimed at significantly reducing the number of U.S. forces overseas. I have supported Senator MANSFIELD'S amendments to reduce overseas troop levels by 125,000. But I will not do so today. And let me give my reasons.

First, just as the military is often accused of preparing for the last war, so must we be careful not to do the same thing. The problem today is not so much one of overinvolvement in affairs abroad. Rather, it is that dangerous developments in the world may no longer be under control by any country.

Just as in the period between the two world wars, inflation is reaching proportions which are threatening the stability of democratic governments. In Europe, the three major powers—France, Britain, West Germany—have all undergone changes in leadership in the last few months. Hopefully, this will strengthen these governments, but it is yet too soon to tell.

The Common Market is floundering. New leadership in Europe may be able to put it together again, and continue building a united Europe—a Europe which could, in fact, take over much of the security responsibilities we now bear. But as of now, neither the governments of Europe nor the European Community have the political strength to take up the slack if U.S. Forces are withdrawn.

A significant cut in the number of overseas forces on the scale proposed by Senator MANSFIELD'S original amendment would inevitably require reductions in Europe. This is not the time to administer yet another shock to transatlantic relations and place still another burden on the backs of the marginal governments of Europe which are struggling with the problems of inflation and political stability.

Second, we must recognize that we can no longer afford the luxury of believing that our political commitments overseas will remain unchanged even if our military presence is withdrawn. We must recognize that Watergate has taken its toll in this area as in others. No longer can the President act in this area with the confidence that was enjoyed by past Presidents. We would be irresponsible if we did not recognize that he does not have sufficient support to substitute political commitments for a significant U.S. military presence in crucial overseas areas.

So I shall oppose the original Mansfield amendment. Making the scale of reductions the majority leader has proposed does not suit the political or security requirements of America today. The fragile nature of our transatlantic relations, the delicate balance which exists in Asia, the fact that we ourselves do not have the kind of political leadership that can effectively implement significant reductions and still retain U.S. influence abroad, all lead me to conclude that this is not the time for such massive reductions.

More modest reductions in overseas forces could be tolerated. And I want to congratulate the committee for having at least made a start on the reduction of military and civilian personnel levels. But vast reductions should, in all prudence, be rejected by the Senate at this time.

Until such time that we once again have the political leadership which can work out with our allies a long-term program for readjusting the burdens of defense and security in the world, we must act with utmost caution. We must not let the crisis in American leadership become a crisis in world security and stability.

THE EFFECT OF TROOP CUTS ON MBFR

Mr. HUGH SCOTT. Mr. President, negotiations on mutual and balanced force reductions have been going on in Vienna, as you know, since last October. The U.S. objective in these talks has been to allow each side to enjoy undiminished security but at lower levels of forces. Successful achievement of this goal could have monumental significance in terms of our relations with the Soviets, of reducing tensions in Europe generally, and, eventually, of allowing transfer of some defense expenditures for both sides to more urgent social needs.

We did not, however, go into MBFR to achieve a rapid result regardless of cost. This is a serious negotiation. The pace cannot be determined by our enthusiasm for quick results; it must reflect concrete progress made by both sides.

The Soviets have presented tough bargaining positions based on their interests; our positions are also tough, based on our interests.

It is vital that NATO cohesion be sustained during these negotiations. The Soviets will try to exploit fissures in allied unity. This places increased demands on the care and patience of the NATO negotiators.

This is the first time European countries have sat down to talk about their force levels. This is an achievement in itself. But—as we learned in SALT—when negotiations go to the heart of national security, positions must be weighed carefully. Neither side is willing to give something up without getting a full measure in return.

All of these problems relate to mutual cuts. In the case of unilateral cuts they would be magnified. Alliance confidence and cohesion would be impossible to maintain. The balance between Western and Eastern military strength would be lost, perhaps irretrievably. The West would be unable to maintain its security while reducing its troops, because the other side would have no incentive to take compensating measures.

If we make unilateral cuts because of a misguided wish to set a good example, I see no reason why the Soviets would not just sit back and wait to see how many other good examples we would be willing to offer. The concept of reciprocity is one of the strongest principles in international affairs. In any event, I would suppose that we must be at least as careful to protect our security interests as our trade interests. Would any sensible statesman, for example, recommend that in preparation for world trade negotiations the United States should hand our trading partners a unilateral reduction in our tariffs in the hope that this would lead them to follow our good example? The world does not, unfortunately, work this way.

Mr. ROTH. Mr. President, once again we are debating the question of whether or not the Congress should legislate a reduction in overseas troop levels. I support moderate and careful reductions of overseas forces in line with an improving international environment, but I do not believe it would be wise to adopt the amendments being offered today which would legislate an inflexible, unilateral withdrawal. As the New York Times pointed out in an editorial yesterday:

> There are ways in which defense spending can and should be reduced. But shotgun legislation aimed at American military manpower overseas would be the worst way now to go about that task.

In the wake of the frustration and bitterness of the Vietnam conflict, a fundamental foreign policy issue was reopened in a major way—is the United States going to continue to be actively engaged in the world or can we disentangle ourselves from the world's troubles and return to a secure and safe fortress America? Time and circumstances, however, have left us with no real choice. What

has been true all this century is even more true today—that America's security is extricably linked with developments in other major countries. Instability in Western Europe or Japan is inevitably going to have serious ramifications for the security of the United States.

I do not believe that the United States can or should be the world's policeman, but I do think we have to be one of the world's good citizens. We have to recognize that a major withdrawal of our power from an area enjoying stability can be just as destabilizing as a major insertion of new troops would be in such an area.

Many had hoped that détente would permit substantial reductions in American overseas forces without causing major security problems for our allies. This hope, however, reflects an overly optimistic view of the world. I believe that this year we can make a much more realistic assessment of both the promise as well as the limits of détente than we could at this time last year. The failure of the Soviet leadership to consult with us to prevent the outbreak of war in the Middle East and their refusal to join us in halting shipments of weapons to the Middle East after war broke out were clear indications that while détente does imply an ongoing dialog between the superpowers, it does not mean that the Soviet has given up, or intends to give up, its designs to extend its influence where opportunities seem available.

Unilateral reductions by the United States create vacuums of power that in a military sense can only be filled by the Soviet Union. I am convinced that the only way to deal with the Soviet leaders and to lay a firm foundation for a sound relationship with the Soviet Union, is through bargaining from strength. I find myself in strong accord with the sentiments expressed by Secretary of State Kissinger yesterday to the effect that a strong U.S. military posture is absolutely essential to the success of our diplomacy abroad, and particularly to our efforts to work out a stable relationship with the Soviet Union.

If we adopt the course suggested by these amendments and pursue a policy of abdicating our world responsibilities—or even appearing to abdicate them—we will create temptations and tensions which will provide the Soviets, from their point of view, with an option more promising than the option of détente.

Until we have established a sound basis of relations with the Soviet Union, it will be necessary to maintain troops in Europe and also smaller forces in the Far East. The Mansfield amendment is aimed at forcing a reduction in American military manpower in Europe. To make substantial cuts at this time would not only be very unwise in a time of considerable uncertainty in Europe, but would also pull the rug from under our negotiations for mutual American-Soviet troops reductions.

An important opportunty does exist for obtaining reductions in both United States and Soviet forces, maintaining the relative status quo in Europe. When I was in the Soviet Union this April, I had the opportunity to explore progress at the mutual and balanced force reduction talks with Ambassador Oleg Khlestov, Chief of the Treaty and Legal Division of the Soviet Ministry of Foreign Affairs and the principal Soviet negotiator. I was interested to find that Ambassador Khlestov indicated a strong Soviet interest in a successful outcome to these talks.

It would be an opportunity wasted if the United States makes the unilateral cut that would be required by the Mansfield amendment. It would be a tragedy if the Congress handed to the Soviet Union a deal that they could never get in negotiations—a U.S. force reduction without any requirement for reciprocal concessions from the U.S.S.R.

As both the Washington Post and the New York Times as well as Secretary Kissinger have pointed out in recent days, a unilateral reduction could not come at a worse time. What is called for today in our relations with Europe is a policy of reassurance, not a policy that may be interpreted as abandonment.

The second amendment before us today would require smaller reductions of forces. The sponsors of this amendment disavow any intention to reduce European troops strength and argue instead that all force reductions could be made from our strength in Asia.

After giving careful consideration to this amendment as well as to U.S. deployment in Asia, I have become convinced that this reduction could not be made without jeopardizing America's vital interests in Asia.

Contrary to much popular conception, America does not have vast overseas deployments in Asia. Under the previous withdrawal programs, most of our Asian forces have been withdrawn, and now our total ground based forces in Asia are only half those of Europe—about 150,000—in Japan, Korea, Thailand, and the Philippines. Also contrary to the popular impression, two-thirds of the remaining forces are in Northeast Asia, while withdrawals are still being made from Southeast Asia.

Northeast Asia, including Japan, represents a part of the world which because of its industrial capacity and manpower resources is as vital to our interests as Europe. Many scholars and other observers of Japan believe that if the United States were tc make substantial reductions in the vicinity of Japan, this could set in motion forces leading to the development of nuclear forces by Japan, a development that would greatly increase tensions in Northeast Asia. I think the situation here could be described in the same words which the Washington Post used for Europe:

> There is nothing magical militarily about a given level of force, but there is something "magical" politically; the current level has come to represent the steadiness of the American guarantee. It is psychological, but psychology, after all, is central to politics.

It has been suggested in some quarters that U.S. troops in foreign countries do not contribute to international stability, but instead tend to provoke aggression. One can contend that history demonstrates that quite the opposite has been true. There were no American forces in Europe prior to World Wars I and II, no U.S. forces in Korea when North Korea invaded South Korea in 1950, and no U.S. Forces in Vietnam when North Vietnam made the decision in 1959 and 1960 to renew its war against the South.

In concluding, I believe that we can best contribute both to safer, stabler world and to our own security by rejecting these amendments and supporting mutual reductions of forces. Such a course will demand great maturity from the American people. It will require that we view our interests in a long-term perspective rather than in the short term. But I think we should recognize that these troops are essential to the present world stability as well as an indispensable tool for building a stronger structure of world peace.

Mr. DOMENICI. Mr. President. I am pleased to see that the suggestions from the Committee on Armed Services includes a hard look at the NATO alliance and at the U.S. participation in the alliance. I have called in recent months for just such a reevaluation. I support the three amendments offered by Senator NUNN, my distinguished colleague from Georgia, and adopted by the committee.

These amendments will insure that we cut back on headquarters and noncombat units among our U.S. NATO forces in Europe, through a 20-percent reduction in the number of Army support troops there. This amounts to a 23,000-man reduction in these noncombat troops. I am also heartened to see a real strengthening of actual fighting power, while the nonnecessary support troops are reduced. This should insure maximum efficient use of taxpayers' dollars. In addition, such a cut will not interfere with present MBFR talks which seem to be making progress. I also note that when we adopted the Jackson-Nunn amendment last year, Congress made an implied undertaking to maintain our conventional support in NATO while our allies assume their fair share of the burden. I understand that negotiations are underway and the outlook is optimistic. Going back on this arrangement, as the committee reports notes, would be irresponsible.

One of the most telling points made by the committee report, in my judgment, is that reduction of conventional forces, unilaterally, at this time, would seriously lower the nuclear threshold. I quote from the report:

> When we had assured strategic nuclear superiority, our tactical nuclear forces was an effective deterrent to a conventional Soviet attack. With strategic parity and expanded Soviet tactical nuclear capabilities, this is no longer true. Neither side can afford the risks of initiating a nuclear conflict.

Certainly, we need maximum flexibility in this regard. I also support enthusiastically the amendment to prohibit any increase in the number of U.S. tactical warheads in Europe except in the case of imminent hostilities, and directing the Secretary of Defense to conduct a comprehensive study of the situation for Congress in annual reports.

The final amendment concerning our policy in Europe is directed at improving the dovetailing of our forces and those

of our allies through standardization and specific proposals for common action. Failure to standardize apparently has cost this Nation, and her European allies, about $10 billion annually. Standardization could improve defense strength, but cut expenditures significantly.

My call for reevaluation of our role in Europe's defense still stands. I am pleased that the committee, through its amendments, has also undertaken a reevaluation. I hope that such work, which seeks to increase European commitments to NATO costs and improve the efficiency of our forces in Europe, continues without abatement. If we make the effort needed, we may indeed be able to reduce the drain on American manpower and money while still insuring a free Europe and our own national security.

I also hope that this body will not cut unilaterally our troop strength overseas during this period of transition and great turmoil among the leadership of the European nations. In such uncertain times, a prudent national policy dictates that we await further indications of European policy before we make any dramatic and unilateral moves.

I am pleased that this proposal does not propose any massive troop shifts, but does continue the policy of troop cuts in recent years. I do not think that we should be dictating where our troops are deployed, as some proposals before this body would have it. At I noted earlier, this bill does give the Jackson-Nunn negotiations a chance of proceeding as we consider an absolute troop cut vis-a-vis our adversaries.

The PRESIDING OFFICER. The hour of 2:45 having arrived, under the previous order the Senate will proceed to vote.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the substitute amendment for the Mansfield amendment. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. HUDDLESTON (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished Senator from Missouri (Mr. SYMINGTON). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Utah (Mr. Moss), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

On this vote, the Senator from Arkansas (Mr. FULBRIGHT) is paired with the Senator from Wyoming (Mr. MCGEE).

If present and voting, the Senator from Arkansas would vote "yea" and the Senator from Wyoming would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. PACKWOOD) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from North Dakota (Mr. YOUNG) is absent on official business.

The result was announced—yeas 35, nays 54, as follows:

[No. 232 Leg.]

YEAS—35

Abourezk	Hart	Metzenbaum
Aiken	Hartke	Montoya
Bayh	Haskell	Nelson
Bible	Hatfield	Pastore
Biden	Hathaway	Proxmire
Burdick	Hughes	Randolph
Byrd, Robert C.	Long	Ribicoff
Church	Magnuson	Schweiker
Clark	Mansfield	Scott, William L.
Cranston	Mathias	Talmadge
Eagleton	McGovern	Williams
Gravel	Metcalf	

NAYS—54

Allen	Domenici	McIntyre
Baker	Dominick	Mondale
Bartlett	Eastland	Muskie
Beall	Ervin	Nunn
Bellmon	Fannin	Pearson
Bennett	Fong	Pell
Bentsen	Goldwater	Percy
Brock	Griffin	Roth
Brooke	Gurney	Scott, Hugh
Buckley	Hansen	Stafford
Byrd, Harry F., Jr.	Helms	Stennis
	Hruska	Stevens
Cannon	Humphrey	Stevenson
Case	Jackson	Taft
Chiles	Javits	Thurmond
Cook	Johnston	Tower
Cotton	Kennedy	Tunney
Curtis	McClellan	
Dole	McClure	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Huddleston, against.

NOT VOTING—10

Fulbright	Moss	Weicker
Hollings	Packwood	Young
Inouye	Sparkman	
McGee	Symington	

So Mr. MANSFIELD's substitute amendment was rejected.

Mr. STENNIS. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I send to the desk a substitute for the pending amendment cosponsored by Senators CRANSTON, SCHWEIKER, METZENBAUM, and HUMPHREY.

The VICE PRESIDENT. The amendment will be stated.

The legislative clerk read as follows:

On page 5, after line 2, insert the following as a substitute for the Mansfield amendment: Provided that no funds may be expended after December 31, 1975, for the purpose of maintaining more than 2,027,100 active duty military personnel, and no funds may be expended after December 31, 1975, for the purpose of maintaining more than 312,000 military personnel permanently or temporarily assigned at land bases outside the United States or its possessions. The Secretary of Defense shall determine the appropriate areas from which the phased reduction and deactivation of military personnel shall be made. In the event that any reductions are made under this section in the military personnel of the United States stationed or otherwise assigned to duty in Europe, such reductions shall be made only after the Secretary of Defense and Secretary of State, or other appropriate official designated by the President, has consulted with other members of the North Atlantic Treaty Organization concerning such reductions.

Mr. STENNIS. Mr. President, may we have order in the Senate? It is impossible to hear. It is impossible to get the facts.

The VICE PRESIDENT. The Senate will be in order. This is an important amendment. How much time does the Senator yield himself?

Mr. MANSFIELD. Mr. President, 2 minutes, and then I will yield to the distinguished Senator from Pennsylvania (Mr. SCHWEIKER).

Mr. STENNIS. Mr. President, will the distinguished majority leader yield to me so that I may inquire about the time?

Mr. MANSFIELD. I yield.

Mr. STENNIS. What is the time agreement on this amendment?

The VICE PRESIDENT. Forty minutes, 20 minutes to a side.

Mr. STENNIS. I thank the Chair.

Mr. MANSFIELD. Mr. President, the United States stations 437,000 military personnel in foreign countries around the world. This does not include dependents. This amendment would reduce that number to 361,000 by December 31, 1975.

The Secretary of Defense would determine where the cuts would be made. No Navy personnel would be included.

The Armed Services Committee has already mandated a 23,000-man cut from the European army alone—that is the 7th Army—within the next 2 years.

Thus, this amendment would require only a removal from around the world of 53,000 men. No European cut need be made beyond that which was mandated by the committee.

The committee has also reduced the end strength of the military by 49,000 by June 30, 1975. The amendment would require additional demobilization of 27,000 men by December 31, 1975. The Secretary of Defense would determine which forces would be demobilized.

Mr. President, this amounts to 27,000 less than that reported by the committee for June 30, 1975. The cumulative savings by this amendment, including 49,000 in the committee amendment, is in excess of $900 million.

Mr. President, I now yield 5 minutes to the distinguished Senator from Pennsylvania (Mr. SCHWEIKER).

The PRESIDING OFFICER (Mr. DOMENICI). The Senator from Pennsylvania is recognized for 5 minutes.

Mr. SCHWEIKER. Mr. President, I rise in support of the pending Mansfield amendment. I share the deep concern that I know every Senator and every American feels regarding the national security of our country. It is because of this concern for national security that I strongly support the amendment offered by the distinguished majority leader, to withdraw and deactivate some of the over 490,000 military personnel that we still have stationed in foreign countries throughout the world.

I support this effort to begin, almost 30 years after the end of World War II, to make modest reductions in the size of what has become a seemingly perma-

nent worldwide land-based U.S. military presence, because I am convinced that such action will strengthen our national security. National security after all rests on more than just military forces abroad. The ultimate security of this Nation rests in the final analysis on the strength of a strong and growing economy which can provide for the domestic needs of all the citizens of this great country. In order to be able to meet the needs of the American people, it is imperative that we in the Congress give the closest scrutiny to every aspect of Federal spending.

As the distinguished chairman of the Armed Services Committee has pointed out, this defense budget, part of which we are considering today, is the second largest in our Nation's history. And approximately 57 percent of the nearly $93 billion budget authority being requested by the Department of Defense will be spent on manpower.

It has been estimated that U.S. overseas forces will cost at least $22 billion in fiscal year 1975. The Department of Defense also estimates that the balance of payments deficit which we will incur in fiscal year 1975, just from the presence of our 300,000 troops and 250,000 dependents in Europe, will run about $2.1 billion.

I do not believe we should continue to spend such staggering amounts of the taxpayers' money to maintain overseas Armed Forces which assign around 60 percent of their manpower to noncombat heat quarter and support duties.

These overseas noncombat elements can be reduced without any appreciable loss of combat power. And this is what the Mansfield amendment is proposing. Furthermore, total discretion is left to the Secretary of Defense regarding where the withdrawals would be made.

This proposal for a carefully phased independent pruning-back of an overgrown U.S. headquarter and support personnel has been referred to negatively here as a meat-axe approach which will slash our conventional strength in Europe to such a point as to cause our NATO allies to desert us. Now that is just not factual.

While this amendment is for a cut of 76,000 troops, let us pause for a moment in negatively arguing the reasons why our forces cannot be reduced and look at how it is possible to reduce our worldwide overseas forces by 100,000 for example, without reducing combat capability.

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

Mr. SCHWEIKER. I yield.

Mr. MANSFIELD. It is not really a 76,000 cut. It is a 27,000 cut, added to the 49,000 cut which the Committee on Armed Services unanimously reported out.

Mr. STENNIS. Mr. President, will the Senator yield on that point?

Mr. SCHWEIKER. I yield.

Mr. STENNIS. Mr. President, the committee recommended a cut which of course is not law yet. It was a 49,000 cut, applied all over the world, to all the services, without mandating any particular thing. This amendment mandates 76,000 out of the overseas troops alone.

I thank the Senator for yielding.

Mr. MANSFIELD. Mr. President, if the Senator will yield further, the end figures come out correctly. It is a 49,000 reduction so far as the end figures are concerned. This adds 27,000 more, for a total of 76,000; but 49,000 goes to the credit of the Armed Services Committee.

Mr. SCHWEIKER. The distinguished Senator from Montana is correct. This is a very, very modest cut. The illustration I want to make is that we can take even a larger cut than this and not affect one combat soldier around the world. That is the point I would like to make.

First, let us examine U.S. forces in Asia. There are approximately 151,000 U.S. military personnel stationed at land bases in Asia. Additionally there are about 21,000 personnel afloat in the Western Pacific. Under the Mansfield amendment, withdrawals would be made only from the land-based forces. At present 1½ divisions, 6 tactical air squadrons, and 3 carrier task forces constitute the major U.S. combat units stationed west of Guam. The total personnel assigned in the land-based divisions and air squadrons comes to about 35,000 men. If these 35,000 personnel are subtracted from the 151,000, land-based troops in Asia, we have a remainder of 116,000 personnel who are mostly serving in support roles. Approximately 66,000 of these 116,000 personnel could be withdrawn from their bases in Thailand, Japan, Okinawa, Philippines, South Korea and Taiwan. This would leave the 35,000 land-based combat units and the 21,000 afloat personnel untouched. And it would leave 50,000 land-based support and headquarters personnel to back up the land and sea combat units. This certainly does not strip our combat power from Asia; what it does do is bring the out-of-proportion U.S. logistical support structure being maintained in Asia into a more reasonable relationship with the combat forces that are deployed there.

Having been on the Armed Services Committee, I know that the United States has the worst record in the world in the ratio of support troops to combat troops. We are overgrown, overfed, and overstuffed, by far.

So all this amendment does is to take us back to the standard other countries have used for years in the ratio of supply to combat troops, and in doing so it does not affect combat soldiers.

Now let us look at Europe. There are 276,000 land-based personnel stationed in Western Europe and related areas. These are the Defense Department figures, not the figures of the Senator from Pennyslvania. I am using their figures. There are an additional 23,000 personnel afloat chiefly in the Mediterranean.

The combat heart of the land-based forces is the Army's 4½ divisions and 11 Air Force tactical fighter squadrons. The total personnel assigned to the land-based cambat units comes to about 104,000 men. When these 104,000 personnel are substracted from the total land-based force, there is a remainder of 172,000 who are chiefly serving in headquarters or support roles. Over 18 months approximately 31,000 of these headquarters and support personnel could be withdrawn under the provisions of the Mansfield amendment.

That is all this amendment would provide for. In fact, it would be actually 25 percent less than that, because these figures were projected on 100,000 instead of 76,000.

This modest 31,000 man withdrawal could come from the 172,000 support personnel stationed at bases in Belgium, Germany, Italy, Greece, Morocco, Netherlands, Spain, Turkey, and Great Britain. Such a withdrawal would leave all the land and sea combat forces untouched and would leave 141,000 support personnel in position to back them up.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SCHWEIKER. I ask for 3 additional minutes.

Mr. MANSFIELD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 11 minutes remaining.

Mr. MANSFIELD. I yield 3 minutes to the Senator from Pennsylvania and 5 minutes to the Senator from Minnesota.

Mr. SCHWEIKER. So, speaking in a positive sense, with the withdrawal of 66,000 of the 116,000 support personnel we now keep in 6 Asian countries and 31,000 of the 172,000 support personnel maintained in 9 European countries, plus 3,000 of the approximately 32,000 more support personnel stationed at land bases in other parts of the would, it is possible to achieve a 100,000 reduction in overseas manpower without withdrawing a single fighting man, or seriously weakening the support he actually needs to fight.

But I would remind my colleagues that I have pointed out these hypothetical withdrawal figures only to help more clearly focus the perspective of the Members on what the Mansfield amendment is actually proposing. They should remember that the amendment does not dictate where overseas withdrawals will be made. This is left entirely to the decision of the Secretary of Defense who will act with the advice of the Joint Chiefs of Staff. These are the defense experts and they would make the final determination on where reductions would be made.

This amendment is not a meat-ax approach. This amendment would not force a slash in our NATO conventional combat forces and send our NATO allies scurrying to reach an accommodation with the Soviet Union.

What this amendment does is responsibly express to the American people the resolve of the Senate to end the wasteful spending of their hard-earned tax dollars on excessive, farflung military noncombat headquarter and support empires that do not furnish combat power to support our foreign policy, nor provide much combat defense of our national security.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, I think we ought to hear from the supporters of the committee bill.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. I yield 5 minutes to the Senator from Georgia.

Mr. NUNN. Mr. President, I should

like to make a few brief points in rebuttal of some of the comments that have been made.

First, a factsheet has been placed on the desk of each Senator that says the committee version cuts 23,000 troops out of NATO. That is erroneous. The committee version cuts out 23,000 support personnel but permits the Secretary of Defense, in his discretion, to add back 23,000 combat personnel.

There is a reason for this. The committee happens to be of the opinion—and I certainly am, as a Senator from Georgia—that the MBFR talks—the mutual balanced force reduction talks—do have a chance. No one can guarantee that they are going to succeed. But what we can say with certainty is that if we adopt a unilateral withdrawal amendment in Congress, we can guarantee that MBFR will not succeed. I think that is an important point that is not being talked about enough. So the factsheet is erroneous, so far as the committee version is concerned.

Another point is—and I am glad we are facing it head on this year—that you do not save money by bringing troops home from Europe. You save money if you deactivate those troops. These amendments—both the one we just rejected and this one—do deactivate troops. Thus the Senate is voting on the question of a total troop cut, of whether we want to go to the lowest force level of any time since the Korean war. That is what this amendment would do.

The committee has already cut substantial numbers of troops in our version, but this amendment would cut an additional 27,000 troops out of the services. I think that point needs to be faced head-on.

Mr. President, there is another point I think we do not talk about enough. The proponents of unilateral withdrawal from Europe contend our forces are merely a nuclear tripwire in Europe. If we are a tripwire in Europe now, what will we be when we withdraw unilaterally another 75,000 troops? If we reduce the presence of American troops there would be no hope of having a strong conventional deterrent and a strong conventional defense. I believe we should address ourselves to the question as to whether we want to say to our military forces, "We want you to use tactical nuclear weapons the day war breaks out in Europe." I say that because if we do not have a strong conventional deterrent and a strong conventional defense, then tactical nuclear weapons in all likelihood would have to be used at the outset of a war.

So we are talking about a vote that would lower the nuclear threshold and increase the danger of nuclear war in Europe if we had a conflict.

Mr. President, my final point is this, and I covered this point this morning. We debated all last year the War Powers Act. I was one of the many cosponsors. This amendment as now worded would place an overall ceiling on foreign troops. What does that mean? There is no exemption here on any clear and present danger and there is no exemption on imminent hostilities. So what we are doing is this. An affirmative vote means we are extending the War Powers Act.

How can the President of the United States address himself to imminent hostilities in Europe if Congress has to come back into session and we have to have an affirmative vote in both the House and the Senate. We are extending the War Powers Act and placing an overall ceiling on troops to be committed anywhere in the world. We are saying to the President of the United States, "You cannot commit any troops in addition to what we already have overseas unless you come back to Congress, no matter what happens." I do not believe Senators want to do that because we fought too hard and debated about it too long last year.

Mr. President, I urge Senators to consider what we want to do in Europe, what our long-range goals are, and whether the MBFR negotiations are to succeed. A vote here will make a difference as to whether the MBFR talks have a chance to succeed.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. Mr. President, I yield the Senator 2 additional minutes.

The PRESIDING OFFICER. The Senator from Georgia may proceed.

Mr. NUNN. Mr. President, I have talked at length with people involved in the MBFR negotiations and I cannot stand here and say that the talks will succeed; but I believe the Senate by a negative vote on this amendment would take a long step forward, saying to our negotiators, "We are behind you, we want you to succeed," and saying to the Soviet Union, "We will not unilaterally do for you what we are trying to do on a mutual basis."

Mr. HUMPHREY. Mr. President, do I have 5 minutes?

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, I wish to ask my colleagues to give me just a little attention. Last year this body voted a troop reduction of 110,000. We voted that reduction knowing we could take those 110,000 men from overseas without affecting our NATO forces at all. This year the committee recommends that we take 23,000 out of NATO. The committee itself in its report——

Mr. NUNN. Mr. President, will the Senator yield? That is a question of support troops. We also put in the same report that the Secretary of Defense, in his discretion, can add back that number of combat troops. This is not an overall reduction in NATO.

Mr. HUMPHREY. All right, but all I am saying is that the committee found 23,000 support troops that were not necessary there.

I appeal to those who voted against the Senator from Montana time after time to come to their senses and recognize that the military establishment can be reduced within reason without affecting our security.

What the Senator from Montana has done is to say we will add a 27,000 reduction to the committee recommendation. That is all; 27,000 out of over 2 million; and the committee said there are 23,000 in Europe that should come home, that are not needed as support troops.

The next thing that is done is to say that worldwide, at the discretion of the Secretary of Defense, out of over 2 million troops, we will bring back home 76,000 out of the 450,000 overseas—not deactivate those 76,000, unless the Secretary so desires, but bring them home.

Mr. NUNN. Mr. President, will the Senator yield at that point?

Mr. HUMPHREY. I have so little time that I cannot yield now.

Mr. President, where would those troops come from? Where can we make that troop reduction? We can make that troop reduction safely in the Philippines, Taiwan, Japan, Okinawa, Thailand, and South Korea, and we can do so without jeopardizing our defense or the security of these nations. Every Senator knows it.

Last year this body voted to cut the forces in Asia by 110,000. We are saying here that if the Secretary desires, we cut them by 76,000.

Last year I was told by the Defense Department, "Mr. Humphrey, do not get so excited about your amendment. We plan to take out 45,000 to 50,0000 this coming year in Asia. You do not need your amendment." What happened? They took out 18,000. It is the same old story.

I have been a supporter of NATO every year in this body and I have voted against every troop reduction in Europe. I believe in MBFR. The Senator from Montana is not jeopardizing those negotiations one bit. I have voted against my majority leader dozens of times on troop reductions. He has come up now with the most conciliatory and the most modest amendment he has ever presented. I appeal to Senators on this side of the aisle that the majority leader is a responsible man and he is entitled to our support and particularly he is entitled to our support on an issue that in no way would jeopardize a single negotiation in which we are presently engaged; and he is entitled to support on an issue that will save the taxpayers hundreds of millions of dollars. He is entitled to support because the Department of Defense has ignored the will of this body time after time.

Last year the committee jettisoned in conference on the first day the amendment we passed. All this amendment does is to add to the committee recommendation. They said 49,000 out of over 2 million. Can we not add another 27,000? The committee said, "We do not need 23,000 support troops in Europe." So the Senator from Montana has not asked for a reduction in Europe; he left it entirely to the Secretary of Defense.

I think the amendment of the Senator from Montana is meritorious and long overdue. As one who has voted against any weakening of NATO, and my record is without blemish on this issue, I think the time is at hand to come to some understanding as to what our troop levels should be and to get some of these forces back from overseas—especially from Southeast Asia and the western Pacific.

I think the majority leader has presented us with an amendment which should muster an overwhelming major-

ity in the Senate. The time is here for the Senate to make a decision and to act.

The amendment before us has two purposes: First, to reduce the total end strength of the Armed Forces of the United States by 76,000 men over a period of 18 months.

The Armed Services Committee already recommends a reduction of 49,000 in active military manpower strength. This represents a 2-percent reduction. The amendment before the Senate now increases this reduction by 27,000. The committee recommends such a reduction over 1 year. The amendment before us lengthens this to 18 months.

The committee states that its reduction of 49,000 in active-duty strength, once fully implemented and made effective, would save about $600 million annually in future years. If this amendment is enacted several hundred million dollars more can be saved.

Why are we recommending a further reduction of active military manpower? We want to support the Secretary of Defense's policy of "cutting out waste and fat from the defense budget." There is much talk within the administration about curtailing Government spending. I want to go on record that I am in favor of this approach. But let us cut Government spending where it should be cut—in the area of excessive military manpower, not in the areas of education, health care, and job training.

The sums saved in this amendment are considerable. They should not be taken lightly. But most important of all, this reduction, recommended in the amendment before us, will not endanger the security of the United States in any way.

The Armed Services of the United States would still have over 2 million active-duty personnel. Surely, modest reductions in support units and from overstaffed headquarters could result in a cut of an additional 27,000 personnel. And these men could realistically and safely be deactivated over a period of 18 months.

The second part of this amendment calls on the Secretary of Defense to reduce the number of land-based troops on foreign soil by 16,000 over the next 18 months.

What are the facts? According to the figures supplied to the Armed Services Committee and printed in the committee report, as of December 31, 1973 the United States maintained 437,000 troops in foreign countries. An additional 55,000 serve on board ships of our Navy and are not included in the provisions of this amendment.

Of the 437,000 foreign based American troops, this amendment proposes that 76,000 will be brought home over the next 18 months. I want to make it clear that the amendment does not state that those troops withdrawn from foreign bases are to be deactivated. The amendment states the final end strength for the armed services at the end of the 18 months. But it does not state that an Air Force wing or a Marine battalion or any other group of men removed from any base in a foreign country must be deactivated. The deactivations can take place at the discretion of the President and the Secretary of Defense.

I believe the period required for the phased reduction and deactivation of military personnel in this statement is more than adequate to be carried out safely, effectively and avoiding any sudden or precipitous action. This amendment is being considered before fiscal year 1975 begins. Last year a troop cut amendment passed the Senate in late September. Due to the very prompt and thorough actions of the Armed Services Committee, we are on time this year and thus the full 18 months should provide adequate time in which to accomplish the provisions of the amendment.

The question arises: Where can we safely make troop reductions from foreign soil? I believe that the primary thrust of any troop reductions should take place in the areas of Southeast Asia and the Western Pacific.

At the present time, according to the figures supplied to the Congress, the United States maintains 151,000 land-based troops in Southeast Asia and the Western Pacific. In addition, there are 21,000 men afloat, but I want to remind my colleagues again that these 21,000 are not included in the provisions of this amendment.

Where could savings in Asia take place?

First of all, in Thailand, where there are 36,000 U.S. troops. The annual cost of maintaining these troops in Thailand is approximately $760 million a year. The American presence in Thailand consists primarily of U.S. airmen who formerly flew bombing missions over Indochina. It is a virtual impossibility that these men will be actively involved in a military action over Indochina. I would oppose such a role for them, and I am sure the majority of the Members of Congress and the American people would also oppose any renewed American involvement in Indochina. Substantial cuts could thus be made in these forces.

In South Korea, there are 38,000 American troops 20 years after the Korean war. The annual operating costs of maintaining these troops in Korea will remain approximately at about $620 million a year. The Armed Services Committee in its report dealt at length with the status of American troops in Korea. The committee in fiscal year 1974 suggested a 50-percent reduction in the three U.S. headquarters in Korea. I repeat, it suggested this reduction. As of June 30, 1974, 100 people were added to these headquarters, according to the committee, representing an 8-percent increase. The committee goes on to state:

> The Committee looked at the overall force structure in Korea and determined that the overstaffing at headquarters is part of a larger problem. Using the Army again as an example, U.S. Army forces in Korea have combat-support ratio of 37/63. Of the 63 percent representing non-combat units, about one quarter are headquarters and administrative units.

The committee goes on to state that:

> Secretary Schlesinger this year said that there have been no major improvements in North Korean force size or improvement. In the manpower hearings, DOD stated that South Korean ground forces are now adequate for defense against North Korea.

Despite the fact that Secretary Richardson predicated further U.S. withdrawals from Korea on the completion of a $1.5 billion Korean modernization program, the requested Army strength for Korea in fiscal year 1975 has not been reduced, although the modernization program is reported to be 58 percent complete.

It seems reasonable and logical that a substantial reduction of the 38,000 American troops stationed in Korea could be made over the period of 18 months called for in this amendment.

Japan and Okinawa is another area where substantial troop cuts could be made without endangering the security of the United States or of Japan. There are now 32,000 American troops in Japan and 23,000 troops on Okinawa, making the total 55,000 troops for this area. For fiscal year 1974, the estimated annual operating costs of maintaining the troops in Japan and the Ryukyus add up to $916 million.

Again, substantial cuts could be made in these forces in view of the lessening of tensions in the area and the great costs of maintaining these troops.

Other possible areas of reduction include the Philippines, where we have 16,000 troops, and Taiwan, where we presently have 6,000 men at a cost of more than $120 million in fiscal year 1974.

Substantial cuts can be made in Southeast Asia and the Western Pacific without touching our fleet and without a total withdrawal of American troops.

The countries from which we would be having a phased reduction—Thailand, South Korea, the Philippines, Taiwan, Japan, and Okinawa—would not have their defense placed in jeopardy.

Secretary Schlesinger in a statement made on March 1, 1974, admitted that the major reason for keeping American forces in Asia at this high level "lies under the heading of political rather than military considerations." This is a high cost to pay for political considerations.

It will be possible to achieve the reduction required by this amendment without a unilateral troop reduction in Europe. This is a critical and essential point. The Armed Services Committee has indeed called for a reduction of 23,000 support troops in Europe by June of 1976. If substantial cuts in Asia were added to this minor European reduction, a goal of a 76,000 troop cut could be achieved very easily.

It is important for the Senate of the United States to realize that despite the statements made by the Department of Defense that it was actively trying to reduce the number of American troops abroad, the figures comparing actions over the past year do not support the Department of Defense's contention. As I stated earlier, as of December 31, 1973, we have 151,000 American land-based troops in Southeast Asia and the Western Pacific. Last year when we debated a troop cut amendment using figures of March 31, 1973, there were 169,000 troops in Southeast Asia and the Western Pacific. This is a reduction of only 18,000 troops. There are no indications of any other sizable reductions over the com-

ing fiscal year. Unless the Congress acts now, we will again be faced next year with over 140,000 American troops in Southeast Asia and the Western Pacific. I see no change on the horizon that will cause us to abandon our mistaken policy of garrisoning great numbers of American troops in Southeast Asia and in the Western Pacific.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STENNIS. Mr. President, I yield 2 minutes to the Senator from Georgia.

Mr. NUNN. Mr. President, I shall not take that long. I do wish to make one correction. This amendment does require deactivation; it is not just bringing them home. The committee has about 49,000 being deactivated. Under our version, this amendment would require an additional 27,000 that would be deactivated.

We are facing the issue squarely because this would determine whether we are going to be at the lowest troop level since the Korean War.

Mr. HUMPHREY. Mr. President, if the Senator will yield, it requires 75,000 be deactivated, but not that if we bring home from Okinawa or Thailand a wing or a B–52 bomber, and deactivate them. It requires that out of the total of over 2 million they can find 75,000 people peeling potatoes that they deactivate.

Mr. STENNIS. Mr. President, I yield 6 minutes to the Senator from Texas.

Mr. TOWER. Mr. President, I hope that no one has the illusion that by reducing our present troops in Europe we can reduce tensions. The fact of the matter is that our troop strength has been going down in that area and the Soviet and Warsaw Pact strength has been going steadily upward.

But let me sound a note of history here. The American presence has resulted in an unprecedented 29 years of peace in Europe—unprecedented in modern times.

If we had not walked away from World War I in 1919 and walked away from involvement with other nations, I think it is highly likely that World War II would not have occurred. If the American presence had been in Western Europe in 1936, Hitler would not have marched across the Rhineland.

I want to read some remarks from a beautiful speech that was made on November 11 of 1965 at Arlington Cemetery. It reads:

Today we know that World War II began not in 1939 or 1941 but in the 1920's and 1930's when those who should have known better persuaded themselves that they were not their brothers' keepers.

And further, another excerpt from that great speech:

We have come to realize that anything that happens on this planet can and does affect us all. We have learned that there is no place to hide in a world which grows smaller day-by-day.

Further:

We have made known our commitment to the interdependence of nations and international cooperation.

Through the maintenance of powerful military forces we have demonstrated our ability to meet aggression.

And further this speech goes on:

But, above all, we have fulfilled the responsibility of leadership.

We have not wavered. We have not turned inward. We have not withdrawn from the world. And we will not.

And further:

But, there are those who would have us turn away from the lessons of this century.

They plead, as others have pled before, that mankind's plight in other places need not be our concern. We hear—even in Western nations scarred by centuries of war—the appeals of those who would turn modern nations away from interdependence and international cooperation. These voices must be rejected. Theirs is the counsel of despair and defeat.

Further it says:

We have a responsibility for the defense of Europe.

And the speech goes on with a great statement by John F. Kennedy:

There is no way to maintain the frontiers of freedom without cost and commitment and risk. There is no swift and easy path to peace in our generation. . . . We cannot save ourselves by abandoning those who are associated with us, or rejecting our responsibilities."

Mr. President, I ask unanimous consent that the full text of this great speech of Senator HUBERT HUMPHREY be printed in the RECORD at this point.

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

REMARKS OF VICE PRESIDENT HUBERT HUMPHREY, VETERANS DAY, ARLINGTON MEMORIAL CEMETERY, NOVEMBER 11, 1965

We meet today to honor brave men and deeds. We enjoy the freedom their valor won.

On this resting ground of American heroes, we meet to examine the lessons of war.

We meet to commemorate a day of peace.

When a nation sends its young men to war, it must be sure indeed that the cause is worth the terrible cost.

In this century young Americans have given their lives in two world wars—and in conflict since—for a noble purpose: The cause of a just and lasting peace.

Have we learned the lessons of this century so that peace may finally be secured?

When World War I ended 47 years ago today, it seemed that anything but peace was unthinkable.

But the peace of World War I was lost when the free and strong nations of the West closed their eyes to international bullying in other places. It was lost when large nations justified the sacrifice of small nations to those playing the game of willful power.

Today we know that World War II began not in 1939 or 1941 but in the 1920's and 1930's when those who should have known better persuaded themselves that they were not their brothers' keepers.

It is now twenty years since the end of World War II. These have not been years of peace. They have been years, rather, during which there has been an absence of world war.

There continues to be aggression and despotism in the world. And, often without benefit of fullest homage, American men continue to sacrifice their lives in distant places.

The danger of war—nuclear war—torments mankind. But that war has not occurred because, in these years, we have consciously and devotedly worked to win the peace.

We have dared to stand firm against those who would terrorize their neighbors.

We have extended the hand of cooperation to both the strong and weak, the rich and poor of the world.

We have come to realize that anything that happens on this planet can and does affect us all.

We have learned that there is no place to hide in a world which grows smaller day-by-day.

In Greece and Turkey, in Berlin, in Korea, in Vietnam, we have stood with other nations against aggression when those places could have been sacrificed as was the Sudetenland—and with the same probable end result.

Through the Marshall Plan, Point Four, the United Nations, the NATO alliance, the Organization of American States and other international agencies and programs, we have made known our commitment to the interdependence of nations and international cooperation.

Through the maintenance of powerful military forces we have demonstrated our ability to meet aggression. Through patient and sometimes painful negotiation we have shown our determination to halt the arms race and control the atom.

But, above all, we have fulfilled the responsibility of leadership.

We have not wavered. We have not turned inward. We have not withdrawn from the world. And we will not.

We know that mankind can destroy itself in one horrible nuclear holocaust.

We know that one more totalitarian military adventure, one more exercise in international irresponsibility, can obliterate what man has created through the ages.

But, there are those who would have us turn away from the lessons of this century.

They plead, as others have pled before, that mankind's plight in other places need not be our concern. We hear—even in Western nations scarred by centuries of war—the appeals of those who would turn modern nations away from interdependence and international cooperation. These voices must be rejected. Theirs is the counsel of despair and defeat.

Today in Vietnam we reaffirm our knowledge of the lessons of war.

As our President has said: "There are those who wonder why we have responsibility there . . . We have it for the same reason that we have a responsibility for the defense of Europe."

We are not in Vietnam to establish any American colony or base. We are not there to enrich ourselves or to subjugate others to our will.

We are in Vietnam to keep a commitment established by international treaty.

We are there because, once again in history, it must be proved to aggressors that the price of their aggression comes far too high.

The aggression we face in Vietnam is not one in which massed armies attack across national frontiers. It is one in which the battlefield is often the homes of men. It is one in which the innocent suffer to the pain of all of us.

The aggression in Vietnam is one which deals in organized assassination and terrorism yet masks itself as a "war of liberation." It is waged by hard and callous men who seek to prove that force and Communist militancy can win the future—by men convinced that democratic societies are soft and weak and unable to meet their form of warfare.

To these, we say: Do not be misled. Do not misunderstand the processes of a free society. Do not mistake our respect for the right of dissent for internal division or lack of resolve.

We will remain in Vietnam until a just and lasting peace can be established there.

At the same time we shall now—and after establishment of that peace—dedicate ourselves to creating conditions which will enable all the people of Vietnam, North and South, and all of Southeast Asia to look forward to a tomorrow without danger of at-

tack, without hunger, and with social justice and security.

There are times when American power must be used—when there is no alternative in face of determined aggression.

But military power alone will not provide stability and security unless it is accompanied by political, social and economic effort—and the promise to the people of a better life. And thus we work with the Vietnamese people toward that goal.

No, peace will not come through military victory alone. Nor will peace come by good intention. Peace comes to those who earn it . . . work for it . . . sacrifice for it.

Peace will be won only through the untiring practical efforts of this generation and others to follow—efforts to improve the conditions of man's life.

It will be won only when all men realize that they share a common destiny on this planet.

Peace will be won when starvation, ignorance and injustice are eradicated from a world which has the resources to defeat them.

There is no alternative to peace. Let us pursue it with perseverance and patience.

Four years ago John Kennedy stood in this place to give this message:

"There is no way to maintain the frontiers of freedom without cost and commitment and risk. There is no swift and easy path to peace in our generation . . . We cannot save ourselves by abandoning those who are associated with us, or rejecting our responsibilities."

Today his body lies in this place among others who have given their lives so that this lesson might be clear. Today that lesson is not lost.

Let us prepare ourselves for long and hard burdens ahead. Let it be written in history that in this time the lessons of history were heeded.

Today we heed the words of Lincoln, who hated war but waged it for the cause he knew was just:

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in."

Let it be written that, when man's freedom was threatened, there were free men willing to give their lives to preserve it.

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

Mr. TOWER. I yield.

Mr. HUMPHREY. I appreciate the Senator's yielding. He is always courteous. I want to thank him for placing that speech in the RECORD. It was one of my better speeches. What the Senator from Minnesota has said today does not in any way violate what he said then. I am not asking for one reduction in Western Europe. I am saying when we voted for a troop reduction, we took them out of Asia. That is not in NATO. We expected a mutual balanced force reduction.

I am simply saying that the majority leader has given us this reduction on that of the committee itself. The Senator's amendment says we can reduce 76,000 out of 2 million. I think we can, and it does not take one whit from what I said in that marvelous speech which the Senator read with great eloquence.

Mr. TOWER. I could read the Asian part of the Senator's speech. It says, "Stay in Vietnam." In any case, it is a good speech. I wish I could have made as good a speech myself and be as persuasive.

Let me say, this is going to have a destabilizing effect in Western Europe if we make a substantial troop reduction. It is going to have a destabilizing effect in Asia. The government in Japan is not stable at the moment. The governments of Western Europe are not stable. Indeed, the oldest government there is about 4 months old. The psychological impact of the reduction of the American presence I think could be disastrous to NATO. I think this destabilizing time is not the time to make any significant force reduction in Western Europe or any other part of the globe.

Let me state that should we substantially reduce our forces, we endanger those remaining forces should hostilities break out. The Senator from Georgia made an important point when he said we hazard the security of the United States if we impose such narrow restrictions on the President that he does not have the troops to defend this country, if he has to.

Mr. STENNIS. Mr. President, I yield 3 minutes to the Senator from Nevada (Mr. CANNON).

Mr. CANNON. I thank the Senator.

Mr. President, I would like to make a very few observations.

We have heard from the proponents of these amendments about the fact that this is the 30th anniversary of Normandy. This is one Member of this body who was in the air over Normandy 30 years ago, and he is glad he has not had to go back again. I hope I never do.

As a member of the Armed Services Committee, I have directed my efforts toward trying to see that this Nation remains in a position that it will not have to go through that kind of thing again.

I would like to make this one observation, and that is that the Armed Services Committee considered this matter very carefully. We are interested in troop reductions. We are interested in the most efficient use of our troops. We are interested in a higher pro rata ratio of combat troops. I, for one, voted for the Humphrey amendment last year because I thought we could make reductions, but conditions have changed. We have had the withdrawal of troops from Asia, which we were very anxious to get when the Humphrey amendment was offered last year.

In addition, we voted to withdraw 23,000 support troops out of Europe and permit replacement, but to withdraw 23,000 to have a higher pro rata of combat troops.

As was stated here, we voted earlier to reduce the end troop strength by 49,000. I do not know what the correct figures ought to be. I cannot say whether they ought to be 49,000 or 50,000 or 48,000 or, indeed, whether it ought to be 75,000, as the proponents argue, but I point out that not one of those proponents of the amendments is on the Armed Services Committee which took the testimony and heard the testimony from the various services and from the various people involved with these day to day problems, and we do not know whether we could make such a reduction. We considered the facts before us, along with other problems in the committee, and we came up with the figures we used as our considered and best judgment.

If we want to legislate on the floor and let people who have not had the day to day work in this area make the decisions, then we had better change our committee system.

Mr. STENNIS. Mr. President, I yield 2 minutes—

Mr. MANSFIELD. Mr. President, I have 3 minutes left. I would like to yield it at the end of the argument. I yield to the Senator from California, and I was going to yield to the Senator from Alaska, but he does not appear to be on the floor.

Mr. CRANSTON. Mr. President, Europe is frequently mentioned in connection with troop reductions. No one says that the reductions need come from Europe. There are other places, in Asia and other areas, to make these cuts.

It is said that the Armed Forces are the lowest since the Korean war. Why should they not be the lowest since the Korean war? The President, with Secretary Kissinger's help, has accomplished great things in reducing tensions with the Soviet Union and with China and in achieving a shaky peace in the Middle East. I think we should recognize that, whatever other problems and lacks he has, this President has achieved significant accomplishments in foreign policy and has made possible a reduction in this aspect of the military budget.

I wonder how many Americans know how many dollars we are talking about in terms of 500,000 overseas troops in 30 countries and 2,000 bases? The total cost is $30 billion—$30 billion. This is an effort to begin to cut into that, to balance the budget, and it would be possible, if we started in this direction, to save the dollar which is declining in the world markets because of the dollars leaving our country, to save the dollar in the American economy, and which is so adversely affected by this inflationary form of military spending.

Our defense depends as much on the stability of the dollar and the economy as upon any other factor and this particular sort of defense spending clearly affects the economy and the dollar and therefore affects the stability of our defense.

It also brings the whole defense budget under suspicion and attack because of the immense waste of that budget.

It brings into attack weapons of deterrance that we must have, and that any foe must know we have.

If we destroy our economy or if we bring the whole defense budget under such attack that we begin to be weak in that department then we have indeed done damage to the security of our country and to its institutions.

I urge that we begin the task of balancing the budget, stop wasting this money and hurting the dollar, by making this modest move at this time under this amendment.

Mr. STENNIS. Mr. President, I yield 2 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, the distinguished Senator from California has raised a very pertinent point. I have been very sympathetic to the majority

leader's position for a number of years in attempting to reduce costs.

But I think when we look at the facts that we have a better situation than we might think otherwise. Overall for the past 4 years—and I would ask the distinguished Senator from South Carolina and the distinguished Senator from Mississippi to correct me if it is not true—we have reduced our military force by about 1,400,000 men.

Mr. STENNIS. That is correct, yes.

Mr. PERCY. Also on the balance of payments, I served as rapporteur to the Balance of Payments Subcommittee of the NATO North Atlantic Assembly for several years, where 15 countries worked together to try to find ways to reduce American balance-of-payments deficits in NATO.

It is my understanding—and I would like to ask for confirmation of these figures—that our balance-of-payments deficit in NATO expenditures in Europe in fiscal year 1974 is estimated to be about $2 billion. In the offset agreement recently negotiated by Secretary Schlesinger, West Germany has agreed to make purchases and other financial commitments of about $700 million; there have been agreed-upon purchases by other NATO countries of about $800 million and to make up the difference, West Germany is making $400 million of loans of 2.5 percent over a period of 7 years. Loans are not nearly as good as purchases. But this agreement comes closer than we have ever come before to our goal and our objective we have had for 4 or 5 years to get our NATO allies to pay their fair share of the total cost and certainly to totally cover our balance-of-payments deficits.

If that is correct, I think it is a very germane point and answers the point of the Senator from California (Mr. CRANSTON).

Mr. STENNIS. I think the Senator is substantially correct in his figures. I know that those who are familiar with it are highly pleased not only with the direction in which we are going but the substantial improvement and the prospect of even greater improvement.

Mr. PERCY. Finally, I ask only this question——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STENNIS. I yield an additional minute, Mr. President.

Mr. PERCY. Now that we have a totally volunteer force, are there very many forces that came in under the draft, still serving, that may be involuntarily sent overseas? I know of none myself. The young men I talked to in Germany would rather be there than at some base in the United States anyway. So the basic question is what our overall force level should be, not necessarily where they are.

I cannot really see, once we have established that we have reduced the Armed Forces by almost a million and a half men, that it is a terribly important point now that we have a total volunteer force.

These are professional people who have gone into the military of their own free will, and I cannot really see then why we should worry about whether they are serving in Kansas, Illinois, Montana, or whether they are sent over to Germany if that, in the judgment of the Defense Department is the best place for them to be stationed for our security.

Mr. STENNIS. I thank the Senator very much. We are about at the end of debate.

Mr. MANSFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Mississippi has no time remaining.

Mr. STENNIS. Five minutes on the bill, Mr. President, that I yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, there are just two or three points I want to make. The first is that our allies have responded positively to the injunctions of the Jackson-Nunn amendment. It appears that the balance-of-payments cost for maintaining our troops in Europe will be completely offset through fiscal year 1975.

Therefore, unless the force to be returned was demobilized, little or no economic advantage would be derived from reducing our forces in Europe. So there is no saving to be made by it.

The next point I would make is we have a team now trying to negotiate to bring about a mutual balanced force reduction in arms. They have been working now for some months. Let me tell you what a member of this team has said. He is not a Republican. He was Secretary of the Army appointed by former President Lyndon Johnson, Mr. Resor. Everybody who knows him has respect for him. Here is what he said, and I would like the Senate to hear this:

If we make a unilateral force reduction at this time, the MBFR (Mutual Balanced Force Reduction) team might just as well pack up and come home.

Mr. President, it is just that simple. If we are going to get a mutual force reduction, and that is what we want, we do not want a unilateral reduction.

We just do not want to give away our strength. We will give away our bargaining power if we do. If we want to get a reduction on the part of the Soviets too, Mr. Resor says we might as well pack up and come home if we are going to reduce those troops over there now. I hope the Senate will remember that because I think it is an extremely important point.

The President has just appointed a new Chief of Staff of the Air Force whose name is David Jones. He has been in Europe as Air Force commander. If anybody knows the score over there he does.

He testified before the Senate Armed Services Committee just a few days ago. I want to quote one sentence from what he said. I propounded this question:

General, do you feel any reduction in NATO forces at this time would be desirable?

His answer was:

A reduction of forces at this time would not only tilt the balance of power in Europe to NATO's detriment, but unavoidably would signal to both allies and adversaries a lessening of American interest in the commitment to European defense.

Mr. President, some people may say, "Well, that is a military man. We expected him to say that."

I do not expect General Jones, with the high respect that I have for him, to make that statement unless he believes it.

Here is the top Air Force man in the United States who has made that statement to us, and I think we ought to take heed and warning of it.

Mr. President, again I say if we want to get reductions from the Soviets now is the time to get them, but not by reducing troops. If we reduce troops and weaken ourselves here in this country what do we have to bargain with, to give the President and give Dr. Kissinger something to bargain with. He has some thing to bargain with now.

I hope the Senate will not agree to this amendment.

Mr. President, I ask unanimous consent to place in the RECORD following my remarks a prepared speech opposing these overeas troop reductions and a memo I sent to all Senators on the Mansfield amendment.

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

STATEMENT BY SENATOR STROM THURMOND

Mr. President. A large world-wide overseas troop reduction of any significant size could not be absorbed by some vague combination of closing down minor facilities and reducing support troops and headquarters staffs.

Rather, it would simply force us to decide between two actions, (1) removing large percentages of our land-based forces West of Hawaii, leaving the 7th Fleet alone to support our policy interests in the Pacific, or (2) making a reduction in our forces in Europe.

I would like to very briefly state why neither of these alternatives are acceptable.

PACIFIC AREA

The first of these alternatives would represent a reversal of 30 years of bipartisan policy in the Far East. Further, it would destabilize an area in which we have expended American lives and over $100 billion in funds.

In plain words, if we maintain our strength in NATO and allow the Mutual Force Reduction talks to bring about a mutual cut in Warsaw Pact and NATO forces, then ALL overseas cuts must be taken in the remaining 164,000 overseas troops located chiefly in the Pacific. Even a 50,000 overseas cut would decimate these forces.

Remember, we have withdrawn from South Vietnam, given Okinawa back to the Japanese, pushed away from Nationalist China, and cut our combat forces in Korea and Thailand. Further we must realize that sizable troop reductions in the Pacific could have several bad results. Possibilities would be:

(1) Encouraging Communist forces to press their advantages in South Vietnam, Cambodia and Thailand.

(2) Encourage Japan to re-arm.

(3) Jeopardize further the outward position of Nationalist China.

(4) Encourage internal subversion in places like Okinawa and the Philippines.

(5) Destabilize our position in Korea (even Red China does not object to our presence there).

Thus, the argument centers on whether or not the U.S. should make a substantial reduction in its troop commitment to Europe.

NATO

For at least a decade the argument has been made by both Republican and Democratic administrations that the time is not right for a unilateral reduction of U.S. forces in Europe. That argument is even more valid today for the following reasons:

(1) Our forces in Europe are stationed there for the defense of the U.S. as well as Europe. They contribute more to the defense of the U.S. there than they could in the U.S.

(2) It is important to remember that U.S. forces are by no means the dominant component of NATO forces in Europe; they constitute just over 10 percent of the ground manpower, and about 20% of the ships and aircraft.

(3) From a cost standpoint, there would be no net savings. In fact, new funds would be needed to buy more airlift to return our troops there and more equipment would have to be prepositioned in Europe.

(4) Our forces in Europe are needed for NATO's success. The Soviet Union rolled over Eastern Europe in World War II and has repeatedly used force to maintain its dominance there.

(5) There is now a good prospect for mutual and balanced force reductions. MBFR talks in Vienna show promise. If we withdrew U.S. forces unilaterally, we would end the one bargaining point that has induced the Soviets to negotiate.

(6) If we remain firm in Europe and thus force mutual reductions we may be taking the first step towards permitting these Soviet dominated nations to eventually attain truly free societies.

(7) Withdrawing substantial U.S. forces would force greater reliance on nuclear weapons. In an age of strategic parity, we would reduce the President's options for dealing with possible crises in Europe.

Finally, if one accepts the argument we should stand firm in NATO any overseas troop cut would have to be taken from the forces outside NATO. In NATO, we have about 273,000 land-based forces while elsewhere in the world we have about 164,000, a total of 437,000.

The final question then is: Do we want to reduce our non-NATO forces worldwide (164,000) by 125,000 as proposed in the Mansfield amendment, or even 75,000 or 50,000 as may be proposed in other amendments.

If the Senate goes this route we will create a vacuum in the Pacific which may scuttle all of our efforts there since World War II.

Moreover, the Senate Committee this year has taken steps to meet this troop issue. The Committee cut military manpower 49,000 and civilian manpower 44,000. We also would allow a 23,000 reduction of support troops in NATO over the next 2 years and their replacement by combat troops if needed.

Finally, Mr. President, let me say that besides the overseas cut the Mansfield Amendment would cut military strength 76,000 below the 49,000 already cut by the Committee. If such a reduction, or even a smaller one is allowed, we will be reducing the Army below the 13 divisions we have had since World War II.

In response, to this proposal I would merely ask the Senate this question—Is the U.S. more or less powerful today vis-a-vis the Soviets than at any time since 1950?

COMMITTEE ON ARMED SERVICES,
Washington, D.C., June 6, 1974.

To: Members of the Senate
From: Senator Thurmond
Subject: Mansfield amendment

Mansfield amendment 1392 does two things:

1. Sets ceiling on *military manpower* strength effective December 31, 1975 at 2,027,100.

EXPLANATION

DOD Request	2,152,000
Mansfield ceiling	2,027,000
Mansfield manpower cut	125,000
Committee cut	49,000
Mansfield cut in addition to Committee action	76,000

2. Sets ceiling on military manpower overseas effective December 31, 1975 at: 312,000.

EXPLANATION

Land based overseas forces:	
Europe	273,000
Pacific	116,000
Southeast Asia	35,000
Other	13,000
Overseas total	437,000
Mansfield cut	125,000
Ceiling allowed in Mansfield amendment	312,000

3. It is indicated that Senator Cranston may make a proposal to increase the *overseas* ceiling to 337,000, a net cut of 100,000, and Senator Humphrey may propose to increase the overseas ceiling to 362,000, a net reduction of 75,000.

Mr. STENNIS. Mr. President, the Senator from New York is here and I want to yield to him for 1 minute on the bill. Then I want to take 1 minute for myself.

Mr. JAVITS. Mr. President, I have done a lot of work on NATO—I suppose as much as anybody in this Chamber. I was chairman of the committee to review all of NATO.

I would vote for a cut of 75,000 in the troop strength of the United States, and I hope that amendment will be agreed to, but with this shirttail relating to Europe, and the requirement that the reduction be in overseas forces, it will, in my judgment, be a clear signal to the Europeans that the Mansfield amendment, with all respect to the leader—and he knows of my affection for him—has passed. I think that is a bad signal and, for that reason, I must vote against it.

I ask unanimous consent that a editorial from the New York Times be printed in the RECORD.

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

U.S. TROOPS IN EUROPE

Senator Mike Mansfield's renewed effort to force substantial withdrawal of American troops from Europe and other areas overseas is the wrong battle in the wrong place at the wrong time.

The Senate floor is the wrong place for this decision to be taken because the issue is now under negotiation in Vienna between the NATO and Warsaw Pact powers in an effort to bring about Soviet as well as American troop cutbacks. There are now 460,000 Soviet ground troops on the Central Front in Europe, compared with 193,000 Americans. Warsaw Pact troops outnumber NATO's ground forces in this area 925,000 to 770,000.

An over-all NATO-Warsaw Pact reduction to 700,000 on each side, as proposed by the West—with the bulk of the Western reduction to be taken in American forces—would assure stability as well as the reduction in defense spending desired in both East and West. But unilateral American withdrawals now would clearly be destabilizing. They would lower the nuclear threshold, forcing earlier use of atomic weapons in a conflict. They could lead to the nuclearization or the "Finlandization" of West Europe—or both.

This is the wrong time as well for the Mansfield amendment. West Europe's political stability and economic health are shakier today than at any time since the Marshall Plan days more than two decades ago. Governments have fallen in Britain, West Germany, France and Italy in recent months. The new leaders may do better than the old, but that is not yet certain. The Common Market is stalled. Relations with the United States have been badly strained. A major effort by Washington is needed to pull the Atlantic community back together again before disintegration goes further. Unilateral weakening of West Europe's recurity would frustrate this effort before it could begin.

Above all, Senator Mansfield's long struggle, extending over eight years, is the wrong battle for the Majority Leader and his supporters to be waging at all. The battle to bring back American troops from Europe, an area where American interests are truly vital, was spurred initially by American balance-of-payments deficits and Europe's surpluses. The oil price increase and other factors have reversed the situation. American payments are in surplus, while most of West Europe is headed toward a disastrous deficit. West Germany, which is also in surplus, is offsetting the dollar costs of American forces there .

The extraordinary notion has been propounded that the presence of American troops abroad brings about American involvement in war. But there were no American troops in Europe before World War I or World War II—or in Korea before the involvement there. On the contrary, the presence of American troops in Europe since World War II has helped provide an almost unprecedented 29 consecutive years of European peace. Their withdrawal would be a step into the unknown.

Senator Mansfield's latest argument is that the troops withdrawn from Europe and Asia could be demobilized, reducing the defense budget by $1 billion a year. But United States armed forces already are half-a-million fewer than pre-Vietnam and 1.2 million fewer than those the Soviet Union maintains. There are ways in which defense spending can and should be reduced. But shotgun legislation aimed at American military manpower overseas would be the worst way now to go about that task.

Mr. MANSFIELD. I yield back the balance of my time.

Mr. STENNIS. Mr. President, I will just take 1 minute. I am sure every Senator has been fully honest in dealing with these figures. Someone may have made a grave error. The Senator from Nevada (Mr. CANNON) stated the correct figure here with reference to the way these matters were arrived at. Whoever said that taking out 500,000 troops would save $30 billion was far, far off the mark.

We have just over 2 million in all, and if that were the case, our budget for manpower alone would be $120 billion. It just shows how far we have gotten away from the park.

Mr. President, here is a committee which tries to exercise its judgment in view of all the facts we have, and now our action is taken as a springboard to try to get a further reduction of altogether a different kind, and I think a dangerous one, if we turn our backs on these conferences.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. MANSFIELD. Mr. President, if I may use the 1 minute remaining, I think I should speak in behalf of the Senator from California, who used the $30 billion figure, but with relation to all costs over-

seas, including some 2,000 bases. He did not say it would result in a saving of $30 billion, but that it costs $30 billion at this time.

Mr. MUSKIE. Mr. President, I believe that we can reduce our forces stationed in foreign countries significantly without jeopardizing our security interests or our political objectives.

Like most Americans, I believe that an isolationist policy is neither wise nor possible. I believe that we need to maintain an important military presence in areas of vital interest, and that precipitate, large-scale troop reductions in such areas would not serve our foreign policy objectives.

This is not to say, however, that all proposed reductions would be unwise. The trend in recent years has been toward further reductions—a trend supported both by the administration and by the Congress. We have now disengaged from South Vietnam. Our allies have become stronger, and they are carrying a greater share of their own defense burden. Moreover, the Nixon doctrine foresees a much less interventionist foreign policy than we have had in the past. For all these reasons, our military presence abroad has declined in recent years in a manner which has been consistent with our overall foreign and defense policy.

The dilemma which confronts us today, as in years past, when Senator MANSFIELD's initiatives on overseas troop reductions have come before the Senate, is the size of such reductions. The Senate Armed Services Committee this year has recommended a 20-percent reduction in Army noncombat troop strength in Europe by the end of fiscal year 1976, with half of this reduction to be implemented by the end of fiscal year 1975. The committee's recommendation would involve a cut of some 23,000 support troops, although the committee would allow their replacement by combat troops should the Secretary of Defense deem it appropriate.

I believe that no more than that number should be withdrawn from European areas over the next 2 years. In relation to our total European force commitment of nearly 300,000—including 25,000 afloat—a reduction of this kind would neither be precipitate nor politically destabilizing.

With respect to our military presence in the Western Pacific and Southeast Asia, however, I believe significant reductions can be made—reductions of 50,000 to 75,000 land-based troops or roughly one-third to one-half of our present land-based forces of 151,000 in these areas. The latest Defense Department figures—March 31, 1974—show that we still have 35,000 troops in Thailand; 57,000 in Japan, including Okinawa Prefecture; 38,000 in South Korea; 17,000 in the Philippines; and 5,000 in Taiwan. I believe that significant reductions can be made in our troop presence in each of these countries.

I would like to take just a moment to state my own reasons for not making major reductions in our European forces at this time as well as my reasons for recommending a significant cut in our land-based forces in the Asia area.

With respect to Europe, I believe that NATO needs a strong conventional capability and that the United States must make a major contribution to such forces in Europe in addition to providing a nuclear shield for our European allies. But there is nothing magic about our present land-based force level of 275,000, and I would hope that this number will be reduced substantially in the future.

For a variety of reasons, however, I do not believe that now is the time for major European troop reductions. The reasons were well stated in Secretary Kissinger's letter to Senator STENNIS which was released yesterday. First, negotiations are now in progress in Vienna between NATO and Warsaw Pact countries on the possibility of mutual force reductions. These are difficult negotiations, and I have my own doubts as to whether they will ever produce meaningful results. But Secretary Kissinger assures us that they are proceeding with great care and seriousness, and he warns us that large unilateral reductions at this time might remove Soviet incentives to negotiate seriously. I believe we should give these negotiations a chance to produce results, since it is certainly in the interests of NATO to achieve a reduced Soviet troop presence in Eastern Europe.

Second, there is the additional problem that the last 8 months have been a period of unusual stress in the alliance, and recent changes in European governments add a further element of uncertainty to the future. These facts suggest that it would be untimely to make major reductions at this time—that such reductions could be destabilizing and could create political advantages for our adversaries.

Secretary Kissinger also warns us against large cuts in Asia, but I find his reasons less convincing. Troop reductions in Thailand, he says, will be made as the situation in Southeast Asia permits. Major reductions in South Korea, Japan, and the Philippines, according to the Secretary, could seriously jeopardize our efforts to achieve a more permanent structure of peace in that area, and such reductions should be made only when we have firm evidence of improved relations among rival nations in the area.

Secretary of Defense Schlesinger testified before the House Appropriations Committee on March 1 that the major reason for keeping American forces in Asia at their current high level "lies under the heading of political rather than military considerations." The reason, no doubt, is that the Chinese threat to our Asian allies simply does not equal in any way the possible Soviet threat to our European allies—where very large numbers of Soviet troops are deployed in Eastern Europe. Secretary Schlesinger's remark seems to recognize this fact, implying that our current troop presence is needed instead to reinforce the internal political stability of certain weak regimes in Asia.

It is this kind of reasoning which led to our Vietnam intervention, and I believe it is time to state unequivocally that U.S. policy does not include the option of intervening in Asia to protect our friends from internal threats. In keeping with such a policy, we should not design our force structure to include the possibility of becoming involved in another land war in Asia.

Unlike the situation in Europe, where our allies openly express their opposition to any large American troop reductions, such key Asian allies as Japan and Thailand have publicly encouraged further U.S. troop reductions in those countries. South Korea, which outnumbers North Korea in troop strength by about two to one, hardly needs 38,000 American troops for assistance in their own defense. The Philippines faces no external threat, and our forces on Taiwan have already been reduced to almost a token level.

I am not suggesting that we withdraw completely from any of these countries. I am suggesting that the size of our forces in each of these countries is a good deal larger than required to fulfill the political mission which both Secretary of State Kissinger and Secretary of Defense Schlesinger have described.

On balance, I believe the second Mansfield amendment is consistent with the considerations I have outlined. I intend to vote for it.

The PRESIDING OFFICER (Mr. DOMENICI). All time has expired. The question is on agreeing to the substitute amendment offered by the Senator from Montana (Mr. MANSFIELD). On the question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Utah (Mr. Moss), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

On this vote, the Senator from Missouri (Mr. SYMINGTON) is paired with the Senator from Wyoming (Mr. MCGEE).

If present and voting, the Senator from Missouri would vote "yea" and the Senator from Wyoming would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. PACKWOOD), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from North Dakota (Mr. YOUNG) is absent on official business.

The result was announced—yeas 44, nays 46, as follows:

[No. 233 Leg.]

YEAS—44

Abourezk	Gravel	Mansfield
Aiken	Hart	Mathias
Bayh	Hartke	McClellan
Bible	Haskell	McGovern
Biden	Hatfield	McIntyre
Burdick	Hathaway	Metcalf
Byrd, Robert C.	Hughes	Metzenbaum
Church	Humphrey	Mondale
Clark	Kennedy	Montoya
Cranston	Long	Muskie
Eagleton	Magnuson	Nelson

Pastore	Ribicoff	Stevenson
Pell	Schweiker	Talmadge
Proxmire	Scott,	Tunney
Randolph	William L.	Williams

NAYS—46

Allen	Cotton	Jackson
Baker	Curtis	Javits
Bartlett	Dole	Johnston
Beall	Domenici	McClure
Bellmon	Dominick	Nunn
Bennett	Eastland	Pearson
Bentsen	Ervin	Percy
Brock	Fannin	Roth
Brooke	Fong	Scott, Hugh
Buckley	Goldwater	Stafford
Byrd,	Griffin	Stennis
Harry F., Jr.	Gurney	Stevens
Cannon	Hansen	Taft
Case	Helms	Thurmond
Chiles	Hruska	Tower
Cook	Huddleston	

NOT VOTING—10

Fulbright	Moss	Weicker
Hollings	Packwood	Young
Inouye	Sparkman	
McGee	Symington	

So Mr. MANSFIELD's amendment in the nature of a substitute was rejected.

Mr. STENNIS. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. GRIFFIN and Mr. THURMOND moved to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The question now recurs on agreeing to the original amendment of the Senator from Montana (Mr. MANSFIELD).

Mr. MANSFIELD. Mr. President, I understand that under an agreement reached, we now would turn to the consideration of the Hartke amendment having to do with recomputation——

Mr. TOWER. Mr. President, I believe the vote now occurs on the original amendment of the Senator from Montana, does it not?

Mr. MANSFIELD. A voice vote will be OK.

The VICE PRESIDENT. The question is on agreeing to the original amendment of the Senator from Montana (Mr. MANSFIELD).

Those who favor the amendment will say "aye." Opposed, "no." The Chair is in doubt and calls for a division. All in favor stand and be counted.

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Washington will state it.

Mr. JACKSON. What is the question before the Senate?

The VICE PRESIDENT. The question is on agreeing to the original amendment of the Senator from Montana.

Mr. JACKSON. Mr. President, a further parliamentary inquiry. Would the Chair state whether the amendment changed the original amendment that was offered, so that the Senate will know what it is being asked to vote on?

The VICE PRESIDENT. The question is on agreeing to amendment No. 1392, the original amendment offered by the Senator from Montana (Mr. MANSFIELD).

Mr. GRIFFIN. Mr. President, may I ask that the clerk read the amendment?

The VICE PRESIDENT. The clerk will read the amendment.

The assistant legislative clerk read, as follows:

AMENDMENT 1392

On page 5, after line 2, insert the following: *Provided*, That no funds authorized to be appropriated by this title may be used after December 31, 1975, for the purpose of maintaining more than two million twenty-seven thousand and one hundred active duty military personnel, and no funds authorized to be appropriated by this title may be used after December 31, 1975, for the purpose of maintaining more than three hundred and twelve thousand military personnel permanently or temporarily assigned at land bases outside the United States or its possessions. The Secretary of Defense shall determine the appropriate worldwide overseas areas from which the phased reduction and deactivation of military personnel shall be made.

Mr. JACKSON. Mr. President, I ask for the yeas and nays.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendment be withdrawn.

The VICE PRESIDENT. Without objection, the amendment is withdrawn.

The Senate will be in order.

The pending amendment is amendment No. 1377, by the Senator from Indiana (Mr. HARTKE). Senator HARTKE has 15 minutes, and Senator STENNIS has 11 minutes.

Mr. HARTKE addressed the Chair.

The VICE PRESIDENT. The Senate will be in order.

Mr. HARTKE. Mr. President, I ask unanimous consent that the name of the Senator from South Carolina (Mr. THURMOND) be added as a cosponsor of the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

Who yields time?

Mr. STENNIS. Mr. President, I make the point of order that it is impossible for the Senate to transact business because the Senate is not in order. This matter involves a $16 billion obligation of the Federal Treasury, and we have only a few minutes. I ask the Chair to maintain order, so that we can hear each other.

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

Mr. STENNIS. I yield 3 minutes to the Senator from Arizona.

The VICE PRESIDENT. The Senator from Arizona is recognized for 3 minutes.

Mr. GOLDWATER. Mr. President, I rise to oppose this amendment, even though, because of conflict of interest, I will not be allowed to vote for it.

I look at the sheet that has been put on my desk and see that there are 16,800 retired military people in my State, and that becomes rather appealing politically. But this will never pass the House of Representatives on this bill.

We voted for it in the last two or three Congresses, and as conferee last year, it became very obvious to me that the House will not take it. It is out of order in the House.

I think it is wrong for this body to give hope to the retired military people of this country that they are going to receive computation, when we know it is not going to happen. If I were allowed to vote I would vote "no," even though politically that is probably dangerous. I have told the people of my State that there is no way they can get recomputation through the Hartke amendment.

The only way we are ever going to get it is for the Senator from Indiana to have hearings in his own committee or the Senator from Mississippi to have hearings in the Armed Services Committee on the whole complicated subject of recomputation, which would be extremely costly. It is extremely involved.

This is not something that should be passed lightly on this floor, so that we can write letters home to our retired constituents and say, "I have done something for you," because we have not.

This amendment probably will be overwhelmingly accepted by the Senate. It will be the first thing that will be thrown out when this bill comes to conference. I am merely calling the attention of my colleagues to this, because it is not going to do a single thing for the retired military person.

I think it is time that the Members of this body stopped kidding themselves and kidding the retiree.

Mr. STENNIS. I thank the Senator.

Mr. President, if any Senator desires time, I can yield several minutes, and I will be glad to do so.

Mr. President, I oppose this amendment on the ground that the time has come when we cannot keep on increasing the pay of these retirees every time there is an increase, or almost every time there is an increase, in the pay of the people who are in the service.

We have to bear in mind that those in the service do not make a contribution to their retirement. This is one of the most liberal—if not the most liberal—retirement systems in the world. These retirees have received every cost-of-living increase that has come along, under the statute, since 1958. Those cost-of-living increases have totaled approximately 85 percent. That is permanent law—it is in the law now—and they will continue to draw it.

This recomputation—that is, permitting those who are retired to recompute on the basis of a high wage scale as of January 1, 1972—does not include all the increases we made but does include some and it would cost approximately $300 million the first year. If the amendment is adopted, it will put an obligation on the Federal Government that will finally total $16 billion. That has been checked out, and there is no mistake about it. The computers have shown that over and over. That is what the amendment would amount to in the long run.

I have said this: I think we ought to set up a second retirement system, starting now. It would be complicated to do it, but it could be done. Let those in the service pay a contribution, as the civil service people do, and at the same time continue in operation the system we now have; and it would finally clear out when no one else is living who is under this system. That system would be gone, and we would have matured another system.

I would then be willing to try to figure out some kind of basis of settlement for those who are now drawing this re-

tirement pay. But if we let them recompute time after time after time, or every few years, as we have been doing—this matter has come to the point that this one increase will cost $16 billion extra, and it goes on and on and on. For that reason, I cannot vote for this amendment, as a Senator or as chairman of the committee.

Some retirees feel that they are entitled to this money as a matter of right. I want to be fair to them. But it has even been tried out in court, and the court held that there was no obligation for us to make this recomputation clause applicable. I have dealt with this matter off and on since 1958, and there is no committal in law, in any way, that these recomputations would continue. I am told by the Senator from Virginia that whenever we adopt one of these proposals, the civil service people apply to that committee, but it has never been granted.

Those are the hard, cold facts of life. We adopted it before. I recall that one year we had only four votes against it. Last year we had 14 votes, I believe.

The House has taken a firm stand, and they have held hearings. We requested them, in the last conference, to hold hearings on this matter, when they failed to yield. They promised to do so, and they did. They held those hearings, and their subcommittee reported, I assume, to the full committee. Anyway, no bill ever was reported. They reported against it. Their conclusion was that this system as it is now is adequate.

I have people very close to me in many ways, and I am a target in this matter, in a very adverse way. But this matter has to stop sometime, somewhere.

Frankly, I do not think that Congress can get the new system I have mentioned without the help of the executive. Perhaps it has not been figured out, but it could be done. This time, the budget did not request the money. They requested it last year, but they did not do so this year. That is the story.

I ask unanimous consent to have a table printed in the RECORD.

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

Grade and date retired (before)	Length of service	Current retired pay	Hartke amendment	Under Hartke amendment: Monthly increase	Under Hartke amendment: Annual increase	Under Hartke amendment: Annual retired pay
General, O–10:						
June 1, 1958	30	$2,271.47	$2,706.53	$435.06	$5,220.72	$32,478.36
Jan. 1, 1965	30	2,364.06	2,706.53	342.47	4,109.64	32,278.36
July 1, 1970	30	2,757.83	2,706.53	51.30	615.60	32,478.36
Lieutenant general, O–9:						
June 1, 1958	30	2,004.24	2,532.50	528.26	6,339.12	30,390.00
Jan. 1, 1965	30	2,085.78	2,532.50	446.72	5,360.64	30,390.00
July 1, 1970	30	2,433.26	2,532.50	99.24	1,190.88	30,390.00
Major general, O–8:						
June 1, 1958	30	1,803.81	2,283.50	479.69	5,756.28	27,402.00
Jan. 1, 1965	30	1,880.64	2,283.50	402.86	4,834.32	27,402.00
July 1, 1970	30	2,194.11	2,283.50	89.38	1,072.68	27,402.00
Colonel O–6:						
June 1 1958	30	1,316.12	1,744.09	427.97	5,135.64	20,929.08
Jan. 1 1965	30	1,436.72	1,744.09	307.37	3,688.44	20,929.08
July 1 1970	30	1,675.82	1,744.09	68.27	819.24	20,929.08
Lieutenant colonel O–5:						
June 1 1958	25	862.94	1,185.91	322.97	3,875.64	14,230.92
Jan. 1 1965	25	976.64	1,185.91	209.27	2,511.24	14,230.92
July 1 1970	25	1,139.32	1,185.91	46.50	559.08	14,230.92
Major O–4:						
June 1 1958	20	$561.19	$793.38	$232.19	$2,786.28	$9,520.56
Jan. 1 1965	20	653.33	793.38	140.05	1,680.60	9,520.56
July 1 1970	20	762.25	793.38	31.13	373.56	9,520.56
Sergeant major E–9:						
June 1 1958	30	(1)	942.96			11,315.52
Jan. 1 1965	30	776.33	942.96	66.64	1,999.68	11,315.52
July 1 1970	30	906.04	942.96	36.92	443.04	11,315.52
Master sergeant, E–8:						
June 1, 1958	30	(1)	842.27			10,107.24
Jan. 1, 1965	30	693.31	842.27	148.96	1,787.52	10,107.24
July 1, 1970	30	809.18	842.97	33.09	397.08	10,107.24
Sergeant 1st class, E–7:						
June 1, 1958	24	374.12	538.92	164.80	1,977.60	6,467.04
Jan. 1, 1965	24	443.78	538.92	95.14	1,141.68	6,467.04
July 1, 1970	24	517.88	538.92	21.04	252.48	6,467.04
Staff sergeant, E–6:						
June 1, 1958	20	258.32	370.43	112.11	1,345.32	4,445.16
Jan. 1, 1965	20	305.21	370.43	65.22	782.64	4,445.16
July 1, 1970	20	355.96	370.43	14.47	173.64	4,445.16

[1] Pay grades E–9 and E–8 were established June 1, 1958. Accordingly, there are no retirees in those grades before that date.

Note: Where appropriate the above figures include the 6.4 percent Consumer Price Index increase in retired pay scheduled for July 1, 1974.

Mr. HARTKE. Mr. President, I yield 5 minutes to the Senator from South Carolina.

Mr. President, I ask unanimous consent that the Senator from Oklahoma (Mr. BARTLETT) and the Senator from Kansas (Mr. DOLE) be added as cosponsors of the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. THURMOND addressed the Chair.

The VICE PRESIDENT. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, this is probably the only time that the distinguished Senator from Mississippi and I will be differing on this bill. I am not going to vote on this bill because I would be affected by it. However, I want to say this. My military retirement money goes to scholarships to help educate needy, worthy students. I am for this bill because it is nothing but plain justice.

A major who retired in 1968 draws $6,000 in retirement and a major who retired in 1972 would draw $9,000. There is a 45-percent difference.

Mr. President, there have been 12 pay raises since 1958. We have a major retiring one year getting a different retirement from a major who retires the next year. Senators can see the discrepancy. The same is true for enlisted personnel. Yet everyone of these military people have served this country the same length of time and retired in the same grade.

I do not think it is right; I do not think it is fair. Even if it does cost some money, if it is the just thing to do. The Senate has passed this measure for the last 2 years. It has gone to conference and the House has taken a strong position against it. But I am not sure that we cannot arrive at some compromise. If they do not recompute at age 60 maybe we can get it to age 65 or age 75. There certainly should come a time when there can be a recomputation in order to do justice in a matter that demands justice.

I shall not take a long time on this matter. I want to say this to demonstrate what an important issue it is. In 1968 when the candidates were running for President, Vice President HUMPHREY favored this bill, Mr. Nixon favored this bill, and Mr. Wallace favored this bill. Every one of the candidates for President came out openly and made strong statements for it. Mr. Nixon has had the money in his budget for 7 years. They see the justice and the fairness of it.

I feel we should not delay this matter any longer. Many officers have died and never will get justice. I hope the Senate will agree to the amendment and let us see if we cannot work something out in conference so that these officers who retired years ago, who retired with just as much service as those who are retiring today, when salaries were much lower, can get some semblance of justice, if not complete justice.

Mr. GOLDWATER. Mr. President, will the Senator yield to me for 2 minutes?

Mr. THURMOND. I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, everything the distinguished Senator from South Carolina said is true. I agree with every word of it. In fact, when I made the mistake of running for President in 1964 I had this in my platform also. But I did not have something in my platform that I knew would never pass Congress.

The way to get this recomputation accomplished is for either the Committee on Veterans' Affairs to hold hearings on it or for the Committee on Armed Services to hold hearings on it, find out how much it is going to cost and find out what we are going to have to do to take care of these men who retired before 1958.

If we are going to go that route and play on the organ, I remind colleagues that Senators who retired in 1940 do not get the retirement pay of those who will retire this year in November. We can argue all over the lot on this. I think it is perfectly fair to seek recomputation. I shall vote for a recomputation bill that comes out of either proper committee. I am not going to vote, if I were allowed to vote, for something that is kidding. We are not being honest with the retired officers of this country when we

know, and the Senator from South Carolina will be one of the conferees and he knows, what the House committee will do with it. It is not that they want to do it. It is a technicality. The Parliamentarian of the House has ruled no on this matter time after time after time.

I do not want to be a part of something that will kid or fool a lot of retired people who want this, and I want to see them get it. But the proper way to do it is to go through either of these committees, report a bill, and I will give it all the support I can.

Mr. HARTKE. Mr. President, I ask unanimous consent that there be added as cosponsors of the proposal the names of the following Senators: Mr. TOWER, Mr. BEALL, Mr. BELLMON, Mr. RANDOLPH, Mr. CRANSTON, and Mr. DOMENICI.

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

Mr. HARTKE. Mr. President, if this is the right thing to do, the Senate should do it and not fool around with it. If the House does not do the right thing that is on their souls. Let them explain it in hell. I do not want to duck my duty. If the Committee on Armed Services wants to grant jurisdiction to the Veterans' Affairs Committee, I guarantee Senators will do our duty by these people.

The most people to be helped by this legislation will be enlisted men. The President did put the request in his budget but he castigated the Congress for it and he said Congress will not act. If we do not act we will be doing what he has criticized us for. If we do our duty we will be doing what was favored by the Senator from Minnesota (Mr. HUMPHREY) when he ran for the Presidency, by Mr. Wallace and by Mr. Nixon as well as Mr. McGOVERN in 1972. This measure has been favored by the major parties in the last 2 years.

I do not know what the position was of the distinguished Senator from Arizona when he ran for President. I guess he was in favor of it. I hope he was. The Senator from Arizona indicated he is in favor of it today. I do not know what the position of President Johnson was.

I will say this. The Senator from Mississippi did promise us a hearing but unfortunately he met with his injury and I do not believe hearings were held.

Mr. STENNIS. That was last year, and this year the House held hearings.

Mr. HARTKE. They were promised to be held. I am not raising that question here. What we are saying, what the sponsors of the amendment are saying is, "This is not as good as the Senator from Texas wanted to do, which would be real justice," and I compliment him but that would be much more expensive; that would cost over a billion dollars the first year alone.

The sponsors of this amendment would take this one shot and give justice to that master sergeant who retired before June 1, 1958. He gets $341. If he retired after January 1, 1973, he gets $518. They served the same country in the same capacity. The only difference is that probably the man who retired in 1973 served in Vietnam. There is a difference of $177, or 52 percent differential given for the same type service, service for the same country, and the Congress says no to him. If they say no it is no wonder the recruitment policy is hard to come by, if justice of that type is given to our people.

As the Senator from South Carolina reminded me, this goes to 60-year-olds, and the older they are the more they need it.

They should be entitled to these benefits. I hope we will take the action on the amendment that we must take.

To correct the record for the Senator from Mississippi, on the last vote there were 14 votes and not 27. I do want to correct the record in that respect. Only 14 Senators opposed this measure the last time.

Mr. TOWER. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, I wish to concur with the Senator from Indiana in his statement that we should go ahead and act whether or not the House acts. If we continue to act annually on this matter ultimately the House will be pressured into acting because we are discharging our obligation to these men by acting. So I hope we will continue to act even though we may be reasonably certain they will never accept it. They must understand at some point over there that in time they are going to have to pass it.

Mr. HARTKE. The Senator is correct.

How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. STENNIS. Mr. President, do I have any time remaining?

The PRESIDING OFFICER (Mr. DOMENICI). The Senator has 1 minute remaining.

Mr. STENNIS. I yield myself that 1 minute, plus 1 minute on the bill, just to say this: I am certain that there has been a recomputation since 1958. It came about in 1964 when we passed the cost-of-living increase and gave every retiree the option of taking the cost-of-living increase or recomputing, and I judge that virtually everyone recomputed that year and has been given the cost-of-living increases since that time.

This matter has run on and on. I do not scare easily, anyway, but this is costing about $6 billion a year now—$6 billion in the year 1975 is what retirement will cost. I am talking about without any recomputation.

We have had so many people in the service who have retired, and they retire early—and I am not criticizing them for that—that this bill runs about $6 billion a year. The total bill for salaries for personnel, civilians included, is $52.5 billion, or 57 percent of the defense budget. So here is $6 billion that is for retirees alone. When we recompute, it is going to add the amount I have already given. It will total the $16 billion I have mentioned for those already in retirement and who will receive retirement pay during their lifetime.

I do not see how we can let it run away any longer, but I think we ought to do something about it, less than recomputing.

Mr. HARTKE. Mr. President, let me say again that if we took what is really just and fair, the recomputation measure that was introduced by the Senator from Texas (Mr. TOWER), it would cost over $1 billion the first year. The lifetime cost of fair recomputation would be $140 billion. We are not going for that. We are asking only for a one-short recomputation, which will cost $340 million. The President requested $440 million, so it is less than what the President requested 2 years ago.

When a man gives his service to his country, he does so with the anticipation that when he retires, he is going to receive fair and equitable treatment, and he is not going to receive one retirement pay and have another master sergeant get more than he does when he retires.

Mr. HELMS. Mr. President, this is one of those times when a Senator has to bite the bullet and do what he thinks is right instead of yielding to the temptation of merely doing the popular thing.

I am obliged to vote against the Hartke amendment—even though I favor an honest, workable, and equitable recomputation of military retirement pay. As the distinguished Senator from Arizona (Mr. GOLDWATER) and the distinguished Senator from Mississippi (Mr. STENNIS) said a little while ago in this debate—and they were absolutely right—this amendment does not have a prayer of surviving the rules of the House of Representatives.

Therefore, even if the Senate should approve this amendment unanimously, we are simply going through a few political gyrations which, of course, will win favor among retired military personnel. But it is more serious than that, Mr. President. We are deceiving the very people we purport to be helping.

Because, Mr. President, when this amendment is approved by the Senate, and discarded in the House of Representatives—as it certainly will be—then the issue of recomputation of military retirement pay probably will be dead for another year—and all that the people who need and deserve equity will get out of it is a bit of lipservice.

For my own part, Mr. President, and I am examining only my own conscience and not passing judgment on any other Senator's position. I feel that the Congress ought to begin hearings at the earliest possible moment to draw up a genuine recomputation bill—a bill that can be supported in good conscience, a bill that can have the expectation of enactment by both Houses of Congress.

Then we can take our positions honestly and forthrightly, and I shall support recomputation enthusiastically. I acknowledge that there is great need for it; I have declared my support for it on numerous occasions. And I will support it under the circumstances I have just mentioned.

But I cannot participate, Mr. President, in an exercise which seems to me to be merely a display of politics. I want to level with the thousands of retired military personnel in my State. I do not want to deceive them.

Moreover, as the distinguished Senator from Mississippi (Mr. STENNIS) has em-

phasized on several occasions during this debate, we are talking about 16 billions of dollars in terms of Federal spending. And as one who has constantly pleaded for a balanced budget, I simply cannot go along with the business of talking one way, and voting another.

I know this will be an unpopular vote, Mr. President, but I feel obliged to bite the bullet, and vote my convictions.

I shall regretfully have to vote against this amendment.

Mr. MUSKIE. Mr. President, in the past I have supported the principle of recomputation for many of the reasons which have been presented by the distinguished Senator from Indiana (Mr. HARTKE). I need not repeat those arguments. But I have reluctantly decided to vote against recomputation this year because our present economic circumstances—and most particularly, the unprecedented rate of inflation which we have been suffering—requires special restraint in new Government expenditures.

Before 1958 retired pay was recomputed, or increased, each time there was a pay increase for active forces to keep pace with rising prices. Since then military retirees have had their retired pay adjusted according to changes in the cost-of-living index, as is done for Federal civilian retirees. The "recomputation" issue is whether, in addition to the cost-of-living increases, military retirees should also have their retired pay adjusted to be kept current with active duty pay scales. Those who support the proposal, which has twice passed the Senate, but not the House, argue that the Government has broken faith with retirees who entered service before 1958 by changing the system. Those opposed point out that a double escalation of retired pay (cost-of-living plus recomputation) would be unprecedented in Government or outside it; the cost, even for a one-time plan for older retirees, would be about $16 billion over the lifetimes of those affected.

Because of this extraordinary cost, I must vote against Senator HARTKE's amendment. I hope we will continue to examine the whole question of retired military pay, and I welcome the assurances of Senator STENNIS that the Armed Services Committee will look carefully at this issue in the near future.

Mr. DOLE. Mr. President, I am very pleased to be able to support and cosponsor this amendment of the Senator from Indiana (Mr. HARTKE). While I regret that I can only answer "present" to a rollcall vote on the measure, due to a conflict of interest situation arising from my own receipt of disability retirement pay, it is my sincere hope that my colleagues will afford the provision the overwhelming approval which it deserves.

Recomputation of military pay has historically been a system of adjustments upward concurrent with the increases in compensation of active duty forces. This method of providing equitable changes was terminated in 1963, however, in favor of cost of living modifications commensurate with 3-percent rises in the Consumer Price Index.

Unfortunately, these consumer price increases have not kept pace with active duty pay scales, thereby creating a very unfair situation for military retirees from the point of view of previous authorizations.

PAST PROPOSALS

A number of recomputation compromises have been proposed by Congress in the past several years, and many attempts have been made to adjust the retirement system. I have previously cosponsored efforts similar to the one now before us, and have continually advocated that a reform of the current practice is necessary.

The exclusion of a recomputation provision from the final military procurement authorization bill approved by Congress in fiscal year 1973 resulted from the fact that men retiring today in some cases make one and one-half times the retired pay that pre-1958 retirees of the same rank and years of service make. This unfair discrimination is contrary to the established principle of equalizing retired pay with existing active duty pay for the same grade or rank.

SECURITY IN RETIREMENT

The provision of this amendment which restricts servicemen to a one-time recomputation at age 60, or upon 30 percent or more disability, should make the process economical and sound in accomplishing its purpose of providing a fair retirement pay system. The retiree has in most cases reached the end of his work career; this assurance of an equitable adjustment will provide much-needed security to those coming of age, and allow them the dignity they have earned in service to their country.

OBLIGATION TO THOSE WHO SERVED

Mr. President, as we look down the road to the full implementation of the All-Volunteer Army concept, we must also look back in the other direction to those who served their country. Certain commitments were made to these men and women—whether officers or enlisted personnel—and it seems to me that when you balance all the various considerations, the scale is tipped in favor of the present proposal.

Certainly, this one-time recomputation of military retirement benefits to January 1, 1972, is justified if for no other reason than that obligation. For almost since the time the retirement system came into effect during the Civil War, this issue has been with us. And again, except for the years from 1922 to 1926, the retired pay of military men was recomputed with every pay raise from 1861 to 1958.

TIME FOR CORRECTION

It is time now, therefore, that we act to correct the inequity which has existed in the system since that latter year. Rightly or wrongly certainly commitments have been made to retired personnel, many of whom feel that Congress or the administration or both have reneged on promises made over the past several years.

We now have another opportunity to make the record very clear so far as Congress is concerned. We are discussing equity and fairness on a one-shot proposition, and I strongly urge that we take advantage of this moment to bring about the meaningful change which is so long overdue.

Mr. HARTKE. I yield back my time.

Mr. STENNIS. Mr. President, I yield back my time, and I move to table the amendment.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on the motion.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi to lay on the table the amendment of the Senator from Indiana. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Utah (Mr. MOSS), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Louisiana (Mr. JOHNSTON) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Connecticut (Mr. WEICKER), are necessarily absent.

I also announce that the Senator from North Dakota (Mr. YOUNG) is absent on official business.

I further announce that the Senator from Colorado (Mr. DOMINICK), would say "nay."

The result was announced—yeas 24, nays 54, as follows:

[No. 234 Leg.]

YEAS—24

Bennett	Hathaway	Pearson
Biden	Helms	Percy
Brock	Hughes	Proxmire
Buckley	Kennedy	Scott, William L.
Eagleton	Mansfield	Stennis
Eastland	McClellan	Stevenson
Ervin	McClure	
Fannin	Muskie	
Hansen	Pastore	

NAYS—54

Abourezk	Cranston	Metcalf
Aiken	Curtis	Metzenbaum
Allen	Domenici	Mondale
Baker	Gravel	Montoya
Bartlett	Griffin	Nelson
Beall	Hart	Nunn
Bellmon	Hartke	Pell
Bentsen	Haskell	Randolph
Bible	Hatfield	Ribicoff
Brooke	Hruska	Roth
Burdick	Huddleston	Schweiker
Byrd, Harry F., Jr.	Humphrey	Stevens
Byrd, Robert C.	Jackson	Taft
Case	Javits	Talmadge
Chiles	Long	Tower
Church	Magnuson	Tunney
Clark	Mathias	Williams
Cook	McGovern	
	McIntyre	

ANSWERED "PRESENT"—8

Cannon	Goldwater	Stafford
Dole	Gurney	Thurmond
Fong	Scott, Hugh	

NOT VOTING—14

Bayh	Inouye	Sparkman
Cotton	Johnston	Symington
Dominick	McGee	Weicker
Fulbright	Moss	Young
Hollings	Packwood	

So the motion to lay on the table was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana. On this question, the yeas and nays have been ordered.

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the rollcall be delayed for 2 minutes, so that I may address an inquiry to the majority leader.

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

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HUGH SCOTT. Mr. President, I rise to inquire of the majority leader as to the order of business for the remainder of the day and the remainder of the week.

ORDER FOR ADJOURNMENT UNTIL 9 A.M.

Mr. MANSFIELD. Mr. President, In response to the question raised by the minority leader, first I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9 o'clock tomorrow morning.

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

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, it is anticipated that there will be several more amendments offered this afternoon. I believe the distinguished Senator from Massachusetts (Mr. KENNEDY), and the distinguished Senator from South Dakota (Mr. ABOUREZK) have amendments. There may be an amendment by the distinguished Senator from California (Mr. CRANSTON). I may have an amendment, either this afternoon or tomorrow, and there will be further amendments to be considered. I believe the distinguished Senator from New Hampshire (Mr. McINTYRE) is going to lay down an amendment on which he will spend some time.

Then we hope that during the day we can dispose of various odds and ends, including H.R. 859, a bill to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States; H.R. 14291, an act to amend the Northwest Atlantic Fisheries Act of 1950; S. 585, a bill to amend section 303 of the Communications Act; and possibly S. 3523, a bill to establish a temporary National Commission on Supplies and Shortages.

ORDER FOR ADJOURNMENT FROM TOMORROW UNTIL 12 O'CLOCK NOON ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow—quite likely there will be some votes; how many I do not know—it adjourn until the hour of 12 noon on Monday next.

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

Mr. GOLDWATER. Mr. President, reserving the right to object——

EXECUTIVE SESSION

Mr. MANSFIELD. Yes; Mr. President, if the Senator from Arizona will yield, I ask unanimous consent that at this time the Senate go into executive session to consider the nomination of Mr. Middendorf.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the nomination.

DEPARTMENT OF DEFENSE

The legislative clerk read the nomination of J. William Middendorf II, of Connecticut, to be Secretary of the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. JAVITS. Mr. President, could we confirm the other one also?

Mr. MANSFIELD. It has been confirmed.

Mr. JAVITS. No, I mean the Warner nomination.

Mr. MANSFIELD. All we have ready is the one.

Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. I move that the Senate return to legislative session.

The motion was agreed to.

LEGISLATIVE PROGRAM—CONTINUED

Mr. MANSFIELD. I now yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, the majority leader has satisfied my reservation.

Mr. MANSFIELD. Has the Chair ruled on the adjournment over until Monday at noon?

The PRESIDING OFFICER. The Chair has ruled.

Mr. TOWER. Mr. President, if the Senator will yield, it is my understanding that one of the amendments to be offered is another troop withdrawal amendment.

Mr. MANSFIELD. The Senator is correct; that is my understanding also.

Mr. TOWER. I wanted everyone to be so advised.

Mr. MANSFIELD. The sponsor of the amendment came to me and indicated he might do it tomorrow, but I stated to him that we had an agreement to consider all those troop reduction amendments today, so we are going to do it this afternoon; shortly, I think.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 12412) to amend the Foreign Assistance Act of 1961 to authorize an appropriation to provide disaster relief, rehabilitation, and reconstruction assistance to Pakistan, Nicaragua, and the Sahelian nations of Africa; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MORGAN, Mr. ZABLOCKI, Mr. HAYS, Mr. FASCELL, Mr. FRELINGHUYSEN, Mr. BROOMFIELD, and Mr. DERWINSKI were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 12799) to amend the Arms Control and Disarmament Act, as amended, in order to extend the authorization for appropriations, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MORGAN, Mr. ZABLOCKI, Mr. HAYS, Mr. FRELINGHUYSEN, and Mr. BROOMFIELD were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 12471) to amend section 552 of title 5, United States Code, known as the Freedom of Information Act; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HOLIFIELD, Mr. MOORHEAD of Pennsylvania, Mr. Moss, Mr. ALEXANDER, Mr. HORTON, Mr. ERLENBORN, and Mr. MCCLOSKEY were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 13999) to authorize appropriations for activities of the National Science Foundation, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TEAGUE, Mr. DAVIS of Georgia, Mr. SYMINGTON, Mr. MCCORMACK, Mr. MOSHER, Mr. BELL, and Mr. ESCH were appointed managers on the part of the House at the conference.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 6, 1974, he presented to the President of the United States the following enrolled bills:

S. 2844. An act to amend the Land and Water Conservation Fund Act, as amended, to provide for collection of special recreation use fees at additional campgrounds, and for other purposes; and

S. 3373. An act relating to the sale and distribution of the CONGRESSIONAL RECORD.

DEPARTMENT OF DEFENSE APPROPRIATION AUTHORIZATION ACT, 1975

The Senate resumed the consideration of the bill (S. 3000) to authorize appropriations during the fiscal year 1975 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, tor-

pedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes.

The PRESIDING OFFICER (Mr. DOMENICI). The question is on agreeing to the amendment of the Senator from Indiana (Mr. HARTKE). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BUCKLEY (after having voted in the negative). On this vote, I have a pair with the distinguished Senator from Colorado (Mr. DOMINICK). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Utah (Mr. Moss), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Wyoming (Mr. MCGEE) is absent on official business.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

,I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Colorado (Mr. DOMINICK), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from North Dakota (Mr. YOUNG) is absent on official business.

The result was announced—yeas 58, nays 19, as follows:

[No. 235 Leg.]

YEAS—58

Abourezk	Cranston	Metzenbaum
Aiken	Curtis	Mondale
Allen	Domenici	Montoya
Baker	Gravel	Nelson
Bartlett	Griffin	Nunn
Beall	Hart	Pastore
Bellmon	Hartke	Pearson
Bennett	Haskell	Pell
Bentsen	Hatfield	Percy
Bible	Hruska	Randolph
Brock	Huddleston	Ribicoff
Brooke	Humphrey	Roth
Burdick	Jackson	Schweiker
Byrd, Harry F., Jr.	Javits	Stevens
	Long	Taft
Case	Magnuson	Talmadge
Chiles	Mathias	Tower
Church	McGovern	Tunney
Clark	McIntyre	Williams
Cook	Metcalf	

NAYS—19

Biden	Hathaway	Muskie
Byrd, Robert C.	Helms	Proxmire
Eagleton	Hughes	Scott, William L.
Eastland	Kennedy	
Ervin	Mansfield	Stennis
Fannin	McClellan	Stevenson
Hansen	McClure	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Buckley, against.

ANSWERED "PRESENT"—8

Cannon	Goldwater	Stafford
Dole	Gurney	Thurmond
Fong	Scott, Hugh	

NOT VOTING—14

Bayh	Inouye	Sparkman
Cotton	Johnston	Symington
Dominick	McGee	Weicker
Fulbright	Moss	Young
Hollings	Packwood	

So Mr. HARTKE'S amendment was agreed to.

Mr. HARTKE. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President——

Mr. MANSFIELD. Mr. President, will the Senator from Massachusetts yield to me without losing his right to the floor?

Mr. KENNEDY. As soon as I get the floor.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. I yield to the distinguished majority leader.

Mr. STENNIS. Mr. President, may we have quiet in the Chamber so we can understand what is going on.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. MANSFIELD. Mr. President, I call up the amendment (No. 1387) proposed by Senators METCALF, MAGNUSON, JACKSON, CHURCH, HATFIELD, PACKWOOD, MCCLURE, MCGOVERN, and ABOUREZK, having to do with the Giant Patriot, a proposed shootout or a targetout by the Air Force over the land areas of the Northwestern United States. I ask that this amendment be called up and given immediate consideration.

Mr. GRIFFIN. Mr. President, reserving the right to object, I would have no objection if there were some understanding as to how much time we would allot.

Mr. MANSFIELD. Five minutes.

Mr. STENNIS. Mr. President, I said 3 minutes. But if the Senator will yield to me, I want it understood that we will immediately then move into the troop matter, on the next amendment, if there is any other amendment.

Mr. HUMPHREY. Mr. President, if the Senator will yield, I believe that the Senator from California does have an amendment. He just stepped out of the Chamber.

Mr. KENNEDY. Mr. President, I think we can dispose of our amendment in a similar amount of time.

Mr. STENNIS. Mr. President, I agree to 3 or 5 minutes, if it is necessary, with reference to the matter of the Minuteman testing. But I want it understood that we will take up next the matter of troop reduction amendments.

Mr. MANSFIELD. Three minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment offered by the Senator from Montana will be stated.

The legislative clerk proceeded to read the amendment.

Mr. JACKSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 3, line 8, strike out "$1,572,400,000" and insert in lieu thereof "$1,556,800,000".

On page 17, between lines 20 and 21, insert a new section as follows:

"SEC. . None of the funds authorized by this or any other Act may be used for the purpose of carrying out any proposed flight test (including operational base launch) of the Minuteman missile from any place within the United States other than Vandenberg Air Force Base, Lompoc, California.".

Mr. MANSFIELD. Mr. President, my colleagues from the States of Washington, Oregon, Idaho, South Dakota, and Montana have introduced an amendment to the military procurement bill, S. 3000, now before the Senate which would prohibit the authorization of funds for the Department of the Air Force's proposed testing of the *Minuteman* II intercontinental ballistic missiles from operational silos in the Malmstrom Air Force Base complex or at any other site in the Continental United States with the exception of Vandenberg Air Force Base in California. After several months of consideration, I continue to believe that the benefits from such tests would not be commensurate with potential dangers and international implications. In fact, it would be a waste of Federal money at a time when we are making a sincere effort to limit the size of the budget. This authorization legislation contains an amount of $15,600,000 for the proposed tests. My colleague, Senator LEE METCALF, and I have a special interest in view of the fact that the first four tests are proposed for Malmstrom Air Force Base in Montana. While the testing would bring a temporary influx of funds, I do not think that it is worth the anxiety that would be created. As reported, the immediate danger would be relatively small and the flight pattern would be over sparsely populated areas of the Northwest. Should something go wrong, however, the risks would be serious in one or more of these States. A disaster of this nature would have severe repercussions. Also, there is no guarantee the chartered course of the missiles is firm. There are several reports that tests from the Vandenberg Air Force Base have gone off course.

The Minuteman II intercontinental ballistic missiles reportedly have performed extremely well during a series of tests at Vandenberg Air Force Base. I do not see that anything can be accomplished by testing these missiles inland at the various missile sites in the Northwest. What more can be proven in the proposed launches? Does this mean that we will have to test every launch site in the Nation? It would seem that technical achievements at Vandenberg Air Force Base would be sufficient. One other consideration that concerns me, but has

not been discussed by the Department of Defense, is whether these proposed tests are part of our international negotiations. Is this really a show of strength? Such a show of strength could backfire and erode the U.S. confidence in, and reduce other nations' respect for the U.S. nuclear deterrent. This is in the case of an untested facility and I believe that this is an instance where we can reduce the budget without weakening our defense system in any way.

I urge that this amendment be approved.

Mr. President, I ask unanimous consent to have the following items printed in the RECORD: a letter signed by several Senators, dated May 21, 1974, addressed to Secretary of Defense James R. Schlesinger; a letter sent by me to Secretary of Defense Schlesinger, dated January 31, 1974; a letter addressed to me by Deputy Secretary of Defense Clements, dated February 20, 1974; a letter sent by Carla W. Beck, president of the Great Falls Newspaper Guild, to Col. John K. Kelly, Jr., commander of Malmstrom Air Force Base, Mont., dated May 30, 1974; and an article published in the Missoulian of May 9, 1974, captioned "Malmstrom Missile Test Program 'Very Much Alive.'"

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

MAY 21, 1974.

Hon. JAMES R. SCHLESINGER,
Secretary of Defense,
Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: As Senators for the Pacific Northwest states, we continue to have considerable concern about the Department of the Air Force's plan to test the Minuteman II intercontinental ballistic missiles in the Malmstrom Air Force Base complex and several other sites during the next several years.

A number of basic issues still remain unsettled. We direct your attention to the attached editorial from the May 9, 1974 issue of *The Missoulian,* Missoula, Montana, which raises a number of vital questions. These questions are similar to some of those raised in our communication of January 31, 1974, a copy of which we are also enclosing. We would appreciate having detailed responses to these questions and ask that this same information be provided to both the Senate Armed Services Committee and the Senate Subcommittee on Defense Appropriations. We ask further that the most serious consideration be given to cancelling Giant Patriot, because we are not aware of any value which cannot be achieved through continued testing at Vandenberg Air Force Base, California.

With best personal wishes, we are,

Sincerely yours,

HENRY JACKSON,
FRANK CHURCH,
MIKE MANSFIELD,
LEE METCALF,
MARK HATFIELD,
BOB PACKWOOD,
JAMES MCCLURE,
GEORGE MCGOVERN,
JAMES ABOUREZK,
WARREN MAGNUSON,
U.S. Senators.

JANUARY 31, 1974.

Hon. JAMES R. SCHLESINGER,
Secretary, Department of Defense,
Washington, D.C.

DEAR MR. SECRETARY: As United States Senators representing the Pacific Northwest, we share a great concern about the Department of the Air Force's plan to proceed with the testing of Minuteman II intercontinental ballistic missiles from operational silos in the Malmstrom Air Force Base complex and several other sites. We believe benefits from such a test will not be commensurate with potential danger to lives, properties, and international implications.

The Minuteman II reportedly has performed very well during a series of tests at the Vandenberg Air Force Base in California. What more can be learned from the proposed launches in Montana? Publicity associated with these tests and the extensive safety precautions would not contribute to a realistic combat situation. We douth that data provided by such tests would contribute anything that has not already been determined from the heavily instrumented test range in California. Based on information available, we find it difficult to justify an expenditure of $26.9 million for this purpose.

In addition, our constituents have expressed grave concern with regard to lives and property. We recognize that, as envisioned, the danger would be relatively small and it would be limited to sparsely populated and National Forest areas. Should something go wrong, however, the risks would be far more serious in one or more of our states. A disaster of this nature would have severe repercussions for domestic attitudes toward the military. Also, there is no guarantee that the chartered course of the missiles is firm. Newspaper accounts indicate that in several tests our U.S. missiles have gone off course and crashed in Mexico and as far away as Brazil.

Presentations made in behalf of these tests have indicated that they may be an important part in our international negotiations. The need for a show of strength is questionable and, should the inland test fail, it would erode United States confidence in, and reduce Soviet respect for, the United States nuclear deterrent. At the present time, the Minuteman Missile System is considered to be very reliable and we question the need for additional test sites.

The budget for Fiscal Year 1975 containing funds for the Minuteman II testing proposal will be scrutinized in great detail and we ask that your office review this matter in light of the concerns expressed above and withdraw your budget request for the Minuteman II Operational Base Launch.

Sincerely,

MIKE MANSFIELD.

FEBRUARY 20, 1974.

Hon. MICHAEL J. MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: This is in response to the letter of January 31 in which you joined with Senators Metcalf, Church, and Hatfield in expressing concern about the proposed launches of Minuteman II from operational silos. With respect to the various issues set forth in the letter, the following points may be helpful.

It is true that the data obtained from the launches conducted from California are the primary contributors to our assessment of Minuteman reliability. We also accomplish many other tests, both in laboratories and in the operational units, which contribute to our high confidence in the Minuteman weapon systems. The basic reason for the operational base launch (OBL) proposal is to conduct for the first time a launch of the weapon system from initiation of the launch command through impact of the stimulated warhead at the end of a full-range flight. To be more specific, the most significant unique features of the proposed launches as compared to the Vandenberg AFB, California program are:

1. Two of the launches will be from Minuteman II operational silos that do not have Vandenberg-type protective shielding installed, thus assuring that the absence of the shielding in an operational launch does not affect system performance. A limited protective shielding is planned to be installed on subsequent OBL launches to minimize post launch silo refurbishment.

2. In a war-time launch there are five separate crews at five individual launch control centers who would be involved. However, Vandenberg AFB launches do not provide this complete five crew exercise. The OBL launch will accomplish this.

3. Unlike the Vandenberg launches, we will launch a Minuteman which has not been removed from its operational silo, thus none of the mechanical/electrical connections which mate the missile directly to the silo will be disturbed prior to launching.

4. Land mass gravitational effects are presently calculated as an extrapolation from over water flights. The land overflight involved with OBL will provide further verification of the present extrapolated land mass gravitational values.

I share your interest in the safety aspects of this program and we will certainly not conduct the launches if they cannot be done safely. As we have indicated in our briefings to federal, state and local officials and to interested citizens, we plan to conduct extensive safety and environment studies before a final decision on the launches is made to assure that the attendant risks are minimal and acceptable. For example, the specific silos chosen for launches will be those where the missile trajectory offers the least risk to people and property. This deliberate, cautious and open approach to the Minuteman OBL program we believe will gain the confidence of those affected by demonstrating that we are giving careful and thorough consideration to the safety and environmental factors involved in these launches, including situations where the flights might not proceed as planned.

While we agree that the Minuteman Missile System is reliable, we believe that the OBL program will enhance our confidence—and that of others—in that reliability, much in the same manner as do tests of other weapon systems in their operational environment. In this regard, it is noteworthy that the Soviet Union has been conducting an ICBM operational base launch program for a number of years.

We believe that the Minuteman II OBL program will yield results worth the cost, particularly in view of the Nation's investment in this weapon system. We expect that Congressional review of the FY 75 budget request will provide an opportunity for thorough evaluation of the proposed Minuteman OBL program.

I trust the foregoing is responsive to your concern with respect to this important program.

With kindest regards.

Sincerely,

W. P. CLEMENTS, Jr.,
Deputy Secretary of Defense.

GREAT FALLS NEWSPAPER GUILD,
Great Falls, Mont., May 30, 1974.

Col. JOHN K. KELLY, Jr.,
Commander, Malmstrom Air Force Base, Mont.

DEAR COLONEL KELLY: We have learned that a briefing on the Giant Patriot Project was given Great Falls area clergy at a Malmstrom Air Force Base Clergy Day observance. We understand it was explained to the clergymen that they would be given correct information which would help them explain the project to others in the community, as opposed to the "bits and pieces" and "bad press" they had probably heard up to that point. At some juncture, one of the host military personnel is said to have interjected that an example of "bad press" Malm-

strom received was the story on the front page of that morning's Tribune.

I have reviewed the front page of the Thursday, May 9, Tribune and the only story I see related to Malmstrom is the one headlined "MAFB sergeant is electrocuted."

The Great Falls Newspaper Guild protests the characterization "bad press" applied to this news story when expressed before an official meeting involving a professional group from our community.

It is our contention that this story is an accurate presentation of the information that was supplied to the reporter by: Wing Information Division at Malmstrom, Cascade County Sheriff's Department, District Office of Montana Highway Patrol, Montana Power Co. and Sun River Electric Cooperative.

Yours truly.

CARLA W. BECK,
President.

MALMSTROM MISSILE TEST PROGRAM "VERY MUCH ALIVE"

Sen. Lee Metcalf recently wrote The Missoulian: "I am informed that the proposed test firing of Minuteman missiles from Malmstrom is very much alive." He enclosed a copy of "The High Priests of Waste" by A. Ernest Fitzgerald.

Fitzgerald was the civilian Defense Department management systems expert who blew the whistle on the vast cost overruns in the C-5A transport plane project.

For going public with his information of institutionalized waste—namely for telling Congress about it—his job was eliminated. After a lawsuit he was reinstated with back pay.

One chapter of the book deals in part with the Minuteman II project. The Air Force, which wants to spend more than $26 million to fire eight of these missiles over Western Montana and Idaho, has given repeated assurances that the tests will be safe.

According to Fitzgerald, banking on Air Force performance promises in much like speculating from afar in Florida swampland real estate.

Fitzgerald delves deeply into the horrendous system where making waste—and vast profits for the industrial wastemakers—was a built-in part of the defense purchasing system. Omitting data, obscuring adverse facts, covering up mistakes, actual lying and excessive spending were systematized.

Concerning the Minuteman II, Fitzgerald found "inherent reliability problems in the advanced guidance system" of the missile as early as 1963. The Minuteman II, contrary to Air Force propaganda in selling the Montana testing project, had an "exceedingly high failure rate of the Autonetics (the contracting firm) guidance sets."

Air Force performance data on Minuteman II test shots were doctored by "counting only the relatively good shots, omitting entirely the worst misses." The costs of the program ran utterly out of control.

The proposed Montana Minuteman II tests would launch four missiles next winter and four missiles the winter after from silos near Malmstrom Air Force Base. The 4,800-pound first stage and two 60-pound panels per missile will strike ground in federal forest land in Idaho PROVIDED the tests go successfully. It is possible the missiles will drop junk on populated areas if the tests go awry.

The objections to the tests are:

1. They are an unnecessary waste of the taxpayer's money.

2. They are potentially dangerous to people down range.

3. Key data gained at Malmstrom tests would not be pertinent to other Minuteman II sites or to Minuteman III missiles, which are expected to replace the Minuteman IIs.

4. The same tests can be made at Vandenberg Air Force Base by the Pacific Ocean.

5. If the Malmstrom tests occur, they will clear the way for later tests over populated areas.

6. Testing these missiles will tend to harm, not help, diplomatic efforts to ease the mutual danger which missiles pose to both the United States and the Soviet Union.

7. The missile testing program, if it's being handled by the same kind of boobs who messed things up in Fitzgerald's description, is not in the hands of giant competents or Giant Patriots. Quite the contrary on both counts.

The matter still pends in Congress, which must provide the money before the tests can take place. Renewed pressure on our congressmen to block the program would be the right thing to do.—Reynolds.

Mr. JACKSON. Mr. President, will the Senator yield me 30 seconds?

Mr. STENNIS. I yield.

Mr. JACKSON. Mr. President, the effect of this amendment would be to take out the authorized funds for the testing of the Minuteman missiles from bases in Montana impacting into the Pacific. I support this amendment and have joined the distinguished majority leader.

I believe this matter should be postponed until we have had a chance to really go into it further. It seems to me that the issues involved here are of such a nature that it would be in the public interest to postpone the testing. The time that will be lost will not harm the national security.

Second, I want to point out that I am not fully satisfied that we cannot get the kind of data we need without following through on an actual test firing.

Therefore, I support the amendment on the basis that it should be postponed until a further date, when we will have an opportunity to review the matter thoroughly.

Mr. MANSFIELD. Mr. President, among the material I have been given permission by the Senate to insert in the RECORD is a letter dated May 21, addressed to Hon. James R. Schlesinger, Secretary of Defense, a portion of which reads as follows:

We ask further that the most serious consideration be given to cancelling Giant Patriot, because we are not aware of any value which cannot be achieved through continued testing at Vandenberg Air Force Base, California.

It is signed by Senators JACKSON, MANSFIELD, CHURCH, METCALF, HATFIELD, MCGOVERN, ABOUREZK, PACKWOOD, MCCLURE, and MAGNUSON.

Mr. STENNIS. Mr. President, with reference to this amendment, I have not had a chance to confer with the Senator from South Carolina. I realize the concern of the Senators from this area. I think that, if possible, there should be a test of this nature with reference to the Minuteman. I have gone to the trouble of going to Vandenberg to learn what I could about the testing there.

It is something about which I think we should have a serious conference with House Members, the Air Force, and others, to see whether something can be agreed upon. I am not yielding one bit on my idea that there should be a testing.

This amendment would just hold it up for this year. Is that correct?

Mr. MANSFIELD. All this year.

Mr. JACKSON. All the fiscal year.

Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. JACKSON. Let me say to the Senate that one matter is of great concern, and that is that in firing of the Minuteman missile, certain stages of the system will be dropped along the way. This has a particular impact on the States of Montana and Idaho, probably in a nominal way on my State, and perhaps more so on Oregon. The fact is that we do not have all the facts, and I feel that it is in the public interest that this matter be deferred.

Mr. STENNIS. Mr. President, this is a problem, and I am willing to take the amendment to conference, and we will confer with the House. As I understand, this amendment applies only to this year—to fiscal year 1975 funds.

Mr. JACKSON. Mr. President, I ask that the amendment be modified so as to read as follows:

None of the funds authorized by this act may be used . . .

In other words, strike out "or any other." It will read as follows:

"SEC. . None of the funds authorized by this Act may be used for the purpose of carrying out any proposed flight test (including operational base launch) of the Minuteman missile from any place within the United States other than Vandenberg Air Force Base, Lompoc, California.".

That will limit it to the fiscal year July 1 through June 30, 1975.

The PRESIDING OFFICER. Is there objection?

Mr. ABOUREZK. Mr. President, reserving the right to object, does that mean that the Air Force has other money they might use for this testing?

Mr. JACKSON. No. This would prohibit the use by the Air Force of any funds during the period we are talking about. They have no authority to do it now, and they have asked for this specific authority, and we are denying it in the authorization bill. That would commence July 1 of this year, ending June 30 next year.

Mr. ABOUREZK. One other question I would like to ask the manager. Does that also prohibit the planned test use of Ellsworth Air Force Base in South Dakota?

Mr. JACKSON. Yes. The only place they can fly and test systems is Vandenberg. It excludes all other areas.

Mr. CHURCH. Mr. President, reserving the right to object.

Mr. STENNIS. Mr. President, we had an agreement of 5 minutes and then we were to go back to the bill on troops. I have to ask that we consider that agreement. Some Senators have left the Chamber and some have returned.

Mr. CHURCH. I shall be very brief. Does the amendment make the appropriate reduction in the amount of the authorization?

Mr. JACKSON. It does.

Mr. CHURCH. I thank the Senator.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

On page 3, line 8, strike out "$1,572,400,000" and insert in lieu thereof "$1,556,800,000".

On page 17, between lines 20 and 21, insert a new section as follows:

"SEC. . None of the funds authorized by this Act may be used for the purpose of carrying out any proposed flight test (including operational base launch) of the Minuteman missile from any place within the United States other than Vandenberg Air Force Base, Lompoc, California.".

Mr. ABOUREZK. Mr. President, I support the effort of the Senator from Montana. I do so for two basic reasons.

My first concern, is the Pentagon's request for $29 million for missile testing over the Western United States. According to a letter which I received from the Defense Department earlier this year, if congressional approval is obtained, four Minuteman II missiles will be launched during the winter of 1974–75 from Malmstrom AFB, Mont., and a second set of four missiles from another base during the winter of 1975–76.

"Because of its westerly setting," the letter states, "Ellsworth AFB, S. Dak., is a likely candidate as a site for the second series of launches." Presently, a feasibility study is underway to determine precise test location of the second succession of missile firings.

The testing of these missile sites in South Dakota gives pause to consider several aspects of the program including what effect there will be in the immediate area and what potential hazards exist in the northwestern part of the United States.

The first four launches, as I understand it, would be launched from Montana and routed over northern Idaho and the State of Oregon into the Pacific Ocean. The Air Force contends that it is confident the Minuteman tests can be carried out with a minimum of inconvenience to residents of the areas in the flight path.

My concern with this operation is based primarily on two factors: safety and necessity.

In spite of all of the assurances of minimal danger, there can be no question that the tests would jeopardize the lives and property of a great number of residents of the Pacific northwest. If all went well, the site of probable damage would be in national forests and the danger, that of forest fire, would likely be small. If something went wrong, however, the risks would be far more serious.

If the missile appeared to be going off course within the first minute of flight, the booster, which essentially is a container of high explosives, would be destroyed. In this case, pieces of the missile and explosive propellant would be scattered over a wide area. And even if the probability of personal injury was still low, the repercussions for domestic attitudes toward the presence of missiles near their homes, should any debris land near populated areas, in a school yard, for example, would be severe.

In addition, there would be some chance that the missile would veer off course and not be destroyed. In the past, U.S. missiles have crashed in Mexico and Brazil during tests.

The third and most important risk concerns the effect of a series of failures in the tests. About 10 years ago, Minuteman missiles were launched from silos in my State of South Dakota. The top two stages were inert; they were expected only to fly for 7 seconds and land within a few thousand feet of their silos. But the program ended in disgrace after several successive failures.

I fear that a similar experience would erode U.S. confidence in the present nuclear deterrent.

The second factor is necessity. As you know, Minuteman missiles originating at Vandenberg Air Force Base in California and installed in launching facilities almost identical to their operational sites, the only differences being protection in the silo against the intense heat generated by the rocket motor and replacement of nuclear warhead by a test package.

What then would the launches from Montana and South Dakota add to this procedure? Very little. The missiles must still be removed from their silos. The nuclear warhead would be replaced by a test package and the silo would be fireproofed.

The data provided by the tests on the new course could not possibly match that elicited from firings on the heavily instrumented western test range. The eight launches under these conditions can hardly add much to already extensive data on Minuteman's performance and reliability. Basically, what would be proved was that a missile could be launched from Montana as well as California.

I am convinced, therefore, that the proposed test program is a poor gamble. The Nation would be accepting a serious risk for very minimal gains. Fortunately, the funds for this project require the consideration of this committee and others in the Congress. I am thankful for that and urge you to reject the Defense Department's request for $29 million for this redundant program.

Mr. HATFIELD. Mr. President, I am a cosponsor of the amendment offered by the distinguished Senator from Montana to delete funding for the Air Force's Giant Patriot missile launch program.

Mr. President, when this program was proposed some time ago, I believed there were two fundamental questions which needed to be resolved: is it necessary, and is it safe?

As to the latter consideration, I am aware that a concerted effort has been made by the Air Force to convince citizens in the Northwest that the project could be accomplished with safety. But much of the original skepticism over its safety remains, and I get little indication that people, at least in Oregon, are satisfied that the launch will not physically endanger them.

Even more important, is the fact that the Air Force has failed to prove that this program is even necessary. In fact, the Air Force concedes that it is well pleased with the Minuteman test launches it has conducted from its facility at Vandenberg Air Force Base, Calif. The Air Force simply has not shown to my satisfaction that these Vandenberg tests, already conducted, are not enough. Nor has it shown that Giant Patriot, with its large price tag and potential danger to populated areas, is essential to the integrity of our Minuteman program.

Mr. President, in the absence of clear and compelling proof that this project is both necessary and safe it should be dropped and the amendment offered by the distinguished majority leader should be enacted.

Mr. THURMOND. Mr. President, I think this is a rather important matter. I can realize the emotion involved and the feelings concerning this matter.

As far as I am concerned I am willing to take the amendment to conference and by that time we can get into it further.

Mr. MANSFIELD. Mr. President, I would hope that the Senator from South Carolina would not take that attitude. I have seen too many amendments go to conference that have not survived. I think the wishes of Senators from the Northwest, both Democrats and Republicans, should be given consideration. It is not a matter of taking this to conference nor is it a matter of the Pentagon or the Air Force out there telling us what they want to do and intend to do. We have something to say about it, and I want some support of it.

Mr STENNIS. We would not abandon it when we go to conference.

Mr. MANSFIELD. I am talking about the reference to take it to conference and study it.

Mr. JACKSON. Mr. President, may I be recognized for 30 seconds?

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. JACKSON. Mr. President, I assume I will be a conferee and I believe I know the attitude of the people in the Northwest in both political parties. I will do everything in my power to see that the Senate position prevails. I am speaking for myself only. I would expect the House conferees to respect the virtual unanimous judgment of the delegation from those States. I shall do everything I can.

Mr. MANSFIELD. I appreciate that

Mr. JACKSON. I give the majority leader that assurance. I am not speaking of the jargon of "We will take it to conference."

Mr. THURMOND. Mr. President, the reason I made my statement is that I do not have the facts. I am willing to vote for it. By the time the conference acts, we can get some facts.

Mr. MANSFIELD. I appreciate the statement.

The PRESIDING OFFICER. Without objection, the amendment as modified, is agreed to.

The bill is open to further amendment.

Mr. STENNIS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, is it not true that today is the only day that any troop removal proposals or reconsideration of limits can be considered to this bill?

The PRESIDING OFFICER. The Senator is correct, under the unanimous-consent agreement.

Mr. STENNIS. Mr. President, the day is almost gone. I am in sympathy with

the Senator from Massachusetts fully in his amendment. I think we will agree to it. However, Senators are leaving the Chamber and others are returning to the Chamber. We have to devote more time to the troop amendment.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 17, between lines 20 and 21, insert a new section as follows:

Sec. —. (a) No funds authorized for the use of the Department of Defense by this or any other Act in fiscal year 1975 may be used for the purpose of stockpiling war materials or equipment for use by any Asian country except to the extent authorized by section 701 of this Act or by the Foreign Assistance Act of 1961 or the Foreign Military Sales Act.

(b) Any materials or equipment stockpiled by the Department of Defense on the date of enactment of this Act for future use by any Asian country may not be transferred to any such country except to the extent such transfer is specifically authorized by law.

Mr. KENNEDY. Mr. President, this amendment would put a halt to the stockpiling of weapons, ammunition, and other military equipment for South Vietnam, South Korea, and Thailand without specific congressional authorization.

It will cut off an end run of the authorization process which has continued for the past 2 years. Including the Pentagon's current plan for fiscal year 1975, the total amount of funds involved is more than $1 billion.

This amendment would:

First, prohibit the stockpiling of weapons and equipment as war reserves for South Vietnam, South Korea, and Thailand now planned by the Department of Defense for fiscal year 1975, unless specifically authorized by the Congress.

Second, it would require that stockpiles built up in fiscal year 1973 and 1974 for those Asian countries would be redesignated for the sole use of the U.S. Armed Forces. No transfer to those countries could occur unless specifically approved by the Congress.

The amount designated by the Defense Department in fiscal year 1973 for this surreptitious stockpiling was $25 million. Once it went undiscovered, the Defense Department followed the same route in fiscal year 1974 to the tune of $500 million.

These funds were appropriated in the various appropriations categories which do not require specific authorization, such as for ammunition procurement for the Army.

Thus, these funds were appropriated by the Congress in the general belief that they were destined for U.S. forces. In fact, they had been designated by the Department of Defense for use by other nations. And these amounts were in addition to the very substantial amounts of military equipment that the Department of Defense specifically requested under MASF, foreign military aid or foreign military sales credits for these countries.

While we thought we were authorizing specific amounts for these countries and appropriating funds under that authorization, in fact, there was a back-door appropriation which also had their name written on it.

It is important to note now what this amendment does not do: First, it does not affect in any way the Department's request for funds for South Vietnam under the military assistance service funded program, section 701 of this act. The administration requested $1.45 billion this year under that section and the committee has approved $900 million.

Second, it does not affect in any way the level of assistance which ultimately may be approved by the Congress under the authority of the Foreign Assistance Act or the Foreign Military Sales Act. Some $300 million has been requested for South Korea and Thailand under those programs. This amendment has nothing to do with whether the Congress approves or rejects those requests.

Nor might I add is there anything in this amendment which would prevent the assistance to Israel provided last October. Not only does it not include Israel but neither does it affect the process by which the assistance was made available to Israel.

What it does do is prevent some $490 million from being squirreled away in side accounts for the countries of South Vietnam, South Korea, and Thailand. And it rescues for use by the U.S. Army, Navy, Air Force, and Marines, the $525 million stockpile already built up under previous appropriations.

Let me emphasize that we owe a deep debt of gratitude to Senator FULBRIGHT, the distinguished chairman of the Foreign Relations Committee, who disclosed this military assistance loophole last month.

Examining the budget, Senator FULBRIGHT found that it contained $490 million in "war reserve materials." When he inquired of the Department of Defense, he found that these funds were not contained within the administration's request for military assistance service funds under the Defense Department budget considered by this committee, nor within the military assistance requests proposed within the fiscal year 1975 foreign aid bills considered by the Foreign Relations Committees.

Instead, these moneys simply appear as "war reserve materials" without any indication that the appropriation providing the funds to purchase those weapons and equipment is in excess of the $1.75 billion requested specifically by the administration for those three countries.

The failure to approve this amendment will permit the Defense Department, now that its past practice has been publicly disclosed, to assume that Congress does not wish to prohibit its continuation.

Therefore, I feel it is essential for this amendment to be adopted to restate our intent that funds expended for aid to foreign countries should occur as a result of specific congressional authorization.

Also, I would emphasize that passage of my amendment would mean a total of some $1 billion in weapons and other equipment which can be used for our own Armed Forces this year, $1 billion which otherwise would have to be made up by separate appropriations. The $525 million stockpiled in fiscal years 1973 and 1974 as war reserve materials for South Vietnam, South Korea and Thailand would be designated for use only by the United States, also the $490 million previously planned for the upcoming fiscal year no longer would be authorized. The total of over $1 billion could be dropped from the Department of Defense appropriations bill later this year.

I would urge my colleagues to consider the following additional reasons why this amendment should be adopted barring the unauthorized stockpiling of weapons and equipment for other nations out of service authorized funds.

First, we are well aware of the difficulty involved in insuring that unilateral Presidential actions do not commit the United States to hostilities without congressional action. The War Powers Act approved last session was an important step to prevent such action occurring in the future. Yet, by permitting the President to decide to commit substantial amounts of equipment and weapons to South Vietnam, to South Korea, and to Thailand in an emergency could well result in just the sort of U.S. ad hoc involvement in hostilities that we labored so hard to prevent.

Second, we have been attempting in recent years to insure that congressional information on the use of funds is fully adequate. Yet, we have the Department of Defense subtly concealing from the Congress the true destiny of substantial sums of defense dollars, dollars which were authorized and appropriated last year and the year before when in fact, they were destined for use by the South Vietnamese, the South Korean and the Thai armed forces.

Third, we have been carefully trying to evaluate the level of appropriate support for South Vietnamese and for other nations on the basis of administration requests and our own independent assessment of their needs. In fact, the expenditure ceilings that we so carefully arrived at, were being breached by the administration in the moment of their establishment. Although we approved a ceiling of $1.26 billion last year, in fact, an additional $500 million in weapons and equipment was marked "for use by South Vietnamese armed forces." This year, the committee has recommended a $900 million level, a level which should be even lower, but once again, the administration intent is to use a different route—the route of war reserve mate-

rials to reserve several hundred million in additional assistance to the Thieu government.

Finally, the Congress in approving appropriations for the Defense Department clearly believes that funds for tanks and bullets and missiles not designated for a specific country under the foreign aid request or under the MASF program, are going to bolster the defensive capability of our armed forces. In fact, substantial amounts of those funds have been diverted from the supposed recipient—our own forces—to hidden recipients—South Vietnam, South Korea or Thailand.

Therefore, Mr. President, I believe it is essential that this amendment be adopted.

Mr. President, I would be glad to go into this matter in greater detail. I have not had an oportunity to discuss the matter with the chairman of the Committee on Armed Services. This program initially was started in fiscal year 1973 and $25 million was made available in connection with the troops in South Vietnam, South Korea, as well as Thailand, in adition to the $2.5 billion for total military aid.

In 1974, $500 million was made available to these countries in addition to the amount appropriated; and in 1975, $490 million would be available for these countries in addition to the moneys requested under MASF-funding and under the foreign aid bills.

It seems to me that what the Senate has done has been to set a ceiling on the amount of military assistance we are willing to provide to these countries, and on the other hand we have appropriated and expended $525 million in addition to those ceilings to furnish war reserve stockpiles which can be used for military equipment by any of the designated Asian countries.

If we are really serious about some kind of ceiling, that ceiling should apply to appropriations and expenditures. My amendment would provide that none of these other reserve stocks could be transferred to South Vietnam, South Korea, or Thailand unless there were a specific authorization; if there were a specific authorization they could be expended, and if not, they would be available only for American force use.

By this amendment we are indicating to the Department of Defense that when we set a ceiling, whatever ceiling has been agreed to by Congress and the Senate with regard to military aid assistance, that ceiling should stand. We have reached that ceiling through the authorization process in committee and here on the floor of the Senate.

Clearly unless this amendment is accepted there is close to a billion dollars worth of military equipment that would have been expended by the Department of Defense for these countries in excess of our authorized ceilings.

The public disclosure of this reserve fund resulted from inquiries made by the chairman of the Committee on Foreign Relations, the Senator from Arkansas (Mr. FULBRIGHT). It was through his questioning and exchange of correspondence that this fund has come to light. These funds are not specifically designated for these foreign countries in the authorization process.

Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt fron. the RECORD of May 6, 1974 wherein the Senator from Montana (Mr. MANSFIELD) had printed in the RECORD a press release issued by the Senator from Arkansas (Mr. FULBRIGHT) in connection with this matter.

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

FOREIGN AID

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a press release issued by the Senator from Arkansas (Mr. FULBRIGHT) together with copy of letter that Senator FULBRIGHT sent to the Department of Defense and the Department's explanation.

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

CONCERNING $490 MILLION IN HIDDEN FOREIGN AID

Senator J. W. Fulbright charged today that the Nixon Administration is hiding $490 million in additional foreign military aid in the Pentagon budget. He said that a Defense Department budget item of $490 million labeled "War Reserve Materials" is in reality foreign military aid since it is not for United States use but is destined for use by foreign forces. However, the money is not included in President Nixon's $3.5 billion foreign military aid program.

Information furnished to Senator Fulbright by the Defense Department states that the money is to be used for "acquisition, storage and maintenance" of war equipment and munitions for "Vietnam, Thailand, and Korean forces." The Department's explanation said that the materials were to be "stockpiled and earmarked specifically for use by the ROK, RVN, or Thailand forces."

In a letter to Secretary of Defense Schlesinger, Senator Fulbright asked for a full explanation of the request and questioned the legality of buying supplies for ultimate use by foreign forces with funds other than those provided by Congress specifically for foreign aid purposes.

Senator Fulbright, in commenting on the matter, said: This hidden item is typical of the way the Executive branch tries to get around Congressional cuts in foreign aid. Congress turns off or cuts down the flow from one foreign aid spigot and they open up another one somewhere. This appears to be a deliberate attempt to circumvent the Congress which over the last several years has cut back on the military aid program.

"The President has asked Congress to approve a $3.5 billion military aid program, $1.8 billion of which is for these three countries. This secret item, if approved, would add another half billion dollars to that. The fact that this vast amount could be hidden away in the $86 billion Defense budget shows how much fat there is in it. I will do everything I can to eliminate this item from the Defense appropriation bill."

LITTLE ROCK, ARK.

Hon. JAMES R. SCHLESINGER,
Secretary of Defense,
Washington, D.C.

DEAR MR. SECRETARY: I understand that the Department of Defense budget contains $490 million for "War Reserves Materials" described in information obtained by the Committee on Foreign Relations as: "Costs for acquisition, storage and maintenance of war reserve munitions for Vietnam, Thailand, and Korean forces. This constitutes the only ammunition stockpiled and earmarked specifically for use by the ROK, RVN and Thailand forces. Stocks will remain U.S. owned and controlled."

I oppose such a stockpile program for these three countries, particularly if it is to be paid for out of the Defense budget. A total of $1.8 billion in military aid has been requested for Vietnam, Korea and Thailand in the regular military aid program. Any stockpiled material for these countries should be charged against the regular foreign military aid program, not the Defense budget. It appears to me that this proposal is an attempt to circumvent Congress' actions in recent years to reduce foreign aid and in anticipation of further cuts this year.

I would appreciate your providing me with a detailed report on this proposal, the size and composition of any existing stockpile of this nature, the statutory authority being relied upon for stockpiling materials for foreign military forces and for possible release of materials from such a stockpile to foreign forces.

Sincerely yours,

J. W. FULBRIGHT.

EXPLANATION FROM THE DEFENSE DEPARTMENT

The requested appropriation for War Reserve Materials (WRM) is made up of two categories as indicated and defined below:

WRM—SUPPORT OF ALLIES (EQUIPMENT)

Costs for acquisition, storage and maintenance of war reserve equipment and secondary items for Vietnam, Thailand, and Korean Forces. This constitutes the only equipment stockpiled and earmarked specifically for use by the ROK, RVN, or Thailand forces. Stocks will remain U.S. owned and controlled.

WRM—SUPPORT OF ALLIES (AMMUNITION)

Costs for acquisition, storage and maintenance of war reserve munitions for Vietnam, Thailand, and Korean forces. This constitutes the only ammunition stockpiled and earmarked specifically for use by the ROK, RVN and Thailand forces. Stock will remain U.S. owned and controlled.

1. Please provide complete details and an itemization concerning the budget category "Support For Other Nations."

The budget activity "Support of Other Nations" is defined on page 68 of the Budget for the fiscal year 1975 as follows:

"Support of Other Nations"—This program includes direct support by the Defense Department for the Armed Forces of South Vietnam within the limits permitted by the Paris Agreement. Also included are the military personnel costs of military assistance missions and advisory groups around the world, the U.S. share of cost of international military headquarters and NATO common logistics. For 1975, $2.2 billion in total obligation authority is recommended for this program."

The FY 1975 Department of Defense appropriation request of $2.2 billion for Support of Other Nations is comprised of the following:

	Millions of dollars
MASF—Vietnam	1,450
International Military Headquarters & Agencies	111
NATO Infrastructure	73
MAAGs, Missions, and Military Assistance Groups	63
F–5E International Fighter Aircraft	8
War Reserve Materials	490
Total	2,195

Excludes MAP of $1,279 million.

Mr. KENNEDY. It does seem to me if we are going to be serious about putting limits on the amount of military equip-

ment and assistance we are going to provide for these countries that the committee should be willing to accept this amendment and then if they feel in their judgment additional support for these three countries is necessary we should come back to get such an authorization from Members of Congress and the Senate.

I know that the committee probably has not had a chance to get into this to the extent that it might want to, but I would hope that this amendment would be accepted and that with it would be the acceptance of the concept that when Congress provides a ceiling in terms of funding for military assistance programs, that ceiling will be respected by the Defense Department and by the administration and they will not seek backdoor appropriations.

I yield the floor.

Mr. STENNIS. Mr. President, we have looked into the proposal of the Senator from Massachusetts during the course of the afternoon. It goes into a rather serious matter. He is striking at the stockpiling of war materials or equipment for use by any Asian country, except as authorized by section 701 of this act or by the Foreign Assistance Act, which is the regular Military Assistance Act, or by the Foreign Military Sales Act, which is the act under which we sell countries military materiel. The section refers to any material or equipment that may be stockpiled now.

I call to the attention of the Senator from Massachusetts the fact that the way the amendment is drawn it is permanent legislation, because it says, "By this or any other Act."

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. STENNIS. Yes.

Mr. KENNEDY. The amendment I sent to the desk was modified along the lines that the chairman of the Armed Services Committee suggested. It would not be permanent legislation. It would prohibit the expenditure of new funds in fiscal year 1975 and in prior years. I modified it, and that is the way I called it up, but I failed to give the modification to the Senator.

Mr. STENNIS. As I understand, the Senator has modified his amendment to read after the word "Act" and before the word "may" the following: "in fiscal year 1975". Is that correct?

Mr. KENNEDY. The Senator is correct.

Mr. STENNIS. That makes the amendment apply, as I understand, only to acts pertaining to activities in fiscal year 1975.

I think this is a very involved matter, and we do not have all of the facts before us, but certainly, since the Senator limits this amendment to the fiscal year 1975, it is a matter to which we could agree.

I have to point out that this language is not in the House bill, and it was not in the bill as reported by the Senate committee. It has not had the legislative grind or microscopic examination that we should put it through. We will work on this and will be glad to have the assistance of the Senator and his staff and try to get it adopted for fiscal year 1975 if it is adopted by the Senate. Perhaps that will lead to something else more permanent.

Mr. KENNEDY. I appreciate that. As I understand the effect of the modification, it says that no new money will be expended in fiscal 1975. Part (b) of the amendment says that none of the old materials can be transferred. That is part (b).

I think that is the understanding of the Senator from Mississippi.

Mr. STENNIS. Yes.

Mr. KENNEDY. It is not only applying to the year 1975, but the money that has accumulated will be prevented from being transferred.

I appreciate the Senator's accepting this amendment. Since he is willing to accept it, I am sure he will make every effort to have it adopted in the conference and work with us. I think it is extremely important. We have a $900 million ceiling in the committee bill. But we have the accumulation of approximately another $1 billion of funding with prior year war reserve expenditures and the funds proposed for this year. Unless this amendment were applied, we would almost double the amount of resources that could be available to South Vietnam.

I am not asking for a rollcall vote on this amendment. I know the Senator is aware that I am deeply interested in maintaining the ceilings that are being authorized by the Congress in this area.

I appreciate the Senator's taking the amendment to conference, with the understanding that he will review it carefully and work with us to hopefully carry out the purpose and the aim of this particular amendment.

Mr. STENNIS. Mr. President, with respect to paragraph (b), I think the Senator has correctly interpreted that paragraph as meaning that any materiel now stockpiled may not be transferred unless expressly authorized.

Another point pertaining to this amendment is that I would have in mind that, with this amendment added to the bill, the committee would immediately call on the Department of Defense for a full disclosure as to what the situation was now, what was on hand, and so forth, so that when we went to conference we would have the facts before us more fully than we have now. That would be with the idea of getting the amendment adopted.

I do not want anyone to accuse us of accepting amendments here and then not trying to get them adopted in conference, because, if this is the will of the Senate, we are going to work for it.

I would like the Senator from South Carolina to address himself to this amendment, as modified.

Mr. THURMOND. Mr. President, I do not have enough facts on this amendment to form a sound judgment, but I do not wish to hold the matter up and I am willing to go along with the distinguished Senator from Mississippi and accept the amendment. By the time we get to conference we can get more facts and then decide what the situation is. Of course, the Senate would naturally espouse the amendment in conference. At the same time, there have been no hearings on this amendment, and the strength behind it, as the Senator from Mississippi has said, is not as great as it would have been had it been put in the bill by the Armed Services Committee.

I do not have all the knowledge I would like to have about it, but I will go along with accepting it.

Mr. KENNEDY. Mr. President, the reason why there were not any hearings is that it was a secret fund to many, many Senators and Congressmen and the public. That is the reason why we did not have hearings. When Members of the Congress established a ceiling, I do not think they knew there was another means for circumventing what was their clear intention, which was to limit both the level of expenditures in a given year for a given country as well as the level of materials actually transferred to that country.

I want to thank the Senator from Mississippi for his assurances.

Mr. STENNIS. We will call on the Senator for any additional facts or information or data or statistics he may have. Anything he has on that amendment we would like to have the benefit of.

Mr. ABOUREZK. Mr. President, the Pentagon has recently acknowledge that its last three budget requests included a total of more than $1 billion to build a reserve stockpile of weapons for use by three countries in Asia—rather than by American forces.

A total of approximately $25 million was included in the 1972 budget when the stockpile concept was initiated. Last year's budget according to the Pentagon, contained $500 million for this and now this year, another $490 million is being included in the fiscal 1975 defense budget.

According to the Pentagon, the basic rationale behind the stockpiling of weapons for Korea, South Vietnam, and Thailand is to have a ready supply of arms—other than those earmarked for U.S. units—which could be used in an emergency by these governments. The stockpile consists of ammunition, trucks, tanks, spare parts, and other equipment. While the exact location of these stockpiles is unclear, Defense Department spokesmen have stated that "some of these stocks have been placed in forward areas," a term which most likely means the three countries themselves.

I believe that there are at least two basic problems with this new and little-known stockpile policy.

The first problem is its cost. Already the American people are being called upon to give up even a greater share of their income to fund our Federal agencies and programs—including the Defense Department. Last year alone, the average American family of four spent over $1,200 in taxes to support our defense program.

There should be absolutely no doubt whatsoever in these times of tight money, high inflation and severe unemployment, that the taxpayers in this country can ill-afford to give up an additional chunk of their hard earned wages to fortify the war chests of at least two of the most repressive regimes in all of Asia.

We are oftentimes told by every Fed-

eral agency that the budget they have presented is their "bare bones" funding level and that they simply cannot give up another nickel. The Pentagon is no different.

However, with admissions from Secretary Schlesinger that at least part of the current defense budget has been requested to bolster our sagging economy and with the knowledge now that some of these funds have been used to purchase weapons for our Southest Asian friends, I cannot help but think that this is not the "bare bones" budget the Defense Department would have us believe it is.

The second problem which I see in this stockpile, is in many ways the more important of the two.

It deals with congressional control over spending. The Constitution has delegated to the Congress the responsibility of insuring that the funds which it authorizes are properly expended. It is up to the Congress to maintain that responsibility by insuring that the executive branch and its administrative bureaucracy abide by its will. To do anything less is to abrogate that responsibility which to all would be a most serious mistake.

The short history of this stockpile has presented a direct challenge to our constitutionally delegated responsibility. Without congressional knowledge or approval, the Pentagon has seen fit to authorize and appropriate funds for this special stockpile. They have rationalized this action by saying that, although the stockpile has been funded without specific congressional approval, the war reserve stocks for allies cannot be released until a "conscious Presidential decision, with appropriate congressional consultation is made."

What this means is that the President could act with nothing more than a phone call to one or two Congressmen in a wholesale giveway of almost a billion and a half dollars of munitions and supplies.

I oppose this irresponsible policy. I think it is wrong and needs to be changed.

At the very least, I believe that the Congress needs to assert its authority over such expenditures. I believe that if the Congress must approve the funds for the equipment in the first place, then surely we should also be in a position to approve or disapprove the DOD's giving that equipment away.

Mr. THURMOND. Mr. President, as I understand it, the amendment has been amended, or will be, to provide that it applies to the year 1975.

Mr. KENNEDY. The amendment has been modified.

Mr. STENNIS. It already has been modified.

Mr. President, we do not have anything to say.

The PRESIDING OFFICER. Is all time yielded back?

Mr. KENNEDY. Yes.

Mr. STENNIS. Yes.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ABOUREZK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. ROBERT C. BYRD. On nobody's time.

The PRESIDING OFFICER. Without obejction, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. THURMOND. I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. THURMOND's amendment is as follows:

On page 17, between lines 20 and 21, insert a new section as follows:

SEC. —. (a) No funds authorized to be appropriated by this or any other Act may be obligated under a contract entered into by the Department of Defense after the date of the enactment of this Act for procurement of goods which are other than American goods unless, under regulations of the Secretary of Defense and subject to the determinations and exceptions contained in title III of the Act of March 3, 1933, as amended (47 Stat. 1520; 41 U.S.C. 10a, 10b), popularly known as the Buy American Act, there is adequate consideration given to—

(1) the bids or proposals of firms located in labor surplus areas in the United States as designated by the Department of Labor which have offered to furnish American goods;

(2) the bids or proposals of small business firms in the United States which have offered to furnish American goods;

(3) the bids or proposals of all other firms in the United States which have offered to furnish American goods;

(4) the United States balance of payments;

(5) the cost of shipping goods which are other than American goods; and

(6) any duty, tariff, or surcharge which may enter into the cost of using goods which are other than American goods.

(b) For purposes of this section, the term "goods which are other than American goods" means (1) an end product which has not been mined, produced, or manufactured in the United States, or (2) an end product manufactured in the United States but the cost of the components thereof which are not mined, produced, or manufactured in the United States exceeds the cost of components mined, produced, or manufactured in the United States.

Mr. THURMOND. Mr. President, last year the Senate agreed to an amendment called the buy American amendment, and the conference committee adopted the amendment. So it has been the law this year; but in some way we failed to put it in the pending Armed Services Committee bill.

I move that the amendment be adopted.

Mr. JAVITS. Mr. President, will the Senator answer a question? Is the Department of Defense in favor of this amendment?

Mr. THURMOND. The Department of Defense has raised no objection to the amendment. It is in the law now, and it is in the fiscal year 1975 House bill as section 702.

Mr. JAVITS. Mr. President, I would like an opportunity, as this relates to procurement in the billions of dollars, to take a look at the amendment overnight, if the Senator would be kind enough to give us an opportunity to do that, and then I will undertake to let the Senator know if for any reason I have any objection. For myself, I would like to look at it. This is an amendment with very serious consequences to many States.

Mr. THURMOND. Mr. President, I have no objection to that. As I have stated, it is already the law.

Mr. JAVITS. Good. Well, it is the law for this year.

Mr. THURMOND. In other words, the Senate passed it last year, the conference committee adopted it, and it is in the House bill for fiscal year 1975 as section 702. I will be glad to carry it over until tomorrow and let the Senator look into it.

It simply gives American businessmen some advantage when it comes to procurement matters.

Mr. JAVITS. I thank the Senator very much.

The PRESIDING OFFICER. Does the Senator from South Carolina withdraw his amendment?

Mr. THURMOND. Mr. President, I ask unanimous consent that the amendment be the pending business tomorrow morning.

The PRESIDING OFFICER. Without the time being limited on it?

Mr. THURMOND. There is no time limitation on it. I have no objection to one.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, could we agree to a time limitation on it?

Mr. JAVITS. I would like to look it over. It is a matter of first impression. Let us carry it over until morning.

The PRESIDING OFFICER (Mr. HATHAWAY). There is a unanimous-consent agreement providing for a 1-hour limitation on all amendments.

Mr. JAVITS. Mr. President, I do not understand the Chair. On all—what?

The PRESIDING OFFICER. The Chair would state——

Mr. ROBERT C. BYRD. Mr. President, that was only for today.

The PRESIDING OFFICER. The Senator from West Virginia is correct.

Is there objection to the amendment of the Senator from South Carolina being made on the pending question when the Senate resumes the unfinished business tomorrow morning?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, let me be sure that I understand the Senator from New York. Do I understand him correctly to say that he would rather not agree to a time limitation on the amendment at this time?

Mr. JAVITS. That is correct.

Mr. ROBERT C. BYRD. Mr. President, I withdraw my reservation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina. The Chair hears none, and it is so ordered.

Mr. THURMOND. Mr. President, as I understand it, then, my amendment will be the pending business when we meet tomorrow; is that not correct?

The PRESIDING OFFICER. The Senator is correct. When the Senate resumes the unfinished business tomorrow, it will be the pending question.

Mr. THURMOND. I thank the Chair.

Mr. STENNIS. Mr. President, is the leadership going to seek——

Mr. ROBERT C. BYRD. Mr. President, there will be no further rollcall votes today.

Mr. STENNIS. Are there any agreements about votes or anything?

Mr. ROBERT C. BYRD. We would hope to work out an agreement on the bill before we close this session today, but there will be no more rollcall votes today.

Mr. STENNIS. All right. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and ask that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

NATIONAL SPELLING BEE WON BY 12-YEAR-OLD ALABAMA BEAUTY

Mr. ALLEN. Mr. President, it is with great pride that I announce that the winner, this afternoon, of the 47th Annual National Spelling Bee is a constituent, 12-year-old, Miss Julie Ann Junkin of Gordo, Pickens County, Ala., representing the Birmingham, Ala., Post-Herald. This is a further indication of what Alabamians have long known—that Alabama women are not only beautiful, they are gifted, wise, and talented as well.

I dare say that there are not many of us in this chamber who could spell the words Miss Junkin did to gain her honors. Julie is reported to have said that she had never heard of the word, "hydrophyte," but she spelled it right anyway and captured first place in an event which featured 80 of the best spellers from across the Nation. Julie Ann also mastered "psychosomatic," "daguerreotype," "staphylococcic," "sururrant," "croissant," "chateaubriand," and "mantelletta".

Miss Junkin is the daughter of Mr. and Mrs. Raybon Junkin and is as pretty as she is smart. She has two sisters and one brother. Julie Ann is a sixth grader and attends the Gordo Elementary School where she is a straight-A student. It is no wonder.

Mr. President, I should like to extend my thanks to the Birmingham Post-Herald, which sponsored Julie Ann, and to the Washington Star-News which sponsored the contest here in Washington, D.C. And naturally, I want to congratulate Julie Ann once again, and extend my further congratulations to her proud family, her coach, Mrs. Frank Elmore, a fourth grade teacher from Julie Ann's school, and to all the other contestants in this outstanding annual event. Miss Gill Meier of Bartlett, Tenn., representing the Memphis, Tenn., Press-Scimitar, the runnerup, also excelled and is to be commended for her great performance in the spelling bee. An excellent article in the June 6, 1974, Washington Star-News about the spelling bee was written by Kathleen Maxa, Star-News staff writer. I ask unanimous consent that it be printed in the RECORD.

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

A STAR SHINES FOR ALABAMA

(By Kathleen Maxa)

Julie Ann Junkin a 12-year-old pixy with long blonde curls, won the hearts of the audience at the 47th annual National Spelling Bee, even before she won the contest today.

As early as yesterday, little Julie Ann was astounding the audience by whizzing through words such as "psychosomatic" and "daguerreotype."

In the 15th round this morning, Julie Ann, a sixth-grader from Gordo, Ala., corrected runner-up Gail Meier's spelling of "mantelletta." Fourteen-year-old Gail, who is from Bartlett, Tenn., had spelled the word "mantilleta."

Then, according to the rules of procedure when only two contestants remain, Julie Ann was given another word, "hydrophyte." She whizzed through the word without even hesitating although she later confided she had never heard it before.

To prepare for this first National Spelling Bee, Julie Ann said she had practiced with tapes made for her by Mrs. Frank Elmore, a fourth-grade teacher at Gordo Elementary School, where Julie is a straight-A student and cheerleader.

As late as last night, Julie Ann was still brushing up with the tapes for today's final round. She breezed through troublesome words such as "staphylococcic" and "susurrant" and French words such as "croissant" and "chateaubriand," even though she had said she has never studied French.

Julie Ann is the daughter of Mr. and Mrs. Raybon Junkin. Her father is the auto service manager for Bear Bryant Volkswagen in Gordo, Ala. She has two sisters and one brother.

Washington's entry in the 1974 National Spelling Bee finals, Mary Ann Jung, was tripped up in the ninth round today by the word "scallopini," which she spelled "Scallipini." Mary Ann, 14, is an eighth-grade student at St. Ambrose in Cheverly, Md.

The 1974 National Spelling Bee finals are sponsored locally by the Star-News.

Traveling expenses for each contestant were paid for by his or her sponsoring local Scripps-Howard newspaper. Each of the 80 contestants who competed in the national finals here won regional spelling bees sponsored by their local newspapers.

TIME LIMITATION AGREEMENT ON AMENDMENTS 1393 AND 1394 BY MR. METZENBAUM

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on two amendments by Mr. METZENBAUM, amendment No. 1393 and amendment No. 1394, there be a time limitation on each of 1 hour, to be equally divided between Mr. METZENBAUM and Mr. STENNIS.

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

ORDER FOR ADJOURNMENT UNTIL 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 10 a.m. tomorrow.

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

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW AND RESUMPTION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders have been recognized, there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each, at the conclusion of which the Senate resume the consideration of the unfinished business.

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

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, has there been any morning business today?

The PRESIDING OFFICER. Yes.

Mr. ROBERT C. BYRD. I thank the Chair.

ORDER FOR ADJOURNMENT FROM FRIDAY UNTIL 10 A.M. ON MONDAY, JUNE 10, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow it stand in adjournment until the hour of 10 a.m. on Monday next.

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

ENERGY APPROPRIATION BILL TO BE CONSIDERED ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I believe the order already has been entered which provides for taking up the energy appropriation bill H.R. 14434, right after the morning business on Monday. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

UNANIMOUS-CONSENT AGREEMENT—TIME LIMITATION ON CERTAIN AMENDMENTS—ORDER OF BUSINESS FOR FRIDAY AND MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at not later than the hour of 1 p.m. on Monday the Senate resume consideration of the unfinished business, S. 3000, at which time the Senate take up—or resume consideration, whichever happens to be the case—the amendment by Mr. McINTYRE; that there be a time limitation thereon of 4 hours, to be equally divided between Mr. McINTYRE and Mr. STENNIS, and out of which time a closed session may occur in the event Mr. McINTYRE makes such a request and the request is seconded; that there be a time limitation on a substitute for the McIntyre amendment, to be offered by Mr. CHILES, of 1 hour, to be equally divided between Mr. CHILES and Mr. McINTYRE; that when the Senate completes its business on Monday it stand in adjournment until the hour of 12 noon on Tuesday, and that at the hour of 1 p.m. on Tuesday, the Senate proceed to the consideration of an amendment by Mr. HUMPHREY, a so-called ceiling amendment, on which there be a time limitation of 1 hour and 15 minutes; that there be a time limitation on any amendment thereto of 30 minutes, the time to be equally divided and controlled in accordance with the usual form; and that upon disposition of the Humphrey amendment, as amended, if amended, a vote occur on final passage of the bill, S. 3000; and that paragraph 3 of rule XII be waived.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank all Senators.

Mr. ROTH. Mr. President, reserving the right to object, with respect to the voting on Monday afternoon on the substitute, at what time would that vote come?

Mr. ROBERT C. BYRD. If the 4 hours allotted for the McIntyre amendment were to be consumed and if the 1 hour to be allotted to the Chiles substitute therefore were to be consumed that would constitute a total of 5 hours, which would mean that votes would start running at approximately 6 p.m.

Mr. ROTH. Under the circumstances I wonder if it could not be arranged that the votes would start not later than 5:45 p.m.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time on the McIntyre amendment begin running at 12:45 p.m. rather than at 1 p.m. on Monday.

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

Mr. ROBERT C. BYRD. Mr. President, what is the critical hour, as far as the Senator from Delaware is concerned, on Monday?

Mr. ROTH. I have to leave here at 5:45 p.m.

Mr. ROBERT C. BYRD. The leadership will do everything possible to expedite matters but it cannot assure beyond what the times allotted would require. Senators will be entitled to use their full time if they wish.

Mr. HATFIELD. Mr. President, reserving the right to object, may I inquire when the first vote would be taken on Friday, tomorrow, and when the leadership would expect the first vote to be taken on Monday?

Mr. ROBERT C. BYRD. On Monday, as has been the practice of late, rollcall votes have been delayed until the hour of 2:30 p.m. to allow Senators from distant points the opportunity to return to Washington. So it would be perfectly agreeable to enter an order to that effect, if the Senator wishes.

Mr. HATFIELD. Could they begin at 2:30?

Mr. ROBERT C. BYRD. Any votes ordered prior to that hour could be delayed until that hour, but I must say to the distinguished Senator that I would not anticipate a vote on the McIntyre amendment or on the substitute prior to 5 p.m. or 5:30 p.m., at best.

Mr. HATFIELD. I have no problem on Monday. What about the first vote tomorrow?

Mr. ROBERT C. BYRD. On tomorrow the first of two amendments by Mr. METZENBAUM probably will not be called up until about 12 o'clock noon.

Mr. METZENBAUM is chairing a hearing. Those two amendments will be called up tomorrow. There are three or four bills on the calendar which could be called up, which could necessitate rollcall votes.

What are the Senator's wishes in that regard?

Mr. HATFIELD. I would like no votes before 12 o'clock.

Mr. ROBERT C. BYRD. I think that is a reasonable request.

ORDER THAT VOTES NOT OCCUR UNTIL 12 O'CLOCK NOON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that any rollcall votes that are ordered tomorrow prior to the hour of 12 o'clock noon, if there be such, not occur until the hour of 12 o'clock noon.

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

Mr. HATFIELD. I thank the leader.

Mr. ROBERT C. BYRD. Is the Senator from Delaware satisfied?

Mr. ROTH. Mr. President, as long as the vote does not come later than 5:45. The substitute. It would be the final vote.

Mr. ROBERT C. BYRD. Let us do our best to make it work out that way. We will do everything we can to accommodate the Senator, and we have his suggestion in mind.

Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

ORDER TO CONSIDER CERTAIN MEASURES ON THE CALENDAR TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order for the leadership on tomorrow, depending upon what the circumstances are at the conclusion of routine morning business, to call up any one of the following measures, which were enumerated earlier today by Mr. MANSFIELD in his response to the query from the distinguished Republican leader: Calendar Order No. 859, Calendar Order No. 866, Calendar Order No. 868, Calendar Order No. 876, and any other measures that have been cleared with the minority for action by tomorrow.

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

ORDER TO RESUME CONSIDERATION OF UNFINISHED BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at no later than the hour of 12 o'clock noon tomorrow, the Senate resume the consideration of the unfinished business, S. 3000.

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

AUTHORIZATION FOR MR. HUGHES TO CALL UP AN AMENDMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. HUGHES be allowed the opportunity of calling up an amendment on Monday.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. Mr. President, reserving the right to object, what would be the situation? Would there be a time limit then?

Mr. President, I withdraw any reservation.

WITHDRAWAL OF RESERVATION THAT MR. JAVITS CALL UP AN AMENDMENT MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. JAVITS may have the same opportunity on Monday.

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

PROGRAM

Mr. ROBERT C. BYRD. The Senate will convene tomorrow at the hour of 10 a.m. After the two leaders or their designees have been recognized under the standing order, there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each.

At the conclusion of morning business on tomorrow, under the order, the Senate will resume consideration of the unfinished business, S. 3000, or the leader may call up certain measures on the calendar previously enumerated.

Mr. President, during the further consideration of the unfinished business on tomorrow, Mr. METZENBAUM will call up two amendments, one of which is numbered 1394—I understand that will be the first one he will call up—and then he will call up another amendment, No. 1393. There is a 1-hour limitation on each of those two amendments.

There may be other amendments to the bill S. 3000 tomorrow, and they may necessitate rollcall votes. There may also be rollcall votes on any one or more of the calendar measures which the distinguished majority leader enumerated earlier.

So Senators are informed that there may be, I would anticipate, at least two rollcall votes tomorrow.

In view of what the Senator from Ohio (Mr. METZENBAUM) has told me, he has indicated he would want rollcalls on his amendments if they are not accepted. Whether they will be accepted or not, I do not know what the chances are.

Mr. President, I am reminded that under the order previously entered, the statement by Mr. THURMOND would be the pending question before the Senate tomorrow upon the resumption of the unfinished business.

ADJOURNMENT TO 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, before other problems develop, I move that the Senate stand in adjournment until the hour of 10 a.m. tomorrow.

The motion was agreed to; and at 6:40 p.m., the Senate adjourned until tomorrow, Friday, June 7, 1974, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 6, 1974:

DEPARTMENT OF LABOR

Betty Southard Murphy, of Virginia, to be Administrator of the Wage and Hour Division, Department of Labor.

DEPARTMENT OF DEFENSE

J. William Middendorf II, of Connecticut, to be Secretary of the Navy.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Thursday, June 6, 1974*

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

The Very Reverend Dr. John A. Poulos, St. Demetrious Greek Orthodox Church, Astoria, N.Y., offered the following prayer:

God, our Father, as we come to You this day, we ask that You bless the Members of this distinguished assembly who have the heavy obligation to govern our country.

Reveal Your presence here, and guide the work being done. Build new bridges of understanding among them. Help them to use their talents, and bring about progressive changes in our Nation. Abide with them so that they may get through their problems, and grow because of them. Grant peace to the world that men of all nations and creeds may live together in fellowship and love.

May Your grace and love be ever upon us, and upon those we love here and everywhere. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 415. Concurrent resolution authorizing the printing of summaries of veterans legislation reported in the House and Senate during the 93d Congress.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12565) entitled "An act to authorize appropriations during the fiscal year 1974 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons and research, development, test and evaluation for the Armed Forces, and to authorize construction at certain installations, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2844. An act to amend the Land and Water Conservation Fund Act, as amended, to provide for collection of special recreation use fees as additional campgrounds, and for other purposes.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested a bill of the House of the following title:

H.R. 11295. An act to amend the Anadromous Fish Conservation Act in order to extend the authorization for appropriations to carry out such act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 69) entitled "An act to extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PELL, Mr. WILLIAMS, Mr. RANDOLPH, Mr. KENNEDY, Mr. MONDALE, Mr. CRANSTON, Mr. EAGLETON, Mr. HATHAWAY, Mr. DOMINICK, Mr. JAVITS, Mr. SCHWEIKER, Mr. BEALL, and Mr. STAFFORD to be the conferees on the part of the Senate.

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

S. 283. An act to declare that the United States hold in trust for the Bridgeport Indian Colony certain lands in Mono County, Calif.; and

S.J. Res. 123. Joint resolution authorizing the procurement of an oil portrait and marble bust of former Chief Justice Earl Warren.

The message also announced that the Vice President, pursuant to Public Law 84–944, appointed Mr. BUCKLEY to the Senate Office Building Commission in lieu of Mr. PACKWOOD, resigned.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 277]

Alexander	Dellums	Holtzman
Andrews, N.C.	Dickinson	Howard
Biester	Diggs	Hutchinson
Bingham	Dorn	Johnson, Colo.
Blackburn	Downing	Jones, Okla.
Blatnik	Flood	Kyros
Bolling	Flynt	Mazzoli
Brasco	Ford	McCormack
Breaux	Fraser	Minshall, Ohio
Buchanan	Fuqua	Mollohan
Burgener	Giaimo	Nichols
Burke, Fla.	Gonzalez	O'Brien
Burton	Gray	Price, Tex.
Carey, N.Y.	Green, Oreg.	Rangel
Collins, Ill.	Gubser	Reid
Conlan	Gude	Robison, N.Y.
Conyers	Hanna	Rooney, N.Y.
Culver	Hébert	Rose
Danielson	Hinshaw	Rousselot
Davis, Ga.	Holifield	Roybal